

Ten Year Site Planning Workshop

Oral comments of Amelia Shenstone, Campaigns Director, Southern Alliance for Clean Energy

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Good morning Commissioners,

Thank you for the opportunity to address you on the utilities' Ten Year Site Plans and opportunities that Southern Alliance for Clean Energy sees in providing additional customer value.

SACE is a non-profit, non-partisan clean energy group that advocates for lower cost, lower risk resources in meeting electricity demand. That includes moving away from high risk, high cost choices such as coal, and diversifying the energy mix into resources with vast potential – such as capturing more energy efficiency and integrating higher levels of clean, abundant and low cost solar power.

SACE supports policies and plans that meaningfully increase rooftop solar, larger commercial installations, and utility-scale solar. They are all part of a healthy solar market.

All forms of solar are seeing continuing price drops, with utility scale power purchase agreements now being signed at 3 to 5 cents per kilowatt hour (kWh). As it relates to utility-scale solar, there is a significant and growing opportunity to expand and bring Florida to the forefront of this industry where it belongs.

SACE recommends that the Commission encourage more market entry for supply-side solar projects. To that end, we offer several recommendations now and will provide additional details in written comments.

We recommend the establishment of a solar-specific standard offer contract, including a contract avoided cost rate, for solar Qualifying Facilities with a capacity of up to 5 MW. Florida rules and utility practice effectively exclude small solar projects from realizing the benefits of the standard offer contract available to other small power generators under the federal Public Utility Regulatory Policies Act (PURPA). PURPA is meant

to increase energy independence in the United States by requiring states to establish the prices retail utilities must pay to third-party renewable energy developers – thus giving small developers a market for their power.

Yet, in practice in Florida, solar Qualifying Facilities are ineligible for any capacity payment due to the minimum performance standards for the delivery of firm capacity.

The system size in the standard offer contract is limited to a mere 100 kW. Developers tell us that there is great interest for projects larger than this limit. In fact, it is not unusual for business customers to install larger systems, either through a developer or with their own financing. However, these customers may not wish to enter into expensive negotiations with the utility, and will desire a streamlined process such as a meaningful standard offer contract may provide.

If a solar developer does wish to negotiate a contract for a solar project over 100 kW, such contracts are entirely at the utility's discretion. There is limited legal basis for any party to challenge a utility's decision to refuse a contract, even if it is at the same time negotiating another similar contract at a higher price.

Moreover, Florida rules do not currently provide for any specific competitive solicitation process for projects less than 75 MW. A competitive solicitation process is key to encourage more solar development and ensure that customers are getting the most bang for their buck.

Policies like these will help Florida realize more solar potential at the utility scale. FRCC's presentation shows solar expanding in Florida by only 1445 MW in the next ten years. By comparison, nearly half that amount is already installed on Georgia Power's system, and up to 1900MW more of renewable energy may be added by 2021. Florida has greater solar potential than our neighbor to the north, and we ought to ensure that this state's policies do not create an unnatural barrier to taking advantage of that potential.

Moving on to our concerns about coal-fired power plants, we notice that the ten year site plans assume virtually all coal fired power plants stay online throughout the planning period.

This assumption is worth taking another look at, as keeping coal plants online is actually subject to a number of risks. There is good reason to plan for the case that the end of a unit's useful life falls within the next ten years. Utilities should demonstrate that they have factored these risks in, and investigated alternatives.

Coal is becoming a more costly choice. As I'm sure you're aware, coal-fired power plants have been dispatched less frequently because power from natural gas is cheaper.

We see this playing out in the case of the two smaller coal plants FPL purchased with the expectation of closing them down. While the specifics are different for other plants, this is a notable cautionary tale, especially since one of these plants is only 21 years old, compared with most plants in Florida that are in their 30s, 40s, and 50s.

Adding to these costs are regulatory compliance liabilities. We see these regulations as providing much-needed public health and environmental protections. In order to comply with these standards, many plants will need expensive upgrades.

For example, Gulf's Crist units 4 and 5 and JEA's Northside units use a once-through cooling system that sucks massive amounts of water from the River and returns most of it at a higher temperature. Both should anticipate that in the plant's next water permitting cycle, they will need to make provisions to reduce thermal impacts, likely by adding a cooling tower, which can cost hundreds of millions of dollars. A cooling tower would also help meet modern standards for prevention of fish, fish eggs, and other wildlife from getting caught or sucked into the plant's intake, another regulatory obligation.

Tampa Electric has already applied for cost recovery of nearly half a million dollars, just to study what will be needed to bring its Big Bend plant into compliance with new Effluent Limitation Guidelines or ELGs, which will

come into play in its next water permit cycle. With such significant costs just for the studies, one can safely anticipate that the cost of actually converting to dry ash handling, and controlling heavy metals in the discharge water, will be significant, possibly enough to make retirement a more appealing option.

Cost risks are further compounded by the need to comply with the federal Coal Combustion Residuals rule, or Coal Ash Rule, which is a particular challenge for Florida coal plant operators. By 2018, operators will need to show their ash storage is not compromised by locational factors such as sinkhole-prone geology, proximity to aquifers, or being in a floodplain. Many Florida plants may be unable to comply due to Florida's geology, and may face an expensive alternative of shipping the ash out of peninsular Florida.

Finally, the Clean Power Plan is just one more of many risks utilities should factor in to assumptions about the availability of coal power.

By thoroughly investigating these risks now, and researching alternatives in the event that the economical choice to retire coal plants, utilities avoid piecemeal decision-making that needlessly exposes Floridians to higher priced power while also robbing them of the wide-ranging benefits of clean water and clean energy resources that are at record low prices.

Again, we will provide more detail in written comments. Thank you for the opportunity to address you today.