

State of Florida



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DATE: December 16, 2008
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Karen W. Webb, Economic Analyst, Office of Strategic Analysis and
Governmental Affairs *KWW*
RE: Docket No. 080503-EI - Establishment of Rule on Renewable Portfolio Standard

Please place the attached comments from Audubon of Florida in the docket file.

KWW
Attachment

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Audubon OF FLORIDA

2507 Callaway Road
Suite 103
Tallahassee, FL 32303
Phone (850) 224-7546
Fax (850) 224-6056

December 12, 2008

Florida Public Service Commission
Chairman Matthew M. Carter II
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Establishment of the Renewable Portfolio Standard Rule
Comments of Audubon of Florida
Docket No. 080503-EI

Dear Chairman Carter:

Please accept the following comments to the Florida Public Service Commission (PSC) on development of the Renewable Portfolio Standard (RPS). We thank the PSC for commissioning The Draft Florida Renewable Energy Potential Assessment Report by Navigant Consulting (Navigant Study), acknowledge staff work in developing the first draft proposal, and we recognize Commissioner Nathan A. Skop, Esq., for his "RPS Implementation Proposal: Standard Offer Contract Approach" presented during the December 3, 2008 workshop.

Our comments are intended to support Governor Crist's recommendation of a goal of twenty percent of electricity from each provider coming from renewable sources by 2020. We support allowing five percent utility annual revenue to be used to underwrite the additional costs of renewable energy, with preference being given to solar and wind to stimulate those technologies.

These are challenging times, and Florida faces serious threats to its environment and economy from the impacts of global climate change and the volatility of fuel prices. The PSC has the opportunity, even within its limited range of statutory options for proposing an RPS rule, to position Florida to grow its economy around renewable energy. Given our dependence upon fossil fuels for electricity generation, and the predictable increase in worldwide demand and costs for fossil fuels, only an aggressive push toward renewable energy makes sense.

Significantly reducing greenhouse gas emissions, diversifying fuel supply, providing energy independence, stimulating technological innovation and new job creation, and providing a stable and competitive playing field for business should be the drivers for this rule. The constraint found in HB 7135 of not being "cost prohibitive" is a subjective notion made into a political notion during the debate on RPS. The concept must be considered against rising fuel prices, costs associated with nuclear power, and the economic impacts of complying with predictable regulations capping greenhouse gases.

While the Legislature did not provide clear direction to the PSC to consider mitigating the costs of climate change impacts on Florida's environment and economy. These external costs including sea level rise, more intense storms and storm surges, and persistent droughts can be tied directly to greenhouse gas emissions from electricity production, even if it is difficult to forecast the exact costs to taxpayers and consumers. Audubon will ask the Florida Legislature to incorporate additional direction tying climate change to the RPS. We acknowledge that this debate would be

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better informed if advocates of an aggressive RPS were able, at this point, to present data that forecasts costs other than rate impacts.

The Navigant Study clearly demonstrates that Florida has enough potential renewable energy to meet a 20% by 2020 target, and with smart rule development, this target can be achieved in a manner which is not cost prohibitive. For example, just the technical potential of between 156,000 to 173,000 GWHs of residential rooftop, commercial rooftop, and ground mounted PV solar systems accounts for more than 50% of Florida's total net generation of 213,789 GWHs of electricity by all fuel types in 2007.¹

Governor Charlie Crist and the Florida Energy and Climate Change Action Plan both support the 20% by 2020 target, as do non-governmental organizations and private sector renewable energy providers.

An important element to ensure Florida maximizes its potential is to establish an equitable cost cap. To implement a cost cap that restricts rate impacts to 1% is fundamentally unfair because it does not apply to other forms of electricity generation, such as nuclear or fossil-fuel generation, and could essentially cut renewable energy development off at the knees. The Navigant Study dated November 24, 2008 demonstrates in its favorable scenario, which is the most predictable and accounts for rising fossil fuel prices, that allowing 5% of utility revenue to be added to cost is reasonable, effective and not cost prohibitive when considered with other predictable issues such as greenhouses gas policy and fuel prices.

Fuel is free for solar and offshore wind, and as this market matures, fossil-fuel costs will be offset by these renewable sources, making Florida less vulnerable to fuel price volatility. A strong RPS will provide strong fuel diversification for Florida, and the benefit of an avoided cost of heavy reliance on fossil fuels in Florida's energy mix. Decreasing the state's dependence on fossil fuels also provides an important hedge against price volatility and more energy independence for the state.

Finally, the Navigant study found that Florida's largest renewable energy resources are solar and offshore wind energy. HB7135 specifically calls for giving preference to these renewable energy sources, and these sources also hold great promise for generating new green jobs for the state of Florida. One study found that each "1 MW of solar supports 32 jobs, with 8 being local," and that the Navigant Study "showed the potential for up to 32,000 new jobs in Florida by 2016 due to the federal Solar ITC extension and build-out of a solar generation platform."²

We thank the PSC for the opportunity to provide comments on the development of the RPS and look forward to contributing to the creation of a viable, economically and environmentally beneficial energy strategy for the state of Florida.

Sincerely,



Eric Draper
Audubon Deputy Director

¹ The report "Statistics of the Florida Electric Utility Industry 2007," published September 2008 by the Florida PSC, shows the total net electricity generation by all fuel types in 2007 was 213,789 GWHs.

² Sunshine State Solar Power, LLC Comments on Navigant Consulting Study and PSC RPS Rule Proposal, Docket No. 080503-EI, December 8, 2008, page 2.