

FLORIDA PUBLIC SERVICE COMMISSION

FLETCHER BUILDING
101 EAST GAINES STREET
TALLAHASSEE, FLORIDA 32399-0850

MEMORANDUM

November 19, 1990

TO: DIRECTOR OF RECORDS AND REPORTING

FROM: DIVISION OF ELECTRIC & GAS (TRAPP) *RET*
DIVISION OF APPEALS (SMITH) *DES*
DIVISION OF RESEARCH (HOPPE) *OMM*

RE: DOCKET NO. 900071-EG - AMENDMENT OF RULE 25-6.0183 F.A.C.
PERTAINING TO ELECTRIC UTILITY PROCEDURES FOR GENERATING
CAPACITY SHORTAGE EMERGENCIES.

AGENDA: 12/4/90 - CONTROVERSIAL - PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

BACKGROUND

During the Christmas holidays (1989), Florida experienced extremely cold weather throughout the state. As a consequence, widespread shortages of electric generation occurred among peninsular Florida's electric utilities. For a three-day period beginning Saturday evening, December 23, and continuing through midday Monday, December 25, customer demand outstripped available generating capacity, resulting in rotating blackouts to homes throughout peninsular Florida.

On January 3, 1990, the Commission staff held a public workshop to discuss the reasons for the statewide power shortages. Extensive data was requested from the utilities in an effort to reconstruct the events of the Christmas weekend. On February 2, 1990, staff released its final report which analyzed the utility data and identified potential areas for improved performance during future cold weather emergencies.

On March 20, 1990, the Commission issued Order No. 22708 adopting the Staff's final report and directing Florida's electric utilities to prepare a severe weather emergency plan for the State of Florida. Development of the plan was to be coordinated by the Florida Coordinating Group (FCG) in concert with the Commission staff, the Governor's Energy Office, the Department of Community

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Affairs/Division of Emergency Management, and local county and municipal government agencies.

In response to Order No. 22708, the FCG held a series of workshops to develop the emergency plan. Throughout the process, input was solicited and received from the electric utilities and the affected state and local government agencies. On October 1, 1990, the FCG filed the final plan with the Commission for approval. (Attachment 1)

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose Rule 25-6.0183 adopting the Florida Electric Power Coordinating Group's (FCG) proposed "Florida Electrical Emergency Contingency Plan - Generating Capacity Shortage Element" as the severe weather emergency plan for Florida utilities?

RECOMMENDATION: Yes. The Commission should propose Rule 25-6.0183 which adopts FCG's generating capacity shortage emergency plan by reference. (Attachment 2)

STAFF ANALYSIS: The FCG's Generating Capacity Shortage Element addresses actions to be taken by Florida's electric utilities during a generating capacity shortage. The plan consists of procedures to be followed by individual utilities and by all utilities to ensure coordinated statewide action and communication. The plan requires each utility to prepare a company-specific energy emergency plan and to maintain a copy of it on file with the Commission and with the FCG. The general requirements of the individual utility plans are summarized in the statewide plan.

From a statewide perspective, the FCG's plan describes the coordinated procedures to be followed by all utilities during a generating capacity shortfall. The statewide component consists of four separate phases and procedures to be followed for each phase. The four phases are: Generating Capacity Advisory; Generating Capacity Alert; Generating Capacity Emergency; and System Load Restoration.

A Generating Capacity Advisory is triggered when severe hot or cold temperatures are projected or are experienced throughout certain areas of the State. Basically, weather conditions will be monitored up to three days in advance for major cities in two areas of the state: North Florida (Jacksonville, Tallahassee, and Pensacola) and Central and South Florida (Miami, Orlando, St.

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Petersburg, and Tampa). An advisory will be triggered when extremely hot or cold weather is expected in a majority of the cities in an area. An Advisory will also be triggered when any one or more electric utilities in an area issues or plans to issue public appeals for conservation.

During the Advisory phase, the utilities will communicate system load and generation status to the FCG. The FCG will then contact the Commission and the Division of Emergency Management. Local government agencies will be contacted by the Division of Emergency Management and the individual utilities in the affected area. An Advisory normally proceeds an Alert but does not necessarily indicate an imminent threat of an Alert or Emergency. Therefore actions to be taken by utilities and state and local government agencies during an Advisory are preparatory in nature.

A Generating Capacity Alert exists when statewide reserve margins are such that the loss of the largest generating unit in the state would cause interruption of firm customer load. In the Alert phase, the FCG will contact the Commission and the Division of Emergency Management and provide them with a summary of load and generation in the state. Major generating units which are unavailable due to planned or forced outages will also be identified. The FCG will explain utility actions and responses to the Alert and will recommend actions to be taken by state and local agencies. At that time, the news media will also be contacted and messages encouraging conservation by the public will be initiated.

The next phase of the statewide plan is a Generating Capacity Emergency. A Generating Capacity Emergency exists when any one of the electric utilities in Florida has inadequate generating capacity, including purchased power, to supply its firm load. During an Emergency, the FCG will again contact the Commission and the Division of Emergency Management. Information provided will include:

- a. Florida generating capacity
- b. Florida expected peak load
- c. Geographic areas and number of customers that are expected to be most severely impacted, if available
- d. Status of major generating units outages
- e. Expected duration of event
- f. Explanation of utilities' planned actions, and recommendations of agency actions in support of the utilities.

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News media will be advised to activate Emergency phase communications and will revise broadcasts accordingly. Local emergency agencies will be provided with safety, conservation, and system status information.

The last phase of the statewide emergency plan is System Load Restoration. During this phase, liaison with state and local agencies is maintained as system load is restored. News media messages are specific and are designed to provide system status reports and locations of scheduled repair activities, appropriate safety information and customer self-help instructions.

Staff has worked closely with the FCG throughout the development of this emergency plan. Throughout the process, input was solicited and received from the electric utilities and affected state and local government agencies. To the best of our knowledge, the comments and concerns of all affected parties have been reflected in the plan. In May of this year and again in July, draft versions of the plan were actually tested when real capacity alerts were initiated by Florida utilities due to record high temperatures coupled with the unavailability of several large generating units. In each incident, rotating blackouts were avoided due, in large part, to enhanced communication between the utilities and state and local agencies, the press, and the public, resulting in the timely request for conservation throughout the state. Lessons learned during these alerts has been incorporated into the final emergency plan and add significantly to its overall effectiveness.

New Rule 25-6.0183 simply adopts the FCG plan by reference. Adoption of the rule will have a minimal economic impact on the affected entities. No significant direct costs to the PSC are anticipated, since the plan would basically formalize the role the Commission already performs. The FCG will need additional software to enhance its ability to produce the Daily Capacity Assessment Report through the Florida Computer Messaging System. Cost is estimated to be approximately \$100,000. The rule's impact on small business, if any, will be minimal. No Florida investor-owned electric utility or cooperative is a small business. To the extent some cogenerators may qualify as small businesses, the impact on them is expected to be positive. Cogenerators could potentially realize higher prices for their generation during shortfall periods, and they would receive advance notice of interruption of their standby services, facilitating better planning. A copy of the Economic Impact Statement is attached. (Attachment 3)

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ISSUE 2: Should the rule be filed for adoption with the Secretary of State if no comments or requests for hearing are received?

RECOMMENDATION: Yes. If no comments or requests for hearing are filed, the rule should be filed for adoption as proposed and the docket closed, as is the Commission's standard practice.

ISSUE 3: Should the Commission open a rulemaking docket to investigate whether utilities should be required to interrupt non-firm customer load during a capacity shortage emergency, irrespective of the service area in which non-firm customers are located, in order to minimize service interruptions to firm customers throughout the state?

RECOMMENDATION: Yes. If the Commission wishes to pursue this policy, staff recommends spinning this issue off into a separate rulemaking docket.

STAFF ANALYSIS: This issue first arose in May, 1990, when record high temperatures coupled with the unavailability of several major generating units undergoing spring maintenance resulted in a tight supply of generating capacity statewide. On May 3 and 4, total statewide generating reserves were less than the capacity of the largest unit in the state. In response to this situation, the FCG initiated a Generating Capacity Alert pursuant to the then draft version of the Generating Capacity Shortage Element of the Florida Electrical Emergency Contingency Plan. During the Alert, Chairman Wilson took the position that Florida's electric utilities should be prepared to initiate interruptions to non-firm load throughout the state in order to mitigate or avoid interruptions to firm load in any part of the state. Since this action would contravene existing utility tariff provisions, an emergency order was prepared for the Governor's signature, to be executed, if needed, under the Governor's emergency powers contained in Sections 252.36 and 377.703, Florida Statutes. Fortunately, other actions taken by the Governor, the Commission, and the utilities in appealing for voluntary conservation by the public resulted in no interruptions to firm load and the executive order was not needed. A similar sequence of events occurred again in July when extremely hot weather and forced outages at several major generating units resulted in another generating capacity shortfall alert.

Since then, the Commission has expressed its desire to pursue a formal policy requiring utilities to interrupt non-firm load, statewide, prior to initiating interruptions of firm load in any

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area of the state. Codification of this policy will require rulemaking. Staff recommends that a separate rulemaking docket be opened and that workshops be scheduled. Since this proposed policy is likely to be controversial, workshops will be necessary to determine the effect of the proposed rule on non-firm customers in the state and on the current tariff provisions governing the interruption of non-firm load currently in effect.

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Attachments
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