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May 28, 2004

VIA HAND DELIVER

COMMISSION
CLERK

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Blanca S. Bayo, Director
Commission Clerk and
Director of Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0800

Re: Docket No. 020233-EI Review of Grid Florida Regional Transmission Organization (RTO) Proposal.

Dear Ms. Bayo:

Attached please find the original and fifteen copies of JEA's Comments on Market Design Issues. Also attached is a copy to be stamped and returned to our office.

Should you have questions or need any additional information, please contact me. Thank you for your assistance in this matter.

Very truly yours,



Suzanne Brownless
Attorney for JEA.

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Review of GridFlorida Regional
Transmission Organization (RTO)
Proposal.

DOCKET NO. 020233-EI
Filed: May 28, 2004

JEA'S POST-WORKSHOP COMMENTS ON MARKET DESIGN ISSUES

JEA, by and through its undersigned counsel, files its post-workshop comments to the May 19, 2004 Market Design Workshop and states as follows:

1. First, while JEA appreciates the Applicants' efforts to identify the market design issues which must be resolved to proceed forward with a Florida RTO that is cost-effective for Florida ratepayers, it is now time for the Applicants to take positions on the issues. The sooner the better. The purpose of these workshops is to determine if the affected stakeholders can reach agreement on the identified issues. No agreement can be reached, nor can a determination be made that agreement is impossible, until each of the Applicants, either jointly or individually, states its position on every issue. Absent an announced position by each Applicant, or a statement of no position, the process is effectively at a standstill. JEA urges the Applicants to formulate a unified position on each issue or state that one can't be reached and state their individual positions. Until this is done, the process of evaluating the need for, and the benefits of, GridFlorida can't move forward in any meaningful way.

2. Second, in response to Dr. Kirsch's comments regarding the need for market power mitigation heavily focused on Florida's two largest utilities, Staff noted FERC's April 14, 2004 Order on Rehearing and Modifying Interim Generation Market Power Analysis and Mitigation Policy.¹ Staff has concluded from its review of this FERC order that market power is dependent not only on an entity's dominance with regard to installed generation capacity in a given area but also the amount of that capacity that is available for sale on the wholesale spot market. Dr. Kirsch agreed with Staff's

¹ *AEP Power Marketing, Inc., AEP Service Corporation, CSW Power Marketing, Inc., CSW Energy Services, Inc. and Central and South West Services, Inc., et al.*, 107 F.E.R.C. ¶ 61,018 (2004).

observation.

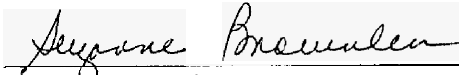
3. Looking at the net wholesale capacity sales (MWh firm capacity sales) reported to FERC on its Form EIA-861 for 2003 by Florida utilities, the Staff noted that JEA had made 3,680,000 MWh sales in 2003, only slightly less than SEC and FMPA for the same period. Applying the criteria of the April 14th order, Staff concluded that this level of sales indicated that JEA had substantial market power in Florida. That is not the case. All but a small fraction of these wholesale firm capacity sales are associated with JEA's 40 year contract with FPL for the output of JEA's share of the jointly owned St. Johns Power Park Units. JEA does not exercise market dominance in the Florida wholesale power market.

4. Third, at the workshop Calpine and several other stakeholders indicated the need for a face-to-face with ICF personnel once ICF had developed and distributed its GridFlorida cost benefit study assumptions. The purpose of this meeting would be for the parties to be able to ask questions regarding the proposed assumptions in order to more fully understand the scope, and appropriateness, of the ICF study parameters. JEA strongly believes that merely submitting written comments regarding the study assumptions once published will not give the stakeholders meaningful input into the design of the study. A conference call format would be awkward and limit meaningful discussion. This project can afford the additional cost for the appropriate ICF representatives to spend a day in Florida discussing the assumptions and study project plan with the stakeholders. This is especially important since the cost of this study will be borne by all stakeholders via the GridFlorida management fee. JEA is willing to organize and host this ICF/stakeholder meeting in Jacksonville at a date convenient for all parties. JEA urges the Applicants to accept this offer.

5. Finally, in its comments JEA offered its suggestions regarding the unique characteristics of Peninsular Florida and the core objectives of an energy market in Florida found on the first five pages of the Applicant's April 29, 2004 Market Design Comments. The Applicants addressed some of these

characteristics and core objectives in their opening comments. JEA would note that one cannot conclude that there is a consensus on these characteristics and core objectives since no discussion of these issues was allowed at the workshop. It is critical to reach a consensus among the stakeholders on the characteristics of the Florida grid and the objectives to be obtained by GridFlorida since these goals and objectives will shape the RTO and ultimately determine its effectiveness.

Respectfully submitted this 28th day of May, 2004 by:



Suzanne Brownless
Attorney for JEA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to all parties listed below and also by (*) Hand-Delivery as indicated on this 28th day of May, 2004.

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