



MEETING AGENDA PACKAGE

Policy Makers Liaisons Committee

April 14, 2021
1:00 to 2:30 p.m.

Meeting Being Held via Teams at:

Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819

**Dial-in information: 321-299-0575, Access Code 456
702 54# - Link to Join Teams Meeting: [Click here to
join the meeting](#)**

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Policy Makers Liaisons Committee

Dan Robuck, Leesburg – Chair
Robert Page, Green Cove Springs – Vice Chair
Bil Spaude, Bushnell
Kristine Petersen, Clewiston
Rick Cochrane, Fort Meade
Tom Perona, Fort Pierce
George Forbes, Jacksonville Beach
Robert Barrios, Key West
Ethel Urbina, Kissimmee
Scott Maxwell, Lake Worth
Bill Conrad, Newberry
Brent Malever, Ocala
Keith Trace, St. Cloud
Scott Roberts, Starke

Community Power **+** Statewide Strength

MEMORANDUM

TO: Policy Makers Liaisons Committee
FROM: Mark McCain
DATE: April 7, 2021
RE: Policy Makers Liaisons Committee Telephonic Meeting
Wednesday, April 14, 2021, 1:00 p.m. to 2:30 p.m. [NOTE TIME]
PLACE: Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL 32819
TEAMS: **In-Person and Teams, 321-299-0575, Access Code 456 702 54#,**
LINK TO TEAMS MEETING: [Click here to join the meeting](#)
(If you have trouble connecting, please call 407-355-7767)

Chair Dan Robuck, Presiding

The mission of the Committee is to facilitate the education of elected or appointed governing body members of FMIPA's member utility systems, and to foster opportunities for greater communication and knowledge among governing body members regarding the business and projects of FMIPA.

AGENDA

1. Call to Order, Roll Call, Declaration of Quorum
2. Set Agenda (by vote)
3. Consent Agenda
 - a. Approval of the Minutes for the Meeting Held January 20, 2021
4. Report from the General Manager and CEO (Jacob Williams)
5. Information Items
 - a. Lessons from the Texas Energy Crisis (Jacob Williams)
 - b. Florida Legislative Update (Ryan Matthews, Amy Zubaly)
 - c. Estimated Impact of CLEAN Future Act in Congress (Jacob Williams)
 - d. Follow Up from FMIPA's Strategic Planning Workshop (Jacob Williams)
6. Member Comments
7. Announcements
 - a. Next Meeting: Thursday, July 22, 2021 at Hyatt Grande Beach Resort, 475 Seagate Dr., Naples, FL
8. Adjourn

**QUORUM REQUIREMENT
(MAJORITY OF AVERAGE NUMBER OF MEMBERS PRESENT FROM LAST
4 PMLC MEETINGS)**

April 15, 2020 – 8 present

July 29, 2020 – 7 present

October 14, 2020 – 8 present

January 20, 2021 – 7 present

**AGENDA ITEM 1 - CALL TO ORDER,
ROLL CALL, DECLARATION OF
QUORUM**

**Policy Makers Liaisons Committee Meeting
April 14, 2021**

**AGENDA ITEM 2 – SET AGENDA (by
vote)**

**Policy Makers Liaisons Committee Meeting
April 14, 2021**

AGENDA ITEM 3 – CONSENT AGENDA

- a. Approval of Minutes for the Meetings
Held January 20, 2021**

**Policy Makers Liaisons Committee Meeting
April 14, 2021**

MINUTE NOTES
FMPA TELEPHONIC POLICY MAKERS LIAISONS COMMITTEE MEETING
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819
DATE: WEDNESDAY, JANUARY 20, 2021
TIME: 1:00 P.M.

**MEMBERS
PRESENT**

Tom Perona, Fort Pierce (via telephone)
Bob Page, Green Cove Springs (via telephone)
George Forbes, Jacksonville Beach (via telephone)
Robert Barrios, Key West * (via telephone)
Dan Robuck, Leesburg (via telephone)
Bill Conrad, Newberry
Keith Trace, St. Cloud (via telephone)

*Joined after roll call.

**OTHERS
PRESENT**

Ryan Matthews, Peebles, Smith & Matthews (via telephone)
Michael Nolan, MJN Consulting (via telephone)

**STAFF
PRESENT**

Jacob Williams, General Manager & CEO
Jody Finklea, General Counsel & CLO
Mark McCain, Vice President, Member Services and
Public Relations
Sue Utley, Executive Assistant to CEO / Asst. Secretary to Board
Susan Schumann, Public Relations and External Affairs Manager
Mike McCleary, Manager of Member Services Development
Carter Manucy, IT/OT & Cybersecurity Director

Item 1 – Call to Order, Roll Call, Declaration of Quorum

Chair Dan Robuck, called the meeting to order at 1:01 p.m. on Wednesday, January 20, 2021, via telephone and at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. A roll call was taken and 6 members were present. Robert Barrios, Key West, joined after roll call bringing the total members present to 7 out of 14.

Item 2 – Set Agenda (By Vote)

MOTION: Tom Perona, Fort Pierce, moved to set the agenda as presented. Bill Conrad, Newberry, seconded the motion. Motion carried.

Item 3 – Consent Agenda

3a – Approval of the Minutes for the meeting held October 14, 2020

MOTION: Bob Page, Green Cove Springs, moved approval of the Minutes of October 14, 2020. Bill Conrad, Newberry seconded the motion. Motion carried.

Item 4 – Report from the General Manager

1. Management Goals Scorecard
2. Leesburg Lakefront TV segment on the value of the electric utility in Leesburg.

Item 5 – Information Items

- a. CO2 Reduction Opportunities and Challenges

Jacob Williams reported on the opportunities and challenges in reducing CO₂ emissions over the next 15 years.

- b. Federal Legislative Update

Michael Nolan gave a Federal Legislative update.

- c. 2020 SolarWinds Cybersecurity Incident

Carter Manucy gave an update on the 2020 SolarWinds cybersecurity incident.

- d. Preview of FMPA's Strategic Planning Workshop

Jacob Williams presented a preview of FMPA's upcoming Strategic Planning Workshop in February.

Item 6 – Member Comments

Chair Dan Robuck discussed the Leesburg Lakefront TV segment and said to contact FMPA if other Policy Makers would like more info or to schedule the Leesburg facility for a segment for their utility. He also said that Leesburg is participating in the FMPA Phishing Campaign and said it was surprising to Leesburg how high their incidences of clicking on links were.

Item 7 – Announcements

- a. Next Meeting: Wednesday, April 14, 2021 at 1 p.m. at FMPA, 8553 Commodity Circle, Orlando, FL

Item 9 - Adjourn

There being no further business, the meeting was adjourned at 2:15 p.m.

Dan Robuck
Chairman

Sue Utley
Assistant Secretary

Date Approved _____

DR/su

**AGENDA ITEM 4 – REPORT FROM
THE GENERAL MANAGER**

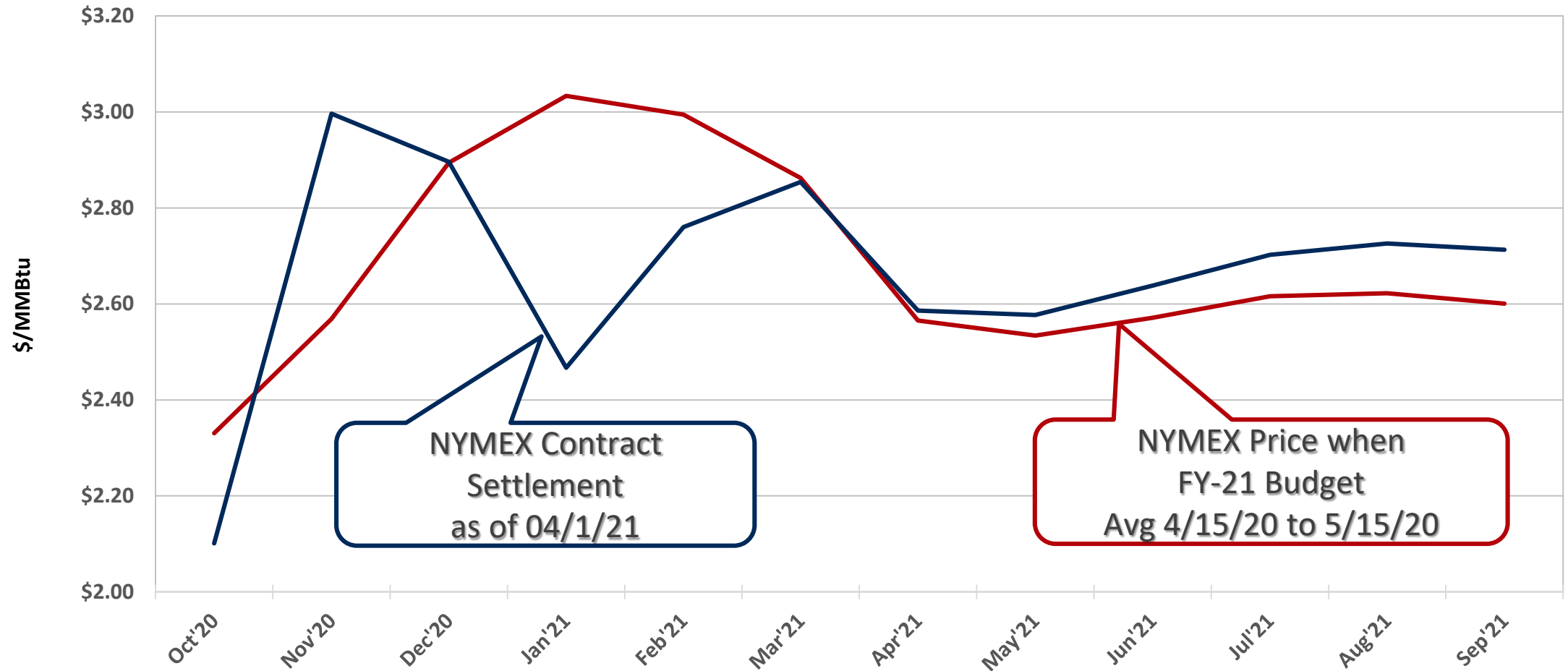
**Policy Makers Liaisons Committee Meeting
April 14, 2021**

Fiscal 2021 Management Goals through March 31, 2021

| Goal | | Status | Actual | YTD Actual | YTD Target | FY'21 Target | Comment |
|---|---------------------|--------|---------|------------|------------|--------------|--|
| 1.Safety | Lost-time Accidents | | 0 | 1 | 0 | 0 | No lost time accidents in March. |
| | OSHA Recordables | | 0 | 1 | 0 | 0 | |
| 2.Compliance | Environmental | | 0 | 0 | 0 | 0 | SERC validated PRC-005 self-report as a compliance item, no fines expected. Continuing discussions with DEP on potable water testing issue at Cane Island |
| | Financial | | 0 | 0 | 0 | 0 | |
| | Regulatory | | 0 | 0 | 0 | 0 | |
| 3.Low Cost
(\$/MWh) | Under \$70/MWh | | \$74.41 | \$72.00 | \$75.59 | < \$70.00 | March 2021 data will be updated for the meeting. YTD February 2021 MWh sales 2.2% > budget. All-in Costs \$3/MWh, (4.2%) < YTD target due to O&M (9%), assigned project costs (10%), admin & general (10%) and net fuel costs (3%) < target. |
| | Fuel | | \$23.31 | \$21.38 | \$22.22 | \$22.19 | |
| | Non-Fuel | | \$51.10 | \$50.62 | \$53.37 | \$47.81 | |
| 4.Stanton I and Stanton II
Decision from OUC to reduce power costs and emissions | | | | | | | OUC intends to present to EC in May. Significant progress made on nat gas mgmnt & future FOM items. Water evap remains key outstanding issue. Page 10 of 55 |

FY 2021 NYMEX Contract \$0.02/MMBtu above Budget

NYMEX Natural Gas FY21 October Settlement (04/01/21)



| Goal | | Status | Actual | YTD Actual | YTD Target | FY'21 Target | Comment |
|-------------------|----------------------------------|--------|--------|------------|------------|--------------|--|
| 5.Cyber Security | Breaches | | 0 | 0 | 0 | 0 | |
| | Phishing tests | | 7.2% | 4.3% | 5% or < | 5% or < | Five people clicked on a fake link pretending to have been a missed Zoom call " You missed a Zoom meeting " |
| | Member assessments | | 2 | 2 | 1 | 5 | Four assessments in progress |
| 6.Reliability | CC EAF | | 84.9% | 90.6% | 86.6% | 90% | Cane Island Units 3 & 4 were in scheduled outage for maintenance. |
| | SI black start and trans. backup | | 0 | 5 | 5 | 100% | |
| | SAIDI Reduction | | 1 | 4 | 5 | 10 | Fort Meade reclosers |
| 7.Member Services | Leadership member visits | | 6 | 46 | 37.5 | 75 | |
| | Projects managed for members | | 4 | 11 | 10 | 20 | Williston financial model, Wauchula mapping, Bartow Phase II TripSavers, Ft. Meade reclosers |
| 8.Value of Muni | Member info updates | | 1 | 7 | 8 | 16 | Alachua, Bartow, Chattahoochee, FPUA, GCS, Jacksonville Beach, Wauchula |
| | Presentations
Social media | | 1 | 6 | 7 | 10 | Bartow (sch. April/May), Chattahoochee, Lake Worth, Leesburg, Newberry, Starke, Wauchula |

| Goal | | Status | Actual | YTD Actual | YTD Target | FY'21 Target | Comment |
|-------------------|--|--------|--------|------------|------------|--------------|---|
| 9.Load Management | Dev. opportunities for 5 MW | | 0 | 0 | | 5 | April Workshop outlines phased implementation approach with low risk of cost shifts |
| | Restructure debt | | 0 | 0 | 0 | 1 | Set to execute by end of April |
| 10.Financing | Extend debt to include R&R funding | | 0 | 0 | 0 | 1 | Set to execute by end of April |
| | Prepaid gas min. svgs. of \$0.20/mmBtu | | 0 | 0 | 0 | 1 | Market providing options to consider |
| 11.Transmission | Neg. service upgrade for LWB & Homestead | | | | | | LWB Engineer work ongoing, HS in project development |
| 12.People | 360 training for Leadership & mgmt. | | 5 | 5 | 4.5 | 11 | 5 completed, 6 began in March |
| | Mgmt. outreach to diverse prof. groups | | 1 | 2 | .5 | 3 | Jacob - AABE membership
Linda – NABA membership; contact at NSBE |
| | Individual development plans | | 21 | 50 | 50 | 50 | Completed by March 31. Now follow-up on plans |
| | FMPA Fleet Team Sharing – Days | | 2 | 114 | 50 | 100 | FMPA to Stock Island 2 days |

**AGENDA ITEM 5 – INFORMATION
ITEMS**

a. Lessons from the Texas Energy Crisis

**Policy Makers Liaisons Committee Meeting
April 14, 2021**



5a – Lessons from the Texas Energy Crisis

Policy Makers Liaisons Committee

April 14, 2021

Polar Vortex Hit Large Part of U.S. in February 2021

Texas Energy Crisis Will Bring Changes to Electric Industry

- Polar vortex hit a large part of U.S. during February 2021
- Dallas-Fort Worth area set record low of -2 degrees, coldest in 80 years
- Demand so high that rolling blackouts occurred from Texas to Dakotas, impacting millions of people
- Changes coming to electric industry, and a few insights for Florida

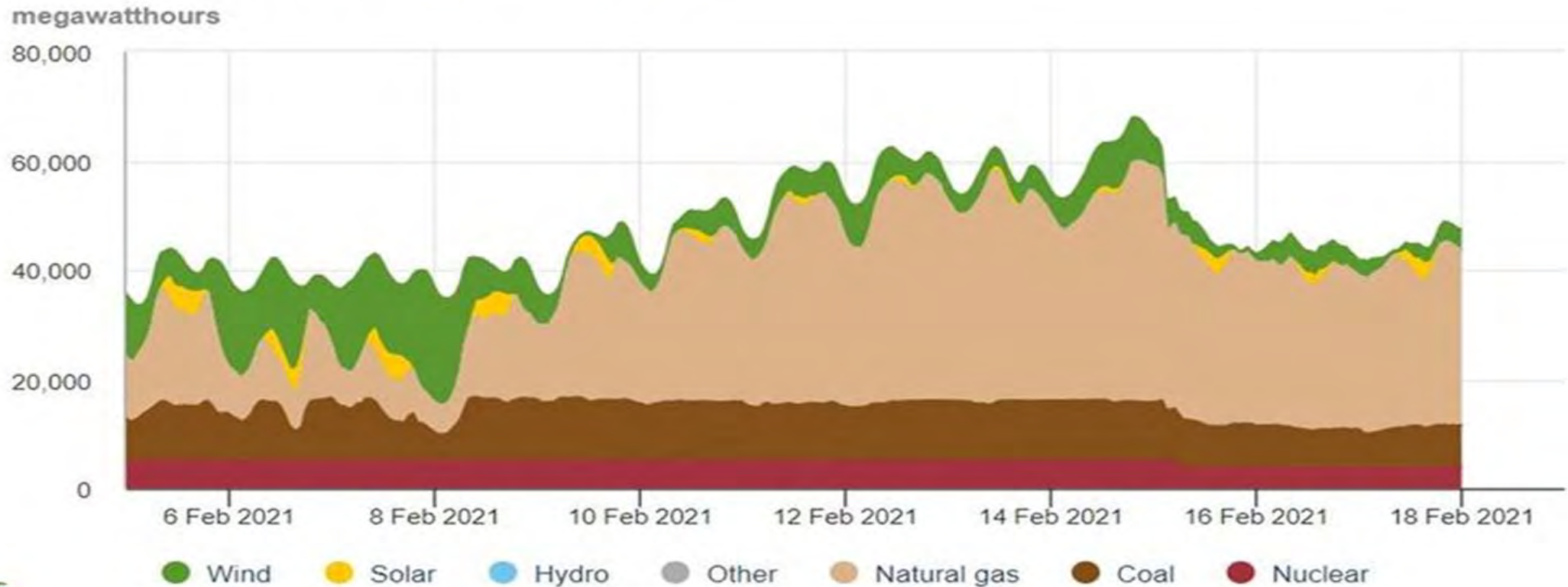
Extraordinary weather conditions, changing power generation resources, and deregulation policy shortcomings collided, leaving million of people suffering



Over-Reliance on Intermittent Generation a Problem

Midwest Shifted from No Wind Power in 2000 to ~20% Today

Electric Reliability Council of Texas, Inc. (ERCOT) electricity generation by energy source 2/5/2021 – 2/18/2021, Central Time



Source: U.S. Energy Information Administration

Texas Power Market Did Not Pay for Reserves

Little Used Fossil Units Under Invested, Unaware of Gas System Vulnerabilities

- State adopted a wholesale market that is “energy-only,” so no “capacity market” to pay generators to be available for reserves
- In past decade, Texas has added 30 GW of mostly wind, solar while closing 8 GW of coal, gas and oil generation
- Owners of fossil-fueled units lacked incentives to winterize units and test the back-up fuel supply (diesel) for units with dual-fuel capability
- Natural gas compressor stations were not noted as critical load, so gas supplies were curtailed due to rolling blackout to those stations

Deregulation of an Essential Service Has Risks

Who's Responsible for Affordable, Reliable Electricity?

- Texas' deregulated retail electricity market was lauded by some as a model, until now
- While Texas is latest power market failure, others have faced serious problems, too, like California's rolling blackout last summer
- These examples underscore the positives of integrated utilities and remaining responsible for adequate reserves

The New York Times

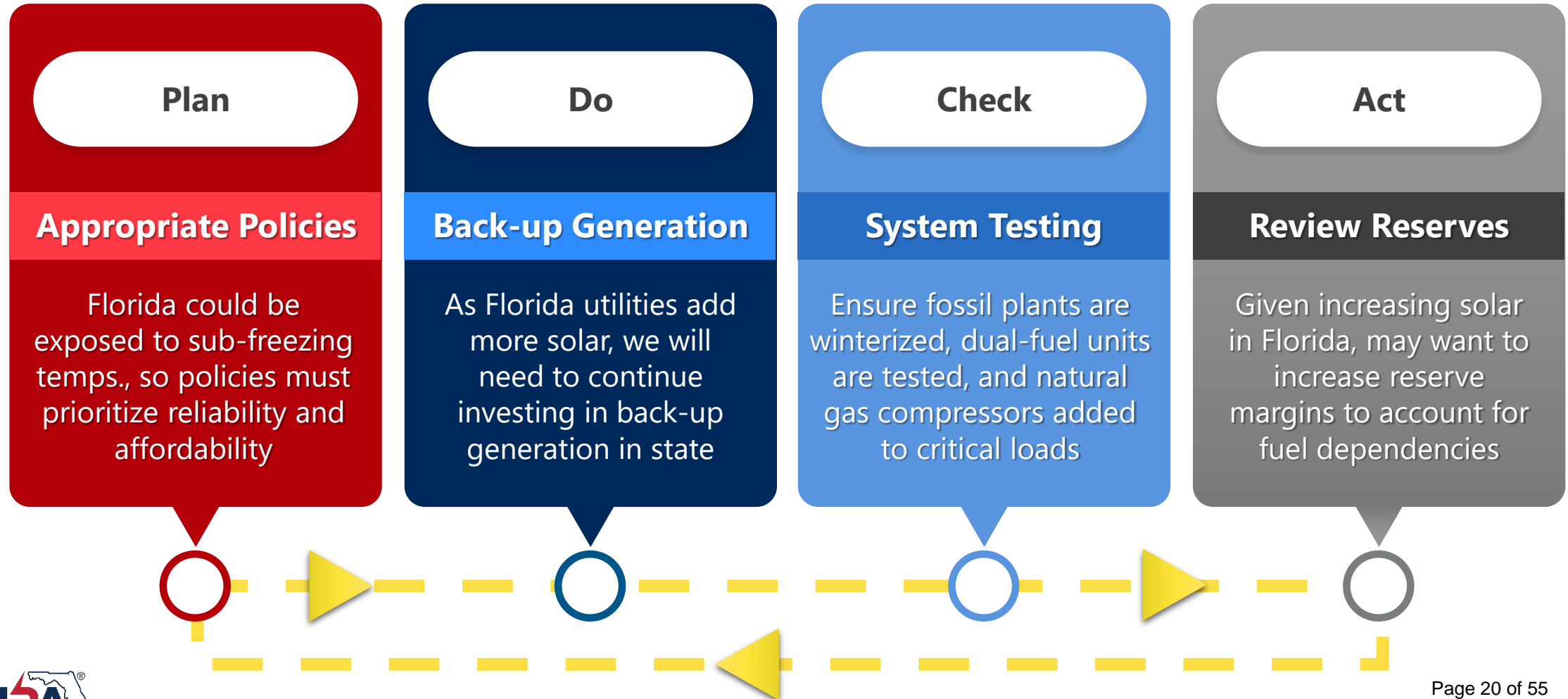
Feb. 20, 2021

His Lights Stayed on During Texas' Storm. Now He Owes \$16,752.

After a public outcry from people like Scott Willoughby, whose exorbitant electric bill is soon due, Gov. Greg Abbott said lawmakers should ensure Texans “do not get stuck with skyrocketing energy bills” caused by the storm.

Lessons Learned and Implications for Florida

Florida Market Different, But Has Exposures to Manage

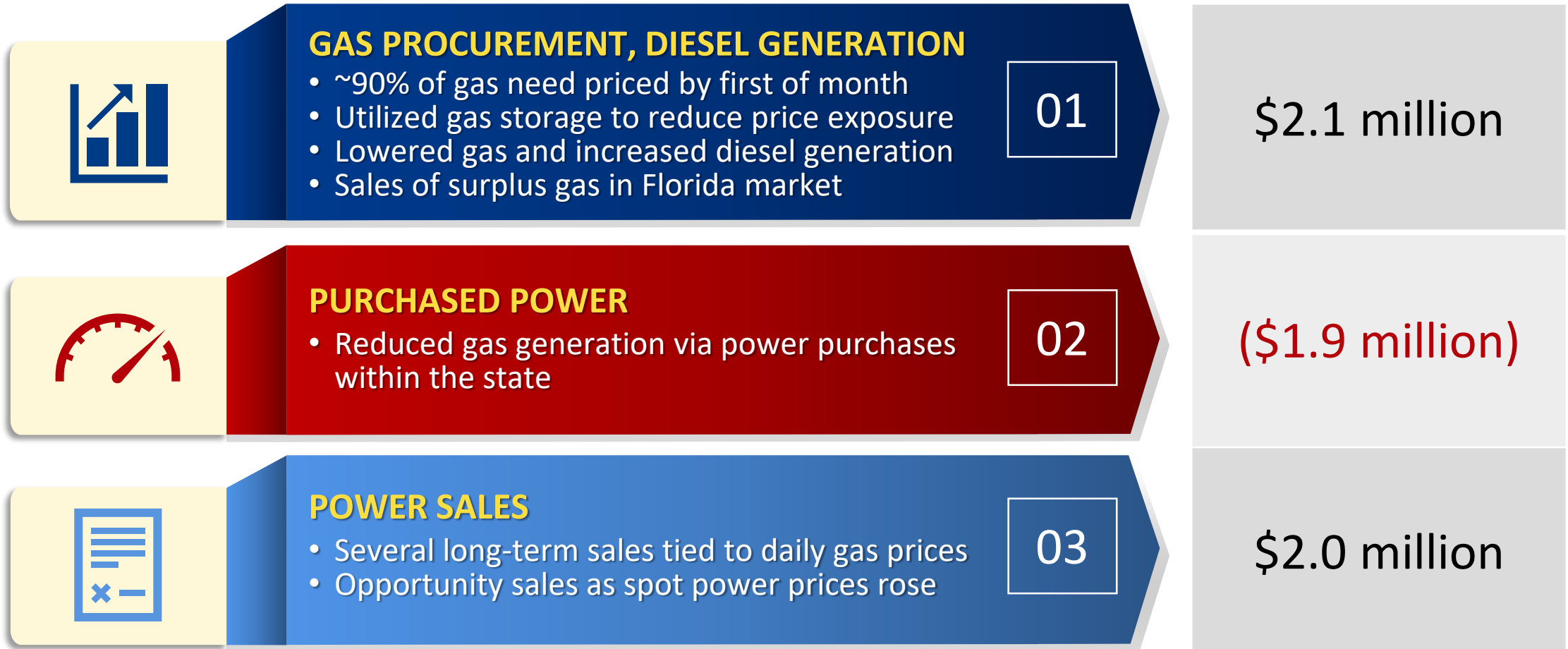




Financial Impact of Polar Vortex on FMIPA's All-Requirements Project (ARP)

Polar Vortex Resulted in \$2 Million Net Margin to ARP

Strong Risk Management, Good Partners Keys to Success



**AGENDA ITEM 5 – INFORMATION
ITEMS**

b. Florida Legislative Update

**Policy Makers Liaisons Committee Meeting
April 14, 2021**

HB 1239 by Rep. Tomkow and SB 1592 by Sen. Burgess are direct attacks on municipal electric utilities and our infrastructure to the direct financial benefit of private telecommunications and broadband service providers.

- Florida’s municipal electric utilities support the goal of ensuring every Floridian has access to broadband. Florida ranks 5th in broadband connectivity in the nation and is home to 220 internet providers.
- This legislation requires municipal electric utilities to subsidize out-of-state, for-profit companies seeking new customers in areas of Florida through higher electric rates.
- This legislation claims to deploy broadband into rural, underserved areas by stating that “as many as 804,000 lack access to the (broadband) services, particularly in rural areas where the cost to deploy facilities is significantly higher than in more densely populated areas.” However, rural electric cooperatives and investor-owned utilities – both of which serve significant rural portions of the state – are completely left out of the legislation.
- HB 1239 and SB 1592 claim that lower pole attachment fees statewide are necessary to attract private investment. Underserved areas are not lacking broadband because attachment rates are high; these areas lack connectivity because the population density – or potential customers – in those areas is too low, which increases costs associated with deploying broadband to those areas, while also reducing potential profits for private telecommunications companies.
- Pole attachments vary in size, shape and weight, have varying requirements to ensure safety and reliability, and bring varying costs to the utility to bear depending on the type of device. The legislation allows access to all municipal electric utility poles and rights-of-way – at a capped rate – regardless of the size or type of attachment that a private, for-profit company wants to attach, and regardless of the cost to the utility.
- Nearly all make ready and pole replacement/upgrade costs would have to be paid entirely by the municipal electric utility, work completed within limited timeframes, and municipal electric utilities would be prohibited from utilizing utility-specific safety and reliability guidelines or specifications.
- A majority of Florida’s municipal electric utilities are urban communities with most residents having access to broadband from multiple, competitively negotiated providers.
- According to Broadband Now, the five counties with the lowest broadband connectivity in the State of Florida are: Dixie, Bradford, Gilchrist, Holmes and Jefferson, none of which have municipal electric utilities within their boundaries.
- The legislation also permits current attachers to cancel existing pole attachment agreements that were mutually agreed upon by both parties.
- In addition to pole attachment issues, this legislation creates a tax exemption for private telecommunications and cable companies on all their equipment, machinery, software or other infrastructure, including office equipment, creating a huge financial windfall for private companies at the expense of all Florida taxpayers, including municipal electric utility customers.

Amy Zubaly: Broadband bills will not increase access to underserved areas

 floridapolitics.com/archives/413272-amy-zubaly-broadband-bills-will-not-increase-access-to-underserved-areas

March 18, 2021

Guest Author March 18, 2021 6min

Areas lack connectivity because there aren't enough potential customers for private companies to make a profit.

One year ago, all of America began to confront the new reality of a pandemic, including the migration of business and education to the internet. Schools, universities and businesses quickly began to adjust and, just as quickly, deep divisions in internet and broadband access were exposed.

In particular, the disparities in broadband access in urban and suburban areas, as compared to rural parts of the state, were laid bare.

And they were dramatic.

Broadband is almost exclusively provided by private, for-profit cable and telephone companies. Those companies have chosen to provide their services in areas where they can make the most money. Their failure to venture out to Florida's sparsely populated rural areas is a decision based on profitability.

Similarly, in the early part of the 20th century, electricity – just like broadband now – was becoming a necessity for modern life.

The electric utility monopolies of the time engaged in anticompetitive behavior and made decisions on which areas to serve based on profit, which led to the creation of municipal electric utilities and rural electric cooperatives.

Now, the 33 Florida municipal utilities that stepped in to fill the breach 100 years ago to provide electricity to cities ranging in size from Moore Haven to Jacksonville are the targets of eerily comparable anticompetitive behavior in the form of **HB 1239** and **SB 1592**.

This legislation would require municipal electric utility customers to subsidize out-of-state, for-profit companies with no promises to deliver broadband to rural, underserved areas.

Broadband and telecommunications companies use electric utility infrastructure to attach their devices as a means of delivering services. SB 1592/HB 1239 claims that lower pole attachment fees statewide are necessary to attract private investment and bring broadband



access to underserved communities.

Pole attachments come in various sizes, shapes and weights, have varying requirements to ensure safety and reliability, and bring varying costs to the utility depending on the type of device. This legislation would require municipal electric utilities to provide private companies with unfettered access to their poles at a capped rate no matter the actual costs, therefore subsidizing these giant, for-profit companies.

At the same time, this legislation would allow these same companies to enjoy a huge financial windfall thanks to a new tax break.

Equally disconcerting for Florida residents are minimum safety standards found in the bill that will prevent municipal electric utilities from implementing hurricane and wind event safety precautions.

Florida's municipal electric utilities fully support the overarching goal to provide high-speed broadband and internet access to all our customers. A large majority of these municipalities are urban communities where residents can choose from multiple high-speed broadband providers.

However, there are also several small municipal electric utilities proudly serving more rural communities, including Havana, Blountstown, Fort Meade and Wauchula. Residents in these communities do not enjoy the same connectivity.

Oddly, the bills do not require the same subsidies from customers of Florida's 16 rural electric cooperatives, who are far more underserved with broadband than are customers of municipal electric utilities.

Underserved communities are not lacking broadband because attachment rates are high. These areas lack connectivity because there aren't enough potential customers for these private companies to make a profit.

Florida's broadband urban versus rural gap is real and concerning.

Unfortunately, beyond a money grab by major private-sector companies, these bills do nothing to help the Floridians who most need greater access to broadband.

Amy Zubaly is the executive director of the Florida Municipal Electric Association.



Publisher: Peter Schorsch

Email: Peter@FloridaPolitics.com

Phone: (727) 642-3162

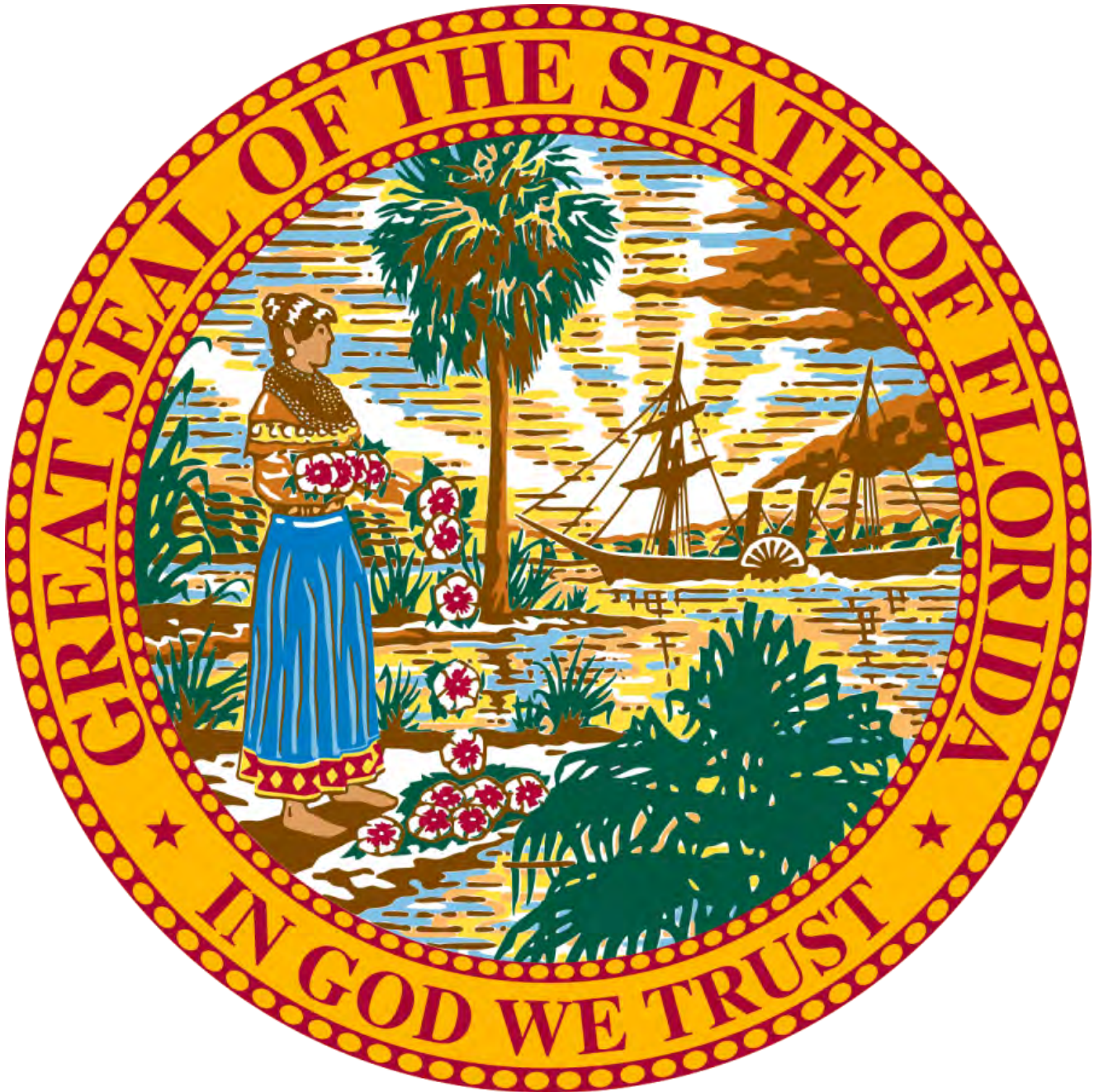
Address: 204 37th Avenue North #182

St. Petersburg, Florida 33704

Charter Spectrum Pushes Florida Law That Would Preempt Local Authority and Increase Burden on Municipal Electric Ratepayers

muninetworks.org/content/charter-spectrum-pushes-florida-law-would-preempt-local-authority-and-increase-burden

Mon, April 5, 2021 | Posted by [Jericho Casper](#)



A pair of bills making the rounds through Florida's state legislature are an attack on the state's urban municipal electric utility ratepayers to the financial benefit of big cable monopolies, under the guise of expanding rural broadband.

H.B. 1239 and S.B. 1592 read like regulatory wishlists for Florida's big Internet service providers. Word around the capitol is that the bills are heavily influenced by Charter Spectrum, the major incumbent cable Internet provider in the region (insiders also noted in an interview that it was sponsored by the Florida Internet and Television Association, of which Charter and Comcast are members).

H.B. 1239/S.B. 1592 would require municipal electric utilities to provide private companies with access to their poles at a capped rate, though the cost of attaching new telecommunications infrastructure differs based on size, shape, and weight. Florida's municipal electric utilities, and their ratepayers, would be burdened with any additional costs that surpass the capped rate.

The bills would further require electric utilities to reengineer utility poles to accommodate broadband providers' attachment requests within 90 days of receiving them. In some instances, municipal electric utilities would be forced to cover the full costs of pole replacements, rather than the new attacher.

At ILSR, we are concerned that make-ready policies do discourage competition and we have encouraged streamlined access and consistent, fair rates to ensure Internet service providers can pursue efficient deployment. However, this bill would force electric ratepayers, including residents and local businesses, to shoulder more of the burden for private firms like Charter Spectrum and AT&T with the latter avoiding paying their fair share of attachment costs.

H.B. 1239/S.B. 1592 are moving quickly through Florida's House and Senate, with each having three committees of reference under their belt. As Florida's legislature wraps up the fourth week of a 60-day session, many are fearful some version of the bills will pass before it's set to adjourn April 30.

Arguments We've Heard Before

H.B. 1239 and S.B. 1592 employ an argument that large, for-profit ISPs have long used as an excuse to avoid venturing into rural America: that fees charged by public power systems and electric cooperatives to attach network infrastructure to power poles are too high. The bills assert that lower pole attachment fees statewide would attract private investment to Florida's underserved communities. This is in spite of the fact that a recent white paper by NRECA finds that is not the case. Offers by co-ops to forgo pole attachment fees in exchange for ISPs delivering broadband access have been largely ignored.

The bills' supposed efforts to close Florida's broadband gaps are also disingenuous, as they do not require the same subsidization of pole attachment fees from the subscribers of Florida's 16 rural cooperatives as they do from subscribers of Florida's municipal electric

utilities located in more urban regions.

H.B. 1239's and S.B. 1592's exclusion of Florida's other pole owners is an indication of the bills' true intent: to shift make-ready costs on utility pole attachments from incumbent ISPs to electric ratepayers in the highly populated regions of Florida that they already serve.

The five counties with the lowest broadband connectivity in Florida are: Dixie, Bradford, Gilchrist, Holmes and Jefferson, none of which have municipal electric utilities within their boundaries.

The simple fact is that if one had to pick whether to focus policy changes on areas within or outside of municipal electric territories, the far greater need for broadband investment is outside of them.

Bills Encroach on Local Rights More Than the FCC is Willing To

The boldness of H.B. 1239 and S.B. 1592 are surprising to even some of the most well-versed in electric utility lobbying. Florida Municipal Electric Association Executive Director Amy Zubaly called the bills "an overreach and appalling."



She was most shocked by a tax exemption the legislation as proposed that would exempt private telecommunications and cable companies from being taxed on the majority of equipment they purchase, down to office supplies. This would "create a huge financial windfall for private companies at the expense of all Florida taxpayers, including municipal electric utility customers," Zubaly said. (S.B. 1592 was amended to partially remove egregious tax exemptions by the State Senate Finance and Tax Committee on March 30.)

Sean Stokes of the law firm Keller and Heckman was similarly astounded to hear the legislation would permit current attachers to cancel existing pole attachment agreements. In an interview he said the bills would also negate local policies by stripping utilities of their rights to prohibit broadband providers from using boxing techniques, extension arms, temporary attachments and other attachment techniques [pdf] allowed by the National Electrical Safety Code.

Stokes argued that there is no precedent for this, noting that the Federal Communications Commission has already considered and rejected many of these ideas. "The FCC allows a utility to require compliance with the utility's engineering practices as long as they are applied in a non-discriminatory manner," said Stokes. "If the utility does not allow the use of attachment techniques, such as boxing, by anyone, including the utility itself, then that is a permissible limitation."

The implications of this bill are severe - from public safety to shifting costs from a profitable cable monopolies to electric ratepayers without any commitment to ensure new investment in broadband Internet access to anyone.

**AGENDA ITEM 5 – INFORMATION
ITEMS**

**c. Estimated Impact of CLEAN Future
Act Draft Legislation**

**Policy Makers Liaisons Committee Meeting
April 14, 2021**



5c – Estimated Impact of CLEAN Future Act Draft Legislation

Policy Makers Liaisons Committee

April 14, 2021

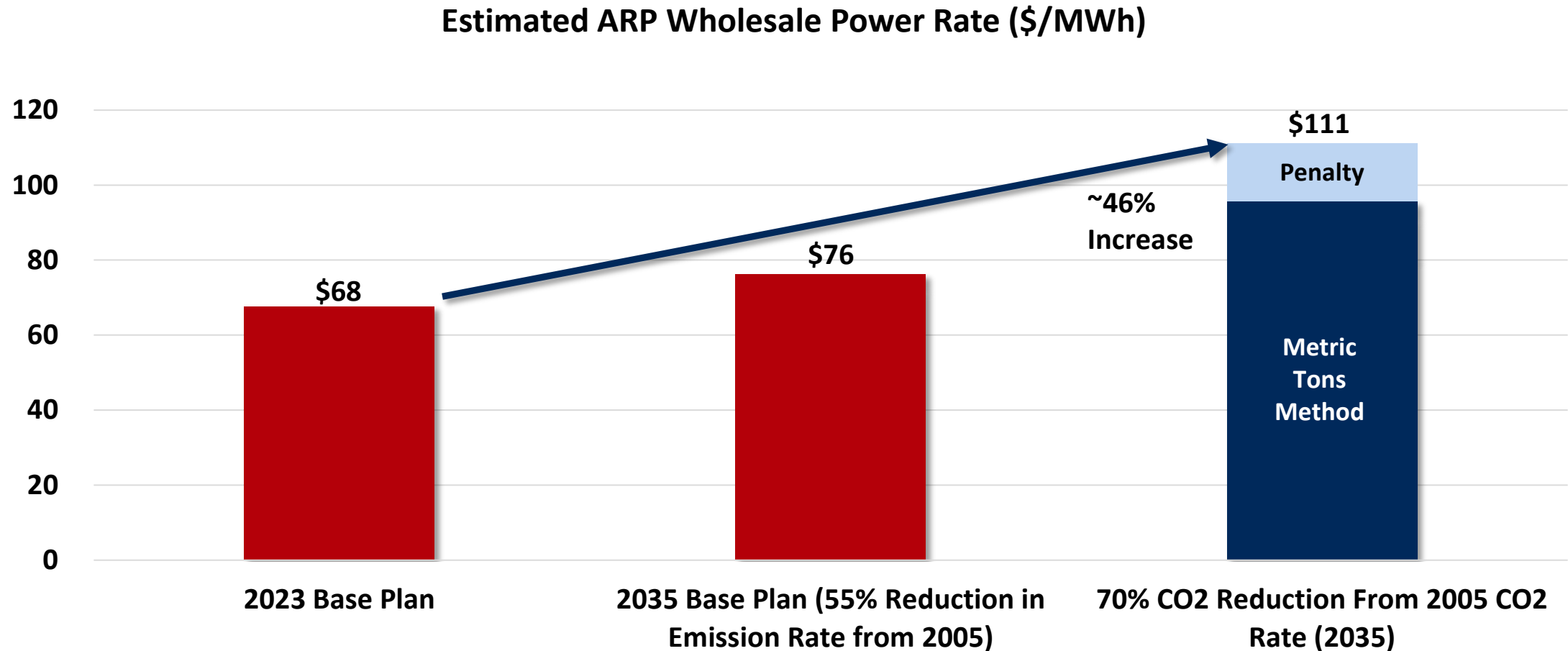
CLEAN Futures Increase Cost ~30-80% vs. Base by 2035

Costs After 2040 Increase 200%–300% as Net-Zero Must Be Reached

- Proposed CLEAN Futures Act sets Clean Electricity Standard of 80% by 2030 and 100% by 2035, with Alternative Compliance Payments (ACP) for non-compliance ending 2040
- ACP set at \$40/Mton* of CO2 in 2023 (~\$10/MWh to gas generation costs), escalating to \$70-100/Mton by 2035 depending on inflation
- ARP could achieve 70% CO2 reduction vs. 2005 rates with significant ACP purchases for the remainder in 2035. ARP costs would increase ~30%-60% above base case as a function of:
 - Adding ~1,200 MW of solar to generate majority of daily energy
 - Retaining gas capacity as backup for reliability, operating very inefficiently and increased transmission
- Post 2040, with no ACP available, cost would increase by 200%-300% from 2023 levels in order to achieve net-zero emissions
- Numerous uncertainties in Act need clarification and could have significant impacts
- ~1,000-page legislation – much detail to review

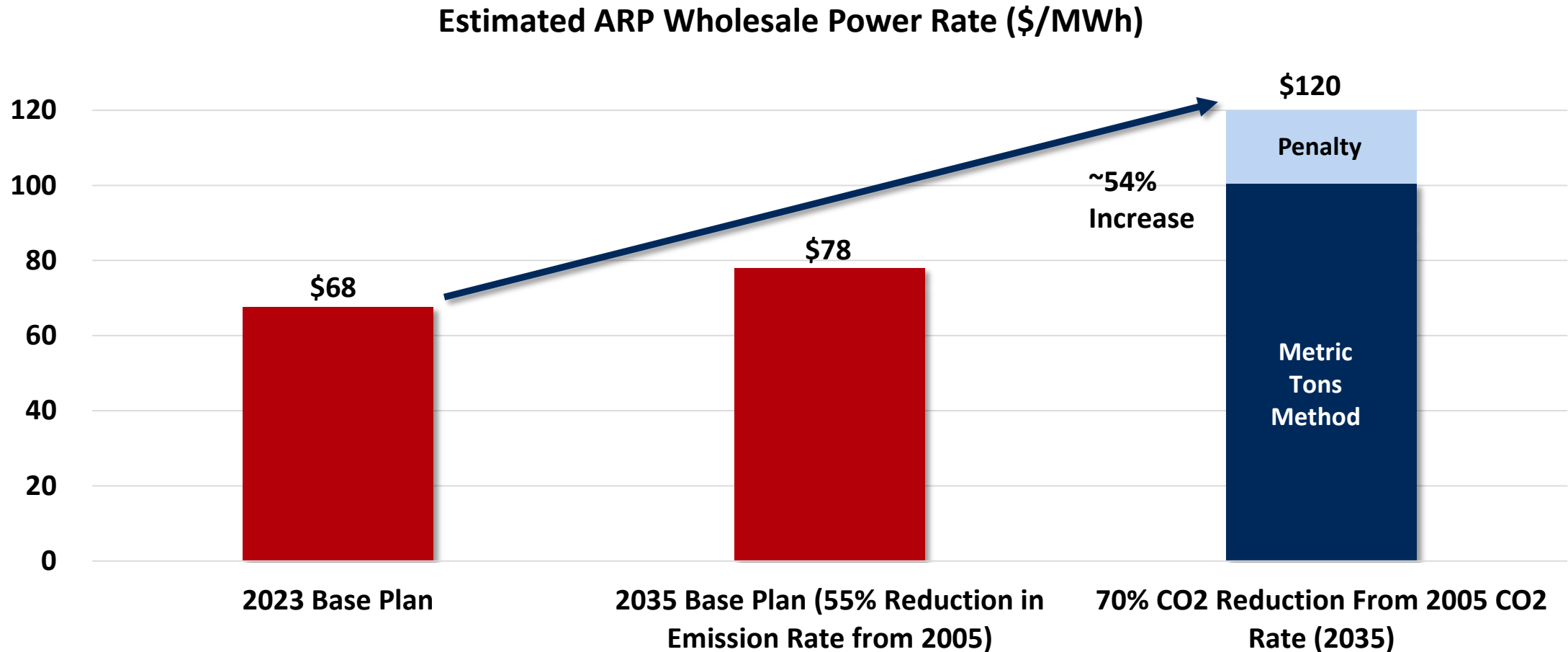
3% Inflation Likely Given Recent Trends

Money in Circulation Could Raise Inflation Materially



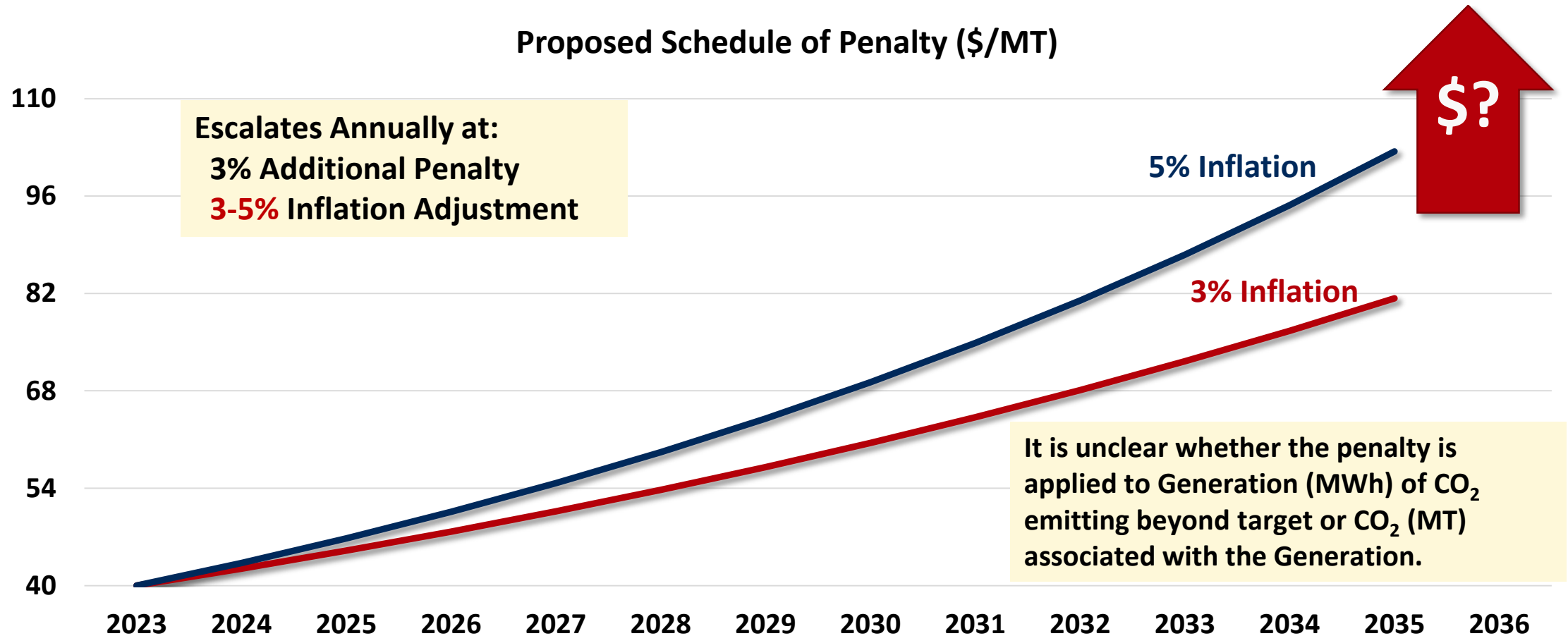
5% Inflation Sensitivity Increases Cost

Money in Circulation Could Raise Inflation Materially



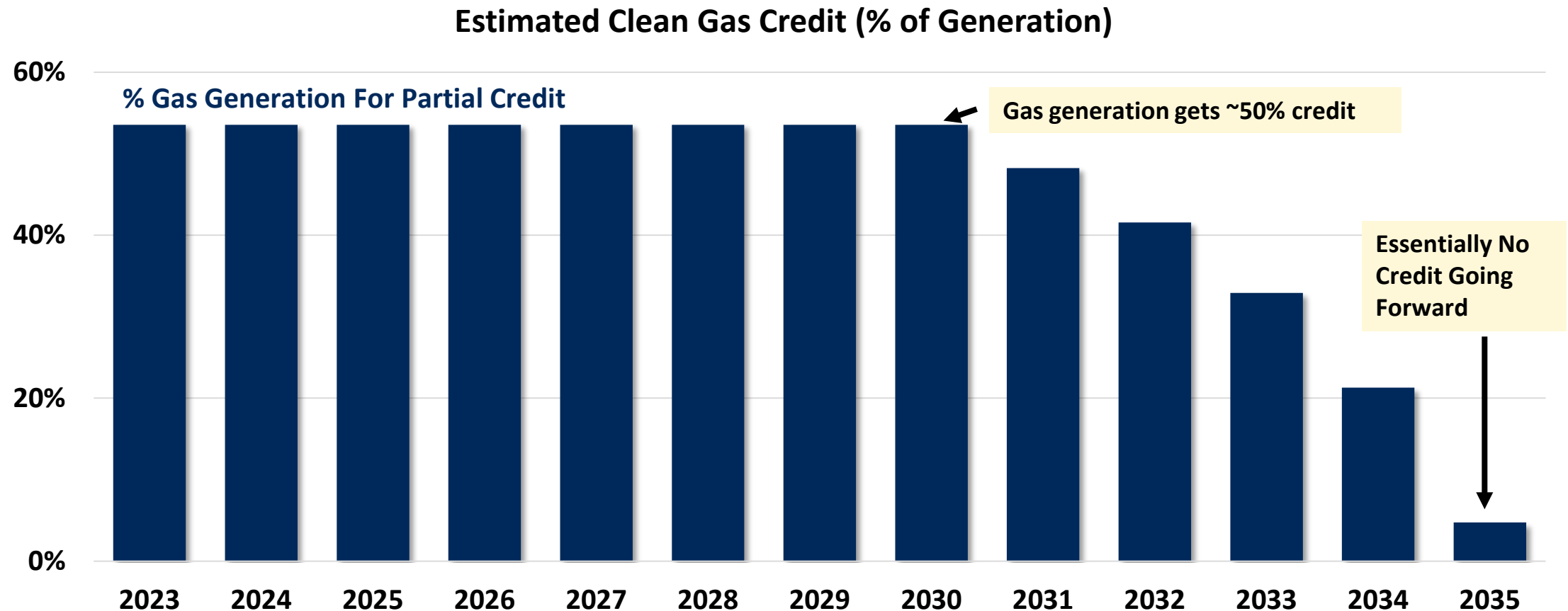
ACP Implementation Critical to Capping Cost Increase

Significant Risk with High Inflation Potential over Next Decade



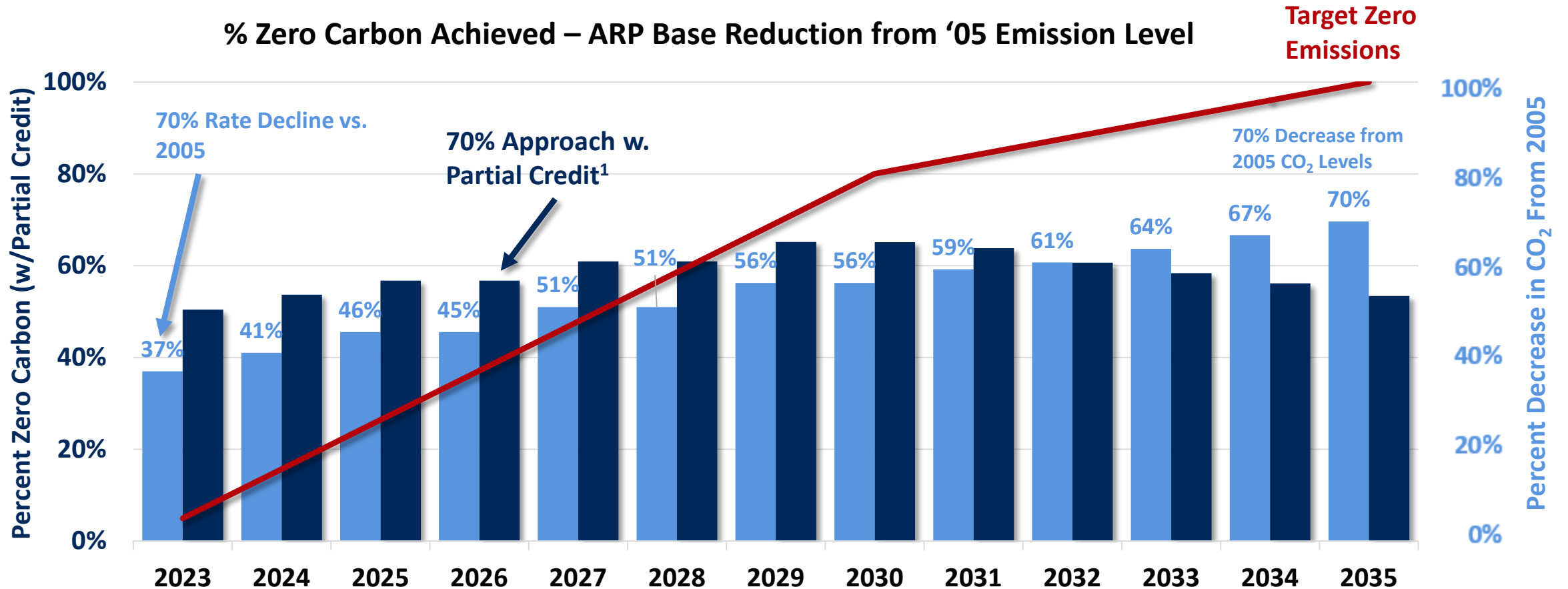
Gas Resources Receive Partial Credit During Transition

Clean Gas Credit Ramps Down Materially After 2030



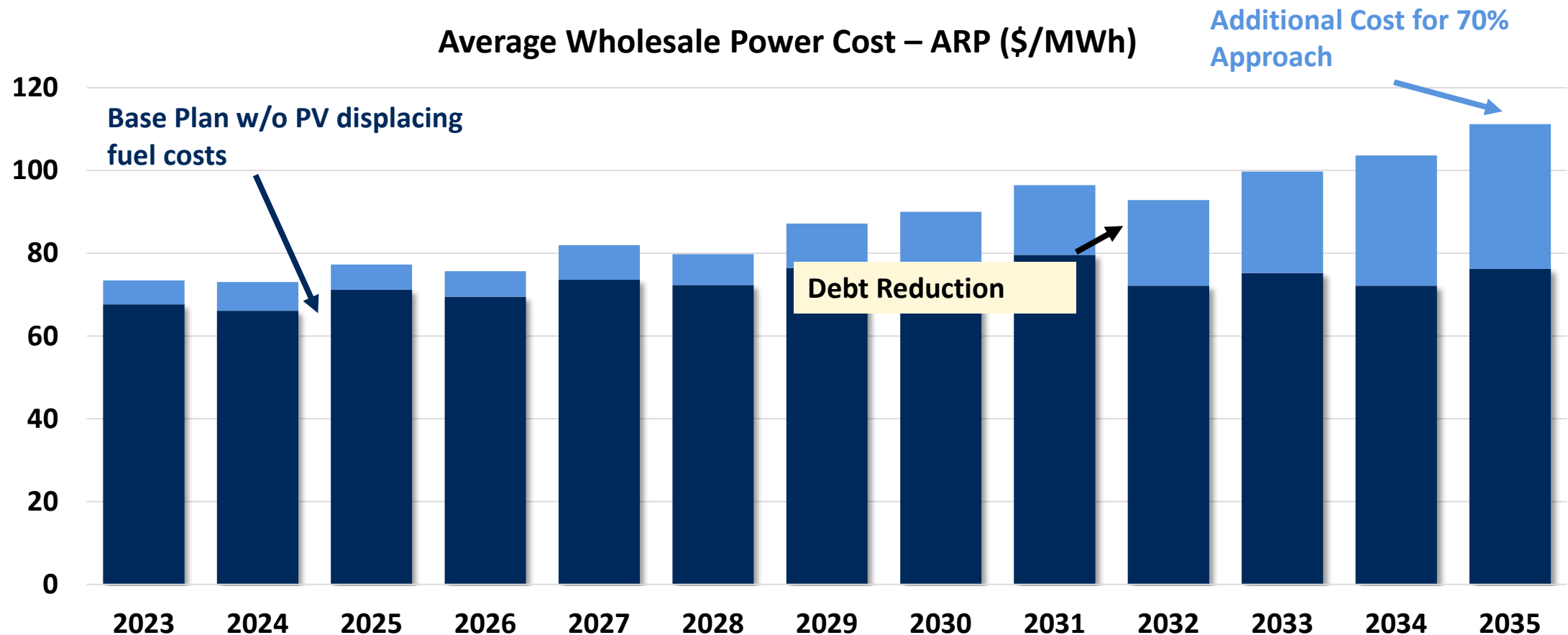
Base Plan Only Compliant Through ~2027

Post 2027, Purchases of ACP Critical to Cost Effectively Meeting Goal



Base Plan Rates Stable With Debt Payoff*

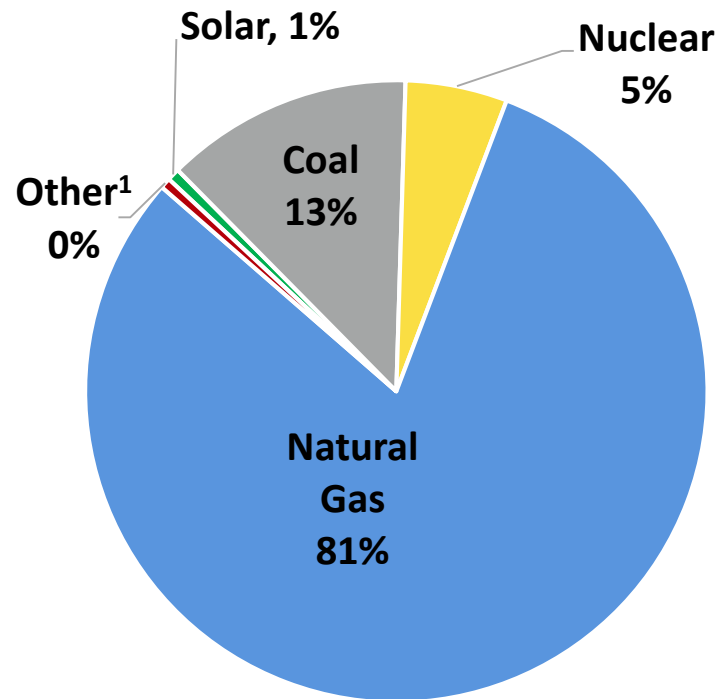
Can Add ~450 MW More PV with Reasonable Cost Stability



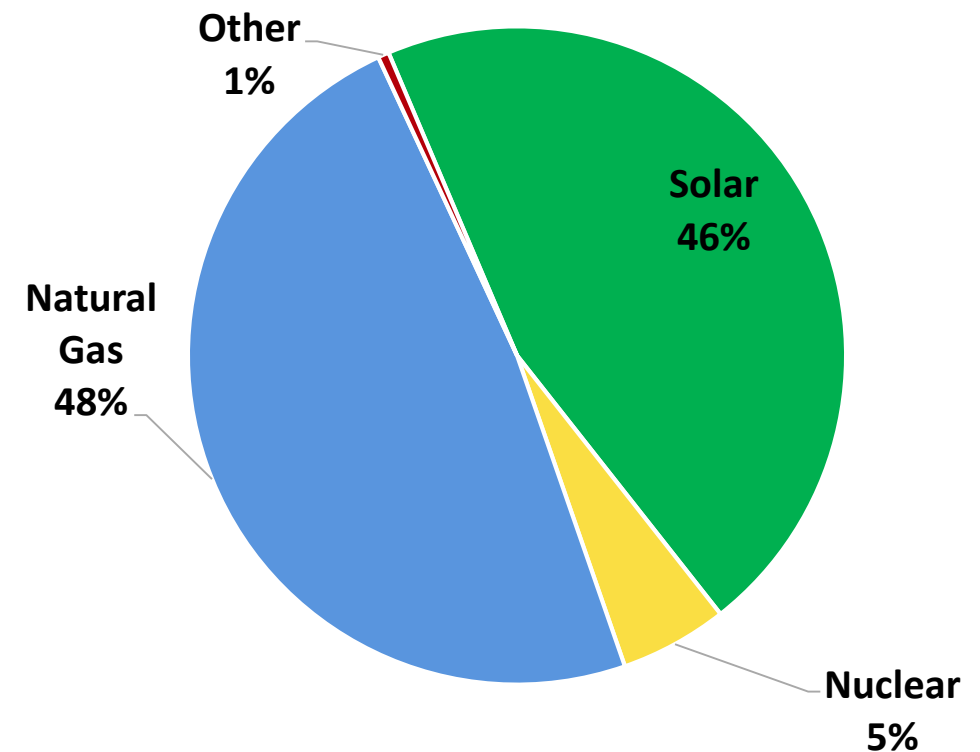
70% CO₂ Reduction from 2005, Large PV Investment

Natural Gas <50% of Energy Mix but a Backstop for Reliability

FMPA Today (Energy) (CY20)



FMPA 2035 (Energy)

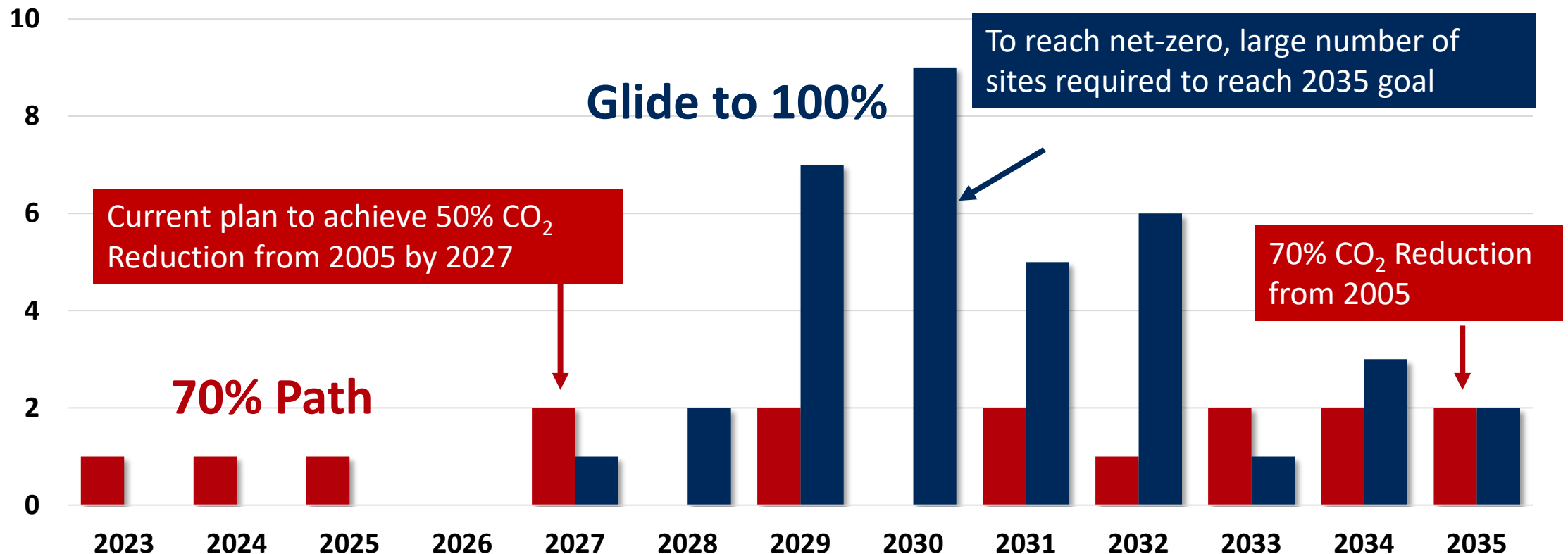


Large Investments in Solar Require Pre-Planning

70% of 2005 Requires ~1,200 MW PV, Compliance ~2,700 MW

Impact For Florida Much Greater - FRCC Peak is ~33x FMPA's²

Number of 74.5 MW PV Sites¹ / Year



Cost Increases Driven on Multiple Fronts

PV Displaces Natural Gas Generation But Gas Capacity Needed

- Cost increase drivers:
 - Increasing solar by 750 MW beyond base plan of 450MW solar, some storage will be needed
 - Increased transmission investment to support new solar
 - ACP payments covering 48% of thermal generation in the 70% reduction scenario
 - Remaining gas generation operates at very inefficient levels, with much cycling leading to higher O&M costs
- Capital cost and timing of solar, including land and transmission, highly uncertain in race to build solar nationally, challenging siting and permitting processes
- Most natural gas/diesel generation capacity still needed for cloudy days scenario
- Additional ancillary services of more spinning and fast start units not included – would raise cost even further

Draft FMPA Priorities for Legislation Adjustments

Several Changes Desired, Unknown What Can Be Accomplished

- Slow Ramp - of net-zero goal to 2050 from 2035, practically not doable by 2035 and very costly to customers if attempted
- Regionalize Reduction Goals - taking into account current emission rates, renewables availability in a region and regional consumer cost impacts
- Cap on Regional Electricity Prices Increases - that slow implementation plans if regional prices rise above certain escalation rate
 - Alternatively extend ACP option through 2049 and remove inflation escalation from ACP
- Reliability Off-Ramp – if regional supply reliability declines, ramp of emission reductions would be delayed until infrastructure can be put in place to ensure reliability
- ACP Funds – should be available to regional utilities who need support in achieving emission reduction targets while keeping power costs affordable to all consumers including fixed and low income
- Significant National and International influences in Legislation will make changes challenging

**AGENDA ITEM 5 – INFORMATION
ITEMS**

**d. Follow Up from FMPA’s Strategic
Planning Workshop**

**Policy Makers Liaisons Committee Meeting
April 14, 2021**



5d – Follow Up from FMIPA’s Strategic Planning Workshop

Policy Makers Liaisons Committee

April 14, 2021

FMPA's Vision and Mission

No Recommended Changes

VISION

To sustainably be the lowest cost, reliable and clean wholesale power provider in Florida.

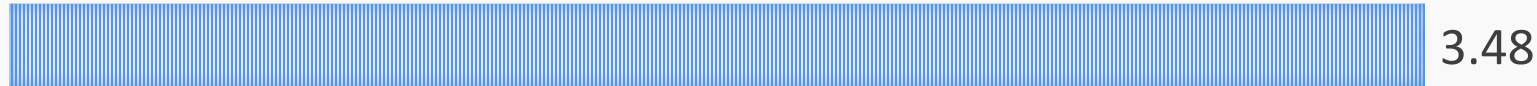
MISSION

To provide low-cost, reliable and clean power plus value-added services for FMPA's owner-customers that benefit their communities and customers.

Top Five Board Ranked Strategic Priorities (slide 1/2)

Average Score as Ranked by Members, 5 Being Highest

- 1. Power Costs:** Lower controllable wholesale power costs for all power supply projects



- 2. Stanton Optimization:** Work with our partner to reduce power costs and emissions from Stanton coal-fired units



21 members responded

Top Five Board Ranked Strategic Priorities (slide 2/2)

Average Score as Ranked by Members, 5 Being Highest

- 3. Member Services:** Evaluate FMPA's human resource requirements to maintain responsive services and/or expand to meet new initiatives



- 4. Transmission Costs:** Develop alternatives to address increasing transmission costs through Pool expansion & associate transmission ties



- 5. Clean Energy:** Evaluate additional solar/storage resources to support customer desires and/or meet additional emission targets



Next Actions for Board Strategic Priorities

| Board Strategic Priorities | Next Actions |
|---|---|
| 1. Power Cost Reductions | Continue to push for cost reductions while balancing reliability and clean power needs (pre-paid gas, capital structure, Stanton, etc.) |
| 2. Stanton Optimization | Work with OUC to reduce costs and 1) have Stanton conversion occur sooner than current stated goal, 2) have fewer MWh from Stanton, and 3) reduce long-term fixed costs |
| 3. Member Services Expansion | Evaluating additional staffing requirements to maintain/expand responsive member services. Discuss services and current charging method with MSAC to be in sync for 2022 Budget |
| 4. Transmission Costs Management | Look for beneficial transmission ties that would support a larger Florida Municipal Power Pool and lower or mitigate cost increases |
| 5. Clean Energy Expansion | Begin exploring interests in an additional solar project for the 2025-2027 timeframe from all FMPPA members |

Top Three Priorities for All-Requirements Project

Average Score from Executive Committee, 5 Being Highest

- 1. Pool Enhancements:** Consider FMPP operational improvements to reduce costs and increase reliability with growth of intermittent resources, as well as consider structural changes that create value through Pool expansion



- 2. Energy Storage:** Evaluate an energy storage project in Key West that mitigates tie line limitations, supplements capacity and adds ancillary value for ARP



- 3. Load Management:** Create low- or no-cost demand-side management program to meet peak and defer capacity additions



Next Actions for ARP Strategic Priorities

| ARP Strategic Priorities | Next Actions |
|--|--|
| 1. Pool Enhancements | Engage in FMPP strategic planning effort to improve operational performance to reduce costs and prepare for solar additions. Engage with larger FL Public Power and Cooperative effort to understand value of larger “Pool” in the state |
| 2. Energy Storage for Keys Transmission Constraints | Explore costs and operational implications for energy storage to mitigate upcoming Keys Energy transmission constraints working with Keys Energy. Conduct EC workshop. Conduct RFI to prepare for EC and Keys Energy potential decisions in 2022 |
| 3. Load Management | Understand no- and low-cost “Load Management” opportunities members have that may be used by FMPPA to add value to Members via excess capacity sales. Workshop to be held with Executive Committee in April 2021 to discussion expansion of the effort |

AGENDA ITEM 6 – MEMBER COMMENTS

**Policy Makers Liaisons Committee Meeting
April 14, 2021**

AGENDA ITEM 7 – ANNOUNCEMENTS

- a. Next Meeting: Thursday, July 22, 2021 at
Hyatt Grande Beach Resort, 475 Seagate Dr.,
Naples, FL**

**Policy Makers Liaisons Committee Meeting
April 14, 2021**

AGENDA ITEM 8 – ADJOURN

**Policy Makers Liaisons Committee Meeting
April 14, 2021**