

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of revisions to standard offer contract and rate schedules COG-1 and COG-2, by Tampa Electric Company.

DOCKET NO. 110093-EI  
ORDER NO. PSC-11-0263-TRF-EI  
ISSUED: June 20, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
LISA POLAK EDGAR  
RONALD A. BRISÉ  
EDUARDO E. BALBIS  
JULIE I. BROWN

ORDER APPROVING STANDARD OFFER CONTRACT AND RELATED TARIFFS

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.

Tampa Electric Company (TECO) filed its petition for approval of an amended standard offer contract and accompanying tariff COG-1 and COG-2 on April 1, 2011. The contract, as directed by Rule 25-17.250, F.A.C., is based on TECO's 2011 Ten-Year Site Plan. TECO identified a 61 megawatt (MW) natural gas-fired combustion turbine as its next fossil-fueled generating unit, with an in-service date of the unit projected to be May 1, 2013.

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

Analysis

Because TECO 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 2011 Ten-Year Site Plan, TECO has identified a 61 megawatt (MW) natural gas-fired combustion turbine as its next fossil-fueled generating unit. The in-service date of the unit is projected to be May 1, 2013.

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A renewable generator can elect to have no performance requirements to deliver energy on an as-available basis under the current standard offer. If the renewable generator 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, TECO is required to provide multiple options for capacity payments, including the option to receive Normal, Levelized, Early, or Early Levelized payments.

If a renewable generator elects to receive payments under the Normal or Levelized options, it would receive as-available energy rates until May 1, 2013, the in-service date of the avoided unit. 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. Table 1 estimates the annual payments that would be made to a renewable facility of 50 MW running at a 90 percent capacity factor, with an in-service date of 2012.

**Table 1 - Estimated Annual Payments to a 50 MW Biomass Facility (90% Capacity Factor)**

Year	Energy Payment (\$000)	Capacity Payment (By Type)			
		Normal (\$000)	Levelized (\$000)	Early (\$000)	Early Levelized (\$000)
2012	20,354			4,847	5,424
2013	20,980	3,692	4,126	4,939	5,442
2014	21,198	5,644	6,209	5,033	5,460
2015	23,319	5,751	6,230	5,129	5,479
2016	25,010	5,860	6,251	5,226	5,497
2017	26,033	5,972	6,273	5,326	5,517
2018	26,042	6,085	6,295	5,427	5,536
2019	24,765	6,201	6,317	5,530	5,556
2020	24,830	6,319	6,340	5,635	5,577
2021	25,932	6,439	6,363	5,742	5,598
2022	25,656	6,561	6,387	5,851	5,619
2023	27,538	6,686	6,411	5,962	5,641
2024	28,114	6,813	6,436	6,076	5,663
2025	28,443	6,942	6,461	6,191	5,685
2026	28,824	7,074	6,487	6,309	5,708
2027	30,026	7,208	6,513	6,429	5,731
2028	30,161	7,345	6,540	6,551	5,755
2029	31,451	7,485	6,567	6,675	5,779
2030	31,812	7,627	6,594	6,802	5,804
2031	32,732	7,772	6,623	6,931	5,829

TECO's standard offer contract does not use a typical definition of capacity factor. For example, during summer months, the capacity factor is the sum of 80 percent of the on-peak monthly average and 20 percent of the off-peak monthly average operation. During winter months, the capacity factor is the sum of 90 percent of the on-peak monthly average and 10

percent of the off-peak monthly average operation. This method closely mimics the projected performance of combustion turbine generating units.

TECO submitted a total of twelve revised tariff sheets, which included two revised sheets of TECO's as-available rate schedule, COG-1, and ten revised sheets of TECO's firm capacity and energy provider rate schedule, COG-2. All of the revised sheets reflect updated economic parameters of the avoided unit, clarification of definitions, and corrections to typographical errors. Beyond these revisions, all other terms, such as provisions for performance, payment, and security are retained from the 2010 standard offer contract and related tariffs.

The provisions of the 2011 standard offer contract and related tariffs submitted by TECO conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

#### Ruling

We find that TECO's 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 Tampa Electric Company's standard offer contract and related tariffs are hereby approved, effective July 14, 2011. 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 Tampa Electric Company'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 20th day of June, 2011.



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ANN COLE  
Commission Clerk  
Florida Public Service Commission  
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Tallahassee, Florida 32399  
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#### 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 July 11, 2011.

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.