

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for determination of need for
Okeechobee Clean Energy Center Unit 1, by
Florida Power & Light Company.

DOCKET NO. 150196-EI

FILED: December 9, 2015

**POST-HEARING STATEMENT AND BRIEF OF THE SOUTHERN ALLIANCE FOR
CLEAN ENERGY (“SACE”)**

The Southern Alliance for Clean Energy (“SACE”), pursuant to Order No. PSC-15-0394-PCO-EI, Order Establishing Procedure, and Order No. PSC-15-0547-PHO-EI, Prehearing Order, hereby submits its Post-Hearing Statement and Brief in the above-styled docket.

I. APPEARANCES

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II. POST-HEARING STATEMENT

The Commission should deny FPL’s Petition for an Affirmative Determination of Need for the construction of the proposed OCEC Unit 1. In order to create the appearance of need for the proposed OCEC Unit 1, FPL relies on two planning criteria: (1) an inapplicable, outdated, and unsubstantiated 20% reserve margin criterion (“RM”); and (2) an unnecessary and unfounded 10% generation-only reserve margin (“GRM”) criterion recently contrived by FPL. These criteria, if accepted by the Commission as the basis for need for construction and operation of the proposed OCEC Unit 1, will result in uneconomic overbuilding of generation capacity at unreasonable costs to FPL ratepayers under the guise of reliability. Furthermore, FPL

has failed to utilize reasonably available renewable energy sources and technologies, as well as conservation measures, which might mitigate the need for the proposed OCEC Unit 1. Specifically, FPL has done nothing more than pay lip service to its obligations under Florida law to utilize all reasonably available solar PV resources and energy efficiency in what is nothing more than an attempt to simply placate the Commission and do what it has intended to do from the beginning of this process – construct and operate the proposed OCEC Unit 1 project. Finally, the proposed OCEC Unit 1 will only exacerbate FPL’s and its customers’, as well as the State of Florida’s, already precarious overreliance on natural gas and will not maintain or enhance fuel diversity within the FPL system.

FPL’s reliance on a 20% RM criterion is erroneous for several reasons. First and foremost, FPL’s sole justification for using a 20% RM as a basis for the need for the OCEC Unit 1 is a 1999 Stipulation approved by the Commission,¹ which by its express terms has no effect whatsoever on a need determination such as this proceeding.² Even if the Commission is to ignore the express language and clear legal effect of the Stipulation, FPL’s reliance on a 20% RM is significantly outdated. FPL adopted the Stipulation in 1999, 16 years ago, and the Stipulation was based on evaluation by Commission staff of operation of the power systems in peninsular Florida in the 1980’s and 1990’s. These historical conditions simply no longer reflect reality, including, but not limited to, the improved reliability of FPL power plants. Moreover, the 20% RM relied on by FPL is also unsubstantiated. FPL has not, since at least 1999, conducted any real substantive analysis of its reserve margin, such as a comprehensive reserve margin study, which would demonstrate that a 20% RM is still appropriate and/or necessary for FPL and its customers. In sharp contrast, FPL conveniently relies on the 1999 stipulation and

¹ See Docket No. 981890-EU, Order No. 99-2507-S-EU (Issued Dec. 22, 1998).

² *Id.* at pp. 9-10, ¶ 8.

anecdotal, self-serving, in-house analyses which purport to support the ongoing viability of a 20% RM. For all of these reasons, the Commission should evaluate FPL's Petition using a 15% reserve margin as recommended by SACE expert witness John Wilson.

In regards to FPL's GRM, the Commission should reject FPL's use of this contrived criterion in its resource planning because it is unnecessary. FPL claims to have created this new criterion in response to two events: (1) the Commission's 2009 DSM goals Order, which goals FPL never had to implement, and which have now been superseded by the much lower 2014 goals; and (2) an isolated extreme weather event, and corresponding high load situation, on January 11, 2010, which resulted in no blackouts for FPL customers and has not been repeated in almost 6 years. Neither of these events justifies Commission approval of a new reliability criterion that: (1) no other utility uses; (2) no other state utility commission has approved; and (3) is not generally accepted in the utility industry. Furthermore, FPL's own analyses do not show that such a GRM criterion is in any way needed to ensure reliability for FPL customers from a loss of load probability ("LOLP") perspective. Ultimately, FPL has simply failed to present evidence of a problem that this criterion is intended to solve; rather, this FPL-contrived GRM criterion is nothing more than an inherently skewed criterion that will serve to minimize the potential positive impacts of energy efficiency and conservation on FPL resource planning and instead conveniently guide FPL's resource planning towards "putting steel in the ground" resulting in the uneconomic overbuilding of generation – again, under the guise of "reliability."

For the foregoing reasons, the Commission should review FPL's Petition using a 15% RM, which has been subjected to updated scrutiny and review by the Florida Reliability Coordinating Council, and no GRM. By FPL's own analyses, such a review shows no need for additional generation in 2019 and very little generation in 2020. Thus, the Commission should

deny FPL's Petition and direct FPL to conduct a comprehensive reserve margin study. If the results of such a study still support the need for additional generation, FPL can submit a new Petition at that time, while in the interim saving its ratepayers hundreds of millions of dollars while not sacrificing reliability. Moreover, this would allow the Commission not only to properly review FPL's Petition by allowing it to appropriately balance some of the core competing interests at play in § 403.519, F.S., in particular the need for electrical system reliability versus the need for adequate electricity at a reasonable cost.

III. STATEMENT OF ISSUES AND POSITIONS

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

SACE Position: *No. FPL relies on two unsubstantiated reliability criterion in order to create an appearance of need for the proposed OCEC Unit 1: (1) a 20% reserve margin criterion that is not only inapplicable to this proceeding as a matter of law, but moreover is outdated and unsubstantiated; and (2) an FPL-contrived 10% generation-only reserve margin criterion that is unnecessary, skewed towards generation, and further is not a generally accepted utility planning criterion. Therefore, the proposed OCEC Unit 1 would result in a system with excess capacity that exceeds the need for electrical system reliability and integrity.*

Discussion:

FPL bases the purported need for the proposed OCEC Unit 1 on its 20% total reserve margin criterion ("RM") and 10% generation only reserve margin ("GRM") criterion. Ex. 3; TR 123. The purported need is not based on the loss of load probability ("LOLP") reliability criterion of 0.1 days per year, which has not driven FPL resource needs since the 1990's. TR 123. Both the RM and GRM criteria are unsubstantiated and should be rejected by the Commission, as an affirmative determination of need for the proposed OCEC Unit 1 based on these criteria will result in a system with excess capacity that exceeds the need for electrical system reliability, which does not come at a reasonable cost. TR 404.

Specifically, for the reasons discussed below, the Commission should review FPL's Petition using a 15% RM and no GRM, under which review FPL would, as evidenced by its own analyses, have no resource need in 2019 and no significant need in 2020. Ex. 3. Therefore, the Commission should deny FPL's Petition and require FPL to hire a third-party consultant to conduct a comprehensive reserve margin study, and, if the results of such a study support the need for additional generation, FPL can submit a new Petition. In the interim (*i.e.*, a one year delay), this prudent course of action would save FPL ratepayers over \$200 million dollars while not sacrificing reliability. Ex. 63 (FPL's Corrected Response to Staff ROG 83(b)). Moreover, assuming a comprehensive reserve margin study supported the need for additional generation, at that point the Commission would be able to properly consider FPL's Petition under § 403.519, F.S., and, in particular, balance the competing interests at issue in § 403.519, F.S., in particular the need for electrical system reliability versus the need for adequate electricity at a reasonable cost.

20% Reserve Margin

FPL relies in part on a 20% reserve margin ("RM") for its purported need for the proposed OCEC Unit 1 in 2019. Ex. 3, TR 123. However, FPL has no meritorious argument as to why the Commission: (1) should allow the company to rely upon a 20% RM as a basis for need in this proceeding, or (2) should review the company's Petition based on a 20% RM. The sole basis for FPL's reliance on a 20% RM is a 1999 Stipulation entered into by FPL in Docket No. 981890-EU and approved by the Commission in Order No. PSC-99-2507-S-EU. TR 125; Ex. 77. Pursuant to this Stipulation, FPL agreed to voluntarily adopt a minimum reserve margin planning criterion of 20%. Ex. 77, at 8, ¶ 1. However, neither FPL, nor the Commission, can properly rely on this Stipulation as a basis for a 20% RM in this docket. This is because this

Stipulation, by its plain language, is inapplicable to need determinations. The Stipulation provides, *inter alia*:

All current and future proceedings under the Electrical Power Plant Siting Act, including those for consideration of merchant plants, and all statutes, rules, regulations, and policies bearing on the Commission's determination of need for new generation (including the need determination criteria in § 403.519, Florida Statutes) ... are unaffected by this Stipulation and the approval thereof.

Ex. 77, at pp. 9-10, ¶ 8 (emphasis added). Additionally, even if the Stipulation were applicable to need determinations, the plain language of the Stipulation leaves no doubt that neither FPL's adoption of the Stipulation, nor Commission approval of the Stipulation, creates any presumptions with the respect to the need for new generation proposals like the OCEC Unit 1.

The stipulation states:

Neither the adoption by the IOUs of the minimum twenty percent (20%) planning criterion nor the approval of this Stipulation by the Commission ... be deemed to create any presumption with respect to any proposals for adding generation capacity

Id.

Assuming arguendo that the Commission is to ignore the plain language of the Stipulation and its corresponding legal effect (or lack thereof) on this need determination, the 1999 Stipulation's 20% RM is significantly outdated and should not serve as the basis for a determination of need 16 years later when the continuing efficacy of this 20% criterion has not been subjected to any comprehensive updated scrutiny or analysis. TR 406, 549. The 1999 Stipulation was based on evaluation by Commission staff of the operation of power systems in peninsular Florida in the 1980's and 1990's. TR 406. These historical conditions simply no longer reflect reality, including the improved reliability of FPL power plants. TR 301 (unit available for dispatch 95.5% of the time); TR 315 (OCEC Unit 1's EAF of 95.5% is better than US industry average); TR 318 (newer technology is more reliable than older technology); TR

319-320 (FPL has substantially improved the operating performance of its fossil fleet since 1990); TR 406-407 (between 1990 and 2011, FPL's fossil forced outage rate improved by roughly 50%). Moreover, despite these significant improvements in reliability since 1990, FPL has not completed a comprehensive reserve margin study, such as the one prepared by Astrape Consulting for Duke Energy Carolinas in 2012 (Ex. 29), in at least 20 years.³ TR 131, 408. While FPL has conducted some "in-house" analyses, FPL witness Sim conceded that these analyses were not as comprehensive as a study like the Astrape reserve margin study. TR 134, 140; Ex. 29. Further, utilities often err in using such a "gut check" method, *i.e.*, relying on in-house analysis of historical conditions for identifying when an adjustment to its reserve margin might be needed. TR 408.⁴

FPL further attempts to justify the 20% RM with an analysis looking back at a high load event during an extreme weather situation on January 11, 2010. Ex. 69. On this date, despite the extremely cold weather and high load event, FPL was able to: (1) keep all firm customers served; (2) sell approximately 525 MW in emergency power to another utility; and (3) maintain 1144 MW of total reserves. TR 552-554. Furthermore, FPL witness Sim testified that there has not been another high load situation like this since this day in January of 2010.⁵ TR 554. However, FPL contends that had it been planning to a 15% RM, it would have exhausted all reserves, and would have been 68 MW short of firm load requirements. TR 515, 555. However, at the hearing, it was revealed that FPL had a "significant amount" of capacity offline - approximately 2,000 MW - on January 11, 2010, due to unavailable power purchase agreements and FPL-

³ In sharp contrast, Duke Energy Carolinas had two reserve margin studies conducted in a five year period (between 2010 and 2015) in order to determine what its appropriate reserve margin was. TR 540.

⁴ In fact, the only real RM 'study' identified by FPL throughout this proceeding that was performed at some point in time since 1999 indicated that FPL's proper RM was less than 20%. TR 408.

⁵ The FRCC described this as an "extremely high winter peak ... the coldest winter on record (or very close) in many areas of Peninsular Florida." TR 414.

owned units that had experienced breakage. TR 555. FPL witness Sim admitted that it is unusual for FPL to have 2,000 MW of generating capacity offline, TR 556-557, and further testified that, on average, FPL would have 687 MW of generation unavailable. TR 557; Ex. 70, at 20. In fact, the approximate 2,000 MW of unavailable generation on January 11, 2010 was larger than the equivalent of FPL's largest generating unit being offline. TR 558; Ex. 70 at 20 (generation loss of the largest unit is equal to 1,515 MW). As a result, this looking back analysis is not reflective of typical operating conditions, and in no way supports FPL's argument that a 15% RM would be insufficient to reliably serve its customers, as FPL should have had well over 1000 MW in reserve under a 15% RM as opposed to being 68 MW short. The Commission should not allow itself to be duped by such a misleading analysis on the part of FPL.

Ultimately, based on the evidence in record, the 20% RM relied on by FPL in this proceeding is excessive. In fact, FPL witness Sim was unable to identify any other jurisdiction that utilizes a 20% RM. TR 141. In sharp contrast, the Florida Reliability Coordinating Council ("FRCC"), which does study, analyze, and update its recommended RM for peninsular Florida, still utilizes a 15% RM, as it has since 1999,⁶ and found in 2015 that both summer and winter planned reserves are well in excess of its 15% RM criterion. TR 410. It follows that if the Commission continues to rely upon a 20% RM to establish need without updated and adequate evidence that such a high RM is needed, it will only result in overbuilding by FPL at an unreasonable cost to FPL ratepayers. TR 409.

10% Generation-Only Reserve Margin

In addition to the 20% RM, FPL relies on a 10% GRM criterion that it recently contrived as the other basis for the purported need for the OCEC Unit 1 in 2019. Ex. 3, TR 123.

⁶ In Docket No. 981890, which resulted in FPL adopting the Stipulation and a 20% RM, FPL advocated for use of the FRCC's 15% RM and was vehemently opposed to Staff's recommended 20% RM. TR 545; Ex. 79.

However, FPL has presented no evidence whatsoever of a problem that this criterion was intended to solve, and thus it is unnecessary. Furthermore, the two “triggering” events upon which FPL relies to justify the creation of this criterion simply do not justify the creation of, and much less Commission approval of, a third reliability criterion. In fact, FPL’s own analyses demonstrate that this criterion is not necessary from a reliability (LOLP) perspective. As a result, the Commission should reject FPL’s use of the GRM criterion in its resource planning.⁷

Until approximately 2010, FPL planned using the “dual planning criteria” of RM and LOLP, both of which are commonly accepted reliability criteria throughout the utility industry. TR 122-123. Until this time, FPL thought that these two generally accepted criteria were sufficient to determine future resource needs. TR 143. However, according to FPL, there were two events in late 2009/early 2010 that caused FPL to take another look at the company’s reliability criteria. TR 145. This led to FPL creating and introducing its 10% GRM criterion in 2014, which, by FPL witness Sim’s own admission, is not a commonly accepted planning criterion throughout the utility industry. TR 123, 412.

The first triggering event was the Commission’s 2009 DSM Goals Order issued in Docket No. 080407, which DSM goals FPL characterized as “very high.” TR 146. According to FPL, the Commission’s Order meant that FPL’s resource plans would be more dependent on DSM resources moving forward than they had been in the past. TR 517. However, FPL never actually implemented the goals set forth in the Commission’s 2009 Order. TR 147. Moreover, the 2009 goals have now been superseded by the goals set by the Commission in 2014, which are significantly lower than the goals set in 2009. TR 148. However, despite the fact that implementation of these 2009 DSM goals was never a reality, and they have now been

⁷ In Order No. PSC-14-0696-FOF-EI issued in Docket No.130205-EI, the Commission held that if FPL’s proposed third reliability factor, its GRM, became a factor in a need proceeding, as it has in the instant docket, the Commission would have the opportunity to review the criterion.

superseded, FPL never revisited its analysis of its 10% GRM criterion. TR 149-150. Needless to say, there is simply no need for the introduction of a new reliability criterion that was designed to deal with DSM goals that were never a reality. TR 413.

The other event that FPL relies on to support the creation of its 10% GRM criterion was the January 11, 2010, extreme weather event and corresponding high load situation discussed hereinabove. TR 145-146; 517. According to FPL, its GRM on this day was 8.4%, and “the generation reserves were ‘just sufficient’ to provide reliable operations with no curtailment of firm load in Florida.” Ex. 70, at 16. However, as discussed *supra*, this event is not reflective of realistic operating conditions, and in no way supports FPL’s argument that a third reliability criterion is needed in order to reliably serve FPL customers. In fact, on this day, an 8.4% GRM was more than sufficient to reliably serve FPL customers, despite the fact that FPL had almost 2,000 MW of generation unavailable. *Id.* As was the case with the 2009 “phantom” DSM goals, this isolated high load event, which has not happened again since this day in January of 2010 (TR 554) in no way supports the creation or Commission approval of a 10% GRM, or any third reliability criterion for that matter.

Furthermore, FPL’s own analyses presented “in support” of a 10% GRM fail to demonstrate why this third reliability criterion is needed. FPL compared, from an LOLP perspective, two resource plans. The plans had identical total reserve margins, but one plan had a 5% GRM and one plan had a 10% GRM. Ex. 70, at 3; TR 518-519. Under the 5% GRM plan, FPL came up with an LOLP value of .0358 days/year, which translates to one day every 27.9 years that FPL would not be able to meet firm load.⁸ TR 559-560; Ex. 70, at 5-6. Under the 10% GRM plan, FPL came up with an LOLP value of .0257 days/year, which translates to one

⁸ Interestingly, FPL projected that, had it been required to meet the 2009 DSM goals, its GRM would have been 4.7%. TR 97. Clearly, from a LOLP reliability perspective, even a GRM below 5% is not warranted.

day every 38.9 years that FPL would not be able to meet firm load. TR 560; Ex. 70, at 5-6. FPL's finding was not surprising – that the plan with a 10% GRM can provide operators with additional MW of reserves during severe peaks. *Id.* However, FPL has not presented any evidence that its operators need additional MW of reserves during severe peaks.

Moreover, a closer look at these analyses reveals the folly of FPL's logic. FPL's, and the utility industry's, accepted LOLP standard is 0.1 days/year, and anything lower than that suggests that a system is reliable. TR 561. Thus, as witness Sim testified, FPL would not come to the Commission requesting a determination of need for new generation based on the LOLP criterion unless it was higher than 0.1 days/year. TR 562. Further, and also as conceded the LOLP values discussed in this analysis (.0358 and .0257) would not warrant a reliability need for new generation. *Id.* However, FPL now asks the Commission to approve a third reliability criterion based on these same, extremely low LOLP values, and, in so doing, the Commission would also in effect grant an affirmative determination of need for the proposed OCEC Unit 1, a \$1.2 billion power plant – based on these same extremely low LOLP values. The Commission should reject this circular, and flawed, logic.⁹

Should the Commission approve the 10% GRM as proposed by FPL, it would be entering into uncharted territory. As stated previously, the GRM is not a generally accepted reliability criterion. Further, with the exception of TECO, whose supply-side criterion is much different,¹⁰ witness Sim knew of no other utility in the country who utilizes a GRM planning criterion. TR 144. In fact, the FRCC does not use a GRM as a planning criterion. TR 95. Further, and perhaps most important, witness Sim was not aware of any other state Commission

⁹ Furthermore, the evidence at the hearing demonstrated that FPL's LOLP value in 2019, without a 10% GRM, would be .002467, far lower than the standard, and moreover showed no LOLP value anywhere near 0.1 days/year through 2024 without a 10% GRM. Ex. 64 (FPL's Response to ECOSWF's ROG 4, Attachment 1).

¹⁰ In sharp contrast to FPL's proposed GRM criterion, TECO's supply side criterion is focused with potential overuse of load management and does not take energy efficiency into account like FPL's proposed GRM. TR 144.

who had approved the use of a GRM planning criterion for any utility. TR 95, 145. For these reasons, the Commission should reject FPL's proposed third reliability criterion, the 10% GRM, because it is simply not needed, and further is inherently skewed in that it conveniently guide FPL resource decisions towards "putting steel in the ground" – in other words, if FPL is able to rely on this criterion in its future resource planning, the company will overemphasize building new power plants as opposed to looking to DSM or energy efficiency, or simply more efficient use of existing resources, to meet future resource needs. TR 421. Moreover, by approving an unnecessary criterion, FPL's ratepayers will bear the cost of this unnecessary power plant construction. TR 421-422.

Issue 2: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light, which might mitigate the need for the proposed Okeechobee Clean Energy Center Unit 1?

SACE Position: *Yes. FPL has failed to utilize renewable energy sources and technologies, in particular solar PV resources, as well as conservation measures, namely energy efficiency, reasonably available to it which might mitigate the need for the proposed OCEC Unit 1. Specifically, FPL did nothing more than pay lip service to solar PV as an alternative to the proposed OCEC Unit 1, and has failed to capitalize on countless opportunities to pursue much higher levels of energy efficiency.*

Discussion:

The evidence in this matter is clear that FPL intended, from the outset, to seek an affirmative determination of need to construct the proposed OCEC Unit 1. In regards to its other obligations under § 403.519, F.S., including utilizing reasonably available renewable energy sources and conservation measures, FPL simply "went through the motions" in regards to these requirements in order to simply placate the Commission in hopes of obtaining an affirmative determination of need in this docket.

In regards to FPL's evaluation of reasonably available renewable energy sources, solar PV in particular, it is clear from FPL's own prefiled testimony that, as early as mid-2013, FPL

already had decided that gas fired units were the “most likely” candidates to meet the 2019 need. TR 58, 157. Further, at the end of the first stage of the “analysis,” solar PV had already been eliminated, demonstrating that it received no real consideration. TR 62, 157-158. FPL witness Sim’s prefiled testimony contains no analysis whatsoever comparing solar PV to gas fired options and no analysis showing why solar PV was eliminated – yet, it contains several pages of testimony and several exhibits comparing specifics of gas-fired units. TR 59-62; Exs. 4-6; TR 158-159. Furthermore, when witness Sim’s testimony does discuss solar PV, it discusses three solar PV installations that FPL is adding in 2016, but which were not evaluated as a potential source of generation to meet the 2019 need. TR 160. In fact, there is no evidence that any specific sites were evaluated for solar PV to meet all, or any portion of, the alleged 2019 need.

In fact, instead of any real evaluation of solar PV, FPL simply concocted three excuses about why solar PV was too uncertain to pursue in 2019. One such excuse was the cost of land. TR 64. However, witness Sim admitted that he didn’t even know if FPL had actually made any inquiries whatsoever into any particular pieces of land for the siting of solar PV to meet all or a portion of the 2019 need. TR 189. The second excuse was “uncertainty” around the cost of PV equipment. TR 64. However, witness Sim conceded that there is uncertainty about natural gas prices in the future, and that did not stop FPL from seeking a determination of need for the proposed OCEC Unit 1. TR 161. Furthermore, Dr. Sim also testified that these costs are projected to decline in the future. TR 64, 161, 189. Finally, Dr. Sim expressed concerns about the reliability of solar PV. TR 65. However, interestingly, for the solar PV going online in 2016, FPL has a methodology by which it assigns about ½ of the nameplate rating, or 52%, as firm capacity. TR 179. However, in the 2019 “analysis,” FPL strangely completely dropped this methodology and looked at various lower firm capacity ratings – 20%, 40%, etc. TR 179. This

is despite telling staff this this was the first need determination in which FPL “had developed a methodology and used it to project a firm capacity component of the nameplate rating.” TR 212. Of course, the effect of this inconsistency was to make solar appear less cost-effective than simply applying the same methodology that FPL is utilizing for its 2016 PV additions.

In regards to FPL’s evaluation of reasonably available conservation measures, namely energy efficiency, FPL continues to underutilize all cost-effective alternatives to conventional generation, including energy efficiency. TR 422. In fact, FPL again just paid lip service to this requirement. Witness Sim testified that in order to determine whether there was additional, cost-effective DSM, in addition to its DSM goals set by the Commission, which might mitigate all or some of the purported need for the OCEC Unit 1, he simply checked in with the DSM department, and was told that there was none. TR 152-153. This is simply not the analysis contemplated by § 403.519, F.S.

Issue 3: Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

SACE Position: *No. FPL’s 20% reserve margin criterion is excessive, and its 10% generation only reserve margin criterion is unnecessary. Therefore, the proposed OCEC Unit 1 would result in the uneconomic overbuilding of generation capacity at an unreasonable cost for FPL ratepayers under the guise of reliability.*

Discussion:

SACE incorporates by reference the discussion under Issue 1 hereinabove as if fully set forth in regards to Issue 3.

Issue 4: Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), Florida Statutes?

SACE Position: *No. FPL has, for a number of years, cited “maintaining/enhancing fuel diversity in the FPL system” as an ongoing concern in the Company’s resource planning. However, construction and operation of the OCEC Unit 1 will only exacerbate FPL’s and its customers’ already precarious overreliance on natural gas.*

Discussion:

Even though FPL’s 2014 TYSP lists “maintaining/enhancing fuel diversity in the FPL system” as an ongoing concern, Ex. 2, FPL now seeks Commission approval to build another power plant that will only increase its reliance on natural gas. TR, 383. In fact, FPL concedes that the proposed OCEC Unit 1 will not improve FPL’s fuel diversity, as it will only increase FPL’s reliance on natural gas. TR 51, TR 383.

Issue 5: Will the proposed Okeechobee Clean Energy Center Unit 1 provide the most cost-effective alternative, as this criterion is used in Section 403.519(3), Florida Statutes?

SACE Position: *No. FPL has had countless opportunities to pursue much higher levels of energy efficiency at a much lower cost than building new power plants, like the proposed OCEC Unit 1, but has failed to take advantage of these opportunities. FPL also continues to underutilize renewable energy sources and technologies, in particular solar PV resources, which are more cost-effective than the proposed OCEC Unit 1.*

Discussion:

SACE incorporates by reference the discussion under Issue 2 hereinabove as if fully set forth in regards to Issue 5. Specifically, had FPL properly conducted the analyses contemplated by § 403.519, F.S., the results of such analyses would have demonstrated that the utilization of solar PV and/or more energy efficiency, whether alone or in conjunction with a smaller version of the proposed OCEC Unit 1, would be a more cost-effective alternative. TR 422.

Issue 6: Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light's petition to determine the need for the proposed Okeechobee Clean Energy Center Unit 1?

SACE Position: ***No. The Commission should deny FPL's Petition, and require FPL to hire a third-party consultant to conduct a comprehensive reserve margin study for the company. If the results of that study support the need for additional generation, FPL can submit a new Petition, while in the one-year interim saving its ratepayers hundreds of millions of dollars and not sacrificing reliability.***

Discussion:

As discussed herein, the Commission should review FPL's Petition using a 15% RM as suggested by the FRCC and no GRM, as this FPL-contrived reliability criterion is unnecessary and skewed towards generation. The results of this analysis would result in the Commission denying FPL's Petition, as FPL would have no need for new generation in 2019 and no need for any significant new capacity in 2020. Ex. 2. As stated hereinabove, this denial will save FPL ratepayers hundreds of millions of dollars if it results in only a one-year delay, and will not sacrifice any reliability.

In addition to denying FPL's Petition, the Commission should require FPL, in the context of a generic proceeding or otherwise, to hire a third-party consultant to conduct a comprehensive reserve margin study for FPL, which study should also analyze the need, or lack thereof, for a GRM criterion, and the makeup of that criterion. If that study supports the need for additional generation on the part of FPL, the company can submit a new Petition. With the results of an independent analysis of FPL's current and appropriate reserve margin, the Commission will be able to properly consider a need Petition from FPL, which it cannot do at the present time.

Issue 7: Should this docket be closed?

SACE Position: ***Yes.***

IV. CONCLUSION

For all of the foregoing reasons, SACE urges the Commission to, in order to protect FPL ratepayers:

1. Deny FPL's Petition for Affirmative Determination of Need in this docket for the proposed OCEC Unit 1; and
2. Order FPL to, in a generic proceeding or otherwise, hire a third-party consultant to conduct a comprehensive reserve margin study for FPL to determine what the company's current and appropriate reserve margin is, and whether a generation-only reserve margin of any type is necessary; and

DATED: December 9, 2015

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of THE SOUTHERN ALLIANCE FOR CLEAN ENERGY'S POST-HEARING STATEMENT AND BRIEF were served by electronic mail this 9TH day of December, 2015, to the following:

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