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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 new clean energy impact program, a new renewable energy certificates (REC) buying program, by Duke Energy Florida, LLC.; Docket No. 20220202-EI*

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC ("DEF"), please find enclosed for electronic filing DEF's Amended Redacted Response to Staff's First Data Request regarding the above-referenced Docket. After further review, it has been determined that the response to question 6c is not confidential. In addition, DEF amended its response to 3a and it is no longer confidential. In light of same, the responses have been amended to remove the confidential highlighting. There are no changes to the remaining responses.

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/mw
Enclosures

cc: Shaw Stiller, Office of General Counsel, FPSC, sstiller@psc.fl.us
Orlando Wooten, Div. of Engineering, FPSC, Owooten@psc.fl.us

**Duke Energy Florida, LLC’s (“DEF”) Amended Redacted Response to
Florida Public Service Commission’s First Data Request (Nos. 1-6)
re. Petition for approval of new clean energy impact program, a new renewable energy
certificates (REC) buying program, specifically questions 3a and 6c**

Docket No. 20220202-EI

1. Please refer to page 1 of the proposed Clean Energy Impact (CEI) Tariff, the section titled “Availability,” for the following questions.
 - a. Explain if the proposed program will reserve any portion of DEF’s Renewable Energy Certificates (RECs) for any specific customer classes. If so, please identify the customer classes and provide the reserved amounts for each and how they were determined. If not, please explain how DEF will prevent a single customer or small number of customers from obtaining a majority of the RECs.

Response:

On an annual basis, DEF will evaluate REC sales opportunities for residential customers and estimate the number of RECs needed to support that customer class. The remaining capacity will be available for non-residential customers. Capacity can be moved from one customer type to the other should it be unlikely that the REC quantity that was reserved will be fully utilized.

- b. For each customer class (residential, commercial, industrial, et al.), explain how DEF intends to inform customers of the proposed CEI program.

Response:

Residential customers will be marketed to using channels like email and direct mail as well as through the Duke Energy website once billing capacity is available.

Non-Residential customers will be informed of the CEI program in several ways: 1) webpage on the Duke Energy website, 2) by DEF large account managers and business advisors and 3) other potential marketing efforts such as email and direct mail.

- c. Have any customer(s) contacted the Utility regarding the proposed CEI tariff? If so, what is the estimated REC usage of these customer(s) and what percentage is that amount of the total RECs available?

Response:

To date, no customers have directly contacted us about the proposed CEI tariff. DEF has started socializing the proposed REC offering to non-residential customers as part of discussions with them about their renewable goals. The program has been well received by these customers, so we believe there is strong interest in this type of REC offering.

2. Please refer to page 1 of the proposed CEI Tariff, the section titled “Definitions” for the following questions.
 - a. Explain why DEF is restricting RECs to only those generated by Utility owned renewable generation resources tied to its transmission system. As a part of this response, explain if DEF intends to expand this in the future, such as including non-DEF owned or non-grid tied renewable resources, and if so, explain what circumstances would cause this to occur (i.e., REC demand exceeding supply, etc.).

Response:

At this time, the only RECs included in the program are those generated from DEF-owned assets. If that were to change in the future, DEF may consider expanding the offering to include RECs from an asset where DEF has the right to the unused RECs. To avoid REC demand exceeding supply, we will set the total available RECs for the year based on a percentage of the number of expected RECs to be generated, for example, 90% of expected RECs. RECs are only generated off actual generation, so knowing that there can be severe weather, as an example, we want to be prepared that it’s possible for actuals to be less than projected.

- b. Explain if DEF is currently receiving RECs from sources other than those defined in the tariff as Renewable Energy Resources, such as through power purchase agreements with renewable generation resources not owned by the Utility. If so, detail these resources, how DEF is handling these RECs and what effect, if any, these RECs will have on the proposed program.

Response:

DEF is not currently receiving RECs from sources other than those defined in the tariff as Renewable Energy Resources.

3. Please refer to page 1 of the proposed CEI Tariff, the section titled “Rates,” for the following questions.

- a. Detail which tradeable market(s) DEF has investigated.

Response:

We will review the average Ask price of National Wind/Solar as well as consider any recent trends. To aid in this process we will be looking to engage with a 3rd party brokerage service such as Amerex or NODAL to aid with REC pricing.

- b. Explain how DEF will decide which tradeable market(s) will be used in setting REC prices.

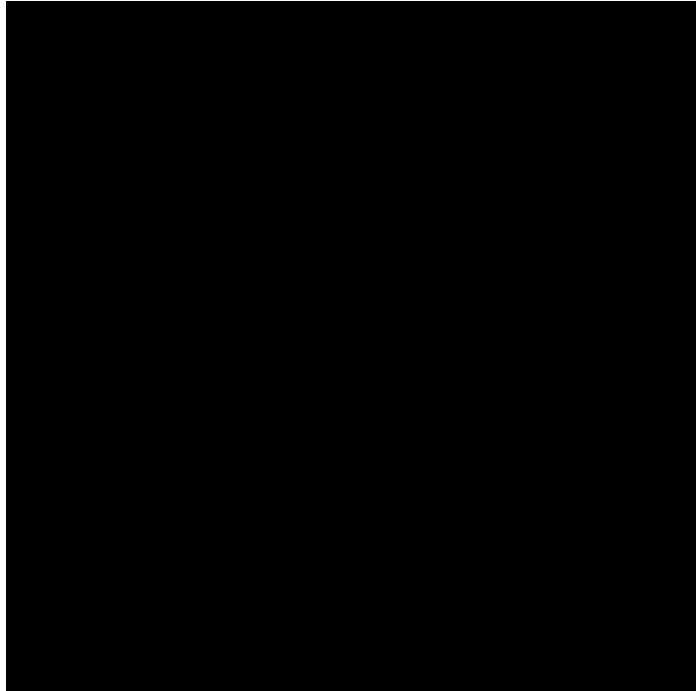
Response:

See the response to 3.a above.

- c. For each REC market DEF investigated, please discuss the frequency and volume of REC trading that occurs and provide REC prices for the period 2019 to 2022

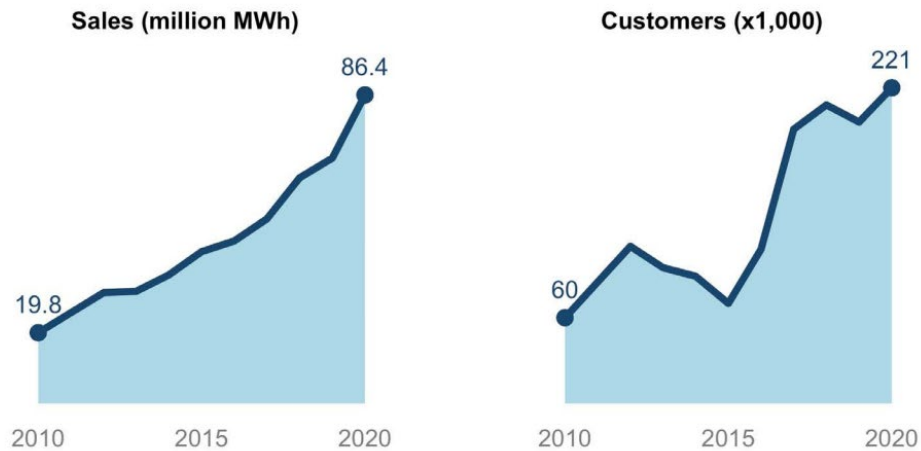
Response:

REDACTED



The National Renewable Energy Laboratory (NREL) published a report in September 2021 on the Status and Trends in the Voluntary Market (<https://www.nrel.gov/docs/fy22osti/81141.pdf>). The report did not speak to frequency but did highlight the substantial growth in both sales and customer participation in the voluntary REC market from 2010 to 2020.

About **221,000 customers** procured about **86.4 million MWh** of voluntary green power through unbundled RECs in 2020.



- d. Explain how DEF will ensure that it is using the most up-to-date price for RECs if the REC cost in the proposed tariff is set annually. As part of this response, detail the REC market price volatility that DEF has observed during 2022.

Response: **REDACTED**

- e. Explain if the tradeable market(s) DEF has investigated have any restrictions on the type of renewable energy resource used in REC generation. If so, detail these restrictions. As a part of this response, detail any difference in tradeable market(s) REC prices determined by the generation resource type (i.e., solar, wind, biomass, et al.).

Response: **REDACTED**

- 4. Please refer to page 1 of the proposed CEI Tariff, the section titled “Rates” for the following questions.
 - a. Explain if DEF has any intention to refund administrative expenses to either the general body of ratepayers or program participants if the revenue collected from fees are more than administrative expenses. If not, explain why not.

Response:

The CEI program is included in DEF's base rates; therefore, any variance in administrative expenses, favorable or unfavorable, will be reflected accordingly and be subject to regulatory lag. As stated in the proposed CEI program tariff, the administrative fee will be reviewed annually to evaluate if fees collected match administrative expenses. If they do not match, the administrative fee will be adjusted the following year.

- b. Explain what actions DEF would take if revenues collected from the administrative fees were less than administrative expenses.

Response:

See the response to 4a above.

- c. Detail how administrative costs will be determined for the proposed program. As a part of this response, include if DEF intends to petition the Commission for administrative costs annually.

Response:

No, DEF does not propose to petition for administrative costs annually. DEF will include estimated costs and revenues associated with this program in base rates. Administrative costs and offsetting revenues will be included and would be expected to match. As actual costs and revenues are recorded, any variances will result in regulatory lag.

5. Please refer to page 1 of the proposed CEI Tariff, the sections titled "Rates" and "Special Provisions" for the following questions.
 - a. Provide the estimated monthly and annual bill impact for a program participant's bill (1,000 kWh) for the years 2023 – 2028. The estimated bill impact provided should show the REC cost bill impact, the administrative fees bill impact and the total bill impact, assuming the purchase of one REC per month.

Response:

The estimated monthly and annual bill impact on a participant's bill will depend on the number of RECs purchased, the price at the time of purchase and the administrative fees applicable at that time.

Given those factors, assuming a residential customer makes a monthly purchase for a 1,000 kWh REC. Assuming the program price at the time the customer purchases the REC is \$3.30 and the administrative fee is 20%, the customer's monthly REC charge would be \$3.96. If the customer purchases this monthly quantity for an entire year, the annual REC charge would be \$47.52.

- b. Explain how customers will be notified of the annual rates associated with the proposed program.

Response:

The annual rates will be posted on the Duke Energy website and will be available to customers as part of CEI program enrollment. Participating customers will be notified of any annual rate changes via email or letter, based on their preference, 30 days prior to the rate change going into effect.

- c. Provide the estimated cost of the stand-alone product with a purchase of 1,000 RECs for a non-residential customer.

Response:

As stated in prior responses, the actual REC price and administrative fee will be set forth per the tariff. An illustrative example is provided below; it assumes a \$3.30 REC price and 20% admin fee (\$.66).

$$1,000 \text{ RECs} * \$3.96 = \$3,960$$

- d. Will customers be allowed to purchase more RECs than their electrical energy usage? If not, please explain how residential customers with less than 250 kWh/month or commercial customers with less than 1,000 MWh/year usage would be able to participate.

Response:

Yes, participants in the CEI program can purchase more RECs than their electric usage; however, DEF will have tools available to help them estimate the number of RECs needed to match their electrical usage.

6. Please refer to the Utility's Petition, paragraph 5 under the heading "Program Details," for the following questions.
 - a. Provide the estimated monthly and annual bill impact to the general body of ratepayers for a residential customer's bill (1,000 kWh) for the years 2023 – 2028. Include the net benefits of revenues minus program administrations expenses.

Response:

Net benefits of the program will flow through like other base rate items. Net benefits will be reflected as part of the revenue requirement in future base rates. As an example, if DEF were to sell 200,000 RECs at a price of \$3.30 per REC the resulting revenue would be \$660,000.

- b. Provide the estimated annual total program revenue and net benefits to the general body of ratepayers for the program for the years 2023 – 2028, on a nominal and net present value basis.

Response:

See the response 6.a.

- c. Provide the estimated annual number of RECs generated for the years 2023 – 2028. As a part of this response, provide the estimated annual number of RECs sold through the program for the years 2023 – 2028.

Response:

Years 2023-2028

Years	EST # Of RECs Available*	EST RECs Sold**	EST Revenue***
2023	1,665,656	416,414	\$1,374,166
2024	1,657,328	580,065	\$1,914,214
2025	1,648,999	742,050	\$2,448,764
2026	1,640,671	820,336	\$2,707,107
2027	1,632,343	816,171	\$2,693,366
2028	1,624,015	812,007	\$2,679,624
Total	9,869,012	4,187,043	\$13,817,241

Total Estimated Program Revenue 2023-2028 \$13.8M

*Total RECs available based on 13 facilities producing 1.665M MWh in yr. 1 with a degradation rate of .5%

**RECs sold based on 25% sales of available RECs in 2023 capping out at 50% in 2026

***Total Revenue Assumes \$3.30 per REC

Note- these estimates will be updated/revised as DEF gains more experience with this program as well as revenue is dependent on volumes of REC sales and the price.