



**State of Florida**  
Public Service Commission  
**INTERNAL AFFAIRS AGENDA**  
9:30 AM, Monday - July 28, 2008  
Room 140 - Betty Easley Conference Center

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1. Approve July 15, 2008, Internal Affairs Meeting Minutes. (Attachment 1)
2. Draft Proposed Scope of Work for Consultant to Assess the Potential for Electric Energy Generation from Renewable Resources in Florida and a Memorandum of Understanding with the Governor's Energy Office. (Attachment 2)
3. Staff Update on the Event Analysis Team's Review of the February 26 Outage in Peninsular Florida.

MAB/ba

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON  
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE  
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6068.



**State of Florida  
Public Service Commission  
INTERNAL AFFAIRS MINUTES**

11:10 a.m. – 12:10 p.m.

Tuesday - July 15, 2008

Room 140 - Betty Easley Conference Center

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COMMISSIONERS PRESENT:

Chairman Carter  
Commissioner Edgar  
Commissioner McMurrian  
Commissioner Argenziano  
Commissioner Skop

STAFF PARTICIPATING:

Bane, Hill, Helton, Shafer, Trapp, Brubaker, Graves

OTHERS PARTICIPATING:

Charlie Beck – Office of Public Counsel  
Bob Davis – Verizon  
Tracy Hatch – AT&T  
Mike Twomey – AARP

1. Approve June 30, 2008, Internal Affairs Meeting Minutes.

The minutes were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

2. Draft 2008 Report on Local Telecommunications Competition. Due to the Legislature on August 1<sup>st</sup>.

The Commissioners approved the draft report with the addition of changes discussed at the Internal Affairs Meeting. The report will be circulated before filing.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

3. Draft Proposed Scope of Work for Consultant to Assess the Potential for Electric Energy Generation from Renewable Resources in Florida and Memorandum of Understanding with the Florida Energy and Climate Commission.

This item was deferred.

4. Draft Proposed Scope of Services for Technical Consulting Assistance During the Conservation Goal Setting Process.

The Commissioners approved staff moving forward with identification and selection of a consultant to provide technical assistance during the conservation goal setting process.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

5. Staff Update on the Event Analysis Team's Review of the February 26 Outage in Peninsular Florida.

Mr. Graves briefed the Commissioners on the Event Analysis Team Review.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

6. (New Item) Proposed NARUC Electricity Resolutions.

Commissioner McMurrian briefed the Commissioners on two Proposed NARUC Electricity Resolutions that she has been asked to sponsor. A discussion was held among the Commissioners.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

**DATE:** July 21, 2008

**TO:** Mary Andrews Bane, Executive Director

**FROM:** Office of Strategic Analysis and Governmental Affairs (Rudd, Trapp, Futrell) *MA*  
Office of the General Counsel (Cibula) *J.M.C.* *MA*  
*R.T.*

**RE:** Proposed Scope of Work for Consultant to Assess the Potential for Electric Energy Generation from Renewable Resources in Florida and Memorandum of Understanding with the Governor's Energy Office

**Critical Information:** Please place on the July 28, 2008 Internal Affairs. Staff seeks approval to proceed.

The Florida Public Service Commission (FPSC) has an opportunity to engage a consultant to perform an assessment of renewable energy resources. The information and data produced in the study would be used by the Commission in developing a Renewable Portfolio Standard (RPS) as required by Section 366.92, Florida Statutes (F.S.). Funding for this study is to be provided by the U.S. Department of Energy (U.S. DOE)/Lawrence Berkeley National Laboratory (LBNL)<sup>1</sup> with a contribution by the Governor's Energy Office (GEO). Staff seeks FPSC approval to pursue arrangements with the GEO and the U.S. DOE for a consultant. A proposed scope of work is contained in Attachment A and a proposed memorandum of understanding between the FPSC and the GEO is contained in Attachment B.

The U.S. DOE has provided funding to the LBNL for assistance to states for renewable energy research. The GEO approached staff with a proposal to utilize federal funding for a renewable energy resource study. House Bill 7135, recently enacted by the 2008 Florida Legislature, includes amendments to Section 366.92, F.S., requiring the FPSC to submit a draft RPS rule to the Legislature by February 1, 2009 for ratification. The FPSC is required, as part of the rule development process, to evaluate the current and forecasted installed capacity in kilowatts through 2020, and current and forecasted levelized cost in cents per kilowatt-hour through 2020, for each renewable energy resource. The proposed renewables assessment would be used by the FPSC as a source of information and data in developing the RPS rule.

<sup>1</sup> LBNL is a U.S. Department of Energy (DOE) national laboratory which, among other things, provides technical assistance to state public utility commissions in the evaluation, development, design, implementation, and administration of energy-efficiency programs.

According to U.S. DOE staff and the GEO, if the FPSC and the GEO give approval to pursue the study, the LBNL would contract with a consultant on a pre-approved federal list of contractors. GEO staff has stated that it would provide matching funds if necessary to LBNL to supplement the total value of the contract. The contract would be administered by the LBNL and GEO, which would include making payments to the contractor. U.S. DOE staff has confirmed that the FPSC would provide input in the selection of the contractor. This would allow for disclosure of any potential conflicts of interest and to ensure the FPSC is comfortable with the experience and capabilities of the contractor.

The GEO and U.S. DOE have indicated that the FPSC would direct and provide guidance in the work of the contractor. To that end, a proposed scope of work is contained in Attachment A and a proposed memorandum of understanding between the FPSC and the GEO is contained in Attachment B. Staff seeks Commission approval to pursue arrangements with the GEO and the U.S. DOE for a consultant.

**SCOPE OF WORK**  
**Study to Assess the Potential for**  
**Florida's Renewable Energy Resources**

During the 2008 Regular Session, the Florida Legislature directed the Florida Public Service Commission (FPSC) to adopt rules for a Renewable Portfolio Standard (RPS), requiring each public utility to supply renewable energy to its customers directly, by procuring, or through renewable energy credits. In developing this RPS rule, the FPSC is directed to evaluate the cost and installed capacity for each renewable energy generation method in Florida through 2020. To assist in accomplishing these objectives, the Governor's Energy Office (GEO) has requested the U.S. Department of Energy (U.S. DOE)/Lawrence Berkeley National Laboratory (LBNL) to assist the State of Florida by providing funds to conduct a comprehensive study for an assessment of the potential for energy generation from renewable resources in Florida.

Scope

The purpose of the study is to establish estimates of the quantity, cost, performance, and environmental characteristics of renewable energy resources that are currently operating in Florida and could potentially be developed through the year 2020.

For purposes of this study, "renewable energy" means electrical, mechanical, or thermal energy produced in Florida from a method that uses one or more of the following fuels or energy sources: hydrogen, biomass, as defined in Section 366.91, Florida Statutes, solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power.

The study should include an assessment of the existing and potential for future utility-owned renewable facilities and non-utility owned renewable facilities. Customer-owned renewable resources which offset customer electric usage are not a part of this assessment.<sup>2</sup>

The study will establish estimates of the quantity, cost, performance, and environmental characteristics of renewable energy resources that (1) are currently operating in Florida; and (2) could potentially be developed through the year 2020. The contractor will gather data to contrast renewable energy generation sources to traditional utility generation sources. In gathering this data, the contractor will utilize Florida's universities, such as the Florida Energy Systems Consortium,<sup>3</sup> the Department of Agriculture and Consumer Services, and other appropriate state resources.

The assessment of each existing and projected renewable generation technology will include but not be limited to:

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<sup>2</sup> The full technical potential of customer-owned renewable resources will be evaluated by the FPSC as part of the energy efficiency and conservation goal setting process pursuant to Section 366.82, F.S.

<sup>3</sup> The Florida Energy Systems Consortium was created by the 2008 Florida Legislature to promote collaboration among experts in the State University System on energy research. The consortium shall be administered at the University of Florida.

- A list of all renewable technologies, including the existing and potential magnitude of each resource;
- The commercial availability including availability of the technology; in-service date; state, local and federal permitting lead times; construction lead times, and expected life of each renewable generation technology;
- Performance characteristics including but not limited to estimated Florida-specific kilowatt capacity and kilowatt-hour output over the life of the technology, availability; contribution to Florida utility-specific summer and winter peaks; and fuel efficiency;
- Environmental characteristics including, but not limited to, Florida utility-specific reductions in greenhouse gas emissions and other pollutants and air toxics, needed land area and water usage;
- The cost of the renewable generation technology including current and projected capital investment, operation and maintenance expense, fuel cost on a levelized cents per kilowatt-hour basis;
- An estimate of the economic value associated with greenhouse gas reductions and other environmental externalities; and
- Need for transmission or distribution improvements in order to fully realize the potential for each renewable technology.

### Deliverables

The contractor will work closely with FPSC staff, providing written materials and verbal updates summarizing the status of each of the tasks described above. The contractor will participate in FPSC workshops, rulemaking proceedings providing Power Point presentations, and expert testimony as needed. The contractor will provide a final written report and supporting testimony regarding the existing and potential availability of each renewable generation technology and its potential impact on the electric utility systems up to the year 2020. The contractor will provide input and make recommendations regarding the development of a Florida Renewable Portfolio Standard (RPS) based on the potential availability and cost of renewable energy technologies analyzed. The contractor will participate and respond to questions at FPSC Agenda Conferences during the rulemaking process regarding the adoption of a Florida RPS rule and before the Florida Legislature during session regarding the ratification of the Florida RPS rule.

### Guidance

The FPSC will provide direction, guidance, and input to the contractor at the start and on an ongoing basis throughout the project. The FPSC will assist the contractor in identifying and providing points of contact from the organizations and industry sectors that may be helpful in gathering required data and information.

### General Method

The contractor should utilize, to the extent available, existing reports and data. No instrumentation, field measurements or empirical analysis is anticipated. The contractor will participate in regularly scheduled conference calls to provide status reports on the assessment. Interested parties may participate in status conference calls to monitor the study and provide input as appropriate. Travel is expected for participation in FPSC workshops, rulemaking hearings, and appearances at Agenda Conferences and before the Florida Legislature.

### Schedule

After acceptance of the proposal by the contractor, it should take approximately six weeks for data collection, with four weeks for compilation, analysis, drafting, revising and finalizing the Report and testimony. The Final Report and testimony will be completed ten weeks after the signing of the contract.

### Cost

Funding is currently proposed as follows: \$130,000 from the U.S. DOE/LBNL with matching funds that may be required of the GEO.



**Memorandum of Understanding**

**Governor's Energy Office  
And  
Florida Public Service Commission**

During the 2008 Regular Session, the Florida Legislature directed the Florida Public Service Commission (FPSC) to adopt rules for a Renewable Portfolio Standard (RPS), requiring each public utility to supply renewable energy to its customers directly, by procuring, or through renewable energy credits. In developing this RPS rule, the FPSC is directed to evaluate the cost and installed capacity for each renewable energy generation method in Florida through 2020. To assist in accomplishing these objectives, the Governor's Energy Office (GEO) and the FPSC have requested the U.S. Department of Energy (U.S. DOE)/Lawrence Berkeley National Laboratory (LBNL) to assist the State of Florida by providing funds to conduct a comprehensive assessment of the potential for energy from renewable resources in Florida.

This memorandum of understanding (MOU) establishes the responsibilities of each agency in this endeavor to ensure the orderly and successful completion of the assessment study.

**GOVERNOR'S ENERGY OFFICE RESPONSIBILITIES**

The following is a general description of the responsibilities of the GEO related to the administration of this project:

1. Secure necessary funding from the U.S. DOE to cover the cost of the renewable assessment study;
2. Secure any matching funds that may be required in addition to the funds received from the U.S. DOE/LBNL in order to cover the cost of the study;
3. Selection of the contractor in consultation with the U.S. DOE and the FPSC; and
4. Notification to the U.S. DOE/LBNL of approval for payments to the contractor as project milestones are met pursuant to verification by the FPSC.

## **FPSC RESPONSIBILITIES**

The following is a general description of the responsibilities of the FPSC related to the administration of this project:

1. Develop the scope of services for the contract;
2. Provide input to the U.S. DOE/LBNL and the GEO on the selection of the contractor;
3. Provide guidance to the contractor during the study regarding study methodology and analysis, time lines, and deliverables;
4. Provide existing reports and data that may be useful to the contractor during the project, and identify environmental organization and industry contacts;
5. Schedule meetings and conferences with the contractor as needed during the pendency of the study;
6. Review the deliverables produced by the contractor;
7. Verify the completeness and timeliness of deliverables required by the contract, and notify the GEO when payments to the contractor may be processed; and
8. Coordinate participation of the contractor in FPSC rulemaking workshops, Agenda Conferences, and rule hearings.

## **AMENDMENTS**

This MOU may be amended by mutual agreement of the Executive Director of the GEO and the Executive Director of the FPSC. It shall remain in effect until completion of the comprehensive assessment of the potential for electric energy generation from renewable resources in Florida, and completion of FPSC rulemaking proceedings.

**EFFECTIVE DATE AND SIGNATURES**

This MOU will become effective after being signed by both parties.

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Jeremy L. Susac  
Executive Director  
Governor's Energy Office

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Mary Andrews Bane  
Executive Director  
Florida Public Service Commission

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Date

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Date