



ORIGINAL
Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: May 28, 1999

TO: All Parties and Interested Persons

FROM: Robert V. Elias, ^{RVE} Chief of Electric & Gas, Division of Legal Services
Leslie J. Paugh, Senior Attorney, Division Of Legal Services

RE: Docket No. 981890-EI - Generic investigation into the aggregate electric utility reserve margins planned for Peninsular Florida.

The following is a list of issues revised as a result of the issue identification conference held on May 26, 1999:

Issue 1* What is the purpose of the generic investigation? FPL is not clear as to the purpose of this investigation. If the purpose is to consider whether the Commission should adopt reserve margin criteria, it does not appear that pricing issues, such as issue 22, are appropriate or relevant to such consideration. The Commission has the authority under Docket No. 940345-EU, Order No. PSC-94-1256-FOF-EU to set reserve margin standards for planning purposes.

Issue 2 Should the Commission affirmatively determine that the benefits of any proposed planning change outweigh its costs as a pre-condition for adopting the change?

Issue 3 What is the appropriate methodology, for planning purposes, for calculating reserve margins for individual utilities and for Peninsular Florida?

Issue 4 What is the appropriate methodology, for planing purposes, for evaluating reserve margins for individual utilities and for Peninsular Florida?

Issue 5 How should the individual components of an individual or peninsular Florida percent reserve margin planning criterion be defined:

A. Capacity available at time of peak (Ex. QF capacity, firm and non-firm purchases and non-committed capacity). Should equipment delays be taken into account?

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS 5
- OPC _____
- RRR _____
- SEC 1
- WAW _____
- OTH _____

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- B. Seasonal firm peak demand. Over what period (hourly, 30 min., 15 min.) should the seasonal firm peak demand be determined? What is the proper method of accounting for the diversity of the individual utilities' seasonal firm peak demands and load uncertainty? Is sufficient load uncertainty data available and being used? How are interruptible, curtailable, load management and wholesale loads treated at the end of their tariff or contract termination period? How should demand and/or energy use reduction options be evaluated and included in planning and setting reserve margins?
- C. Should a percent reserve margin planning criterion be determined on an annual, seasonal, monthly, daily, or hourly basis?

- Issue 6 How should generating units be rated (MW) for inclusion in a percent reserve margin planning criterion calculation?
- Issue 7 How should individual utility's reserve margins be integrated into the aggregated reserve margin for Peninsular Florida?
- Issue 8 Should there be a limit on the ratio of non-firm load to MW reserves? If so, what should that ratio be?
- Issue 9 Should there be a minimum of supply-side resources when determining reserve margins? If so, what is the appropriate minimum level?
- Issue 10* Is the planning criteria presently used by individual utilities suitable to assess generation adequacy?
- Issue 11 What, if any, planning criteria should be used to assess the generation adequacy of individual utilities?
- Issue 12 Is the import capability of Peninsular Florida properly accounted for in measuring and evaluating reserve margins and other reliability criteria, both for individual utilities and for Peninsular Florida?

Issue 13 Do the following utilities appropriately account for historical winter and summer temperatures when forecasting seasonal peak loads for purposes of establishing a percent reserve margin planning criterion?

- A. City of Homestead
- B. City of Lake Worth Utilities
- C. City of Lakeland
- D. City of Tallahassee
- E. Florida Power and Light Company
- F. Florida Power Corporation
- G. Florida Municipal Power Agency
- H. Gainesville Regional Utilities
- I. Jacksonville Electric Authority
- J. Kissimmee Utility Authority
- K. Orlando Utilities Commission
- L. Reedy Creek Improvement District
- M. Seminole Electric Cooperative
- N. Tampa Electric Company
- O. Utilities Commission of New Smyrna Beach

Issue 14 Has the Florida Reliability Coordinating Council's 15 percent reserve margin planning criterion, or any other proposed reserve margin criterion, been adequately tested to warrant using it as a planning criterion for the review of generation adequacy on a Peninsula Florida basis?

Issue 15* What, if any, relationship is there between (a) the reliability criteria adopted by the FRCC and (b) the similar reliability measures adopted by other reliability councils?

Issue 16 Should the Commission adopt a reserve margin standard for individual utilities in Florida? If so, what should be the appropriate reserve margin criteria for individual utilities in Florida? Should there be a transition period for utilities to meet that standard?

Issue 17 Should the Commission adopt a reserve margin standard for Peninsular Florida? If so, what should be the appropriate reserve margin criteria for Peninsular Florida?

Issue 18 Should the Commission adopt a maximum reserve margin criterion or other reliability criterion for planning purposes; e.g., the level of reserves necessary to avoid interrupting firm load during weather conditions like those experienced on the following dates: 01/08/70, 01/17/77, 01/13/81, 01/18/81, 12/19/81, 12/25/83, 01/21/85, 01/21/86 and 12/23/89?

Issue 19 What percent reserve margin is currently planned for each of the following utilities and is it sufficient to provide an adequate and reliable source of energy for operational and emergency purposes in Florida?

- A. City of Homestead
- B. City of Lake Worth Utilities
- C. City of Lakeland
- D. City of Tallahassee
- E. Florida Power and Light Company
- F. Florida Power Corporation
- G. Florida Municipal Power Agency
- H. Gainesville Regional Utilities
- I. Jacksonville Electric Authority
- J. Kissimmee Utility Authority
- K. Orlando Utilities Commission
- L. Reedy Creek Improvement District
- M. Seminole Electric Cooperative
- N. Tampa Electric Company
- O. Utilities Commission of New Smyrna Beach

Issue 20 What percent reserve margin is currently planned for Peninsula Florida and is it sufficient to provide an adequate and reliable source of energy for operational and emergency purposes in Peninsula Florida? With reserves at this level, what percent of firm load would be unserved assuming temperatures such as those that occurred on the following dates: 01/08/70, 01/17/77, 01/13/81, 01/18/81, 12/19/81, 12/25/83, 01/21/85, 01/21/86 and 12/23/89?

Issue 21 Should any utility be allowed to upgrade/change their minimum required planning reserve if such changes can be demonstrated to maintain or improve the reliability of the utility/Florida system?

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Issue 22* Should the Commission consider establishing pricing thresholds for purposes of limiting cost recovery at which a utility may interrupt firm or non-firm load to avoid a power purchase or make a power sale?

Issue 23 Can out-of-Peninsular Florida power sales interfere with the availability of Peninsular Florida reserve capacity to serve Peninsular Florida consumers during a capacity shortage? If so, how should such sales be accounted for in establishing a reserve margin standard?

Issue 24 Based on the resolution of Issues 1 through 23, what follow-up action, if any, should the Commission pursue?

* Certain parties object to the inclusion of these issues. Matter to be taken before the Pre-hearing Officer.