

Antonia Hover

From: Office of Commissioner Fay
Sent: Wednesday, March 20, 2019 3:14 PM
To: Commissioner Correspondence
Subject: FW: SACE Comments on Tampa Elec Shared Solar Prog; Docket No. 20180204-EI
Attachments: SACE Comments-Docket No. 20180204-EI.pdf

Please place the email and the accompanying document in Docket No. 20180204-EI

Thanks

Veronica D. Washington

Executive Assistant to Commissioner Andrew Fay
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850)413-6036
vwashing@psc.state.fl.us

From: George Cavros [<mailto:george@cavros-law.com>]
Sent: Wednesday, March 20, 2019 2:09 PM
To: Records Clerk; Office Of Commissioner Graham; Office of Commissioner Brown; Office of Commissioner Polmann; Office of Commissioner Fay; Office Of Commissioner Clark; Walter Trierweiler; Jim Beasley; Jeff Wahlen; Marsha Rule
Subject: SACE Comments on Tampa Elec Shared Solar Prog; Docket No. 20180204-EI

Dear Commission Clerk:

Southern Alliance for Clean Energy (SACE) files the attached comments on the Tampa Electric shared solar program; Docket No. 20180204-EI. Thank you in advance for you assistance.

Sincerely, George Cavros

George Cavros, Esq.
120 E. Oakland Park Blvd., Suite 105
Fort Lauderdale, Florida 33334
954/295-5714

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March 20, 2019

Chairman Graham, Comms. Brown, Polmann, Fay, Clark
Florida Public Service Commission
2540 Shumard Oak Drive
Tallahassee, Florida 32399

Re: Docket No. 20180204-EI

Dear Commissioners:

On November 2, 2018, Tampa Electric Company filed a petition¹ with the Commission requesting approval of its shared solar program. Southern Alliance for Clean Energy (SACE) endorses this program and respectfully requests the Commission to consider the following additional recommendations:

- Exempt the environmental cost recovery clause charge in addition to the fuel charge – as was the case in Tampa Electric’s original proposal for the SSR-1 tariff;
- Direct Tampa Electric to derive the SSR-1 program from the least-cost solar projects, rather than the highest-cost solar projects as currently proposed; and
- Provide flexibility and encouragement for Tampa Electric to expand the Shared Solar program as soon as the initial program allocation is fully subscribed.

SACE strongly supports the development of solar energy as a low cost generation resource with no fuel costs, no price volatility, and as a zero emission generation resource. Utility customers benefit with a diversity of solar power programs and ownership structures.

Both utility scale and rooftop solar continue to grow in Florida. Yet, a number of customers can’t directly take advantage of rooftop solar power. They may lease their homes, live in multi-tenant dwellings, have roofs that can’t host a solar system or have too much shade, or experience other mitigating factors. Shared (or community) solar programs are intended to provide access to the benefits of solar power to those customers.

Tampa Electric’s shared solar program is open to residential, commercial and industrial customers and will utilize the generation from a 17.5 MW portion of its Lake Hancock solar facility that has been dedicated to this program. Customers that choose to participate in the program will be billed under the SSR-1 tariff in which participants pay 6.3 cents per kWh, in lieu of a fuel charge on bills and can be locked-in for a 30-year period. The monthly SSR-1 rate, multiplied by the monthly energy consumption selected, 25%, 50%, or 100% will be charged to the customer, in addition to the

¹ Tampa Electric Co., *Petition of Tampa Electric Company for Approval of Shared Solar Tariff*, November 2, 2018.

customer's other bill items and the corresponding consumption (kWh) will be exempt from the fuel charge.

Best practices in shared solar program design include: (1) expanding consumer access to clean energy; (2) offering a tangible economic benefit for all participating customers; (3) identifying ways to promote development cost savings; (4) prioritizing the customer experience; (5) promoting competition; (6) optimizing community solar to benefit the grid and the community; and (7) complementing existing programs.²

The Tampa Electric proposed shared solar program meets many of the best design practice criteria, but falls short in several others.

Tampa Electric should be commended for offering a program that provides greater access to solar power to its customers (#1). Many residential customers, for instance, are unable to install rooftop solar systems due to the location and orientation of their homes, residing in multi-unit buildings, because they rent their home, financial barriers, and other reasons. Those customers can now access the economic benefits of solar power.

The program offers a tangible economic benefit (#2) by replacing the fuel charge on bills with a 6.3 cents per kWh charge (solar charge) that represents the levelized cost of owning, operating and maintaining the 17.5 MW portion of the Lake Hancock solar installation dedicated to the program. This feature replicates the design of the popular City of Tallahassee program which replaces the fuel charge on bills for a 5 cent per kWh solar charge on bills. Tampa Electric customers can lock in the rate for 30 years, as long they remain customer in the utility's territory.³ While the economic benefit is not realized immediately, as the fuel rate charge is currently less than the solar charge, the fixed solar charge insulates customers from future fuel price increases on bills.

The Company has prioritized the customer experience (#4) by allowing participation in the program with no upfront subscription fees; allowing flexible subscription amounts of 25%, 50% or 100% of the customers energy; no cancellation fees for leaving the program; and a portability feature that allows the subscription to stay with customer if they move within Tampa Electric's service territory.⁴

Community/shared solar programs should complement existing programs (#7). For example, they should be "additive" and result in additional renewable energy resources on the distribution grid rather than competing with existing programs. In this case, Tampa Electric should continue to offer and promote existing rooftop net metering options for customers preferring on-site self-generation. Moreover, Tampa Electric has clarified that the excess 17.5 MW portion of the Lake Hancock solar facility dedicated to this program is distinct from the portion of that facility that was approved through their Solar Base Rate Adjustment (SOBRA) petition in 2018.

Notwithstanding the above design features of the program which conform to the referenced checklist, there is room for improvement in the program's design from our perspective. For instance, the program can and should provide a greater value proposition to customers. The majority of potential

² Vote Solar and IREC, *A Checklist for Voluntary Utility-Led Community Solar Programs*, November 2018.

³ Tampa Electric Co., *Petition of Tampa Electric Company for Approval of Shared Solar Tariff*, Exhibit A, pp.

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⁴ *Id.*

community/shared solar customers are interested in solar as a way to save on energy costs.⁵ Hence, all things being equal, the more value offered, the greater the participation. The 17.5 MW portion of the Lake Hancock solar installation dedicated to the Shared Solar program provides more benefit to Tampa Electric than just avoided fuel costs. Yet, the solar subscription charge only replaces the fuel charge on customer bills. Because Tampa Electric will own and operate the Lake Hancock facility as a resource, the value received by customers should additionally reflect, at a minimum, a capacity credit and a value for reduced environmental compliance costs. Tampa Electric has identified the Lake Hancock generation asset as having a capacity factor of 25.8%.⁶ Moreover, solar capacity corresponds to Tampa Electric's summer (and shoulder season) peaks. Program participants should likewise receive an economic benefit from the capacity value provided to the utility's system from the portion of the Lake Hancock facility dedicated to the program.

Solar power is a clean, emission-free energy resource. There is no environmental cost recovery equipment associated with the energy produced from the Lake Hancock solar installation. Therefore, there is no new environmental cost associated with the power produced. It is therefore appropriate that the SSR-1 tariff should also displace the environmental cost recovery charge on bills, proportionate with the percentage with the amount of the participant's energy use being displaced by the program.⁷ Tampa Electric was on the right path in its original petition for the program where the SSR-1 tariff replaced both fuel and environmental cost recovery charges. Yet it revised its SSR-1 calculation to include only fuel, and in doing so, eliminated an economic benefit that should flow to participants of the program.⁸

The value proposition for customers could be increased by promoting increased competition. Consideration of competitive Power Purchase Agreements (PPAs) can assure the lowest cost for the solar power dedicated to the project. A utility owned project may not be the most cost-effective ownership model to provide power to participants in the program.

The Lake Hancock project is the highest-cost facility from Tampa Electric's Solar Base Rate Adjustment (SOBRA) petition in 2018. SACE contends that that Shared Solar program should be derived from the least-cost, rather than highest-cost, projects within the given portfolio.

In terms of maximizing access to solar power to all customers, the program should have features that prevent the capacity, or most of the capacity, of the program from being subscribed by one class of customer. Yet, there appears to be no protection in the design of the program from preventing any class of customer from dominating the subscription of the program. Additionally, a set-aside for low to middle income (LMI) customers is recommended for program design. The program as currently designed has no goals for participation by LMI customers.

Likewise, best practice is to appropriately size the program to meet customer demand and achieve overall goals. Program capacity limits set too low may not sufficiently expand consumer access to clean energy. The capacity of the program is 17.5 MW. The City of Tallahassee program, referenced earlier, was 20 MW and is being expanded by another 40 MW. Tampa Electric has approximately 745 thousand customers in its service territory, while the City of Tallahassee has approximately 116

⁵ Smart Electric Power Alliance and Shelton Group, *What the Community Solar Customer Wants*, August 2016, at: <https://se-papower.org/resource/what-the-community-solar-customer-wants/>. (According to the report, 65 percent of households are interested in solar because they want lower monthly energy cost).

⁶ Tampa Electric Company, *Company's Responses to Staff's Third Data Request* No. 6, February 14, 2019.

⁷ Tampa Electric Company, *Company's Responses to Staff's First Data Request* No. 15, January 25, 2019.

⁸ Tampa Electric Co., *Amendment to Petition of Tampa Electric Company for Approval of Shared Solar Tariff*, February 8, 2019.

thousand. Given that the City of Tallahassee program was fully subscribed very quickly,⁹ it is reasonable that the Tampa Electric program, with similar design features – but with a smaller capacity and larger customer base - will likewise be fully subscribed in short order. We encourage Tampa Electric to think bolder in terms of the size of the program. The Commission should encourage Tampa Electric to expand the Shared Solar program as soon as the initial program allocation is fully subscribed, or at a minimum, not limit the scale of the program in its final order.

Overall, Tampa Electric has put forth a novel investor-owned utility shared solar program design that prioritizes the customer experience and provides more customer value than other programs the Commission has previously approved.¹⁰ Southern Alliance for Clean Energy (SACE) endorses this program along with additional recommendations described above.

We appreciate the Commission's consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Jacob", with a long horizontal flourish extending to the right.

Bryan Jacob
Solar Program Director

⁹ Tallahassee Democrat, *Tallahassee solar farm set to go live, light up thousands of homes*, December 29, 2017, at <https://www.tallahassee.com/story/news/2017/12/29/tallahassee-solar-farm-set-go-live-light-up-thousands-homes/984263001/>

¹⁰ See e.g. Florida Public Service Commission, Order No. PSC-16-0119-TRF-EG, Docket No. 150248-EG, March 21, 2016.