

# Regulatory Perspective

*Presentation to the*  
**Energy Consortium**  
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Commissioner  
Florida Public Service Commission

# Florida Public Service Commission

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PSC is charged by the Legislature to ensure that Florida's consumers receive safe, adequate, and reliable electrical service at the lowest cost possible.

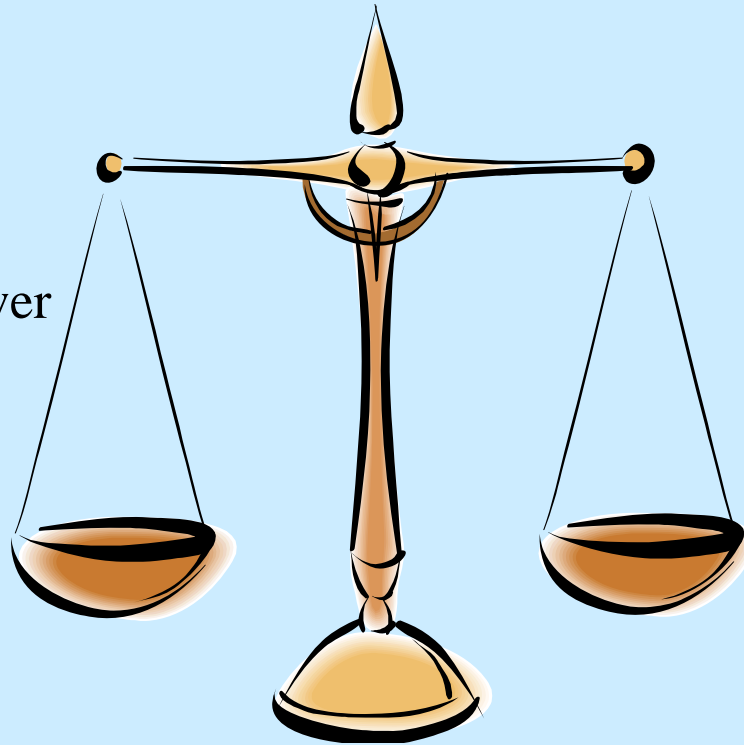


# Electric Utility Regulation

Achieve a balance between the cost of providing service and the reliability of the service provided.

## Cost

- Conservation
- Renewables
- Purchased Power
- Generation
- Fuel
- Transmission
- Distribution



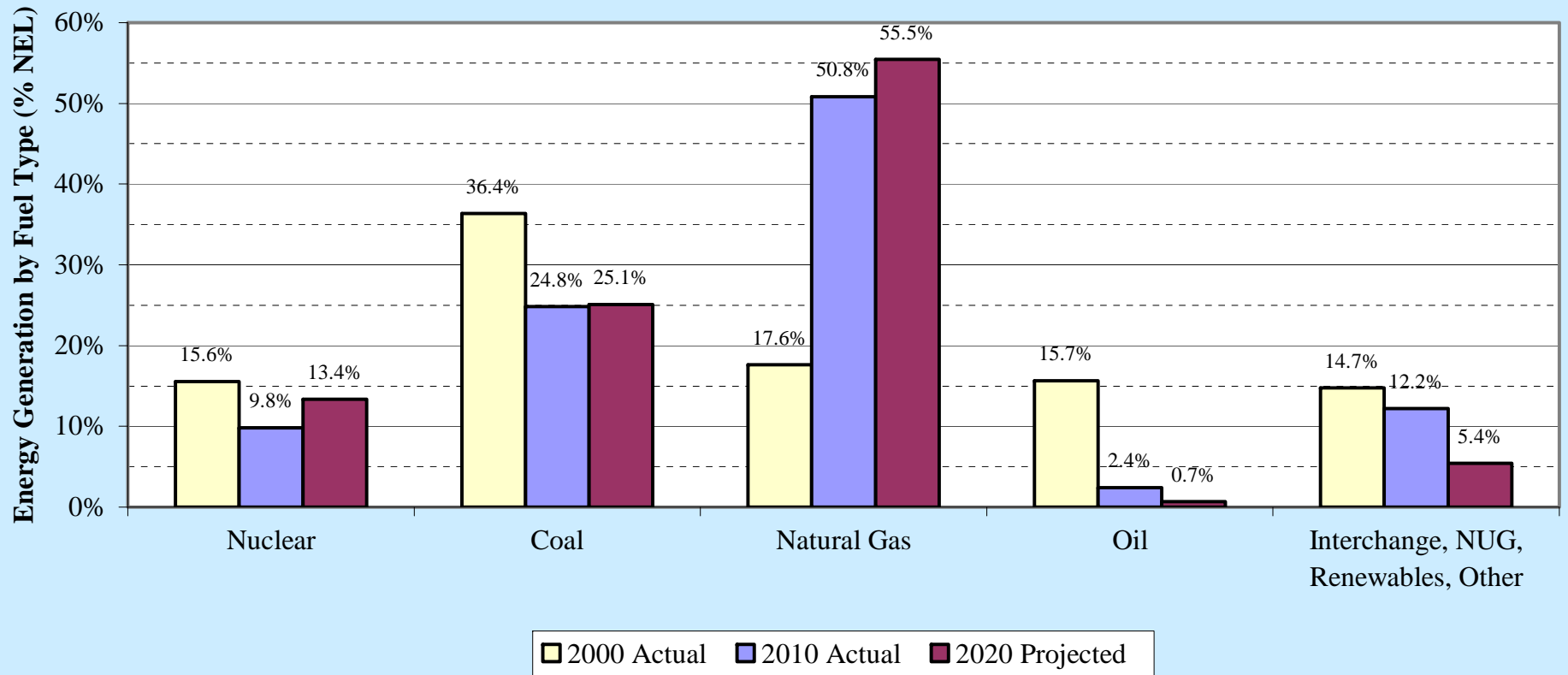
## Service

- Safe
- Adequate
- Reliable



# State of Florida

## Generation Fuel Mix (% Total Net Energy for Load)

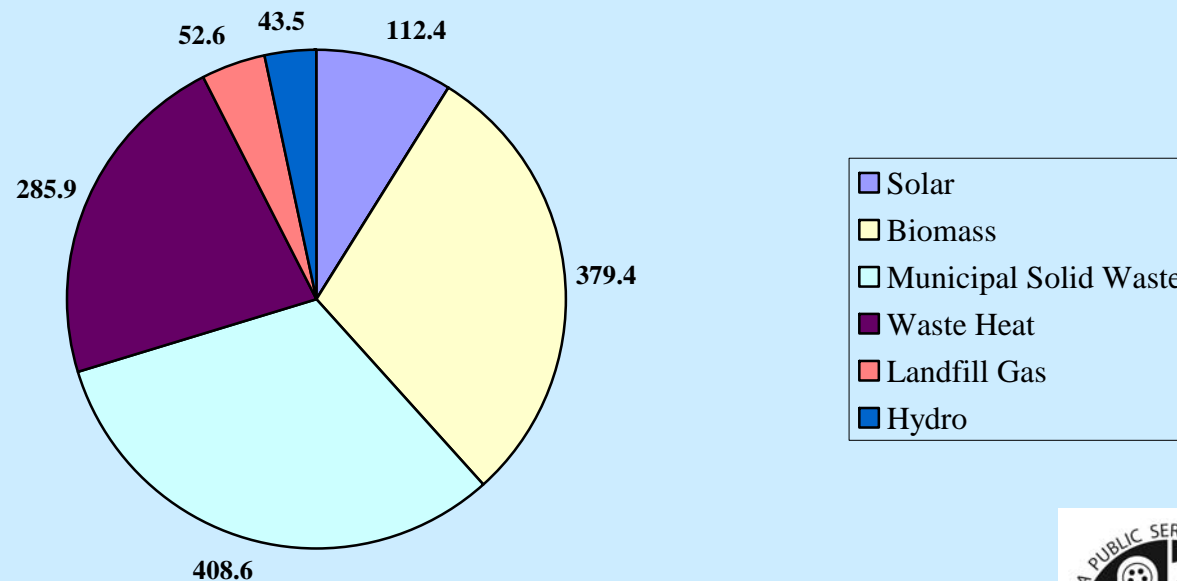


# Supply-Side Renewable Resources in Florida

Existing policies have contributed to the development of primarily:

- Municipal Solid Waste
- Biomass
- Waste Heat

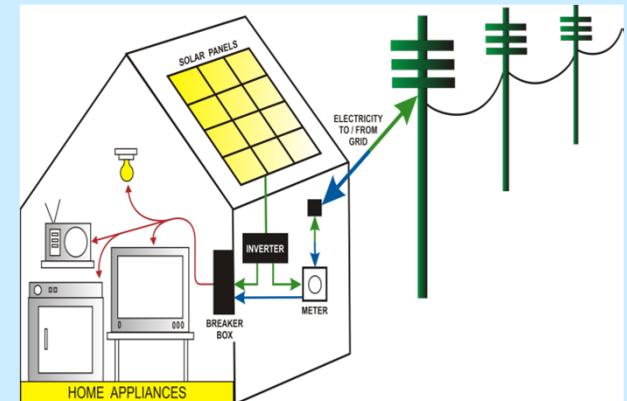
Existing Renewable Resources (MW) - 1,282.4 MW Total



# Increasing Renewable Generation

There are 3 paths to increasing renewable generation:

- Utility Owned
- Third Party Owned
- Customer Owned

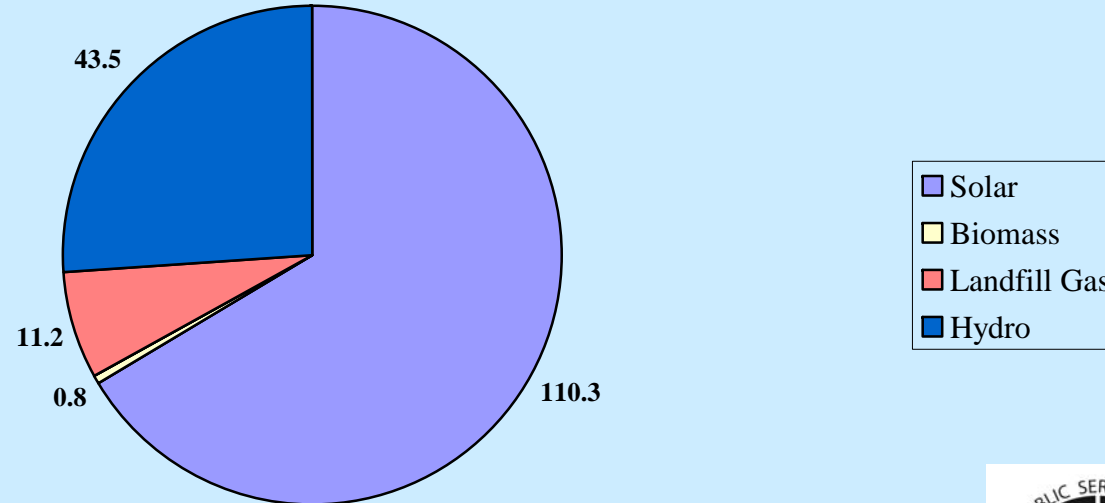


# Utility-Owned Renewable Resources

Utility owned renewables are the smallest portion of the total:

- Represents 13 percent of existing renewables.
- Hydroelectric generation is limited by the state's geography.

**Existing Utility-Owned Renewable Resources (MW) - 165.9 MW Total**



# Building New Renewable Generation

- ❑ Utility owned renewable generation has three paths:
  - Power Plant Site Act (PPSA) – Facilities  $> 75$  MW of steam or solar capacity; cost recovery through base rates.
  - Non-PPSA units – Facilities  $< 75$  MW of steam or solar capacity; cost recovery through base rates.
  - Enabling Legislation (i.e. Section 366.92(4), F.S.) – Allowed recovery for up to 110 MW through Environmental Cost Recovery Clause.



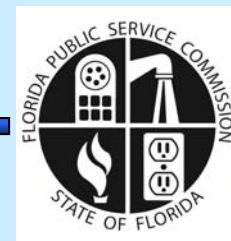
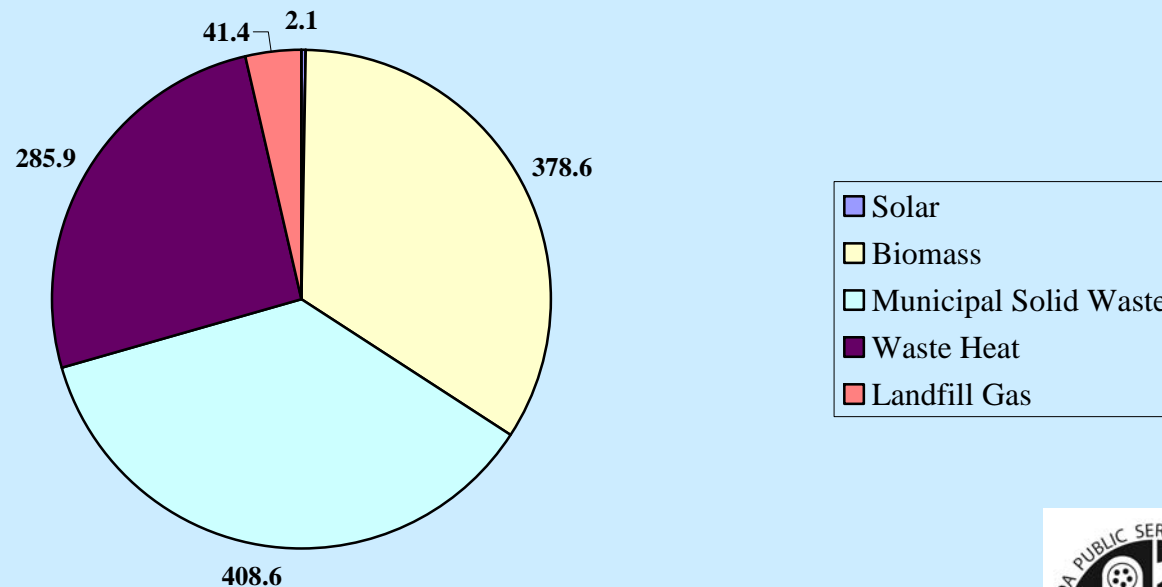


# Third Party Generators

A majority of renewable generation is from purchased power:

- Represents 87 percent of renewable energy generated.
- Roughly 2/3 of purchases are non-firm.

Existing Renewable Purchases (MW) - 1,116.5 MW Total



# Purchased Power Agreements

- ❑ Florida statutes require utilities to interconnect with and purchase electricity from renewable and alternative generators.
- ❑ Utilities purchase capacity and energy via two methods:
  - Standard offer contract with flexible pricing options, including levelized capacity payments and fixed energy payment options.
  - Negotiated contracts at rates that do not exceed the utility's cost to produce electricity (avoided cost).

Recent Examples of Negotiated Contracts

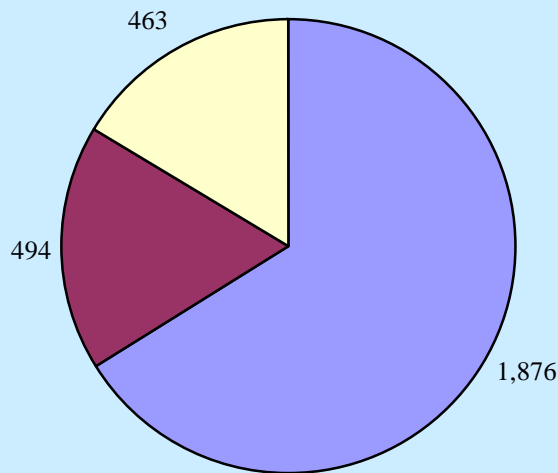
Purchasing Utility	Renewable Provider	MW
PEF	Trans World	40
PEF	BG&E	45
PEF	FB Energy	60
FPL	SWA	55
FPL	SWA	80
		280



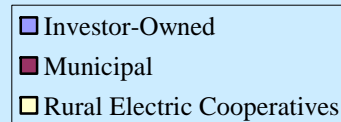
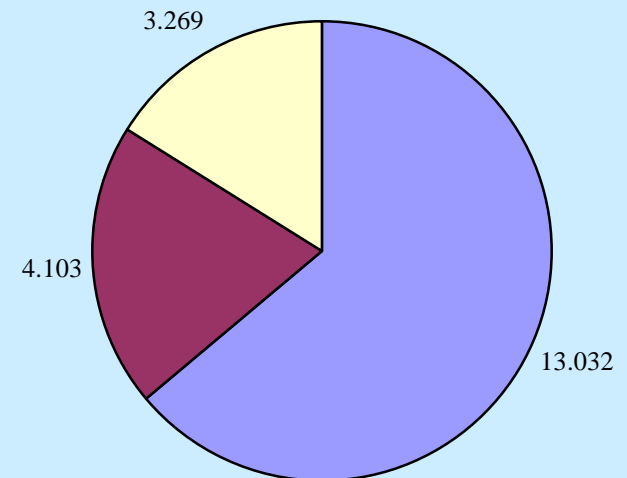
# Customer-Owned Renewables

Standard interconnection, net metering, and other policies have resulted in a steady growth of smaller customer-owned renewable resources.

**Net Metering Connections: 2,833 Total**

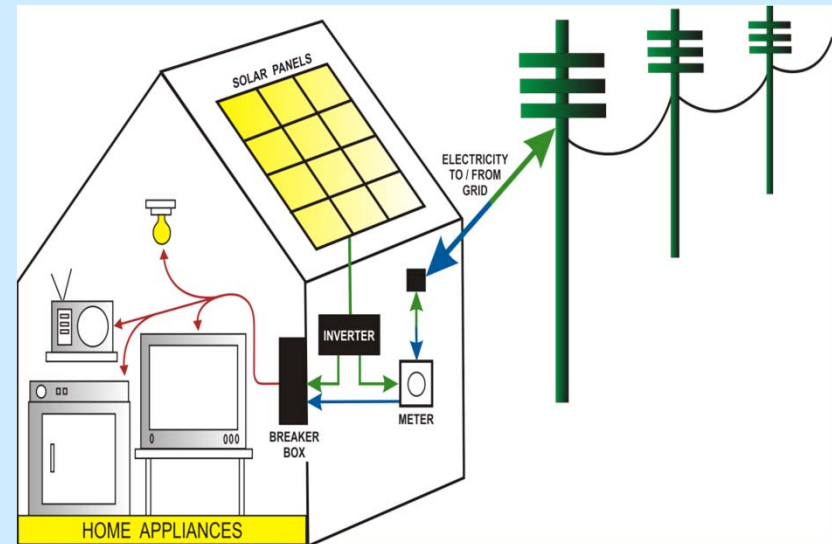


**Net Metering Capacity (MW): 20.4 MW**



# Net Metering

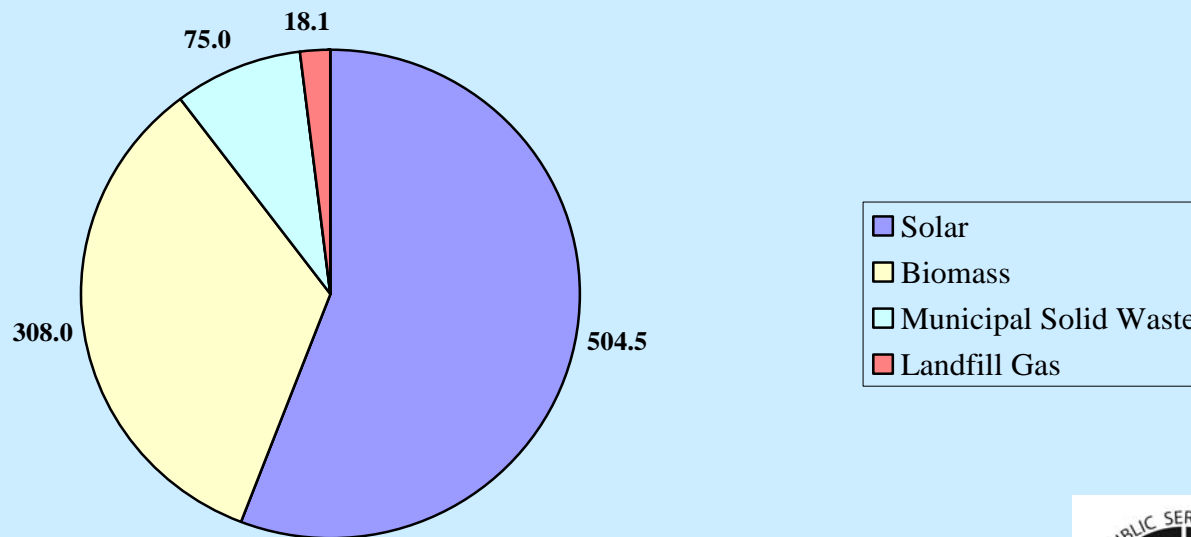
- ❑ FPSC rules adopted in 2008 require the investor-owned utilities to net meter excess energy the customer delivers to the grid.
- ❑ The excess energy is carried forward to the next month's bill, for up to 12 months at the retail rate, thus reducing future bills.



# Planned Renewable Resources in Florida

- ❑ Florida's utilities plan to construct or purchase an additional 765 MW of renewable generation for 2011-2020.
- ❑ While solar may be the largest planned resource in terms of capacity (MW), the expected major contributor to energy generation (MWH) is biomass.

Planned Renewable Resources (MW) - 905.6 MW Total



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# QUESTIONS?

