BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of FPL SolarTogether program and tariff, by Florida Power & Light Company	**Docket No. 20190061-EI** **Date: January 30, 2020**

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

The Southern Alliance for Clean Energy ("SACE"), by and through its undersigned counsel, pursuant to Order No. PSC-2019-0272-PCO-EI Establishing Procedure as modified by subsequent Order Nos. PSC-2019-0399-PCO-EI and PSC-2019-0431-PCO-EI hereby submits its Post-Hearing Statement and Brief in the above styled docket. References to the hearing transcript will be denoted by "(T. #)." References to exhibits will be denoted as "(Ex. #)."

STATEMENT OF BASIC POSITION

SACE is a regional non-profit clean energy organization that works to transition the state to a lower cost, lower risk clean energy future. Solar power represents a cost-effective, clean, emission-free resource that places downward pressure on rates. The Florida Power and Light ("FPL") *SolarTogether* tariff and program if approved by the Commission, will help transition the state to a lower cost, lower risk clean energy future. SACE supports the tariff and program provisions as incorporated in the Settlement Agreement that was filed with the Commission on October 9, 2019 that resolves all issues between FPL, and the intervening parties, SACE, Vote Solar and Walmart. The settlement agreement has numerous benefits to FPL customers and the state, is clearly in the public interest, and deserves approval by the Commission.

POSITION ON ISSUES

ISSUE 1: Is FPL's proposed *SolarTogether* Rider tariff an appropriate mechanism to seek approval for the construction of 1,490 MW of new solar generation facilities?

POSITION: *** Yes. The Settlement Agreement filed in this docket on October 9, 2019 between FPL, SACE, Vote Solar, and Walmart fully resolves all matters between the referenced parties and provides numerous benefits to both participants and the general body of customers, and is therefore in the public interest. See Issue 4***

ISSUE 2: Does FPL's proposed *SolarTogether* Rider tariff give any undue or unreasonable preference or advantage to any person or locality or subject the same to any undue or unreasonable prejudice or disadvantage in any respect, contrary to Section 366.03, Florida Statutes?

POSITION: *** No. The Settlement Agreement filed in this docket on October 9, 2019 between FPL, SACE, Vote Solar, and Walmart fully resolves all matters between the referenced parties and provides numerous benefits to both participants and the general body of customers, and is therefore in the public interest. See Issue 4***

ISSUE 3: Should the Commission allow recovery of all costs and expenses associated with FPL's proposed *SolarTogether* Program in the manner proposed by FPL?

POSITION: *** Yes. The Settlement Agreement filed in this docket on October 9, 2019 between FPL, SACE, Vote Solar, and Walmart fully resolves all matters between the referenced parties and provides numerous benefits to both participants and the general body of customers, and is therefore in the public interest. See Issue 4***

ISSUE 4: Should the Commission approve FPL's proposed SolarTogether Program and associated tariff, Rate Schedule STR, which is the same tariff attached as Attachment I to the Settlement Agreement filed October 9, 2019?

POSITION: *** Yes. The Settlement Agreement filed in this docket on October 9, 2019 between FPL, SACE, Vote Solar, and Walmart fully resolves all matters between the referenced parties and provides numerous benefits to participants, the general body of customers and the state, and is therefore in the public interest.**

ARGUMENT

I. INTRODUCTION

On March 13, 2019, FPL filed a petition for approval of the *SolarTogether* community solar tariff and program ("*SolarTogether*") and filed direct testimony on July 29, 2019 in support of the tariff. It subsequently filed rebuttal testimony, on September 23, 2019, that enhanced the system benefits of the program to non-participating customers. A Settlement Agreement between FPL, SACE, Vote Solar, and Walmart that resolved all issues in the case between them was subsequently filed on October 9, 2019 in this docket. The Settlement Agreement enhances the program for low-income customers by reserving ten percent of the residential customer allocation for them and providing a more immediate economic benefit to low-income families from the first month of participation.

The Commission should approve the Settlement Agreement and provide FPL customers the opportunity to participate in the largest community solar program in the United States. *SolarTogether* will lead to the construction of 1,490 megawatts ("MW") of cost-effective, clean solar power in Florida over the next two years and will help catapult Florida into a leadership position in the United States on solar development while also decreasing Florida's over-reliance on fossil fuels that are contributing to climate change. The program will also drive significant economic development in local communities through the construction of twenty utility-scale solar installations. Other utilities and states should take note of this novel and innovative program

Both utility-scale and rooftop solar installations continue to grow in Florida, yet some residential customers cannot directly access the economic benefits of solar power because they may rent their homes, live in multi-unit dwellings, or have shaded roofs. Likewise there are commercial customers that may not own their business property, or may not have adequate roof space, or may not want the ownership responsibility of rooftop solar, yet want to capture the economic benefits of solar power. Moreover, a number of commercial customers, such as large retailers and municipal governments wish to use solar power to meet corporate sustainability goals and carbon emission reduction goals respectively[1], but currently don't have the option of participating in a solar program that meets their objectives. *SolarTogether* meets the needs of those residential and commercial customers and it prioritizes their experience by allowing participation with no upfront subscription fees, flexible subscription amounts, no cancellation fees, and allows the subscription to stay with the customer if they move within FPL's service territory.

There is an enormous demand for solar power in Florida. This is most clearly evidence by the fact that commercial customers have preregistered for 75% of the capacity of the program (more than 1,100 MW). Approval of the Settlement Agreement will allow FPL to launch the program and meet this unmet need in a fair, just and reasonable manner that benefits all customers.

II. SUMMARY OF ARGUMENT

The Commission is afforded great deference to determine that a settlement agreement between parties is in the public interest. It has been presented with substantial, competent evidence during the hearing upon which to make a public interest determination. Taken as a whole, the tariff and program provisions embodied in the Settlement Agreement between FPL,

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[1] *See eg.* correspondence filed by 7-Eleven, Inc., Docket No. 20190061-EI, October 31, 2019; *see also* correspondence filed by Broward County, Docket No. 20190061-EI, June 24, 2019.

SACE, Vote Solar, and Walmart provide a number of benefits that are clearly in the public interest that include: expansion of renewable energy through the development of 1,490 MW of clean, renewable power (T. 41); diversification of the state's fuel mix (T. 669); a cost-effective program (T. 300); allocation of economic benefit to both participants and the general body of customers (T. 333); prioritizing the customer experience (T. 631-32), including expanding participation to low-income families (T. 677); meeting FPL's resource needs in 2020 and 2021 (Ex. 31); meeting the enormous customer demand for solar power (T. 12, 298); and driving state economic development and local job creation (T. 670). As such, SACE respectfully requests that the Commission approve the Settlement Agreement in its entirety.

III. THE SETTLEMENT AGREEMENT IS IN THE PUBLIC INTEREST

The Commission should approve the Settlement Agreement filed October 9, 2019 in this docket in its entirety because it is fair and reasonable, and is in the public interest. As a threshold matter, Florida statute provides 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 statute 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 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 the proposed settlement taken as a whole. Id. In this case, the Settlement Agreement is in the public interest based on the benefits that flow from its provisions taken as whole.

A. The Settlement Agreement fulfills legislative intent on expanding renewable energy development in Florida

The Florida Legislature has explicitly provided that the promotion of renewable energy 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. Lastly, the Florida Legislature has explicitly authorized the Commission to consider the efficient use of alternative energy resources in establishing fair, just and reasonable rates. §366.041(1), Fla. Stat.

The Settlement Agreement, by promoting renewable energy development in the state, with its associated benefits, is explicitly in the public interest pursuant to Florida statute. If the

Settlement Agreement is approved, it will allow FPL to expand and accelerate development of clean, renewable solar power leading to the construction of 1,490 MW of solar installations in Florida. *SolarTogether's* solar power generation will displace the need for a portion of the natural gas currently used to generate electricity on FPL's system (T. 328), thereby lessening Florida's dependence on natural gas. This is a benefit that is identified in, and consistent with, Florida statute. Since the fuel for solar power generation is free, it will have the effect of minimizing the volatility of fuel costs to the benefit of all FPL customers (T. 341, 465, 471,477). FPL projects that *SolarTogether* will produce rate base, fuel and emission compliance cost savings of $249 million over the 30-year life of the solar installations (T.676, Ex. 34, 35). Given the projected savings, it will minimize costs of power supply to FPL and its customers. Moreover, *SolarTogether* will help make Florida a leader in new innovative technologies and help drive economic development and local jobs through the construction of twenty solar installations (T. 670), and by virtue of being an emission-free resource, it will help improve environmental conditions – all delivering the public interest benefits of renewable energy enunciated by the Florida Legislature.

B. *SolarTogether* is cost-effective and it fairly and reasonably allocates benefits to all customers

SolarTogether is a novel design that projects the economic savings of the associated twenty solar installations and shares that benefit with customers that choose to participate in the program and with the general body of customers. The tariff as originally filed allocated 20% of the projected system benefits to the general body of customers while reserving 80% of the benefit for customers that choose to participate in the program. (T. 45). In a subsequent tariff filing with FPL's rebuttal testimony, the Company increased the share of system benefits to the general body of customers to 45%. Therefore, the system benefits are now virtually evenly split between participants in the program and non-participants.

The planed solar facilities are cost effective as compared to a business as usual plan.[2] (T. 462) (Ex. 34, 35). As evidenced by the economic analysis included in FPL witness Enjamio's rebuttal (later adopted by Dr. Steve Sim), *SolarTogether* is projected to create cumulative present value revenue requirement ("CPVRR") savings of $249 million. FPL proposes to allocate $137 million of those savings, or 55%, to participants, leaving an estimated $112 million, or 45%, to benefit the general body of customers. (T. 669).

It is important to note that the cost of the generation that creates those savings will be covered entirely by the program participants. (T. 410). Since the participating customers are fully funding the cost of the program, their savings are predetermined over the term of their participation. If the system benefit actual savings exceed the $249 million, then the upside will go to the general body of customers. (T. 403). If the actual savings are less, then savings to the general body of customers will be less. Id. In projecting the CPVRR system savings, FPL uses the same approach in analyzing cost-effectiveness as it has in numerous prior Commission dockets to develop low and high forecasted fuel costs. (T. 670). The $249 million benefit represents a mid-fuel, mid-CO_2 cost scenario. (Ex. 34, 35). Of the nine sensitivity scenarios examined, the program produced a positive CPVRR benefit in seven of the nine scenarios. The two scenarios that did not produce a positive CPVRR were low fuel scenarios with zero and a mid-CO_2 compliance cost scenario. Id.

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[2] FPL's cost-effectiveness analysis follows the same methodology the Company has employed to analyze the cost-effectiveness of all solar sites previously presented to and approved by the Commission (2016 solar included in FPL's 2016 Rate Case (Order No. PSC-16-0560-AS-EI) and the 2017, 2018, 2019 and 2020 FPL SoBRA Projects (Order Nos. PSC-2018-0610-FOF-EI and PSC-2019-0484-FOF-EI), consisting of four sites each) (T. 666-67).

FPL Witness Matt Valle testified that it is not surprising or atypical that the Company would see at least one but sometimes several negative scenarios given the significant changes to underlying fuel price and CO_2 emission compliance cost assumptions, and that "passing seven of nine scenarios is generally a very strong indication of the robustness of the cost- effectiveness analysis." (T. 670). Moreover, FPL's base scenario already includes historically low natural gas and emissions forecasted costs. Lastly, in the unlikely event that the low fuel cost case does occur, FPL's electric rates would be significantly lower from where they are expected to be in the medium fuel / medium CO2 cost scenario. (T. 669-670). FPL witness Dr. Sim couched this scenario as "not being able to see the forest from the trees" in that such an outcome would produce a magnitude of times more fuel savings benefit for customers that the costs of the program. (T. 314-15)

FPL did not assign probabilities to its fuel / CO_2 scenarios, because there is no basis on which to assign such probabilities. (T. 276). And while in a perfect world, there would be no risk in resource additions, there is no such thing as a perfectly hedged generation addition. (T. 671). It is important to note that a solar installation generally has a lower risk profile than a fossil-fueled unit because of its zero fuel cost and because of its emission compliance cost benefits. For instance, the addition of 1,490 MW of new solar generation further diversifies FPL's fuel mix, which reduces risk to the general body of customers of fuel cost fluctuations and reduces dependence on fossil fuels. Secondly, the additional solar generation will further reduce CO_2 and other emissions which packages obvious environmental benefits together with risk mitigation for FPL customers in the event of future carbon emission regulation pricing or taxing policy. (T. 669-70). These are benefits that accrue to <u>all</u> customers.

While an enhanced level of scrutiny is appropriate for a new and innovative solar program design, *SolarTogether* is projected to provide significant economic system savings, to both participants and the general body of customers. The sensitivity scenarios are reasonably designed to show a range of future price scenarios and indicate high degree of certainty for CPVRR benefits. The program's solar power additions will create fuel price and emission compliance hedge benefits for all customers. Additionally, the participants will fully fund the costs of the program. The program is therefore cost effective and reasonably and fairly allocates economic and hedging benefits to all customers. These benefits are in the public interest and support approval of the Settlement Agreement.

C. *SolarTogether* meets customer demand, maximizes customer experience, including for low-income customers, and meets resource needs

SolarTogether is designed to meet the enormous customer demand for solar power. The demand is evidenced by the more than 50,000 residential customers enrolled in *SolarNow*, FPL's program that uses voluntary customer contributions to install solar in local communities. Also, there are currently more than 13,000 FPL customers enrolled in net metering that supports rooftop solar. (T. 48). Yet, a number of customers can't directly take advantage of rooftop solar power. They may rent 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. *SolarTogether* is designed to provide access and choice to the economic and environmental benefits of solar for all FPL customers. It provides customers a tangible economic benefit. (T. 629-30). In addition, many customers desire to go 100% renewable and want certainty to recoup their investment over time. (T. 168, 686). FPL testified that it has met with numerous customers, including cities, counties, national retailers and large industrial customers that have all inquired about the availability of renewable programs to meet their organizations' sustainability and financial goals (T. 47). Yet, there is no current solar program offering that meets this growing solar demand (T.

168). While the rationale may vary by customer size and type, the common thread is that many FPL customers want a greater percentage of the energy they consume to come from renewable sources and want to enjoy both certain financial and sustainability benefits associated with solar (T. 47). *SolarTogether* is designed to meet this customer demand for economic certainty by providing a net financial benefit in year seven of participation. (T. 53). The 1,100-plus MW that have been preregistered to by FPL customers is a testament to the *SolarTogether* design.

The Company has prioritized the customer experience of the program design by providing participants with transparent and flexible subscription terms. The program will allow participation with no upfront subscription fees, allowing flexible subscription amounts, no cancellation fees for leaving the program, and a portability feature that allows the subscription to stay with customer if they move within the FPL service territory. Participation is voluntary and customers can keep their subscription as long as they remain an FPL customer. Participants may unsubscribe at any time. (T. 49-50).

SolarTogether was further enhanced through the Settlement Agreement between FPL, SACE, VoteSolar and Walmart through the addition of a 37.5 MW low-income carve-out that provides an economic benefit from the first month of participation (T. 674).[3] This represents 10% of the program's allocation for residential customers. The Commission has previously expressed a desire to ensure that Commission-approved programs meet the needs of low-income families. This policy consideration has, for instance, been enunciated in the conservation goal setting proceedings when the Commission required utilities to address measures targeted for this customer segment.[4] This improvement to *SolarTogther* addresses that need by allowing those

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[3] *Joint Motion to Approve Settlement,* Exhibit A and Attachment 1, Docket No. 20190061-EI, October 9, 2019.

[4] Order No. PSC-14-0696-FOF-EU, December 16, 2014 ("Furthermore, while the record indicates that the FEECA Utilities have programs and measures to assist their low income customers, the Utilities

low-income families the opportunity to lower their energy bills while joining other customers to expand the use of solar power in Florida.

While *SolarTogether* is not a program that was primarily driven by resource need, it meets FPL resource demand in 2020 and 2021. (T. 676, Ex. 31). The program will eliminate the need for a fossil-fueled combustion turbine in 2023, and defers a fossil-fueled combined cycle plant in 2028. Id. The elimination and deferral of fossil-fueled units provides rate base, fuel and emission compliance cost savings, thereby substantially reducing the risk for all customers to fuel price volatility and emission cost compliance. (T. 341). These benefits are likewise in the public interest and support approval of the Settlement Agreement.

IV. Conclusion

FPL customers and the state will realize a number of benefits from approval of the Settlement Agreement filed by FPL, SACE, Vote Solar and Walmart in this docket. *SolarTogether* is an innovative tariff and program design that meets a growing customer demand for solar power in Florida. It is cost-effective and fairly and reasonably allocates system benefits as well as hedge benefits to all customers. It will significantly expand renewable energy development in Florida and reduce the state's dependence on fossil fuel, while also insulating customers from fuel price volatility, and driving economic development and local job creation in the state. The Florida Legislature has explicitly found this type of renewable energy development to be in the public interest. The Settlement Agreement clearly meets a public interest test and deserves Commission approval. Therefore, SACE respectfully requests that the Commission approve the Settlement Agreement.

should continue to evaluate and develop measures that will assist and educate such groups. The FEECA Utilities shall be required to address measures targeted for this customer segment in their proposed plans during the program development stage of this proceeding.")

ISSUE 6: Should this docket be closed?

POSITION: * No position *

Respectfully Submitted,

/s/ *George Cavros*

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 30th day of January, 2020 via electronic mail on:

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DATED this 30th day of January, 2020.

/s/ George Cavros
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