

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Petition for determination of need for  
Okeechobee Clean energy Center Unit 1, by  
Florida Power & Light Company

DOCKET NO. 150196-EI

FILED: November 3, 2015

**PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL**

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Orders Establishing Procedure in this docket, Order No. PSC-15-0394-PCO-EI, issued September 16, 2015, submit this Prehearing Statement.

**APPEARANCES:**

PATRICIA A. CHRISTENSEN, Esquire  
Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida.

1. **WITNESSES:**

The Citizens intend to call the following witnesses, who will address the issues indicated:

NAME

ISSUES

None.

2. **EXHIBITS:**

None.

### 3. STATEMENT OF BASIC POSITION

#### ***Generally***

Florida Power and Light (FPL) has the burden of proof to justify its request for a determination of need to build the Okeechobee Clean Energy Center Unit 1 (OCEC 1). Further, FPL has the burden of proof regarding its proposed change and/or addition to the reserve margin and any other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Citizens do not take issue with the use of a loss of load probability (LOLP) analysis to determine whether a particular unit is needed. However, FPL has not asserted in its request for determination of need that the OCEC1 is required to be built because the LOLP would be compromised.

Citizens submit that a 20% reserve margin which was previously set by stipulation in Order No. PSC- 99-2507-S-EU, issued December 22, 1999, is unnecessarily high, and should be addressed by the Commission in a generic proceeding. The stipulation, which was entered into by only investor-owned utilities, made clear that future Electric Power Plant Siting Act proceedings would be unaffected by the stipulation wherein the IOUs agreed to planning criterion of 20% for reserve margins and its approval by the Commission. *Id.* at pp. 9-10. However, Citizens submit that the Commission should apply the minimum 15% margin reserve set forth in Rule 25-6.035, Florida Administrative Code. Rule 25-6.035, Florida Administrative Code, states:

Each electric utility shall maintain sufficient generating capacity, supplemented by regularly available generating and non-generating resources, in order to meet all reasonable demands for service and provide a reasonable reserve for emergencies. Each electric utility shall also coordinate the sharing of energy reserves with other electric utilities in Peninsular Florida. To achieve an equitable sharing of energy reserves, Peninsular Florida utilities shall be required to maintain, at a minimum, a 15% planned reserve margin. The planned and operating reserve margin standards established herein are intended to maintain an equitable sharing of energy reserves, not to set a prudent level of reserves for long-term planning or reliability purposes.

Planning to the minimum 15% reserve margin would not only meet the equitable sharing of energy reserves, but it would also avoid uneconomic, overbuilding of generation and the resulting increase in rates to ratepayers. The current in service date for OCEC 1 is June 1, 2019. However, FPL's margin reserve in 2019 is projected to be 15.7%. Thus, applying the minimum 15% margin reserve, the OCEC 1 unit would not be needed for the proposed in-service date of June 1, 2019.

### ***10% Generation-Only Margin Reserve***

FPL has introduced a change and/or addition to the margin reserve criteria. FPL is requesting a 10% generation-only reserve margin be considered as an additional condition in evaluating its need determination. While FPL states that it has used this new criteria in Commission dockets since 2014, the Commission has not approved the use of the 10% generation-only criteria. Currently, the reserve margin in Florida for FPL has been based on a stipulation that is more than 15 years old. When the reserve margin stipulation set a 20% reserve margin, the stipulation stated that “[n]either the adoption by the IOUs of the minimum twenty percent (20%) planning criterion nor the approval of this Stipulation by the Commission shall be deemed to create any presumption that capacity addition must be through any particular mix of generation and/or demand-side resources.” PSC-99-2507-S-EU at p. 9.

Moreover, Rule 25-6.035, Florida Administrative Code, already establishes the required “spinning load” that is needed for peninsular Florida. The Rule states as follows:

The following shall be utilized as the operating reserve standard for Peninsular Florida’s utilities: operating reserves shall be maintained by the combined Peninsular Florida system at a value equal to or greater than the loss of generation that would result from the most severe single generating unit contingency. The operating reserves shall be allocated among the utilities in proportion to each control area’s peak hour net energy for load for the preceding year, and the summer gross Florida Reliability Coordinating Council (FRCC) capability of its largest unit or ownership share of a joint unit, whichever is greater. Fifty percent shall be allocated on the basis of peak hour net energy for load and fifty percent on the basis of the summer gross FRCC capability of the largest unit. Operating reserves shall be fully available within fifteen minutes. At least 25% of the operating reserves shall be in the form of spinning reserves which are automatically responsive to a frequency deviation from normal.

Under this Rule, the spinning reserves, i.e. generation reserves, are already addressed through a series of determinations made on a “total utilities” basis at the FRCC. FPL has not established through its proposed evidence that this new 10% generation-only reserve margin criteria is necessary. Furthermore, it appears to be redundant to the Rule on “spinning reserves” that is already in effect.

Thus, the addition of a 10% generation-only margin reserve criteria, irrespective of the percentage used, is unnecessary for several reasons. First, FPL has not demonstrated that the usual criteria for evaluating need (loss of line probability and reserve margin percentage) is insufficient in

this docket. Second, the additional 10% generation-only criteria is unnecessary, is duplicative of the 25% “spinning load” requirement established in Commission rule, and will likely contribute to uneconomic, overbuilding of generation.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

**Issue 1:** Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?

OPC: No. Using the 15% minimum reserve margin in Rule 25-6.035, Florida Administrative Code, OCEC 1 is not needed for the proposed in-service date of June 1, 2019. Further, FPL’s proposed 10% generation-only margin reserve criteria is unnecessary for the Commission’s determination of reliability and integrity. Further, FPL’s proposed 10% generation-only margin reserve should not be adopted or approved by the Commission in making this need determination.

**Issue 2:** Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light, which might mitigate the need for the proposed Okeechobee Clean Energy Center Unit 1?

OPC: No position at this time.

**Issue 3:** Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

OPC: No, using a margin reserve greater than 15% with a 10% generation-only criteria will lead to uneconomic, overbuilding of generation and result in unreasonable rate increases for FPL’s ratepayers.

**Issue 4:** Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), Florida Statutes?

OPC: No, the OCEC 1 is a natural gas unit which will needlessly increase FPL's reliance on natural gas.

**Issue 5:** Will the proposed Okeechobee Clean Energy Center Unit 1 provide the most cost-effective alternative, as this criterion is used in Section 403.519(3), Florida Statutes?

OPC: No position at this time.

**Issue 6:** Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light's petition to determine the need for the proposed Okeechobee Clean Energy Center Unit 1?

OPC: No. Using the 15% minimum reserve margin in Rule 25-6.035, Florida Administrative Code, OCEC 1 is not needed for the proposed in-service date of June 1, 2019.

**Issue 7:** Should this docket be closed?

OPC: Yes.

5. **STIPULATED ISSUES:**

None.

6. **PENDING MOTIONS:**

OPC has no pending motions.

7. **STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

OPC has no pending requests or claims for confidentiality.

8. **OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

OPC has no objection to qualifications of witnesses.


9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Dated this 3<sup>rd</sup> day of November, 2015

Respectfully submitted,

J.R. Kelly  
Public Counsel



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**CERTIFICATE OF SERVICE**  
**150196-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing **Prehearing Statement** has been furnished by electronic mail on this 3<sup>rd</sup> day of November, 2015, to the following:

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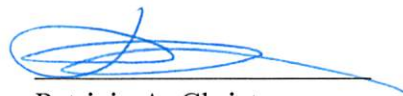
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