Electric Utility Regulation, Energy Needs and Emerging Issues

*Presentation to the:*

Florida Energy Systems Consortium Summit

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Florida Public Service Commission
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Outline

- Background on Electric Utility Regulation in Florida
- Current Forecast of Energy Needs
- Current & Emerging Issues
Background on Electric Utility Regulation in Florida
Utility Regulation in Florida or What does the PSC do?

- Implements Florida Statutes to ensure that consumers receive electric, natural gas, telephone, water, and wastewater services in a safe, affordable, and reliable manner.

- Exercises regulatory authority over utilities in:
  - rate base/economic regulation
  - competitive market oversight
  - monitoring of safety, reliability, and service issues

- Handles complaints and inquiries related to:
  - service reliability
  - billing accuracy
  - service requests
  - compliance with safety standards
Electric Industry Authority

- Economic regulation over rates and quality of service of investor-owned electric utilities

- More limited rate structure authority over municipal and rural co-op utilities

- Authority over grid reliability
  - If inadequacies exist, the FPSC may order the installation or repair of generating plants or transmission line, with the costs to be distributed in proportion to the benefits received

- Determines need for new steam power plants greater than 75 MWs and transmission lines greater than 240 kV that cross county lines, and > 15 miles

- Annual review of Ten-Year Site Plans
Electric Industry Authority

- Authority to determine energy efficiency goals for IOUs and two municipal electric utilities

- Determines the buy back rates for eligible non-utility generators and distributed generators such as biomass and solar

- Resolution of service area agreements and disputes

- Safety inspections of transmission and distribution facilities

- Handles complaints and inquiries related to:
  - service reliability
  - billing accuracy
  - service requests
  - compliance with safety standards
Current Forecast of Energy Needs
Forecast of Future Energy Needs
2009-2018

- Approximately 4,000 megawatts of planned generating additions were removed from the 2009 Ten-Year Site Plans due to declining load forecasts.

- Over the next 10 years, utilities expect 8,000 megawatts of energy efficiency and demand-side management from customers.

- Despite these efforts utilities plan to add approximately 10,000 megawatts of generation to meet customer growth in electric demand.

- These additions will be met by natural gas-fired units with nuclear making up the balance in the long-term.

- Dependency on natural gas will increase from approximately 40% in 2008 to 47% in 2018.
Historical Summer Peak Demand Forecasts
2009-2018
Delivered Cost of Coal, Natural Gas and Petroleum to Florida Electric Utilities 1990-2008

Source: U.S. DOE/EIA, Electric Power Monthly; Cost and Quality of Fuels for Electric Plants.
Average Residential Electric Bill
1978-2008

$1,000 Residential Bill

Nominal
Real
Electric Generating Capacity
Existing and Planned
2009-2018

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[Bar chart showing existing and planned generating capacity for different types of energy sources]
Current & Emerging Issues
Current & Emerging Issues

- Renewable Portfolio Standard
  - Draft PSC rule subject to ratification by the Legislature

- Energy Efficiency & Demand-Side Management Goals
  - Commission decision scheduled for October 27, 2009

- Growth in Distributed Resources

- Smart Grid

- Greenhouse Gas Emission Regulations