

State of Florida



RECEIVED-FPSC

08 DEC 16 PM 6:33

COMMISSION
CLERK

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: December 16, 2008
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Cindy B. Miller, Senior Attorney, Office of the General Counsel *CM*
RE: Docket No. 080503-EI

Please place the attached late-filed correspondence in the above mentioned docket file.

CM
Attachments

DOCUMENT NUMBER-DATE
11612 DEC 16 g
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Rule Development proceedings re)
Proposed Renewable Portfolio Standard)
Rules 25-17.400; 17-410 and 17-420 F A C)
SKOP Presentation feedback)
_____)

Docket No. 080503

Dated: December 10, 2008

REPRODUCTION OF EMAIL INTRO:

Mark Futrell, Commissioner Skop and PSC-

We listened to your meeting on the 3rd with something like awe- rarely do people display such collusion with utilities as a PSC. Your state PSC out-did itself by presenting an *entirely* pro-utility RPS plan with the pleasant paint of public interest removed. Honest, at least.

First item of business- in the public meetings you requested that we take our material issues to the side , out of the public discussion, and address them directly to Navigant and we have done so. Navigant's study, you all admit, was specifically designed to remove the most economically viable options of high-efficiency and investor-funded options in order to reach a conclusion that supports very slow renewable energy conversion that allows the utilities to charge their new capital equipment to the public. Navigant made no excuses- they had been specifically charged with finding ways to *add* renewables but not *replacing* pollution-based energy. In other words, their mandate from you/DOE was to preserve what the utilities had already done, rather than meet the people's requirement of clean, renewable energy held at market rates, which goal would eventually increase profits/wages to all as renewable energy provides a raw material at ever-better prices because of efficiency upgrades on basically free-fuel energy sources. Correcting this trend was the substance of our modifications to your original straw-man, attached again for reference. But we should have expected further distortions as our straw-man of Sept 5 was already subjected PSC to gross misinterpretation by the PSC that cannot be explained any other way as our points were made in verbal format as well and you and your team expressed no confusion at any time.

At this point we shall understand that our Navigant-discussion compromise of use of 377 funds in concert with our proposals ----- as entities in Florida have done all in their power to scotch investor-funded proposals ----- is accepted in entirety, as you have created no meaningful explicit objections to this requested proposal in 15 days. In Florida, we are forced to call that performance of your duties, as apparently that is what regularly passes for it. Who are we to require a change in standard Florida methods in order to do business? We will understand the PSC to be prepared to enforce compliance by the utilities. This proposal is repeated beneath the Skop-reply in this document as addendum 1.

I have also included another communication as addendum 2 that the PSC may be interested in which I received this morning. If the proposal that Mr. Skop presented looks good for the people of Florida according to the PSC, perhaps the PSC would also endorse this proposal from Thailand as well? I dislike both the Skop proposal and this Thailand proposal as they are similarly not created to benefit the recipients, but I leave it to you to judge.

To all recipients, we are happy to provide any documentation by request.

Respectfully submitted
S/ Marni Zollinger
Marni Zollinger

DOCUMENT NUMBER-DATE

11612 DEC 16 08

FPSC-COMMISSION CLERK

SKOP PROPOSAL COMMENTS:

To the FL PSC and Commissioner Skop:

I have been reviewing the powerpoint of "eleventh hour" adjustments to the RPS rule proposed by Commissioner Skop, formerly of FPL Group. This appears to be a good effort upon which the addition of a few key ideas might yield an RPS rule that actually favors the people of Florida.

In the first slide with information (slide three):



- repeats Gov Crist's goal of 20 percent by 2020.
- Adopts a revenue cap, of what revenues?
- Avoided Cost Plus model is cost of conventional generation plus the usual price increase that utilities enjoy, plus the price of the REC, all of which will be paid to the renewable plant?

This sounds much like what we have been discussing----- getting the actual price of the energy as sold at market rates, plus the price of the REC, as sold at market rate. At no time should a rate be paid that is *not* at the market price (going above market is not fair for the rate-payers, why should they pay more?) and going beneath the market price is not fair for the renewable power generators- (why should the renewable source be paid less while the utility makes off with the delta because the utility likely sold the energy at retail market price?)

- Solar Rebates ----- please define? Was this an actual tax rebate? If so, it is the property of the owner of the solar source, alone. If IOUs are prepared to pre-fund using dividends and not gross electrical revenues from the rate-payers, great (tax-credit monetization for finance purposes- i.e. pseudo-equity).
- Standard Offer Contracts (Utility Self Build) ----- These contracts to date are from the Carter era. They divide the generator world into cogeneration-style plant not base-load facilities, which are larger scale. The contracts that exist from, for example, Progress Energy are atrocious. The mindset that suggests that relinquishing monopoly control should never happen subverts the spirit and intent

of the RPS without exception. In every way and in every conceivable aspect of this process the recurring theme is "IOUs first" in the Standard Offer Contracts and in the RPS rule as well.

If the State of Florida wants to discourage Renewables you're doing a fine job. If the world acquires a scientific breakthrough of room temperature superconductivity, let me be the first to point out (and I'm sure I won't be the last) that the PSC has done everything in its power to obfuscate the future in favor of the past.

Last three items point to the comfort in using a tried-and-true method to remove funds from the rate-payers in order to purchase equipment for the utilities (anti-donation clause violation, Skop the new legal eagle certainly realized). The purpose of the RPS is for the health and safety of the people of Florida, which of course the PSC should be expected to be representing, though we do understand that the IOUs will dislike any deviation from Business As Usual (BAU). Either Florida will prioritize clean and green over all other electrical production or it will not. Only the IOUs who have shunned clean and green would oppose such an implementation, so why are they the recipient of so much assistance in this from the PSC? **Let the market dictate the rate of input of clean and green and actually uphold the tenants of a "free enterprise" system versus this mockery, which reveals itself as protectionist legislation.**



The slide is titled "Implementation Plan" and features a list of seven items, each preceded by a small icon. The items are: 1. Implementation Target (20% by 2020), 2. Establish Revenue Cap, 3. Fund Solar Rebates (5% of Revenue Cap), 4. Establish Pricing for Standard Offer Contracts, 5. Energy and Attributes Retained by Utility, 6. Utility Can Sell Attributes Out-of-State to Offset Ratepayer Impact (attribute not used for compliance), and 7. Readily Implemented (2010).

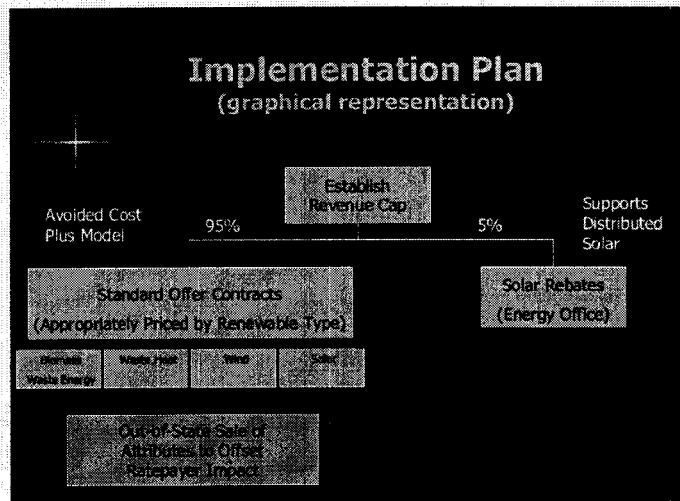
Implementation Plan

- Implementation Target (20% by 2020)
- Establish Revenue Cap
- Fund Solar Rebates (5% of Revenue Cap)
- Establish Pricing for Standard Offer Contracts
- Energy and Attributes Retained by Utility
- Utility Can Sell Attributes Out-of-State to Offset Ratepayer Impact (attribute not used for compliance)
- Readily Implemented (2010)

- A. Re: Target: Why would Florida or any other State "cap" the health and safety issue of Zero emissions litigation? Obviously Florida believes that the second-hand smoke issue from Tobacco has no bearing on second hand emissions and that they will be not be found liable via legislation that protected known polluters. State in clear and convincing terms the basis for asserting that claim.
- B. Rev Cap on what? I am guessing that the utilities have put forward that the revenue cap should be the means by which the green power revenue streams may be limited (which they do not pay anyway if they conduit the electricity to the end users). The PSC is stuck with the mindset that speaks loudly of turning the IOU into a **remarketer** in order to maintain their regional monopoly status. Why should the PSC have found this argument persuasive or in the interest of the *people of Florida*?

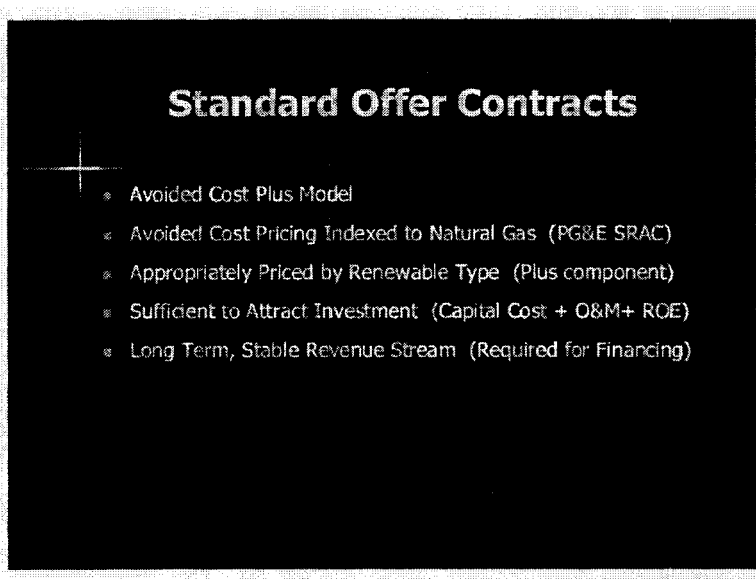
- C. Fund Solar Rebates --- an excellent idea----- have the IOUs go ahead, and pay out of dividends only. While you're at it why not comply with the law and provide full disclosure of each IOU regarding the status of the funds in the 377.709 accounts.
- D. Establish Pricing----- to be exactly what the market sets on a national exchange, so that the contracts are both 1) beneficial to the people of Florida, guaranteeing that no extra costs or deduction will limit the "best price" available and 2) fundable and bankable pricing/contracts means that not 1 single cent will be required from any person in Florida to finance any renewable facilities (legitimate power purchase contracts, off-take agreements, or an RPS which does away with the negotiation process entirely and is the preferred method can be funded through the Florida treasury, USDA RUS and DOE federal programs, the debt institutional debt capital markets, the 377.709 statute and private investor etc). Why put another road block in the process against renewable and for the IOUs or was that the intent of the pricing "establishment"?
- E. Energy Attributes retained by utilities----- only acceptable if a green-first priority basis is established, these should be a market-based price for up to 100% of all energy sold in the state of Florida including the wheeling and dealing of open transmission via FERC Order 888. Alternately, will the PSC assist the IOUs in thieving from the renewable energy sources by calling the RECs from independent sources "voluntary" and the self-built sources "compliance"?
- F. Utility to sell RECs out of state----- (attribute not used for compliance with Florida's laws, but bought at compliance prices meaning that the IOUs have no choice but to game the REC's market prices, and may retain the right to *re-market* the RECs in order to achieve a spread). This idea is an ENRON special. It motivates the IOUs to "move" the RECs and the IOUs will be far more likely to attempt to pass the costs on to the rate-payers or market speculators. Wow, naked benefit for the utilities. How about you propose that the IOUs assist in opening the RECs markets and eliminate self-dealing? In the past, the industrial RECs market has been much stymied by the utilities themselves, who used their power to assure that there were never sufficient RECs for the non-utility-industries that wished to have them. As a result RECs were "dropped" from the attention of these large industries because they could not be gotten in sufficient quantities to make the differences that they needed. By allowing the FL IOUs to remarket them rather than "restructure compliance" with them, the FL PSC has hit upon an idea that will belay restructuring the shift from emissions prone power to green power as a last resort on the most minimum basis.

The true purpose of the electronic means to match 1 green REC to 1 MWh of power will inevitable encourage the IOUs to game the PSC as has occurred elsewhere. Wake up. The IOUs will report for instance 100,000,000 MWhs produced offset by 10,000,000 MWhs of RPS which will be reported as 50,000,000 MWhs consumed in state and 50,000,000 MWhs shipped out of state lowering their RPS obligation to 5,000,000 MWhs by ENRON *magic*. This is why the in-state RECs electronic platform cannot be accessible to the utilities except as purchasers.



Revenue caps need proper explanations.....

377.709 needs "open access" and full disclosure



- a. Avoided Cost Plus Model----- . This is an outright embarrassment. Your backwards idea that the costs of making emissions have *any* relation at all to the cost of renewable is more BAU which is why the IOUs believe that this fantasy that helped quash cogeneration and can be used to quash renewable just as effectively. Protectionist legislation doesn't get better than this contrived means to subvert a "free market". PSC, you should be ashamed of yourselves.

CORRECTING THE remainder of the SLIDE TO FAIR MARKET PRACTICES:

- B. Index all prices to a BTU equivalent, not natural gas. Allow ISDA Master Agreement with right of collateral substitution and standardize the documentation as it currently exists (and aren't we trying to reduce "delays"?)
- C. <http://www.iweinsteinlaw.com> a standard RECs agreement at FMV
"Appropriate" = **Market**
- D. "Insufficient to attract investment"----- As I have repeated multiple times, my investor has been standing by for two years to invest in Florida and has been *prevented* by the IOUs refusal to agree to market-based Power Purchase Agreements (standard offer contract on record is not financially legitimate for credit underwriting).
- E. Stable- Energy is already a stable industry. The market isn't going anywhere and is scheduled to grow. As for financing, "stability" is achieved as you would know through the hedge agreements, called the "costless collars" on the energy contract. The utilities already do this routinely. Suggesting that this was lacking is a mark of the PSC's desire to create an impression that this round of RPS changes grants the IOUs more advantages in order to solve something that was lacking, which is again, disgraceful.

Standard Offer Contracts (continued)

- * Utility Self Build Option
- * Energy and Attributes Retained by Utility
- * Utility Can Sell Attributes Out-of-State to Offset Ratepayer Impact (attribute not used for compliance)
- * Utilization of Existing Framework
- * Well Understood, Flexible, and Adaptable to New Technologies
- * Avoids Substantial Delay and Cost Associated Developing Captive Market for Attributes
- * Readily Implemented (2010)

- A. Utility Self Build- No objection. If they fund new sources from dividends, let them own it. If they fund from cost recovery or increased rates- let the people own it.
- B. Energy and attributes retained by utility----- energy is sold to rate-payers who are the actual counter-party in all legitimate Power Purchase Agreements BECAUSE they receive the commodity. Utility is a mere broker.
- C. Utility to sell attributes out of state----- sounds great, at market rates and compliance prices.
- D. Utilize existing framework--- more or less. Be sure to note that it is not acceptable that the IOUs operate the electronic platform for counting, pricing and

remunerating the renewable sources in-state. Anyone can understand that we should not be expected to trust parties that have a perfidious history.*

- E. Adaptable for new technologies----- yes, this allows us all to have bankable contracts for energy and RECs at market prices so that we can fund Florida's renewable conversion rather than the people. The door will be open for all, without cap until such time as there is not a single polluting MW produced in Florida, and this conversion will be entirely at market-rates for the rate-payers so that wages and profits increase for the people.
- F. Avoids Delay----- absolutely, let's get started
- G. Readily implemented----- we've been ready to go for two years, why wait to 2010?

* Please note that Southern Company, since understanding that we supplied the PSC with irrefutable proof of their manipulation, has been blocking all our emails. PSC, please kindly be sure to forward the information so that there can be no claim of not having information in a timely fashion for which they are, as all utilities should be, responsible.

ADDENDUM 1:

11/25/08

C/O Mark Futrell, DEP RPS Rule Making Staff:

RE: Navigant Consulting Q&A.

From 2006 to the present, we have presented various Florida municipal utility districts the opportunity to own clean, renewable sources of "liquidity" under 377.709. Our idea was to re-circulate energy money back into the local community, in the process allowing special utility districts to become clean-power generators (part-owners and/or operators) in contrast to the current financial dynamic- liquidity flowing one direction (out) of communities and toward the IOUs. Florida could convert entirely to non-carcinogenic production of electricity.

In 2006, a Florida bank affirmed in writing their willingness to underwrite Florida projects. Mr. Futrell is aware of that LOI. We have suggested that Jefferies Investment Bankers orally agreed to offer Permanent Take Out finance for our ZESC facilities, using our investor's assets in combination with CREBs. No CREBs applications have been forthcoming. We negotiated for permanent debt capital in a term-sheet at market conditions. We have proposed RECs and stockpiles of micronized fuel as a cash-reserve mechanism for a DSCR predicated upon OCC #1051 compliance of a benchmark price for electricity. No response.

Consider our competition: <http://www.envirepel.com/news/video/>. Our ZESC (Zero Emissions Sanitary Combustion) design for near zero emissions MSW ----> Energy and incorporates the latest advances in non-thermal plasma processing from LANL. Mr. Futrell is aware that the Florida EPA was invited to participate in our MSW sample test burns. They declined that offer.

Political subdivisions in Florida relied upon the governor's office and Jeremy Susac for guidance. Our lead investor, International Forex Finance Group, made offers to underwrite the construction loans for the facilities in person. Who else would underwrite the interim construction phase of these projects subject to the IRS limitation on recycling of "solid waste" (refer to IRS attachments and non-applicability of IRBs)? The people of Florida would not spend a single tax dollar or incur credit exposure as the interim construction collateral was meant to be substituted under the ISDA Master Agreement with Emissions Annex upon plant certification, and based upon a dNPV of "future flow" from electrical sales our proposal was sound. Your Florida Treasury official, Mr. Gillander, stated that our financial structure was solid.

Jeremy Susac, as Renewable Energy contact for the State of Florida, was called upon to act on behalf of the Florida's special utility districts, which do not have the Environmental Engineering expertise to determine which kinds of renewable energy options to engage in order to meet the Governor Christ's "greening" Executive Order. Jeremy and the Florida EPA cited "lack of funds" even when IFFG's financial commitment was to underwrite any and all US EPA stack gas testing protocols, which offer was reduced to an express writing (Laurie Apgar, DEP I.G.). Could the means for self-funding infrastructure and vehicle fleet upgrades be possible and, if so, wouldn't that reasonably merit some investigation? Amazingly, not one party in Florida confirmed our financial arrangement with the local banker. Not one phone call was made to our scientists to confirm the technological merits of the proposal. No Florida University or institute of higher learning stepped up to witness US EPA sanctioned stack gas testing of MSW samples from Florida landfills. Business as usual seems to be the status quo.

The DEP's New Source Review parties, Al Linero and Jeff Koerner, committed to investigate and confirm our near zero emissions claims of ZESC technology. Resulting action: nothing. We provided our technological goals and aspirations in writing as well as a formal protocol for testing. Again, nothing. We inferred that less savvy civil engineering parties in Florida might rely upon

environmental engineering expertise at DEP. Still Nothing. Jeremy insisted that his agency was financially constrained. We assumed that this same condition prevails at the entire DEP. Afterall, the credit crisis ensued and the mortgage crisis evolved further stimulus uncertainty. One wonders if the local economy could have been boosted by green-investment into Florida, if parties in Florida had been willing to entertain that responsibility and engage the willing investor?

In order to determine how to move forward in seeking energy independence, a spirit of cooperation and forthright admissions are the preferred path. The DEP was requested to establish a chain of custody for sample submission. Still Nothing. US EPA certification experts for each Florida location (yet the DEP refuses to cooperate) refuse to contact the consultants at O'Brien & Gere, and refuse to submit samples for testing, and refuse to engage in any discovery process of a sort or kind. Linero and Koerner never performed the promised proper due diligence predicated upon sample burn tests, and failed to attend the interstate EPA conference call arranged for the benefit of the Florida state environmental office (comm. traffic attached).

Turning to the IOUs, we have been beset by acrimony in that we were unable to comprehend why the IOUs' "Standard Offer" Contracts are "non-bankable". These are, for the most part, 1970's Carter-era co-gen documents made non-fundable in the intervening years by conventional financial institutions. Utilities currently enjoy "self-dealing" situations with their own "___ LLC" by opting to install a solar or wind enterprise and expecting to market their own environmental attributes to themselves or their own bankers in true ENRON-fashion. Florida has little if any renewable energy production to date. In contrast a legitimate future, or forward derivatives contract for commodities that is fully OCC #1051 compliant, is a proper and legitimate means to benchmark the price for both commodities (1-energy and 2-environmental attributes or "RECs"). Florida IOUs offer only a *non-viable* market price with *non-bankable* contracts that serve to *retain* regional monopoly authority as their priority. The IOU lobby means to weaken the RPS legislation and will succeed unless a wholesale auction facility is *fully* compliant with FERC Order 888 and is initiated along with *marketable* RPS.

RECs certificate tracking compliance akin to NEPOOL GIS, PJM-EIS GATS or TEXAS REC Program would be a suitable analysis from which to pick-and-choose the best aspects similar to the attempts of WREGIS or M-RETS so that price transparency would be the hallmark of public trust for initiation of any such electronic platform.

All of the above concerns were explained to Mark Futrell and his team. No written response of record. Thus, my first question to Navigant was, "If the DEP and PSC cannot participate in a rule for the FL IOUs that supports legitimate, bankable contracts for energy/RECs, with what Florida agency should clean, renewable energy-sources make contracts?"

Assuming that Navigant will soon provide the answer as requested to the above, or that the PSC or DEP will solve the issue entirely, the next questions for Navigant are as follows:

1. Inasmuch as dioxins and furans are known carcinogens, which will not metabolize in humans and are a by-product of conventional fossil fuel energy facilities (EPA studies) we would like to see Navigant's position on the following in express writing:
 - A) given that AIG Insurance has already stated that insuring facilities that are not green (AIG ppt attachment) can only result in their "dropping" those polluting technologies from the ranks of insurable risks. In which case
 - B) the courts are currently adjudicating the contingent-liability lawsuits against government entities for ignoring the health and safety concerns of their people (NC AG vs. TVA attachments) and in light of that fact, might Navigant envision a Tobacco-style settlement in the offing for Florida energy/pollution producers of second-hand-carcinogens?
 - C) if the people of Florida do face added credit exposure because the public officials of Florida commit tax dollars for still more nuclear or coal style emission profiles (source:

Jeremy Susac) does Navigant choose to ignore those financial and environmental liabilities posed by fossil fuel stack-gas emissions and the emissions profile they portend?

2. Alternately, does Navigant advise Florida to convert all existing power plant generator sets to adopt clean, renewable resources and feedstocks without incurring credit exposure or contingent liability on the Florida taxpayer?
3. Having rebuked our Lead Investor's financial offers, will Navigant advise the Florida PSC to implement an immediate draw down of 377.709 funds in order to deposit the first phase of our 3 phase proposal starting with remitting a \$1.5 mm non-refundable deposit in favor of each of the 5 LLCs to be formed in each IOU service area pursuant to the mandate in the current law, which law requires that these IOUs set aside funds for this purpose?

Mark, I am certain that the PSC does not wish to be adjudged as being devoid of merit in this process. As such and under the Amicus Curiae standard would each public servant do all that is in their power in order to assure that the RPS conversion is what is best for We The People? Does the PSC aim to conduit rate-payers tax dollars to IOUs as a policy for sustaining the development of future carcinogenic concepts such as IGCC coal fired plants, or is there a sustainable, healthy, financially-responsible alternative? Automakers must adopt a business model of the future. Will power plants adopt a business model for the future as well? Is the Florida RPS immune to future accountability standards? Would that be the maximum or minimum environmental attainment-level possible?

Florida's continued silence-as-the-only-response to our lead investor's 2+year offer to underwrite burn testing of MSW and failure to commit other resources as an alternative to placing toxic and low level hazardous MSW into the fresh water-table (as has been confirmed, as the business as usual approach behind a bury and forget landfill policy -last attachment) should be untenable.

"Good faith" requires that we acquiesce to Jeremy Susac's and the DEP's inferences to fund all proposed renewable facilities under 377.709 as warranted by lack of proper responses to date.

Kindly consider this as our revised proposal to seek \$8 mm dollars (not including plant or building) and forthwith we request that the PSC seek IOU compliance with their remitting a \$2 mm "good faith" deposit per service area for testing, engineering, siting, and planning the proposed facilities. We will anticipate that each testing-facility will be located upon land donated for that express purpose by the state of Florida or a political subdivision thereof and that the state will confirm in writing that the "good faith" deposit will not in any way entitle any political subdivision of the state to lien, claim or encumber any IP nor assert any contingent claim upon any equipment involving the use of proprietary IP for testing or production of electricity with near zero emissions under any circumstances.

In return, we confirm that we shall consider any deposit of "good faith" funds contributed for a Testing Facilities to be deducted against the IOU obligations pursuant to 377.709's pre-funding obligation. IN as much as several IOUs have confirmed that they will follow that law, this shall serve as our official notice for seeking full PSC compliance in that endeavor.

Regards,

Marni Zollinger,
CCLLC

AGREED and ACCEPTED as to form and content:

Mark Futrell for and on behalf of PSC

ADDENDUM 2:

From Suriya Jungrunreangkit
<jungrunreangkit61@msn.com>
reply-to suriya12jung@live.com
To
Date Wed, Dec 10, 2008 at 11:50 AM
Subject from Suriya.

(6 minutes
ago)

Reply

Hello..

PLEASE THIS LETTER MUST REMAIN SECRET

I am Suriya Jungrunreangkit, former Thailand transport minister during Thaksin Shinawatra regime which was ousted by a military coup on Sept 19 2006, and Martial law was imposed by the Council for Democratic Reform, now called the Council for National Security.

I would like to discuss some of my personal investments with you on how i can invest my millions of dollars. Thanks for your anticipated co-operation.

Your Brother.

Minister Suriya.