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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 110091-EQ

PETITION FOR APPROVAL OF RENEWABLE
ENERGY TARIFF AND STANDARD OFFER
CONTRACT, BY FLORIDA POWER & LIGHT
COMPANY.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, October 4, 2011

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

DOCUMENT NUMBER-DATE

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P R O C E E D I N G S

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2 **CHAIRMAN GRAHAM:** Item Number 4.

3 **MR. BALLINGER:** Good morning,
4 Commissioners. Tom Ballinger with Commission staff.
5 I'm pinch hitting for Robert Graves today.

6 **MR. COX:** Good morning. Will Cox for FPL.

7 **MR. BALLINGER:** Thank you, Chairman.

8 Item 4 is FPL's petition to approve a
9 standard offer contract for 2011. This was
10 initially filed in April of 2011. A month or so
11 after that, FPL notified staff of some changes in
12 their planning assumptions which put the unit in
13 flux. We weren't sure of the in-service date. A
14 few months after that, FPL finally settled on its
15 planning assumptions and notified the Commission
16 that the unit would be a 2016 combined cycle,
17 actually a repowering at the Port Everglades site.
18 Staff is recommending approval of the standard offer
19 based on this unit as the avoided cost and is here
20 for any questions you may have.

21 **CHAIRMAN GRAHAM:** Florida Power and Light.

22 **MR. COX:** Chairman Graham, Florida Power
23 and Light has no objections to staff's
24 recommendations, and we are here to answer
25 questions, as needed.

1 **CHAIRMAN GRAHAM:** Sounds good.

2 Board; who pulled this? Commissioner
3 Balbis.

4 **COMMISSIONER BALBIS:** Thank you, Mr.
5 Chairman. And I do recall pulling this and why.

6 I just had a couple of questions for staff
7 and a couple of comments with the other standard
8 offer contracts that we have approved. I have made
9 consistent comments basically encouraging renewable
10 energy developers to work with the utilities in
11 negotiating terms that are beneficial for the
12 developer. That we don't have leeway when it comes
13 to the avoided cost, but perhaps there are other
14 terms that make it more favorable to encourage these
15 types of projects that I feel are important not only
16 because it encourages renewable energy, but it
17 doesn't have any additional costs, or add any
18 additional cost to the ratepayers.

19 The question that I have for staff, the
20 difference between the 2010 standard offer contract
21 and the 2011 one, the one that we are reviewing
22 today, what would be the benefit for renewable
23 energy developers between those two contracts?

24 **MR. BALLINGER:** There is a significant
25 benefit. It's on Page 3 and 4 of the recommendation

1 that the 2010 standard offer was based on a 2025
2 combined cycle unit much further out in time. The
3 new unit is a 2016 unit. The same type of unit, a
4 repowering, but it is still a combined cycle. What
5 that does on a present value basis is shift payments
6 forward and actually increases dollars available to
7 renewable generators.

8 **COMMISSIONER BALBIS:** And what would the
9 benefit to the ratepayers be with this contract
10 versus a 2010 as far as the payment amounts total?

11 **MR. BALLINGER:** From the ratepayers'
12 perspective?

13 **COMMISSIONER BALBIS:** Yes.

14 **MR. BALLINGER:** Since both are based on
15 avoided costs, the ratepayers are held neutral under
16 either case. It's just a matter of timing of how
17 things have changed over time.

18 **COMMISSIONER BALBIS:** Okay.

19 **MR. BALLINGER:** Payments would go up to
20 ratepayers, but they are paying still avoided costs.
21 They are paying what the utility would pay itself.

22 **COMMISSIONER BALBIS:** Okay. And then the
23 other question I have, and you and I have discussed
24 this, is what effect does the proposed location of
25 the renewable energy project have on this agreement?

1 Using this agreement, and my concern is, well, if
2 you have a project that is in, say, Jacksonville,
3 which is further away from FPL's load center, which
4 is southeastern Florida, how does FPL or the
5 renewable energy developer take that into account?

6 **MR. BALLINGER:** FPL's standard offer
7 contract has a provision for a location adjustment,
8 if you will. It's on a case-by-case basis for the
9 renewable generator where they locate. Obviously
10 from a reliability standpoint, a generator up in
11 Jacksonville doesn't have the same reliability
12 impact as one in Miami, let's say, from their load
13 center. FPL's standard offer contract takes that
14 into account and can adjust the payments
15 accordingly.

16 Now, the avoided unit, being at Port
17 Everglades, is pretty close to the load center, so I
18 would think it would have to be -- the payment
19 stream that you see as an example here would be
20 pretty much mimicked for one located in southeast
21 Florida.

22 **COMMISSIONER BALBIS:** Okay. Thank you.

23 And, again, I just want to applaud Florida
24 Power and Light for continuing to update the
25 standard offer contract to what is the most accurate

1 avoided unit. And, again, encourage renewable
2 energy developers to negotiate these agreements with
3 the utilities so we can move forward with these
4 types of projects. And with that, I move staff's
5 recommendation on all issues.

6 **CHAIRMAN GRAHAM:** It has been moved and
7 seconded, staff recommendation on Item Number 4.
8 Any further discussion? Seeing none. All in favor
9 say aye.

10 (Vote taken.)

11 **CHAIRMAN GRAHAM:** Any opposed?

12 By your action you have approved Item
13 Number 4.

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STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 7th day of October, 2011.



JANE FAUROT, RPR
Official FPSC Hearings Reporter

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