

Brian Schultz

Attachments: AEBG_AEE_TECo SSR-1 Comments_Final.pdf; ATT00001.htm

From: Dorothy Menasco
Sent: Friday, March 15, 2019 5:35 PM
To: Antonia Hover; Brian Schultz; Erecy McNeal; Hong Wang; Nickalus Holmes
Subject: FW: Correspondence - Docket No. 20180204-EI

Forwarding this to be added to consumer correspondence.

From: Mark Futrell <MFutrell@PSC.STATE.FL.US>
Date: March 15, 2019 at 5:10:19 PM EDT
To: Adam Teitzman <ATEITZMA@psc.state.fl.us>, Hong Wang <HWang@PSC.STATE.FL.US>
Cc: Ashley Quick <aquick@psc.state.fl.us>
Subject: Correspondence - Docket No. 20180204-EI

Please place the attached letter in Docket No. 20180204-EI.

Thank you,
Mark Futrell



**ADVANCED
ENERGY
ECONOMY**

**ADVANCED
ENERGY
BUYERS GROUP**

the policy voice of advanced energy purchasers

March 12, 2019

Mr. Braulio Baez
Executive Director
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Mr. Baez:

Advanced Energy Economy (AEE) and the Advanced Energy Buyers Group (AEBG) applaud Tampa Electric Company (Tampa Electric) for its development of the Shared Solar Rider (SSR-1) program and write to encourage additional efforts to meet the needs of large customers working toward ambitious renewable energy goals in Tampa Electric's service territory.¹ Please accept the following public comments in regard to this issue.

AEE is a national organization of businesses making the energy we use secure, clean, and, affordable. AEE and its state and regional partner organizations, which are active in 27 states across the country, represent more than 100 companies and organizations that span the advanced energy industry and its value chains. Technologies represented include energy efficiency, demand response, natural gas, solar photovoltaics, solar thermal electric, wind, storage, biofuels, electric vehicles, advanced metering infrastructure, transmission and distribution efficiency, fuel cells, hydro power, nuclear power, combined heat and power, and enabling software. Used together, these technologies and services will create and maintain a higher-performing energy system—one that among other things is reliable and resilient, diverse and cost-effective—while also improving the availability and quality of customer-facing services. AEE promotes the interests of its members by engaging in policy advocacy at the federal, state, and regulatory levels, by convening groups of CEOs to identify and address cross-industry issues, and by conducting targeted outreach to key stakeholder groups and policymakers.

The Advanced Energy Buyers Group (AEBG) is a business-led coalition of large energy users engaging on policies to expand opportunities to procure energy that is

¹ For more information about AEE, please visit <https://www.aee.net/>; for more information about AEBG, please visit <https://www.advancedenergybuyersgroup.org/>.

secure, clean, and affordable.² Members of the AEBG are market leaders and major employers spanning different industry segments, including technology, retail, and manufacturing. Our companies are among the 71% of Fortune 100 companies and 43% of Fortune 500 companies that have established renewable and/or climate targets as part of our corporate sustainability commitments. We share a common interest in expanding our use of advanced energy, including renewable energy like wind, solar, geothermal, and hydropower; demand-side resources like energy efficiency, demand response, and energy storage; and onsite generation from solar, advanced natural gas turbines, and fuel cells. In 2017, members of the AEBG totaled over \$1 trillion in revenue and collectively consumed over 18 terawatt hours (TWh) of electricity, including over 11 TWh of renewable electricity, equivalent to the electricity sales for the states of North Dakota and Delaware, respectively. AEBG members include companies with a significant footprint in Florida, including in Tampa Electric's service territory.

AEE and AEBG Comments on the SSR-1 Proposal

AEE and AEBG are encouraged by Tampa Electric's development of customer-driven solar offerings. A growing number of customers across the country—from individual households to Fortune 100 companies—are choosing to get their electricity from renewable energy. By introducing affordable renewable energy options, Tampa Electric will better meet the needs of its existing customers while attracting new businesses to the state and service territory who are looking for these types of programs when choosing where to expand and build new operations. AEE and AEBG fully support Tampa Electric's desire to offer its customers greater access to the resources they desire at an affordable rate, though improvements can be made to the existing proposal.

Designing programs that will meet the needs of both residential, small commercial, and large commercial and industrial (C&I) customers is very difficult, if not impossible, given the different needs, preferences, and circumstances of these customer types. Our comments here are focused on C&I customers, who are unlikely to be well served by the SSR-1 program as proposed. First, large C&I customers will not be served well by the relatively small size of the program (17.5 MW). Large customers are, collectively, interested in much larger programs. For example, individual companies have expressed interest and participated in programs that offered upwards of 100MW of renewable energy per customer. Second, the associated price premium for participation could inhibit customers from participating. The average levelized cost of energy (LCOE) of large-scale solar declined 13% from last year and has fallen 88% since 2009, putting the average cost between \$36 to \$44 per MWh, without subsidies. The price premium associated with the SSR-1 program may lead to limited participation from C&I customers. Large customers are also willing to commit to 10+ year contracts rather than

² These comments represent the consensus view of the Advanced Energy Buyers Group (information and membership available at <https://www.advancedenergybuyersgroup.org/>). However, this document does not necessarily reflect the position of any specific member of the AE Buyers Group, and these comments should not be attributed to any individual company or companies participating in the AE Buyers Group.

taking service month-to-month in order to take advantage of more competitive pricing. Lastly, the program defaults for the Renewable Energy Certificates (RECs) to be retained by Tampa Electric. Large customers, instead, almost always require that environmental attributes be associated with their participation. Because larger customers bring both different needs and different opportunities, it is appropriate to develop different programs to serve such customers. The introduction of SSR-1 provides an excellent starting point for this discussion.

AEE and AEBG Recommendations for a C&I Renewable Energy Offering

To meet the needs of large customers with renewable energy goals, AEE and AEBG recommend that Tampa Electric and the Commission work with customers in Florida to develop renewable energy solutions tailored to the needs of large C&I customers. Such programs have been successful in other states—when they meet the needs and preferences of customers, utilities, and regulators.³

Successful programs vary across states but are generally sized in the 2600 MW range, offer 10 or 15-year term options, utilize competitively-sourced renewable energy, and rely on rate structures that are fair for nonparticipating customers while enabling participating customers to achieve cost parity or even cost savings over the life of the contract. Indeed, nearly two gigawatts of renewable energy have been contracted through utility renewable energy programs since they first emerged in 2013.⁴

AEE and AEBG have experience advising on development of regulatory approval of utility renewable energy tariffs across the country and our member companies have experience as customers participating in such programs and as renewable energy developers supplying new renewable energy to customers through such programs. Accordingly, we are familiar with both the best practices and common pitfalls of such programs. We have identified the following six elements as shared principles for design of successful renewable energy offerings:

1. **No impact on non-participating customers.** Corporate purchasers, utilities, ratepayer advocates, and other stakeholders unanimously agree that voluntary utility programs should not impact nonparticipating customers, and programs should be designed with this goal in mind; in particular, uncapped programs allowing participation by existing customers may require additional design parameters to ensure that nonparticipating customers are not impacted as large utility customers shift their electricity consumption away from existing utility resources and toward new renewable energy assets.

³ A table summarizing several existing renewable energy offerings is included in the appendix for reference, and available at <https://www.wri.org/publication/emerging-green-tariffs-us-regulated-electricity-markets>. Note that the programs included in this table have met with varying degrees of customer interest, but that some—including Puget Sound Energy, Georgia Power, and Xcel Energy—have garnered participation from a range of customers.

⁴ <https://www.wri.org/resources/charts-graphs/grid-transformation-green-tariff-deals>

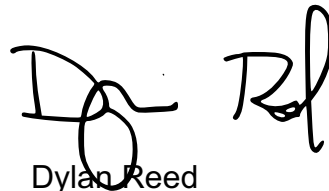
2. **Program pricing that reflects actual market pricing and program costs.** Locked-in price premiums have made some utility voluntary renewable energy purchasing programs unpopular among potential customers. To meet customer needs, programs should instead charge customers according to the actual cost of the resources, whether that results in a net premium or net savings for customers. Similarly, high administrative and system costs will make programs unattractive and dampen or prevent participation. Instead, utilities should accurately allocate both the costs and benefits to participating customers, and look for ways to lower costs, such as turning to third parties to pay for or find ways to lower administrative costs and program fees.
3. **Competitive project selection.** A competitive project solicitation process with participation open to both utilities and third-party suppliers will bring costs down for consumers. Depending on the program type, this may take the form of direct negotiation by participating customers or a transparent and competitive procurement process for a portfolio of utility-supplied resources.
4. **Development of new renewable energy, beyond business-as-usual.** Many corporate purchasers have public renewable energy or energy-related sustainability targets that include specific requirements to facilitate development of new renewable energy facilities and/or to demonstrate greenhouse gas reductions. To meet the needs of these customers, programs should specifically give customers the option of purchasing net new renewable energy, and, as a default, either transfer the associated Renewable Energy Credits (RECs) or retire them on the customer's behalf.
5. **Allowing a range of customers to participate.** Prospective participants in voluntary renewable energy programs span industry segments and have varied energy requirements. To enable participation by a full range of interested customers, programs should allow participation by both new and existing customers, and by customers with different load profiles, such as aggregated loads or a single, large load. Furthermore, many companies prefer to meet their entire renewable energy goal in a given state through a single solution. With individual PPAs signed by a single corporate purchaser often exceeding 100 MW, programs aiming to meet the needs of multiple customers should either set high program caps or, preferably, avoid such caps altogether or create mechanisms for continual program expansion.
6. **Varied or flexible offerings to meet the needs of different customers.** There is no one-size-fits all offering that will meet the needs and preferences of all large renewable energy purchasers. By providing a range of offerings and allowing for flexibility and special contracts within programs, utilities can meet the needs of the full range of corporate purchasers while still ensuring that the utility's needs and the needs of other customers are also met.

These recommendations provide high-level guidelines that should serve as a useful starting point to inform development of a robust C&I renewable energy offering. Further discussion and exploration will be needed to arrive at the solution(s) that best fit Tampa Electric's unique set of circumstances.

The SSR-1 program is an important and welcome signal from Tampa Electric that the utility is not only aware of customer demand for renewable energy, but also interested in developing solutions to meet customers' renewable energy needs. AEE and AEBG encourage Tampa Electric and the Commission to build off this initial progress by working with large C&I customers to develop a mutually beneficial renewable energy purchasing program tailored to meet the needs of large customers. Such a program should take into account the specific needs and preferences of C&I customers, as outlined above, and build off successes elsewhere, including in neighboring Georgia. AEE, AEBG and our member companies would welcome the opportunity to provide guidance and input to the Company and to the Commission to inform development of effective C&I renewable energy options in Tampa Electric's service territory as well as throughout the state of Florida.

Thank you for your consideration on this issue and please feel free to contact me should you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dylan Reed". The signature is fluid and cursive, with the first name "Dylan" written in a larger, more prominent script than the last name "Reed".

Dylan Reed
Director, Advanced Energy Economy

A handwritten signature in black ink, appearing to read "Caitlin Marquis". The signature is cursive and includes a long, sweeping flourish at the end.

Caitlin Marquis
Director, Advanced Energy Buyers
Group