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MAY 01, 2015
DOCUMENT NO. 02461-15

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May 1, 2015

Chairman Graham, Comm'rs. Brisé, Edgar, Brown, and Patronis
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 150049-EI

Dear Commissioners:

On behalf of its more than 30,000 Florida members, Sierra Club joins Southern Alliance for Clean Energy to submit these comments supporting Gulf Power Company's proposed investment in low-cost, low-risk wind power in Docket No. 150049-EI.

As discussed below, wind power is a win, win, win: It's cheap, it's clean, and it can reduce future risk. The only conclusion that one can reach from the record here is that we should buy a lot more wind power for Florida. With these comments, we respectfully urge the Commission to approve Gulf's proposal.

I. Wind power can save customers money.

In this docket, Gulf seeks cost recovery on a wind power purchase agreement ("PPA" or "the Agreement"). The wind power will be generated by a new facility in Oklahoma, a state that has some of the best wind resources in the nation. These resources are extremely cost-effective to develop.[1] Thus, under the wind PPA, Gulf projects customers will save between $11 million and $50 million on a net present value basis (in 2016 dollars) relative to generating an equivalent amount of energy on Gulf's system. Moreover, the Company projects that the energy price under the agreement falls below Gulf's avoided cost *each and every year* of the twenty-years of the agreement.

[1] To be sure, SACE and Sierra Club support the development of home-grown renewables, including wind power. In Florida, more than 35 companies and nearly 50 facilities are already supporting the wind industry supply chain and there is much more in-state wind power potential than once thought. *See* U.S. Department of Energy et al, Florida Wind Energy Fact Sheet (Dec. 2014) *available at* http://www.sewind.org/images/fact_sheets/SEWC%20FL%20Wind%20Energy%20Fact%20Sheet%20-%20Dec%202014.pdf (Ex. 2). Wheeling in wind from other states like Oklahoma stands on its own merits.

In its recommendation, Staff confirmed Gulf's assessment of these economic benefits, specifically finding that the "potential benefits from renewable attributes [not factored into Gulf's assessment] increases the likelihood that the Agreement will result in savings to Gulf's ratepayers over the term of the Agreement." Further, there is a growing consensus among utility executives and well-regarded market analysts that onshore wind has been and will remain among the lowest-cost, lowest-risk resources.[2] In fact, energy efficiency is generally identified as the only lower-cost and lower-risk resource.

Tellingly, other Southeast states have contracted for *nearly three gigawatts* of wind power, and wind power accounted for *more than half* of all new generating capacity that came online in the U.S. in the first quarter of 2015.[3] Just last year, the Georgia Public Service Commission found a similar wind power purchase agreement (by Gulf's sister subsidiary Georgia Power Company) to be an "extraordinary advantage" to customers and unanimously approved it. An illustrative list of recent wind contracts follows:

◊ Georgia Power Company - 250 MW of Oklahoma wind power
http://www.psc.state.ga.us/factsv2/Docket.aspx?docketNumber=37854

◊ TVA - >1,500 MW of wind power from Tennessee and multiple central region states
http://www.tva.com/power/wind_purchases.htm

◊ SWEPCO - 469 MW of wind power from Texas, Oklahoma, and Kansas[4]
https://www.swepco.com/info/projects/WindPowerPurchase/

◊ Alabama Power Company - 404 MW of Oklahoma wind power
http://www.alabamapower.com/environment/news/chisholm-view-project-provides-low-cost-power.asp

◊ Arkansas Electric Cooperative - 201 MW of wind power
http://www.aecc.com/renewable-resources/wind-energy/

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[2] *See*, *e.g.*, Binz et al., *Practicing Risk-Aware Electricity Regulation: 2014 Update* (synthesizing market data from Lazard, Bloomberg New Energy Finance, Citi, and the U.S. Energy Information Administration) (Ex. 1); Diane Cardwell, *Solar and Wind Energy Start to Win on Price vs. Conventional Fuels*, Nov. 23, 2014, The New York Times, *available at* http://mobile.nytimes.com/2014/11/24/business/energy-environment/solar-and-wind-energy-start-to-win-on-price-vs-conventional-fuels.html?referrer (citing accelerating trend of utilities entering wind power purchase agreements that are competitive with natural gas generation).

[3] *See*, e.g., K. Bossong, *Renewables Account for 75 Percent of New US Generating Capacity in First Quarter of 2015*, *available at* http://www.renewableenergyworld.com/rea/news/article/2015/04/renewables-account-for-75-percent-of-new-us-generating-capacity-in-first-quarter-of-2015?cmpid=WindNL-Thursday-April30-2015

[4] *See* Testimony of Sandra Bennett (SWEPCO Vice President - Regulatory and Finance), Arkansas Public Service Commission Docket 12-008-U, Transcript of October 9-10, 2012, Hearing, at 213:22-24 (citing wind power purchased "at a cost that was —lower than [SWEPCo's] average cost of generation online today").

II. Wind power can reduce the risks of coal, gas, and nuclear generation.

Gulf's wind PPA complies with the Commission's mandate to protect customers from the risks associated with conventional power plants, particularly the fuel price risks and fuel supply risks associated with natural gas and coal. Unlike fossil fuel-burning generation, the cost of which can swing widely based on the supply of and the demand for the underlying fuel, Gulf's 20-year fixed price agreement (common in the wind industry) allows customers to lock in advantageous prices for a significant period of time.

Wind power also can reduce the water constraint, carbon, and regulatory risks associated coal, gas, and nuclear generation. Indeed, wind power purchase agreements like Gulf's will help Florida cost-effectively comply with EPA's power plant rules, including the pending Clean Power Plan, by reducing Florida's reliance on dirty coal plants and risky nuclear plants—all without exacerbating Florida's over-reliance on natural gas.

III. The Commission should approve Gulf's proposal.

Wind power is a resounding win-win-win for the reasons recited above. We respectfully urge the Commission to approve Gulf's proposal. The Commission should also consider whether cost-effective wind contracts can be pursued in greater volume going forward. Florida's pressing problem of natural gas over-reliance and the "extraordinary advantage" to customers from wind power warrant this follow up.

Sincerely,

Kelly Martin
Senior Campaign Representative
Beyond Coal Campaign, Sierra Club

Simon Mahan
Renewable Energy Manager
Southern Alliance for Clean Energy