



Dianne M. Triplett
DEPUTY GENERAL COUNSEL

April 16, 2020

VIA ELECTRONIC FILING

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Petition for Approval of Amended Standard Offer Contract (Schedule COG-2);*
Docket No. 20200111-EQ

Dear Mr. Teitzman:

Please find enclosed for electronic filing Duke Energy Florida, LLC's Response to Staff's First Data Request (Nos. 1-11).

Thank you for your assistance in this matter. Should have any questions, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmck
Enclosure

cc: Phillip Ellis
Damian Kistner
Charles Murphy

**DUKE ENERGY FLORIDA, LLC'S (DEF), RESPONSE TO
STAFF'S FIRST DATA REQUEST (NOS. 1-11) REGARDING DEF'S PETITION FOR
APPROVAL OF AMENDED STANDARD OFFER CONTRACT (SCHEDULE COG-2)**

Docket No. 20200111-EQ

1. Please refer to Sheet No. 9.411 of the standard offer contract. Provide the rationale for the revision of "Prudent Utility Practices" to "Prudent Regulated Utility Practices." As part of your response, please provide an example of a practice that would fall under the original definition, but not the revised one.

RESPONSE: The generation from a Standard Offer Contract is intended to mimic the regulated utility's avoided unit as closely as possible. That can be seen repeatedly in the FPSC Rules that govern the Standard Offer Contract and the terms of the Standard Offer Contract. There could be issues where the RF/QF's interpretation of Prudent Utility Practices are not up to the standards that DEF and other IOUs in Florida maintain. This proposed amendment is to better define the standard of prudent practices that the RF/QF must maintain.

2. Please refer to Sheet No. 9.416 of the standard offer contract. Provide the rational for the revision of 5(a), for both the revisions to (i) and the addition of "maintain" for (ii) though (vii).

RESPONSE: Due to the differences in FERC jurisdictional interconnections and FPSC jurisdictional interconnections, it has become unclear what is meant by an interconnection agreement. The added language in 5(a) is intended to clarify that definition while keeping both processes in mind. The redundant addition of the word "maintain" is a clarification for the avoidance of any doubt in response to recent feedback in which the RF/QF apparently did not believe it needed to maintain these items after the Drop Dead Date.

3. Please refer to Sheet No. 9.417 of the standard offer contract. Provide the rationale for the deletion of section 5(d).

RESPONSE: This deletion was made because it is redundant and is contemplated in the contract in other sections. The requirement for the achievement of the Capacity Delivery Date before the Required Capacity Delivery Date is covered in section 3 and then repeated in sections 7.6, 9.2, 11.4 and in the Performance Criteria of Appendix D.

4. Please refer to Sheet No. 9.419 of the standard offer contract. Provide the rationale for the additional language in section 7.6.

RESPONSE: The additional language in section 7.6 was added in recognition of the circumstance in which a RF/QF project may not be complete by the Required Capacity Delivery Date but is very close to completion. It may be in DEF's customers' best interest to allow the

facility to be completed without drawing down of the Completion/Security Deposit. That decision will be made by DEF in the interest of its customers, not by the RF/QF.

5. Please refer to Sheet No. 9.423 of the standard offer contract. Provide the rationale for the change in section 10.2.

RESPONSE: The description of the avoided unit in Schedule 9 of DEF's Ten Year Site Plan shows that the Planned Outage Factor is 3%. Three percent of a year is about 11 days.

6. Please refer to Sheet No. 9.425 of the standard offer contract. Provide the rationale for the deletion of section 11.3.

RESPONSE: Any draws by DEF on the Eligible Collateral will be done in accordance with the Standard Offer Contract. Any such draw may not cover all of the damages to DEF's customers which could include the cost to replace the capacity and energy lost because the RF/QF did not perform, and the deleted language in section 11.3 could be interpreted to imply any such draw would cover all such damages.

7. Please refer to Sheet No. 9.429 of the standard offer contract. Provide the rationale for the addition of section 14(n).

RESPONSE: FERC interconnection rules allow an RF/QF to suspend an interconnection agreement including interconnection facility construction for a prolonged period. The inclusion of not maintaining an active interconnection agreement as an Event of Default shows the critical importance of a viable RF/QF committing to deliver firm Capacity and energy to DEF's customers as scheduled. The interconnection agreement and facility construction process already give the RF/QF reasonable time periods to respond to any requests. If the interconnection process or related construction must be suspended, then it is likely that the RF/QF will not meet its obligations under the Standard Offer Contract.

8. Please refer to Sheets No. 9.431 and 9.432 of the standard offer contract. Provide the rationale for the revisions in section 18.1.

RESPONSE: Recent disputes have shown that counterparties believe that this Force Majeure language can be interpreted broadly, and these revisions are to better define and focus the definition of a Force Majeure. In addition, the revisions provide uniform standard offer contract force majeure language with the other IOUs in Florida.

9. Please refer to Sheet No. 9.438 of the standard offer contract. Provide the rationale for the revisions of section 20.9.

RESPONSE: The Standard Offer Contract had previously included dispute language that settled disputes in arbitration. This was done to limit the cost of disputes to DEF's customers. Recent experience has shown that while arbitration may have been less expensive in the past, that is no longer the case in complex matters like those involving a RF/QF contract. DEF

believes that the revised changes in section 20.9 will be a lower cost alternative for its customers and provides uniform standard offer contract dispute language with the other IOUs in Florida.

10. Please refer to Sheet No. 9.461 of the standard offer contract. Provide the rationale for the additional language in section B(4).

RESPONSE: Please see DEF’s response to Request 7.

11. Please complete the following table describing payments to a renewable provider based on the proposed tariffs included in the Utility's revised standard offer contract. Please assume a renewable generator with a 50 MW output providing firm capacity with an in-service date of January 1, 2021, operating at the minimum capacity factor required for full capacity payments and a contract duration of 20 years. Please state the capacity factor assumed for the calculations. Please calculate the total Net Present Value (NPV) of all payments in 2021 dollars, and also provide an explanation of the method and rate used to calculate the NPV. Please provide the completed table for each of the following scenarios:

- a. As-available energy (energy only payments)
- b. Normal capacity payments
- c. Levelized payments
- d. Early payments
- e. Early levelized payments

Year	Energy (MWh)	Capacity Rate (\$/kw-mo)	Total Capacity Payments (\$)	Energy Rate (\$/MWh)	Total Energy Payments (\$)	Total Payments (\$)
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						

Total (nominal)						
Total (NPV)						

RESPONSE: When forecasting QF as available rates, DEF uses its system marginal costs adjusted for a reasonable volume of potential solar QF projects in DEF’s generator interconnection queues. It is important to note that current estimates are only valid and effective as of May 1, 2020 due to the steady QF activity. It is also important to note that with large amounts of QF generators contributing to DEF’s as-available block size, it is anticipated DEF will have increasing amounts of time when required DEF system generation along with potential QF generation will exceed the forecasted DEF load levels and that excess energy may not have been fully captured in the estimates herein. Finally, please see the attached spreadsheet for the table values. The NPV values were calculated using monthly values and the discount rate used 7.10% and an assumed capacity factor of 95%.

As Available Only

	Energy (MWH)	Capacity Rates (\$/kw-month)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2021	416,362	\$ -	\$ -	\$ 19.52	\$ 8,128	\$ 8,128
2022	416,362	\$ -	\$ -	\$ 17.74	\$ 7,385	\$ 7,385
2023	416,362	\$ -	\$ -	\$ 17.39	\$ 7,242	\$ 7,242
2024	417,503	\$ -	\$ -	\$ 18.21	\$ 7,601	\$ 7,601
2025	416,362	\$ -	\$ -	\$ 20.22	\$ 8,419	\$ 8,419
2026	416,362	\$ -	\$ -	\$ 22.46	\$ 9,352	\$ 9,352
2027	416,362	\$ -	\$ -	\$ 25.87	\$ 10,771	\$ 10,771
2028	417,503	\$ -	\$ -	\$ 30.26	\$ 12,633	\$ 12,633
2029	416,362	\$ -	\$ -	\$ 32.53	\$ 13,544	\$ 13,544
2030	416,362	\$ -	\$ -	\$ 34.81	\$ 14,492	\$ 14,492
2031	416,362	\$ -	\$ -	\$ 36.64	\$ 15,257	\$ 15,257
2032	417,503	\$ -	\$ -	\$ 38.88	\$ 16,232	\$ 16,232
2033	416,362	\$ -	\$ -	\$ 38.82	\$ 16,164	\$ 16,164
2034	416,362	\$ -	\$ -	\$ 39.42	\$ 16,414	\$ 16,414
2035	416,362	\$ -	\$ -	\$ 40.60	\$ 16,905	\$ 16,905
2036	417,503	\$ -	\$ -	\$ 41.22	\$ 17,209	\$ 17,209
2037	416,362	\$ -	\$ -	\$ 45.13	\$ 18,791	\$ 18,791
2038	416,362	\$ -	\$ -	\$ 46.99	\$ 19,563	\$ 19,563
2039	416,362	\$ -	\$ -	\$ 48.57	\$ 20,224	\$ 20,224
2040	417,503	\$ -	\$ -	\$ 50.12	\$ 20,926	\$ 20,926
Total	8,332,945		-		277,254	277,254
NPV 2021\$			\$ -		\$ 132,483	\$ 132,483

Normal Capacity Payments

	Energy (MWH)	Capacity Rates (\$/kw-month)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2021	416,362	\$ -	\$ -	\$ 19.52	\$ 8,128	\$ 8,128
2022	416,362	\$ -	\$ -	\$ 17.74	\$ 7,385	\$ 7,385
2023	416,362	\$ -	\$ -	\$ 17.39	\$ 7,242	\$ 7,242
2024	417,503	\$ -	\$ -	\$ 18.21	\$ 7,601	\$ 7,601
2025	416,362	\$ -	\$ -	\$ 20.22	\$ 8,419	\$ 8,419
2026	416,362	\$ -	\$ -	\$ 22.46	\$ 9,352	\$ 9,352
2027	416,362	\$ 4.50	\$ 1,575	\$ 25.87	\$ 10,771	\$ 12,346
2028	417,503	\$ 4.56	\$ 2,738	\$ 30.26	\$ 12,633	\$ 15,371
2029	416,362	\$ 4.63	\$ 2,777	\$ 32.53	\$ 13,544	\$ 16,321
2030	416,362	\$ 4.69	\$ 2,816	\$ 34.81	\$ 14,492	\$ 17,308
2031	416,362	\$ 4.76	\$ 2,856	\$ 36.64	\$ 15,257	\$ 18,113
2032	417,503	\$ 4.83	\$ 2,896	\$ 38.88	\$ 16,232	\$ 19,129
2033	416,362	\$ 4.90	\$ 2,937	\$ 38.82	\$ 16,164	\$ 19,102
2034	416,362	\$ 4.97	\$ 2,979	\$ 39.42	\$ 16,414	\$ 19,393
2035	416,362	\$ 5.04	\$ 3,021	\$ 40.60	\$ 16,905	\$ 19,926
2036	417,503	\$ 5.11	\$ 3,064	\$ 41.22	\$ 17,209	\$ 20,273
2037	416,362	\$ 5.18	\$ 3,107	\$ 45.13	\$ 18,791	\$ 21,898
2038	416,362	\$ 5.25	\$ 3,151	\$ 46.99	\$ 19,563	\$ 22,715
2039	416,362	\$ 5.33	\$ 3,196	\$ 48.57	\$ 20,224	\$ 23,420
2040	417,503	\$ 5.40	\$ 3,242	\$ 50.12	\$ 20,926	\$ 24,167
Total	8,332,945		40,357		277,254	317,611
NPV 2021\$			\$ 16,702		\$ 132,483	\$ 149,185

Levelized Capacity Payments

	Energy (MWH)	Capacity Rates (\$/kw-month)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2021	416,362	\$ -	\$ -	\$ 19.52	\$ 8,128	\$ 8,128
2022	416,362	\$ -	\$ -	\$ 17.74	\$ 7,385	\$ 7,385
2023	416,362	\$ -	\$ -	\$ 17.39	\$ 7,242	\$ 7,242
2024	417,503	\$ -	\$ -	\$ 18.21	\$ 7,601	\$ 7,601
2025	416,362	\$ -	\$ -	\$ 20.22	\$ 8,419	\$ 8,419
2026	416,362	\$ -	\$ -	\$ 22.46	\$ 9,352	\$ 9,352
2027	416,362	\$ 4.85	\$ 1,699	\$ 25.87	\$ 10,771	\$ 12,470
2028	417,503	\$ 4.86	\$ 2,915	\$ 30.26	\$ 12,633	\$ 15,548
2029	416,362	\$ 4.86	\$ 2,918	\$ 32.53	\$ 13,544	\$ 16,462
2030	416,362	\$ 4.87	\$ 2,920	\$ 34.81	\$ 14,492	\$ 17,412
2031	416,362	\$ 4.87	\$ 2,923	\$ 36.64	\$ 15,257	\$ 18,180
2032	417,503	\$ 4.88	\$ 2,925	\$ 38.88	\$ 16,232	\$ 19,158
2033	416,362	\$ 4.88	\$ 2,928	\$ 38.82	\$ 16,164	\$ 19,092
2034	416,362	\$ 4.89	\$ 2,931	\$ 39.42	\$ 16,414	\$ 19,345
2035	416,362	\$ 4.89	\$ 2,934	\$ 40.60	\$ 16,905	\$ 19,839
2036	417,503	\$ 4.89	\$ 2,937	\$ 41.22	\$ 17,209	\$ 20,146
2037	416,362	\$ 4.90	\$ 2,940	\$ 45.13	\$ 18,791	\$ 21,731
2038	416,362	\$ 4.91	\$ 2,943	\$ 46.99	\$ 19,563	\$ 22,507
2039	416,362	\$ 4.91	\$ 2,946	\$ 48.57	\$ 20,224	\$ 23,170
2040	417,503	\$ 4.92	\$ 2,950	\$ 50.12	\$ 20,926	\$ 23,876
Total	8,332,945		39,809		277,254	317,063
NPV 2021\$			\$ 16,701		\$ 132,483	\$ 149,185

Early Capacity Payments

	Energy (MWH)	Capacity Rates (\$/kw-month)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2021	416,362	\$ -	\$ -	\$ 19.52	\$ 8,128	\$ 8,128
2022	416,362	\$ -	\$ -	\$ 17.74	\$ 7,385	\$ 7,385
2023	416,362	\$ -	\$ -	\$ 17.39	\$ 7,242	\$ 7,242
2024	417,503	\$ -	\$ -	\$ 18.21	\$ 7,601	\$ 7,601
2025	416,362	\$ 3.45	\$ 2,068	\$ 20.22	\$ 8,419	\$ 10,487
2026	416,362	\$ 3.50	\$ 2,097	\$ 22.46	\$ 9,352	\$ 11,449
2027	416,362	\$ 3.54	\$ 2,127	\$ 25.87	\$ 10,771	\$ 12,897
2028	417,503	\$ 3.59	\$ 2,157	\$ 30.26	\$ 12,633	\$ 14,789
2029	416,362	\$ 3.65	\$ 2,187	\$ 32.53	\$ 13,544	\$ 15,732
2030	416,362	\$ 3.70	\$ 2,218	\$ 34.81	\$ 14,492	\$ 16,711
2031	416,362	\$ 3.75	\$ 2,250	\$ 36.64	\$ 15,257	\$ 17,507
2032	417,503	\$ 3.80	\$ 2,281	\$ 38.88	\$ 16,232	\$ 18,514
2033	416,362	\$ 3.86	\$ 2,314	\$ 38.82	\$ 16,164	\$ 18,478
2034	416,362	\$ 3.91	\$ 2,347	\$ 39.42	\$ 16,414	\$ 18,761
2035	416,362	\$ 3.97	\$ 2,380	\$ 40.60	\$ 16,905	\$ 19,285
2036	417,503	\$ 4.02	\$ 2,413	\$ 41.22	\$ 17,209	\$ 19,623
2037	416,362	\$ 4.08	\$ 2,448	\$ 45.13	\$ 18,791	\$ 21,238
2038	416,362	\$ 4.14	\$ 2,482	\$ 46.99	\$ 19,563	\$ 22,046
2039	416,362	\$ 4.20	\$ 2,518	\$ 48.57	\$ 20,224	\$ 22,742
2040	417,503	\$ 4.26	\$ 2,553	\$ 50.12	\$ 20,926	\$ 23,479
Total	8,332,945		36,840		277,254	314,093
NPV 2021\$			\$ 16,702		\$ 132,483	\$ 149,185

Early Levelized Capacity Payments

	Energy (MWH)	Capacity Rates (\$/kw-month)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2021	416,362	\$ -	\$ -	\$ 19.52	\$ 8,128	\$ 8,128
2022	416,362	\$ -	\$ -	\$ 17.74	\$ 7,385	\$ 7,385
2023	416,362	\$ -	\$ -	\$ 17.39	\$ 7,242	\$ 7,242
2024	417,503	\$ -	\$ -	\$ 18.21	\$ 7,601	\$ 7,601
2025	416,362	\$ 3.74	\$ 2,244	\$ 20.22	\$ 8,419	\$ 10,663
2026	416,362	\$ 3.74	\$ 2,246	\$ 22.46	\$ 9,352	\$ 11,597
2027	416,362	\$ 3.75	\$ 2,248	\$ 25.87	\$ 10,771	\$ 13,018
2028	417,503	\$ 3.75	\$ 2,250	\$ 30.26	\$ 12,633	\$ 14,882
2029	416,362	\$ 3.75	\$ 2,252	\$ 32.53	\$ 13,544	\$ 15,796
2030	416,362	\$ 3.76	\$ 2,254	\$ 34.81	\$ 14,492	\$ 16,746
2031	416,362	\$ 3.76	\$ 2,256	\$ 36.64	\$ 15,257	\$ 17,513
2032	417,503	\$ 3.76	\$ 2,258	\$ 38.88	\$ 16,232	\$ 18,490
2033	416,362	\$ 3.77	\$ 2,260	\$ 38.82	\$ 16,164	\$ 18,424
2034	416,362	\$ 3.77	\$ 2,262	\$ 39.42	\$ 16,414	\$ 18,677
2035	416,362	\$ 3.77	\$ 2,265	\$ 40.60	\$ 16,905	\$ 19,170
2036	417,503	\$ 3.78	\$ 2,267	\$ 41.22	\$ 17,209	\$ 19,476
2037	416,362	\$ 3.78	\$ 2,269	\$ 45.13	\$ 18,791	\$ 21,060
2038	416,362	\$ 3.79	\$ 2,272	\$ 46.99	\$ 19,563	\$ 21,835
2039	416,362	\$ 3.79	\$ 2,274	\$ 48.57	\$ 20,224	\$ 22,498
2040	417,503	\$ 3.80	\$ 2,277	\$ 50.12	\$ 20,926	\$ 23,203
Total	8,332,945		36,153		277,254	313,407
NPV 2021\$			\$ 16,702		\$ 132,483	\$ 149,185