#050879
1/30/06

Statement of Dian Deevey regarding ICF Consulting Presentation 1/26.

I am very concerned about many things ICF said on 1/26, all of which lead me to the conclusion that they are not doing the job they were hired to do, and will be unable to satisfry the requirements of their contract. I think the City's money will be completely wasted.

Project redefinition. It is clear to me that between the time ICF representatives met with stakeholders in December, and the January 26 meeting in Gainesville, the entire orientation of their study had been redefined.

In December, ICF assured David Harlos and me that their goal was to define alternative ***portfolios*** and to compare them re identifiable risks in an uncertain future.

Five weeks later, their goals have changed completely. Now ICF intends to confine their analyses to 3 alternative fossil-fuel fired generators each with a capacity of 220 MW net. This is largely a duplication of the fake "alternatives" study performed by GRU. This choice of projects probably pre-ordains a conclusion close to that presented by GRU in December, 2003.

Refusal to visit policy issues. A major concern of mine is that ICF refuses to advice on policy, or even visit policy the subject. They cannot therefore do a good job. Portfolio choices must be based on explicit policies and good estimates of future demand. Policies greatly affect how effective DSM programs are. Without customer incentives to use electricity at times when it is cheap for the utility to generate, and avoid use during periods of peak demand, DSM programs will be of limited value. The Commission needs advice on what its policy options are.

Curious change in estimate of future NG prices. ICF has bragged loudly about how good their proprietary fuel price forecasting model is. It is alleged to be the very best one in existence, and ICF also claims to have the world's best sources of input information for that mod.

On December 13th Judah Rose told two stakeholders that the model forecast a price of approximately $5.00/mm BTU for the period to be covered by this study. Five weeks later this magnificent model is forecasting prices of about $8.26 per mm Btu. I did not have the opportunity to ask the reason for this 65% increase. Did ICF simply bungle the forecast?

No reanalysis of GRU load growth projections. On December 13th ICF representatives agreed firmly with EPAC Report critic Numark Associates who said GRU's demand forecast methodology over-estimates future demand increases, and that the demand projections should be redone by ICF. Five weeks later, they against analyzing GRU's forecasts on questionable grounds (that Florida utilities on average under estimated future demand increases in 2004.).

Implications of ICF's assumptions about CO2 penalties ICF's official position is that the likely penalty cost for greenhouse gas emissions will lie between $1.7 to $2.7. This works out to the extremely low cost of between 1 and 2 tenths of a cent per kWh for coal-based generation, and half that for natural gas based generation. At that rate, the US will never reduce utility greenhouse gas emissions, or stop continued increases in sales of coal, which may be one reason ICF gets significant business from utilities that want o build coal-based power plants.

Biomass availability. ICF has ignored what local experts believe the availability is, and it is very hard to reconcile ICF claims about the amount of wood available within a 2000 sq mile area, and what IFAS experts say. GRU confined itself to a 25 mile radius, and ignored some kinds of biomass available here. (Our studies suggest we could support more than 60 MW dedicated biomass, but I cannot speak authoritatively at present. We need to talk to IFAS experts.)