



October 16, 2007

Mark Futrell  
Florida Public Service Commission  
2540 Shumard Oak Blvd.,  
Tallahassee, FL. 32399-0850  
By e-mail: [mfutrell@psc.state.fl.us](mailto:mfutrell@psc.state.fl.us)

Subject: Florida Crystals Corporation Comments on a Renewable Portfolio Standard (RPS) for Florida

Dear Sir:

Florida Crystals Corporation (FCC) is the owner and operator of a large biomass fueled power plant in Palm Beach County. As such, FCC has an interest in the current FPSC deliberations regarding a RPS for Florida.

Attached are FCC comments in this regard.

Sincerely,

A handwritten signature in blue ink that reads "Gustavo R. Cepero".

Gustavo R. Cepero  
Vice President  
Florida Crystals Corporation

**Florida Crystals Corporation (FCC) Supplemental Comments to the Florida Public Service Commission (FPSC) Regarding a Florida Renewable Portfolio Standard**  
October 16, 2007

The FPSC held a workshop on September 27, 2007 on the matter of a Florida RPS and invited comments on several specific issues. FCC had filed comments on such subject on September 12, 2007 which address several of the issues discussed at the September 27, 2007 FPSC workshop. FCC hereby reiterates its September 12, 2007 comments.

In the interest of efficiency, the following FCC comments are limited to three issues discussed at the September 27, 2007 workshop which are fundamental to the integrity of the policy objectives expressed by Governor Crist in Executive Orders 07-127 and 07-128 and by the Legislature in the 2006 Florida Energy bill (SB 888).

**1. Should out-of-state RECs count towards a Florida RPS? The corollary question is whether a Florida RPS should include out-of-state renewable resources or should it focus only on Florida resources.**

- By now, it should be self evident that the reason for a Florida RPS is *to encourage the development of renewable resources in Florida*. Twenty three other states have already adopted RPS policies to encourage the development of renewable resources in such states. It would be irrational for Florida to adopt a RPS policy to encourage the development of renewable resources in Texas or California, or the Midwest.
- Executive Orders 07-127 and 07-128 state clearly and explicitly:
  - a) Executive Order 07-127...heading...Immediate Actions to Reduce GHG Emissions *within Florida* (emphasis added).
  - b) Executive Order 07-127...Section 3..."I hereby request the FPSC to take the following actions for the electric utility sector to open the market to clean, renewable energy technologies...". The only logical interpretation of the above language is that the Order is referring to the *Florida* (emphasis added) electric utility market, not the utility market in other states. Indeed, to point out the obvious, the FPSC only has jurisdiction over Florida utilities and the Florida market.
  - c) Executive Order 07-128...Section 2, Phase I, paragraph 5..."shall issue recommendations...to address...strategies to diversify Florida's electric generation fuels, to reduce GHG emissions...and protect Florida's consumers from fuel price volatility". Section 2, Phase II, paragraph 5, "shall issue recommendations...to address...strategic investments...*in Florida* (emphasis added) to spur economic development around climate-friendly industries and economic activity that reduces

emissions in Florida...”. Again, it is patently clear the Orders intend to implement policies which diversify Florida’s fuel supply and stimulate economic development in Florida.

- The policy objectives of (i) reducing Florida GHG emissions; (ii) promoting fuel diversity; (iii) mitigation of fuel price volatility; (iv) security of in state fuel and power supply, particularly during emergencies; and (v) promotion of technology and economic development within Florida, can only be achieved by the development of Florida renewable resources. Counting out-of-state resources or RECs in a Florida RPS would not advance any of the above policy objectives and would fly in the face of reason.
- The majority of states which have adopted a RPS qualify only or predominantly in-state resources. The RPS states which allow the use of out-of-state RECs are members of regional organizations promoting the use of renewable energy (e.g. the western states or the New England states) and have established regional procedures to certify RECs. These states also are part of regional electric markets with greater transmission access to neighboring state than Florida has with its neighbors.

## **2. Should existing resources be included in a Florida RPS?**

- Existing renewables represent about 2% of the Florida fuel mix. These existing resources have been making the contributions described above for many years. As is the case in virtually all other states which have adopted a RPS, these resources should be included in the program for various reasons:
  - a) The great value of a RPS to renewable producers is to bring long term market stability and predictability. Just like any other power plant, existing producers must spend significant resources (i) to operate and maintain facilities; (ii) to conform with environmental requirements; (iii) and to remain competitive with new entrants and technologies. Excluding existing resources from a RPS would relegate these facilities to an inferior class status and may well lead to the contraction or possible shutdown of some facilities.
  - b) The benefits discussed above associated with renewable electricity are independent of vintage. New as well as existing facilities contribute. Exclusion of existing facilities could well lead to backsliding on the gains contributed by these resources.
  - c) Fairness. Excluding existing renewable energy sources from the Florida RPS is not only bad policy, it is unfair to the entities which have already contributed to the reduction of greenhouse gases.



California, the current leader in the development of renewable energy, counts all of its existing resources toward the achievement of goals established in its RPS legislation.

### **3. Should nuclear power and conservation count towards a Florida RPS?**

- The idea of a Florida RPS is to promote *renewable energy* in Florida (emphasis added). The Florida Legislature and many other institutions have defined renewable energy. None of the generally accepted definitions include either nuclear energy or conservation. The development of Florida nuclear resources and the promotion of Florida energy conservation are both worthy goals, which should be pursued, but they do not lead to the development of renewable energy resources. Indeed, including nuclear energy or conservation in a Florida RPS would have the perverse effect of diluting or impeding the development of renewable energy in Florida.
- The development of new nuclear energy resources and the promotion of energy conservation have already received consideration by the state legislature and the FPSC. Mechanisms are already in place to provide incentives for both of these activities. What is needed now is a mechanism to promote renewable energy.