

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of amended  
standard offer contract, by Progress Energy  
Florida.

DOCKET NO. 100168-EI  
ORDER NO. PSC-10-0464-TRF-EI  
ISSUED: July 21, 2010

The following Commissioners participated in the disposition of this matter:

NANCY ARGENZIANO, Chairman  
LISA POLAK EDGAR  
NATHAN A. SKOP

ORDER APPROVING STANDARD OFFER CONTRACT AND RELATED TARIFFS

BY THE COMMISSION:

**Case Background**

Since January 1, 2006, each investor-owned electric utility (IOU) has been required to continuously offer to purchase capacity and energy from specific types of renewable resources. Section 366.91(3), Florida Statutes (F.S.) specifies that the contracts for purchase must be based on the utility's full avoided cost as defined in Section 366.051, F.S., and provide a term of at least ten years. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statutes.

Progress Energy Florida (Progress) filed its petition for approval of an amended standard offer contract and accompanying tariff COG-2 rate schedule on April 1, 2010. The contract, as directed by Rule 25-17.250, F.A.C., is based on the 2010 Ten-Year Site Plan. Progress has identified a 178 megawatt (MW) combustion turbine fueled by natural gas as a unit available to be avoided. The in-service date of the unit is projected to commence on June 1, 2018.

We have jurisdiction over this matter pursuant to Sections 366.04 through 366.06, 366.91, and 366.92, F.S.

**I. Analysis**

Because Progress is an IOU, Rule 25-17.250(1), F.A.C., requires it to continuously make available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kilowatts (kW) or less. In its 2010 Ten-Year Site Plan, Progress has identified a 178 MW natural gas-fired combustion turbine as its avoided unit. The projected in-service date of the unit is June 1, 2018.

Any renewable generator can still elect to have no performance requirements to deliver energy on an as-available basis under the current standard offer. If the renewable generator

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commits to certain performance requirements based on the avoided unit, including being on-line and delivering capacity by the in-service date, it can receive a capacity payment. To promote renewable generation, we require multiple options for capacity payments, including the option to receive Early or Levelized payments. Table 1 illustrates the various annual payments that would be made to a renewable facility of 50 MW running at a 94 percent capacity factor, with an in-service date of January 1, 2011.

**Table 1 – Estimated Annual Payments to a 50 MW Renewable Facility (94% Capacity Factor)**

Year	Capacity Payment Type			
	Normal	Levelized	Early	Early Levelized
	(\$000)	(\$000)	(\$000)	(\$000)
2011	\$ 21,228	\$ 21,228	\$ 22,812	\$ 23,184
2012	\$ 23,652	\$ 23,652	\$ 25,284	\$ 25,608
2013	\$ 28,800	\$ 28,800	\$ 30,480	\$ 30,756
2014	\$ 30,056	\$ 30,056	\$ 31,784	\$ 32,018
2015	\$ 34,856	\$ 34,856	\$ 36,638	\$ 36,818
2016	\$ 36,512	\$ 36,512	\$ 38,348	\$ 38,474
2017	\$ 39,109	\$ 39,109	\$ 40,999	\$ 41,077
2018	\$ 45,045	\$ 45,603	\$ 43,359	\$ 43,383
2019	\$ 43,362	\$ 43,812	\$ 41,622	\$ 41,592
2020	\$ 41,857	\$ 42,205	\$ 40,069	\$ 39,985
2021	\$ 40,545	\$ 40,785	\$ 38,703	\$ 38,559
2022	\$ 42,096	\$ 42,228	\$ 40,206	\$ 40,002
2023	\$ 43,851	\$ 43,869	\$ 41,901	\$ 41,637
2024	\$ 48,284	\$ 48,176	\$ 46,274	\$ 45,944
2025	\$ 50,143	\$ 49,915	\$ 48,079	\$ 47,683
2026	\$ 51,514	\$ 51,160	\$ 49,384	\$ 48,922
2027	\$ 54,816	\$ 54,336	\$ 52,626	\$ 52,098
2028	\$ 54,695	\$ 54,083	\$ 52,445	\$ 51,839
2029	\$ 56,136	\$ 55,386	\$ 53,820	\$ 53,142
2030	\$ 57,811	\$ 56,923	\$ 55,429	\$ 54,673

If a renewable generator elects to receive payments under the Normal or Levelized options, it would receive as-available energy rates until 2018, the in-service date of the avoided units. If the Early or Early Levelized options are selected, capacity payments begin at an earlier date but tend to be less in the outer years as the net present value of payments must remain the same. In addition, capacity payments greater than those made under the Normal option require additional performance security from the renewable generator.

Progress submitted several revised tariff sheets related to the proposed amended standard offer, and corresponding to its COG-2 rate schedule. The revised sheets reflect the modifications in some of the language in the proposed contract, changes in the minimum specifications and milestones, and changes in the economic parameters of the avoided unit. Beyond these revisions, all other terms are retained from the 2009 standard offer contract.

The provisions of the 2010 standard offer contract and related tariffs submitted by Progress conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. Progress has filed tariff sheets that reflect the economic and technical assumptions of the 2018 avoided unit. The amended standard offer contract provides flexibility in the arrangements for payment so that a developer of renewable generation may select the payment stream best suited to its financial needs.

## **II. Decision**

Based on the foregoing, we find Progress' standard offer contract and related tariffs comply with Rules 25-17.200 through 25-17.310, F.A.C., and are therefore approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Progress Energy Florida's standard offer contract and related tariffs are hereby approved, effective July 13, 2010. It is further

ORDERED that the provisions of this Order, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if a protest is filed within 21 days of the issuance of the Order, the tariffs shall remain in effect pending resolution of the protest. Potential signatories to the standard offer contract shall be aware that Progress Energy Florida's tariffs and standard offer contracts may be subject to a request for hearing, and if a hearing is held, may subsequently be revised. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 21st day of July, 2010.



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ANN COLE  
Commission Clerk

( S E A L )

MCB

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 11, 2010.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.