

Ruth Nettles

From: Elizabeth_Carrero@fpl.com on behalf of Wade_Litchfield@fpl.com
Sent: Monday, June 16, 2008 3:55 PM
To: Filings@psc.state.fl.us
Cc: Denise Vandiver; Katherine Fleming; Jean Hartman; Judy Harlow; kelly.jr@leg.state.fl.us; Natalie_Smith@fpl.com; Jessica_Cano@fpl.com
Subject: Electronic Filing for Docket No. 070626-EI / FPL's Response to Audit Report Issued on May 30, 2008
Attachments: Sunshine Energy Audit Response.pdf

Electronic Filing

a. Person responsible for this electronic filing
R. Wade Litchfield
Vice President and Associate General Counsel
700 Universe Boulevard
Juno Beach, FL 33408
561-691-7101
wade_litchfield@fpl.com

b. Docket No. 070626-EI

In re: Review of Florida Power & Light Company's Sunshine Energy Program

c. Documents are being filed on behalf of Florida Power & Light Company

d. There are a total of 17 pages in the attached document (including attachments)

e. The document attached for electronic filing is Florida Power & Light Company's Response to the Audit Report Issued on May 30, 2008 (Audit Control No. 08-086-4-1)

(See attached file: Sunshine Energy Audit Response.pdf)



R. Wade Litchfield
Vice President and Associate General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 691-7101
(561) 691-7135 (Facsimile)

June 16, 2008

VIA ELECTRONIC DELIVERY

Ms. Denise Vandiver, Chief
Bureau of Auditing
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

Re: Docket No. 070626-EI; Review of Florida Power & Light Company's *Sunshine Energy* Program

Dear Ms. Vandiver:

I am writing to provide you with FPL's response to the audit report issued on May 30, 2008, in the above-referenced docket. The Office of the Commission Clerk has been copied on this correspondence so that it may be filed in the docket.

Objectives and Procedures

In the first "Procedure" paragraph on page 3, the report states that Green Mountain provided project costs and green tag costs, "which would indicate that the rest is marketing." This statement is not accurate because other costs, not specifically attributable to solar projects, green tags, or marketing, are also incurred by Green Mountain. We discuss this in more detail below in response to Audit Finding No. 2. Additionally, FPL would note that Green Mountain was very cooperative in providing information and documents requested by the auditors related to the solar development projects, in some cases exceeding any contractual obligations Green Mountain had to FPL to furnish information. Also, as noted in the audit report itself, Green Mountain did provide information on marketing, project costs, and green tag costs.

Audit Finding No. 1

Finding No. 1 states: "It does appear that Green Mountain submitted a more complete and complex bid at a lower price." FPL agrees with Audit Finding 1. FPL chose the appropriate vendor for its residential green power pricing programs. As discussed more fully below in response to Audit Finding No. 2, the *Sunshine Energy* program consistently is ranked among the very best programs nationally by the U.S. Department of Energy.

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Audit Finding No. 2

Finding No. 2 presents "marketing and other costs" of Green Mountain, which Audit Staff purports to estimate by subtracting the cost of Tradeable Renewable Energy Credits ("TRECs") and solar project development costs from the revenues that Green Mountain obtained through the program. There are several clarifications that are important with respect to this Audit Finding.

First, this amount does not solely represent marketing costs, but also includes direct costs and general and administrative costs. Please refer to Green Mountain's response to Audit Request 2, question number 5.

Second, note that Finding No. 2 also presents the amount of funds spent thus far by Green Mountain for the purchase of TRECs and the development of solar projects, and separately presents the amount of funds committed for such projects, whether or not additional participants and revenues are realized. The amount that is committed for investment in development projects, when combined with funds spent to date, presents a more accurate and more complete assessment of how funds obtained through this program are used.

Third, note that Green Mountain's bid itself, acknowledged in Audit Finding No. 1 by Audit Staff as the "more complete and complex bid at a lower price," includes an obligation by Green Mountain to spend very sizable sums toward marketing efforts during the first three years of the program, amounts that are consistent with the overall figures referenced as expenses in Audit Finding No. 2, and consistent with the types of ratios also reflected in this Audit Finding.

In fact, the U.S. Department of Energy's ("DOE") National Renewable Energy Laboratory ("NREL") recently released its annual ranking of leading utility green power programs. FPL's program, even though relatively new, currently ranks fourth in the nation, with green pricing program renewable energy sales per year of 373,596,000 kWh (as of December 2007), and sixth in terms of total number of customer participants at 37,184 (as of December 2007). See attached NREL release and report dated April 22, 2008. It is worth noting that Green Mountain also supports Portland General Electric's program which is ranked second in the nation for energy sales and customer participants markets. In Florida, *Sunshine Energy* customer participation and *Sunshine Energy* solar projects combined have helped avoid more than one billion pounds of CO2 pollution since 2004. That's equivalent to planting more than 1.5 million trees.

The *Sunshine Energy* program has achieved this success, while being one of the less expensive block products on a per kWh basis in the industry, according to NREL. Green pricing premiums for the top ten performers nationally range from a high of 5 cents per kWh to a low of 0.33 cents per kWh. The *Sunshine Energy* premium is in the middle of that range at 0.975 cents per kWh (or stated differently, less than a penny per kWh). See attached NREL *Trends in Utility Green Pricing Programs (2006)*, NREL, October 2007.

But there obviously remains room for the program to grow as it is not yet ranked in the top ten programs in terms of customer participation rates. This type of early progress for the program and efforts to further expand the program and its potential by increasing the participation rates, has required significant marketing expenditures. Again, this is not at all unexpected, is consistent with Green Mountain's commitment to the program, and is in line with green pricing program experience generally around the country. As programs mature, and the desired customer participation rates are achieved, marketing expenditures obviously can be tapered back, leaving a greater percentage of program revenues available for the development of renewable energy sources. The revised program that FPL has filed for Commission approval provides for that flexibility.

The consequences of not approving the new program would affect the ability of the state to move forward with green pricing programs, which are in furtherance of statewide policy objectives of the Commission and of the executive and legislative branches. In this regard, it is worth emphasizing that if the new program is not approved by the Commission, the new contract with Green Mountain does not become effective and the current agreement remains in place. Revisions to the program at that point become much more difficult to incorporate short of litigation with Green Mountain and/or potentially a loss of the ability to conduct a residential green pricing program for up to two years. If the program is terminated, for whatever reason, it should be assumed that the program would lose virtually all of the brand and marketing value together with program goodwill achieved to date. Moreover, any future effort to restore or establish a new or revised green pricing program, at best, would require re-incurring most if not all of the previously incurred marketing expenditures, and, worse, could significantly impair any such future efforts if customer confidence in green pricing is damaged or lost, resulting in higher marketing costs.

Audit Finding No. 3

The status of the solar development projects presented in this audit finding as of the time that information was provided is accurate. However, the current status of development projects under the program is as follows:

| | |
|----------------------|---------------------|
| Rothenbach Park | 250 kW |
| Sun Smart Schools | 8 kW |
| The Quarry Naples | 54 kW |
| Sun Funds | 124 kW |
| Publix | 75 kW (in progress) |
| <u>Miami Science</u> | <u>2 kW</u> |
| Total: | 513 kW |

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Regarding the statement that “450 kW should be developed or purchased now,” FPL would like to clarify that the contractual commitment by Green Mountain was to use “commercially reasonable efforts” to try to complete the projects within one year of the enumerated enrollment targets. Any review of this aspect of the contract would have to be assessed in light of this contractual standard, one that is very typical of commercial agreements in general. Thus, even under the contract, development milestones for renewables were not absolute requirements, recognizing that renewable projects are not uniform in their size and development schedules. Rather, like any resource addition, renewables can occur in blocks of very different sizes such that a graphic depiction of the development of renewables over time would not reflect a smooth ascending line; instead, it would show a series of step increases as projects of varying size and schedules are completed.

The standard itself approved by the Commission suggests some flexibility in achieving the designs of the program, and allowing for the addition of different size projects over the course of the program. In Order No. PSC-06-0924-TRF-EI, issued November 6, 2006 in Docket No. 060577-EI, the Commission indicated that FPL’s program commitment was “to continue the development of 150 kW of photovoltaic capacity within Florida for every 10,000 participating residential customers.” (page 4).

As an example, the program recently completed Rothenbach Park in Sarasota. At 250 kW, Rothenbach Park is currently the largest solar array in Florida and was the largest project undertaken by the *Sunshine Energy* program, taking more time to develop but providing a greater overall contribution to the program objectives. Attempting to force Green Mountain to the precise milestones in the contract likely would have prevented the development of Rothenbach Park, a project that, at its dedication, Governor Crist himself applauded as “an excellent example that other communities can work to achieve.” See the attached Press Release from the Governor’s office, dated February 11, 2008.

While FPL’s proposed revised program also includes objective performance measures for FPL to meet in developing additional renewable assets in Florida, these too should be applied liberally, not prescriptively, in order to ensure sufficient flexibility in the program to allow FPL to undertake and complete beneficial projects that are larger and more complex, with lengthier development schedules and in recognition that renewable projects come in various shapes and sizes such that a smooth linear progression of renewable development simply does not comport with reality.

With regard to the percentage of *Sunshine Energy* contributions relative to overall project costs, the program does attempt to leverage rebates and incentives available through other sources in order to further the development of renewable energy sources and meet the program objectives. To the extent the program is successful in this regard, more program dollars are available to increase the program’s participation rates and its ultimate potential and/or for the development of additional renewables. In short, if the program can contribute a portion of the cost toward the installation of a renewable energy source that otherwise may not be completed, it is an efficient and cost-effective use

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of program dollars. As a matter of public policy, the program should be commended, not penalized, for maximizing the dollar impact of its contributions toward renewable energy sources.

Audit Finding No. 4

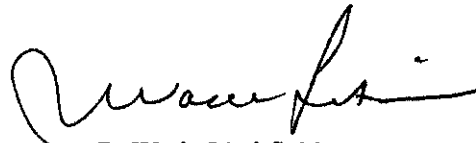
Finding No. 4 states that for 2007, "25% of the TRECs were from Florida sources. The attestation statements for prior years show a higher percent of Florida TRECs purchased." FPL agrees that Green Mountain has purchased at least 25% of the TRECs for the *Sunshine Energy* program from Florida sources each year, which exceeds the minimum number of Florida TRECs it is required to purchase pursuant to its contract with FPL. From inception of the program through 2007, 38% of all TRECs have been purchased from Florida suppliers.

As reflected in the Commission's 2006 order approving the *Sunshine Energy* program as a permanent DSM program, "TRECs from out-of-state projects are allowed to be purchased, but FPL must continue to be committed to a preference for Florida TRECs that encourages the development of renewable resources in the State." Order No. PSC-06-0924-TRF-EI, Docket No. 060577-EI (issued Nov. 6, 2006) (page 4). Consistent with the Commission's order, FPL documented the quantities, types and locations for all TRECs purchased for the Program as part of its *Sunshine Energy* Program Semi-Annual Progress Reports. Accordingly, FPL has maintained its commitment to a preference for in-state TRECs, to the extent they have been available and cost-effective, and FPL believes that the program has achieved the objective of encouraging the development of renewable resources in the state. However, revising the program to focus on construction of physical renewable assets in Florida, as proposed by FPL, will further encourage the development of in-state renewables.

Audit Finding Nos. 5 and 6

FPL has no comments on audit findings No. 5 and 6.

Sincerely,



R. Wade Litchfield
Vice President and
Associate General Counsel

cc: Office of Commission Clerk



NEWS

Media may contact

Gary Schmitz, 303-275-4050
gary_schmitz@nrel.gov

NREL Highlights Leading Utility Green Power Programs

Pricing programs give consumers clean power choices

Golden, Colo., April 22, 2008 – The U.S. Department of Energy's (DOE) National Renewable Energy Laboratory (NREL) today released its annual ranking of leading utility green power programs. Under these voluntary programs, consumers can choose to help support additional electricity production from renewable resources such as solar and wind. More than 800 utilities across the United States offer these programs.

Using information provided by utilities, NREL develops "Top 10" rankings of utility programs in the following categories: total sales of renewable energy to program participants, total number of customer participants, customer participation rate, green power sales as a percentage of total utility retail electricity sales, and the lowest price premium charged for a green power program using new renewable resources.

Ranked by renewable energy sales, the green power program of Austin (Texas) Energy is first in the nation, followed by Portland General Electric, PacifiCorp, Florida Power & Light, and Xcel Energy.

Ranked by customer participation rates, the top utilities are City of Palo Alto (Calif.) Utilities, Lenox (Iowa) Municipal Utilities, Silicon Valley Power (Calif.), Portland General Electric, and Sacramento Municipal Utility District. (See attached tables for additional rankings).

"Utility green power programs continue to expand across the country," said Lori Bird, senior energy analyst at NREL. "These utilities are the national leaders."

Customer choice programs are proving to be a powerful stimulus for growth in renewable energy supply. In 2007, total utility green power sales exceeded 4.5 billion kilowatt-hours (kWh), about a 20% increase over 2006. Approximately 600,000 customers are participating in utility programs nationwide.

- more -

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Utility green pricing programs are one segment of a larger green power marketing industry that counts Fortune 500 companies, government agencies and colleges and universities among its customers, and helps support more than 3,000 MW of new renewable electricity generation capacity.

NREL analysts attribute the success of many programs to persistence in marketing and creative marketing strategies, including in some cases, utility partnerships with independent green power marketers. In addition, the rate premium that customers pay for green power continues to drop.

NREL performs analyses of green power market trends and is funded by DOE's Office of Energy Efficiency and Renewable Energy.

NREL is the U.S. Department of Energy's primary national laboratory for renewable energy and energy efficiency research and development. NREL is operated for DOE by Midwest Research Institute and Battelle.

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Visit NREL online at www.nrel.gov

NR-1108



Green Pricing Program Renewable Energy Sales
(as of December 2007)

| Rank | Utility | Resources Used | Sales (kWh/year) | Sales (aMW) ^a |
|------|--|--|------------------|--------------------------|
| 1 | Austin Energy | Wind, landfill gas | 577,636,840 | 65.9 |
| 2 | Portland General Electric ^b | Geothermal, biomass, wind | 553,677,903 | 63.2 |
| 3 | PacifiCorp ^{cde} | Wind, biomass, landfill gas, solar | 383,618,885 | 43.8 |
| 4 | Florida Power & Light ^b | Biomass, wind, landfill gas, solar | 373,596,000 | 42.6 |
| 5 | Xcel Energy ^{ef} | Wind | 326,553,866 | 37.3 |
| 6 | Sacramento Municipal Utility District ^e | Wind, landfill gas, small hydro, solar | 275,481,584 | 31.4 |
| 7 | Puget Sound Energy ^e | Wind, solar, biomass, landfill gas | 246,406,200 | 28.1 |
| 8 | Basin Electric Power Cooperative | Wind | 226,474,000 | 25.9 |
| 9 | National Grid ^{gh} | Biomass, wind, small hydro, solar | 180,209,571 | 20.6 |
| 10 | PECO ⁱ | Wind | 160,000,000 | 18.3 |

^a An "average megawatt" (aMW) is a measure of continuous capacity equivalent (i.e., operating at a 100% capacity factor).

^b Marketed in partnership with Green Mountain Energy Company. For Portland General Electric, some products marketed in partnership with Green Mountain Energy Company.

^c Includes Pacific Power and Rocky Mountain Power.

^d Some Oregon products marketed in partnership with 3Degrees Group, Inc.

^e Product is *Green-e* certified (www.green-e.org). For Xcel Energy, the Colorado and Minnesota Windsource products are *Green-e* certified.

^f Includes Northern States Power, Public Service Company of Colorado, and Southwestern Public Service.

^g Includes Niagara Mohawk, Massachusetts Electric, Narragansett Electric, and Nantucket Electric.

^h Marketed in partnership with Community Energy, Inc., EnviroGen, Green Mountain Energy Company, Mass Energy, People's Power & Light, and Sterling Planet.

ⁱ Marketed in partnership with Community Energy, Inc.



Total Number of Customer Participants
(as of December 2007)

| Rank | Utility | Program(s) | Participants |
|------|---|---|--------------|
| 1 | Xcel Energy ^a | <i>Windsource^b</i> <i>Renewable Energy Trust</i> | 75,534 |
| 2 | Portland General Electric ^{c,g} | <i>Clean Wind</i> <i>Green Source</i> | 61,543 |
| 3 | PacifiCorp ^{d,e} | <i>Blue Sky Block^p</i> <i>Blue Sky Usage^b</i> <i>Blue Sky Habitat</i> | 60,539 |
| 4 | Sacramento Municipal Utility District | <i>Greenenergy^b</i> | 43,543 |
| 5 | PECO ^f | <i>PECO WIND</i> | 38,548 |
| 6 | Florida Power & Light ^g | <i>Sunshine Energy</i> | 37,184 |
| 7 | National Grid ^{h,i} | <i>GreenUp</i> | 24,429 |
| 8 | Los Angeles Department of Water and Power | <i>Green Power for a Green LA</i> | 22,788 |
| 9 | Puget Sound Energy | <i>Green Power Program^b</i> | 20,457 |
| 10 | Energy East (NYSEG/RGE) ^f | <i>Catch the Wind</i> | 19,520 |

^a Includes Northern States Power, Public Service Company of Colorado, and Southwestern Public Service.

^b Product is *Green-e* certified (www.green-e.org). For Xcel Energy, the Colorado and Minnesota *Windsource* products are *Green-e* certified.

^c Some products marketed in partnership with Green Mountain Energy Company.

^d Includes Pacific Power and Rocky Mountain Power.

^e Some Oregon products marketed in partnership with 3Degrees Group, Inc.

^f Marketed in partnership with Community Energy, Inc.

^g Marketed in partnership with Green Mountain Energy Company.

^h Includes Niagara Mohawk, Massachusetts Electric, Narragansett Electric, and Nantucket Electric.

ⁱ Marketed in partnership with Community Energy, EnviroGen, Green Mountain Energy Company, Mass Energy, People's Power & Light, and Sterling Planet.



Customer Participation Rate
(as of December 2007)

| Rank | Utility | Customer Participation Rate | Program(s) | Program Start Year |
|------|--|-----------------------------|--|--------------------|
| 1 | City of Palo Alto Utilities ^{ab} | 20.4% | <i>Palo Alto Green</i> | 2003 |
| 2 | Lenox Municipal Utilities ^c | 14.3% | <i>Green City Energy</i> | 2003 |
| 3 | Silicon Valley Power ^{ab} | 8.7% | <i>Santa Clara Green Power</i> | 2004 |
| 4 | Portland General Electric ^d | 8.5% | <i>Clean Wind, Green Source, Renewable Future</i> | 2002 |
| 5 | Sacramento Municipal Utility District ^b | 7.4% | <i>Greenenergy</i> | 1997 |
| 6 | City of Naperville Public Utilities ^e | 6.7% | <i>Renewable Energy Program</i> | 2005 |
| 7 | Montezuma Municipal Light & Power ^c | 6.2% | <i>Green City Energy</i> | 2003 |
| 8 | Pacific Power (Oregon only) ^{ab} | 5.7% | <i>Blue Sky Usage, Habitat, Block</i> | 2002 |
| 9 | River Falls Municipal Utilities ^f | 5.3% | <i>Renewable Energy Program</i> | 2001 |
| 10 | Holy Cross Energy | 5.2% | <i>Wind Power Pioneers Local Renewable Energy Pool</i> | 1998 2002 |

^a Marketed in partnership with 3Degrees Group, Inc.

^b Product is *Green-e* certified (www.green-e.org).

^c Program offered in association with the Iowa Association of Municipal Utilities.

^d Some products marketed in partnership with Green Mountain Energy Company.

^e Marketed in partnership with Community Energy, Inc.

^f Power supplied by Wisconsin Public Power Inc.



Green Power Sales as a Percentage of Total Retail Electricity Sales (in kWh)
(as of December 2007)

| Rank | Utility | Program Name | % of Load |
|------|---|---|-----------|
| 1 | Edmond Electric ^a | <i>Pure & Simple</i> | 5.7% |
| 2 | Austin Energy | <i>GreenChoice</i> | 5.0% |
| 3 | City of Palo Alto Utilities ^{bd} | <i>PaloAltoGreen</i> | 4.6% |
| 4 | Portland General Electric ^c | <i>Clean Wind, Green Source, Renewable Future</i> | 2.9% |
| 5 | Silicon Valley Power, City of Santa Clara ^{bd} | <i>Santa Clara Green Power</i> | 2.8% |
| 6 | Sacramento Municipal Utility District ^d | <i>Greenenergy</i> | 2.6% |
| 7 | Basin Electric Power Cooperative | <i>PrairieWinds</i> | 1.9% |
| 7 | Pacific Power (Oregon only) ^{bde} | <i>Blue Sky Usage, Habitat, Block</i> | 1.9% |
| 9 | Emerald People's Utility District | <i>EPUD Renewables</i> | 1.8% |
| 10 | Public Service Company of New Mexico | <i>PNM Sky Blue</i> | 1.5% |
| 10 | Roseville Electric ^{bd} | <i>Green Roseville</i> | 1.5% |

^a Power supplied by Oklahoma Municipal Power Authority.

^b Marketed in partnership with 3Degrees Group, Inc.

^c Marketed in partnership with Green Mountain Energy Company.

^d Product is *Green-e* certified (www.green-e.org).

^e Renewable portfolio options offered to Oregon customers.



Price Premium Charged for New, Customer-Driven Renewable Power^a
(as of December 2007)

| Rank | Utility | Resources Used | Premium (\$/kWh) |
|------|---|------------------------------------|---------------------|
| 1 | Edmond Electric ^{bc} | Wind | 0.09 |
| 2 | OG&E Electric Services ^b | Wind | 0.10 |
| 3 | Austin Energy ^{be} | Wind, landfill gas | 0.16 |
| 4 | Indianapolis Power and Light | Wind, landfill gas | 0.20 |
| 5 | Park Electric Cooperative | Wind | 0.22 |
| 6 | Avista Utilities | Wind, landfill gas, biomass | 0.33 |
| 7 | Xcel Energy (Minnesota) ^{bdf} | Wind | 0.58 |
| 8 | Clallam County Public Utility District ^b | Landfill gas | 0.70 |
| 9 | PacifiCorp ^{dg} | Wind, biomass, landfill gas, solar | 0.78 |
| 10 | Portland General Electric ^h | Biomass, Geothermal, Wind | 0.80 |
| 10 | Emerald People's Utility District | Wind | 0.80 |

^a Includes only programs that have installed or announced firm plans to install or purchase power from 100% new renewable resources.

^b Premium is variable; customers in these programs are exempt or otherwise protected from changes in utility fuel charges.

^c Power supplied by Oklahoma Municipal Power Authority.

^d Product is Green-e certified (www.green-e.org).

^e The price for new customers enrolling in the program (fourth batch of renewable energy capacity).

^f Net premium of the Minnesota *Windsources* program.

^g Pacific Power *Blue Sky Usage* product; only available in Oregon. Product marketed in partnership with 3Degrees Group, Inc.

^h Portland General Electric *Green Source* Product. Product marketed in partnership with Green Mountain Energy Company.





NREL National Renewable Energy Laboratory

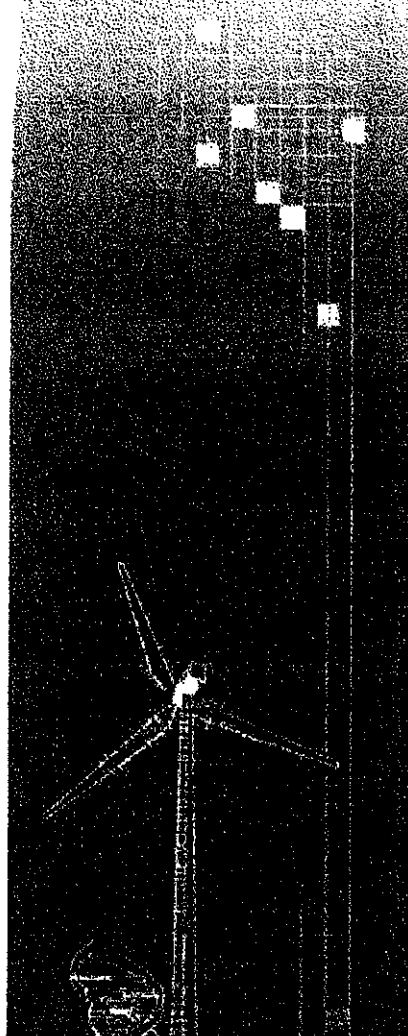
Innovation for Our Energy Future

A national laboratory of the U.S. Department of Energy
Office of Energy Efficiency & Renewable Energy

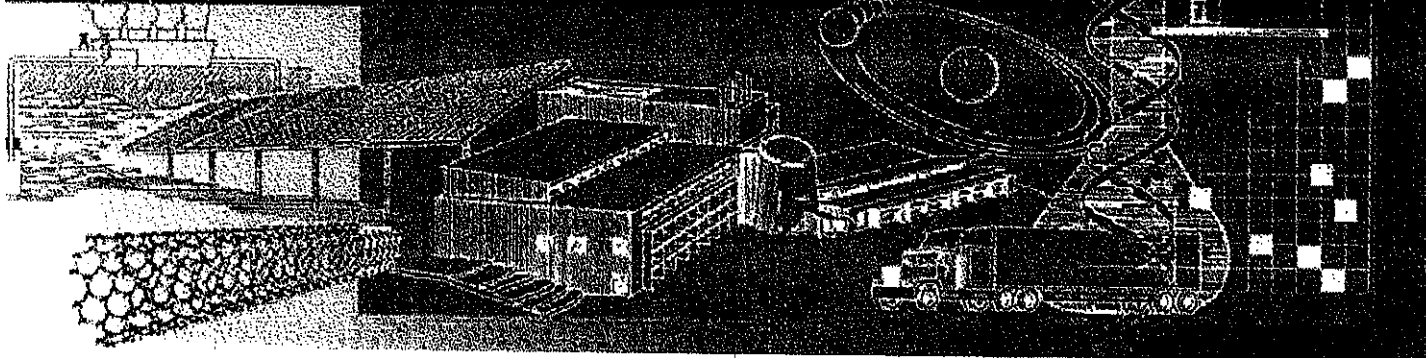
Trends in Utility Green Pricing Programs (2006)

Lori Bird and Marshall Kaiser

Technical Report
NREL/TTP-670-42287
October 2007



NREL is operated by Midwest Research Institute • Battelle Contract No. DE-AC36-99-GO10337



Product Type

Most utility green pricing programs are structured so that customers can purchase renewable energy to meet some or all of their electricity needs. The green power premium charged in these “energy-based” programs is typically expressed in ¢/kWh or \$/kWh block. Other programs are structured to allow customers to contribute funds that support the development of renewable energy sources. These so-called “contribution programs” have become less common, and currently represent fewer than 10% of all programs.¹⁴

Energy Blocks vs. Percentage of Use

Most programs are structured so that customers can purchase blocks of green power. Block sizes range from 20 kWh (for energy derived exclusively from solar systems) to 1,000 kWh (for wind energy or renewable energy blends). Block sizes range typically from 100-200 kWh. Many utilities offer larger block sizes to nonresidential customers, in some cases at a reduced per-kWh premium over that offered to residential customers.

The remaining programs allow customers to purchase green power for some fraction of their electricity needs. Most of these programs allow residential customers to elect to have 25%, 50%, or 100% of their electricity supplied from renewable sources, while a few offer fractions as small as 10%. Often, commercial and industrial customers can purchase green power for a smaller fraction of their electricity use than is available for residential customers.

Regarding the question of whether it is better to offer a percent-of-use option or kWh-blocks, some marketers have argued that it is difficult to communicate the concept of a kWh-block to consumers, because customers do not understand kilowatt-hours and are not used to thinking about them. Some marketers have found that this is a significant barrier to enrolling customers. They argue that consumers can more easily understand a product that is presented as a percentage of electricity use. On the other hand, selling blocks of renewable energy may provide additional flexibility to consumers to enable them to purchase smaller increments (although this could also be accomplished by offering a small percent-of-use option). Another potential benefit for customers of purchasing blocks is that the green power premium remains fixed for the customer each month and does not vary along with electricity consumption. Some programs have reported that their billing and administrative systems cannot readily accommodate percent-of-use program structures.

Pricing

In 2006, price premiums for energy-based programs ranged from -0.1¢/kWh to 17.6¢/kWh, with an average premium of 2.1¢/kWh and a median of 1.8¢/kWh. These premiums have been adjusted to account for any fuel cost exemptions granted to green power program participants. It

¹⁴ In the past, a few utilities have offered programs through which customers make a monthly payment tied to the amount of renewable energy capacity that is supported (“capacity-based programs”). For example, customers might be offered the option to pay \$6 each month to support 100 watts of solar energy-generating capacity. Capacity-based programs are no longer actively marketed and, in some cases, have been phased out in favor of energy-based or contribution programs.

is also interesting to note that the average premium drops to 1.9¢/kWh if calculated without the two outliers with premiums of 10.0¢/kWh or greater.

Figure 4 displays price premiums for individual utility programs—solar-based products dominate the high end of the price range. In 2006, the utility programs with the lowest premiums for energy derived from new renewable sources had premiums ranging from -0.1¢/kWh to 1¢/kWh.

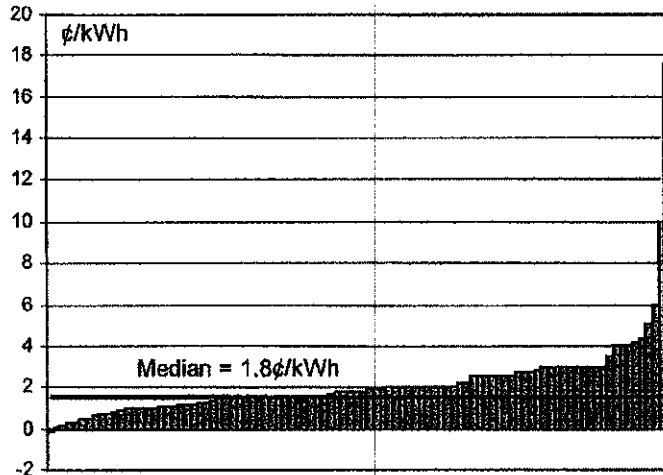


Figure 4. Green Power Premiums Cents/kWh (2006)

In 2006, price premiums continued to decline, decreasing about 10% from 2005. Since 2000, the average price premium has dropped at an average annual rate of 8%. For the first time, the nationwide median premium dipped below 2¢ (Table 17).

Table 17. Price Premiums of Utility Green Power Products (¢/kWh)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------------|------------|----------|----------|----------|-------------|------------|------------|
| Average Premium | 3.48 | 2.93 | 2.82 | 2.62 | 2.45 | 2.36 | 2.12 |
| Median Premium | 2.50 | 2.50 | 2.50 | 2.00 | 2.00 | 2.00 | 1.78 |
| Range of Premiums | (0.5)-20.0 | 0.9-17.6 | 0.7-17.6 | 0.6-17.6 | 0.33 - 17.6 | (0.7)-17.6 | (0.1)-17.6 |
| 10 Programs with Lowest Premiums* | (0.5)-2.5 | 1.0-1.5 | 0.7-1.5 | 0.6-1.3 | 0.33-1.0 | (0.7)-0.9 | (0.1)-1.0 |
| Number of Programs Represented | 50 | 60 | 80 | 91 | 101 | 104 | 97 |

*Represents the 10 utility programs with the lowest price premiums for new customer-driven renewable energy. This includes only programs that have installed – or announced firm plans to install or purchase power from – new renewable energy sources. In 2001 the discrepancy between the low end of the range for all programs and the top 10 programs results from the program with the lowest premium (0.9¢/kWh) not being eligible for the top 10 because it was either selling some existing renewables or had not installed any new renewable capacity for its program.

GOVERNOR CHARLIE CRIST AND FLORIDA POWER & LIGHT DEDICATE FLORIDA'S
LARGEST SOLAR POWER FACILITY

February 11, 2008

Contact:

GOVERNOR'S PRESS OFFICE
(850) 488-5394

SARASOTA -- Governor Charlie Crist today joined Florida Power & Light (FPL) president Armando Olivera for a dedication ceremony of FPL's Sunshine Energy Solar Array at Rothenbach Park in Sarasota County. Also in attendance were Secretary Mike Sole of the Florida Department of Environmental Protection, Senator Mike Bennett, local Sarasota County government officials and leaders in the environmental community.

"I am thankful for the leadership of the Sarasota County government and Florida Power and Light in partnering to provide alternative methods of powering our homes and businesses," Governor Crist said. "The economic future of our state is linked to our maintaining its natural beauty, and this solar power facility is an excellent example that other communities can work to achieve."

Earlier in the day, Governor Crist joined Agriculture Commissioner Charles Bronson and Chief Financial Officer Alex Sink at the Governor's Luncheon at the Florida State Fair in Tampa. Governor Crist praised Commissioner Bronson for his leadership in encouraging Florida's agribusiness to participate in research and development important to the increased use of renewable energy such as ethanol.

The array, the largest solar power facility in Florida and the second-largest in the Southeast, consists of 1,200 solar photovoltaic (PV) panels. These panels convert sunlight into electricity, producing 250 kilowatts of clean energy, enough energy to power approximately 55 average homes. Using solar power will prevent the release of more than 654,000 pounds of CO₂ into the atmosphere each year. The PV panels, mounted at ground level, cover more than 28,000 square feet, or about half the size of a football field.

Construction of the array was made possible by FPL's Sunshine Energy program, a voluntary green power program offered as a choice for FPL residential and commercial customers who want to support cleaner, renewable electric generation. Since Sunshine Energy's inception in 2004, more than 37,000 FPL residential and business customers have enrolled in the program, which has prevented 756 million pounds of CO₂ from entering the atmosphere. That is comparable to removing 67,000 cars from the road today.

"We have a responsibility to ourselves and to future generations to take steps that will conserve our state's precious resources and ecosystem," said Armando Olivera. "We thank Governor Crist for his leadership on climate change and development of renewable power and we thank our customers for making the promise of Sunshine Energy a reality."

Sarasota County donated the land for the solar array as part of the county's own mission to support and promote sustainability efforts in the region. Future plans for the park include walking trails and a nature center. The solar project was developed for FPL by MMA Renewable Ventures with financial support by Green Mountain Energy Company. The PV panels were manufactured by SunPower Corporation. The solar array was installed by Sunbelt Electric of Sarasota.

"Our partnership with FPL has helped us to further our own sustainability goals for the region," said Sarasota County Commission Chair Shannon Staub. "Sustainability initiatives continue to take root and grow across the county as we implement new internal processes and engage the community to build their own sustainability programs."

For more information about the FPL Sunshine Energy Solar Array at Rothenbach Park or to learn how to participate in FPL's Sunshine Energy program, visit www.fpl.com. For more information about Governor Crist's initiative to reduce greenhouse gas emissions, please visit www.flgov.com.

About FPL

Florida Power & Light Company is the principal subsidiary of FPL Group Inc. nationally known as a high quality, efficient and customer-driven organization focused on energy-related products and services. With annual revenues of nearly \$16 billion and a growing presence in 26 states, FPL Group is widely recognized as one of the country's premier power companies. Florida Power & Light Company serves 4.4 million customer accounts in Florida. FPL Energy, LLC, FPL Group's competitive energy subsidiary is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at www.FPL.com, www.FPLGroup.com and www.FPLEnergy.com

About Rothenbach Park

Rothenbach Park is located at the east end of Bee Ridge Road approximately three miles east of Interstate 75. The site is located on a former landfill that was closed in 1998. The park is part of the High Point Complex which includes Animal Services' animal shelter, the Chemical Collection Center, and Public Works facility operations center.

<http://www.flgov.com/release/9841>