

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of amended standard offer contract, by Progress Energy Florida, Inc. | DOCKET NO. 110092-EI  
ORDER NO. PSC-11-0295-TRF-EI  
ISSUED: July 8, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
LISA POLAK EDGAR  
RONALD A. BRISÉ  
EDUARDO E. BALBIS  
JULIE I. BROWN

ORDER APPROVING REVISED STANDARD OFFER CONTRACT AND RELATED  
TARIFFS

BY THE COMMISSION:

**I. Case Background**

Since January 1, 2006, each investor owned electric utility (IOU) has been required to continuously offer to purchase capacity and energy from specific types of renewable resources. Section 366.91(3), Florida Statutes (F.S.), specifies that the contracts for purchase must be based on the utility's full avoided cost as defined in Section 366.051, F.S., and provide a term of at least ten years. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statutes.

Progress Energy Florida, Inc. (PEF) filed its petition for approval of amended standard offer contract on April 1, 2011. The contract, as directed by Rule 25-17.250, F.A.C., is based on PEF's 2011 Ten-Year Site Plan.

We have jurisdiction over this matter pursuant to Sections 366.04 through 366.06, 366.91, and 366.92, F.S.

**II. Analysis**

Because PEF is an IOU, Rule 25-17.250(1), F.A.C., requires it to continuously make available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kilowatts (kW) or less. In its 2011 Ten-Year Site Plan, PEF has identified a 178 megawatt (MW) gas-fired combustion turbine as its next fossil fueled generating unit. The in-service date of the unit is projected to be June 1, 2020.

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A renewable generator can elect to have no performance requirements to deliver energy on an as-available basis under the current standard offer. If the renewable generator commits to certain performance requirements based on the avoided unit, including being on-line and delivering capacity by the in-service date, it can receive a capacity payment. To promote renewable generation, we require multiple options for capacity payments, including the option to receive Early or Levelized payments.

If a renewable generator elects to receive payments under the Normal or Levelized options, it would receive as-available energy rates until June 1, 2020, the in-service date of the avoided unit. If the Early or Early Levelized options are selected, capacity payments begin at an earlier date but tend to be less in the outer years as the net present value of payments must remain the same. In addition, capacity payments greater than those made under the Normal option require additional performance security from the renewable generator. Table 1 estimates the annual payments that would be made to a renewable facility of 50 MW running at a 94 percent capacity factor, with an in-service date of 2012.

**Table 1 - Estimated Annual Payments to a 50 MW Biomass Facility (94% Capacity Factor)**

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
		(\$000)	(\$000)	(\$000)	(\$000)
2012	\$18,703	-	-	\$1,356	\$1,572
2013	\$20,961	-	-	\$1,380	\$1,572
2014	\$21,412	-	-	\$1,404	\$1,572
2015	\$22,943	-	-	\$1,434	\$1,572
2016	\$24,880	-	-	\$1,464	\$1,572
2017	\$25,925	-	-	\$1,494	\$1,578
2018	\$26,549	-	-	\$1,530	\$1,578
2019	\$29,439	-	-	\$1,560	\$1,578
2020	\$28,810	\$1,992	\$2,177	\$1,590	\$1,584
2021	\$26,493	\$3,480	\$3,738	\$1,626	\$1,584
2022	\$25,545	\$3,552	\$3,744	\$1,662	\$1,590
2023	\$22,599	\$3,624	\$3,744	\$1,692	\$1,590
2024	\$24,770	\$3,696	\$3,750	\$1,728	\$1,590
2025	\$28,035	\$3,768	\$3,756	\$1,764	\$1,596
2026	\$28,198	\$3,840	\$3,762	\$1,800	\$1,596
2027	\$29,504	\$3,918	\$3,768	\$1,842	\$1,602
2028	\$30,840	\$3,996	\$3,774	\$1,878	\$1,602
2029	\$31,441	\$4,080	\$3,780	\$1,920	\$1,602
2030	\$33,456	\$4,158	\$3,786	\$1,956	\$1,608
2031	\$34,615	\$4,242	\$3,792	\$1,998	\$1,608

PEF submitted a total of 13 revised tariff sheets, including 8 revised sheets of the standard offer contract and 5 revised sheets corresponding to Rate Schedule COG-2. All of the revised sheets pertain to the date of the avoided unit, economic parameters, or document formatting. Beyond these revisions, all other terms, such as provisions for performance, payment, and security are retained from the 2010 standard offer contract and related tariffs.

**III. Decision**

The provisions of the 2011 standard offer contract and related tariffs submitted by PEF conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. We hereby approve the standard offer contract and related tariffs submitted by PEF as filed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Progress Energy Florida, Inc.'s standard offer contract and related tariffs are hereby approved, effective June 14, 2011. It is further

ORDERED that the provisions of this Order, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if a protest is filed within 21 days of the issuance of the Order, the tariffs shall remain in effect pending resolution of the protest. Potential signatories to the standard offer contract shall be aware that Progress Energy Florida Inc.'s tariffs and standard offer contracts may be subject to a request for hearing, and if a hearing is held, may subsequently be revised. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 8th day of July, 2011.



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ANN COLE  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

CERTIFICATE OF SERVICE

In accordance with Section 28-106.110, Florida Administrative Code, documents are electronically served on each party or each party's counsel or representative at the last e-mail address of record. Where there is no e-mail address, documents are electronically served via the last facsimile number of record and, if unavailable, documents are served via U.S. Mail at the last address of record.

TLT

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

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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 29, 2011.

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.