

Public Comments to Florida Public Service Commission  
September 15, 2015

1.866.522.SACE  
www.cleanenergy.org

P.O. Box 1842  
Knoxville, TN  
37901  
865.637.6055

46 Orchard Street  
Asheville, NC 28801  
828.254.6776

250 Arizona Avenue, NE  
Atlanta, GA 30307  
404.373.5832

P.O. Box 310  
Indian Rocks Beach, FL 33785  
954.295.5714

P.O. Box 13673  
Charleston, SC 29422  
843.225.2371

I'm Susan Glickman, Florida Director for the Southern Alliance for Clean Energy. Southern Alliance for Clean Energy is a non-profit, non-partisan, public interest organization that advocates for the use of low cost and low risk resources to meet electricity demand – for the benefit of customers. That naturally includes a focus on energy efficiency – helping customers reduce energy and save money on their bills - alongside meaningful renewable energy development.

The state's power companies are underperforming on both fronts – and haphazardly doubling down on natural gas.

Not only is natural gas a fuel with a history of fuel price volatility, Florida's over-reliance on natural gas poses numerous complex risks.

Given that between 2007 and 2013, our dependence on gas rose from 44% to 62% statewide – and 67% in FPL's territory, these ten year site plans paint and even more frightening scenario for dangerously increasing this over-reliance when we have other, less costly options.

And with the first ever carbon limits coming down the pike, this problem is critical to address.

In March of this year, the Union of Concerned Scientists released a report, The Natural Gas Gamble which found, "If Florida fully utilizes the gas pathway in the EPA's proposal and runs these plants at a 70 percent capacity factor, it will depend on natural gas for 89 percent of its power. Floridians would clearly face electricity price risks even greater than those they face today. Recently proposed interstate natural gas pipelines could help meet this increase in demand and reduce potential supply constraints and price volatility, but they could also lock in additional carbon emissions and crowd out investments in new zero-carbon renewable and energy efficiency technologies. More natural gas is a poor choice given that the state has other low-cost electricity options, including solar power."

## Efficiency

Energy efficiency can meet demand at a fraction of the cost of building more expensive power plants. Why is this important? First, it helps customer actually reduce their energy use and save money on their bills. That's especially important to lower income customers.

Second, energy efficiency - just like solar power - has no fuel costs, thereby insulating customers from fuel price spikes from the state's increasing reliance on natural gas.

Yet, the most current conservation goals set by the Commission in the Florida Energy Efficiency and Conservation proceeding place Florida almost at the bottom of the barrel for achieving energy savings on behalf of its customers. It must be noted that dismal efficiency goals is part of a pattern established well before this Commission took its place. Lack of action in proceedings in 2004, 2009 and 2014 bring us to the dismal place we are now.

In 2007 under Jeb Bush's leadership, DEP noted in their Whitepaper on Climate Change Science and Policy Options

"The Public Service Commission (PSC) set new numeric demand and energy goals for seven utilities in July 2004. The new numeric goals were generally lower than the previous goals set by the PSC in 1999".

For instance, FPL now captures a paltry 0.03 percent energy savings (GWh saved through energy efficiency / GWh sold) – making its energy efficiency program almost non-existent.

Many customers, especially lower income customers don't have the resources or the information to implement efficiency measures on their own. Sadly, the programs approved by this commission don't reach this community – for example FPL's low income programs reach less than 1% of that community.

As we watch dramatic droughts in parts of the country and the world, it must be noted that power plants consume massive amounts of water. In a state like Florida where scarce water resources face competing demands, we ought to be working to find water-smart solutions to our energy needs.

Yet "Determination of Need" for new power plants continue to flood the Commission while efficiency and renewables are not on the radar. Most recently FPL has petitioned for a new 1,600 MW gas plant in the northern Everglades ecosystem. While these projects may maximize shareholder value for the power company, they are not the lowest cost and lowest risk option for its customers.

## **Solar**

Likewise, on renewable energy, Florida is lagging behind other states. As to solar power, Florida ranks 14<sup>th</sup> in total capacity for 2014 with a mere 239 MW. Even with the addition of new solar projects announced by the investor-owned utilities, Florida will still trail our neighbors, Georgia which will have over 1,000 MW installed by the end of next year and North Carolina, which already has over 1,000 MW of solar power.

For utility-scale renewable energy projects, we recommend that the Commission identify best practices, such as long-term contracts and a meaningful competitive solicitation process, that ensure such projects result in the most cost-effective outcome for customers.

The lack of willingness on the part of policymakers in Florida to allow solar power to flourish in the Sunshine State has been a major driver in the Floridians for Solar Choice ballot initiative that aims to expand distributed solar power by removing the prohibition to third-party sales with Florida being one of only 4 states with this prohibition.

The Sunshine State has a mere 8,500 rooftop solar systems. In a state with over 9 million customers, that amounts to less than 1/10<sup>th</sup> of 1% of customers utilizing solar power. There has been a groundswell of support for more customer options for solar power in Florida. It is telling that the coalition of groups that support solar choice spans the whole political spectrum from conservatives demanding to let the free market and competition to work from liberals who want to reduce emissions and the business community who want a hedge against rising electricity rates clearly demonstrating the pent up demand for solar. On the other hand, opponents of Solar Choice are the utilities and the groups and hired guns funded to cynically confuse voters with a transparently misleading campaign.

Some power companies, FPL in particular, argue that solar customers shift costs onto non-solar customers. This argument is unsupported with facts. Moreover, to suggest that a 8,500 customers impose costs on 9 million customer base is laughable, given the other cross subsidies embedded in the power company's system. Case in point, a couple weeks ago you dealt with the clearest cross subsidization imaginable in the nuclear cost recovery docket. FPL is proposing a reactor project for which current customer will not see fuel benefit (in today's dollars) until 60 years from today and – as we know – if they are even built at all. Any group making a cross subsidization argument on solar that has been silent on this travesty is simply disingenuous and demonstrating in the clearest terms that they are purposely misleading. You can't have it both ways.

Moreover, what's even more troubling from a consumer protection perspective is the move to allow FPL to vertically integrate into a natural gas exploration company. By allowing FPL to place investments in fracking to the rate base, customers shoulder the risk – while FPL shareholders earn a hefty rate of return. We can do better.

These bad outcomes that land on the back of Florida consumers are largely a result of the lack of a transparent, fair resource planning process. Our current planning process – or lack thereof - brings us to a place where we are currently reliant on natural gas to fuel almost 70% of its power plants.

And while natural gas prices are at historic lows right now, everyone agrees the price will increase. Beyond price, there are other risks – economic risks, climate risks and environmental and public health risks. Gas is still a fossil fuel that emits CO<sub>2</sub> and the natural gas industry is the largest industrial source of methane emissions – a highly potent source of greenhouse gases. It must be noted that the largest source of greenhouse gas emissions in South Florida is FPL's West County Energy Center. There are risks to water and air quality and the likelihood of stranded assets when more and more money is poured into natural gas

infrastructure, the harder it becomes for clean – and less expensive - renewable resources to replace gas.

Ultimately, we must move to a more transparent, robust and participatory resource planning process to get the best outcome for consumers. The Florida planning process, in its present form, is composed of three components. These are: 1) the Ten-Year Site Plan; 2) the Florida Energy Efficiency and Conservation Act (FEECA); and 3) the need determination for power plants.

Together these policies form a less than coordinated state planning process. The assumptions used in the utility resource planning process are only revealed through intervention and discovery in a need determination (or FEECA) proceeding. Moreover, the Ten Year Site Plan process does not provide opportunities for stakeholder input of the type found in other Southeastern states' integrated resource planning (IRP) processes. The benefit of an IRP is that it allows for meaningful stakeholder involvement and the consideration of alternate planning scenarios, which tends to place all resources on a "level playing field."

The end result, Florida customers may be shouldering unnecessary costs from a less than optimal resource planning process. We are likely building power plants and related infrastructure we don't need to the detriment of this great state and its citizens. We know we have ignored low cost efficiency resources and are leaving renewables off the table so utility shareholders and executives can reap the benefit.

The Ten Year Site plans being discussed today are the hard evidence that the system is broken and sadly, those least able to afford it are bearing the burden.