



October 16, 2007

Mr. Mark Futrell
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

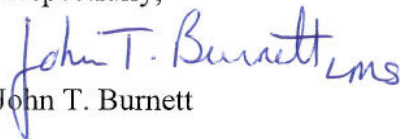
Re: Review of Renewable Portfolio Standards; Undocketed

Dear Mr. Futrell:

Please find attached on behalf of Progress Energy Florida, Inc. ("PEF") our Post-Workshop Comments from the workshop held on September 27, 2007.

Thank you for your assistance in this matter.

Respectfully,

A handwritten signature in blue ink that reads "John T. Burnett" followed by the initials "lms".
John T. Burnett

JTB/lms
Attachment

PEF Comments on Renewable Energy

Progress Energy Florida agrees with the aim of increasing cost-effective renewable energy use in our state. This is why we're aggressively adding cost-effective renewable energy to our resource mix and promoting promising technologies that have the potential to be both reliable and cost-effective in the future.

As the FPSC evaluates the possibility of establishing a renewable portfolio standard ("RPS"), we believe it is important to begin by clearly identifying and setting objectives. Let's be clear about what we're trying to accomplish with an RPS and make sure that any change is for the better. To its credit, the FPSC has stood against one-size-fits-all federal RPS proposals that disadvantage our state because they set targets that are beyond Florida's capability and would result in a value transfer to other regions or to the federal government. Similarly, the FPSC should use a careful and well-thought process in evaluating any state-sponsored RPS proposal.

Section 366.92 provides the Commission with the authority to set renewable energy goals and describes the public purpose in establishing goals in terms of developing renewable energy, providing fuel diversity, reducing dependence on natural gas and fuel oil, minimizing fuel cost volatility, encouraging investment in the state, improving environmental conditions, and at the same time minimizing costs. The Governor's Executive Order 07-127 calls for the reduction of greenhouse gas (GHG) emissions by a specific timeframe and separately requests the establishment of a 20% RPS with a strong focus on solar and wind energy.

Within these statements, there are competing considerations that would affect the nature and level of an RPS. We urge the FPSC to begin by developing clear objectives and priorities. Before doing so, we believe it is premature to speculate on the intricacies of a policy that would most effectively achieve the Commission's aims. Said another way, there is no way to properly establish and define an RPS unless and until the Commission has clearly defined, articulated, and analyzed what goals the RPS is intended to accomplish and how those goals can be achieved within current statutes and rules.

Commission Staff has requested our input on a series of specific questions related to RPS compliance and enforcement. We must reserve comment on these issues until we get better clarity about the ability to implement some of these changes under current statutes and rules and better understand the objectives of any such changes.

PEF agrees with and supports the following process for undertaking renewable energy policy in Florida:

1. Clearly define the objective(s) of the policy from the outset. Potential objectives include:
 - a. Reduce GHG emissions in the state
 - b. Reduce other emissions in the state
 - c. Provide a significant degree of energy independence to the state
 - d. Provide a significant level of fuel diversity to the state
 - e. Maximize the benefit while minimizing the cost to customers/citizens of the state

PEF Comments on Renewable Energy

2. Provide for a broadly supported, thorough assessment of resources in the state, both existing and potential, that would most cost-effectively accomplish the objective(s) determined in #1 above. This assessment should include important characteristics of each generation and fuel type such as capacity factor, emission levels per kWh, levelized cost per kWh, short-term and long-term total generating capacity potential in Florida, etc.
3. Based on the objective(s) determined in #1 above and on the assessment of resources determined in #2 above, define the types of generation resources that should be relied on to meet the renewable energy objectives in #1 above.
4. Based on the objective(s) determined in #1 above and on the assessment of resources determined in #2 above and on the definition determined in #3 above, estimate the level of renewable energy generation that can realistically and cost-effectively be achieved by all utilities in the state.

As the Commission evaluates whether and what type of an RPS might benefit Florida, we would recommend that any such proposal adhere to these principles:

1. Realistic, targets based on an analysis of the availability and timing of Florida alternatives, with safety valves to minimize price increases or volatility if estimates prove incorrect.
2. Transparency of additional costs borne by customers.
3. Equitable distribution of costs among all customers in the state, including those of municipal and small utilities.
4. Assurance that the value remains in Florida.
5. Flexibility to mitigate price impacts and volatility.

PEF welcomes the opportunity to actively participate in the Commission's efforts to evaluate the use of renewable energy targets in promoting renewable energy use in Florida, and looks forward to the opportunity to further discuss issues relevant to this at the next scheduled workshop.