GRU
More than Energy

Item #190804

TRANSITION PLAN: 2020-2022

A common-sense approach to optimizing electric generation, lowering costs, reducing rate pressure and providing a pathway to 100% renewable.

Quick-Reference Guide

1 GENERATION AT A X-ROADS

Five of GRU's power plants are 38 years old or older and approaching a time when they will no longer be cost-effective.

2 MORE THAN TWO PATHS

(1) GRU can continue to run these aging plants; (2) GRU can replace them with newer units; (3) GRU can be open to more access from the outside power grid.

3 PERILS OF RUNNING PLANTS

Continuing to run these plants exposes GRU to higher operating costs, higher risk of outages and higher carbon emissions. These plants will still eventually need to be retired.

4 COST OF REPLACEMENT

A study, known as an Integrated Resource Plan, or IRP, has calculated the costs of replacing these plants as high as $2 billion.

5 COST OF 450 MEGAWATTS

GRU has explored expanding its transmission capacity up to 450 MWs over the past decade, but the cost (between $200-$400 million) has made it impractical.

6 A PROPOSAL

FPL recently proposed upgrading GRU's tie lines as the utility plans to build transmission lines to Gulf Power. The upgrade would give GRU access to 450 MWs.

7 A PARTNERSHIP

In exchange for constructing the tie line (eliminating an estimated $200-$400 million in capital expenditures), GRU and FPL would enter into a 30-year Network Services Agreement (NSA) at an initial estimated cost of $9 million a year, beginning in 2022.

8 AN AGREEMENT

The NSA is a transmission power capacity arrangement. That means GRU would have access to generation throughout FPL's territory, including FPL's low-cost power plants and green generating options.

9 TRANSPARENT PROCESS

The NSA is governed by the Federal Energy Regulatory Commission and must pass its scrutiny and public meeting requirements.

10 MARKET POWER SAVINGS

Initial analysis shows that GRU could save $10 million to $14 million a year by purchasing market-priced power under this NSA, more than offsetting its $9 million annual cost.

11 FIXED COST SAVINGS

GRU could save an additional $5 million to $8 million annually in fixed costs by mothballing or retiring its aging fossil fuel plants more quickly.

12 BALANCING AUTHORITY

GRU could potentially save $2 million a year by relinquishing its role as a balancing authority.

13 AVOID $1.9 BILLION COST

GRU could eliminate the expectation of spending $895 million to $1.954 billion in capital expenditures to replace aging plants, as identified in the IRP

14 PAY DOWN DEBT

GRU could use savings to pay down debt, which would ultimately reduce upward rate pressure on the electric system.

15 STAFF CHANGES

GRU would complete a staffing plan prior to fossil fuel plants being retired.