

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Florida Power & Light Company's
Petition to Determine Need for FPL Glades
Power Park Units 1 and 2 Electrical Power
Plant

DOCKET NO.: 070098-EI

DATED: March 30, 2007

INTERVENORS, SIERRA CLUB, INC. ET AL.'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-07-0120-PCO-EI, issued February 9, 2007, and Order No. PSC-07-0213-PCO-EI, issued March 7, 2007, the Intervenors, The Sierra Club, Inc. (Sierra Club), Save Our Creeks (SOC), Florida Wildlife Federation (FWF), Environmental Confederation of Southwest Florida (ECOSWF), and Ellen Peterson (Intervenors), hereby file their Prehearing Statement.

a. All Known Witnesses

<u>Witness</u>	<u>Subject Matter/Issues</u>
Richard C. Furman	Coal Generation Technology; Issues 2, 3, 5, 6, and 8.
John J. Plunkett	Demand-side Management Analysis; Issues 1, 2, 4, 7, and 8.
David A. Schlissel	CO2 Emission Regulatory Costs; Issues 1, 5, 6, and 8.

Intervenors reserve the right to call such other witnesses as may be identified in the course of discovery and preparation for final hearing in this matter, including witnesses necessary for authentication and impeachment.

b. All Known Exhibits

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
Ex.____ RCF-1	Furman	Resume of Richard C. Furman
Ex.____ RCF-2	Furman	The Differences Between Combustion and Gasification
Ex.____ RCF-3	Furman	What is Integrated Gasification Combined Cycles (IGCC)
Ex.____ RCF-4	Furman	Gasification – Shell Clean Coal Technology
Ex.____ RCF-5	Furman	Cost of Electricity Chart for Florida – PC and IGCC Plants
Ex.____ RCF-6	Furman	Costs for CO2 Capture – PC and IGCC Plants
Ex.____ RCF-7	Furman	Cost of Electricity Comparison – Department of Energy
Ex.____ RCF-8	Furman	Relative Emissions – USPC and IGCC Plants
Ex.____ RCF-9	Furman	Total Emissions – FGPP and IGCC Plants
Ex.____ RCF-10	Furman	Summary of Recent IGCC Permit Emission Levels
Ex.____ RCF-11	Furman	Emission Comparisons – FGPP and IGCC Permit Levels
Ex.____ RCF-12	Furman	The Clean Air Act Specifies Gasification Evaluation for BACT
Ex.____ RCF-13	Furman	IGCC Technology – Plants Operating for More than 10 Years in the U.S.
Ex.____ RCF-14	Furman	IGCC Plant Stack, Polk Plant (Tampa Electric Company)
Ex.____ RCF-15	Furman	References to Contact for PC and IGCC Plant Evaluations
Ex.____ RCF-16	Furman	World Survey of Operating Gasification Plants
Ex.____ RCF-17	Furman	Commercially Operating IGCC Plants

Ex.____ RCF-18	Furman	Publicly Announced Gasification Projects Development in the U.S.
Ex.____ RCF-19	Furman	New IGCC and Gasification Projects in the U.S.
Ex.____ RCF-20	Furman	Multi-Fuel Generation Plant - Larger Sizes of New IGCC Plants
Ex.____ RCF-21	Furman	Availability and Reliability of New IGCC Plants
Ex.____ RCF-22	Furman	The Great Plains Synfuels Plant
Ex.____ RCF-23	Furman	CO2 Pipeline to Canada / Capture, Transport and Sequestration – Commercial Plant
Ex.____ RCF-24	Furman	Efficient Vapor-Phase Mercury Removal – Commercial Gasification Plant
Ex.____ RCF-25	Furman	IGCC: Lowest Collateral Wastes Comparison – PC and IGCC Plants
Ex.____ RCF-26	Furman	30-40% Less Water Consumption – PC and IGCC Plants
Ex.____ RCF-27	Furman	Tracking New Coal-Fired Power Plants
Ex.____ RCF-28	Furman	IGCC Output Enhancement
Ex.____ RCF-29	Furman	Refinery IGCC Plants are Exceeding 90% Capacity Factor After 3 Years
Ex.____ JJP-1	Plunkett	Professional Qualifications of John Plunkett
Ex.____ JJP-2	Plunkett	Energy Efficiency Portfolio Performance Comparison
Ex.____ JJP-3	Plunkett	Pacific Gas & Electric Efficiency Spending and Savings
Ex.____ JJP-4	Plunkett	DSM and the Need Date for the Glades Units
Ex.____ DAS-1	Schlissel	Resume of David A. Schlissel
Ex.____ DAS-2	Schlissel	Senate Greenhouse Gas Regulation Bills in 110th Congress

Ex.____ DAS-3	Schlissel	Climate Change and Power: Carbon Dioxide Emissions Costs and Electricity Resource Planning
Ex.____ DAS-4	Schlissel	Emission Trajectories of CO2 Legislation in the 109th Congress

c. Statement of Basic Position

Upon consideration of the amounts and costs of additional cost-effective demand-side management (DSM) resources that FPL could be expected to acquire if it intensified, expanded, and accelerated its planned energy-efficiency portfolio, Intervenors find that increased DSM could defer the need for the two units. Further, these additional efficiency savings would cost significantly less than the levelized (life-cycle) costs of the units. In fact, such ambitious DSM would displace the need for the capacity of the Glades units beyond the planning horizon through 2030. Plunkett Direct Testimony filed on March 16, 2007.

Individual states, regional groups of states, shareholders, and corporations are making serious efforts and taking significant steps toward reducing greenhouse gas emissions in the United States. Efforts to pass federal legislation addressing carbon have gained ground in recent years. These developments, combined with the growing scientific understanding of, and evidence of, climate change mean that establishing federal policy requiring greenhouse gas emission reduction is just a matter of time. Moreover, FPL has signed on to numerous agreements endorsing the need to address climate change and advocate federal, mandatory legislation of greenhouse gases. Indeed, FPL today released a White Paper pushing for a more stringent way to make the United States reduce greenhouse gas emissions for a price to be placed directly on carbon. Intervenors have provided an estimate of the likely cost arising from future greenhouse gas restrictions/reductions and provided an FPL-specific context for those costs as well as to critique FPL's resource planning in general. Intervenors have found that FPL has substantially understated future carbon costs in its economic analysis and failed to demonstrate that FGPP is the least cost, least risk addition to its system. FPL's analyses in support of FGPP do not comprehensively consider potential CO2 prices and do not evaluate a full range of technically feasible alternatives. Accordingly, Intervenors recommend that the Commission deny FPL's need request. Schlissel Corrected Direct Testimony and Supplemental Direct Testimony filed on March 16, 2007.

Although Intervenors contend that there is no need for and oppose the construction of any type of coal plant by FPL, an IGCC plant in Florida can provide electricity at a lower cost than the proposed ultra-supercritical pulverized coal plant. Many utilities around the country are choosing IGCC plants due to IGCC's much lower emission of all pollutants and its capability to capture CO₂. Various studies show that IGCC plants can capture CO₂ at much lower costs than Pulverized coal plants. The additional value of an IGCC plant is its ability to use various fuels including coal, petroleum coke, natural gas, biomass, and waste materials. This will enable IGCC plants to respond to future changes in fuel costs and changes in environmental regulations and provide significant cost savings during the life of the IGCC plants. As stated above, energy efficiency measures can eliminate the need for a new coal plant in FPL's system, but if the Commission's decision comes down to a choice between the pulverized coal plant proposed by FPL and an IGCC plant, Intervenors unequivocally support an IGCC plant for the reasons stated above. However, even an IGCC plant should not be built until there is technology in place for carbon capture and sequestration. Furman Direct Testimony filed on March 7, 2007 and Supplemental Direct Testimony filed on March 16, 2007.

d. Statement of Issues and Positions

ISSUE 1: Is there a need for the proposed generating units, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes:

POSITION: No. End-user energy efficiency and, alternatively, IGCC plants, provide for electric system reliability and integrity. Plunkett and Furman.

ISSUE 2: Is there a need for the proposed generating units, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No. Intervenors have found that FPL has substantially understated future carbon costs in its economic analysis and failed to demonstrate that FGPP is the least cost, least risk addition to its system. FPL's analyses in support of FGPP do not comprehensively consider potential CO₂ prices and do not evaluate a full range of technically feasible alternatives. Further, end-user energy efficiency and, alternatively, IGCC plants, provide for adequate electricity at a significantly lower cost than FPL's proposed units. Plunkett, Schlissel, and Furman.

ISSUE 3: Is there a need for the proposed generating units, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No. End-user energy efficiency and, alternatively, IGCC plants, provide fuel diversity and supply reliability. Plunkett and Furman.

ISSUE 4: Are there any conservation measures taken by or reasonably available to Florida Power & Light Company which might mitigate the need for the proposed generating units?

POSITION: Upon consideration of the amounts and costs of additional cost-effective demand-side management (DSM) resources that FPL could be expected to acquire if it intensified, expanded, and accelerated its planned energy-efficiency portfolio, Intervenor find that increased DSM could defer the need for the two units. Further, these additional efficiency savings would cost significantly less than the levelized (life-cycle) costs of the units. In fact, such ambitious DSM would displace the need for the capacity of the Glades units beyond the planning horizon through 2030. Plunkett Direct Testimony filed on March 16, 2007.

ISSUE 5: Has FPL appropriately evaluated the cost of CO₂ emission mitigation costs in its economic analysis?

POSITION: No. Intervenor have found that FPL has substantially understated future carbon costs in its economic analysis and failed to demonstrate that FGPP is the least cost, least risk addition to its system. FPL's analyses in support of FGPP do not comprehensively consider potential CO₂ prices and do not evaluate a full range of technically feasible alternatives. Schlissel. Many utilities around the country are choosing IGCC plants due to IGCC's much lower emission of all pollutants and its capability to capture CO₂. Various studies show that IGCC plants can capture CO₂ at much lower costs than pulverized coal plants. Furman.

ISSUE 6: Do the proposed FGPP generating units include the costs for the environmental controls necessary to meet current state and federal environmental requirements, including mercury, NO_x, SO₂, and particulate emissions? (Note: Intervenor propose adding the phrase, "to meet current and future state and federal..." to Issue 6)

POSITION: No. Energy efficiency measures will eliminate any additional emissions of this nature while meeting electricity needs. Plunkett. The efficient mercury removal process that will be used for IGCC has been commercially operating for more than 21 years. However, it is not economically possible to use this efficient mercury removal process for conventional pulverized coal plants. FPL has chosen a much less efficient technology that has not undergone long term testing,

and there is no way of knowing whether this equipment will work, and FPL may have to incur additional expense to cure any deficiencies. Furman.

ISSUE 7: Are the proposed generating units the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No. Upon consideration of the amounts and costs of additional cost-effective demand-side management (DSM) resources that FPL could be expected to acquire if it intensified, expanded, and accelerated its planned energy-efficiency portfolio, Intervenor find that increased DSM could defer the need for the two units. Further, these additional efficiency savings would cost significantly less than the levelized (life-cycle) costs of the units. In fact, such ambitious DSM would displace the need for the capacity of the Glades units beyond the planning horizon through 2030. Plunkett Direct Testimony filed on March 16, 2007. An IGCC plant in Florida can provide electricity at a lower cost than the proposed ultra-supercritical pulverized coal plant. Many utilities around the country are choosing IGCC plants due to IGCC's much lower emission of all pollutants and its capability to capture CO₂. Various studies show that IGCC plants can capture CO₂ at much lower costs than pulverized coal plants. The additional value of an IGCC plant is its ability to use various fuels including coal, petroleum coke, natural gas, biomass, and waste materials. This will enable IGCC plants to respond to future changes in fuel costs and changes in environmental regulations and provide significant cost savings during the life of the IGCC plants. Furman.

ISSUE 8: Based on the resolution of the foregoing issues, should the Commission grant FPL's petition to determine the need for the proposed generating units?

POSITION: No. FPL's petition should be denied for the reasons stated above.

ISSUE 9: Should this docket be closed?

POSITION: This docket should be closed or held in abeyance while FPL develops energy efficiency measures in addition to alternative fuels to obviate the need for the proposed units, or alternatively, while FPL changes direction and develops a plan to build an IGCC plant with present capability for carbon capture and sequestration.

e. Stipulated Issues

None.

f. Pending Motions and Other Matters Upon Which Action is Sought

Intervenor's Motion for Reconsideration and/or Clarification of Order Granting Petition for Intervention and Request for Oral Argument.

g. Pending Request or Claims for Confidentiality

Intervenors may enter a confidentiality agreement with FPL in responding to FPL's Second Set of Interrogatories and Request for Production and consult with Staff regarding the need for a request or claim of confidentiality.

h. Objections to Witness Qualifications as an Expert

None.

i. Compliance with Order No. PSC-07-0120-PCO-EI

At this time, Intervenors are unaware of any requirements of the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 30th day of March, 2007.

/s/ Michael Gross
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on this 30th day of March, 2007, via electronic mail and US Mail on:

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