1. Technology types screening (1,2)
2. trajectory of future revenues, tax rates, and depreciation
3. environmental regulations (2)
4. Owner capital costs (3)
5. Fixed O&M (3)
6. estimate their cost of capital
7. discount rate
8. Risk adjustments
9. Adequate return on capital
10. Locational site choice (node vs land cost)
    1. **Screen for candidate reference technologies**
       * + Reliably able to help meet system load when supply is scarce
         + Cost effective as a part of the long-term market equilibrium
    2. **Develop detailed specification of reference plants for ERCOT market**
       * + Primarily rely on “revealed preference” of recently developed and proposed plants
         + Review environmental regulations, fuel supply options, etc.
    3. **Estimate costs to build and operate the specified reference plants** 
       * + Plant proper capital costs (equipment, materials, labor, EPC contracting costs)
         + Owner capital costs (interconnection, startup, land, inventories, financing fees)
         + Fixed O&M (labor, materials, property tax, insurance, asset management, working capital)
    4. **Develop ERCOT-specific financial assumptions used to translate costs into CONE**
       * + Identify sample of representative companies and estimate their cost of capital
         + Consider additional reference points and qualitative risk adjustments
         + Select appropriate discount rate for merchant generation
    5. **Compute CONE for ERCOT market**
       * + Translate costs into the net revenues a plant would need in its first year to earn an adequate return on capital and be willing to enter
         + Considers likely trajectory of future revenues, tax rates, and depreciation