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July 2, 2024

VIA ELECTRONIC MAIL

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

Re: Docket 20240025-EI, Petition for Rate Increase by Duke Energy Florida, LLC

Dear Mr. Teitzman,

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC (“DEF”), DEF’s Rebuttal Testimony of Vanessa Goff.

Thank you for your assistance in connection with this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully submitted,

/s/Dianne M. Triplett

Dianne Triplett

DMT/mh

Attachment

CERTIFICATE OF SERVICE

Docket No. 20240025-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 2nd day of July, 2024, to the following:

/s/ Dianne M. Triplett

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Petition for rate increase by
Duke Energy Florida, LLC**

**Docket No. 20240025-EI
Submitted for filing: July 2, 2024**

REBUTTAL TESTIMONY

OF

VANESSA GOFF

On behalf of Duke Energy Florida, LLC

1 **I. INTRODUCTION AND SUMMARY**

2 **Q. Please state your name and business address.**

3 A. My name is Vanessa Goff. My business address is 525 South Tryon Street,
4 Charlotte, NC 28202.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Corporation as a Director of Renewables Business
8 Development.

9
10 **Q. Did you previously file direct testimony in this proceeding?**

11 A. Yes. I submitted pre-filed direct testimony in this docket on April 2, 2024.
12

13 **Q. What is the purpose of your rebuttal testimony?**

14 A. My rebuttal testimony responds to Florida Industrial Power Users Group
15 (“FIPUG”) Witness Jonathan Ly’s recommendations that the Commission: (1)
16 impose a cost cap on Duke Energy Florida, LLC’s (“DEF” or the “Company”)
17 proposed solar project construction costs and (2) establish minimum capacity
18 performance standards for the proposed solar projects.

19
20 **Q. Do you have any exhibits to your rebuttal testimony?**

21 A. No.
22

1 **Q. Please summarize your rebuttal testimony.**

2 A. In my rebuttal testimony I explain how the Company proactively works to minimize
3 costs, reduce risk, and maximize value throughout the development process for the
4 proposed solar projects, rendering Witness Ly's consumer protection
5 recommendations unnecessary.

6
7 **II. RESPONSE TO FIPUG WITNESS LY'S RECOMMENDATIONS**

8 **Q. Please summarize FIPUG Witness Ly recommendations regarding the**
9 **proposed solar projects.**

10 A. Witness Ly recommends that the Commission impose certain "consumer
11 protection" conditions on the proposed solar projects. First, Witness Ly
12 recommends that the Commission implement a construction cost cap of \$1,524 per
13 kW for the entire proposed solar project portfolio.¹ Second, Witness Ly
14 recommends that the Commission establish a minimum annual capacity factor of
15 27% for the proposed solar projects.² Under Witness Ly's proposal, if the
16 minimum annual net capacity is not met, customers would be held harmless for the
17 difference between projected and actual annual capacity as reflected in any federal
18 Production Tax Credit ("PTC") values and fuel costs.

19

¹ Witness Ly testifies that he arrives at this amount by taking the estimates total project cost of all 14 projects and dividing it by the nameplate capacity. Direct Testimony of Jonathan Ly, page 12.

² Witness Ly testifies that a minimum annual capacity factor of 27% is reasonable "[g]iven that DEF's projections assume a 27% average annual net capacity factor for each of the Proposed Solar Projects' operating lives[.]" *Id.* at 13.

1 **Q. Does DEF agree with Witness Ly's proposed cost recovery standard and**
2 **project cost cap?**

3 A. No. Witness Ly provides minimal support detailing or explaining the basis for the
4 \$1,524 per kW cost cap for each proposed project; however, the proposed \$1,524
5 per kW cap appears to be based on average estimated costs provided by DEF for
6 each proposed solar project. For the reasons outlined below, it is unreasonable to
7 establish a uniform, hard cost cap based on revenue requirement calculation cost
8 estimates. The recommendation ignores DEF's well established project
9 development methodology and the many ways in which DEF works to minimize
10 costs, reduce risk, and maximize value at each stage of the development process.

11
12 **Q. Please further explain why DEF disagrees with a uniform cost cap for all 14**
13 **proposed projects.**

14 A. Fundamentally, no cap is needed or appropriate because the proper test is whether
15 DEF acts reasonably and prudently based on facts available at the time decisions
16 are made. This protects customers from the Company incurring excess costs and
17 empowers DEF to make the best decisions throughout the process based on facts as
18 they exist at that time. Solar project costs will vary based on site conditions,
19 equipment used, and interconnection upgrades. DEF made certain assumptions in
20 modeling costs for the proposed projects, including average costs based on a
21 specific construction year (each year accounts for additional dollars due to
22 anticipated inflation) and average network upgrade costs. Importantly, actual

1 network upgrade costs vary based on transmission line upgrade needs, potential
2 affected systems, and transmission switching station needs. Actual costs could vary
3 either favorably or unfavorably from cost estimates. Setting a cost cap could
4 prevent the company from delivering an overall beneficial portfolio of projects.
5

6 **Q. How does the Company's solar development and construction process already**
7 **minimize costs and maximize value for DEF customers?**

8 A. As described in my Direct Testimony, DEF strategically sites, develops, and
9 constructs solar projects in a manner that minimizes overall project development
10 costs and maximizes value for customers. With two approved programs and 18
11 transmission-tied solar projects fully constructed, DEF has demonstrated its ability
12 to construct cost competitive projects and has gained extensive experience and
13 operational knowledge developing solar projects in Florida. DEF has developed
14 strategic, long-term relationships with suppliers and contractors that facilitate its
15 ability to obtain competitive pricing. Furthermore, the DEF engineering team has
16 developed advanced siting and engineering tools that help ensure the most
17 economical sites are selected. In addition, DEF's multi-project portfolio approach,
18 which incorporates longer development timelines, supports DEF's ability to
19 execute supplier and contractor portfolio agreements. This, in turn, reduces risks
20 associated with the availability of key components, tariffs, and other unforeseen
21 supply chain issues that may arise.
22

1 **Q. Please respond to Witness Ly’s proposal to establish minimum performance**
2 **standards based on the 27% minimum annual net capacity factor (“NCF”)**
3 **included in DEF’s project cost estimates.**

4 A. It is unreasonable to impose a minimum performance standard across all the
5 proposed solar projects for purposes of capturing a certain PTC value as
6 recommended by Witness Ly. It is first important to note that the annual capacity
7 factor that DEF projected in its request is an estimate, and the Company intends to
8 design each project with an optimal NCF (generally in the range of 26-28% NCF).
9 However, depending on site conditions, final design, land constraints, equipment
10 availability and pricing at the time not all sites will be designed with the same NCF.
11 In addition, solar facility design performance is based on average irradiance for
12 each year and should not be used as a guarantee of performance in any given year.
13 Each year assumes a certain amount of degradation based on a 30-year life. To that
14 end, the actual annual net capacity factor will vary each year due to a variety of
15 factors. Given those variables, DEF requested a true-up mechanism to compensate
16 customers for the actual value of federal tax incentives to DEF.³

17
18 **Q. How does the average NCF vary?**

19 A. One of the main factors that creates variability between the actual NCF, and the
20 design standard is actual solar irradiance compared to the typical meteorological

³ See Direct Testimony of Duke Energy Florida, LLC Witness Marcia Olivier, pages 46-47. For additional discussion regarding the estimation of federal tax incentives, please see the Direct Testimony of Duke Energy Florida, LLC Witness John Panizza, pages 8-9.

1 year. DEF accounts for these solar output variations by incorporating historical
2 irradiance data in its NCF calculation.⁴ This forecasted data represents a typical
3 irradiance pattern based on over 20 years of data. Importantly, this forecasted data
4 does not contemplate potential outages that might result from severe weather events
5 like hurricanes and tornadoes. In addition, projected expected performance does not
6 consider site conditions such as flooding or subsurface conditions. Unexpected
7 curtailment due to transmission limitations is not accounted for while calculating
8 the design capacity. Further, each project assumes an annual degradation based on
9 specific equipment warranties.

10
11 **III. CONCLUSION**

12 **Q. Does this conclude your rebuttal testimony?**

13 **A.** Yes, it does.

⁴ The NCF is calculated utilizing a PVsyst to determine the estimated output over a 30-year period. To account for solar irradiance, the Company utilizes a weather forecasting database called Solcast.