

STATE OF FLORIDA

Commissioners:
J. TERRY DEASON, CHAIRMAN
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ



DIVISION OF APPEALS
DAVID SMITH
DIRECTOR
(850) 413-6245

Public Service Commission

March 26, 2001

Mr. Carroll Webb
Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 001521-EU - Proposed Amendment of Rule 25-6.035, F.A.C., Adequacy of Supply

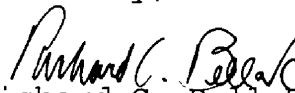
Dear Mr. Webb:

Enclosed is an original copy of the following material concerning the above referenced proposed rule:

1. A copy of the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal standards statement.
5. No statement of estimated regulatory costs was prepared.

If there are any questions with respect to this rule, please do not hesitate to call on me.

Sincerely,


Richard C. Bellak
Associate General Counsel

ADM6035.RCB

Enclosures

cc: Division of Records & Reporting

DOCUMENT NUMBER-DATE

03816 MAR 26 5

FPSC-GENERAL REPORTING

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001521-EU

RULE TITLE:

RULE NO.:

Adequacy of Supply

25-6.035

PURPOSE AND EFFECT: To clarify that the rule is intended to maintain equitable sharing of energy reserves rather than to set a prudent level of reserves for long-term planning or reliability purposes. References to Southeastern Reliability Council (SERC) standards are updated to Florida Reliability Coordinating Council (FRCC) standards.

SUMMARY: The amendment states that the purpose of the rule is to maintain equitable sharing of energy reserves, not to set a prudent level of reserves for long range planning or reliability purposes. The phrase "most severe single contingency" is amended to read "most severe single generating unit contingency".

References to Southeastern Reliability Council (SERC) are updated to Florida Reliability Coordinating Council (FRCC). The phrase "utility's maximum demand" and word "demand" are replaced by "control area's peak hour net energy for load" and "peak hour net energy for load", respectively. The time in which operating reserves are required to be fully available is changed from "ten" to "fifteen" minutes.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No statement

was prepared.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 366.05(1), FS

LAW IMPLEMENTED: 366.03, 366.04(2)(c), (5), 366.055, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 a.m., April 26, 2001

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:

Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-6.035 Adequacy of Resources.

(1) Each electric utility shall maintain sufficient generating capacity, supplemented by regularly available generating and non-

generating resources, in order to meet all reasonable demands for service and provide a reasonable reserve for emergencies. Each electric utility shall also coordinate the sharing of energy reserves with other electric utilities in Peninsular Florida. To achieve an equitable sharing of energy reserves, Peninsular Florida utilities shall be required to maintain, at a minimum, a 15% planned reserve margin. The planned and operating reserve margin standards established herein are intended to maintain an equitable sharing of energy reserves, not to set a prudent level of reserves for long-term planning or reliability purposes. The planned reserve margin for each utility shall be calculated as follows:

$$RM = [(C - L) / L] * 100 \text{ where;}$$

"RM" - Is defined as the utility's percent planned reserve margin;

"C" - Is defined as the aggregate sum of the rated dependable peak-hour capabilities of the resources that are expected to be available at the time of the utility's annual peak; and

"L" - Is defined as the expected firm peak load of the system for which reserves are required.

The following shall be utilized as the operating reserve standard for Peninsular Florida's utilities: operating reserves shall be maintained by the combined Peninsular Florida system at a value

equal to or greater than the loss of generation that would result from the most severe single generating unit contingency. The operating reserves shall be allocated among the utilities in proportion to each control area's peak hour net energy for load ~~utility's maximum demand~~ for the preceding year, and the summer gross Florida Southeastern Electric Reliability Coordinating Council (FRCC SERC) capability of its largest unit or ownership share of a joint unit, whichever is greater. Fifty percent shall be allocated on the basis of peak hour net energy for load demand and fifty percent on the basis of the summer gross FRCC SERC capability of the largest unit. Operating reserves shall be fully available within fifteen ~~ten~~ minutes. At least 25% of the operating reserves shall be in the form of spinning reserves which are automatically responsive to a frequency deviation from normal.

(2) - (5) No Change

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.03, 366.04(2)(c), (5), 366.055, F.S.

History--New 07-29-69, Formerly 25-6.35, Amended 09-05-96.

NAME OF PERSON ORIGINATING PROPOSED RULE: Tom Ballinger

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: March 13, 2001

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume

26, Number 45, November 9, 2000

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings. .

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD) .

1 25-6.035 Adequacy of Resources.

2 (1) Each electric utility shall maintain sufficient generating
3 capacity, supplemented by regularly available generating and non-
4 generating resources, in order to meet all reasonable demands for
5 service and provide a reasonable reserve for emergencies. Each
6 electric utility shall also coordinate the sharing of energy
7 reserves with other electric utilities in Peninsular Florida. To
8 achieve an equitable sharing of energy reserves, Peninsular Florida
9 utilities shall be required to maintain, at a minimum, a 15%
10 planned reserve margin. The planned and operating reserve margin
11 standards established herein are intended to maintain an equitable
12 sharing of energy reserves, not to set a prudent level of reserves
13 for long-term planning or reliability purposes. The planned
14 reserve margin for each utility shall be calculated as follows:

15 $RM = [(C - L)/L]*100$ where;

16 "RM" - Is defined as the utility's percent planned reserve
17 margin;

18 "C" - Is defined as the aggregate sum of the rated dependable
19 peak-hour capabilities of the resources that are expected to be
20 available at the time of the utility's annual peak; and

21 "L" - Is defined as the expected firm peak load of the system
22 for which reserves are required.

23 The following shall be utilized as the operating reserve standard
24 for Peninsular Florida's utilities: operating reserves shall be
25 maintained by the combined Peninsular Florida system at a value

CODING: Words underlined are additions; words in ~~struck~~
~~through~~ type are deletions from existing law.

1 | equal to or greater than the loss of generation that would result
2 | from the most severe single generating unit contingency. The
3 | operating reserves shall be allocated among the utilities in
4 | proportion to each control area's peak hour net energy for load
5 | ~~utility's maximum demand~~ for the preceding year, and the summer
6 | gross Florida Southeastern Electric Reliability Coordinating
7 | Council (FRCC SERC) capability of its largest unit or ownership
8 | share of a joint unit, whichever is greater. Fifty percent shall
9 | be allocated on the basis of peak hour net energy for load demand
10 | and fifty percent on the basis of the summer gross FRCC SERC
11 | capability of the largest unit. Operating reserves shall be fully
12 | available within fifteen ~~ten~~ minutes. At least 25% of the
13 | operating reserves shall be in the form of spinning reserves which
14 | are automatically responsive to a frequency deviation from normal.

15 | (2) Treatment of Purchased Power. Only firm purchase power
16 | agreements may be included as a resource for purposes of
17 | calculating a planned or operating reserve margin. A utility may
18 | petition for waiver of this requirement based on the very high
19 | availability of specific non-firm purchases.

20 | (3) Treatment of Shared Generating Units. Only the utility which
21 | has first call on the generating unit may count the unit towards
22 | its planned or operating reserve margin. A utility has first call
23 | on a unit if the unit is available and the utility has the
24 | contractual right to dispatch the unit to meet its native load and
25 | other firm contractual commitments before any other party to the

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

1 unit's sharing arrangement. A utility may petition the Commission
2 for approval of other methods demonstrating equivalent reliability
3 on a case by case basis.

4 (4) Treatment of Non-Firm Load. If non-firm load (i.e., customers
5 receiving service under load management, interruptible,
6 curtailable, or similar tariffs) is relied upon by a utility when
7 calculating its planned or operating reserves, the utility shall be
8 required to make such reserves available to maintain the firm
9 service requirements of other utilities.

10 (5) Buy-through Power for Interruptible Customers. Interruption
11 of service to non-firm customers is not an emergency. As such, a
12 utility shall not be required to provide buy-through power for
13 another utility's interruptible customers under obligatory
14 emergency interchange schedules.

15 Specific Authority: 366.05(1), F.S.

16 Law Implemented: 366.03, 366.04(2)(c), (5), 366.055, F.S.

17 History--New 07-29-69, Formerly 25-6.35, Amended 09-05-96.

18
19
20
21
22
23
24
25

CODING: Words underlined are additions; words in ~~struck~~
~~through~~ type are deletions from existing law.

Rule 25-6.035
Docket No. 001521-EU

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

It was necessary to clarify the intent of the rule to provide for equitable sharing of energy reserves rather than to set a prudent level of reserves for planning or reliability purposes because the purpose of the rule had been misunderstood in the past by some utilities.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.