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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20200234-EI

Petition for approval of direct
current microgrid pilot program
and for variance from or waiver of
Rule 25-6.065, F.A.C., by Tampa
Electric Company.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 8

COMMISSIONERS
PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER ANDREW GILES FAY
COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, June 15, 2021

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DANA W. REEVES
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
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1 P R O C E E D I N G S

2 CHAIRMAN CLARK: All right. Next on the list
3 is Item No. 8. Mr. Futrell.

4 MR. FUTRELL: Item 8 is staff's recommendation
5 on Tampa Electric Company's proposed direct current
6 microgrid pilot program known as the BlockEnergy
7 system. BlockEnergy system will be a TECO-owned
8 system that will interconnect individual battery
9 storage, solar photovoltaic equipment,
10 community-sighted battery storage and traditional
11 generation using underground DC distribution system
12 and controlled by a power management algorithm.
13 This system will provide up to 37 homes with power
14 in the Medley at South Shore Bay Housing
15 Development within TECO's service area. Company
16 proposes the pilot program be implemented for a
17 period of four years. Staff has reviewed the
18 petition and recommends the pilot program be
19 approved with the following modifications. First,
20 capital costs should be initially capped at 1.99
21 million. And, second, the company should provide
22 annual reports to the Commission, as well as
23 conduct a participant survey in year three of the
24 pilot. An oral modification has been provided to
25 each of your office and placed in the docket file.

1 No comments were filed in the docket. A
2 representative of Vote Solar would like to address
3 the Commission and representatives of TECO and the
4 Office of Public Counsel are available for
5 questions, as is staff.

6 CHAIRMAN CLARK: Thank you, Mr. Futrell. Vote
7 Solar. Who's representing Vote Solar today? Ms.
8 Chiles?

9 MS. HELTON: No, sir, it's actually --

10 MR. FITCH: Hi, Mr. Commissioner, my name is
11 Tyler Fitch and I'm representing Vote Solar today.

12 CHAIRMAN CLARK: I'm sorry. Mr. Fitch, you're
13 recognized.

14 MR. FITCH: Thank you very much. Good
15 morning. My name is Tyler Fitch and I'm the
16 Regulatory Director at Vote Solar.

17 I want to thank you for the opportunity to
18 speak about the Tampa Electric's petition for
19 approval of a direct current and microgrid pilot
20 program. Vote Solar is a non-profit advocacy
21 organization with over 30,000 members across
22 Florida and we're working to make solar power a
23 mainstream resource for everyone, irrespective of
24 cost. I'd like to ask you to support TECO's pilot
25 microgrid program today. We at Vote Solar believe

1 that this limited pilot provides an important
2 opportunity for all stakeholders to better
3 understand the value proposition of microgrids
4 powered by rooftop solar and distributed battery
5 storage, both in terms of direct benefits to those
6 served by the microgrid, as well as the TECO's
7 electric system and ratepayers as a whole. We want
8 to thank Tampa Electric for being willing to
9 discuss this pilot offering at length and for its
10 amendment to the program which preserve customer's
11 ability to net meter if they so choose. We look
12 forward to continuing to work with all stakeholders
13 on better understanding and taking advantage of
14 these important emerging technologies.

15 Thank you for your time and I'm happy to
16 address any questions you might have.

17 CHAIRMAN CLARK: Thank you very much, Mr.
18 Fitch. Did any Commissioners have questions they
19 wanted to ask?

20 This goes to me, since I asked this item to be
21 pulled for discussion and a couple of questions and
22 comments. I do have some concerns. Number one, I
23 thank the staff for the job they did at putting in
24 the stipulations into the agreement. I certainly
25 believe that their cap is the right number to put

1 on this project, also making certain that we are
2 kept in the loop with the annual reports and also
3 the consumer survey in year three. I think those
4 are very integral parts of this pilot program.

5 I just want to go on record as having some
6 concern as to not the overall cost, but more or
7 less the breakdown of the cost per consumer for
8 this project. Break this project down, you're
9 looking at an average cost of \$55,000 per consumer
10 for a three-year pilot program and that has a
11 little bit concern to me. I am certainly hoping
12 that the information that we get back out of this
13 is some very robust information. I think that
14 there are certainly some merits to exploring the
15 microgrid concept. I have some concerns about the
16 overall concept when we are backing the project up
17 with as many extra resources as we are. I know
18 we're going to be measuring the inputs into the
19 grid that are coming from outside the grid. My two
20 biggest concerns being the natural gas generators
21 that are going to be installed as backup and also
22 the additional capacity that is required in the
23 system to go back on the AC grid for backup as it
24 relates to your capacity cost or looking at how
25 they're calculated into this overall project as

1 well.

2 My biggest concern is in the fuel cost. I do
3 not like the additional fuel cost being spread.
4 You're projecting \$10,000 and fuel costs for your
5 generators and that to be spread back through the
6 fuel clause adjustment and spread to the other
7 consumers. You're looking at about \$25 a month in
8 fuel costs for the 37 consumers based on your
9 calculation of \$10,000. I assume -- and getting to
10 my question here. I'm assuming that your \$10,000
11 estimated fuel cost is you've already calculated
12 how much your natural gas generators are going to
13 have to run, or is that a cost that you are just --
14 are you assuming that cost or is that a
15 pre-purchase amount of gas or can you give me some
16 idea of where you came up with that?

17 MR. MEANS: Sure. Good morning, Mr. Chairman
18 and Commissioners. Malcom Means with the Ausley
19 McMullen Law Firm here for Tampa Electric. I have
20 Billy Stiles here in the room with me today. I
21 also have Phil Zinck and Bill Ashburn with Tampa
22 Electric on the line. And I think that question is
23 best suited for Mr. Ashburn. So I'll let him
24 provide you an answer.

25 CHAIRMAN CLARK: Thank you Mr. Means, Mr.

1 Ashburn, are you on the line.

2 MR. ASHBURN: Yes, I am on the line. Good
3 morning, Commissioner.

4 CHAIRMAN CLARK: Good morning.

5 MR. ASHBURN: The fuel's an estimate of how
6 the generator is going to run. There's several --
7 there's a couple of gas generators that are going
8 to be there essentially as backup, like you say,
9 for -- in case there's a long stretch where we're
10 disconnected or the solar is not as robust as
11 expected. The simplest way to handle it was just
12 to roll it to the fuel clause because the customers
13 themselves are going to pay the fuel clause rates
14 during the pilot. So it's -- part of the test is
15 going to be seeing -- of the pilot is going to see
16 much fuel actually is consumed by those generators
17 under different conditions. And so that -- the
18 thought was just to roll it into the fuel clause.
19 It's a very small amount of money for the fuel
20 clause. It won't -- it isn't enough, frankly, to
21 move the fuel clause rate much, if at all.

22 CHAIRMAN CLARK: So the estimate was, I assume
23 that's a penny per thousand kilowatt hours?

24 MR. ASHBURN: That was the estimate of the
25 overall cost of the project, not the fuel. The

1 fuel is a very small amount of money that probably
2 will not be enough to move the fuel rate for
3 anybody else.

4 CHAIRMAN CLARK: Okay. So that was not a --
5 the number I saw was not a fuel cost adjustment of
6 an additional penny?

7 MR. ASHBURN: No, sir. It was a request from
8 the Commission staff about what was the overall
9 cost of the project going to do if it's -- had a
10 rate case to make up the difference, and it's the
11 overall cost of the total investment spread out
12 over all the other customers.

13 CHAIRMAN CLARK: Okay. Thank you. And my
14 second question, if you have the AC capacity on the
15 grid to back the system up, why would you install
16 the generators? What's the necessity of the cost
17 of the additional generators?

18 MR. ASHBURN: The need for that is the
19 microgrid concept is that this concept of microgrid
20 service would be able to be disconnected from the
21 grid and be able to serve all the needs of these
22 customers without access to the grid, in case of,
23 you know, an outage or a hurricane, some sort of
24 cataclysmic event that caused outage of the grid to
25 serve them. So these generators are there

1 basically to provide microgrid service and allow
2 these customers to ride through a long outage of
3 the grid.

4 CHAIRMAN CLARK: Okay. So you're just
5 basically providing an additional backup for these
6 consumers and these 37 consumers in this case
7 instead of just -- if you did have a catastrophe
8 where the grid was taken out just to say, okay,
9 hey, we stop our monitoring at this point and look
10 back at it when we're able to restore services.

11 MR. ASHBURN: Yes. It will do both of those.
12 Right. One is that the microgrid is -- the idea of
13 a microgrid is it can run autonomously separate
14 from the major grid. So you need some sort of
15 generation there and part of the test here is to
16 see how big it needs to be or how often it's going
17 to need to do that.

18 The second thing is the microgrid is attached
19 to the grid. So there is the ability at times for
20 us to actually run those generators and export the
21 power back to the utility grid. So it's going to
22 serve both purposes, both to serve the autonomous
23 nature of the microgrid and also provide another
24 regeneration resource for the macrogrid, as they
25 say.

1 CHAIRMAN CLARK: What's the estimated capacity
2 on the two generators that you're installing?

3 MR. ASHBURN: Phil Zinck may be able to give
4 you a better estimate on that. Phil, are you
5 there? Phil, are you there? Well, I guess I can
6 handle this. There's a couple hundred KW.

7 CHAIRMAN CLARK: Couple hundred KW.

8 MR. ASHBURN: Not very large. They're very
9 short. A couple hundred KW at most. It's not very
10 big.

11 CHAIRMAN CLARK: And so how are you counting
12 the capacity? So you're going to have capacity, I
13 assume, on your AC grid right now to serve these in
14 case there's a complete failure and you need to
15 back up from that. How are you counting that
16 capacity cost to be on standby to serve these? Is
17 there going to be any kind of surcharge that these
18 consumers are paying that -- they're going to have
19 probably the most robust fail-proof system that
20 exists in Florida when you get through with this.
21 So isn't this kind of a premium service is --
22 what's the consumer having to put up to be a part
23 of this?

24 MR. ASHBURN: Well, the consumer is accepting
25 that we are putting solar arrays on their roof,

1 that we a permanent lease easement to do that. So
2 we are going to be putting our equipment up on this
3 roof in a brand-new box on the side of the house in
4 which the battery and the invertor and the
5 connection to the microgrid. So there's some
6 additional investment -- not investment --
7 equipment that's associated with the home they're
8 purchasing. They are getting a better service.
9 We're hoping to see much, much improved reliability
10 for these customers, but they're not paying a
11 premium during the pilot. It's just we didn't
12 want -- we wanted to be sure that we had gotten
13 customers who would accept this and they're
14 accepting equipment on the roof and if at the end
15 of the pilot then we want to move forward with it,
16 it requires a premium payment by future customers
17 then we will -- that's part of the pilot to
18 determine what, if any, additional premium is
19 needed.

20 CHAIRMAN CLARK: All right. That answers my
21 questions. Thank you very much. I appreciate the
22 honesty. I appreciate the information. I support
23 the program. I think it's a good idea. I think
24 there's certainly some merits that we're going to
25 get out of it. I think this is going to definitely

1 benefit all of the consumers of Tampa Electric. I
2 just do have concerns when we begin taking and
3 using all the ratepayers' funds for a very, very
4 small project that has a lot of cost in that. I
5 just want us to be cautious and I want to s make
6 sure that we have dotted our i's and crossed our
7 t's before moving into it. So thank you very much
8 for the additional information.

9 Other Commissioners have questions?

10 Commissioner Fay.

11 MR. ASHBURN: Thank you, Mr. Chairman.

12 COMMISSIONER FAY: Thank you, Mr. Chairman. I
13 apologize earlier. I thought you were asking
14 questions for Vote Solar. I wasn't letting you go
15 first to then counter your argument. But I guess
16 my question is really probably for staff. When I
17 look at the oral modification that was provided for
18 this recommendation, it originally spoke to this
19 cost being included as part of the rate case, and
20 then it appears that the oral modification provides
21 clarification that this is not part of the rate
22 case that's pending. So just -- maybe if I ask it
23 sort of in a generalized way, just how generally
24 this decision would potentially have relevance in
25 the current rate case that's pending. Or, if not,

1 maybe they would be taken up separately and there's
2 no relevance.

3 MR. FUTRELL: Commissioner, I'll take a shot
4 at that. That was a misunderstanding on the part
5 of staff and so we wanted to correct that before
6 that came to you as far as whether this -- the cost
7 for this project were in the current rate case. It
8 is not. We wanted to make sure that was clear to
9 you, and this would come to you in a future rate
10 proceeding, if the company seeks recovery of these
11 costs, but we wanted to be clear. It was our
12 misunderstanding and so we wanted to correct our --
13 we wanted to correct that for you.

14 COMMISSIONER FAY: Okay. That makes sense to
15 me. I figured this decision would, either way,
16 finalize what's been presented. I just -- when I
17 saw that oral modification I wanted to make sure
18 they weren't intertwined in any way. That's all I
19 have.

20 CHAIRMAN CLARK: Other questions?
21 Commissioner La Rosa.

22 COMMISSIONER LA ROSA: Thank you, Chairman.
23 And I certainly spent a lot of time on this
24 particular issue and I appreciate staff's
25 back-and-forth, certainly preparing me for this,

1 and apologize again for all the questions. I guess
2 my first question is maybe in general to staff. In
3 the recommendation of receiving the annual reports
4 and then the three-year survey, what specifics as
5 an agency are we anticipating that we can pull out
6 of this as we continue to look at the microgridding
7 process and the technology advances that come along
8 with it?

9 MR. FUTRELL: Would Mr. Wooten or Mr. Ellis
10 like to speak, or perhaps Mr. Ballinger? I see him
11 coming forward.

12 MR. BALLINGER: Commissioners, I'll let Mr.
13 Wooten, if he's on the line, if he wants to address
14 it first.

15 CHAIRMAN CLARK: Mr. Wooten, are you on the
16 line.

17 MR. WOOTEN: Yes, I'm here. I'm sorry. I was
18 having technical issues. So the anticipated data
19 from the survey that we -- that we expect to get is
20 the willingness of participants in the program to
21 want to contribute to a premium service. Like you
22 said earlier, we see from what the company presents
23 to us that this is a premium service that would
24 enable to have high reliability for participants in
25 a full program roll out of this microgrid. So the

1 survey was going to allow us to get information,
2 and the company, the willingness of participants to
3 want to participate if this became a full program
4 and allow us to have a pre-visualization of the
5 acceptability of the program in a wide range.
6 Hopefully that answers your question.

7 COMMISSIONER LA ROSA: Thank you. And,
8 Chairman, the question is towards maybe now the
9 company, if possible.

10 CHAIRMAN CLARK: Yes, sir.

11 COMMISSIONER LA ROSA: So Emera Technologies,
12 are they a proprietor of the technology that's
13 being utilized in what I'm going to call what's in
14 the recommendation, or in the analysis, of the
15 BlockEnergy system?

16 UNKNOWN SPEAKER: Yes, Emera Technologies is
17 the proprietor.

18 COMMISSIONER LA ROSA: Okay. Being a
19 proprietor, is there any concern or anything that
20 could be potentially held back in the reporting
21 process back to the agency?

22 UNKNOWN SPEAKER: I'll let Mr. Zinck answer
23 that question. I believe he's on the line.

24 MR. ZINCK: Good morning. This is Phil Zinck.
25 I apologize for the earlier misstep on my path.

1 Could you -- I just want to make sure, Mr.
2 Commissioner, could you just restate that question
3 for me, be sure I give you the correct answer?

4 COMMISSIONER LA ROSA: Sure. Be happy to kind
5 of restate it maybe reframe it a little bit. So
6 being the proprietor of the technology, staff is
7 currently recommending that there's annual reports
8 back, of course, to us. Being that -- being
9 proprietary, is there anything concerning that
10 maybe would be withheld or anything that would
11 affect the reports that ultimately come back for us
12 to review?

13 MR. ZINCK: Okay. Understand the question.
14 No, there would not be. We went through
15 significant lengths to ensure that all the data,
16 all the information, all the operating experience
17 that -- that is going to be experienced during the
18 pilot would be made totally clear and available to
19 ourselves to help us in our assessment of the
20 efficacy of this pilot of this microgrid concept,
21 which, in turn, would be information that would be,
22 of course, available to yourselves at your
23 discretion.

24 COMMISSIONER LA ROSA: Kind of turning the
25 page going in a different direction. Existing

1 infrastructure. So once this is done -- and I did
2 the similar math that the Chairman did and was --
3 the number was high and it just kind of made me
4 think -- is this either transferable or expandable
5 or somehow adaptable to, I'm going to say, existing
6 homeowners at a later point in time? Could this
7 technology that's being studied in the pilot also
8 be brought into something that maybe already has
9 undergrounding in place with homeowners living
10 there and within a community?

11 UNKNOWN SPEAKER: Mr. Zinck.

12 MR. ZINCK: Yes. Thank you for the question.
13 The current design concept of the BlockEnergy
14 system is designed primarily to be incorporated in
15 the new home construction. We had that question
16 before from our developer and our builder, as well,
17 and the way the execution of the block is set up,
18 it certainly lends itself to going back and
19 retrofitting, I'll say after the fact, existing
20 homes in communities, whether existing underground
21 service or overhead.

22 MR. ASHBURN: This is Bill Ashburn. We have
23 been discussing the ability to use this technology
24 in the future to retrofit existing areas, either
25 associated with the storm protection program or

1 just on its own. And while this pilot does not do
2 that yet, that is certainly something we're looking
3 at for the future.

4 COMMISSIONER LA ROSA: Final question, at
5 least from my side, this was done or this was
6 similarly done at the Kirkland Air Force Base in
7 New Mexico, I believe when this pilot was proposed.
8 Any lessons learned or anything in incorporated
9 from your guys' focus and study on that before this
10 was introduced here to the Commission, to the
11 agency?

12 UNKNOWN SPEAKER: I think Mr. Zinck can answer
13 that question, as well.

14 MR. ZINCK: Certainly. Thank you for the
15 question. We are learning -- we are gathering some
16 learning. That's -- that test microgrid has been
17 in service now for about 18 months. We're -- Emera
18 Technologies are using that -- it's been their test
19 bid. They're trying different components. As
20 we're learning lots about the components that
21 are -- they're translating some of those learnings
22 to our project. Reliability information, as well.
23 So we get that information and that information is
24 available to us from Emera Technologies when and if
25 we wish. So we are learning some things now and

1 the expectation would be that we'll be sharing some
2 of that information with us as that -- as that test
3 site goes along, as well.

4 COMMISSIONER LA ROSA: Mr. Chairman, thank
5 you.

6 CHAIRMAN CLARK: All right. Any other
7 questions? Anyone else?

8 (No comments made.)

9 CHAIRMAN CLARK: All right. We'll entertain a
10 motion.

11 COMMISSIONER FAY: Mr. Chairman, I would move
12 approval on staff recommendation for all issues on
13 Item No. 8.

14 CHAIRMAN CLARK: Have a motion and a second to
15 approve staff recommendation on all items. Is
16 there any discussion?

17 (No comments made.)

18 CHAIRMAN CLARK: On the motion, all in favor
19 say, aye.

20 (Chorus of ayes.)

21 CHAIRMAN CLARK: Opposed?

22 (No comments made.)

23 CHAIRMAN CLARK: Motion carries.

24 COMMISSIONER FAY: Mr. Chairman, just for
25 clarification, I will include the oral

1 modification.

2 CHAIRMAN CLARK: With oral modification. Yes.
3 Duly-noted. Thank you very much, Mr. Means. Thank
4 you for being here today.

5 MR. MEANS: Thank you and thanks to your staff
6 for their hard work on this.

7 (Agenda item concluded.)

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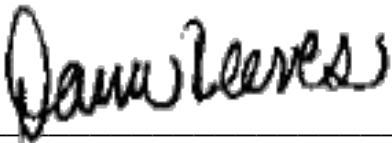
STATE OF FLORIDA)
COUNTY OF LEON)

I, DANA W. REEVES, Professional Court
Reporter, do hereby certify that the foregoing
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I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
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attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 29th day of June, 2021.



DANA W. REEVES
NOTARY PUBLIC
COMMISSION #GG970595
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