

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

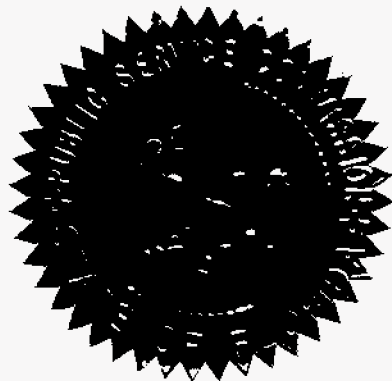
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In the Matter of:

DOCKET NO. UNDOCKETED

REVIEW OF TEN-YEAR SITE PLANS
OF ELECTRIC UTILITIES.

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PROCEEDINGS:

WORKSHOP

BEFORE:

CHAIRMAN NANCY ARGENZIANO
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER NATHAN A. SKOP
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ

DATE:

Thursday, August 5, 2010

TIME:

Commenced at 9:30 a.m.
Concluded at 10:20 a.m.

PLACE:

Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY:

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P R O C E E D I N G S

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2 **CHAIRMAN ARGENZIANO:** Good morning.

3 We'll call our workshop to order. And I just
4 want to welcome -- I didn't get the chance, the
5 opportunity the other day to welcome our two new
6 Commissioners. Welcome aboard. And I want to thank you
7 for your kind condolences. I appreciate that very much.
8 I think that compassion is probably the finest trait
9 that we have as humans. So thank you, guys. I
10 appreciate it. And with that said, let's start our
11 meeting. If counsel will read the notice.

12 **MR. MURPHY:** Pursuant to notice, this time and
13 place has been set aside for the purpose of conducting a
14 Commission workshop in the undocketed review of ten-year
15 site plans.

16 **MR. ELLIS:** Good morning, Commissioners.

17 Phillip Ellis with Commission staff. Today's
18 workshop will consist of a presentation from the FRCC
19 concerning several topics. Our presenter today is Eric
20 Senkowicz, FRCC's manager of operations. Please feel
21 free to ask questions at any time during the
22 presentation. Staff may also ask questions during the
23 presentation.

24 There was also an extra page that I provided
25 two copies for you on the dais that is to go after Page

1 7 in your notebooks which will not be in the power point
2 presentation.

3 **CHAIRMAN ARGENZIANO:** Who's starting us off?

4 Welcome.

5 **MR. SENKOWICZ:** Good morning, Commissioners.

6 As Phillip said, my name is Eric Senkowicz. I'm the
7 manager of operations for the FRCC, and because I'm with
8 operations, I'm used to a ten-day planning horizon, but
9 in this case we're looking out ten years, so I did bring
10 back-up.

11 We have Richard Becker here with our regional
12 transmission planning process; he is a staff member of
13 the FRCC. And Scott Beecher, who is our planning
14 engineer who compiles a lot of this data that we get all
15 of this good regional information from.

16 So with that, we will go ahead and get
17 started. We have a lot of information here, and I'm
18 going to touch on some these slides, but to respect the
19 effective use of your time, I'll let you slow me down if
20 you need me to or ask me any questions at any time.

21 **CHAIRMAN ARGENZIANO:** If we could,
22 Commissioners, if you have any questions, just speak up
23 and we'll just do it that way. Thank you.

24 **MR. SENKOWICZ:** As far as the agenda, what we
25 are going to cover today is the FRCC load and resource

1 plan. We're going to touch on our FRCC response to the
2 Gulf oil spill. We're going to talk about our ongoing
3 improvements at ensuring FRCC fuel reliability within
4 the region, and then, finally, we'll talk about our FRCC
5 transmission planning process.

6 I'd also like to note that representatives
7 from our member companies are also present in the
8 audience. So if you do have questions that veer into
9 utility-specific questions, we do have members available
10 that would be happy to address those.

11 The FRCC, again, for those of you that might
12 not know, is a coordinating council and it's to ensure
13 and enhance the reliability and adequacy of the bulk
14 electric supply in Florida. It is a council funded by
15 utilities and stakeholders within the state of Florida
16 that has been formed since 1996.

17 We do have a unique power grid in Florida. It
18 is a peninsula, and it requires close coordination and
19 the reliability of Florida as evidenced, you know, by
20 the performance of our utilities. FRCC is a big part of
21 that and we take pride in that.

22 To start off, the FRCC load and resource plan,
23 which is really a culmination of the utility ten-year
24 site plans. We take a lot of the utility data and load
25 it into this, what we call our load and resource

1 database, and what it provides us is a good regional
2 perspective of all the different companies building,
3 planning, and operating in the state. We can make
4 regional judgments on -- and regional assessments on
5 adequacy, on fuel diversity, and all of these other
6 types of things.

7 The load and resource database process is an
8 annual process, and it keeps getting improved every year
9 as far as automation and accuracy and also the level of
10 detail that we can get in the database.

11 In this year's load and resource database
12 there's not a lot of surprises. The trends continue.
13 Last year when we presented the load and resource
14 database, we did show a decrease in forecast growth.
15 Some of the load forecast factors that are affecting our
16 forecasts are a continuation of the economic recession;
17 there's lower customer growth; there is a reduction in
18 per customer consumption; there's increases in energy
19 and efficiencies; there's voluntary conservation
20 efforts.

21 Although we did see a population increase
22 early in 2010, we are still seeing reductions in
23 per-customer consumption. So that is really driving
24 our -- again, the load is increasing, but it's
25 increasing at a slower rate and a slower pace than it

1 was in previous forecasts.

2 Here we show a comparison of the firm peak
3 demand for the summer. We are comparing 2009's forecast
4 versus 2010. And, as I said, the forecast is
5 increasing, but it is increasing at a lower rate than
6 previously forecast.

7 The same thing. Looking at the winter, we
8 look at the firm peak demand forecast. In 2009 versus
9 2010 we do show a decrease. Now we do have a step
10 change up at the beginning to account for some of the
11 changes in the forecast's methodologies, but, again, we
12 show a lower rate of increase as was previously forecast
13 last year.

14 I'm sure most of you are familiar with the
15 January 2010 cold weather that we had because it was
16 cold up here, too. We had unprecedented cold weather in
17 the state, and it was really -- to quantify it, it was
18 12 consecutive days of below average temperatures with
19 daily highs and lows that were pretty close -- you know,
20 20 degrees below historical high and historical low
21 temperatures. So our highs were low and our lows were
22 really low.

23 And we did have a record winter peak demands.
24 The actual recorded peak was at 52,368 megawatts. That
25 was an instantaneous peak measurement that was taken

1 down at the FRCC Reliability Coordinator Control Center
2 down in Miami.

3 What was pretty unique about the January 11th,
4 it was more or less the perfect storm. We had no
5 radiant heating on the previous three days. There was
6 no sun. The temperatures remained very low, and the
7 peak morning actually occurred on a Monday, which is
8 historically our heavily loaded days during the week, if
9 you will.

10 During January 11th, we did use demand
11 response, and we had about 1,100 megawatts of load
12 management, about 450 megawatts from voltage reduction,
13 and we did have a projected winter capacity of 59,735
14 with a total available capacity of 54,209 megawatts.

15 Looking back, we did do some lessons learned
16 looking back at the weather event and documented some
17 good procedure and some good practices to do in the
18 future. We are still vetting those through our
19 committee process, but it was noted that there was great
20 cooperation between the utilities. There was great
21 communication with our Reliability Coordinator down in
22 Miami; there was good communication with the gas
23 transportation suppliers, or the gas transportation
24 folks, not necessarily the suppliers; and the
25 transmission system performed very well.

1 Again, load management was a contributor on
2 that morning, and really, you know, helped us meet the
3 load in Florida. And there was no firm load shedding
4 that occurred on that morning.

5 Going back to load and resource plan, looking
6 at total available capacity, here we just basically show
7 you the next ten years of what we anticipate, the new
8 generation additions based on the ten-year site plans.
9 And as you can see there is incremental additions within
10 the state as we go forward for meeting summer demand out
11 to 2019.

12 Based on that data, we compare our load
13 forecast to our available capacity, and we create this
14 planned reserve margin chart. Which, again, you see the
15 15 percent, which is the FRCC criteria for planned
16 reserve margin, and we also have the 20 percent, which
17 is the PSC stipulation to the IOUs to maintain a planned
18 reserve margin of 20 percent. So in all years in the
19 next ten years you see that that margin is well -- is
20 above those two criteria.

21 Again, this includes load management and
22 interruptibles. This shows if we did not have load
23 management and interruptibles what the margins would be.
24 And, again, it just goes to show what an important piece
25 of flexibility our DSM programs are and our load

1 management programs are within the utilities. About a
2 third of our margin is load management or
3 interruptibles. And it is, again, a testament to our
4 robust load management and demand-side management
5 programs that are in place within the state.

6 **MR. ELLIS:** Excuse me. With the load
7 management and interruptible management for the reserve
8 margin on Slide 13, does that -- sorry, Slide 12 -- does
9 that include the new goals set under FEECA for the IOUs?
10 Would the higher goals be embedded in the load forecast
11 for the reserve margins?

12 **MR. SENKOWICZ:** I'm not sure I can answer that
13 right now, and I'm not sure we have any IOU reps that
14 might. Can I get back to you on that? And would you
15 repeat the question, again?

16 **MR. ELLIS:** We are just making sure. Was the
17 higher goals established under FEECA last year included
18 in the reserve margin forecasts that were shown on Pages
19 12 and 13?

20 **MR. SENKOWICZ:** We can follow up with you.
21 So, again, at a macro level, the planned reserve margin
22 exceeds the 15 percent FRCC criteria and the 20 percent
23 PSC stipulation going forward for the next ten years.

24 Again, I touched on the demand-side management
25 program, and on a national level this is how we look.

1 Approximately 7 percent of our peak load we have access
2 to load management or interruptibles. Which, again,
3 these are all the other regions in the country, and we
4 are right up there at the top.

5 Basically, if you look at load management and
6 interruptibles we are looking at approximately
7 3,200 megawatts, and if you look at it in a different
8 perspective, you can say that is 3,200 megawatts of
9 generation that was not needed to be constructed. So
10 that's not insignificant number, either.

11 Back with our load and resource data base.
12 Looking at fuel diversity as far as energy going forward
13 in the next ten years. It shows you, again, the
14 different fuels that we are going to burn in Florida to
15 meet the energy demand. Again, you see a pretty large
16 number of gas there, and I'll talk about how we've tried
17 to address some those issues later. And this is fuel --

18 **MR. ELLIS:** Sorry about that. On the last
19 slide, on Slide 16, could you describe what type of
20 facilities other includes?

21 **MR. SENKOWICZ:** Yes. The other facilities
22 include net of sales and purchases, members and net
23 imports, miscellaneous fuels, like petcoke, some of the
24 unusual fuels that are burnt in the region.

25 **MR. ELLIS:** All right. Also, with the gas

1 pipe, with the increased percentage of gas since the
2 majority of capacity is coming either from nuclear or
3 gas generation, will you be discussing any future
4 pipeline projects and things of that nature later in the
5 presentation?

6 **MR. SENKOWICZ:** I will talk about fuel
7 reliability and how we incorporate that into the FRCC
8 process. As far as future pipelines, I can talk a
9 little bit about some of the projects that we know are
10 on deck and so forth, but can we save that question
11 until our fuel reliability?

12 **MR. ELLIS:** Yes.

13 **MR. SENKOWICZ:** Okay. So that was energy.
14 Looking at capacity, this is our fuel diversity when it
15 comes to capacity. And, again, you see an emphasis
16 there on gas still ten years from now. So I think that,
17 again, we'll address that later in the presentation.

18 As far as 2010 renewable resource capacity,
19 this is the actual capacity of renewables that we have
20 in place today. It includes firm and nonfirm iron in
21 the ground. Some of the technologies are heat recovery,
22 waste heat, biomass, biomass solids, wood waste,
23 agricultural by-products, biomass liquids, biomass gas,
24 methane. And all these technologies that we have in the
25 state right now as of 2010 is about 1,291 megawatts.

1 Looking forward, our renewables capacity
2 forecast plan through 2019 right now shows the addition
3 of about 800 megawatts of new renewable type generation,
4 and the categories are there in biomass, landfill gas,
5 municipal solid waste, solar, and wind.

6 **MR. ELLIS:** With renewable capacities, would
7 you also be able to provide us a list by facility?

8 **MR. SENKOWICZ:** Yes, we can. We can through
9 the -- we break that out in the load and resource plan
10 and actually have unit-by-unit specifics that we can get
11 to you.

12 Okay, going forward. Conservation.
13 Basically, these are our cumulative estimates on
14 conservation based on our entity input. And looking at
15 2010, we're showing about 2,500 megawatts of
16 conservation efforts actual. We're projecting, as you
17 can see the curve, to increase as far as our
18 conservation efforts, but these efforts are like the
19 duct repair programs, and the lighting changes, and the
20 smart buildings, and energy efficiency audits, and so
21 forth. So if you look at, again, 2,500 megawatts of
22 conservation is a lot of delayed or avoided generation
23 that is needed to be built.

24 Nuclear. As far as our nuclear outlook, and
25 we do have the update there, this is how we look going

1 forward. The ten-year site plan for Progress Energy had
2 Levy coming in at 2019. Right now that licensing has
3 delayed it to 2020, so that is -- there has been some
4 testimony to that fact, so we just wanted to highlight
5 that on this slide. But these are the upgrades that are
6 planned for the existing facilities, Crystal River 3,
7 St. Lucie 1, Turkey Point 3 and 4, and St. Lucie 2. And
8 then, again, looking out to 2021, we're showing Levy 1
9 coming on.

10 This is a slide showing the energy production
11 from natural gas. And, again, showing a decrease in the
12 load forecast. Increased rate kind of shows you that we
13 will be burning -- we are still burning gas, but we'll
14 be burning a little bit less of it. And where you see
15 the tail end change there from the '09 to '10 is most
16 likely the change -- or the increase in the timing on
17 the nuclear plants coming in. So, basically, load and
18 resource assessment conclusion, we find that the
19 resource adequacy review indicate that the FRCC region
20 has planned adequate resources to remain reliable for
21 the next ten years.

22 Okay. Going forward. Thankfully, this is not
23 as relevant as it was a couple of weeks ago. The Gulf
24 of Mexico oil spill response, and I believe you have
25 already had somewhat of a briefing on this, but as the

1 FRCC we began very early on in the spill. The operating
2 committee initiated a voluntary kind of assessment of
3 vulnerability to the spill and the spill products
4 getting into some of our generation and cooling water
5 and so forth.

6 And we did develop a methodology and
7 categorized it, and, you know, had folks identify what
8 kind of categories they felt were at risk. And we came
9 up with an assessment for the region, and basically had
10 that in our back pocket in case the spill products
11 started making their way to Florida. And as you can
12 see, we had a breakdown by east coast and west coast.

13 At the time these slides were made, again, the
14 spill was still active. Thankfully, it's not active
15 today, so this is a bit of a look back as to what we
16 did, and kind of an example of what we do for any type
17 of emergency that may threaten the bulk electric system.
18 At the FRCC we usually initiate some kind of a
19 coordinated assessment process, a coordinated
20 communications process, and so forth.

21 And, again, with the hurricanes, and tornados,
22 and fuel disruptions, our utilities feed right into that
23 process because they have had a lot of experience with
24 dealing with the storms and so forth. So we kind of
25 bring in a lot of information and make sure that as a

1 region we understand where the vulnerabilities are and
2 where we can help, as well.

3 Again, actually today we will probably -- the
4 operating committee will probably discontinue monitoring
5 of the oil spill and will stand down those procedures
6 that we had put in place. So that's good news.

7 Okay. 2010, an update on fuel reliability.
8 And back to your question on pipelines, a few years ago
9 we clearly identified we had an emphasis of natural gas
10 usage in the state, and we wanted to make sure we
11 understand what the impacts were of natural gas on
12 capacity, electric generation capacity, and so forth.
13 So we did start a Fuel Reliability Working Group at the
14 FRCC. With that, we started a gas study project which
15 independently analyzed certain scenarios in the state as
16 far as generation using a lot of proprietary information
17 from our member companies to come up with assessments
18 and scenario analysis of what if, what would happen if
19 this happens, what would happen to generation capacity
20 if this happens.

21 So, basically, from that we also developed the
22 fuel reliability coordination tools and plans with the
23 pipelines and so forth. I'm going to briefly discuss
24 that. The Fuel Reliability Working Group, again, is a
25 dedicated group at the FRCC. It meets periodically, and

1 it reviews the interdependencies of fuel availability,
2 all fuels, but we have obviously focused on natural gas
3 with electric reliability. And then they are also used
4 to coordinate regional response to fuel issues and
5 emergencies. Delivery of coal, any kind of issues that
6 may come up, we have a ready-made team of subject matter
7 experts that we can call on very quickly.

8 We also have a gas study project which does
9 periodic analysis of the pipelines, and it doesn't just
10 look at one pipeline, it looks at the collective natural
11 gas delivery system in Florida and kind of quantifies
12 what the impacts of certain outages would be on
13 generation capacity within the state. We also factor in
14 on-site oil storage and backup capabilities into our
15 assessments, and then we also look at diversity of gas
16 pipeline interconnects, where some facilities may be
17 connected to multiple pipelines and so forth. So that
18 is an ongoing process.

19 We did have a 2009 analysis that is really
20 right now making its way through our committees as far
21 as understanding and coming up with some plans on what
22 to do next as far as the Fuel Reliability Working Group
23 and the Gas Study Projects.

24 One of the major analyses that we did in '09
25 was a look back at the hurricanes of '04 and '05.

1 Basically, we looked at the natural gas capacity storage
2 availability, contracts, contracted transportation into
3 the Florida system in '04 and '05, compared the
4 capability and capacities that we have today, and came
5 up with basically an assessment, which is a great story.
6 There is much more storage capacity that is available to
7 the companies in Florida. The new Elba Island LNG
8 facility is now feeding on it from the east coast, so
9 you have the diversity of supply there, and then you
10 also have the SESH pipeline which was up -- which
11 interconnected and gave us a lot more access, gave our
12 companies a lot more access to onshore supply.

13 So the picture looks a lot better if we had a
14 repeat of Rita and Katrina as far as natural gas supply.
15 And as a matter of fact, we have had very little
16 problems in previous storms as far as supply issues from
17 natural gas, you know, as reported by our members. As
18 far as -- yes, storage capacity now can offset about
19 70 percent of the hurricane production losses, which is
20 a pretty good number compared to '09, which was
21 9 percent.

22 And, finally, our fuel reliability
23 coordination tools and plans. We have our FRCC
24 generating capacity shortage plan, which is, again, an
25 integral part of your rules here, and we do help -- we

1 do use that to communicate not only fuel problems, but
2 advisories and so forth up to the Commission staff here.
3 We also have our hurricane manual which looks at
4 expected impacts from the hurricane as far as generating
5 facilities and which ones would be affected and how
6 early you have to shut down and so forth.

7 We have our communications protocol, which is
8 a very good line of communication between our gas
9 transportation service providers, our pipeline
10 operators, and our electric plant operators, or
11 transmission operators in the state. So there is a good
12 open line of communication there so that we can quickly
13 react to any issues that may come up from a natural gas
14 pipeline problem.

15 As far as the gas study projects going
16 forward, we continue gas pipeline modeling updates, and
17 we actually have a model of the pipelines that we
18 maintain. So back to your question on new pipelines, we
19 are incorporating the FGT Phase 8. We are incorporating
20 the Gulfstream Phase 5, I think, infrastructure
21 improvements. Those were the ones that we have in the
22 queue and that we include in our assessments. As far as
23 any other new ones, we don't necessarily include those
24 in our assessment until those are kind of official.

25 **MR. ELLIS:** So, for example, the FPL pipeline

1 project would not be in that gas study project, then?

2 **MR. SENKOWICZ:** No, it wouldn't, because --

3 **MR. ELLIS:** Do you know the status of that
4 project?

5 **MR. SENKOWICZ:** Actually, I don't. Maybe
6 Florida Power and Light would like to comment.

7 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

8 **COMMISSIONER SKOP:** Thank you, Madam Chair.

9 Just to that point, on Page 37 of the
10 presentation, which I believe is two pages beyond the
11 current page, the conclusion that FRCC reaches is that
12 the FRCC does not accept any fuel transportation issues
13 affecting resource capabilities, peak periods, or
14 extreme weather based upon fuel studies analysis,
15 current fuel capacity and diversity, and alternate fuel
16 capability. Is that conclusion based on the entirety of
17 the ten-year site plan to the extent that -- with the
18 conversion projects of Riviera Beach and Cape Canaveral,
19 when those come into service they will have additional
20 gas demands?

21 **MR. SENKOWICZ:** The fuel reliability study
22 process is not as rigorous as the transmission planning
23 process. As far as looking out ten years, you know, I
24 can't tell you that we have analyzed what the pipelines
25 are going to look at it in ten years and that there is

1 adequate supply of natural gas transportation. Really
2 what we have done is based on a fuel studies analysis is
3 look at near-term capacity, and we know that if we lose
4 a pipeline, certain facilitates have fuel oil backup,
5 certain facilitates have access to multiple pipelines.
6 We have ways to mitigate loss of pipelines. So, I'm not
7 sure I answered your question, but I don't -- it's not a
8 rigorous ten-year look at an integrated model of the
9 natural gas versus the generation siting kind of thing.

10 **COMMISSIONER SKOP:** So to that point, the
11 conclusion on 37 is based on current generating capacity
12 through the ten-year site plan mitigating for supply
13 interruptions and ensuring that adequate redundancy and
14 reliability is available to support existing generation.
15 But if there were conversion projects that converted
16 from fuel burning to natural gas where it required an
17 increased capacity of natural gas to fire those plants,
18 that may affect the conclusion on Page 37, is that
19 correct?

20 **MR. SENKOWICZ:** Yes. I mean, I'm not sure it
21 may affect the conclusion, it's just not something we
22 would look at until something is actually on the books
23 and in place. From a fuel reliability perspective, we
24 are not into looking at optimal siting, or pipeline
25 displacement, and that kind of thing. We are really

1 kind of limited to look at what we have got today and
2 where are our vulnerabilities.

3 **COMMISSIONER SKOP:** All right. Thank you.

4 **MR. ELLIS:** Do you believe FPL would be able
5 to answer the question relating to transmission
6 capabilities for the Riviera and Canaveral pipeline?

7 **MR. SENKOWICZ:** I think they could. Would you
8 like them to follow up?

9 **MR. ELLIS:** If possible, yes.

10 **CHAIRMAN ARGENZIANO:** We can do that, but,
11 Commissioner Skop, did you have a follow up?

12 **COMMISSIONER SKOP:** Yes. Just to add onto
13 that, it probably would be beneficial to have FPL speak
14 on this issue. I know that the conversion projects for
15 Cape Canaveral and Riviera have been reinstated, and I
16 think rightfully so due to the benefits they provide.
17 But I think that with the delayed entry date of those
18 projects, I think there's also a delayed slightly
19 shifted need for additional natural gas supply, and
20 perhaps FPL could better speak to that in terms of the
21 time frame that additional pipeline capacity would be
22 required within the state.

23 **CHAIRMAN ARGENZIANO:** Okay. They're coming up
24 to the mike.

25 **MR. SILVA:** Good morning, Chairman,

1 Commissioners. My name is Rene Silva; I am Director of
2 Resource Planning for Florida Power and Light Company.

3 Regarding the concern about the capacity of
4 gas transportation, as has been indicated with respect
5 to the FGT Phase 8 expansion, we will receive about
6 400 million MMBtu per day that will supplement our need
7 for the West County facility, and that will be adequate
8 for our system for a number of years in the future. Not
9 just for those facilities, but for the system overall.

10 As it pertains to additional need that will
11 arise when we add the modernizations at Canaveral and
12 Riviera, as well as growth in our system, our most
13 recent analysis shows that additional capacity will be
14 needed by either 2015 or 2016. At present, we are
15 undertaking an update in the analysis to determine
16 precisely when that new capacity will be required. We
17 are also looking at other factors that effect the
18 regulatory process for obtaining approval for an
19 expansion, either the third-party's expansion or one
20 that we build as well as affecting the economics.

21 In parallel with that, we're developing a
22 draft of an RFP consistent with the Commission's
23 directive. We don't have a completion date, if you
24 will, for those activities, but they are ongoing right
25 now. And we, of course, are very intent on bringing

1 those to conclusion in the near term.

2 **COMMISSIONER SKOP:** Thank you. Good morning,
3 Mr. Silva.

4 **MR. SILVA:** Good morning.

5 **COMMISSIONER SKOP:** This is a follow-up to
6 that. It seems as if the additional capacity
7 requirements for the natural gas for the conversion
8 projects as well as growth have shifted slightly to the
9 right by a year or two or three based on your testimony,
10 and you indicated that FPL is pursuing options to meet
11 that longer term need which we still have some time
12 there.

13 With respect to the RFP or proposed RFP that
14 you indicated that you may be developing consistent with
15 the Commission's order, would it be correct to expect
16 that that would come back to the Commission staff to
17 review prior to issuance?

18 **MR. SILVA:** I believe that's the plan.

19 **COMMISSIONER SKOP:** Okay. All right. Thank
20 you.

21 **MR. SENKOWICZ:** Okay. On our last section,
22 FRCC transmission planning, I'll just give you a brief
23 update on that. As part of our ten-year site plan we
24 ensure utility transmission planning is coordinated
25 across the region, and we actually have staff involved

1 in performing those studies, and creating those cases,
2 and overseeing that that's done.

3 Part of our transmission planning process, a
4 key piece of it is the FRCC planning committee, and the
5 charter of the planning committee is to promote the
6 reliability of the bulk system within the region. We
7 assess and encourage generation and transmission
8 adequacy, and we provide a vehicle for ensuring that
9 transmission planning within the FRCC will provide for
10 the development of a robust network within the state by
11 following the regional transmission planning process.
12 So it's a way the member companies can very easily
13 integrate their plans together to make sure that we
14 develop optimal plans for the region for reliability
15 sake.

16 Within the planning committee we have several
17 working groups that do periodic work. We have the
18 transmission working group that creates and assesses the
19 FRCC long-term transmission plan. We have a stability
20 working group that assesses the stability of the bulk
21 electric system, and we have a reliability working group
22 which performs reliability assessments of the resource
23 adequacy for the next ten years.

24 And, again, within that reliability assessment
25 group we have a load forecasting group. So all of these

1 pieces come together and culminate in what you have with
2 the load and resource database. And all of that
3 information is a nice integrated package that we create
4 at the FRCC and gives us a good perspective of the
5 region.

6 Within the transmission planning process we
7 have several recurring transmission reliability studies.
8 We have summer and winter seasonal assessments. We have
9 the ten-year transmission reliability study. And again,
10 that is done each year looking out ten years. We have
11 an interregional transmission study. As I said earlier,
12 we are unique being a peninsula. We have a single
13 interface to the north, so it's important that we
14 coordinate any changes or activity on that interface
15 very closely with our neighbor. And then we also have a
16 resource deliverability evaluation process which looks
17 at generation siting and getting the deliverability of
18 that generation on a regional basis, getting it
19 reviewed.

20 Basically, we like to test the transmission
21 system to ensure it meets the reliability standards, and
22 the new reliability -- not new, but the reliability
23 standards that are mandatory and enforceable at NERC now
24 are a big part of that. We call it the reliability
25 standards test. And basically it looks at your

1 transmission system. It looks at single element outages
2 where you have minimal local area loss of load, and you
3 can survive those with no problem, or multiple element
4 outages where you can have a controlled loss of load
5 without having a transmission system fall apart. Or you
6 can have extreme event outages with no wide area
7 cascading loss of load. And based on our assessments of
8 the 2010 to 2019 transmission plans, these tests are all
9 satisfied.

10 As far as our interregional transmission
11 study, again, we look at that on an annual basis to
12 determine the amount of reliable import and export
13 capability on the interface with the SERC region to the
14 north. Looking at the summer of 2010, we were at 3,600
15 with an export limit from FRCC at 1,000 megawatts going
16 north. Looking forward at the winter of 2010/'11, we're
17 looking at a 3,800-megawatt import capability into the
18 state and an export limit of 1,800 megawatts out of the
19 state. These are very similar to last year's numbers.

20 As far as resource deliverability evaluations,
21 these are transmission service requests, and we have one
22 evaluation completed for a total of 151 megawatts. And
23 as far as generator interconnection service requests, we
24 have five evaluations completed for a total of
25 3,900 megawatts. In 2010, within those five GISRs

1 (phonetic), we do have the Levy Units 1 and 2 in there.

2 Okay. As far as FRCC transmission
3 reliability, obviously the results of the transmission
4 assessments indicate that the planned transmission
5 system within the region is expected to remain reliable
6 for the next ten years. So we do have plans in place to
7 operate -- build and operate a reliable system for the
8 next ten years.

9 **MR. BALLINGER:** Excuse me, Eric. Tom
10 Ballinger with staff. Several years ago there was an
11 area in Central Florida identified as a transmission
12 problem, if you will, congestion. I presume that has
13 been taken care of either through some planned projects
14 or already constructed projects, or do you know the
15 status of that?

16 **MR. SENKOWICZ:** There has been some work in
17 the area of Central Florida. And what's going on, you
18 know, transmission planning, as I said, it is a ten-year
19 cycle. I mean, it's a yearly cycle, and you have
20 projects and they are looking out and they plan
21 projects, and then the next year maybe they come up with
22 a different project or a more optimal solution.

23 We do have a -- we do have plans in place
24 approved by the board to deal with transmission in
25 Central Florida, but that's not to say that that plan

1 doesn't change. So right now specifically I can't
2 comment on that area specifically, but I do know that
3 sometimes projects move around, and they change, and
4 optimal solutions get developed depending on the
5 stakeholders.

6 That's kind of a unique area. You have
7 different systems that are kind of overlapping each
8 other, so it's a little more complicated.

9 **MR. BALLINGER:** That's fine. Thank you.

10 **MR. SENKOWICZ:** Okay. And, again, at the FRCC
11 we do maintain a database, as you alluded to, Tom, of
12 projects that are in the queue to make sure that this
13 transmission planning process remains integrated and
14 coordinated, and that the utilities plan around each
15 others' plans, if you will.

16 And that concludes my presentation. Any
17 questions?

18 **CHAIRMAN ARGENZIANO:** Commissioners, any
19 questions?

20 Commissioner Skop.

21 **COMMISSIONER SKOP:** Thank you. Just two
22 follow-up questions.

23 First on that last page of significant
24 transmission projects, to Mr. Ballinger's question about
25 the, perhaps, long-term congestion or transmission

1 constraints in Certain Florida, is it correct that some
2 of those projects listed there would address some of
3 those concerns?

4 **MR. BECKER:** Yes, sir. Many of those projects
5 on that list are in the Central Florida region.

6 **COMMISSIONER SKOP:** Okay. And those would be
7 primarily Progress making transmission infrastructure
8 investments, or would it be other projects on that list?

9 **MR. SENKOWICZ:** You have an ownership column
10 there, and it kind of shows you.

11 **COMMISSIONER SKOP:** Okay. All right. And
12 then I don't know who would best be able to answer a
13 follow up question on a different point, but in the 2010
14 regional load and resource plan of July, it's the bound
15 copy, I don't know if everyone has a copy of that, but
16 on Page 23 of that report, in Section 2, which is
17 generating facilities, it lists planned and proposed
18 prospective generation facility additions and changes
19 from January 1, 2010, through December 31, 2019, which
20 is the ten-year horizon. For Riviera and Cape Canaveral
21 it shows the primary fuel being the existing fuel source
22 and the changed status OP for Riviera and FC for FPL.
23 Could they just comment? I didn't see a legend as to
24 what the status codes mean, but if you happen to know
25 what those are it would be beneficial.

1 **MR. SENKOWICZ:** There is a glossary tab on
2 that. You may be able to --

3 **COMMISSIONER SKOP:** Okay.

4 **MR. BALLINGER:** Commissioner Skop, it's on
5 Page G-2.

6 **COMMISSIONER SKOP:** Got it. Thank you.

7 **MR. BALLINGER:** And FC is planned for
8 conversion.

9 **COMMISSIONER SKOP:** Okay. That is what I
10 suspected it might be, but I was being --

11 **MR. SENKOWICZ:** FC is fuel change?

12 **COMMISSIONER SKOP:** Yes, fuel conversion or
13 fuel change. So is that code correct for Riviera, OP,
14 or should that also be in the FC status?

15 **MR. SENKOWICZ:** We've got our expert looking
16 at it.

17 **MR. BALLINGER:** It may be, because I think
18 that comes off the next year. But we'll look at that.

19 **COMMISSIONER SKOP:** That's what I thought.
20 Okay.

21 All right. Just as a constructive comment, it
22 might be good to annotate that chart to reflect they
23 are -- I mean, it shows fuel status change, but an
24 asterisk or something to show that it's converting to
25 natural gas, because I think this flows in. That caused

1 the disconnect on the conclusion as to fuel transmission
2 capabilities were adequate through the ten-year horizon,
3 which clearly when those conversions come into service,
4 there's going to be additional transmission capacity
5 required that is not embodied within the conclusion, so
6 I think that's where I was looking. Thank you.

7 **CHAIRMAN ARGENZIANO:** Good point. Any other
8 questions, Commissioners?

9 Staff?

10 **MR. ELLIS:** (Indicating no.)

11 **CHAIRMAN ARGENZIANO:** Okay. Thank you.

12 **MR. SENKOWICZ:** Thank you.

13 **MR. ELLIS:** That would conclude the
14 presentations for the workshop. If there's any public
15 comment, I believe, is the last section.

16 **CHAIRMAN ARGENZIANO:** Anyone out there wishing
17 to comment on the presentation or ask questions? Okay.
18 Hearing none, we will just move on. Tom?

19 Okay. Who's up, me?

20 That's it. We're done. Okay. All right. I
21 thought we had another component. All right. With
22 that, any questions from Commissioners? Okay.

23 Commissioner Skop.

24 **COMMISSIONER SKOP:** I'd just like to thank
25 FRCC and the respective investor-owned utilities for

1 taking the time to prepare the materials and come and
2 present today.

3 **CHAIRMAN ARGENZIANO:** Yes. It's a good
4 presentation. It really fills in a lot of the questions
5 and it was done well. Thank you. Thank you very much.

6 With that, we are adjourned.

7 (The workshop concluded at 10:20 a.m.)
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STATE OF FLORIDA)
 :
 : CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

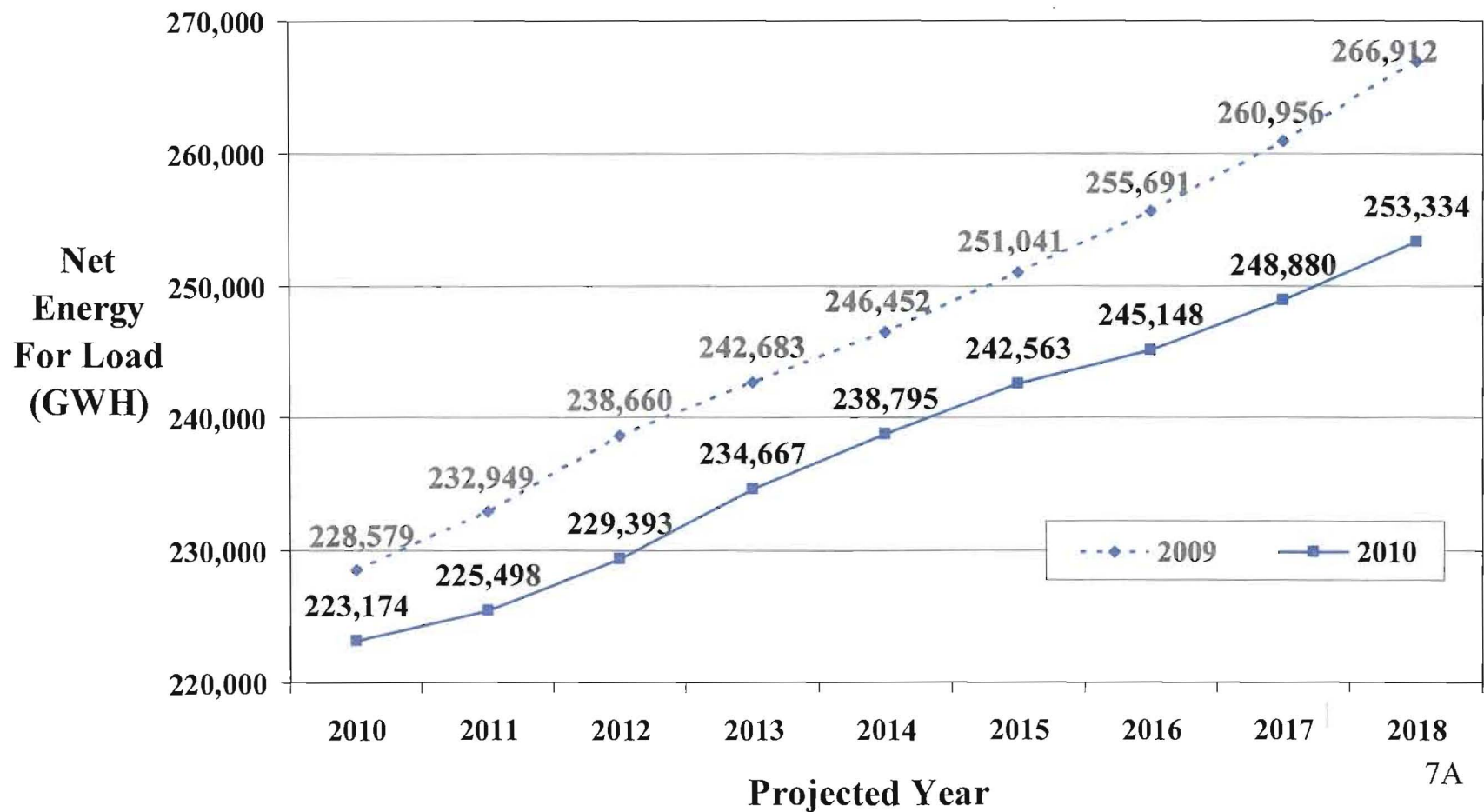
I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 12th day of August, 2010.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
(850) 413-6732

Comparison of 2009 vs. 2010 FRCC Net Energy for Load Forecast



Florida Public Service Commission

2010 Ten-Year Site Plan Workshop

FRCC Presentation

**Eric Senkowicz
Manager of Operations**

August 5, 2010

Agenda

- **FRCC Load & Resource Plan**
 - Load forecast, generation additions, reserve margins, fuel diversity
 - January Cold Weather
 - New renewable resources and DSM additions
- **Gulf Oil Spill**
- **FRCC Fuel Reliability**
 - Fuel Reliability Working Group (FRWG)
 - Natural Gas Storage
 - Fuel Reliability Coordination
- **FRCC Transmission Planning**
 - Regional Transmission Planning Process
 - Regional Transmission Reliability Studies
 - Eastern Interconnection coordination

Florida Reliability Coordinating Council

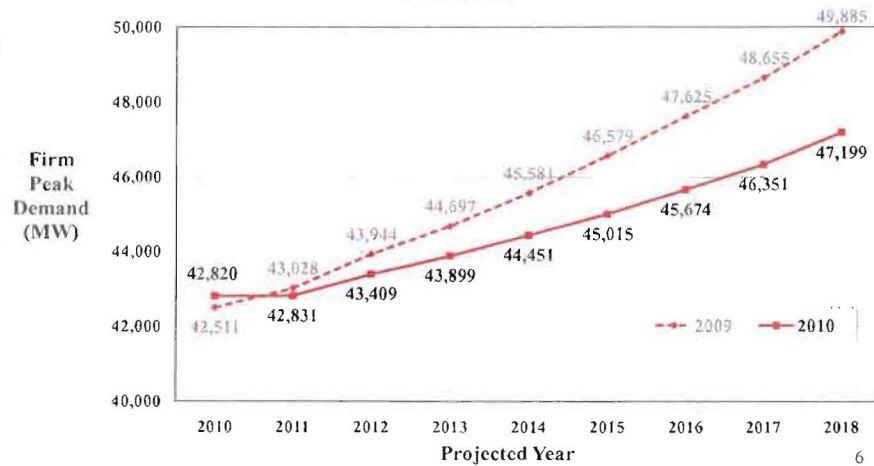
The purpose of the Florida Reliability Coordinating Council is to ensure and enhance the reliability and adequacy of the bulk electricity supply in Florida, now and into the future.

FRCC Load & Resource Plan

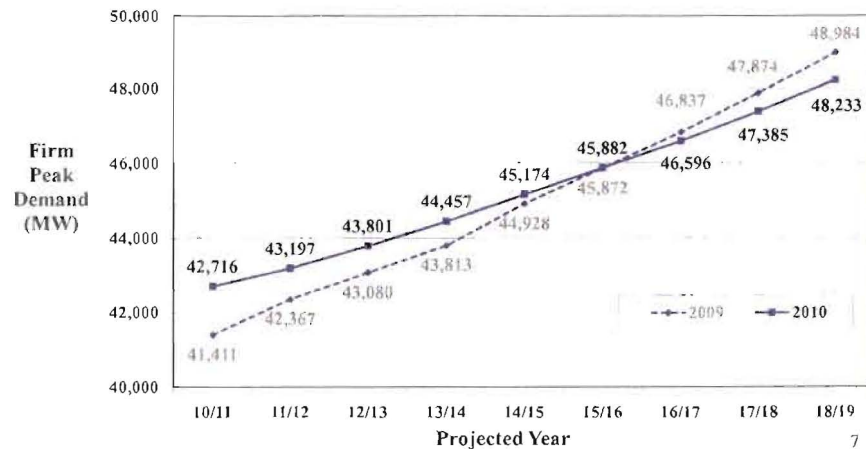
Load Forecast Factors

- Continuation of economic recession
- Lower customer growth
- Reductions in per-customer consumption
- Mandated energy efficiencies
- Voluntary conservation efforts
- Population increase observed early 2010

Comparison of 2009 vs. 2010 FRCC Firm Peak Demand Forecast (Summer)



Comparison of 2009 vs. 2010 FRCC Firm Peak Demand Forecast (Winter)



7

January 2010 Cold Weather

- Unprecedented cold weather
 - 12 consecutive days of below-average temperatures
 - Daily highs and lows were almost 20 degrees below the historical high and low temperatures
- Record Winter Peak Demand
 - Projected Seasonal Peak: 44,446 MW
 - Actual Recorded Peak: 52,368 MW

8

January 2010 Cold Weather

- Demand Response Utilized
 - 1,104 MW of Load Management
 - 457 MW from voltage reduction
- System Resources
 - Projected Winter Capacity: 59,735 MW
 - Total Available Capacity: 54,209 MW

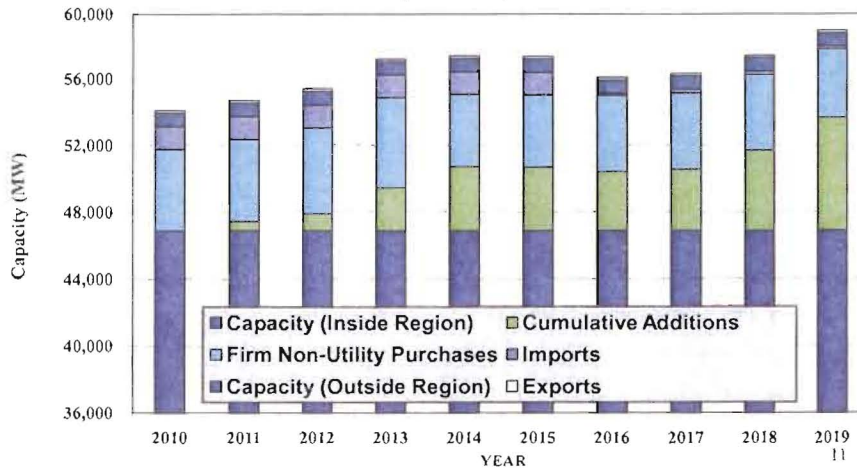
9

January 2010 Cold Weather

- FRCC System Peak load was met
 - Cooperation between Utilities
 - Communication with gas suppliers
 - Transmission system performed well
 - Load Management contribution
 - No firm load shed

10

Load & Resource Plan Total Available Capacity (Summer)

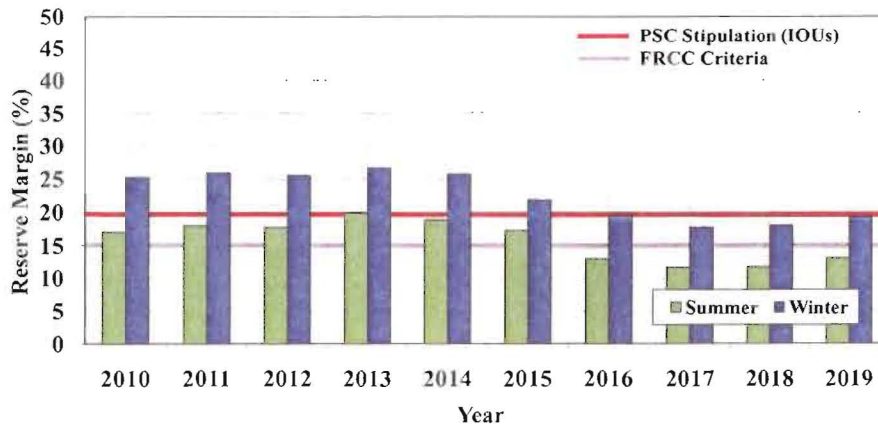


Load & Resource Plan FRCC Planned Reserve Margin

— PSC Stipulation (IOUs)
— FRCC Criteria



Load & Resource Plan FRCC Planned Reserve Margin (without exercising LM/INT)

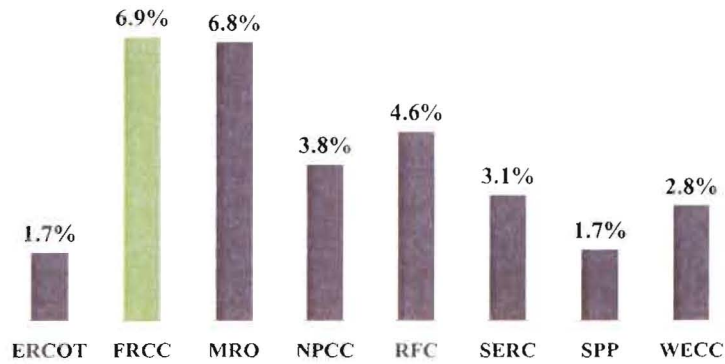


FRCC Reliability Assessment Reserve Margin Review

- Ensure that the Regional Planning Reserve Margin meets the 15% FRCC Criteria
- Planned Reserve Margin exceeds 20% for all peak periods for the next ten years (with the availability of dispatchable LM/INT)

Load & Resource Plan Dispatchable Demand Side Management as a Percentage of Regional Peak

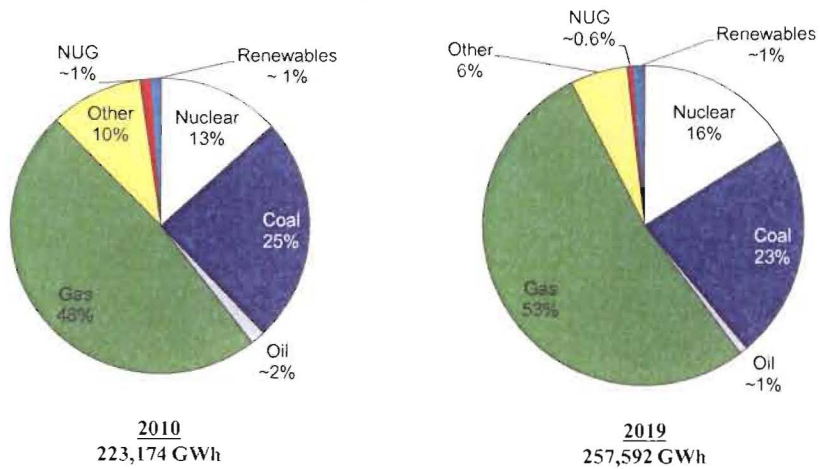
Summer 2010



15

Fuel Diversity (Energy)

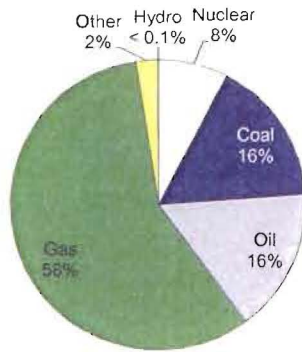
Net Energy for Load (GWh)



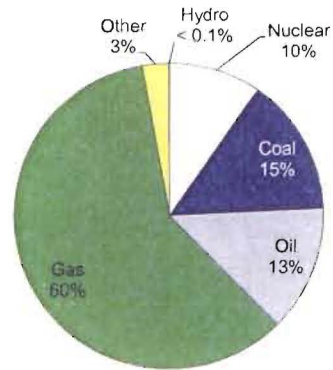
16

Fuel Diversity (Capacity)

Summer Capacity (MW)



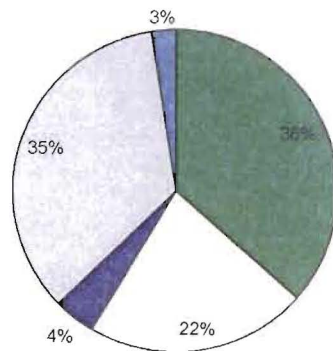
2010
51,631 MW



2019
57,678 MW

17

2010 Renewable Resource Capacity



1,291 MW

- Biomass
- Heat Recovery
- Hydro
- MSW
- Solar

18

Renewables Capacity Forecast

Existing Renewables Capacity 1,291 MW

Planned (thru 2019)*

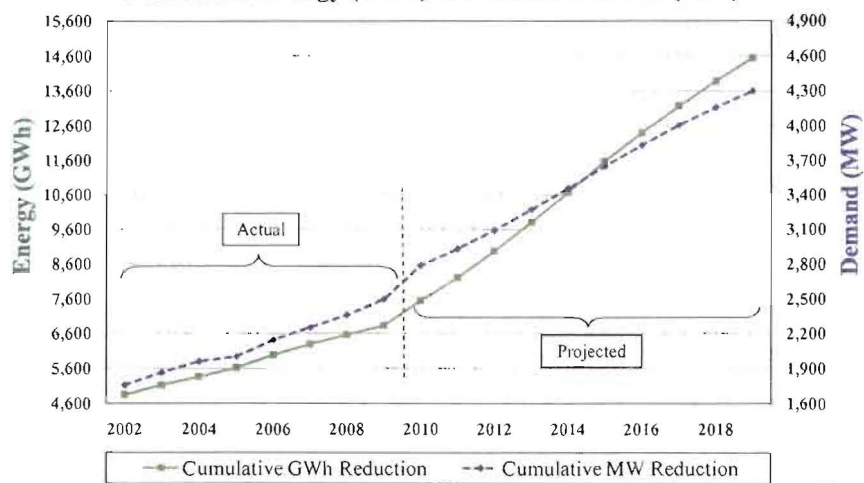
Biomass	388 MW
Landfill Gas	34 MW
Municipal Solid Waste	238 MW
Solar PV	119 MW
Wind	14 MW
TOTAL	793 MW

* Contains non-TYSP data

19

Conservation

Cumulative Energy (GWh) & Summer Demand (MW) *



* Excludes LM and INT

20

Nuclear Outlook

Existing Nuclear Capacity

Crystal River 3	852 MW
St. Lucie 1 & 2	1,678 MW
Turkey Point 3 & 4	<u>1,386 MW</u>
Total	3,916 MW

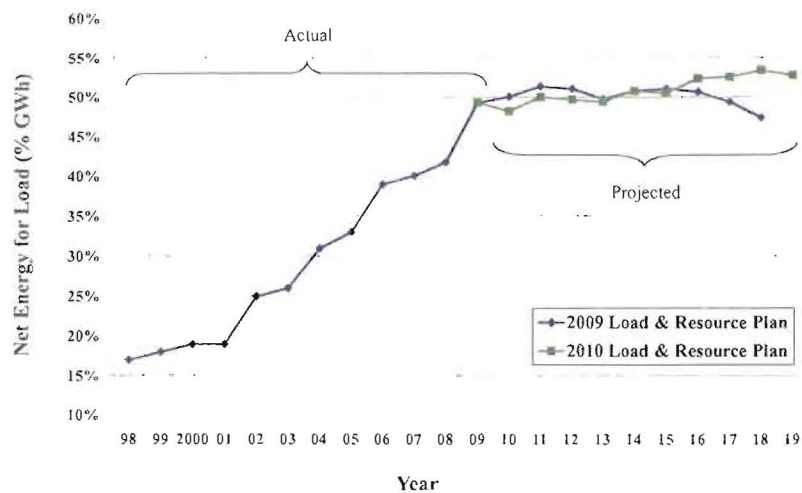
Planned

Crystal River 3 (uprate)	~ 4 MW (2010)
Crystal River 3 (uprate)	164 MW (2012)
St. Lucie 1 (uprate)	103 MW (2011)
Turkey Point 3 & 4 (uprates)	208 MW (2012)
St. Lucie 2 (uprate)	103 MW (2012)
Levy 1	<u>1,092 MW (2019)*</u>
Total	1,674 MW

* Licensing has delayed to 2021

21

Energy Production from Natural Gas



22

FRCC Load & Resource Assessment Conclusion

The results of the resource adequacy review indicate that the FRCC Region has planned adequate resources to remain reliable for the next ten years.

FRCC Gulf of Mexico Oil Spill Response

Coordination and Assessment
of
Potential Impacts

Assessment Process

- FRCC and its Operating Committee initiated Assessments at spill from onset
- Coastal generation was categorized:
 - Offshore intake (high risk)
 - Onshore intake (medium risk)
 - Inland intake (low risk)
 - Other configuration (lower risk)
- Potential for oil contamination of cooling water
- Even though unlikely for spill to affect all sites simultaneously

25

Coastal Generators With Potential for Impacts

- West coast – 7 sites / 18 units
- East Coast – 7 sites / 17 units
- FRCC Assessments and Coordination Started in May
- Monitoring Continues



26

FRCC Response Continues

- Monitor and assess the reliability of the Bulk Electric System (BES) / Regional capacity
- Coordinate regional responses to potential impacts
- At Present:
 - Spill does not present an immediate threat to any coastal generators
 - Do not anticipate any adverse reliability impacts to the FRCC BES

27

FRCC Utility Responses

- Many years of experience
 - hurricanes, tornados, fuel disruptions, wild fires, etc.
- Developed plans and procedures to ensure the reliability of the BES
- Plans to mitigate potential impacts to customers.
- Utilities with coastal generation:
 - Taken precautionary measures
 - Have action plans in place
 - Ready to implement in the event of spill impact on their generating facilities.

28

Going Forward

- FRCC will continue to coordinate communications:
 - utilities who own coastal generation
 - local government and state officials
 - federal regulators

- The FRCC will communicate with regulatory agencies if and when the operations of any coastal generating units are impacted by the spill

29

2010 FRCC Fuel Reliability

- Fuel Reliability Working Group (FRWG)
- Gas Study Project - current analyses
 - Large Pipeline Interruptions
 - Fuel Oil Storage
 - Look back at Rita and Katrina
- Fuel Reliability Coordination
 - Tools and Plans

30

FRCC Fuel Reliability Working Group

- Dedicated group at FRCC
- Continue to review interdependencies of fuel availability and electric reliability
- Coordinate regional responses to fuel issues and emergencies
 - Oversight of the FRCC Gas Study Project
 - Support for real-time emergency response (i.e., storms)
 - Provide input on regional fuel reliability positions for NERC Regional Reliability Assessments
 - Develop regional fuel reliability positions

31

Gas Study Project Current Analyses

- Loss of Gulfstream / Cypress lines
- Analyses continues on oil storage
- Assessments continue on oil back-up supplies
- Diversity of gas pipeline interconnects
- Conservative assessment assumptions
- Results under review

32

Look Back at Previous Hurricanes Gas Storage Accessibility to Florida has Increased

- Gas Storage Capacity Access to Transporters

Transporter	2005	2009	2010 *
SESH	<i>Not in service</i>	24.6 BCF	42.6 BCF
FGT	13.4 BCF	85.6 BCF	232.9 BCF
Gulfstream	-	-	50.0 BCF
Total	13.4 BCF	102.2 BCF	251.5 BCF **

- LNG Facility

Gas Provider	2005	2009	2010 *
Elba Island	-	7.3 BCF	11.5 BCF

* Planned 2010 capacity ** Some storage connected to both pipelines
SESH: Southeast Supply Header FGT: Florida Gas Transmission

33

Gas Study Project Accessibility to Florida has Increased

- Natural Gas (directly accessible storage capacity)
- FRCC member storage increased
- Impacts to supply by hurricanes mitigated
- Storage capacity can offset 69% of hurricane production losses
- In comparison – 2005 - 9% could be offset

34

Fuel Reliability Coordination Tools and Plans

- *FRCC Generating Capacity Shortage Plan*
- *FRCC Operations - Hurricane Manual*
- *FRCC Communications Protocols – Reliability Coordinator, Generator Operators and Natural Gas Transportation Service Providers*
- Gas Study Project – Potential Project Plans going forward
 - Gas Pipeline Modeling updates
 - More detailed analyses / local areas
 - Look at “local” areas (pipeline sections)
 - Localized fuel distribution infrastructure

35

Summary

- FRWG / ORS and OC
 - Continue to promote fuel reliability awareness
 - Continue to refine processes for minimizing impacts of fuel issues (all types of fuels)
 - Perform proactive fuel assessments and studies
- Access to natural gas storage is increasing
- Supply diversity and capacity continues to increase
- FRCC Communication plans in place – RC/SCEC/Pipelines when fuel supply threatened

36

Conclusion

- FRCC does not anticipate any fuel transportation issues affecting resource capabilities (peak periods or extreme weather) based on:
 - Fuel studies / analysis
 - Current fuel capacity and diversity
 - Alternate fuel capability

FRCC Transmission Planning

FRCC Planning Committee

- Promotes the reliability of the Bulk Electric System within the FRCC Region
- Assesses and encourages generation and transmission adequacy
- Provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the Region by following the FRCC Regional Transmission Planning Process

39

Regional Transmission Reliability Studies

- Summer & Winter Seasonal Assessments
- Ten-Year Transmission Reliability Study
- Inter-Regional Transmission Study
- Resource Deliverability Evaluation

40

Reliability Standards Test

- Single element outages: Minimal local area loss of load
- Multiple element outages: Controlled loss of load
- Extreme event outages: No wide-area cascading loss of load
- 2010 – 2019 Transmission plans satisfy these tests

Inter-Regional Transmission Study

Purpose: Determine the amount of reliable Import and Export capability of the FRCC-Southern transmission interface

Inter-Regional Transmission Study Results

Summer 2010

- | | |
|--------------------|----------|
| ▪ Import to FRCC | 3,600 MW |
| ▪ Export from FRCC | 1,000 MW |

Winter 2010/11

- | | |
|--------------------|----------|
| ▪ Import to FRCC | 3,800 MW |
| ▪ Export from FRCC | 1,800 MW |

Resource Deliverability Evaluations

- Transmission Service Requests
 - One evaluation completed for a total of 151 MW
- Generator Interconnection Service Requests
 - Five evaluations completed for a total of 3,901 MW

FRCC Transmission Reliability Conclusion

The results of the transmission reliability assessment indicate that the planned transmission system within the FRCC Region is expected to remain reliable for the next ten years.

Significant Transmission Projects

FRCC Transmission Projects					
Transmission Project Name	Ownership	Voltage (kV)	Length (Miles)	In-Service Date	Description / Status
Biitho - Stanton (OUC)	PEF	230	6.0	04/01/10	Completed
Stanton - Biitho	OUC	230	7.0	05/01/10	Completed
Intercession City - West Lake Wales #1	PEF	230	30.0	05/01/10	Completed
Avalon - Gifford	PEF	230	8.0	07/01/10	Under Construction
Intercession City - West Lake Wales #2	PEF	230	30.0	09/01/10	Under Construction
Hines Energy Complex - West Lake Wales #2	PEF	230	21.0	12/01/11	Planned
Hopkins-Crawfordville 230 Tap - Sub 5 230	TAL	230	8.0	12/01/11	Planned
Big Bend - State Road 60	TEC	230	13.8	12/01/11	Planned
Kathleen - Zephyrhills #2	PEF	230	11.0	05/01/12	Planned
Manatee - Bob White	FPL	230	30.0	12/01/12	Planned
Greenland Energy Center - Nocatee	JEA	230	4.4	05/01/13	Planned
St. Johns - Pringle	FPL	230	25.0	12/01/13	Planned
Sub 5 230 - Sub 7 230	TAL	230	12.8	06/01/16	Planned
Brookridge - Brooksville West	PEF	230	4.0	12/01/17	Planned
Crystal River - Brookridge	PEF	230	35.0	12/01/17	Planned
Kathleen - Lake Tarpon	PEF	230	45.0	12/01/17	Planned
Levy - Central FL South	PEF	500	50.0	12/01/17	Planned
Levy - Citrus #1	PEF	500	10.0	12/01/17	Planned
Levy - Citrus #2	PEF	500	10.0	12/01/17	Planned
Levy - Crystal River	PEF	500	10.0	12/01/17	Planned
Polk - Fishhawk	TEC	230	30.5	05/01/19	Planned
Polk - Pebbledale (1)	TEC	230	13.5	05/01/19	Planned
Polk - Pebbledale (2)	TEC	230	9.9	05/01/19	Planned

Questions ?