

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 29, 2018

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Doherty) *RD EDD PD QSH*
Office of the General Counsel (Nieves) *JN JSC*

RE: Docket No. 20180160-EI – Petition for 12-month extension of voluntary solar partnership rider and program, by Florida Power & Light Company.

AGENDA: 12/11/18 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-Day Suspension Date Waived until 12/11/2018

SPECIAL INSTRUCTIONS: None

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COMMISSION
CLERK
RECEIVED-FPSC

Case Background

On August 31, 2018, Florida Power & Light Company (FPL) filed a petition for a one-year extension of its Voluntary Solar Partnership (VSP) program and associated tariff. The VSP program was first approved in Order No. PSC-14-0468-TRF-EI (initial VSP order) as a pilot program that would terminate on December 31, 2017.¹ Due to the time needed for FPL to complete billing system modifications, the billing of VSP program participants for the monthly \$9 charge did not start until May 2015. In Order No. PSC-2017-0499-TRF-EI, the Commission approved a one-year extension (from December 31, 2017 to December 31, 2018) to allow FPL to

¹ Order No. PSC-14-0468-TRF-EI, issued August 29, 2014, in Docket No. 140070-EI, *In re: Petition for approval of voluntary solar partnership pilot program and tariff, by Florida Power & Light Company.*

gather additional data regarding the durability of customer interest over a more substantial period of time.²

The VSP program offers all FPL customers an opportunity, for \$9 per month, to participate voluntarily in a program designed to contribute to the construction and operation of solar photovoltaic generation facilities located in communities throughout FPL's service territory. FPL markets the VSP program to its customers as FPL SolarNow. Customers may enroll or cancel their enrollment at any time. FPL's proposed tariff revision, as shown in Attachment A to the recommendation, changes the termination date for service under the VSP program from December 31, 2018 to December 31, 2019. The Commission has approved similar community solar tariffs for Gulf Power Company³ and Duke Energy Florida.⁴

FPL waived the 60-day file and suspend provision of Section 366.06(3), Florida Statutes (F.S.), until the December 11, 2018 Agenda Conference. During the evaluation of the petition, staff issued two data requests to FPL for which responses were received on October 15, 2018 and November 14, 2018. The Commission has jurisdiction in the matter pursuant to Sections 366.05, 366.06, and 366.075, F.S.

² Order No. PSC-2017-0499-TRF-EI, issued December 29, 2017, in Docket No. 20170212-EI, *In re: Petition for one-year extension of voluntary solar partnership rider and program, by Florida Power & Light Company.*

³ Order No. PSC-16-0119-TRF-EG, issued March 21, 2016, in Docket No. 150248-EG, *In re: Petition for approval of community solar pilot program, by Gulf Power Company.*

⁴ Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*

Discussion of Issues

Issue 1: Should the Commission approve the one-year extension of the VSP program?

Recommendation: Yes. The Commission should approve the one-year extension of the VSP program to allow FPL to complete and evaluate its research regarding how the VSP program and the planned new shared solar program would impact one another. The revised tariff, as shown in Attachment A, should be effective January 1 to December 31, 2019. Prior to the expiration of the VSP program (December 31, 2019), FPL should petition the Commission regarding the future of the VSP program. (Doherty)

Staff Analysis: The VSP program was designed for FPL to use the voluntary customer contributions to support the revenue requirement associated with constructing and operating the solar facilities supported under the program so that non-participants are not required to subsidize these solar facilities. The revenue requirement includes a return, depreciation, operations and maintenance (O&M) expenses, and other costs such as property taxes and insurance. As required by the initial VSP order, marketing and administrative expenses are capped at 20 percent of participant contributions.

The voluntary contributions did not cover the revenue requirement in 2015; however, for 2016 through 2018, FPL showed that the revenues received under the VSP program are greater than the revenue requirement of the solar facilities. Thus, the net impact to all customers has been positive since 2016. FPL projects that the voluntary customer contributions will total \$6,717,000 by December 2018, while the total revenue requirement for the VSP program will total \$5,100,000.⁵ The electricity generated by the solar facilities displaces fuel that otherwise would have been used for generation, resulting in avoided fuel costs. FPL calculated the fuel savings to be \$43,000, resulting in a positive net impact to all customers of \$1,660,000⁶, which will be used to support additional solar facilities under the program.

As discussed in the initial VSP order, FPL is sizing the solar projects supported by the program based on the level of participation. FPL currently has 84 solar structures at 39 locations completed for a total of 1,395 direct current kilowatts (kW) of solar capacity. An additional 53 solar structures are under construction at 22 locations.⁷ FPL stated that the completed and planned solar projects comprise a diverse set of assets, including ground-mount structures, rooftop installations, covered walkways, parking canopies, and tree-like structures. The installation size of the projects ranges from three kW to 200 kW.

The O&M expenses for the VSP program include the land lease payments made to host locations. In response to staff's data request, FPL explained that the solar facilities incurred minimal damage as a result of storms or hurricanes. FPL stated that the solar facilities are being built to comply with the local building and wind codes and there are no specific pre-storm

⁵ Amounts reflect actuals through June 2018 and forecasted data for July 2018 – December 2018. See FPL's response to staff's first set of data request No. 1.

⁶ \$6,717,000 – \$5,100,000 + \$43,000 = \$1,660,000

⁷ FPL provided a complete listing of all completed and planned solar projects in response to staff's first data request, No. 4.

preparations required. FPL ensures the facilities are operational and safe through regular maintenance and inspections.

Table 1-1 below shows the total number of customers participating in the VSP program for the period May 2015 through December 2018. As of August 2018, there are 36,024 participants and FPL projects 40,550 participants by year end. FPL stated that, on average, the monthly new enrollments have more than offset the number of participants who have elected to unsubscribe.

**Table 1-1
VSP Participants**

	Total Participants (Residential and Commercial)
May 2015	156
May 2016	3,070
May 2017	19,309
May 2018	34,646
August 2018	36,024
December 2018*	40,550

Source: FPL response to staff's first and second data requests

*forecasted number

Marketing and Participant Preference

FPL stated that it markets the VSP program through monthly email campaigns, eNewsletters, bill inserts, social media, and flyers. Monthly blogs are used to keep an ongoing dialogue with program participants and the eNewsletters provide project updates to the participants. FPL explained that it has learned the importance of creating ties with the communities and host locations to keep participants' interested and aware of ongoing projects in the area.

Based on feedback from participants, FPL stated that the solar canopies and trees are the participants' preferred solar projects. The solar canopy generates more power and offers the additional function of providing shaded seating and shaded parking lots. The solar trees were well received for their artistic appearance and provision of shade, as well as seating, and serving as a convenient charging station.

FPL's Planned New Shared Solar Program

In last year's petition for a one-year extension of the VSP program (Docket No. 20170212-EI), FPL stated that it is developing, for Commission approval within the next year (2018), a new large scale solar program (shared solar program). The shared solar program would provide participants with direct credits on their electric bill associated with energy generated by the blocks of solar capacity. FPL stated in the instant petition that the reason for the delayed filing for its shared solar program is that FPL needs more time to better assess market support for the new program. In addition, FPL expects to collect additional data on how the new program would impact the existing VSP program and to finalize the design and implementation plans for the shared solar program in 2019.

Specifically, FPL stated that it will be examining three areas: (1) the market potential for each program, (2) which aspects of each program appeal to various customer groups, and (3) whether introducing the shared solar program could cause customers to migrate out of the VSP program and, if so, at what rates. This research will assist FPL in making an informed recommendation regarding the future of the VSP program.

Conclusion

Staff agrees with FPL that a one-year extension of the tariff will allow FPL to complete and evaluate its research regarding how the VSP program and the planned shared solar program would impact one another. Staff, therefore recommends approval of the one-year extension of the VSP program and tariff. The revised tariff, as shown in Attachment A, should be effective January 1 to December 31, 2019. Prior to the expiration of the VSP program (December 31, 2019), FPL should petition the Commission regarding the future of the VSP program.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance or the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Nieves)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance or the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

~~First~~**Second** Revised Sheet No. 8.930

FLORIDA POWER & LIGHT COMPANY

Cancels ~~Original~~**First** Sheet 8.930

VOLUNTARY SOLAR PARTNERSHIP RIDER
(OPTIONAL PILOT PROGRAM)

RATE SCHEDULE: VSP

AVAILABLE:

In all territory served by FPL ("the Company") to customers receiving service under any FPL metered rate schedule. This voluntary solar partnership pilot program ("VSP Program", "the Pilot") provides customers an opportunity to participate in a program designed to construct and operate commercial-scale, distributed solar photovoltaic facilities located in communities throughout FPL's service territory. Service under this rider shall terminate December 31, ~~2018~~**2019**, unless extended by order of the Florida Public Service Commission ("FPSC"), or terminated earlier by the Company upon notice to the FPSC.

APPLICATION:

Available upon request to all customers in conjunction with the otherwise applicable metered rate schedule.

LIMITATION OF SERVICE:

Any customer under a metered rate schedule who has no delinquent balances with the Company is eligible to elect the VSP Program. A customer may terminate participation in the VSP Program at any time and may be terminated from the Pilot by the Company if the customer becomes subject to collection action on the customer's service account.

CHARGES:

Each voluntary participant shall agree to make a monthly contribution of \$9.00, in addition to charges applied under the otherwise applicable metered rate schedule. Customer billing will start on the next scheduled billing date upon notification of service request. The VSP Program contribution will not be prorated if the billing period is for less than a full month.

Upon participant's notice of termination, no VSP Program contribution will be assessed in the billing period in which participation is terminated.

TERM OF SERVICE:

Not less than one (1) billing period.

SPECIAL PROVISIONS:

Upon customer request, program participation may continue at a new service address if the customer moves within FPL's service territory.

RULES AND REGULATIONS:

Service under this rider is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provisions of this schedule and said "General Rules and Regulations for Electric Service" the provisions of this rider shall apply.

Issued by: ~~S. E. Romig~~**Tiffany Cohen**, Director, Rates and Tariffs
Effective: ~~January 1, 2018~~