



Dar Al Riyadh Insight #54

Capital Efficiency - Lever #3 - OPEX

Dar Al Riyadh Insights reflect the knowledge and experience of our Board, executives and staff in leading and providing PMC, design and construction management services. Dar Al Riyadh believes in the importance of broadly sharing knowledge with our clients and staff to improve project outcomes for the benefit of the Kingdom of Saudi Arabia.

Lever #3 - OPEX

OPEX improvements begin by recognizing that at least 50% of life cycle cost is associated with operating and maintenance phase expenditures. When feedstock and fuel costs are considered these numbers may be significantly higher. The owner's PMC can impact this element of capital efficiency by including in an expanded basis of design the O&M factors which should drive plant life cycle design. Like the CBOD described in section 6, the O&MBOD will complement and complete the owner's project requirements (OPR). Depending on the strength of the owner's O&M organization and the timely, sustained participation of senior operating and maintenance managers and experts, this basis of design may be by the owner.

Taken together the CBOD and O&MBOD are referred to as an expanded basis of design (BOD^x) or a business basis of design. Initial thinking on an O&MBOD framework was also laid out in an earlier Insight.