

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: January 29, 2009

TO: Office of Commission Clerk (Cole)

FROM: Office of Strategic Analysis and Governmental Affairs (Matthews)
Office of the General Counsel (Hartman)

RE: Docket No. 080682-EQ – Petition for certification as a qualifying facility pursuant to Rule 25-17.080, F.A.C., by Solid Waste Authority of Palm Beach County.

AGENDA: 02/10/09 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\SGA\WP\080682.RCM.DOC

Case Background

The Solid Waste Authority of Palm Beach County (SWA) is a local governmental entity of Palm Beach County Florida constituting a “dependent special district” specifically authorized by the Florida Legislature to collect and dispose of municipal solid waste (MSW) produced in areas in and around Palm Beach County. The SWA is currently operating as a qualifying facility (QF) generating 62 megawatts (MW) via a steam turbine generator fired by MSW incineration. The SWA currently has a contract for firm energy and capacity with Florida Power & Light (FPL) which was executed in January 1987 and expires in March 2010. The SWA and FPL are engaged in negotiations to extend the contract.

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The SWA has recently begun an expansion project to increase its generation to a maximum of 185 MW. The expansion is expected to increase the capacity to 180 MW, however an extra 5 MW is being requested in an abundance of caution. Although the current facility meets all the requirements of the Federal Energy Regulatory Commission (FERC) for qualification as a small power production facility, the expansion will cause the SWA facility to substantially exceed the 80 MW limit imposed by the FERC rules.

This recommendation addresses the petition filed by the SWA on November 19, 2008, seeking certification as a QF for its facility pursuant to Rule 25-17.080, Florida Administrative Code (F.A.C.). The Commission has jurisdiction over this matter pursuant to Sections 366.051, 366.80 through 366.85, and 366.91, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission grant the request of SWA for certification as a qualifying facility?

Recommendation: Yes. Pursuant to Rule 25-17.220, F.A.C, a renewable generating facility shall be deemed a qualifying facility. The SWA will continue to use biomass in the form of MSW as the primary energy source. (Matthews)

Staff Analysis: The SWA is currently operating as a qualified small power producer under the FERC rules. The SWA facility uses MSW incineration as fuel for a 62 MW steam turbine generator. However, the existing facility is nearing its tonnage incineration limits, and therefore the facility is being expanded to generate an additional 100 MW. In addition, the SWA is contemplating a landfill-gas fueled component which would provide approximately 18 MW of capacity. The total generating capacity would then be approximately 180 MW. However, in an abundance of caution, the SWA is requesting certification for 185 MW which will substantially exceed the FERC's 80 MW maximum size limit.

The SWA's petition asserts that the expansion project meets all requirements for certification as a QF under the FERC rules with the exception of the 80 MW size limitation. Rule 25-17.080(1), F.A.C., adopts the FERC rules but also offers an exception for small power producers which do not meet all the FERC criteria but "otherwise meet the objectives of economically reducing Florida's dependence on oil and the economic deferral of utility power plant expenditures."

The SWA facility meets the requirement of Rule 25-17.080(2)(b), F.A.C., in that it uses virtually 100 percent renewable fuel as an energy source. Municipal solid waste is defined as a renewable fuel, specifically biomass, under Rule 25-17.210, F.A.C. The SWA facility also meets the requirement of Rule 25-17.080(2)(c), F.A.C., in that it is a local governmental entity having no ownership by a utility, utility holding company, or subsidiary.

The SWA currently has a contract in place to sell firm capacity and energy to FPL and negotiations have begun to extend the contract, which expires in 2010, for an additional twenty years. However, certification as a QF does not guarantee approval of the contract extension. That issue will be addressed at such time as FPL files for cost recovery.

Staff recommends that the SWA expansion project meets all requirements for certification as a qualifying facility pursuant to Commission Rule 25-17.080, F.A.C. If a purchased power agreement is successfully negotiated, the expanded facility will provide additional electric energy which would replace fossil-fuel generation and contribute to the deferral of utility power plant expenditures for additional generation.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Hartman)

Staff Analysis: If no person whose substantial interests are affected by the proposed action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.