

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for  
Dania Beach Clean Energy Center Unit 7,  
by Florida Power & Light Company

DOCKET NO. 20170225-EI

DATE: January 2, 2018

**SIERRA CLUB'S PREHEARING STATEMENT**

Pursuant to the November 6, 2017, Order Establishing Procedure, Order No. PSC-2017-0426-PCO-EI, Sierra Club hereby submits its Prehearing Statement.

**1. WITNESSES**

**A. Direct**

<b>Witness</b>	<b>Subject Matter</b>	<b>Issue</b>
Dr. Ezra Hausman	Assesses and responds to FPL's stated reasons set forth in its petition requesting that the Florida Public Service Commission (PSC) grant FPL an affirmative determination of need for a 1,163 megawatt 7 (hereafter MW) gas combined cycle unit in June 2022, under the factors set forth in Section 403.519(3), Florida Statutes	1-6

**2. EXHIBITS**

<b>Witness</b>	<b>Proffered by</b>	<b>Exh. No.</b>	<b>Description</b>
Dr. Ezra Hausman	Sierra Club	EDH-1	Resume of Ezra D. Hausman, Ph.D.
Dr. Ezra Hausman	Sierra Club	EDH-2	Gavin Bade & Peter Maloney, Utility Dive, <i>Updated: Tucson Electric Signs Solar + Storage PPA for 'Less Than 4.5¢/kWh'</i> (May 2017), available at <a href="https://www.utilitydive.com/news/updated-tucson-electric-signs-solar-storage-ppa-for-less-than-45kwh/443293/">https://www.utilitydive.com/news/updated-tucson-electric-signs-solar-storage-ppa-for-less-than-45kwh/443293/</a>
Dr. Ezra Hausman	Sierra Club	EDH-3	JEA, <i>Agenda Item Summary: Universal Solar Expansion and Land Acquisition</i> (Oct. 2017)

Dr. Ezra Hausman	Sierra Club	EDH-4	Pierce Schuessler, Solar Energy Industries Association, <i>Comment on Proposed 2017 Second Revised and Restated Stipulation and Settlement Agreement in Docket No. 20170183</i> (Oct. 2017)
Dr. Ezra Hausman	Sierra Club	EDH-5	EnerNOC, Inc., <i>ISO-New England Awards EnerNOC Landmark Contract to Improve Grid Reliability in Southwest Connecticut</i> (Apr. 2004)
Dr. Ezra Hausman		EDH-6	Moody's, <i>Global Renewables Focus</i> (Sep. 2017)
Dr. Ezra Hausman	Sierra Club	EDH-7	Mark Bolinger et al., Lawrence Berkeley National Laboratory, <i>Utility-Scale Solar 2016: An Empirical Analysis of Project Cost, Performance, and Pricing Trends in the United States</i> (Sep. 2017), available at <a href="https://emp.lbl.gov/sites/default/files/utility-scale_solar_2016_report.pdf">https://emp.lbl.gov/sites/default/files/utility-scale_solar_2016_report.pdf</a>
Dr. Ezra Hausman	Sierra Club	EDH-8	Chris Neme & Jim Grevatt, Energy Futures Group, <i>Energy Efficiency as a T&amp;D Resource: Lessons from Recent U.S. Efforts to Use Geographically Targeted Efficiency Programs to Defer T&amp;D Investments</i> (Jan. 2015), available at <a href="http://www.neep.org/sites/default/files/products/E_MV-Forum-Geo-Targeting_Final_2015-01-20.pdf">http://www.neep.org/sites/default/files/products/E_MV-Forum-Geo-Targeting_Final_2015-01-20.pdf</a>
Dr. Ezra Hausman	Sierra Club	EDH-9	Rachel Wilson & Bruce Biewald, Synapse Energy Economics, <i>Best Practices in Electric Utility Integrated Resource Planning: Examples of State Regulations and Recent Utility Plans</i> (June 2013), available at <a href="http://www.raonline.org/wp-content/uploads/2016/05/rapsynapse-wilsonbiewald-bestpracticesinirp-2013-jun-21.pdf">http://www.raonline.org/wp-content/uploads/2016/05/rapsynapse-wilsonbiewald-bestpracticesinirp-2013-jun-21.pdf</a>
Dr. Ezra Hausman	Sierra Club	EDH-10	Navigant Consulting, Inc., for Eastern Interconnection States' Planning Council and National Association of Regulatory Utility Commissioners, <i>Transmission Planning White Paper</i> (2014), available at <a href="https://pubs.naruc.org/pub.cfm?id=53A151F2-2354-D714-519F-53E0785A966A">https://pubs.naruc.org/pub.cfm?id=53A151F2-2354-D714-519F-53E0785A966A</a>
Dr. Ezra Hausman	Sierra Club	EDH-11	New England Power Pool, <i>Order on Rehearing and Accepting Compliance Filing</i> , FERC Docket

			Nos. ER04-335-001 and ER04-335-002 (May 2004), <i>available at</i> <a href="https://www.ferc.gov/eventcalendar/Files/20040528153559-er04-335-001.pdf">https://www.ferc.gov/eventcalendar/Files/20040528153559-er04-335-001.pdf</a>
Dr. Ezra Hausman	Sierra Club	EDH-12	PJM Interconnection, LLC, <i>Load Management Performance Report 2015/2016</i> (Aug. 2016), <i>available at</i> <a href="http://www.pjm.com/~media/markets-ops/dsr/2015-2016-dsr-activity-report-20151221.ashx">http://www.pjm.com/~media/markets-ops/dsr/2015-2016-dsr-activity-report-20151221.ashx</a>
Dr. Ezra Hausman	Sierra Club	EDH-13	PJM Interconnection, LLC, <i>RPM 101: Overview of Reliability Pricing Model</i> (Apr. 2017), <i>available at</i> <a href="http://pjm.com/~media/training/nerc-certifications/markets-exam-materials/rpm/rpm-101-overview-of-reliability-pricing-model.ashx">http://pjm.com/~media/training/nerc-certifications/markets-exam-materials/rpm/rpm-101-overview-of-reliability-pricing-model.ashx</a>

### 3. STATEMENT OF BASIC POSITION

Florida Power & Light Company (FPL) has failed to demonstrate a need, as required by section 403.519(3), F.S., to bring on line in June 2022 the Dania Beach Clean Energy Center Unit 7 (DBEC). To the contrary, FPL’s own projections show neither a reserve margin need nor a Southeastern Florida system imbalance until at the earliest 2024. Therefore, fundamentally, no valid reason exists to gamble \$888 million of ratepayers’ money to bring DBEC on line in 2022, when doing so gratuitously extends by another four decades (the expected life of DBEC) ratepayers’ exposure to the costs and risks of importing gas so that DBEC may operate. Bringing DBEC on line in 2022 is also rash because the record demonstrates that flexible, low-cost, low-risk resources such as solar and energy efficiency are available to FPL, but FPL has failed to properly investigate these alternatives to DBEC.

The evidence establishes that FPL’s reserve margin and Southeast Florida system balance needs can both be met while retiring the two existing units (Units 4 and 5) at FPL’s Lauderdale plant site, in 2018, and only bringing new generation on line when a reserve margin shortfall is projected to arise, which is not until 2024 at the earliest. Moreover, the evidence establishes that this would be less costly than FPL’s proposed project – which involves retiring Lauderdale 4 and 5 in 2018 and bringing DBEC into service in 2022. Accordingly, FPL has not shown that DBEC is the most cost-effective alternative.

Nor has FPL shown that it has fairly compared the costs of the DBEC to costs of incrementally adding clean energy resources. Just as FPL has failed to establish that DBEC is the most cost-effective alternative, it has also ignored its obligation to utilize reasonably available renewable energy sources and technologies or conservation measures to mitigate the need for the DBEC. FPL’s only consideration of clean energy resources—its “Plan 3”—evaluates an arbitrarily constrained and unnecessarily expensive renewable energy ‘strawman’ and makes no

serious effort to consider more cost-effective alternatives. Moreover, it is patently obvious that adding 1,163 MW of gas to a system already overburdened with gas cannot possibly, in any rational world, be found to promote fuel diversity; this is all the more egregious because FPL's own plans to add solar to its system evidence how cost competitive solar now is.

Ultimately, "FPL has the burden of proof" in this proceeding. *See In re: Petition for exemption under Rule 25 -22.082(18), F.A.C., from issuing a request for proposals (RFPs) for modernization of the Lauderdale Plant, by Florida Power & Light Company, Order No. PSC-2017-0358-PCO-EI at 4-5, in Docket No. 20170122-EI (September 20, 2017); see also In re: Petition to determine need for Florida EnergySecure Pipeline by Florida Power & Light Company, Order No PSC PSC-09- 0715-FOF- EI (October 28, 2009).* Here, FPL has failed to carry its burden of proof.

#### 4. STATEMENT OF ISSUES AND POSITIONS

**Issue 1:** Is there a need for the proposed Dania Beach Clean Energy Center Unit 7, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?

**Sierra Club:** No. There is no reliability need for DBEC to come on line with a June 2022 in-service date because--even assuming that FPL retires the existing Lauderdale 4 and 5 units in 2018 --the project comes into service two years before any projected reserve margin shortfall, three years before any projected system balance issue, and five years before the full 1,163 MW capacity of the project is forecast to be needed for reserve margin. (Witness: Dr. Ezra Hausman)

**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 Dania Beach Clean Energy Center Unit 7?

**Sierra Club:** Sierra Club objects to the premise that there is any "need" for DBEC in June 2022. That said, the record demonstrates that there are renewable energy sources, technologies, and conservation measures that are reasonably available to supply a wide-range of generation and other reliability functions on FPL's system. However, FPL has not taken those steps needed to evaluate these alternatives to DBEC, nor included them in its proposed project. Utility-scale solar, demand-side programs, and other renewable sources or conservation measure are reasonably available and could supply the same functions as DBEC. These resources could be deployed incrementally to delay, or potentially entirely forestall, the need for a new large gas burning generation project, and would likely reduce the financial burden on Florida ratepayers.

FPL has neither met its burden of proof on this factor nor provided the Commission with sufficient information to readily assess the extent to which such mitigating alternatives are available. FPL's "Plan 3", which purportedly evaluates solar and energy storage options, constitutes a single, poorly-conceived alternative that is rife with artificial, cost-inflating constraints. (Witness: Dr. Ezra Hausman)

**Issue 3:** Is there a need for the proposed Dania Beach Clean Energy Center Unit 7, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

**Sierra Club:** No. Because more cost-effective options exist to meet electricity needs, the project does not provide adequate electricity at reasonable cost. Ratepayers will save money if FPL retires Lauderdale 4 and 5 in 2018, and defers adding new generation until the time at which it faces a projected reserve margin deficit or Southeastern regional imbalance. Moreover, it is too early to reliably ascertain what costs are reasonable, when no need for any additional generation, let alone 1,163 MW, is projected to arise for two or more years after DBEC is proposed to be brought into service. The factors and information that determine what resource should be selected, when they are needed, and how much, are constantly changing. By locking into DBEC now, before that generation is needed, FPL ratepayers lose out on reasonable opportunities to procure cheaper and less risky renewable alternatives when the actual need arises. Thus, imposing costs on ratepayers from a premature decision now would not be reasonable. (Witness: Dr. Ezra Hausman)

**Issue 4:** Is there a need for the proposed Dania Beach Clean Energy Center Unit 7, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519(3), Florida Statutes?

**Sierra Club:** No. There is no fuel diversity need for the project because the project will not promote fuel diversity. Burning gas currently accounts for 71% of FPL's generation. Yet DBEC would supply even more MWh from gas than the existing units it would replace. Accordingly, the project only aggravates the FPL's fuel diversity problem. Conversely, increasing its portfolio of zero-fuel generation resources would provide much needed fuel diversity benefits to FPL's ratepayers, including protection from both fuel supply disruptions and higher future fuel and emissions costs. (Witness: Dr. Ezra Hausman)

**Issue 5:** Will the proposed Dania Beach Clean Energy Center Unit 7 provide the most cost-effective alternative available, as this criterion is used in Section 403.519(3), Florida Statutes?

**Sierra Club:** No. FPL’s proposed gas burning project is not the most cost-effective alternative available. Although FPL has provided only limited data--its stated record retention policy is to keep only final reports—Sierra Club’s expert has identified less costly alternatives, including delaying the project until 2024, which is the earliest date at which additional resources are first forecast to be needed in Southeastern Florida. Further, FPL did not adequately consider other potential cost saving alternatives, such as further forestalling the need for a major generation project by adding incremental, renewable or demand-side alternatives.

Moreover, FPL has not met its burden of proof on this issue. Its petition only identified and evaluated two alternatives to the status quo—one the DBEC, and the other a single plan hobbled by artificial constraints seemingly tailor made to make renewable resources appear unduly costly to FPL customers. (Witness: Dr. Ezra Hausman)

**Issue 6:** Based on the resolution of the foregoing issues and other matters within its jurisdiction which it deems relevant, should the Commission grant Florida Power & Light’s petition to determine the need for the proposed Dania Beach Clean Energy Center Unit 7?

**Sierra Club:** No. FPL has failed to meet its burden to demonstrate that the DBEC is needed in 2022. Alternatives exist that would satisfy the future needs that FPL identifies at less cost and with more benefits in terms of fuel diversity and utilization of renewable resources. (Witness: Dr. Ezra Hausman)

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

**Sierra Club:** Yes.

## 5. STIPULATIONS

None at this time.

## 6. PENDING MOTIONS

None at this time.

**7. PENDING CONFIDENTIALITY CLAIMS**

Sierra Club is filing a request for confidential treatment of certain information contained in documents being provided to FPL in discovery being served on January 2, 2018.

**8. OBJECTIONS TO EXPERT WITNESS' QUALIFICATIONS**

None at this time.

**9. REQUESTS FOR WITNESS SEQUESTRATION**

None at this time.

**10. CONFLICTS WITH ORDER ESTABLISHING PROCEDURE**

To the extent the Order Establishing Procedure directs the Sierra Club to identify as exhibits portions of written discovery responses, as part of Section 2 above, since written discovery has not been completed, and depositions of FPL's rebuttal witnesses will not be complete until January 8, Sierra Club is unable to make a final determination of whether or not it would seek to designate any written discovery responses as exhibits at this time. Similarly, January 8 is identified in the Order Establishing Procedure as the deadline for parties to file a Notice of Intent to Use Depositions at the hearing, for purposes other than impeachment. As depositions are currently scheduled for January 8, Sierra Club will be unable to meet that deadline. The closure of discovery on January 8, 2018, including the scheduling of depositions on that date, also may present difficulties for Sierra Club to meet the deadline to file a potential motion to strike any portion of prefiled testimony and related portions of exhibits.

Respectfully submitted this 2<sup>nd</sup> day of January, 2018.

*/s/ Julie Kaplan*

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**CERTIFICATE OF SERVICE****Docket No. 20170225-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 2<sup>nd</sup> day of January, 2018, to the following:

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*/s/ Julie Kaplan*

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