

JEA Response to the Florida Public Service Commission Staff's Data Request, Solar Energy in Florida – Request for Comments

General Comments

JEA takes this method and opportunity to provide answers to questions posed by the Florida Public Service Commission (FPSC) staff requested entitled Solar Energy in Florida - Request for Comments.

Foremost, JEA would like for the FPSC to know that JEA has not and will not be a barrier, nor does it want to be perceived to be a barrier, to the responsible deployment of distributed energy or renewable electricity resources within its service area, including further deployment of solar energy.

JEA's commitment to solar energy is adequately evidenced by the following:

Pioneering distributed solar energy in Florida by piloting photovoltaic (PV) panel deployment at Duval County public schools;

Hosting one of the FPSC's first ever statewide workshops on solar energy in Florida, in January, 2007;

Voluntarily instituting a "net metering" rate for consumer-owned solar resources; and,

Facilitating the development of the Jacksonville Solar Project, a 15 MW Direct Current (DC) solar generation facility comprised of 100 acres of fixed array PV panels situated adjacent to JEA's Brandy Branch Generation Station in 2010.

JEA is currently supporting the additional deployment of solar PV resources within its service territory through a combination of Purchase Power Agreements (PPAs) and direct resource ownership to bring JEA's solar resource portfolio up to an interim level of over 50 MW.

Answers to Staff's Questions

Question 1: What policies or programs would be most effective at promoting demand-side solar energy systems (i.e., programs effective on the customer side of the meter)?

Demand-side solar energy programs would be most effective if they facilitate and stimulate electric customers to install their own solar systems in a sustainable way that doesn't result in economic dislocation or unfair subsidization to any group of customers at the expense of other customers. JEA believes that rate/pricing policies can result in such subsidization when consumer-supplied solar energy is purchased by the host utility at a rate that is higher than the

host utility's avoided cost for energy. Other policies to promote demand-side solar resources include:

- 1. Policies to educate customers on solar energy** – Customers who understand the economics, operation, maintenance, safety and technology of their PV devices will be able to make informed choices on how solar can benefit them, respectively.
- 2. Policies to promote energy efficiency** – Customers that understand the cost/benefits of energy conservation, including the societal benefits, could choose more solar because the result of solar implementation would look just like energy conservation.
- 3. Policies to recover the costs incurred by the host utility** – Billing policies must fairly charge customers that own solar systems for the use of generation, transmission and distribution resources. By recovering the fair share of those costs from demand-side solar customers, utilities would be able to sustain the growth of demand-side solar.

Question 2: What policies or programs would be most effective at promoting supply-side solar energy systems (i.e., utility or third-party owned)?

- 1. Programs to educate customers about the benefits of supply-side solar** –Education about the benefits of supply-side, utility-scale projects that offer production efficiency advantages over demand-side solar. There are considerable benefits from “economies of scale”; cost and reliability benefits accrue when solar is strategically deployed and integrated into to the utility operations.
- 2. Programs to allow customers to participate in community solar programs** – Allow customers who can't have their own rooftop systems to have a choice to purchase solar energy, through their utility, at a lower cost than rooftop solar, with lower risk and without the maintenance costs. This includes customers living in condos, rental property, or in homes with insufficient exposure to sunlight, or who for any reason don't want to or cannot afford to install their own solar systems.
- 3. Land use optimization policies/incentives** – Solar facilities may be installed in brownfields with environmental benefits.
- 4. Remove institutional barriers; implement institutional incentives** – Enhance policies on sales tax, property tax and income tax. Modify land use and zoning restrictions, statewide.

a. Can the policies or programs be implemented under current Florida statutes?

JEA believes that all the suggested policies above to promote demand-side solar energy systems can be implemented under current statutory authorization.

For supply-side energy systems, JEA believes that new or additional statutory authorization would be necessary to implement land use incentives, tax incentives and modifications to land use and zoning policies.

b. Can the policies or programs be implemented under current FPSC rules? If not, what changes or additions to the rules would be needed?

The only policy above that JEA believes that the FPSC can implement under current rules applies to pricing (net metering) of consumer-supplied solar energy. JEA believes that consumer-supplied energy to the grid should be compensated for on the basis of the value to the grid, which is its avoided cost. If solar system owners are paid prices higher than the avoided cost, subsidies result. JEA does note that the FPSC net metering policy is not applicable to JEA and other municipal utilities and electric cooperatives.

c. What are the impacts of the policies and programs on system reliability?

Policies that give the host utility more control over the siting of demand-side or supply-side distributed energy resources will increase reliability and help avoid system operations imbalances or impacts. Policies that incent the unfettered deployment of demand-side solar resources, without consideration of system impacts and capabilities, including distribution, transmission, substation and generation, will decrease reliability.

d. What are the impacts of the policies and programs on system fuel diversity?

JEA generally believes that deployment of additional solar resources will enhance fuel diversity, to an extent. However, solar resources are not currently reliable and available enough to displace conventional energy resources. Correspondingly, if excess solar development retards the timely deployment of conventional resources, JEA believes that fuel diversity would be compromised.

e. Identify the cost effectiveness of the policies or programs compared to traditional forms of generation.

By no measures currently are solar resources cost effective for JEA, in comparison to conventional resources. Demand-side solar energy may or may not be cost effective to electric consumers, depending on their respective situations. However, cost-effectiveness is but one of many considerations made regarding the selection of solar resources, for JEA and for consumers. JEA does note that utility scale resources, sited and strategically deployed, will be the more cost effective.

f. Identify specific costs associated with policies or programs and who will bear these costs.

JEA believes that solar resource developers should bear all the costs and risks associated with developing and integrating their resource to the grid. To the extent that the grid gets a benefit from having the solar resource available is the extent that the grid should compensate the solar developer.

g. Identify how the policies and programs will be fair, just and reasonable across the general body of ratepayers.

The policies suggested above are envisioned to be devoid of rate/cost subsidization and do not put the energy supplier in the position of creating winners and losers.

3. Are there any other policies or programs that could promote the development and deployment of solar energy resources in Florida?

JEA does not have any suggestions for other policies or programs.