Southern Alliance for Clean Energy
comments on 2020 Ten Year Site Plans

August 18, 2020

MAGGIE SHOBER
Director of Utility Reform
maggie@cleanenergy.org
The Southern Alliance for Clean Energy (SACE) is a nonprofit organization that promotes responsible energy choices to ensure clean, safe, and healthy communities throughout the Southeast. As a leading voice for energy policy in our region, SACE is focused on transforming the way we produce and consume energy in the Southeast.
1. Florida TYSP outlier in resource planning
2. New gas increases costs to ratepayers
3. New gas flatlines CO₂ emissions
4. New gas increases stranded asset risk
5. Vast untapped energy efficiency
6. Florida utilities increase solar, could do more
7. Opportunities for lower costs: all-source procurement and reserve margin sharing
8. Conclusion and recommendation
9. Further reading
Florida’s TYSP process has led to an over-reliance on gas that:

- Increases costs to ratepayers
- Flatlines CO$_2$ emissions
- Increases stranded risk exposure
FLORIDA TYSP PROCESS OUTLIER IN RESOURCE PLANNING

No process  Traditional utility IRP  Modern utility IRP  All source procurement  Wholesale competition

- Ex: TVA
- Ex: Georgia, North Carolina
- Ex: Xcel in Colorado
- Ex: Texas

Features of some examples:
- TVA: IRP without regulatory oversight
- North Carolina: stakeholder feedback on draft IRP before completion of final IRP
- NWPPCC: energy efficiency as a resource

- Xcel: all-source procurement best practices in practice
- MISO: wholesale competition with self-scheduling and capacity market
- Texas: no utility-owned generation, energy-only market
TYSP PROCESS OUTLIER

- No alternatives presented
- Most data, assumptions, scenarios not visible
- Stakeholders and commission can only react, cannot engage in development of plan itself

Recommendation: Commission hold a workshop on how Florida’s resource planning process compares to others
NEW GAS INCREASES COSTS TO RATEPAYERS

More cost effective investments for customers: energy efficiency, solar, and soon storage

Florida does not have native gas supplies so $ spent on gas means $ sent out of state

NextEra: “Solar is expected to be the cheapest source of electric generation other than wind after investment tax credit steps down.”¹

20-25% of all revenue collected from electric customers spent on gas, meaning utilities send $4-6 billion of Floridan’s money out-of-state every year.

NEW GAS FLATLINES CO₂ EMISSIONS

- Further emission reductions cannot happen without both:
  - Retirement of existing fossil (coal and gas) plants
  - Replacement with zero emission sources like energy efficiency and solar
- Instead, 2020 TYSPs increase gas capacity through new plants and upgrades at existing plants
- Significant gas means state CO₂ emissions rate remains near that of a gas plant: ~750 lbs/MWh under the 2020 TYSPs

Florida utilities not on track to net zero CO₂ by 2040-2055
NEW GAS INCREASES STRANDED ASSET RISK

Climate need for emission reductions and policy in next 10 years

New and upgraded gas used less often and for shorter time

Gas plants become stranded assets

Customers continue to pay for plants that no longer provide value

Since so many TYSP propose an expansion of gas reliance, utilities likely did not fully consider the risk of new or upgraded gas plants becoming stranded assets in the future.
Energy Savings in 2018 by State

- NORTH CAROLINA: 977 GWh
- GEORGIA: 435 GWh
- FLORIDA: 375 GWh
- SOUTH CAROLINA: 352 GWh
- ALABAMA: 48 GWh
- MISSISSIPPI: 51 GWh
- TENNESSEE: 174 GWh
- OTHER*: 16 GWh

Florida: ~33% region’s population; ~15% regional savings

- In a robust resource planning process, demand-side measures like EE compete directly with supply-side resources.
- Instead, Florida utilities limit the most cost-effective and proven EE measures through non-standard screening practices (Ratepayer Impact Measure test and 2-year screen) and feed FEECA results directly into resource planning.
- Less energy savings → higher bills for Floridians.

For more see SACE annual report: Energy Efficiency in the Southeast.
FLORIDA UTILITIES INCREASE SOLAR, COULD DO MORE

Installed solar capacity by state

For more see SACE annual report: Solar in the Southeast
OPPORTUNITY FOR LOWER COSTS: ALL-SOURCE PROCUREMENT

All-Source Procurement is technology neutral and evens the playing field for resources to compete to serve customer load at the lowest possible cost

All-Source Procurement Best Practices

1. Use the resource planning process to determine the technology-neutral procurement need.
2. Require utilities to conduct a competitive, all-source procurement process, with robust bid evaluation.
3. Conduct advance review and approval of procurement assumptions and terms.
4. Renew procedures to ensure that utility ownership of generation is not at odds with competitive bidding.
5. Revisit rules for fairness, objectivity, and efficiency.

For more see SACE report on Best Practices for All-Source Procurement
OPPORTUNITY FOR LOWER COSTS: REGIONAL RESERVE MARGIN SHARING

20 years of load data shows that utilities could share resources to meet peak loads instead of building redundant generation.

- When utilities in Alabama, Tennessee, Georgia, and the Carolinas are peaking, peninsular Florida utilities could sell them surplus power.
- Conversely, these Florida utilities could import power during peak events, as transmission constraints allow.

For more see SACE report on demand in the Southeast.
C O N C L U S I O N  A N D  R E C O M M E N D A T I O N

- Florida’s TYSP process is an outlier and a bad deal for customers
- The lack of transparency, stakeholder involvement, and resource competition has led to a future that increases Florida’s reliance on gas instead of turning to clean, inexpensive resources
- Over-reliance on gas increases utility costs and customer bills, fails to address the climate crisis, and exposes customers to further costs through stranded assets
- To address these concerns, we recommend the Commission hold a workshop on resource planning methods
FURTHER READING

For more on these issues see SACE’s report library


Seasonal Electric Demand in the Southeastern United States: bit.ly/SeasonalLoadDemandReport

And coming soon: SACE’s Decarbonization in the Southeast report, tracking utility and state emissions and emission goals