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RECORDS AND REPORTING

February 8, 1999

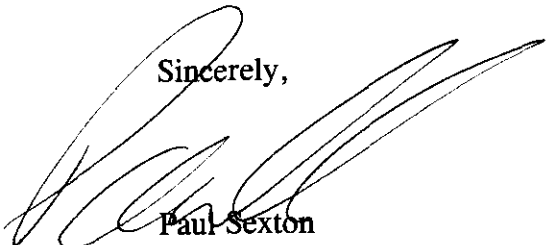
Blanca Bayo, Director of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket 981890-EU
Generic Investigation into the Aggregate Electric Utility
Reserve Margins Planned for Peninsular Florida

Dear Ms. Bayo:

Enclosed, please find the original and fifteen copies of the comments of Florida
Reliability Coordinating Council Inc.

Sincerely,



Paul Sexton

- ACK _____
- AFA 1
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG Duelley
- LEG PS:ST
- LIN 5 Enclosure
- OPC _____
- RCH Cc: Ken Wiley
- SEC 1
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FPSC-BUREAU OF RECORDS

Done 2/10/99

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Generic Investigation Into)
The Aggregate Electric Utility) Docket 981890-EU
Reserve Margins Planned for)
Peninsular Florida) Submitted for filing February 4, 1999

**COMMENTS OF THE
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.**

1 The Florida Reliability Coordinating Council, Inc. (FRCC) has reviewed the
2 **Topics of Discussion**, which were discussed at the January 25, 1999 staff
3 workshop in the above referenced docket, and hereby submits the following
4 comments:

5 **1. Reserve Margin Methodology**

6 The FRCC, in its reliability assessment for 1999, will review and update its
7 reserve margin methodology, and will compare that with the Loss of Load
8 Probability (LOLP) analysis. Included in this analysis will be a review of data
9 adequacy and a review of recent and long-term history of weather and reliability
10 data. The FRCC will be reviewing its reserve margin methodology analysis to
11 include probabilistic assessments where appropriate, as well as the averaging
12 methodology which was utilized in 1998.

13 **2. Load Forecasting**

14 The FRCC will analyze approximately 50 years of weather data in order to
15 review extreme weather conditions during winter months. As part of the FRCC's

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FPSC-RECORDS/REPORTING

1 load forecasting analysis, a review of possible firm load not served under a 15%
2 reserve margin standard will be reviewed from an historical perspective. The
3 FRCC will provide an analysis and comments on planning for coincident vs. non-
4 coincident peak demands.

5 **3. Non-Firm Load**

6 The FRCC believes the following topics identified by the Commission are
7 not in our purview and should be addressed by individual utilities:

- 8 • Current non-firm load as a percentage of reserve margin
- 9 • Reasonableness of capping non-firm load (for example, 25% of the
10 reserve margin
- 11 • Frequency and duration of interruptions
- 12 • Minimum non-firm notice provisions to return to firm

13 The FRCC will continue to review utilities' methodologies which are used
14 to determine the availability of non-firm load during periods when it is needed.

15 **4. Reserve Margin Standard**

16 The FRCC formally adopted a generation resource adequacy standard for
17 reserve capacity in 1998. It is as follows:

18 "The FRCC generation resource adequacy standard
19 for reserve capacity shall be a 15% regional reserve
20 margin based on firm load. Each year the FRCC
21 composite Ten Year Load and Resource Plan shall be
22 assessed to ensure that this resource adequacy
23 standard of 15% regional reserve margin is
24 maintained over the peak periods. Any peak period
25 which does not meet this regional reserve margin
26 standard shall be thoroughly assessed by the RAG,
27 and such assessment shall be forwarded to the FRCC
28 Executive Board and to the Florida Public Service
29 Commission."

1 The FRCC will review the continued applicability of this standard given
2 updated data and any improvements or modifications to its reserve margin
3 methodology identified as a result of the 1999 reliability assessment work
4 described in items 1 and 2 above.

5 The FRCC does not believe that there is any justification for a higher
6 standard at this time given available data and experience.

7 The FRCC standard does not provide for allocation of peninsular reserves
8 among member utilities. In arriving at the reserve margin for the FRCC Region,
9 the FRCC reviews the likelihood of reported capacity being available over the
10 peak periods. If the FRCC is not convinced that generation resources would be
11 available during times of need, then such capacity would not be included in the
12 reserve margin determination.

13 **5. Price Spikes**

14 The FRCC will not address this issue since it is utility specific.

16 **FRCC Study Process**

17 The FRCC plans to conduct reliability assessments based upon the next
18 ten years of load and resource data utilizing individual utility's ten year site plans
19 as its data base. These studies will include, but not be limited to the following:

- 20 1. Review of reserve margin methodology
- 21 2. Review of cold weather extremes
- 22 3. An LOLP study
- 23 4. A determination of reserve margins for the next ten years

1 The FRCC hopes that the Commission staff will participate in the studies
2 as an observer to ensure that a thorough and meaningful analysis is conducted
3 by the FRCC in its 1999 reliability assessment, and that the needs of the staff are
4 met through these studies.

5 The FRCC understands that any meetings between the FRCC and the
6 Commission staff are subject to notice to all parties to this docket, and, as such,
7 any party to this docket may attend such meetings. The FRCC is in full
8 agreement and endorses this requirement.

9 The FRCC's reliability assessment for the next ten year period, the Florida
10 Public Service Commission's Ten Year Site Plan Review, and this Generic
11 Investigation Into Aggregate Electric Utility Reserve Margins, will be conducted in
12 parallel through October 1999. The FRCC hopes that the schedule of this docket
13 would be amended such that certain products of the FRCC study could be
14 incorporated into this docket.

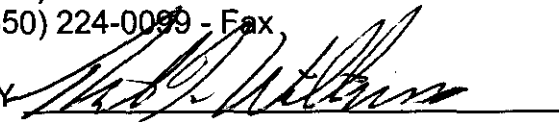
15 Further, the FRCC recommends that the hearing currently scheduled for
16 September 22-23, 1999, and pre-hearing meetings leading to that hearing, be
17 moved out in time beyond December 31, 1999, which is the filing date of the
18 FPSC's Ten Year Site Plan Report. This recommendation is being made in order
19 to ensure that the Order emanating from this docket be disassociated, time-wise,
20 with the December 31, 1999 filing of the FPSC's Ten Year Site Plan Report. If
21 the Order emanating from this docket were to recommend a reserve margin
22 standard different than the current FRCC reserve margin standard of 15%, it
23 could have the effect of undermining the results of the FRCC's 1999 Reliability

1 Assessment, and the Commission's recommendations on the 1999 Ten Year Site
2 Plans. It is recognized that any Order emanating from this docket would, in all
3 probability, be effective, at the earliest, beginning with the year 2000 Ten Year
4 Site Plan Review.

Respectfully Submitted

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BY



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Coordinating Council, Inc.