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February 2, 2023

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor; FPSC Docket No. 20220186-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Response to Staff's First Data Request (Nos.1-6), propounded on January 12, 2023.

Thank you for your assistance in connection with this matter.

Sincerely,

Malcolm N. Means

Malcolm N. Means

MNM/bml
Attachment

cc: All Parties of Record (w/encl.)
Phillip Davis – Eng. Specialist (pdavis@psc.state.fl.us)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Tampa Electric Company's responses to Staff's 1st Data Request (Nos. 1-6), have been furnished by electronic mail on this 2nd day of February 2023 to the following:

Jennifer Crawford
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TAMPA ELECTRIC COMPANY
DOCKET NO. 20220186-EI
STAFF'S FIRST DATA
REQUEST NO. 1
BATES PAGE(S): 1 - 6
FILED: FEBRUARY 2, 2023

1. Please refer to TECO's petition, paragraph 22(c).

a. Provide a copy of the analysis used to determine the $4.3 to $11.4 million customer savings value. As part of this response, please provide supporting documents and describe what sensitivities the Company conducted for the range of values and why it selected them.

b. Provide revised customer savings values based on TECO's 2022 Ten Year Site Plan and most recent fuel forecast. As part of this response, please provide supporting documents, including unit planning over the period with & without Pasco purchased power agreement (PPA).

A. a. The confidential table below supports the $4.3 million to $11.4 million customer savings resulting from the Pasco County Waste to Energy Facility ("Pasco WTE") contract, as noted in paragraph 22(c) of the petition. An explanation of each column is as follows:

- NPV (2025 $M) – This column provides the years and notes that the numbers in the table are net present values (NPVs) in millions of 2025 dollars. The data for each of the years shown represent the hypothetical year Pasco WTE increases the contract capacity from 21 to 25 MW. Thus, 2025 assumes the contract capacity is 25 MW at the beginning of the agreement. The year 2028 assumes Pasco does not increase the contract capacity until 2028 (i.e., years 2025-2027 are at 21 MW), and so on. For 2035, the assumption is that contracted capacity does not increase to 25 MW until this year, which is after the contract ends. Thus, the year 2035 in the table indicates that contract remained 21 MW for the entire term (i.e., 2025-2034)
- TEC Costs – This is the cost of the contract to Tampa Electric. (The table shows "TEC" for "Tampa Electric Company".) Tampa Electric calculated these values using the same production costing models it uses for its annual fuel adjustment filing.
- TEC Savings – This is the projected savings to Tampa Electric customers prior to accounting for any transmission cost risk. The savings are the aggregate benefits from (i) reduced fuel, variable, and purchased power and (ii) deferred expansion plan capital expenditures and fixed O&M, and (iii) deferred firm natural gas transport.
- Trans Risk – This is the potential third-party transmission cost to Tampa Electric. Each year represents the year the contract capacity hypothetically increases to 25 MW. The transmission risk column has a declining pattern due to the earlier years having a longer term with a higher firm transmission MW reservation. Effectively, the year 2025 case

has ten (10) years of transmission costs for a 25 MW contract capacity; the year 2026 case has transmission cost for a 21 MW contract capacity in 2025 and a 26 MW contract capacity for the remaining nine (9) years, and so on. This results in the column having a declining pattern.

- TEC Savings w/Trans Risk – This is the projected savings to Tampa Electric customers after accounting for transmission risk.

	NPV (2025 $M)	TEC Costs ($M)	TEC Savings ($M)	Trans Risk ($M)	TEC Savings w/ Trans Risk ($M)
25 MW in year: (25 MW full term)	**2025**				
25 MW in year:	**2026**				
25 MW in year:	**2027**				
25 MW in year:	**2028**				
25 MW in year:	**2029**				
25 MW in year:	**2030**				
25 MW in year:	**2031**				
25 MW in year:	**2032**				
25 MW in year:	**2033**				
25 MW in year:	**2034**				
25 MW in year: (21 MW full term)	**2035**				

The redacted portion of the response above is comprised of proprietary confidential business information including "bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms." §366.093(3)(d), Fla. Stat. Tampa Electric will accordingly provide this information, and an Excel file containing the calculations supporting its response, subject to a separate request for confidential classification.

b. The confidential table below displays the revised customer savings values based on TECO's 2022 Ten Year Site Plan and most recent fuel forecast. The customer savings are $1.2 million to $9.0 million.

REDACTED

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	NPV (2025 $M)	TEC Costs ($M)	TEC Savings ($M)	Trans Risk ($M)	TEC Savings w/ Trans Risk ($M)
25 MW in year: (25 MW full term)	**2025**	[redacted]			
25 MW in year:	**2026**				
25 MW in year:	**2027**				
25 MW in year:	**2028**				
25 MW in year:	**2029**				
25 MW in year:	**2030**				
25 MW in year:	**2031**				
25 MW in year:	**2032**				
25 MW in year:	**2033**				
25 MW in year:	**2034**				
25 MW in year: (21 MW full term)	**2035**				

The overall transmission risk profile is lower in Response 1(b) than in Response 1(a) because the new Duke Energy Florida ("DEF") FERC-filed transmission rate forecast on November 2022 is lower than the DEF forecast in place at the time of the original Pasco evaluation.

In addition to the customer savings shown in Responses 1(a) and 1(b), above, the Pasco PPA provides other benefits to customers. As noted in Section 22(b) of Tampa Electric petition for approval, the PPA will provide

- Fuel diversity – The PPA adds municipal solid waste to Tampa Electric's energy mix, which is primarily natural gas followed by, in descending order, solar, and coal. This non-fossil-fueled resource, which will deliver energy around the clock, reduces Tampa Electric's reliance on natural gas and its overall generation fleet CO_2 emissions.
- Fuel price stability – The pricing structure is fixed for the term. This structure removes price volatility risk from the product, making it a physical hedge against price increases in fossil-fuels, mainly natural gas.
- Energy security – The WTE facility has a high projected availability and utilizes a fuel that is not subject to incidents such as natural gas pipeline interruptions or winter freezes in gas production regions.

The redacted portion of the response above is comprised of proprietary confidential business information including "bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms." §366.093(3)(d), Fla. Stat. Tampa Electric will accordingly provide this information, and an Excel file containing the calculations supporting its response, subject to a separate request for confidential classification.

CONFIDENTIAL MATERIAL REDACTED

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2. Please refer to the PPA, Section 12.

a. Please verify that pursuant to the terms of the PPA, TECO would not make any payment to the Pasco WTE facility above the amount it would otherwise receive for the RECs should it elect to retain them. If not, explain why not.

b. Please explain how the contract addresses state or federal legislation requiring RECs in some fashion that does not feature a government-established price point?

A. a. If there is not a state- or federal-approved monetary value for the renewable energy credits (RECs) Tampa Electric receives through the contract, Tampa Electric pays zero dollars for those RECs. If such an approved value materializes during the term of the contract, Tampa Electric would begin paying Pasco the greater of state or federal REC value prospectively. Until such time, however, Pasco has the right to seek out another buyer for the generated (not future) RECs. If Pasco agrees to a sales price with another buyer, but Tampa Electric wants to retain ownership of the generated RECs, Tampa Electric has the right, but not the obligation, to pay that sales price to Pasco and retain ownership of the RECs. Under all scenarios, the REC price Tampa Electric would pay Pasco is as low as zero up to a market price, less any reimbursements due to Tampa Electric for that month's transmission or REC administration costs per the contract.

b. If there is not a government-established price, Tampa Electric continues to receive the RECs at zero dollars, only paying a greater price for the RECs it elects to retain its right of first refusal under a Pasco REC sales scenario like the one described in Response 2(a), above.

3. Please refer to the PPA, Section 13(a)(viii). How will TECO calculate the availability value for Pasco waste-to-energy (WTE) to determine if Pasco is in conact default? As part of this response, please provide an example calculation.

A. The availability calculation involves the amount of energy Tampa Electric receives from Pasco monthly. The exact calculation is (i) the actual energy delivered by the facility divided by (ii) the maximum expected energy delivered by the facility. In other words, what the facility actually delivered divided by what it could have delivered at the maximum contract capacity. If the facility has an availability less than 70 percent for any six (6) months in a given contract year, this failure is considered a default. Below are two sample calculations—one resulting in a 97 percent availability and one resulting in a 69 percent availability.

Category	Value (Sample 1)	Value (Sample 2)	Notes
Contracted Capacity, MW	21	21	current contract MW
Days per month	31	31	assumed 31-day month
Hours per month	744	744	days per month x 24
Actual Energy Delivered (AED), MWh	15,149	10,787	
Expected Energy Delivered (EED), MWh	15,624	15,624	MW x hours per month
Pasco actual availability, rounded 0.x%	97.0%	69.0%	(AED ÷ EED) x 100

4. Please provide the Company's annual seasonal Reserve Margins over the period of the contract with and without the PPA.

A. Please see the tables below for Tampa Electric's annual seasonal Reserve Margin over the period of the contract, with and without the PPA (base case).

21 MW Pasco Case

21 MW Pasco Case		
Winter Reserve Margin		
Year	Base Case	Pasco WTE Case
2021	25%	25%
2022	20%	20%
2023	22%	22%
2024	21%	21%
2025	20%	21%
2026	20%	21%
2027	20%	21%
2028	20%	21%
2029	20%	20%
2030	20%	20%
2031	20%	20%
2032	20%	21%
2033	20%	20%
2034	20%	21%

21 MW Pasco Case		
Summer Reserve Margin		
Year	Base Case	Pasco WTE Case
2021	21%	21%
2022	29%	29%
2023	32%	32%
2024	34%	34%
2025	36%	36%
2026	36%	36%
2027	38%	38%
2028	37%	37%
2029	39%	39%
2030	39%	39%
2031	40%	41%
2032	40%	41%
2033	42%	43%
2034	42%	43%

25 MW Pasco Case

25 MW Pasco Case		
Winter Reserve Margin		
Year	Base Case	Pasco WTE Case
2021	25%	25%
2022	20%	20%
2023	22%	22%
2024	21%	21%
2025	20%	21%
2026	20%	21%
2027	20%	21%
2028	20%	21%
2029	20%	21%
2030	20%	21%
2031	20%	21%
2032	20%	21%
2033	20%	20%
2034	20%	21%

25 MW Pasco Case		
Summer Reserve Margin		
Year	Base Case	Pasco WTE Case
2021	21%	21%
2022	29%	29%
2023	32%	32%
2024	34%	34%
2025	36%	36%
2026	36%	36%
2027	38%	38%
2028	37%	38%
2029	39%	39%
2030	39%	39%
2031	40%	41%
2032	40%	41%
2033	42%	43%
2034	42%	43%

5. Please provide the estimated annual amount of on-peak and off-peak energy expected to be delivered to TECO by Pasco County WTE facility, as those terms are defined in TECO's Standard Offer Contract over the term of the contract.

A. Please see the tables below for the estimated annual amount of on-peak and off-peak energy expected to be delivered to Tampa Electric from Pasco. Additionally, the peak hours used by the Standard Offer contract are (i) April 1-October 31 noon to 9:00 PM and (ii) November 1-March 31 from 6:00 AM to 10:00 AM and 6:00 PM to 10:00 PM. All other hours plus certain holidays are off-peak.

21MW Pasco Case

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
On Peak (MWh)	43,530	43,780	42,940	43,260	43,140	43,050	43,940	43,120	43,470	43,550
Off Peak (MWh)	125,860	125,620	126,430	126,570	126,270	126,330	125,470	126,720	125,900	125,830
Total (MWh)	169,390	169,400	169,370	169,830	169,410	169,380	169,410	169,840	169,370	169,380
Availability %	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%

25MW Pasco Case

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
On Peak (MWh)	51,660	51,720	51,290	51,690	51,080	51,450	52,370	51,780	51,730	52,150
Off Peak (MWh)	149,970	149,930	150,360	150,480	150,550	150,200	149,270	150,410	149,920	149,490
Total (MWh)	201,630	201,650	201,650	202,170	201,630	201,650	201,640	202,190	201,650	201,640
Availability %	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%

The energy in the tables above are at a 92 percent annual availability. This is the annual availability for the original economic analysis. During negotiations, that commitment was increased to 97 percent for eight (8) months of the year. Specifically, the negotiated availabilities levels are (i) 97 percent for January, February, June through October, and December and (ii) 92 percent for March, April, May, and November. This results in an annual availability of 95 percent, and the higher availability is more beneficial to customers.

6. Please explain under what circumstances the Pasco Transmission Cost Cap could be modified under the PPA. As part of this response, explain how the PPA complies with Rule 25-17.270, Florida Administrative Code.

A. The Pasco Transmission Cost Cap is a fixed $/MWh charge for the term of the contract. As such, the cost cap rate does not change. Nonetheless, because the calculation of the transmission cost cap, in dollars, is the result of the cost cap rate being multiplied by a monthly energy value, the costs charged will vary each month. As long as the amount of MW required by the third-party transmission provider (i.e., DEF) to deliver the contract capacity to Tampa Electric does not change, the cost cap dollar values, as a collective amount, remain unchanged as the transmission reservation MW variable for the calculation would remain the same. For instance, if the contract capacity increases from 21 MW to 25 MW, DEF would likely require a corresponding increase in the MW amount reserved on the DEF system for transmission. The new, MW amount for transmission would set a new, monthly energy level that would be multiplied by the cost cap rate.

Tampa Electric believes that the Agreement complies with Rule 25-17.270, Florida Administrative Code. That Rule requires contracts for the purchase of capacity and energy from a renewable generating facility to include a provision to reopen the contract if new environmental or other regulatory requirements enacted during the term of the contract affect the "utility's full avoided costs of the unit on which the contract is based." Section 14(i) of the Agreement states, in relevant part: "This Contract shall be governed by and construed and enforced in accordance with the laws, rules, and regulations of the State of Florida…" Tampa Electric interprets this provision as requiring the parties to comply with the reopener requirement of Rule 25-17.270 should those circumstances arise during the term of the Agreement. Tampa Electric has conferred with Pasco County and is authorized to state that they agree with this interpretation of Section 14(i) of the Agreement.