

July 29, 2014

Chairman Graham, Comms. Brise, Edgar, Bablis & Brown
Florida Public Service Commission
2540 Shumard Oak Drive
Tallahassee, Florida 32399

Re: Docket No. 140070

Dear Commissioners:

Southern Alliance for Clean Energy offers the attached comments for the Commission's consideration in the above referenced docket. On April 2, 2014, Florida Power & Light (FPL) petitioned the Florida Public Service Commission (PSC) for approval of FPL's three-year pilot Voluntary Solar Partnership (VSP) Program, which is driven on donations by customers of \$9 per month (\$108 per year).

FPL describes their VSP Program as being "community-based" and providing customers an opportunity to participate in the construction and operation of distributed solar photovoltaic (PV) facilities. The Southern Alliance for Clean Energy (SACE) supports clean energy development, but finds the so-called "community-based" FPL program to be poorly designed and lacking ambition in scope.

Florida has the best solar resource east of the Mississippi and is the fourth most populated state in the country. Yet, the Sunshine State hardly ranked in the top twenty (18th) for solar photovoltaic (PV) capacity added in 2013, and currently ranks 14th in overall solar PV capacity. In fact, neighboring states with roughly half the population, Georgia and North Carolina, each added four times and twelve times respectively more solar in 2013 than Florida.

While this program is not intended to install solar PV on any meaningful level, if it was better designed and more ambitious in scope, it could be a legitimate tool in building solar energy capacity in Florida. In its present form, it's a feel-good, green-pricing program, which does not provide direct and tangible benefits to participating customers.

Sincerely,

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Southern Alliance for Clean Energy's Comments on FPL's Voluntary Solar Partnership Program

Introduction

FPL describes their VSP Program as being “community-based”¹ and providing customers an opportunity to “participate” in the construction and operation of distributed solar PV facilities. The goal, FPL states, is to “test the viability of a voluntary program that will make participation in the development of solar energy affordable and accessible to a broad range of customers.”² The Company highlights how this program provides a customer-friendly option for those that are interested in solar, but cannot afford the upfront cost, or don't own or have adequate property for an installation.

At a high level, FPL's description and justification for the program is consistent with what are commonly referred to as community solar programs (also known as shared renewables programs or shared community solar programs). However, FPL's program is not designed as a community solar program, but rather as a green-pricing program supported solely by customer donations. The Company apparently did not review the design of existing programs or numerous resources that provide guidelines and community solar design principles in developing its program. The resources include:

- Solar Electric Power Association, *Utility Community Solar Handbook: Understanding and Supporting Program Development*, 2013.
- Interstate Renewable Energy Council, *Model Rules for Shared Renewable Energy Programs*, 2013.
- National Renewable Energy Laboratory, *A Guide to Community Solar: Utility, Private, and Non-profit Project Development*, 2010.

FPL Program Not Consistent with Best Practices

No direct and tangible benefit to customers

Community solar programs have been developed in the U.S. since at least 2006³, and there are currently at least 54 shared renewable energy projects across the country.⁴ These programs offer a wealth of experience and lessons learned that could and should be utilized in the design of any subsequent program with similar objectives. The best practices include that participants in a shared renewable energy program should receive tangible economic benefits on their utility bills.

In most utility-sponsored community solar programs, customers receive a payment or credit on their electric bills that is proportional to 1) their contribution and 2) how much electricity the

¹ FPL, *Petition for Approval of FPL's Voluntary Solar Partnership Pilot Program and Tariff*, Docket No. 140070, p. 1, April 2, 2014.

² *Id.* at 2

³ Northwest Community Energy. Ellensburg, Washington's Community Solar Project. Found at: <http://nwcommunityenergy.org/solar/solar-case-studies/chelan-pud>

⁴ *See*: SharedRenewables.org

solar project produces.⁵ This is demonstrated by numerous existing utility-run programs, including FPL's neighboring municipal utility, the Orlando Utilities Commission (OUC). OUC launched a community solar project in early 2013 (now fully subscribed) that allows customers to buy kilowatt (kW) "blocks" of a 400kW solar system, and in turn get to pay a fixed rate over 25 years for the energy produced by their respective blocks. In turn, as electricity prices increase over time the customer benefits from paying the fixed price on energy produced by the customer's solar block(s).⁶

The FPL VSP's biggest design failure is that it does not offer any direct and tangible benefit to customers that voluntarily participate in the program. The VSP program relies exclusively on \$9 per month donation (\$108 per year) by customers without providing any direct or tangible benefit to participating customers.

FPL states that it will "offer additional incentive to encourage enrollment during the three-year pilot"⁷ by having its parent company, Nextera Energy, Inc., contribute \$200,000 to be spread across non-profits that are selected via a participant vote from a list provided by FPL. This is presumably a "feel-good" incentive to participants, and its relevance is questionable. A donation program that provides no direct customer benefit, except a "feel good" incentive implicitly undermines solar development by framing distributed solar power as a resource that cannot provide direct economic benefit to customers and instead only appeals to customers who want to "go green."

While there are customers eager to play a role in clean energy development, the reality is that most customers today are driven toward solar development for economic reasons. For example, a recent survey⁸ by the Solar Foundation found that customer demand was first driven by an interest to "save money" (51.4% of respondents); followed by a recognition that solar energy costs are now more competitive with utility rates (22.9%); followed by an interest to benefit the environment and mitigate climate change (8.6%). Clearly, a program that provides some direct economic incentive for participation is more likely to become sustainable than a program that is solely dependent on donations.

The successful subscription of the OUC program is a case in point. Customers know exactly what they're purchasing, and have the benefit of locking in the solar power rate for the long term through their investment. In contrast, FPL's program is simply a reformulation of a green pricing program that was scrapped by the PSC in 2008 due to poor management.⁹

⁵ National Renewable Energy Laboratory, *A Guide to Community Solar: Utility, Private, and Non-profit Project Development*, 2010.

⁶ OUC, *Community Solar*, at: <http://www.ouc.com/environment-community/solar/community-solar>

⁷ FPL, *Petition for Approval of FPL's Voluntary Solar Partnership Pilot Program and Tariff*, Docket No. 140070, p. 5, April 2, 2014. .

⁸ Solar Foundation, *National Solar Jobs Census 2013: The Annual Review of the U.S. Solar Workforce*, January 2013.

⁹ Florida Public Service Commission, *PSC Terminates FPL's Sunshine Energy Program*, at: <http://www.psc.state.fl.us/home/news/index.aspx?id=428>

Along with its significant design flaw, the FPL program lacks ambition in scope. The Company has committed to the development of at least 300 kW of solar PV.¹⁰ The best case scenario is projected to be 2.4 MW of solar PV development over three years. FPL's commitment to construct 300 kW of solar is less than OUC's 400 kW community solar program, even though FPL has 21 times more customers than OUC.

Not responsive to customer needs

A utility undertaking a community solar program should first "carry out market research to understand its customers' willingness to participate and their motivations for doing so."¹¹ A reading of FPL's petition and responses to Commission staff data requests gives little confidence that much research or stakeholder outreach was conducted prior to proposing the VSP Program. For example, FPL states: "[t]he Company believes the program is feasible and will be attractive to customers but is uncertain what the level of customer interest will be."¹² There appears to be a high level of speculation and no evidence of data used to justify the estimated interest level by customers.

Undervaluation of distributed solar power

FPL states that the only value produced by the solar facilities, once in operation, are the avoidance of fuel and environmental costs. This contradicts testimony by Karl Rabago in the Florida Energy Efficiency and Conservation Act (FEECA) docket¹³, as well as studies conducted all across the country on the value of distributed solar PV. Distributed solar provides quantitative benefits to the utility and customers beyond avoiding fuel and environmental compliance costs, such as avoided generation capacity, avoided transmission and distribution capacity, and avoided line losses, and providing hedge value against fuel price volatility. Additional grid, environmental, and societal values can also be identified when conducting a due process valuation of distributed solar on FPL's transmission and distribution system. Regardless of program design, not identifying the additional value that distributed solar can provide to FPL's system, and in-turn its customers, is a disservice to the participants.

Conclusion

Although FPL's VSP Program may result in some minor incremental solar capacity, it is a poor attempt at piloting a solar program and should be scrutinized for its omission of several key design principles for legitimate community solar programs. SACE would support a stakeholder engagement process that allows for greater input into the design of this program prior to launching the pilot. Otherwise, the program as currently designed is a wasted opportunity to provide more customers with access to the benefits of solar energy.

¹⁰ Florida Public Service Commission, Docket No. 140070, *FPL's Response to Staff's Second Data Request*, No. 11 ("New projects will be constructed beyond the initial 300 kW DC build only to the extent that there is sufficient customer participation.").

¹¹ See Solar Electric Power Association, *Utility Community Solar Handbook: Understanding and Supporting Program Development*, 2013

¹² FPL, *Petition for Approval of FPL's Voluntary Solar Partnership Pilot Program and Tariff*, Docket No. 140070, p. 2, April 2, 2014.

¹³ Florida Public Service Commission, Docket No. 130199, *Direct Testimony of Karl Rabago*, May 19, 2014.