

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of renewable  
energy tariff and standard offer contract, by  
Florida Power & Light Company.

DOCKET NO. 110312-EQ  
ORDER NO. PSC-12-0176-TRF-EQ  
ISSUED: April 3, 2012

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING FLORIDA POWER & LIGHT COMPANY'S STANDARD OFFER  
CONTRACT AND RELATED ENERGY TARIFF

BY THE COMMISSION:

**Case Background**

Rule 25-17.0832, Florida Administrative Code (F.A.C.), and Rules 25-17.200 through 25-17.310, F.A.C., require each investor-owned utility (IOU) to file 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 with this Commission by April 1 of each year. Florida Power & Light Company (FPL) filed the required standard offer contract by the April 1, 2011 deadline, which was approved.<sup>1</sup> The standard offer contract was based on a 2016 Port Everglades project as the next avoidable unit.

On November 21, 2011, FPL filed a petition for a need determination for modernization of its Port Everglades Energy Center.<sup>2</sup> This resulted in a change in the next avoided unit, making it necessary to revise most of the cost data in the previous standard offer contract (with Port Everglades as the next avoided unit) to reflect the new next avoided unit. Rule 25-17.250(2), F.A.C., requires that approved standard offer contracts remain open until the utility files a petition for a need determination and that the existing standard order contract should not be closed until a new standard offer contract is approved.<sup>3</sup> FPL submitted a new standard offer contract for approval in this docket on November 28, 2011 to comport with the requirement that revisions to the standard offer contract must be made in accordance with any changes resulting

<sup>1</sup> See Order No. PSC-11-0466-TRF-EQ, issued on October 13, 2011, in Docket No. 110091-EQ, In re: Petition for approval of renewable energy tariff and standard offer contract by Florida Power & Light Company.

<sup>2</sup> See Docket No. 110309-EI, In re: Petition to determine need for modernization of Port Everglades Plant by Florida Power & Light Company.

<sup>3</sup> The standard offer contract is the continuously open offer to purchase energy from any company generating electricity from a renewable fuel source.

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from the need determination. The associated renewable energy tariff was suspended on January 31, 2012<sup>4</sup> to permit our staff sufficient time to review FPL's petition.

We have jurisdiction over this contract pursuant to Sections 366.04 and 366.91, Florida Statutes (F.S.).

### Analysis

Pursuant to Rule 25-17.250, F.A.C., investor-owned utilities, such as FPL, must 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 kW or less. Rule 25-17.250(1), F.A.C., specifies that the standard offer contract must be based on the next avoidable fossil fueled generating unit identified in the utility's Ten-Year Site Plan (TYSP).

FPL's 2011 TYSP, filed on April 1, 2011, is based on data as of January 1, 2011, that identified a 1,191 MW natural gas-fired combined cycle greenfield unit with an in-service date of June 1, 2016, as its next fossil fueled generating unit. On November 21, 2011, FPL filed a petition for a need determination for the modernization of its Port Everglades Energy Center.<sup>5</sup> The modernization project is scheduled for an in-service date of June 2016. A hearing on the need determination for the modernization of its Port Everglades Energy Center was held on February 20, 2012, and this Commission approved it at the March 27, 2012 agenda conference.

Section 186.801 (2), F.S., recognizes that 10-year site plans are tentative information for planning purposes only, amendable at the utility's discretion with written notification to this Commission, and that a "complete application for certification of an electrical power plant site under chapter 403, when such site is not designated in the current 10-year site plan of the applicant, [constitutes] an amendment to the 10-year site plan." FPL's 2012 TYSP was due April 1, 2012.

Testimony filed in the need determination proceeding in Docket No. 110309-EI, demonstrated that FPL's current generation plan projected that its next avoidable fossil fuel generating unit within the meaning of Rule 25-17.250, F.A.C., would be a 1,262 MW combined cycle unit at a greenfield site with an expected in-service date of June 1, 2021.<sup>6</sup> FPL's revised standard offer contract and related tariff filed in this docket is based on the 2021 greenfield unit, which reflected FPL's current estimate of avoidable costs.

Consistent with Rule 25-17.250(4), F.A.C., if a renewable generator commits to certain performance requirements, including being on-line and delivering capacity by the avoided unit's in-service date, it can receive a capacity payment. Multiple options for capacity payments are

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<sup>4</sup> See Order No. PSC-12-0045-PCO-EQ, issued on January 31, 2012, in Docket No. 110312-EQ, In re: Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

<sup>5</sup> See Docket No. 110309-EI, In re: Petition to determine need for modernization of Port Everglades Plant by Florida Power & Light Company.

<sup>6</sup> See Direct Testimony of Juan Enjamio, Exhibit JEE-2, filed on November 21, 2011, in Docket No. 110309-EI, In re: Petition to determine need for modernization of Port Everglades Plant by Florida Power & Light Company.

required to promote renewable generation. If a renewable generator elects to receive Normal or Levelized capacity payments, it would receive those payments starting on the in-service date of the avoided unit (2021). As previously discussed, FPL's existing standard offer contract is based on the Port Everglades Project as the avoided unit with an in-service date of 2016; therefore, the shift in the in-service date of the avoided unit to 2021 could be less beneficial to renewable providers in the near term as capacity payments would not be received until a later date.

If Early or Early Levelized capacity payments were selected, those payments would begin at an earlier date but tend to be less in later 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 94 percent capacity factor, with the avoided unit in-service date of 2021.

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

Year	Energy Payment (\$000)	Capacity Payment (By Type)			
		Normal (\$000)	Levelized (\$000)	Early (\$000)	Early Levelized (\$000)
2012	19,643	-	-	-	-
2013	17,832	-	-	-	-
2014	17,741	-	-	-	-
2015	19,005	-	-	2,862	3,392
2016	21,978	-	-	2,947	3,408
2017	23,732	-	-	3,034	3,424
2018	25,197	-	-	3,124	3,441
2019	26,556	-	-	3,217	3,459
2020	29,224	-	-	3,312	3,477
2021	22,925	5,862	6,586	3,411	3,495
2022	24,594	6,036	6,618	3,512	3,514
2023	26,324	6,215	6,652	3,616	3,534
2024	28,135	6,399	6,687	3,723	3,554
2025	29,937	6,589	6,722	3,834	3,575
2026	30,591	6,784	6,759	3,948	3,596
2027	31,147	6,986	6,797	4,065	3,618
2028	31,713	7,193	6,836	4,185	3,640
2029	32,289	7,407	6,876	4,310	3,663
2030	32,876	7,626	6,917	4,438	3,687
2031	33,474	7,853	6,959	4,569	3,712
2032	34,082	8,086	7,002	4,705	3,737
<b>Total (2011 NPV)</b>	<b>\$259,982</b>	<b>\$28,027</b>	<b>\$28,027</b>	<b>\$28,027</b>	<b>\$28,027</b>

**Ruling**

FPL submitted four revised sheets of its renewable standard offer contract and six revised tariff sheets corresponding to FPL's QS-2 rate schedule. All of the revised sheets reflect changes associated with the 2021 greenfield unit, with a majority of the revisions related to the new economic parameters. Beyond these revisions, all other terms, such as provisions for performance, payment, and security are retained from the previous 2011 standard offer contract and energy tariff.

The provisions of the revised standard offer contract and energy tariff satisfied the 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. As such, we find it appropriate to approve the revised standard offer contract and energy tariff filed by FPL on November 28, 2011.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's standard offer contract and related energy tariff are hereby approved, effective March 27, 2012. It is further

ORDERED that 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 tariff shall remain in effect pending resolution of the protest. Potential signatories to the standard offer contract shall be aware that Florida Power & Light Company's standard offer contract and energy tariff may be subject to a request for hearing, and if a hearing is held, may subsequently be revised. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 3rd day of April, 2012.



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ANN COLE  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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 April 24, 2012.

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.