



MEMORANDUM

TO: Commission Staff

FROM: Jon Moyle

DATE: June 23, 2015

RE: FIPUG's Comments Regarding Solar Energy in Florida

The Florida Industrial Power Users Group ("FIPUG") submits comments to the Florida Public Service Commission ("Commission" or "PSC") as the Commission requested in its April 23, 2015 memorandum seeking comments.

FIPUG is an organization that represents large users of electricity. FIPUG members compete in competitive marketplaces in a variety of businesses. Electricity is a significant variable cost for FIPUG members. Thus, FIPUG works to ensure that reliable, cost-effective electricity is readily available for the business operations of its members and other ratepayers.

The first paragraph of the Commission's April 23, 2015 memorandum states that the Commission is gathering information regarding enhancing development of solar technologies in Florida and is seeking information that would be useful to the Commission. FIPUG provides these comments and trusts that the Commission will find them informative and useful.

FIPUG supports the availability and development of reasonably priced renewable energy as defined in section 366.91(d), Florida Statutes. The Legislature has identified solar energy, biomass energy, wind energy, geothermal energy, ocean energy, waste heat and hydroelectric power and hydrogen produced from sources other than fossil fuels as renewable energy. The Legislature has not stressed the development or use of one type of renewable energy over another. Thus, when reviewing ways to "enhance the development of solar technologies in Florida," the Commission should also consider ways to ensure that other renewable resources are enhanced or encouraged. Many renewable resources, like biomass and waste heat, offer cost-effective renewable energy that a utility can treat as firm energy. The Florida renewable energy landscape is multifaceted, with solar playing a role, along with other renewable energy technologies. Other renewable energy technologies, many which offer low cost, base load energy, should not be overlooked.

The Commission is a creature of the Legislature and undertakes to carry out the policy of the Legislature. The Legislature clearly articulated its renewable energy policy in section 366.92(1) as follows:

366.92 Florida renewable energy policy.—

(1) It is the intent of the Legislature to promote the development of renewable energy; protect the economic viability of Florida's existing renewable energy facilities; diversify the types of fuel used to generate electricity in Florida; lessen Florida's dependence on natural gas and fuel oil for the production of electricity; minimize the volatility of fuel costs; encourage investment within the state; improve environmental conditions; and, at the same time, minimize the costs of power supply to electric utilities and their customers.

Thus, FIPUG strongly encourages the Commission to consider ways to promote the development of renewable energy, including, but not limited to solar energy, and to protect the economic viability of Florida's existing renewable energy facilities. A broader approach will promote renewable energy beyond solar energy and will likely increase value to ratepayers. FIPUG also supports market solutions when available. While the Commission regulates monopoly providers, market forces could and should be brought to bear when promoting renewable energy. Thus, if additional renewable energy resources are desired as a matter of public policy, the Commission should strive to fashion a manner by which market forces can identify the most cost-effective renewable energy resource to the desired need. Market forces play a key role in picking renewable energy winners and losers.

FIPUG responds to the two general questions set forth in the August 23, 2015 memorandum as follows:

1. What policies or programs would be the most effective at promoting demand-side solar energy systems (i.e., programs effective on the customer side of the meter)? The most recent goals docket did not identify cost-effective solar programs, and FIPUG is presently unaware of any such programs.
2. What policies or programs would be most cost effective at promoting supply-side solar energy systems (i.e., utility or third-party owned)? A demonstrated need for additional renewable energy should be established before advancing supply-side solar energy or other renewable technologies. Once a need is established, the Commission, working closely with interested parties, should ensure that competitive market forces play a key role in the development of future renewable energy resources, including solar energy.

Additional Factors

FIPUG wishes to comment on a number of other factors identified by the Commission. FIPUG supports the fuel diversity offered by renewable energy resources. FIPUG also notes that certain renewable energy resources provide firm energy that utilities use when planning their future resources. The ability to count and depend upon certain renewable energy resources as firm energy is beneficial because those resources can be relied on to forestall the need for additional generation resources to meet firm load, saving customers money. The Commission should consider whether valuing a portion of non-firm renewable energy resources, like solar energy, as firm energy can and should be pursued. Other states have reportedly reviewed this issue and arrived at a solution which ascribes some firm energy value to non-firm renewable resources. The failure to pursue this policy issue could result in ratepayers paying for certain types of renewable energy that provide no value when a utility is planning its system, resulting in the ratepayers also paying for firm generating assets to satisfy reserve margin requirements.

FIPUG looks forward to future discussions, workshops and proceedings during these and related renewable energy issues are addressed.