

September 12, 2003

VIA HAND DELIVERY

Ms. Blanca Bayó, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

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**Re: Florida Power & Light Company's
Addendum Two to 2003 Capacity Request for Proposals**

Dear Ms. Bayó:

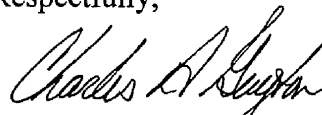
Today, Florida Power & Light Company ("FPL") issued Addendum Two (Promulgation of the RFP Evaluation Fuel Forecast, Change to Question Cut-Off Date and Clarification of Dual Fuel Capability Requirement) to its 2003 capacity Request for Proposals ("RFP") issued and filed on August 25, 2003. Since Addendum Two is part of FPL's RFP, FPL is enclosing a copy for filing with the Commission.

If you or your Staff have any questions regarding this transmittal, please contact me at (850) 222-2300.

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FPSC-BUREAU OF RECORDS

Respectfully,



Charles A. Guyton
Attorney for Florida Power
& Light Company

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Addendum Two

Promulgation of the RFP Evaluation Fuel Forecast, Change to Question Cut-Off date and Clarification of Dual Fuel Capability Requirement

This Addendum Two to FPL's 2003 Request for Proposals (RFP) is published for the benefit of potential participants to that RFP. The information contained therein provides additional information, changes and clarifications that have occurred since the publication date of August 25, 2003.

1) As identified in Section II.D of FPL's 2003 Request for Proposals (RFP), FPL is publishing its September 1, 2003 Fuel Price Forecast. This forecast will be used during FPL's economic evaluation of proposals received in response to the RFP. Please refer to Section A for more details regarding this forecast.

2) In response to a concern expressed by certain parties that there be sufficient time for questions following publication of the above described forecast, FPL is extending the cutoff date for questions to 14 days following the publication of the fuel forecast, or September 30th, whichever occurs last. **The cut-off date for questions will be revised to September 30th.**

3) Clarification of FPL's Dual Fuel Capability requirement (Section II.E.(11)) is provided in Section B. This discussion seeks to clarify what FPL will consider as satisfying that minimum requirement.

A. FPL's September 1, 2003 Fuel Price Forecast

The fuel price forecast information that FPL will use in evaluating all generating alternatives associated with its 2003 RFP is presented in this file. This information is based on FPL's September 1, 2003 "Most Likely" fuel price forecast.

Tables A2.1 through A2.5 contain the forecast data. The following comments are intended to assist you in understanding how this fuel price forecast information will be used in the RFP economic evaluation. The forecasted fuel price information will be applied, as appropriate, to all capacity additions to be considered; including proposals received in response to the RFP, and FPL self-build options.

The fuel price information contained in Table A2.1 will be used to model existing and planned FPL gas units as well as new natural gas-fired capacity options. Tables A2.2, A2.3 and A2.4 contain fuel price information that will be used to model existing FPL units or new capacity options using coal, coke or fuel oil. Table A2.5 provides the unit cost of fuel used at FPL's nuclear facilities.

The footnotes describe the specific columns to be applied to FPL's self build options, existing assets and proposals by the type of transportation assumptions that are made for each category. Fuel price information for FPL's next planned generating unit (the Turkey Point CC unit) and the FPL alternate generating unit (the 4 CT's at Turkey Point) are presented on Table A2.1 in columns (1) and (2) for the CC unit and in column (3) for the 4 CT option. Note that this information replaces the fuel price information presented in the RFP in Table V - 1 and Table V - 4 (item # 9 for both).

Also, note that the same forecasted gas transportation and commodity prices will be used in the economic evaluation regardless of whether an option will be served by the Florida Gas Transmission (FGT) pipeline or by the Gulfstream pipeline. Therefore, whether a proposal lists "FGT" or "Gulfstream" in the "Guaranteed Fuel Transportation Price" column on RFP Form # 5, page 2 of 3, the same transportation and commodity prices will be used in the evaluation. However, a Proposer may still propose their own fuel commodity and/or transportation costs as long as they are guaranteed as required in the RFP.

B. Clarification of Dual Fuel Capability Minimum Requirement

Section III.E.(11) of FPL's 2003 RFP states, in relevant part:

All newly built gas-fired generation proposals must include the capability to operate on distillate fuel oil as a secondary fuel to satisfy reliability and continuity concerns. Specifically, the proposed price for newly built gas-fired generation unit(s) shall reflect the necessary equipment to enable a minimum of seventy-two (72) hours of continuous firing of the unit(s) on the secondary fuel at full capacity supplied from on-site storage.

FPL recognizes that there are certain physical arrangements wherein a proposed project would have the physical, logistical and contractual ability to rely upon two independent and redundant sources of natural gas. In such a case, the reliability and continuity concerns prompting FPL to require the dual fuel capability described above would be met. Therefore, FPL provides the following clarification to Section III.E (11) of FPL's 2003 RFP.

FPL will accept and evaluate proposals for newly built gas-fired generation that do not have distillate oil capability if the proposals satisfy the following:

1. The proposed site is located such that two independent and reliable sources of natural gas are available to provide the full fuel needs required by the facility (more specifically, the required volume, at the required pressure, to produce full capacity output). The total distance from the plant isolation valve (inside the plant boundary) to the cross-connection point must be less than 30 miles to be considered in compliance with this requirement.

2. The Proposer provides a description of the lateral pipeline and any mainline upgrades necessary to accommodate supporting this functionality. The costs of any incremental capital investment required on the lateral connection to the facility must be included in the proposal.
3. The affected pipelines (sources) must demonstrate their concurrence that this function could be reasonably accommodated based on the Proposer's plans by providing the Proposer with a letter signifying same, signed by an official of the company. Proposers must include these letters in their proposal.
4. The Proposer shall include an affirmation that the Proposer has or shall obtain firm transportation capability for both sources of supply, each sufficient to meet the proposed facility's full needs. The purpose of the affirmation is to demonstrate that if one source is unexpectedly interrupted, the facility can receive natural gas from the second source without delay.
5. The economic analysis of a proposal relying on two independent natural gas pipelines, in place of dual fuel capability with distillate oil inventory, will assume the cost of reserving firm gas transportation capability on both systems.
6. FPL will consider alternate commercial arrangements that would not require the cost of firm transportation on both pipelines if provided in a proposal. The alternate arrangement must however provide, in FPL's view, an immediately accessible, redundant and independent supply that is equivalent to that provided by dual fuel capability with distillate oil inventory. Unless FPL determines that the proposed alternate arrangement does, in fact, provide an equivalent level of redundant and independent supply, the economic analysis will be conducted as described in item 5 above.

**Table A2.1 FPL's "Most Likely" Fuel Forecast for New Gas-Fired Capacity Options and Existing FPL Units
(Nominal \$/MMBtu)**

Year	Firm Transportation Gas ⁽¹⁾		Non-Firm ⁽²⁾	Existing Firm ⁽³⁾
	Variable (Dispatch)	Demand (Sunk)	Transportation	Transportation Gas
	Price	Price	Variable (Dispatch) Price	Variable (Dispatch) Price
2003	---	---	6.00	5.76
2004	---	---	5.52	5.27
2005	5.00	0.55	5.31	5.06
2006	4.96	0.55	5.26	5.00
2007	4.98	0.55	5.28	5.02
2008	4.99	0.55	5.30	5.04
2009	5.13	0.55	5.44	5.18
2010	5.27	0.55	5.58	5.32
2011	5.41	0.55	5.74	5.47
2012	5.57	0.55	5.90	5.63
2013	5.74	0.55	6.07	5.79
2014	5.91	0.55	6.25	5.97
2015	6.09	0.55	6.44	6.37
2016	6.28	0.55	6.64	6.69
2017	6.49	0.55	6.85	6.89
2018	6.71	0.55	7.08	7.11
2019	6.93	0.55	7.31	7.34
2020	7.16	0.55	7.55	7.58
2021	7.40	0.55	7.80	7.82
2022	7.65	0.55	8.06	8.27
2023	7.91	0.55	8.33	8.61
2024	8.18	0.55	8.61	8.88
2025	8.47	0.55	8.90	9.17
2026	8.76	0.55	9.21	9.47
2027	9.07	0.55	9.53	9.78
2028	9.39	0.55	9.86	10.11
2029	9.73	0.55	10.21	10.45
2030	10.07	0.55	10.56	10.79
2031	10.42	0.55	10.92	11.14

Notes:

- (1) Forecasted prices to be used in the 2003 RFP evaluation of: a) FPL next planned generating unit (4x1 CC unit at Turkey Point), b) tolling proposals and non-tolling firm for gas-fired baseload capacity proposals (i.e., such as CC Capacity) to be served by either Gulfstream and FGT received in response to FPL's RFP (unless Proposer-guaranteed gas prices are submitted as part of the proposal), c) RFP CC filler units, and d) FPL's new CC units Martin #8 and Manatee #3 that come in-service in 2005.
- (2) Forecasted prices to be used for: a) FPL's alternate (4 CT's at Turkey Point) option, b) tolling/non-tolling non-firm gas-fired capacity peaking proposals (i.e., CT Capacity) received in response to FPL's RFP (unless Proposer-guaranteed gas prices are submitted as part of the proposal), c) RFP CT filler units, and d) existing FPL CT's at Martin and Ft. Myers.
- (3) Forecasted prices will be used for modeling existing FPL dual fuel units and existing FPL CC units

Table A2.2 FPL's "Most Likely" Fuel Forecast for New Coal- or Coke-Fired Capacity Options and Existing FPL Units ^{(1), (2)}
(Nominal \$/MMBtu)

<u>Year</u>	<u>Scherer Plant</u>	<u>Martin Plant: 1% Sulfur Coal</u>	<u>St.Johns River Power Park</u>	<u>Petroleum Coke ⁽³⁾</u>
2003	1.92	1.75	1.51	0.53
2004	1.57	1.76	1.63	0.53
2005	1.59	1.79	1.65	0.53
2006	1.62	1.82	1.67	0.54
2007	1.65	1.85	1.70	0.56
2008	1.68	1.88	1.68	0.59
2009	1.70	1.91	1.62	0.62
2010	1.73	1.94	1.65	0.65
2011	1.76	1.98	1.68	0.67
2012	1.79	2.01	1.71	0.70
2013	1.83	2.05	1.74	0.71
2014	1.86	2.09	1.78	0.73
2015	1.90	2.12	1.81	0.76
2016	1.94	2.17	1.85	0.77
2017	1.98	2.21	1.89	0.78
2018	2.02	2.26	1.93	0.79
2019	2.06	2.30	1.97	0.81
2020	2.11	2.35	2.01	0.82
2021	2.15	2.40	2.05	0.83
2022	2.20	2.45	2.10	0.84
2023	2.25	2.50	2.14	0.86
2024	2.30	2.56	2.19	0.87
2025	2.35	2.61	2.24	0.89
2026	2.40	2.67	2.29	0.90
2027	2.46	2.73	2.34	0.91
2028	2.51	2.79	2.40	0.93
2029	2.57	2.85	2.45	0.95
2030	2.63	2.91	2.51	0.96
2031	2.69	2.97	2.57	0.97

Notes:

- (1) Forecasted prices will be used for coal- and petroleum coke-based capacity proposals received in response to FPL's RFP by geographic location (unless Proposer-guaranteed coal/petroleum coke prices are submitted as part of the proposal.)
- (2) Forecasted prices will be also used for modeling existing FPL solid fuel-based units as indicated.
- (3) Petroleum Coke forecasted prices are as delivered FOB Florida Port; not to a specific location in Florida.

Table A2.3 FPL's "Most Likely" Residual Oil Price Forecast for New Capacity Options and Existing FPL Units ⁽¹⁾
(Nominal \$/MMBtu)

<u>Year</u>	<u>Martin ⁽²⁾</u>	<u>Everglades</u>	<u>Manatee</u>	<u>Turkey Point</u>	<u>Canaveral</u>	<u>Sanford</u>	<u>Riviera</u>
2003	4.68	4.65	4.60	4.75	4.64	4.97	4.68
2004	4.14	4.11	4.07	4.22	4.10	4.44	4.14
2005	3.84	3.81	3.77	3.92	3.80	4.14	3.84
2006	3.75	3.72	3.67	3.83	3.71	4.05	3.75
2007	3.76	3.73	3.68	3.84	3.72	4.06	3.76
2008	3.87	3.83	3.79	3.94	3.82	4.17	3.87
2009	3.98	3.94	3.90	4.06	3.93	4.29	3.98
2010	4.09	4.06	4.01	4.17	4.05	4.41	4.09
2011	4.22	4.19	4.14	4.30	4.18	4.54	4.22
2012	4.36	4.33	4.28	4.44	4.32	4.69	4.36
2013	4.51	4.48	4.43	4.59	4.46	4.84	4.51
2014	4.67	4.63	4.58	4.75	4.62	5.00	4.67
2015	4.83	4.79	4.74	4.91	4.78	5.17	4.83
2016	5.00	4.97	4.92	5.09	4.96	5.34	5.00
2017	5.19	5.15	5.10	5.28	5.14	5.53	5.19
2018	5.38	5.35	5.29	5.47	5.33	5.74	5.38
2019	5.57	5.53	5.48	5.66	5.52	5.93	5.57
2020	5.78	5.74	5.69	5.88	5.73	6.15	5.78
2021	6.00	5.96	5.91	6.09	5.95	6.37	6.00
2022	6.23	6.19	6.13	6.33	6.18	6.61	6.23
2023	6.47	6.43	6.37	6.57	6.42	6.85	6.47
2024	6.72	6.68	6.62	6.82	6.66	7.11	6.72
2025	6.98	6.94	6.88	7.08	6.93	7.38	6.98
2026	7.26	7.22	7.15	7.36	7.20	7.67	7.26
2027	7.55	7.50	7.44	7.65	7.49	7.96	7.55
2028	7.85	7.80	7.74	7.96	7.79	8.27	7.85
2029	8.16	8.12	8.05	8.27	8.10	8.59	8.16
2030	8.51	8.46	8.40	8.62	8.45	8.95	8.51
2031	8.88	8.81	8.77	8.98	8.82	9.33	8.88

Note:

(1) Forecasted prices will be used for modeling existing FPL steam units as indicated or proposed units as applicable.

(2) Martin steam units require co-fire ratio of 70% residual oil and 30% natural gas.

Table A2.4 FPL's "Most Likely" Distillate Oil Price Forecast New Capacity Options and Existing FPL Units ⁽¹⁾
(Nominal \$/MMBtu)

<u>Year</u>	<u>Gas Turbines at Everglades</u>	<u>Gas Turbines at Lauderdale</u>	<u>Gas Turbines & New CT's at Ft. Myers</u>	<u>Combined Cycles at Putnam</u>	<u>Combined Cycles at Lauderdale</u>	<u>New CT's at Martin/Martin #8</u>
2003	6.36	6.36	6.91	6.40	6.36	6.77
2004	5.65	5.65	6.21	5.69	5.65	6.07
2005	5.39	5.39	5.95	5.43	5.39	5.81
2006	5.31	5.31	5.88	5.35	5.31	5.74
2007	5.33	5.33	5.90	5.37	5.33	5.76
2008	5.48	5.48	6.06	5.52	5.48	5.91
2009	5.63	5.63	6.22	5.67	5.63	6.07
2010	5.79	5.79	6.39	5.84	5.79	6.24
2011	5.98	5.98	6.58	6.02	5.98	6.43
2012	6.17	6.17	6.79	6.22	6.17	6.63
2013	6.38	6.38	7.00	6.42	6.38	6.85
2014	6.60	6.60	7.23	6.64	6.60	7.07
2015	6.83	6.83	7.47	6.87	6.83	7.31
2016	7.07	7.07	7.72	7.12	7.07	7.56
2017	7.33	7.33	7.99	7.38	7.33	7.82
2018	7.61	7.61	8.28	7.65	7.61	8.11
2019	7.89	7.89	8.57	7.94	7.89	8.40
2020	8.19	8.19	8.88	8.24	8.19	8.70
2021	8.49	8.49	9.20	8.54	8.49	9.02
2022	8.81	8.81	9.53	8.87	8.81	9.35
2023	9.15	9.15	9.88	9.20	9.15	9.70
2024	9.50	9.50	10.25	9.56	9.50	10.06
2025	9.87	9.87	10.63	9.92	9.87	10.44
2026	10.26	10.26	11.03	10.32	10.26	10.84
2027	10.67	10.67	11.45	10.72	10.67	11.26
2028	11.09	11.09	11.89	11.15	11.09	11.69
2029	11.53	11.53	12.35	11.59	11.53	12.14
2030	11.99	11.99	12.83	12.05	11.99	12.62
2031	12.47	12.47	13.33	12.53	12.47	13.12

Note:

(1) Forecasted prices will be used for modeling backup fuel at existing FPL units as indicated or proposed units as applicable.

Table A2.5 FPL's "Most Likely" Nuclear Fuel Price Forecast
(Nominal \$/MMBtu)

<u>Year</u>	<u>Port St. Lucie Plant 1</u>	<u>Port St. Lucie Plant 2</u>	<u>Turkey Point Plant 3</u>	<u>Turkey Point Plant 4</u>
2003	0.36	0.37	0.39	0.36
2004	0.38	0.38	0.38	0.38
2005	0.38	0.41	0.40	0.40
2006	0.38	0.40	0.40	0.38
2007	0.37	0.39	0.37	0.37
2008	0.38	0.39	0.38	0.38
2009	0.39	0.40	0.39	0.39
2010	0.40	0.41	0.39	0.39
2011	0.41	0.41	0.40	0.40
2012	0.41	0.42	0.40	0.40
2013	0.42	0.43	0.41	0.41
2014	0.43	0.43	0.41	0.42
2015	0.43	0.44	0.42	0.42
2016	0.44	0.44	0.43	0.43
2017	0.45	0.45	0.43	0.44
2018	0.45	0.46	0.44	0.44
2019	0.46	0.46	0.45	0.45
2020	0.47	0.47	0.45	0.46
2021	0.47	0.48	0.46	0.46
2022	0.48	0.48	0.46	0.47
2023	0.49	0.49	0.47	0.47
2024	0.50	0.50	0.48	0.48
2025	0.50	0.50	0.48	0.48
2026	0.51	0.51	0.49	0.49
2027	0.51	0.52	0.50	0.50
2028	0.52	0.52	0.50	0.50
2029	0.53	0.53	0.51	0.51
2030	0.53	0.54	0.51	0.51
2031	0.54	0.54	0.52	0.52