

State of Florida



ORIGINAL

Public Service Commission

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COMMISSION
CLERK

DATE: December 12, 2006

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Jeremy L. Susac, Assistant to Commissioner Tew *[Signature]*

RE: Meeting in Docket No 060555-EI

On November 1, 2006, Commissioner Tew and I met with Susan Clark, representing the investor-owned electric utilities in this rule proceeding. Also, on November 2, 2006, Commissioner Tew and I met with Jon Moyle, representing Wheelabrator Technologies in this rule proceeding. During both meetings, we discussed the proposed rule amendments to Rule 25-17.0832, Florida Administrative Code, Firm Capacity and Energy Contracts (Docket No. 060555-EI). The subject of our discussions included the differences between the current rule and the proposed rule, including the proposed contract term, subscription limits, avoided cost, and the portfolio approach.

Pursuant to Section 350.42(1), Florida Statutes (F.S.), Commissioners may consider ex parte communications in Section 120.54, F.S., rulemaking proceedings. There are, however, other open dockets before the Commission addressing similar subject matters. Ex parte conversations regarding the specific issues in these dockets would be prohibited. While our discussions focused only on the proposed rule language in Docket No. 060555-EI, in an abundance of caution I am requesting that this memo and a copy of the one-page document provided by Mr. Moyle be placed in Docket Nos. 050805-EQ, 050806-EQ, 50807-EQ, and 050810-EQ.

Please call me if you have any questions.

- CMP _____
- COM _____ Attachment: Jon Moyle's "Ten Key Points"
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC 1
- OTH _____

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FPSC-COMMISSION CLERK

Ten Key Points to be Part of Public Service Commission's Renewable Energy Rule

1. **Create a New Rule Specifically for Renewable Energy** – The PSC should develop a new rule addressing renewable energy, not try to make an old rule fit new legislative direction. A separate rule would be critical in the event of PURPA repeal.

2. **Prepare an annual renewable energy report** -- The report should specifically detail the amount of renewable energy generated in the state and the amount of renewable energy in development in the state. This information will help the Commission and other policymakers understand whether the renewable energy goals are being met.

3. **Ensure That Renewable Energy Tariffs and Contracts Contain Fair Terms** – Terms that discourage the development of renewable energy, such as a location penalty, strict dispatchability requirements, and unduly harsh termination or default provisions should not be part of the standard renewable energy contract.

4. **Allow the Renewable Energy Producer to Select the Length of the Renewable Energy Contract** – To encourage the development of renewable energy and facilitate financing, the renewable energy producer should select the contract term. The minimum term should be 10 years and the maximum term should be 25 years.

5. **Ensure that all non-energy attributes of renewable energy, such as Renewable Energy Credits and environmental credits, remain with the generator, unless the parties agree otherwise.**

6. **Capacity and Energy Payments to the renewable energy generator should begin when the renewable energy generator begins delivering renewable energy to the electric grid. Payments should not be artificially tied to a utility planning date.**

7. **Schedule a separate evidentiary proceeding to develop a “standardized” renewable standard offer contract applicable to the IOUs.** The terms and conditions of the renewable standard offer tariff and contract are so crucial to the successful promotion of renewable energy facilities that a separate proceeding is necessary. The Commission should begin such proceedings within 60 days of the effective date of the rules resulting from the instant proceeding.

8. **When using the “avoided costs” to determine payments to renewable energy generators, the definition is updated to include all costs “avoided” or not incurred by the utility when it obtains renewable energy.**

9. **When using the “avoided costs” approach to determine payments to renewable energy generators, use a statewide coal unit as the plant avoided for the purposes of calculating payments** -- Many renewable energy facilities, such as waste-to-energy and waste heat, perform similarly to base-loaded coal units. A “proxy” coal plant will promote the fuel diversity the State seeks while maximizing displacement of natural gas for generation, and will promote Florida renewable energy.

10. **The subscription limit applicable to renewable energy facilities would be met when 25% of the State's installed generating capacity is renewable energy and 25% of the electric energy produced in the State, on an annual basis, is from renewable energy.**