

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Rule Development Proceedings )  
Proposed Renewable Portfolio )  
Standard Rules 25-17.400; 17-410 and, )  
17-420, F.A.C. )  
\_\_\_\_\_ )

Docket No. 080503-EI

FILED: September 5, 2008

**OPC’S POST-WORKSHOP COMMENTS ON “STRAWMAN” DRAFT RULE**

The Citizens of the State of Florida, through the Office of Public Counsel (“OPC”), submit their comments on the “Strawman” proposal that was the subject of informal workshops on August 20 and August 26, 2008. OPC commends the Staff for its thorough and thoughtful effort to develop in rule language the concepts and policies embodied in Section 366.92, Florida Statutes. OPC also commends the Staff for having built into the draft the proper emphasis on establishing boundaries that are needed to place appropriate limits on the costs to which ratepayers would be exposed pursuant to the adoption of a renewable energy portfolio standard. OPC offers the following additional comments and observations.

***The proposed rule should continue to place limits on the costs of renewable portfolio standards that ratepayers would have to bear.***

During the workshops, one stakeholder attempted to remove the concept of “affordability” from the Strawman, while others argued that the particular boundaries in the Strawman are inadequate to encourage the development of renewable energy sources. Staff rightly observed that the Legislature directed the Commission to take into account the costs of renewables to ratepayers, and indicated its determination to apply a balanced approach to the drafting of the rule. Especially when retail customers are being called upon to pay the high costs of fuel, the high costs of complying with environmental requirements, and the extremely high costs of nuclear projects, it is important to control the extent to which the rule would depart from the “norm” of the cost of conventional generation resources. OPC believes the Staff’s concept of coupling a cap related to 1% of the purchasing utility’s annual revenues to a further limitation linked to a ceiling that is equivalent to \$16 per ton of carbon emissions is an appropriate approach to the objective of encompassing within the rule the needed protection of customers’ pocketbooks. OPC understands that the Strawman was a first effort and is subject to change; however, no matter how the draft rule evolves, it must continue to reflect the need to protect ratepayers with explicit boundaries on the costs of renewable energy standards that may be imposed on them.

***There should be no carveouts or set-asides in the rule.***

The Strawman includes “alternative” sections that, if incorporated, would require that renewable portfolios include certain amounts of particular renewable sources, even if they are not the most

economic means of satisfying the overall portfolio requirements. OPC believes there should be no carveouts or set-asides. Instead, once the potential renewable candidates have been identified, the market should determine those that should be in the utilities' portfolios based on their relative economics. In an environment of rapidly developing technological advances, the rule should not favor one technology over another. The competition resulting from a "level playing field" will encourage all vendors and providers of renewable energy to seek to find ways to become the most economic choices.

**Regulated utilities do not need additional "incentives" to self-build sources of renewable energy.**

The Strawman contemplates that self-build renewable projects of regulated utilities would be the subjects of traditional rate base regulation. OPC agrees with this approach. Traditional regulation already provides the utility with sufficient incentives to develop a renewable resource, so that it may earn a return on its investment. The utility's self-built renewable source would generate renewable energy credits, which the utility could use to satisfy its portfolio requirements. If the utility does not require all of the credits to satisfy its portfolio standard, it could sell the credits in the market that would be established under the rule. No other incentives are needed.

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**DOCKET NO. 080503-EI**  
**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing **OPC'S POST-WORKSHOP**  
**COMMENTS ON "STRAWMAN" DRAFT RULE** has been furnished by U.S. Mail and electronic  
mail to the following parties on this 5th day of September, 2008.

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