

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In re: Petition by Florida Power & Light  
Company for Rate Unification and for  
Base Rate Increase**

**DOCKET NO. 20210015**

**Filed: OCTOBER 11, 2021**

**SOUTHERN ALLIANCE FOR CLEAN ENERGY'S  
POST HEARING STATEMENT AND BRIEF**

Southern Alliance for Clean Energy ("SACE"), by and through its undersigned counsel, pursuant to Order No. PSC-2021-0116-PCO-EI and subsequent Orders Establishing Procedure<sup>1</sup>, hereby submits its Post Hearing Statement and Brief in the above styled docket. References to the hearing transcript page numbers will be denoted by "T #." References to exhibit numbers will be denoted as "Ex. #." and references to the Settlement Agreement will appear as "Ex. 483, Para. #." or "Ex. 483, Ex. #."

**I. STATEMENT OF BASIC POSITION**

On March 12, 2021, Florida Power and Light ("FPL") filed a petition, testimony, and minimum filing requirements for a base rate increase. After approximately 5 months of discovery, intervenor and FPL rebuttal testimony in this docket, on August 10, 2021, a Joint Motion for Approval of a Settlement Agreement ("Agreement") was filed on behalf of FPL, the Office of Public Counsel, SACE, Florida Retail Federation, and the Florida Industrial Power Users Group as a reasonable resolution of all matters pending in this docket. Subsequently, Vote Solar, CLEO

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<sup>1</sup> Order Nos. PSC-2021-0120-PCO-EI, PSC-2021-0233-PCO-EI, PSC-2021-0273-PCO-EI, and PSC-2021-0314-PCO-EI

and Federal Executive Agencies, joined in support of the Agreement. Ex. 483. SACE supports the proposed Agreement because, taken as a whole, it is in the public interest.

The Agreement reduces the originally proposed base rate increases by a total of \$428 million in 2022 and 2023 and provides rate stability and predictability through at least 2025. It cuts the increase in rates for all customers over the originally proposed base rate increase plan, while also significantly scaling up investments in clean energy that will provide ongoing economic, environmental and health benefits to all customers. Ex. 483 Para. 4; T. 2795.

The Agreement, for instance, doubles FPL's solar development commitment over the next four years. Ex. 483, Para. 12, 20. The Company's base rate increase plan, filed in March, proposed developing 1,788 megawatts ("MW") of solar and recovery of costs through the Solar Base Rate Adjustment ("SoBRA") mechanism. Ex. 69. Under the terms of the Agreement, an additional 1,788 megawatts of solar power will drive the expansion of FPL's popular *SolarTogether* shared solar program. *Id.* The first phase of the *SolarTogether* program's 1,490 MW and was approved in 2020 in Order PSC-2020-00845-S-EI and was quickly fully subscribed. The proposed extension will expand the program to a total of 3,278 MW. T. 2779. Therefore, the Agreement provides for over 3,500 MW of new clean emission-free, solar development over the next four years.

This scale of solar investment by the Company has helped the Sunshine State claim its rightful place as a national leader in solar development — going from ninth in total solar development in 2016 to fourth place today. T. 472. The additional solar development will drive the creation of good solar jobs, economic development in local communities, and Florida's continuing rise in state rankings.

Moreover, the new solar additions will be cost-effective and help reduce FPL's reliance on fossil gas for generating electricity. The mid-course correction requests from utilities that have

come before the Commission this year in Docket No. 20200001 (Fuel Docket) to increase the fuel cost recovery portion of customer bills are a sobering reminder of the price volatility of fossil gas.<sup>2</sup> Adding more clean, and cost-effective solar power is more important than ever and will help diversify the Company’s energy mix, and insulate customers from fuel price shocks on bills. Importantly, scaling up solar development to slash carbon emission from the electricity sector is key to tackling the climate crisis and protecting our communities - especially our most vulnerable families from climate change impacts.

Moreover, the Agreement significantly scales up investment in electric vehicle (“EV”) infrastructure to support the growing customer demand for EV charging. Ex. 483, Para. 22. The investment is welcomed because in the EV market place, a rising tide lifts all boats. The EV market needs a range of utility investment approaches to support EV infrastructure deployment across a range of customer segments. The Agreement’s EV provisions do just that. For instance, it includes \$100 million in an EV DC Fast Charging Pilot program that will expand access to chargers in underserved communities and along evacuation routes. The utility-owned fast charging component is critical in filling gaps – both in geography, and demographics, and along evacuation routes, in a way that third party ownership may not be able to meet.

Additionally, it provides for business and residential charging pilot programs and tariffs that are cumulative present value revenue requirement (“CPVRR”) neutral. *Id.* The residential program offers a significant incentive for off-peak charging. By shifting charging to evening hours, EV charging can place downward pressure on rates by providing more kilowatt hour (“kWh”) sales during non-peak hours to cover the utility’s fixed costs. Moreover, decarbonizing the

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<sup>2</sup> See Order Nos. PSC- -2021-0142-PCO-EI; PSC-2021-0329-PCO-EI; PSC-2021-0328-PCO-EI.

transportation sector is critical to solving the climate crisis and providing local communities with cleaner air.

Pursuant to Sections 366.91 and 339.287, Florida Statutes, the Legislature has found that these exact types of utility system benefits, and economic and environmental benefits, are *in the public interest*. The benefits range from diversifying the types of fuel used to generate electricity in Florida and minimizing the volatility of fuel costs for customers, to mitigating the impacts of climate change and ensuring reliable and adequate charging stations to aid in hurricane and other disaster evacuations.

SACE recognizes that there is more to be done on reforming state energy policies and practices, to produce lower cost, lower risk outcomes for customers, such as modernizing the state's conservation goal setting rule, and reforming the state utility resource planning process. Yet, these issues do not lend themselves to a practicable resolution in a rate case.

SACE strongly believes that the solar and electric transportation investments in the Agreement, coupled with others such as large-scale battery storage and the retirement of fossil fuel units, are needed now. We respectfully request that the Commission find the Agreement, taken as a whole, to be in the public interest.

## **II. POSITION ON ISSUES**

**ISSUE 1:** Does the Commission have the statutory authority to grant FPL's requested storm cost recovery mechanism as part of the Stipulation and Settlement Agreement?

**SACE: \*No position.\***

**ISSUE 2:** Does the Commission have the statutory authority to approve FPL's requested Reserve Surplus Amortization Mechanism (RSAM) as part of the Stipulation and Settlement Agreement?

**SACE: \*No position.\***

**ISSUE 3:** Does the Commission have the statutory authority to approve FPL’s requested Solar Base Rate Adjustment mechanism for 2024 and 2025 as part of the Stipulation and Settlement Agreement?

**SACE: \*Yes, see the discussion below.\***

The Commission has approved the use of the SoBRA mechanism in a number of utility settlement agreements. In the case of FPL, the rate case settlement agreement in 2016 contained such a provision, and was approved by the Commission in Order PSC-16-0560-AS-EI. The agreement was subsequently affirmed by the Florida Supreme Court as being in the public interest. *Sierra Club v. Brown*, 243 So. 3d 903 (Fla. 2018) (approving FPL’s 2016 rate settlement with a SoBRA provision).

The Commission has statutory authority pursuant to Chapter 366 Florida Statutes to authorize subsequent year adjustment to rates. For instance, Section 366.061, Florida Statute provides that the Commission’s obligation is to ensure that rates are set on the basis of actual costs a utility prudently incurs for facilities that are used and useful in serving the public. Additionally, Section 366.076, Florida Statutes permits the Commission to conduct a limited proceeding to consider any matter that results in a utility rate adjustment; and thus allows the Commission to adjust rates to be implemented in years subsequent to the test year.

The SoBRA provision in the Agreement, like others previously approved by the Commission, require that the solar additions be at or below established cost caps and that the projects are demonstrated to be cost effective before being placed in rate base. Only then, is FPL entitled to recover the actual costs of the 2024 and 2025 solar projects. The projects will provide much needed emission-free and cost-effective energy that serves to insulate customers from fuel price shocks and provides other numerous ongoing economic and environmental benefits to customers, thereby clearly being used and useful in serving the public.

**ISSUE 4:** Does the Commission have the statutory authority to adjust FPL’s authorized return on equity based on FPL’s performance as part of the Stipulation and Settlement Agreement?

**SACE: \*The Commission has statutory authority to do so. Pursuant to Section 366.041 (I), Florida Statutes the Commission may “give consideration, among other things, to “the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and the value of such service to the public.” \***

**ISSUE 5:** Does the Commission have the statutory authority to include non-electric transactions in an asset optimization incentive mechanism as part of the Stipulation and Settlement Agreement?

**SACE: \*No position.\***

**ISSUE 5(a):** Does the Commission have the authority to approve FPL’s requested proposal for a federal corporate income tax adjustment that addresses a change in tax if any occurs during or after the pendency of this proceeding as part of the Stipulation and Settlement Agreement?

**SACE: \*No position.\***

**ISSUE 6:** Does the Commission have the statutory authority to grant FPL’s requested four year plan as part of the Stipulation and Settlement Agreement?

**SACE: \*Yes. The Commission has approved a number of multi-year rate settlement agreements in recent years.<sup>3</sup> Pursuant to Section 366.02(2), Florida Statutes, the Commission’s has broad statutory rate-setting authority to ensure that rates are just and reasonable for services rendered. FPL’s requested four-year plan does not interfere with authority and approval of the Agreement is consistent with the Commission’s rate-setting authority.**

**ISSUE 9:** Has Floridians Against Increased Rates, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?

**SACE: \*No position.\***

**ISSUE A:** Should the Stipulation and Settlement Agreement dated August 9, 2021, be approved?

**SACE: \*Yes. See SACE’s brief in support of the Agreement below.\***

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<sup>3</sup> See eg. Order PSC-16-0560-AS-EI.

### III. **BRIEF IN SUPPORT OF SETTLEMENT AGREEMENT APPROVAL**

#### I. **BACKGROUND**

On March 12, 2021, FPL filed a petition, minimum filing requirements, and testimony for a base rate increase effective January 1, 2022. As part of its request, FPL seeks to consolidate its rates with those of Gulf Power Company (“Gulf”), recently acquired by FPL’s parent company. Office of Public Council’s intervention was acknowledged and a number of parties were granted unconditional party status including SACE, the Florida Retail Federation, Florida Industrial Power Users Group, LULAC, Vote Solar, Federal Executive Agencies, Walmart and others.

After months of discovery, direct and rebuttal testimony, on August 10, 2021, FPL, Office of Public Council, Florida Retail Federation, Florida Industrial Power Users Group, and SACE filed a joint motion for approval of the Agreement that aims to reasonably resolve the disputed issues in this docket. . A hearing took place on September 20, 2021 on both the proposed rate plan filed on March 12, 2021, and the Agreement filed on August 10, 2021. The issue squarely before the Commission in this docket now is whether the Agreement when taken as a whole is in the public interest.

#### II. **ARGUMENT SUMMARY**

The evidence in the case weighs heavily towards finding the Agreement to be in the public interest. As a threshold matter, the Commission has competent, substantial evidence on which to make a case-specific factual determination that the Agreement is in the public interest. The Agreement reduces the originally proposed base rate increases by a total of \$428 million in 2022 and 2023 and provides rate stability and predictability through at least 2025, and cuts the increase

in rates for all customers over the originally proposed base rate increase plan filed in March. Ex. 483, Para. 2, 4 and Ex. B; T. 2795. Additionally, the Agreement significantly increases investment in clean energy such as solar, EV infrastructure, and battery storage while providing for the retirement and cost recovery for aging and inefficient fossil fuel units. Ex. 483, Para. 12, 20, 15, 22. The benefits that flow from the Agreement’s clean energy provisions include diversifying the Company’s fuel mix, helping to insulate customers from fossil fuel price shocks on bills, mitigating climate change impacts, helping to improve air quality, making Florida a leader on new and innovative technologies, and more. The Florida Legislature has found these specific benefits to be *in the public interest*. The Commission should find the Agreement, taken as a whole, to be in the public interest.

### **III. ARGUMENT: THE AGREEMENT IS IN THE PUBLIC INTEREST**

#### **A. THE COMMISSION HAS THE AUTHORITY AND COMPETENT SUBSTANTIAL EVIDENCE TO APPROVE THE AGREEMENT**

The Commission should approve the Agreement dated August 9, 2021, in this docket in its entirety because it is in the public interest. As a threshold matter, Florida Statutes provide that “unless precluded by law, informal disposition may be made of any proceeding by stipulation, agreed settlement, or consent order.” §120.57(4), Fla. Stat. Moreover, the Commission is not precluded by statutes or case law from approving non-unanimous settlements. *Citizens v. Graham*, 146 So.3d 1143, 1152-54 (Fla. 2014); *see also South Fla. Hosp. & Healthcare Ass’n v. Jaber*, 887 So.2d 1210, 1212-13 (Fla. 2004) (affirming Commission’s approval of a non-unanimous settlement despite absence of full evidentiary hearing).

The Joint Motion for Approval of a Settlement Agreement was filed on behalf of FPL and a number of parties on August 10, 2021 as reasonable resolution of all matters pending in this

docket. The Commission is well within its authority to informally dispose of this proceeding by approval of the Agreement. While a non-unanimous settlement is permitted, it should be noted that the signatories to the Agreement include a broad range of interests and customer segments including the Florida Retail Federation representing its commercial members, Florida Industrial Power users Group representing its industrial customers members, Federal Executive Agencies representing the federal government agencies, SACE, Vote Solar, and the CLEO institute representing the clean energy, environmental and health interests of their members, and the Office of Public Counsel which is legislatively charged with representing all Florida customers.

The Commission's determination of whether to approve a settlement agreement is based on the public interest standard. *Sierra Club v. Brown*, 243 So.3d 903, 910-913 (Fla. 2018) (citing Graham, 146 So. 3d at 1164); *see also Gulf Coast Elec. Coop., Inc. v. Johnson*, 727 So.2d 259, 264 (Fla. 1999) (“[I]n the final analysis, the public interest is the ultimate measuring stick to guide the PSC in its decisions”). The determination of public interest rests “exclusively with the Commission.” *Graham* 146 So.3d at 1173. The determination of public interest requires a case-specific analysis based on consideration of a settlement agreement taken as a whole. *Id.*

In this case, there is competent, substantial evidence to support the Commission's case-specific factual analysis of the provisions of the Agreement and to make a public interest determination on the Agreement as a whole. The record in this case is embodied in 14 volumes of lengthy transcripts and over 600 exhibits in the Comprehensive Exhibit List that number thousands of pages. Ex. 1-635. There were numerous witnesses sponsored by FPL and the intervenors, some 36 expert witnesses in total, that comprehensively touched on the 140 issues in this case that flowed from FPL's originally filed proposal on March 12, 2021, and the subsequently filed Agreement on August 10, 2021. Therefore, the Commission has the requisite legal authority

and record evidence upon which to find the Agreement in the public interest.

**B. THE AGREEMENT PROVIDES BENEFITS THAT THE LEGISLATURE HAS EXPLICITLY DEEMED IN THE PUBLIC INTEREST**

The Agreement contains a number of provisions that address and reasonably resolve the contested issues in the case that will provide rate stability and predictability through at least 2025. The Agreement reduces the originally proposed base rate increases by a total of \$428 million in 2022 and 2023 and that cuts the increase in rates for all customers over the originally proposed base rate increase plan. Ex. 483, Para. 2, 4 and Ex. B; T. 2795. Those provisions, coupled with investments in solar power, electric vehicle infrastructure, battery storage, and fossil fuel unit retirements weigh strongly in favor of finding the Agreement in the public interest. Ex. 483 Para. 12, 20, 15, 22. SACE’s brief focuses on the economic and environmental benefits that flow to all customers from the clean energy provisions in the Agreement.

The Florida Legislature has explicitly provided that the promotion of the development of renewable energy resources, such as solar power, is in the public interest.

The Legislature finds that it is in the *public interest* to promote the development of renewable energy resources in this state. Renewable energy resources have the potential to help diversify fuel types to meet Florida’s growing dependency on natural gas for electric production, minimize the volatility of fuel costs, encourage investment within the state, improve environmental conditions, and make Florida a leader in new and innovative technologies. §366.91(1), Fla. Stat. (emphasis added)

The Florida Legislature has also explicitly stated its intent “to promote the development of renewable energy” in order to diversify the types of fuel used to generate electricity in Florida; lessen Florida’s dependence on natural gas; minimize the volatility of fuel costs; encourage investment within the state; improve environmental conditions; and minimize the costs of power supply to electric utilities and their customers. §366.92(1), Fla. Stat. Additionally, the Legislature

has explicitly authorized the Commission to consider the efficient use of alternative energy resources in establishing just and reasonable rates. §366.041(1), Fla. Stat.

Lastly, the Legislature has found that “ensuring the prompt installation of adequate, reliable charging stations to be in the public interest.” §339.287(1), Fla. Stat. In doing so, the Legislature has recognized that EV infrastructure provides a number of benefits to the state that include: reducing carbon dioxide emissions that help drive climate change from the transportation sector, removing battery range limitations, and ensuring reliable and adequate charging stations to aid in hurricane and other disaster evacuations. *Id.*

## **1. Solar power expansion benefits**

### ***SoBRA solar projects***

The Agreement significantly expands FPL’s new solar power development to over 3,500 MW, through both the SoBRA cost recovery mechanism and through extension of FPL’s popular *SolarTogether* shared solar program. The SoBRA provision will allow cost recovery of up to 894 MW in 2024 and 894 MW in 2025 *if* certain cost caps and cost-effectiveness conditions are met. It is important to note that the SoBRA mechanism, first approved by the Commission in Order No. PSC-16-0560-AS-EI, has put Florida in a leadership position in new solar development. For FPL, this includes the successful construction of 223 MW of solar in 2016, and 1,192 MW of solar facilities. T. 472. Implementing the SoBRA-based solar program has resulted in significant CPVRR savings to customers of \$172 million. *Id.*

If the Agreement is approved, the SoBRA 2024 and 2025 solar additions will place an additional cumulative total of 1,788 MW of solar power into service. *Id.* And because FPL may only recover the costs for such facilities if they are demonstrated to be cost effective, they are likewise prudent investments. Among the requirements FPL must meet are that the project costs

are below an established cost cap of \$1,250 kW<sub>AC</sub> and that the projects can be demonstrated to be cost effective ( will the project lower the projected system CPVRR as compared to such CPVRR without the solar project). Ex. 483, Para. 12. If these prudence tests are met, then FPL is permitted to recover the revenue requirement from the actual costs of the projects.

There are a number of other economic benefits associated with the proposed SoBRA solar projects and by extension with all of its new solar development. For example, it's expected that approximately 200 individuals will be employed at each of the centers at the height of construction, creating thousands of jobs. T. 482. FPL has provided that the contractors building the solar energy centers are required to exercise reasonable efforts to use local labor and resources. *Id.* The jobs associated with the construction of the centers will therefore provide a secondary benefit by boosting the economy of local businesses. Additionally, the local communities will benefit from increased property tax revenues following the completion of the solar energy centers. *Id.* Prior FPL SoBRA projects resulted in over \$27 million in property taxes paid through 2020. *Id.*

More importantly, the SoBRA projects will help further reduce FPL's reliance on fossil gas for generating electricity. T. 444-45. The mid-course correction requests from utilities that have come before the Commission this year in Docket No. 20210001 (the Fuel Docket) to increase the fuel portion of customer bills are a stark reminder of just how volatile fossil fuel prices can be. *See* Order Nos. PSC- -2021-0142-PCO-EI; PSC-2021-0329-PCO-EI; PSC-2021-0328-PCO-EI. Adding more clean, and cost-effective solar power is more important than ever in order to diversify the Company's energy mix and insulate customers from fuel price shocks on bills.

Moreover, scaling up solar development to slash carbon emission from the electricity sector is key to tackling the climate crisis and protecting our communities - especially our most

vulnerable families from climate change impacts. The SoBRA projects are helping to drive a resource plan that through 2030 does not contemplate any new additional fossil fuel units. Ex. 150.

It should be noted that a significant share of the Company's solar installations from 2022 through 2025 will be sited in Gulf's former service area and this represents a benefit to all customers. These solar sites, because on their geographic location, will have a higher firm capacity value that results in fewer MW of new capacity that must be added to the Company's system, thereby reducing fixed costs for future new capacity. T. 399.

#### ***Extended SolarTogether program***

The Agreement builds on the economic and environmental benefits of the SoBRA solar additions by extending the Company's popular *SolarTogether* shared solar program. The first phase of *SolarTogether* program, at 1,490 MW (20 individual projects at 74.5 MW each) was approved in 2020 in Order No. PSC PSC-2020-0084-S-EI and was quickly fully subscribed. As of August 31, 2021, there was a wait list of approximately 1,694 MW on the commercial and industrial side alone – which includes hospitals, local governments, retail chains and colleges. T. 2867-68. The number of customers awaiting participation in the extended *SolarTogether* program clearly evidences the growing demand for solar power among Florida customers. The Agreement would extend the program by another 1,788 MW to meet that demand, such that the total capacity of *SolarTogether* will amount to 3,278 MW. T. 2779. Similar to the allocations in the first phase of the program, it will be apportioned as follows: 60% to commercial customers, including local governments, hospitals and colleges, 40% for residential and small business, the reservation for the program for low-income customers will increase from 37.5 MW to 82.5 MW. Twenty percent of additional capacity will be reserved for participants located in the former Gulf service territory.

If the Agreement is approved, the extension of the program will help meet the enormous demand for solar in state through the construction and operation of 24 additional solar projects that are projected to provide a CPVRR benefit to all customers of \$425 million. T. 2747. To determine the CPVRR net benefit for the incremental 24 sites, FPL subtracted the CPVRR of the No *SolarTogether* Plan from the CPVRR of the FPL *SolarTogether* Extension Plan. *Id.* This is the same methodology that has been used previously in FPL's other solar analysis to determine the cost-effectiveness of solar additions. T. 2858-59. Witness Bores indicates that the total benefit of the both the first phase and the extension of the program produces a CPVRR economic benefit for customers of \$648 million over the economic life of the solar installations. Ex. 479. The sharing of the economic benefits of the 3,278 total MW of the extended program will be maintained at 55% to participants and 45% to the general body of customers, with the goal of an approximate seven-year simple payback period for program participants. T. 2779-780.

The extended *SolarTogether* Program is designed to recover 103.26% of the program's revenue requirements *from the participants* through a levelized subscription rate. By allocating more than 100% of the base revenue requirements to the participants, it allows for \$95 million of the economic benefits that accrue to the general body of customers to be fixed. This fixed base benefit will not be subject to future fuel or emissions cost fluctuations, thereby serving to mitigate risk on the general body of customers. T. 2748. FPL witness Bores testifies that as a result, participants will contribute \$3.003 billion in equivalent CPVRR cost (103.26% of \$2.908 billion). *Id.* The participants are charged a subscription fee to recover the base rate component of the program, and later benefit from an escalating credit that allows them to see positive savings after approximately year 7 of participation. FPL witnesses Valle testified that while there is a small incremental cost to the general body of customers in the early years, the participants in the program

pay *more than the costs* of the solar facilities over the life of the program and 45% the economic benefits that flow from those solar installations are shared with the general body of customers. T. 2853-54. It is important to note that the low-income participants will see a net economic benefit on power bills from the first month of participation. Ex. 483, Ex. B.

Intervenor testimony that attempts to pit program participant v. non-participant benefits is misplaced T. 2693-94. As stated by FPL witness Valle, you cannot cherry-pick information from the early years of the program while ignoring the projected economic benefits over the life of the program, nor is *SolarTogether* intended to be a SoBRA-type solar project. Instead, *SolarTogether* is intended to meet the enormous demand for solar power from FPL customers through a voluntary subscription-based program for participants that also provides economic benefit to all customers – including non-participating customers. T. 2852-54.

An important value that solar development brings to customers, whether developed through a SoBRA cost recovery mechanism or through a shared solar design is that it displaces both the need for additional gas capacity and the use of fossil gas on the utility's system. T.2858-59; Ex. 479. The *SolarTogether* shared solar program, for instance, is projected to provide over \$1.3 billion in avoided system fuel use costs and another \$287 million in gas transport costs. Ex. 479. A reduction in the use of price volatile fossil gas helps insulates customers from fuel price spikes on bills. It additionally helps lower carbon emissions on the Company's system leading not only to environmental benefits in mitigating the impacts of climate change, but also helps insulates customers from projected carbon emission compliance costs. In the case of the *SolarTogether* extended program, it will save customers a projected avoided \$446 million of carbon compliance costs. *Id.* Clearly, the solar additions embodied in the provisions of the Agreement help diversify FPL's fuel mix, encourages investment within the state, improves

environmental conditions, and help make Florida a leader in innovative technologies. Based solely on the economic benefits that flow to all customers from the solar additions, the Agreement's solar provisions promote just and reasonable rates. Moreover, the economic and environmental benefits of the Agreement's solar provisions align with those expressly provided by the Legislature as being in the public interest.<sup>4</sup>

## **2. EV Infrastructure benefits**

The Agreement builds on the EVolution pilot program in FPL's originally filed plan by introducing several EV pilot programs that will enhance the Company's ability to serve customers now and in the future. Ex. 483 Para. 22..

### ***DC Public Fast Charging Pilot program***

Consistent with the goals of the EVolution pilot, the Agreement includes a DC Public Fast Charging Program that provides access to public fast charging, including access in underserved areas and evacuation routes. T. 2781. If the Agreement is approved, FPL's highway fast chargers will allow drivers to plug in every 40-50 miles along major highways and corridors to enable long distance driving and give EV drivers more range confidence. Urban fast charge stations would be positioned in downtown urban areas, with an emphasis on underserved communities, to provide access to charging for residents of multi-unit dwelling units who may not have access to charge at home. Ex.472. A portion of this investment will be offset by revenues received under FPL's Utility-Owned Public Charging for Electric Vehicles ("UEV")

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<sup>4</sup> The Commission recognized in its 2020 approval of the *SolarTogether* program, PSC-2020-0084-S-EI, p.5, that these solar benefits align with legislative intent. ("The Settlement Agreement aligns with the Florida Legislature's intent in Section 366.92, F.S., and provides ample system-wide benefits, including: promoting the development of renewable energy, encouraging investment within the state, diversifying the types of fuel used to generate electricity, lessening the state's reliance on fossil fuels, and decreasing carbon emissions. In addition, the Settlement Agreement comports with Section 366.06, F.S., by providing fair, just, and reasonable rates without undue preference.").

tariff approved by the Commission in Order No. PSC-2020-0512-TRF-EI, which establishes a rate for utility-owned public EV fast charging ports. T. 2781. The program will provide important information to the utility, and the Commission will be informed annually on the metrics of the program. FPL will file annual reports by January 30 on the pilot providing capital and operating costs, revenue requirements, revenues collected, and energy sales of its utility-owned fast charging stations. FPL shall also collect data regarding charging times to measure time of use and demand for its utility-owned fast charging stations and shall include this information in the annual report. Ex. 472.

FPL states that the Fast Charge Program stands to benefit both EV drivers and the general body by ensuring EVSE is deployed in a way that:

- 1) Expands public access to chargers by filling demographic and geographical gaps, with a focus on equitable access, access in underserved areas, rural areas and emergency or evacuation routes,
- 2) Supports high reliability and resiliency and long-term ownership of this new critical infrastructure for the public,
- 3) Encourages transportation electrification in FPL's service area, benefitting all customers through reduced carbon emissions and improved air and noise quality ensuring Florida remains a beautiful place to live, and work for decades to come, and
- 4) EVs can benefit all customers as the additional electricity demand from EVs, added to the grid in an efficient manner, puts downward pressure on rates for all customers. Ex. 472.

### ***Residential EV Charging Services Pilot program***

The Agreement introduces a Residential Charging Pilot program with a voluntary tariff for residential customers who desire EV charging services for a fixed fee through a Level- 2 charger, and that provides a significant incentive for charging EV's at off peak hours. Ex 483, Para. 22 . By shifting charging to evening hours, EV charging can place downward pressure on rates through more KWh sales during non-peak hours to cover the utility's fixed costs. Ex. 472. The program will be CPVRR neutral. *Id.* The Monthly Program Charge is designed to recover the non-energy revenue requirements of the residential EV program over a ten-year period, thereby leaving non-participating customers harmless on a present value basis. The monthly program charge was calculated by levelizing FPL's anticipated upfront costs for charging equipment, installation, technology costs, and customer acquisition and then adding projected annual Operations and Maintenance and General and Administrative costs; all divided by 12 months per year. Ex 470. FPL intends to share key learnings and insights at the end of the program. *Id.*

### ***Commercial EV Charging Services pilot program***

The Agreement also includes a Commercial EV Charging Services Pilot program that provides a voluntary tariff for commercial customers that desire EV charging services on their premises. Under the tariff, customers will pay a fixed monthly charge, established via a formula-based rate to allow for individual customer pricing designed to recover all costs and expenses over the life of the assets and will be CPVRR neutral to the general body of customers. Ex. 483, Para 22; Ex. 472. One of the pilot's objectives is to obtain information about how many customers may elect to participate in a program of this nature. FPL intends to share key learnings and insights at the end of the program. Ex. 470. FPL states that the participants will benefit by allowing them to focus on their personnel and capital on core business functions while receiving a reliable and

affordable way to charge fleet EVs that benefits from FPL's experience and economies of scale. The general body of customers benefit because the pilot is designed to be CPVRR neutral and will benefit the general body of customers in multiple ways, including:

- 1) Enabling FPL to gather data and learnings to ensure FPL is prepared for mass EV adoption and future EV investments enhance service and reduce costs,
- 2) Allowing FPL to test direct load control and help inform FPL's future approach to managed charging (EV agreement includes FPL's ability to remotely control and/or curtail charging),
- 3) Encouraging fleet transportation electrification in FPL's service area, benefitting all customers through reduced carbon emissions and improved air and noise quality ensuring Florida remains a beautiful place to live and work, and that
- 4) Perhaps most importantly, EVs can benefit all customers as the additional electricity demand from EVs, added to the grid in an efficient manner, puts downward pressure on rates for all customers. Ex. 472.

Finally, the Proposed Settlement Agreement includes new EV Technologies and Software and EV Education and Awareness programs that will allow FPL to evaluate emerging EV technologies and increase awareness and educate customers about the choice to move to an electric vehicle and the benefits of off-peak charging. These last two programs will help improve service and resiliency for customers and will help customers be more aware of the benefits of electric vehicles. Ex. 483, Para. 22.

The Agreement's EV pilot provisions will provide key learning to the Company as it meets the growing demand for EV infrastructure now and in the future. Key data and learnings from the pilots will be shared with the Commission. In addition to the environmental and health benefits

of Agreement's EV pilot provisions that will be shared by all, the provisions can benefit all customers as the additional electricity demand from EVs, if added to the grid in an efficient manner, will place downward pressure on rates for all customers. The EV pilots also align with the Legislature's finding that "ensuring the prompt installation of adequate, reliable charging stations to be in the public interest." §339.287(1), Fla. Stat.

### **3. Additional Clean Energy Provisions**

The Agreement contains additional clean energy provisions that move the state to a lower cost, lower risk clean energy future. The Agreement incorporates the originally proposed retirement of uneconomic, aging and dirty fossil units, such as the Scherer coal Unit 4, and the Manatee fossil gas Unit 1 and 2 and extends the amortization period of those regulatory assets over a twenty-year period. Ex. 483, Para 15. T. 456.<sup>5</sup> For instance, the 636 MW Scherer 4 coal unit is 33 years old and operating at a 10.4% capacity factor. This is an indication of an aging, uneconomic unit. T. 456-57. Even accounting for the cost to terminate and continued expense obligations, the retirement of Scherer Unit 4 is projected to save the utility and its customers \$583 million in CPVRR. T. 231-232.

Additionally, the Agreement maintains the originally proposed significant investment in cost-effective battery storage facilities. The Manatee Modernization Project, for instance, incorporates a large 400 MW battery, 2.2-hour battery storage project that allows the Company to accelerate the retirement by 7 years of two inefficient fossil gas units, Units 1 and 2, totaling 1,618 MW of summer generating capacity. The resource scenario of retiring the old inefficient units in 2022 *and* installing 400 MW of battery storage will produce a net CPVRR benefit of \$101 million

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<sup>5</sup> The longer amortization term reduces the revenue required over the term of the Agreement and better matches the recovery of those assets with the lives of new assets that will provide ongoing benefits for customers T. 2762-63.

for customers versus the plan which kept the fossil gas units in place until 2029.<sup>6</sup> Here again, these savings promote just and reasonable rates. This scale of significant battery storage development will be key in providing grid reliability, balancing, and energy storage benefits as the Company scales up renewable energy development on its system.

The Agreement also includes a “green hydrogen” pilot with a 25 MW electrolyzer that will separate water into hydrogen and oxygen gases – all powered by solar. The facility will be located at the at the Company’s Okeechobee plant and the Company states that the project will allow it to gain data and information about how hydrogen could benefit customers, and what role it can play in future resource plans as solar development ramps up in its service territory. T. 489-91; Ex. 138

These additional clean energy provisions above are also consistent with and embrace the public interest criteria in statutes, specifically: helping to diversify the state’s fuel mix, reducing the state’s dependency on fossil gas, minimizing the volatility of fuel costs, encouraging investment within the state, helping to improve environmental conditions, and are making Florida a leader in new and innovative technologies.

SACE strongly believes that the solar and electric transportation investments in the Agreement, coupled with others, such as large-scale battery storage, and the retirement of fossil fuel units, are needed now. We respectfully request that the Commission find the Agreement in the public interest.

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<sup>6</sup> The projected CPVRR costs for the two plans are projected CPVRR costs for the two resource plans are: \$59,580 million or the Resource Plan w/ 2022 Manatee retirement, and \$59,682 million for the Resource Plan w/ 2029 Manatee changes. Thus, the 2022 Manatee changes are projected to save FPL’s customers approximately \$101 million CPVRR compared to delaying these same Manatee changes to 2029. T.363-64.

#### IV. CONCLUSION

The Agreement, taken as a whole, is in the public interest. The Agreement has provisions that reduce the originally proposed base rate increases by a total of \$428 million in 2022 and 2023, and thereby cut the increase in rates for all customers over the originally proposed rate increase plan and will lead to stable and predictable rates through at least 2025. Those provisions, coupled with investments in solar power, electric vehicle infrastructure, battery storage and fossil fuel retirements weigh strongly in favor of finding the Agreement in the public interest –as the Florida Legislature has found that the types of economic and environmental benefits that flow from the Agreement’s clean energy provisions to be in the public interest. The Commission has the authority and competent substantial evidence to make a case-specific factual determination that the Agreement is in the public interest. We respectfully request that it do so.

RESPECTFULLY SUBMITTED this 11<sup>th</sup> day of October, 2021.

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 11<sup>th</sup> day of October 2021, via electronic mail on:

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