

110208 Nathan Skoff
submitted
7/7/2011

Buyer's Remorse

(A Bad Deal for GRU Ratepayers)

	Progress Energy Florida	GRU
Renewable Type	Biomass	Biomass
Capacity	40 MW	100 MW
PPA Term	20 Years	20 Years
In-Service Date	2013	2013
Contract Price (\$/MWh)	\$65	\$120-130

Conclusion: GRU buying biomass at twice the price of Progress Energy

.BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of negotiated purchase power contract with Trans World Energy LLC by Progress Energy Florida, Inc. | DOCKET NO. 110047-EQ
| ORDER NO. PSC-11-0255-PAA-EQ
| ISSUED: June 13, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING NEGOTIATED PURCHASED POWER AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

On February 3, 2011, Progress Energy Florida, Inc. (PEF) filed a Petition requesting approval of a negotiated contract for the purchase of firm capacity and energy between Trans World Energy LLC (Trans World) and PEF. The negotiated purchased power contract is based on Trans World constructing, owning, and operating a biomass electric generating facility (Trans World Facility or Facility) in Citrus County, Florida, with an in-service date of July 1, 2013. Trans World proposes to sell 40 Megawatts (MW) of firm capacity and associated energy from the Trans World Facility to PEF for a term of 20 years.

The Trans World Facility will use a gasified biomass product as its primary fuel and it is planned to run at a capacity factor of 94 percent for an expected annual energy production of 329,373 Megawatt-hours (MWh). Trans World has obtained a letter of intent for fuel supply, but a fuel contract has not yet been signed. Trans World plans to outsource some of its contract obligations such as the engineering, construction, and general contractor management to other companies. Trans World estimates that 100 jobs will be created in Florida during the construction phase and 45 jobs during the operation stage of the facility. Trans World has obtained financing for the proposed project. The proposed facility will operate as a Qualifying

Gainesville Regional Utilities

October 2010



Electric Rate Competitive Position

Report:

“Less competitive electric rates than other utilities in the region”

Response:

- GRU is in the middle range of our peer group
- **Electric rates are projected to increase very little during the next 5 years**
- Our current competitive position is not expected to change substantially over the planning horizon
- We are very competitive in our Basket of Services
- GRU demographics and economy enhance affordability