BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In re: Petition for approval of new clean energy impact program, a new renewable energy certificates (REC) buying program, by Duke Energy Florida, LLC. | DOCKET NO. 20220202-EI  ORDER NO. PSC-2023-0191-TRF-EI  ISSUED: June 29, 2023 |

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman

ART GRAHAM

GARY F. CLARK

MIKE LA ROSA

GABRIELLA PASSIDOMO

ORDER APPROVING DUKE ENERGY FLORIDA, LLC’S

CLEAN ENERGY IMPACT PROGRAM

BY THE COMMISSION:

Background

On November 15, 2022, Duke Energy Florida, LLC (DEF or Company) filed a petition for approval of its Clean Energy Impact (CEI) Program and associated tariff. The Program would provide DEF customers the opportunity to purchase renewable energy certificates (RECs) directly from the Company. RECs are a tradeable market-based verification unit which are certified by a third party entity to represent renewable attributes of electricity generated from a renewable source, typically in increments of 1,000 kilowatt-hours (kWh). RECs are generally purchased to comply with regulatory requirements, to support renewable energy claims, or to meet voluntary renewable energy targets. When a REC is purchased and retired, it can no longer be traded but the purchaser of the REC can claim the environmental aspects of the energy produced. For the CEI Program, DEF proposes to use RECs generated by its renewable resources, which currently includes 13 solar facilities. The Company will retire RECs as the purchases are completed.

On December 15, 2022, DEF waived the 60-day file and suspend requirement pursuant to Section 366.06(3), Florida Statutes (F.S.). After the filing of DEF’s original petition, Commission staff requested further information via data requests to clarify terms of the proposed program and tariff language. On April 3, 2023, Commission staff met with DEF and informed the Company of concerns surrounding the proposed tariff language. In response to our staff’s inquiries and the informal meeting, on April 14, 2023, DEF filed an amended petition and amended proposed tariff.

We have jurisdiction under Sections 366.04, 366.05, 366.91, and 366.92, F.S.

DECISION

Currently, customers interested in demonstrating support for renewable energy can purchase RECs from one of several tradeable markets. RECs purchased on the market are retired in the name of the purchaser, who is then the only person entitled to claim credit for the attributes of the renewable energy represented by the REC. A REC that has been purchased and retired can no longer be traded and cannot be sold again.

The CEI Program provides DEF customers the option to purchase RECs directly from the Company. Handling REC sales through a tariff allows the company to charge customers conveniently as a line item on their utility bill and allows DEF the opportunity to provide sales of smaller REC amounts to residential customers. RECs purchased under the CEI Program are generated by DEF owned renewable facilities, currently comprised of 13 solar facilities. These 13 facilities are separate from the 10 solar facilities associated with DEF’s Clean Energy Connection (CEC) program, as RECs generated by those facilities are retired by DEF on behalf of the CEC participants.

These voluntary REC purchases will allow DEF to generate additional revenue from assets already part of DEF’s rate base. The Company is not using and does not need the environmental attributes associated with these RECs for any regulatory compliance purposes. The Company will retire RECs purchased by non-residential customers in their names, and will retire annually all RECs purchased by residential customers in the name of the Company.

Program participation is limited by the number of RECs available, which DEF will annually estimate based on a percentage of RECs expected to be generated for the year. If REC demand exceeds supply, the proposed tariff also allows DEF to implement an annual random selection process or wait list system at the Company’s discretion. In response to Commission staff concerns regarding the lack of specificity for REC allocation, DEF revised its tariff and included language that describes the planned reservation of RECs based on customer class. Annually, 10 percent of available RECs will be reserved for the residential customer class, with the caveat that if the reserved amount is not fully purchased by September 30, then the remaining available RECs will be available for sale to all customer classes until the end of the year. The remaining 90 percent of available RECs reserved for non-residential customers will also be subject to the same rules regarding unpurchased REC allocations. Program participants can purchase RECs that exceed their electric usage but are restricted by REC availability and reserved customer class allocation amounts.

Participation requirements under the CEI Program vary based on customer class. Residential participants will be able to purchase portions of RECs in increments of 250 kWh, which is the required monthly minimum purchase amount according to the tariff. Participating residential customers can cancel with 30 days notice to the Company. Non-residential participants will be required to enter into a service agreement and purchase a minimum of 1,000 RECs to participate in the CEI Program. The service agreement that non-residential customers enter will be offered on an annual basis with a service term up to 5 years. Program participants who are delinquent in their payments for the CEI Program can not be disconnected from electric service, provided they had paid the remainder of their bill, but can be removed from the CEI Program.

DEF will annually set the rate for RECs based upon market REC pricing, plus an administrative fee to cover expenses related to the program. The Company intends to choose a tradeable market that will be used to determine REC pricing for the proposed program, but has yet to finalize its tradeable market choice. The Company will set REC pricing based upon the previous 12 months monthly average price at DEF’s chosen tradeable market. The Company will provide the annual calculation of customer REC pricing and blocks of RECs, via its website for both customer classes, with the website links shown in the proposed tariff.

The administrative fee will be set annually by DEF and will be based on estimated administrative expenses and the estimated RECs to be sold during the year. Per the proposed tariff, the administrative fee would not be allowed to exceed 20 percent of the market REC price. DEF estimates the annual program administrative expenses to be approximately $400,000, comprised of program labor costs, marketing expenses, IT/software expenses, and REC registration fees. Based on DEF’s estimates and the administrative fee limit, the minimum market REC price to breakeven is $3.30 per REC in 2023, decreasing to $2.48 by 2028.

In DEF’s original petition, program revenues and expenses were intended to be included in base rates; however, in response to Commission staff concerns, the petition was amended to include revenues, net of expenses, in DEF’s Fuel Clause filings. Including net revenues through the Fuel Clause will ensure that the program benefits for the general body of ratepayers are reflected in rates on a more timely basis. Passing revenues generated from REC sales through the Fuel Clause is appropriate because RECs are generated from energy produced from utility-owned generation resources whose costs are recovered from DEF’s general body of ratepayers.

DEF has proposed to provide an annual program report within its annual Fuel Clause filings, including a summary of annual sales, by customer class, of RECs for the previous year. In addition to the summary information proposed by the Company to be included, the annual program report shall also include the number of program participants in total and by customer class, the amount of RECs generated by DEF, the amount of RECs made available to the CEI Program, the amount of revenue generated both in total and by type (REC sales and administration fees), and the total program administrative expenses. These reporting requirements will provide us additional information to ensure the program is continuing sustainably and is providing a net benefit to the general body of ratepayers.

Having reviewed the amended petition and Commission staff data request responses, we find that the program will provide a benefit to the general body of ratepayers. Company customers will be given an opportunity to voluntarily demonstrate support for renewable energy. Net program revenues from REC sales will be included as a credit in the Fuel Clause to offset other fuel expenses, thereby benefiting the general body of ratepayers. To ensure the program continues to benefit ratepayers, DEF shall provide a summary of the program containing the information specified herein as a part of its annual Fuel Clause filing.

For these reasons, we hereby approve Duke’s Amended Petition and the proposed Clean Energy Initiative program as reflected in Section No. VI, Original Sheet Nos. 6.420 – 6.421, and Section No. VI, Twenty-Seventh Revised Sheet No. 6.100, of DEF’s Retail Tariff Rate Schedule, appended hereto as Attachment A, effective the date of this Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Duke Energy Florida, LLC’s Amended Petition for Approval of New Clean Energy Impact Program, a New Renewable Energy Certificates (REC) Buying Program, is hereby approved as stated in the body of this order. If it further

ORDERED that Twenty-Seventh Revised Sheet No. 6.100 and Original Sheet Nos. 6.420 – 6.421 in DEF’s Retail Tariff Rate Schedule, Section No. VI, appended hereto as Attachment A, are hereby approved effective the date of this Order. It is further,

ORDERED that if a protest is filed within 21 days of issuance of this order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. 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 29th day of June, 2023.

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|  | /s/ Adam J. Teitzman |
|  | ADAM J. TEITZMAN  Commission Clerk |

Florida Public Service Commission

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

SPS

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 20, 2023.

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.





