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September 13, 2006

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Re: Post-Workshop Comments, Docket No. 060555-EI

Enclosed are Gulf Power Company's Post-Workshop Comments to the August 23, 2006 Workshop held in the above referenced docket.

Sincerely,

Susan D. Ritenour

lw

cc: Beggs and Lane
Russell A. Badders, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendments to)
Rule 15-17.0832, F.A.C.,)
Firm Capacity and Energy Contracts.)

DOCKET NO. 060555-EI
FILED: September 13, 2006

**GULF POWER COMPANY'S
POST-WORKSHOP COMMENTS**

Gulf Power Company is committed to the goal of encouraging the development of incremental renewable energy generating resources in this state. We believe the fossil fuel unit type portfolio approach, adopted by the Commission in Order PSC-06-0486-TRF-EQ, is an approach to achieving that development and implementing the legislative intent embodied in Sections 366.91 and 366.92, Florida Statutes. While we recognize a request for a hearing was subsequently filed relative to the Order, we believe the approach the Commission has adopted should prevail in the final analysis. Gulf Power Company incorporates by reference comments filed by Tampa Electric Company in this docket. In addition to those comments, Gulf Power offers the following:

If Renewable Energy Credits (RECs) are stripped off and sold separately from the output of a Renewable Energy generator, the energy output of that generator then becomes non-renewable. This is an industry standard¹ to avoid double-counting the energy as renewable where it is delivered and then again through the RECs sold to the market. The National Renewable Energy Laboratory explains this well in their January 2005 Technical Report:

Next there is the issue of environmental claims by generators that have sold their RECs. Renewable energy generators that have sold their RECs to a third party have only generic electricity to sell. For example, they cannot claim to be wind electricity, or emission-free, without creating a situation of double claims (two parties claiming to own the same attributes).²

A utility taking delivery of energy from a renewable energy generator who also sells the renewable attributes of that energy in the form of RECs to anyone other than the utility taking delivery of the energy would not be able to treat that energy as renewable. In other words, the utility would not be able to supply a voluntary Green Energy Rate using that energy.

It therefore makes sense for the utility to pay only its avoided energy and capacity costs to the renewable energy generator for its “generic electricity.” The renewable attributes of the energy may then be sold by the Renewable Energy generator and purchased by the utility taking delivery of the generator’s output or by another entity through RECs.

The sale of renewable energy attributes through RECs, coupled with Florida’s recently legislated production tax credits³ are significant economic incentives available to renewable energy generators in the state and should be given sufficient time to work effectively before mandatory renewable goals are prescribed.

Notes:

1. Examples of this presumption are embedded in the following two presentations [http://www.eere.energy.gov/greenpower/conference/6gpmc01/jkotas01.pdf#search=%22renewable%](http://www.eere.energy.gov/greenpower/conference/6gpmc01/jkotas01.pdf#search=%22renewable%22), <http://www.epa.gov/climateleaders/docs/bryson0505.pdf>
2. NREL Technical Report Emerging Markets for Renewable Energy Certificates: Opportunities and Challenges, January 2005, page 51
<http://www.nrel.gov/docs/fy05osti/37388.pdf>
3. F.S. 220.193 - Florida renewable energy production credit