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COMMISSION
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March 18, 2011

VIA HAND DELIVERY

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: *Petition for approval of negotiated purchase power contract with Trans World Energy LLC by Progress Energy Florida, Inc.; Docket No. 110047-EQ*

Dear Ms. Cole:

Please find enclosed for filing on behalf of Progress Energy Florida, Inc. ("PEF") the original and five (5) copies of PEF and Trans World's joint responses to Staff's Data Request No. 1 in the above referenced docket. Please post these responses in each of the dockets noted above.

Thank you for your assistance in this matter. Please call me at (727) 820-5184 should you have any questions.

COM ___
APA ___
ECR 1
GCL 1
RAD 3
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ADM ___
OPC ___ JTB/lms
CLK ___

Sincerely,

John T. Burnett cms
John T. Burnett

cc: Trans World Energy LLC

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**PROGRESS ENERGY FLORIDA, INC.'S RESPONSES TO STAFF DATA REQUEST NO. 1
DOCKET NOS. 110047-EQ**

Q1. Please indicate which state Trans World was organized in and where it is registered to do business.

Trans World Response: Trans World was organized and registered in the State of Florida.

Q2. How many employees does Trans World currently employ in Florida?

Trans World Response: Trans World currently has four (4) full-time employees.

Q3. How many new jobs would be created in Florida during the construction and operation phase of the proposed facilities?

Trans World Response: Trans World anticipates that there will be 100 jobs created for the construction phase and 45 jobs created for the operations stage.

Q4. Please complete the table describing all facility projects which Trans World has developed, constructed, operated, or maintained.

Project Name	Resource Type	Size (MW)	Payment Type (Fixed or Not Fixed)	Cost of Energy (\$/kWh)	Annual Energy Production (kWh)	Average Annual Availability Factor (%)	Construction Start Date	In-Service Date	Contract Signing Date	Location

Trans World Response: Please see Attachment A.

Q5. Please identify any delays in construction experienced by above-referenced projects.

Trans World Response: There have been no delays in construction experienced.

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- Q6. Please identify and discuss any projects for the development, construction, operation or maintenance of an electric generator for which Trans World executed a contract but which were not completed.**

Trans World Response: Trans World has no other projects for which it has executed a contract.

- Q7. Has Trans World obtained a fuel supply contract for this proposed project?**

- a) If so, with whom?
- b) What is the duration of this contract?
- c) Please provide a copy of the contract.

Trans World Response: Trans World has obtained a letter of intent for the fuel supply, but a contract has not yet been signed.

- a.) The letter of intent is with [REDACTED]
- b.) The letter of intent is for a [REDACTED] contract.
- c.) N/A

- Q8. Will Trans World outsource any of its contract obligations, such as engineering, procurement, and construction of the proposed facilities? If yes, please identify the entity that will provide these services?**

Trans World Response: Yes, Trans World will outsource some of its contract obligations. Specifically, the engineering contractor will be [REDACTED], the construction contractor will be [REDACTED] and the general contractor has not yet been determined.

- Q9. Has Trans World obtained any financing for the proposed project? If so, please describe.**

Trans World Response: Yes, Trans World has obtained a [REDACTED].

Q10. Please provide the path schedule/timeline for permitting and construction of the proposed facility. In your answer, please include all critical deadlines, including but not limited to: Land Acquisition, Zoning, Permitting (such as those relating to Zoning, Construction, or Water Use), Construction, Testing, Transmission, and Delivery of Capacity. Please identify any events that have been completed.

Trans World Response: Please see attachment B.

Q11. Please provide a copy of the Parties' constitutional documents and corporate resolutions as described in Section 5(a)(vi) of the power purchase contract.

Trans World Response: Not applicable at this time. These documents are due to be exchanged by PEF and Trans World by the Drop Dead Date of January 20, 2013.

Q12. Please describe any events that may delay or accelerate key milestones that determine the commercial in-service date of the proposed facility.

Trans World Response: Unforeseen construction and/or permitting delays, difficulty in acquiring additional financing, natural disasters, and events that are not in our control, such as, but not limited to, strikes at our suppliers may delay or accelerate the key milestones.

Q13. What is the capacity factor at which the proposed facility is expected to operate during normal operation?

Trans World Response: Trans World expects to operate at a capacity factor of 94%.

Q14. When evaluating the cost effectiveness of the proposed facility, were the payment comparisons to the avoided 40 MW generator at 94% capacity factor a mix of the lesser of as-available energy payments and avoided unit payments? If not, please provide this analysis or explain why this analysis is not valid.

PEF Response: When evaluating the cost effectiveness of the proposed facility, the lesser of the average monthly average as-available energy price or avoided unit energy price was used. For all months the monthly average as-available price was lower in cost than the avoided unit energy price.

REDACTED

Q15. On page 2 of the petition, PEF states that it used the 2010 Ten Year Site Plan fuel forecast to calculate the NPV for the contract. For the years 2020 through 2033, what forecasted fuel prices did PEF use to calculate the NPV? Please explain.

PEF Response: PEF used a long term natural gas price forecast from PIRA for the years 2013 through 2025 and escalated the years 2026 through 2031 at a fixed rate of 3%.

	Delivered Gas \$/MMBtu
Year	
2011	\$ -
2012	\$ -
2013	[REDACTED]
2014	[REDACTED]
2015	[REDACTED]
2016	[REDACTED]
2017	[REDACTED]
2018	[REDACTED]
2019	[REDACTED]
2020	[REDACTED]
2021	[REDACTED]
2022	[REDACTED]
2023	[REDACTED]
2024	[REDACTED]
2025	[REDACTED]
2026	[REDACTED]
2027	[REDACTED]
2028	[REDACTED]
2029	[REDACTED]
2030	[REDACTED]
2031	[REDACTED]
2032	[REDACTED]
2033	[REDACTED]

Q16. Please provide a complete copy of the fuel price forecast used to calculate the NPV for the entire term of the contract.

PEF Response: Please see the response to Question 15.

Q17. Please explain why PEF considers the fuel price forecast used to calculate the NPV of the contract to be reasonable?

PEF Response: Forecasts of volatile commodities like natural gas change frequently. For consistency, PEF uses the fuel and As-Available energy forecast used in the applicable Ten Year Site Plan (that defines the associated avoided unit) throughout the year when evaluating renewable purchases. Negotiated contracts can take months to finalize and during that time, the forecast of natural gas may change. It may even change more than once during negotiations. If PEF reverted to the latest natural gas forecast during multi-month long negotiations, then the negotiations and analysis would have to restart each time a new gas forecast became available; and, it would be inconsistent with the applicable Ten Year Site Plan and defined avoided unit. To elaborate, if a different fuel forecast had been used in the applicable Ten Year Site Plan analysis, then it is possible, that a different avoided unit may have emerged from that planning process. Therefore, it is reasonable, consistent and necessary to use the fuel forecast that was used and established the avoided unit, when evaluating the cost of QF contracts against the cost of that same avoided unit.

Q18. In PEF's responses to Staff Data Request No. 2 in Docket No. 090537-EQ, PEF provided staff an Attachment A in response to question number 3. Attachment A is also provided in this Data Request. Following the model set forth in that Attachment, please provide the appropriate calculations using the 2010 TYSP fuel price forecast. Please use a variance of 15% above and below the forecasted fuel prices instead of the 20% used in the first Attachment A.

PEF Response: Please see Attachment C.

Q19. Under which of the two clauses (Fuel Adjustment Clause and Capacity Cost Recovery Clause) mentioned in Section 20.17(i) would PEF file its request for reimbursement for the combined payments to this contract? Please explain.

PEF Response: Of the total NPV cost of the avoided unit of \$215,114,000, the capacity component is \$18,018,000 or approximately 8% of the total. The remaining 92% is the energy component. Because the capacity component is only 8% of the total payment and will vary from month to month, PEF would request that the total payment to Trans World be recovered through the Fuel Adjustment Clause.

Project Name Resource Type Size (MW) Payment Type Cost of Energy Annual Energy Production

[REDACTED]

Average Annual Availability Construction Start Date In-Service Date Contract signing date Location

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

March 2011-----May 2011-----October 2011-----

Site selection (1 month)	EPA permitting started (12 months)	Site Preparation begins
Site acquisition (2 months)	Engineer starts detailed RTP development (6 months)	
Site Permitting started (6 months)		
Engineer completes project scope (3 months)		
General Contractor selected (1 month)		
Outside Engineering started		

November 2011-----May 2013-----

Construction begins; completion date March 2013	Committed Capacity testing completed
Engineering RTP project Execution; completion date March 2013	

June 2013-----July 2013

Plant commissioned	Facility goes online.
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Dollars in \$000	NPV	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Base Fuel																						
NPV of Payments to TransWorld	\$ 171,535	[REDACTED]																				
NPV of Avoided Capacity Costs	\$ 18,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 981	\$ 1,602	\$ 1,525	\$ 1,452	\$ 1,383	\$ 1,317	\$ 1,254	\$ 1,194	\$ 1,137	\$ 1,083	\$ 1,031	\$ 982	\$ 935	\$ 890	\$ 848	\$ 404
NPV of Avoided Energy Costs	\$ 215,114	\$ 8,432	\$ 15,614	\$ 16,548	\$ 15,607	\$ 15,510	\$ 15,068	\$ 12,970	\$ 11,391	\$ 10,442	\$ 9,867	\$ 9,310	\$ 9,678	\$ 9,200	\$ 8,551	\$ 8,718	\$ 7,873	\$ 7,394	\$ 7,045	\$ 6,712	\$ 6,410	\$ 2,774
NPV of Net Benefit (Cost)	\$ 61,597	[REDACTED]																				
High Fuel - 15% Increase																						
NPV of Payments to TransWorld	\$ 171,535	[REDACTED]																				
NPV of Avoided Capacity Costs	\$ 18,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 981	\$ 1,602	\$ 1,525	\$ 1,452	\$ 1,383	\$ 1,317	\$ 1,254	\$ 1,194	\$ 1,137	\$ 1,083	\$ 1,031	\$ 982	\$ 935	\$ 890	\$ 848	\$ 404
NPV of Avoided Energy Costs	\$ 247,381	\$ 9,697	\$ 17,957	\$ 19,030	\$ 17,948	\$ 17,837	\$ 17,328	\$ 14,916	\$ 13,099	\$ 12,008	\$ 11,348	\$ 10,706	\$ 11,130	\$ 10,580	\$ 9,834	\$ 10,026	\$ 9,054	\$ 8,503	\$ 8,101	\$ 7,719	\$ 7,371	\$ 3,190
NPV of Net Benefit (Cost)	\$ 93,864	[REDACTED]																				
Low Fuel - 15% Decrease																						
NPV of Payments to TransWorld	\$ 171,535	[REDACTED]																				
NPV of Avoided Capacity Costs	\$ 18,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 981	\$ 1,602	\$ 1,525	\$ 1,452	\$ 1,383	\$ 1,317	\$ 1,254	\$ 1,194	\$ 1,137	\$ 1,083	\$ 1,031	\$ 982	\$ 935	\$ 890	\$ 848	\$ 404
NPV of Avoided Energy Costs	\$ 182,847	\$ 7,167	\$ 13,272	\$ 14,066	\$ 13,266	\$ 13,184	\$ 12,808	\$ 11,025	\$ 9,682	\$ 8,876	\$ 8,387	\$ 7,913	\$ 8,226	\$ 7,820	\$ 7,269	\$ 7,410	\$ 6,692	\$ 6,285	\$ 5,988	\$ 5,706	\$ 5,448	\$ 2,358
NPV of Net Benefit (Cost)	\$ 29,330	[REDACTED]																				