



## **ARP EXECUTIVE COMMITTEE AGENDA PACKAGE**

**NOVEMBER 18, 2021**

**9:15 a.m. [NOTE TIME] (or immediately  
following the Board of Directors Meeting)**

**Dial-in info 877-668-4493 or 650-479-3208**

**Meeting Number: 180 246 1343#**

**Meeting Password: 8553**

### **Committee Members**

Howard McKinnon, Havana - Chairman

Lynne Tejeda, Key West – Vice Chairwoman

Jody Young, Bushnell

Lynne Mila, Clewiston

Jan Bagnall, Fort Meade

Paul Jakubczak, Fort Pierce

Robert Page, Green Cove Springs

Allen Putnam, Jacksonville Beach

Larry Mattern, Kissimmee

Brad Chase, Leesburg

Bill Conrad, Newberry

Randy Hahn, Ocala

John Holman, Starke

### **Meeting Location**

**Florida Municipal Power Agency**

**8553 Commodity Circle**

**Orlando, FL 32819**

**(407) 355-7767**



# MEMORANDUM

TO: FMPA Executive Committee  
 FROM: Jacob A. Williams, General Manager and CEO  
 DATE: November 9, 2021  
 RE: FMPA Executive Committee Meeting  
**Thursday, November 18, 2021 at 9:15 a.m. [NOTE TIME]**  
 (or immediately following the Board of Directors meeting)  
 PLACE: Florida Municipal Power Agency  
 8553 Commodity Circle, Orlando, FL 32819  
 Fredrick M. Bryant Board Room

**DIAL-IN: (877) 668-4493 or 650-479-3208, Meeting Number 180 246 1343#  
 PASSWORD 8553#**

**(If you have trouble connecting via phone or internet, call 407-355-7767)**

Chairman Howard McKinnon, Presiding

## AGENDA

1. Call to Order, Roll Call, Declaration of Quorum .....	4
2. Set Agenda (by vote) .....	5
3. Recognition of Guest .....	6
4. Public Comments (Individual public comments limited to 3 minutes) .....	7
5. Comments from the Chairman (Howard McKinnon) .....	8
6. Report from the General Manager (Jacob Williams) .....	9
7. Consent Agenda	
a. Approval of Meeting Minutes – Meetings Held October 21, 2021 and ARP Telephonic Rate Workshop Held October 12, 2021 .....	11
b. Approval of Treasury Reports – As of September 30, 2021 .....	18
c. Approval of the Agency and All-Requirements Project Financials as of September 30, 2021 .....	22
d. ARP 12-month Capacity Reserve Margin Report .....	24

**8. Action Items**

a. None ..... 25

**9. Information Items**

a. Winter Capacity Situation and Winterization Efforts (Ken Rutter) ..... 28  
b. Update on Stock Island Discharge (Ken Rutter) ..... 39  
c. Upgrade & Asset Capacity Alternatives (Navid Nowakhtar) ..... 46  
d. Demand Management Phase I Survey Results (Navid Nowakhtar) ..... 59  
e. Solar Phase III ARP Discussion (Chris Gowder) ..... 68  
f. Transco Pipeline Capacity Release to Lakeland (Chris Gowder) ..... 74  
g. Insurance Broker Selection \* (Rich Popp) ..... 80

**10. Member Comments** ..... 84

**11. Adjournment** ..... 85

**\*Item also on the Board of Directors Agenda.**

**\*\* Item(s) Subject to Super Majority Vote**

NOTE: One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or (888) 774-7606, at least two (2) business days in advance to make appropriate arrangements.

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

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 2 – Set Agenda (by  
Vote)**

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 3 – RECOGNITION OF  
GUESTS**

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 4 – PUBLIC  
COMMENTS (INDIVIDUAL  
COMMENTS TO BE LIMITED TO 3  
MINUTES)**

**Executive Committee  
November 18, 2021**

# **VERBAL REPORT**

## **AGENDA ITEM 5 – COMMENTS FROM THE CHAIRMAN**

**Executive Committee  
November 18, 2021**



# **VERBAL REPORT**

**AGENDA ITEM 6 – REPORT FROM  
THE GENERAL MANAGER**

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- a. Approval of the Minutes –  
Meetings Help September October  
21, 2021 and ARP Telephonic Rate  
Workshop Help October 12, 2021**

**Executive Committee  
November 18, 2021**

CLERKS DULY NOTIFIED ..... OCTOBER 12, 2021  
AGENDA PACKAGES POSTED ..... OCTOBER 12, 2021

**MINUTE NOTES  
EXECUTIVE COMMITTEE MEETING  
THURSDAY OCTOBER 21, 2021  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FL 32819**

**PARTICIPANTS  
PRESENT:**

Jody Young, Bushnell  
David Lord, Fort Meade  
Paul Jakubczak, Fort Pierce  
Bob Page, Green Cove Springs  
Howard McKinnon, Havana  
Allen Putnam, Jacksonville Beach  
Lynne Tejeda, Key West  
Larry Mattern, Kissimmee  
Mike New, Newberry (via telephone)  
Randy Hahn, Ocala (via telephone)

**OTHERS  
PRESENT**

Steve Macholz, Bushnell  
John Tompeck, Fort Pierce

Ed Liberty, Lake Worth Beach

**STAFF  
PRESENT**

Jacob Williams, General Manager and CEO  
Jody Finklea, General Counsel and Chief Legal Officer  
Ken Rutter, Chief Operating Officer  
Linda Howard, Chief Financial Officer  
Chris Gowder, Business Development and System Operations Director  
Dan O'Hagan, Assistant General Counsel and Regulatory  
Compliance Counsel  
Danyel Sullivan Marrero, Controller  
Carl Turner, Engineering Services Director  
Cairo Vanegas, Manager of Member Services Development  
Mike McCleary, Manager of Member Services Development  
Alan O'Heron, Manager of Member Services Development  
Carter Manucy, IT/OT & Cybersecurity Director  
Sharon Adams, Vice President of Human Resources  
and Shared Services  
Sue Utley, Executive Asst. /Asst. Secy. to the Board  
Susan Schumann, Public Relations and External Affairs Manager  
Mark McCain, Vice President of Member Services & Public Relations  
Ryan Dumas, Public Relations Specialist  
Justin Harris, Environmental Engineer

Tobin LaBorde, Plant Engineer

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

Chair Howard McKinnon, Havana, called the FMPA Executive Committee meeting to order at 11:11 a.m., Thursday, October 21, 2021 in the Frederick M. Bryant Board Room at Florida Municipal Power Agency 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 10 members present out of a possible 13.

**ITEM 2 – SET AGENDA (BY VOTE)**

**MOTION:** Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Paul Jakubczak, Fort Pierce, seconded the motion. Motion carried 10 – 0.

**ITEM 3 – RECOGNITION OF GUESTS**

None

**ITEM 4 – PUBLIC COMMENTS**

None

**ITEM 5 – COMMENTS FROM THE CHAIRMAN**

Chairman Howard McKinnon said he gives a lot of accolades to Bill Conrad, Newberry. Bill was always concerned about the ratepayers and the impact of high rates on the members of the Executive Committee. He said Bill was always the one who brought the members together on issues at FMPA. He will be missed.

**ITEM 6 – REPORT FROM GENERAL MANAGER**

Nothing further to report.

**ITEM 7 – CONSENT AGENDA**

**Item 7a – Approval of Meeting Minutes – Meeting Held September 16, 2021 and ARP Telephonic Rate Workshop Held September 14, 2021**

**Item 7b – Approval of the Treasury Reports – As of August 31, 2021**

**Item 7c – Approval of the Preliminary Agency and All-Requirements Project Financials as of August 31, 2021**

**Item 7d – ARP 12-month Capacity Reserve Margin Report**

**MOTION:** Larry Mattern, Kissimmee, moved approval of the Consent Agenda as presented. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 10 – 0.

**ITEM 8 – ACTION ITEMS:**

**a. Approval of Revised Rate Schedule B-1 to be Effective October 1, 2021**

**MOTION:** Allen Putnam, Jacksonville Beach, moved approval of the revised ARP Rate Schedule B-1, effective October 1, 2021. Larry Mattern, Kissimmee, seconded the motion. Motion carried 10 – 0.

**b. Approval of Amendment #1 to Transmission Improvement Cost Sharing Agreement with Keys Energy Services**

**MOTION:** Allen Putnam, Jacksonville Beach, moved approval of Amendment #1 to Transmission Improvement Cost Sharing Agreement with Keys Energy Services and authorize the General Manager to sign the agreement. Paul Jakubczak, Fort Pierce, seconded the motion. Motion carried 10 – 0.

**c. Approval of Spending Authority for Stock Island Event**

**MOTION:** David Lord, Fort Meade, moved approval to authorize General Manager to execute spending, not to exceed \$1,250,000, to continue containment and remediation of Stock Island oil discharge. Jody Young, Bushnell, seconded the motion. Motion carried 10 – 0.

**ITEM 9 – INFORMATION ITEMS:**

**a. Power Purchase Agreement RFP Results**

Chris Gowder presented the results of the power purchase agreement RFP.

**b. Summary of Finance Committee Items**

Linda S. Howard reported on the Finance Committee items that will be coming to the Executive Committee for approval.

**ITEM 10 – Member Comments**

None

**ITEM 11 – Adjournment**

There being no further business, the meeting was adjourned at 12:06 p.m.

\_\_\_\_\_  
Howard McKinnon  
Chairman, Executive Committee

\_\_\_\_\_  
Sue Utley  
Assistant Secretary

Approved: \_\_\_\_\_

Seal

PUBLIC NOTICE SENT TO CLERKS..... OCTOBER 5, 2021  
AGENDA PACKAGES SENT TO MEMBERS ..... OCTOBER 11, 2021

**MINUTES  
EXECUTIVE COMMITTEE  
ALL-REQUIREMENTS POWER SUPPLY PROJECT  
TELEPHONIC RATE WORKSHOP  
TUESDAY, OCTOBER 12, 2021  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FLORIDA 32819**

**COMMITTEE MEMBERS PRESENT VIA TELEPHONE**

Christina Simmons, Bushnell  
Lynne Mila, Clewiston  
Paul Jakubczak, Fort Pierce  
Bob Page, Green Cove Springs  
Larry Mattern, Kissimmee  
Mike New, Newberry  
Maria Brooks, Ocala

\*arrived after roll call.

**COMMITTEE MEMBERS ABSENT**

Jan Bagnell, Fort Meade  
Howard McKinnon, Havana  
Allen Putnam, Jacksonville Beach  
Lynne Tejada, Key West  
Sabrina Hubbell, Leesburg  
Bob Milner, Starke

**STAFF PRESENT**

Linda S. Howard, Chief Financial Officer  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Denise Fuentes, Financial Planning, Budget and Financial Analyst II  
Sue Utley, Executive Assistant to General Manager and CEO / Asst.  
Secy. to the Board  
Ed Nunez, Assistant Treasurer/Debt  
Resaul Misra, Financial & Data Analyst II  
Bianca Scott, Human Resources, Administrative Specialist

**Item 1 – Call to Order**

Larry Mattern, Kissimmee, called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00 p.m. on Tuesday, October 12, 2021, via telephone. A speaker telephone for public attendance and participation was located in the 1<sup>st</sup> Floor Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

**Item 2 – Information Items**

Denise Fuentes gave a verbal update on the natural gas markets; provided an overview of the September loads and reviewed the September ARP rate calculation.

**Item 3 – Member Comments**

There being no further business, the meeting was adjourned at 2:09 p.m.

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Approved

AP/bs



**AGENDA ITEM 7 – CONSENT  
AGENDA**

- b. Approval of Treasury Reports as  
of September 30, 2021**

**Executive Committee  
November 18, 2021**



## AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee  
FROM: Gloria Reyes  
DATE: November 18, 2021  
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of September 30, 2021

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- Introduction
- This report is a quick summary update on the Treasury Department’s functions.
  - The Treasury Department reports for June are posted in the member portal section of FMPA’s website.
- 

Debt Discussion

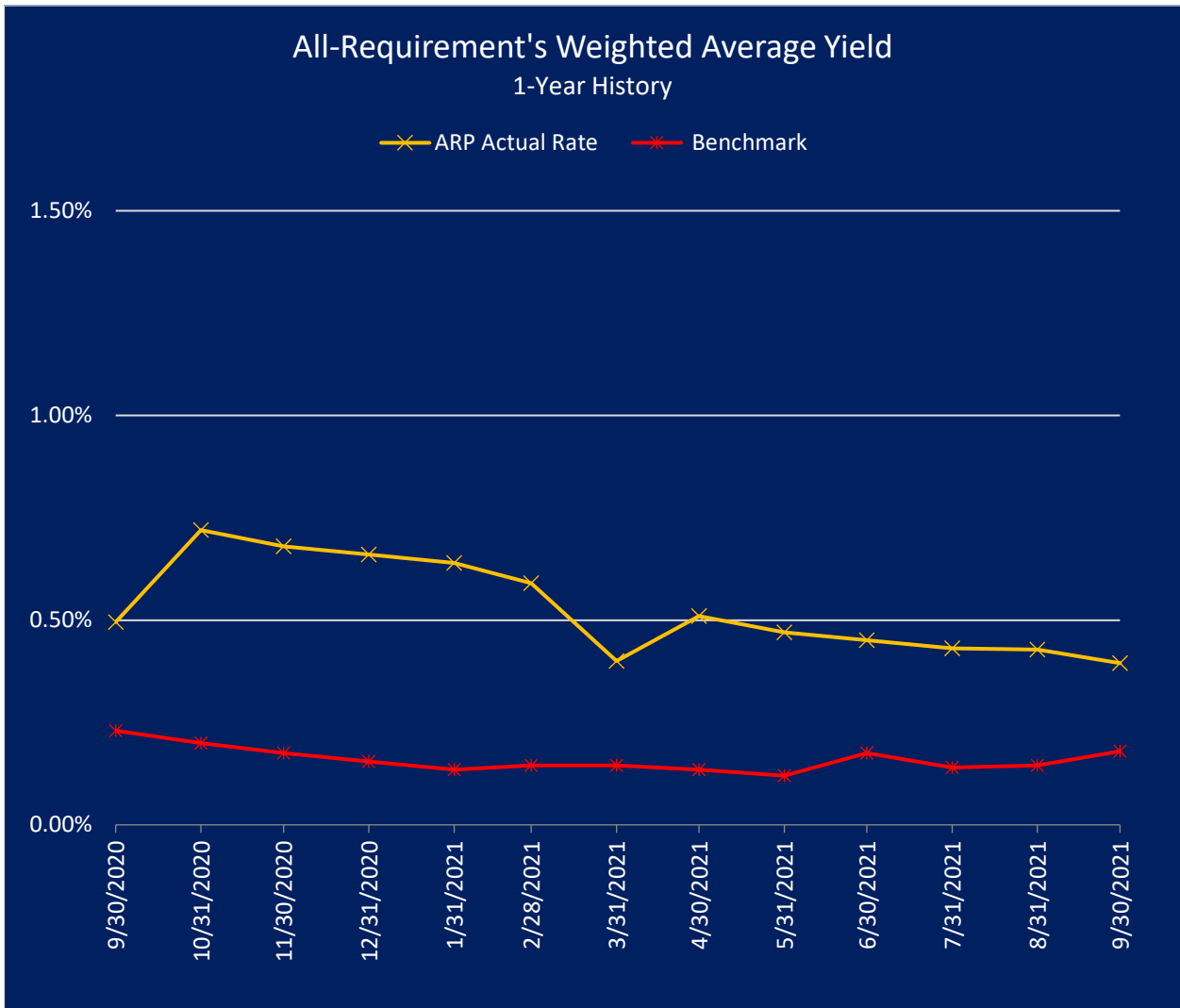
The All-Requirements Project has fixed rate debt. The fixed rate percentage of total debt is 100%. The estimated debt interest funding for fiscal year 2021 as of September 30, 2021 is \$35,118,999.01. The total amount of debt outstanding is \$873,865,000.

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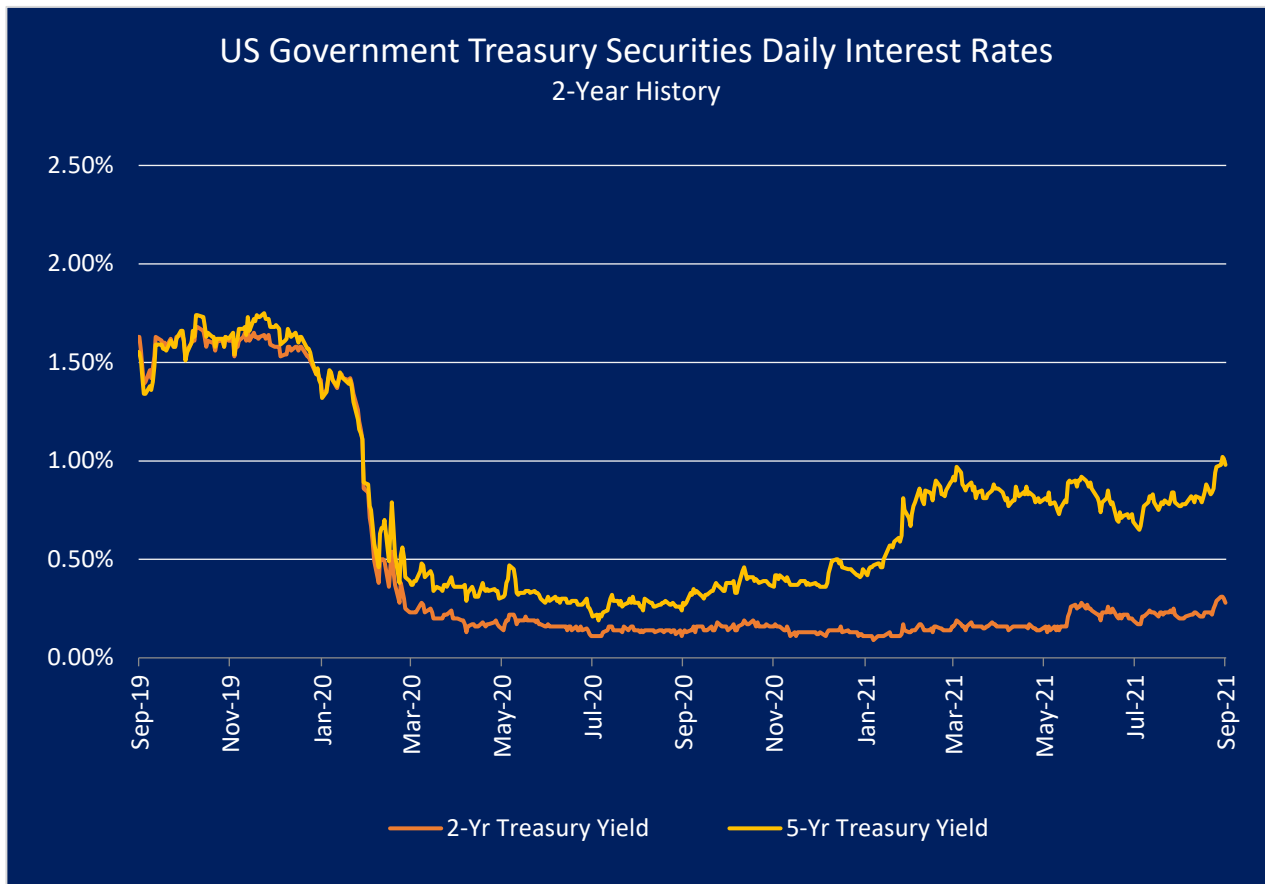
Investment Discussion

The investments in the Project are comprised of debt from the government-sponsored enterprises such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae), as well as investments in U.S. Treasuries, Municipal Bonds, Certificates of Deposits, Corporate Notes, Commercial Paper, Local Government Investment Pools and Money Market Mutual Funds.

As of September 30, 2021, the All-Requirements Project investment portfolio earned a weighted average yield of 0.40%, reflecting the All-Requirements Project need for liquidity. The benchmarks (SBA’s Florida Prime Fund and the 2-year US Treasury Note) and the Project’s yields are graphed below:



Below is a graph of daily US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of September at 0.28 %. The yellow line is the 5-year Treasury which was 0.98%.



The Investment Report for September is posted in the “Member Portal” section of FMPA’s website.

Recommended  
Motion

Move for approval of the Treasury Reports for September 30, 2021

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- c. Approval of the Preliminary  
Agency and All-Requirements  
Project Financials as of  
September 30, 2021**

**Executive Committee  
November 18, 2021**



Linda S. Howard, CPA, CFP  
Chief Financial Officer

## MEMORANDUM

**TO:** FMPA Executive Committee  
**FROM:** Linda Howard  
**DATE:** November 2, 2021  
**SUBJECT:** EC 7c – Approval of the Agency and All-Requirements Project Preliminary Financials for the period ended September 30, 2021

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**Discussion:** The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All- Requirements Project for the period ended September 30, 2021 are posted on the Document Portal section of FMPA’s website.

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**Recommended Motion:** Move approval of the Agency and All-Requirements Project Preliminary Financial reports for the month of September 30, 2021.

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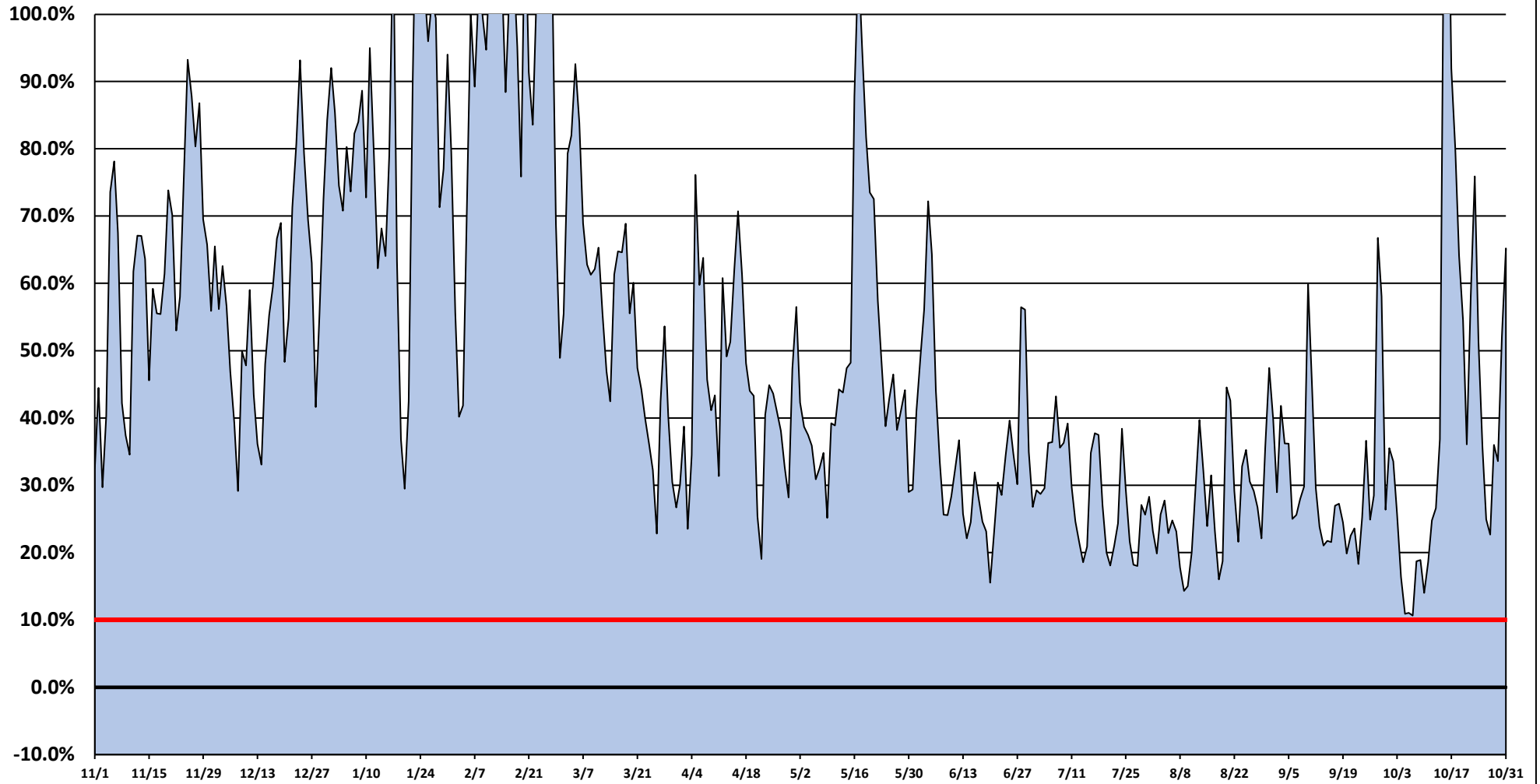
LH/GF

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- d. ARP 12-month Capacity Reserve  
Margin Report**

**Executive Committee  
November 18, 2021**

# ARP Daily Reserve Margins November 2021 through October 2022





**AGENDA ITEM 8 – ACTION ITEMS**

**a. None**

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 8 – ACTION ITEMS**

**a. None**

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**a. Winter Capacity Situation and  
Winterization Efforts**

**Executive Committee  
November 18, 2021**



# 9a - Winter Capacity and Winterization Efforts

Executive Committee

Nov. 18, 2021

# FMPA Planning for Extreme Winter Weather Event

## *Analysis Resulting In Process, Capital and Fuel Modifications*

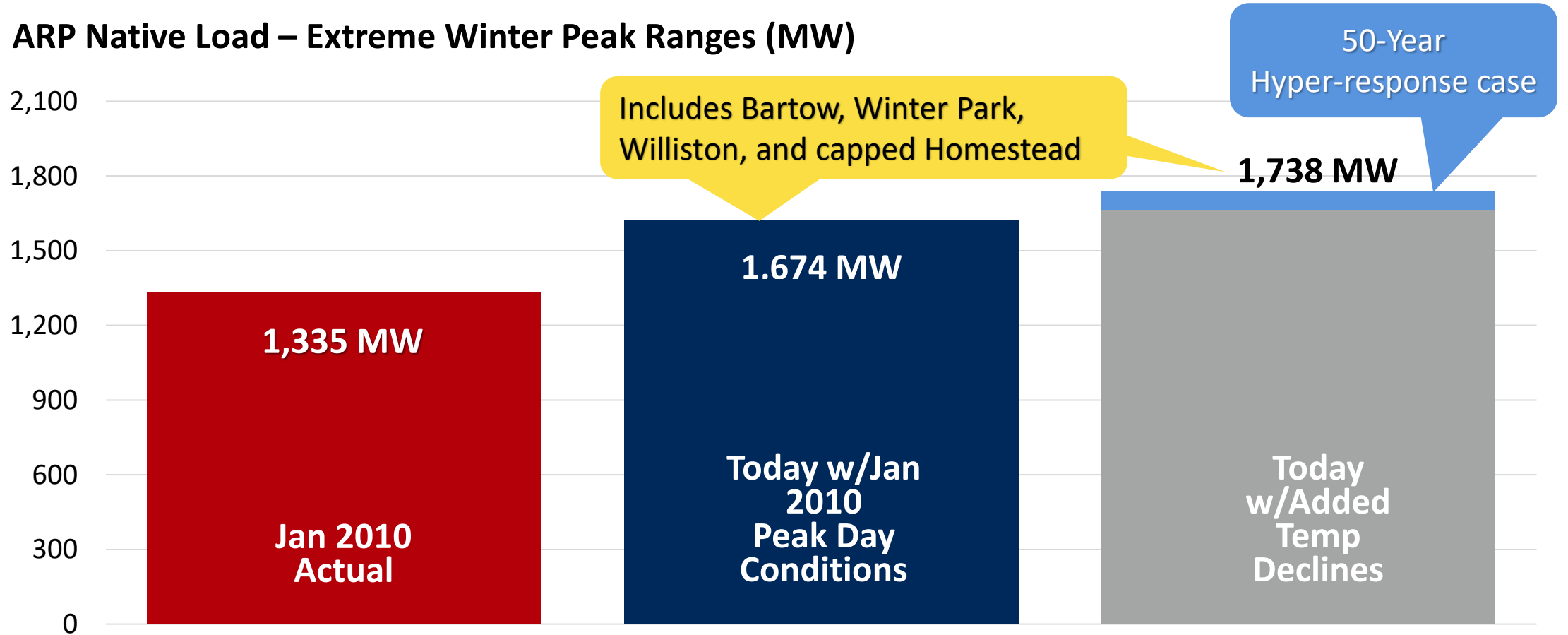
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- Winter load study of 20-year event results in sufficient reserves
- Staff toured JEA facilities to understand their preparation process
- Other than fuel, minor O&M expenditures identified, reviewing broader preparation processes
- \$1.5M capital budgeted for winterization enhancements
- Staff evaluated existing fuel inventories for upcoming winter and identified need for supplemental purchases
- Dual fuel test plan will be implemented in fiscal 22, requiring testing prior to each capable units' spring/fall outages

# Extreme Peak ~20-30% Above January 2010 Cold Snap

*Adjusted for Weather-Normalized Growth, Colder Temps\**

ARP Native Load – Extreme Winter Peak Ranges (MW)



# FMPA Fleet Has Sufficient Reserves for 20-Year Event

## *Agency Plans Seasonal Reserves Based on Base Forecast*

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FMPP day-ahead reserve requirement is 10%

FMPA generation winter capacity rating	1,801 MW
<u>Extreme 20-year type winter event peak load*</u>	<u>1,674 MW</u>
Net	130 MW
<u>Non-firm recallable</u>	<u>50 MW</u>
Net remaining reserves	180 MW or 11.1%

\*Includes some non-firm third-party sales

# Well Positioned With Dual Fuel and Stock Island Assets

## *40% of Capacity Available With Diesel by Winter 2022/2023*

Current	MW	Fiscal 2022/Fiscal 2023 Plan	MW
TCEC*	260	TCEC	260
Cane Island 1	38	Cane Island 1 & 2	151
Stock Island**	112	Stock Island**	112
Indian River	83	Indian River	83
Oleander	180	<u>Oleander</u>	180
<b>Total</b>	<b>673 MW</b>	<b>Total</b>	<b>786 MW</b>



# Plants to Test Liquid Fuel Operation Prior to Outages

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- Cane Island 1 test complete and successful on liquid fuel Nov. 2, 2021
- TCEC and Cane Island 1 & 2 will conduct a one-hour burn on liquid fuel prior to going into every planned spring and fall outage
- FMPP does not require any dual-fuel testing
- Indian River and Oleander will be requested to test twice annually before each outage season
- Stock Island tests at least six times per year

# **Coincident Purchase and Sale of Liquid Fuel Recommended**

*With Higher Fuel Prices, Goal is to Mitigate Market Volatility*

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- TCEC purchase 210K gallons, will take to 48-hour capability
- Oleander NextEra will move 220K gallons, take to 41-hour capability
- Stock Island sell Tank 1 80K gallons
- Stock Island potentially sell Tank 3 300K gallons
- Cane Island sell 500K gallons
- Working with OUC on Indian River tank expansion plan

# **\$1.5 Million Capex Budgeted for Fleet Enhancements**

*\$900K for Cane Island, \$600K for Treasure Coast*

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- Fuel line system modifications, check valves etc.
- Heat trace (\$750K quote for Cane Island units)
- Cane Island Unit 4 has no heat tracing
- Thermocouples / monitoring / alarms
- Design and construction of wind breaks
- Appropriate monitoring / heat trace on fire protection equipment
- Cane Island Unit 2 will receive modifications during spring/fall 2022 outages to be ready for winter

# JEA Visit Provided Template for Process Enhancement Plants Developed Specific Lists

- TCEC and Cane Island plants developing comprehensive checklists for freeze protection
- Development of the checklist may lead to additional capex modifications

**FMMA** Municipal Power Authority  
 Treasure Coast Energy Center  
 Operations/Maint Procedures Check Sheet  
 Freeze Protection Procedure  
 Date: 10/20/2021  
 Revised: 3/17/2021  
 Rev. 0  
 Page 3 of 8

REVISION NO.	Pages or sections revised and description	Date
5	General changes and updates	1-22-19

**PROCEDURE STEPS FOR FREEZE PROTECTION**

Initials		
ON	OFF	
		<b>Control Room</b>
		<b>FREEZE PROTECTION IMPLEMENTED</b>
		1. Commence monitoring impending freeze conditions. When forecast is for 35°F or less
		2. Send e-mail and informing personnel of the anticipated freeze and that plant freeze protection is being implemented.
		3. Ensure <u>OgLog</u> entry is made concerning freeze protection being implemented.
		4. Distribute freeze protection check sheets to appropriate personnel.
		5. All unit operators to review CT1 start up on diesel fuel.
		6. Communicate with SOCC if there are any intentions to run CT1 on diesel fuel.
		<b>FREEZE PROTECTION TERMINATED</b>
		1. Send e-mail informing personnel of the termination of plant freeze protection.
		2. Distribute freeze protection check sheets to appropriate personnel for termination of plant freeze protection.
		3. Collect check sheets upon completion of termination and forward to Operations Manager.
		4. Ensure <u>OgLog</u> entry is made concerning freeze protection has been terminated.

ON	OFF	
		<b>BALANCE OF PLANT</b>
		<b>AIR COMPRESSOR HOUSE</b>
		1. Vent fans OFF East wall panel B50-PK38-0034
		2. Heaters ON (3 each)
		2 on east wall
		1 on south wall
		<b>DIESEL FIRE PUMP ROOM</b>
		1. Vent fans OFF Panel B50-PK38-0033
		2. Air inlet vents CLOSED

# Critical Process Items Must Be Addressed Days in Advance

*Staff will Communicate Weather and Coordinate Support*

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- Identify critical exposed equipment
- Draining of idle or non-circulating assets that contain fluids
- Check pressure vessel vents regularly for freeze offs
- Elevation of low points in drainage systems
- Placement of wind breaks and portable heaters
- Placement of thermometers, sunlamps, etc.
- Maintain fire pump room temperature above 40° F
- Ensure all heaters operational

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**b. Update on Stock Island Discharge**

**Executive Committee  
November 18, 2021**



# 9b –Stock Island Discharge Update

Executive Committee

Nov. 18, 2021

# Remediation of Discharge Continues

## *Source Not Yet Definitively Identified, Mitigating Impacts*

- In early September, oil discharge determined coming from riprap and sea wall
- FMPA and Keys Energy Services have fully contained the discharge
- Several workstreams in progress to assist with discovery and containment
- Coast Guard tests indicated tanks 2, 6 or 7 as potential source, conflicts with internal lab tests
- Tank 2 drained and inspected. Final report issued with required steps to return to service
- FMPA and Keys Energy working jointly until source definitively identified and mitigated





# Approaching Source Discovery Many Ways

## *Insurance Claim Will Require Conclusive Evidence*

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### ***Primary Actions: Discovery & Mitigation***

- Drill discovery borings inside and outside containment area
- Evaluate all four liquid fuel tanks
- Excavate for mitigation & prevention – RFP in progress
- Review discharge lab analysis results

### ***Next Actions: Remediation & Repair***

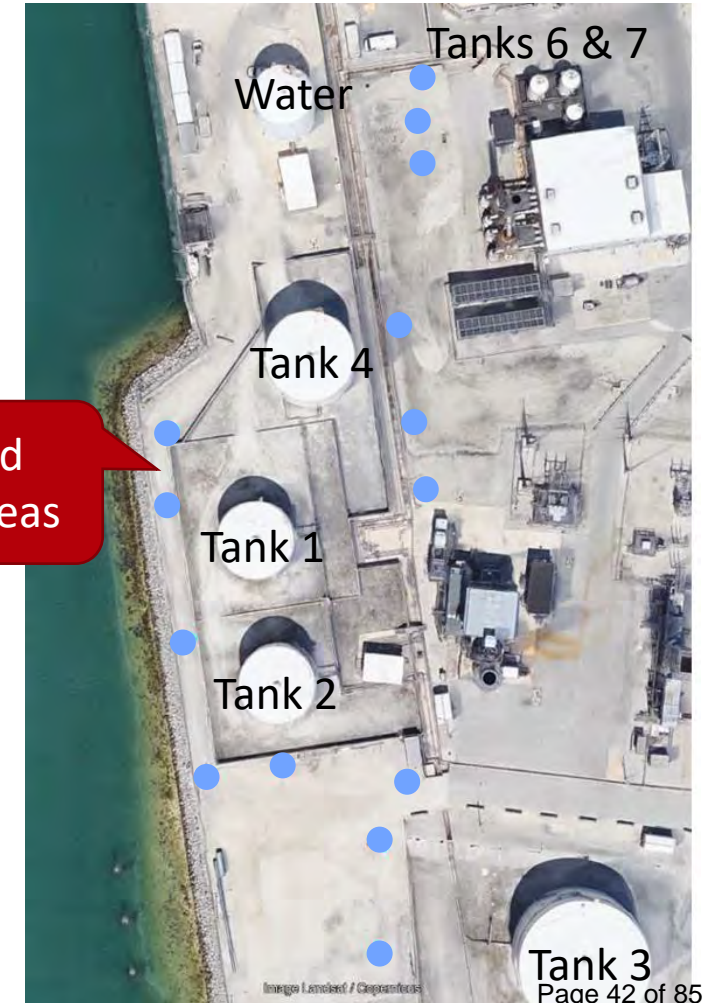
- Tank 2 return to service plan
- Any additional repairs for tanks 1, 3 and 4
- Additional excavation for remediation
- Insurance claim
- Barge fuel caretaker status



# Additional Test Borings Drilled

## *Goal of Narrowing Down Source*

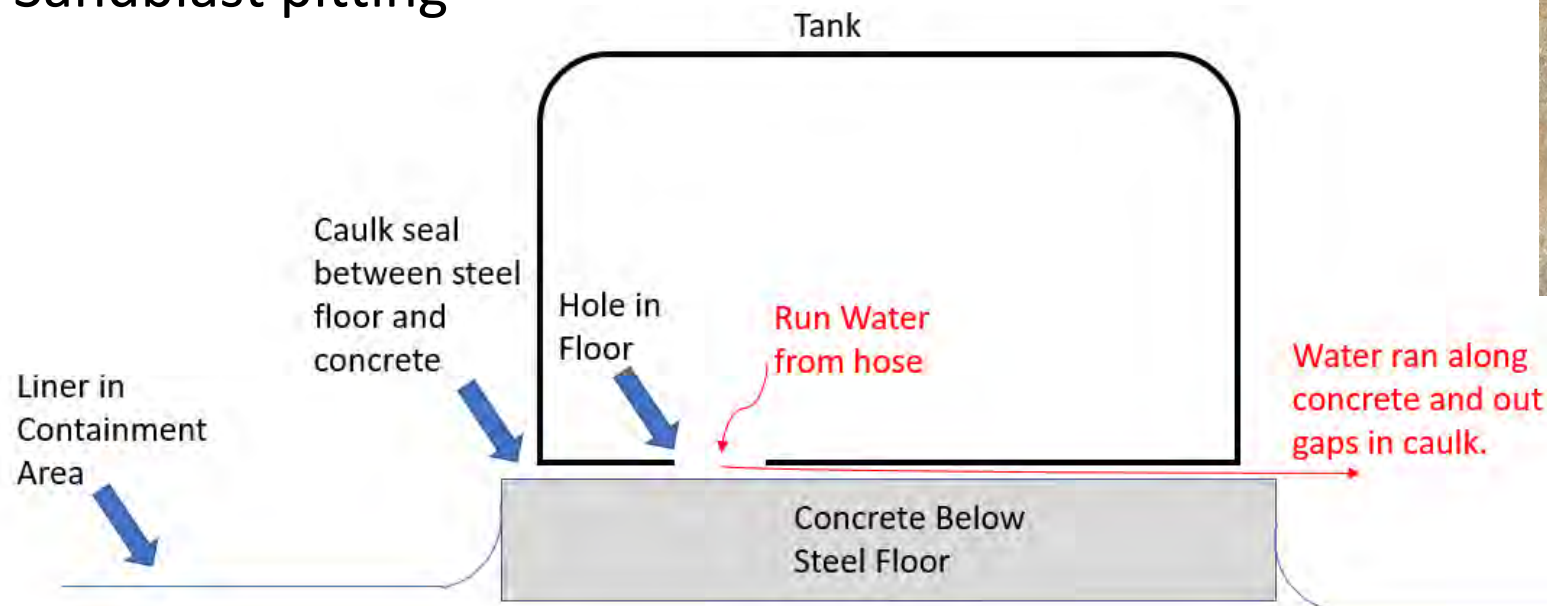
- Original borings did not explore east or south areas near tanks
- Tanks 6 and 7 fed from Tank 2 – elevated day tanks in concrete containment area
- Tank 3 is oldest tank and furthest from where discharge discovered



# Test Conducted to Assess Tank 2 as Potential Source

## *Water Flushed Between Steel Floor and Concrete*

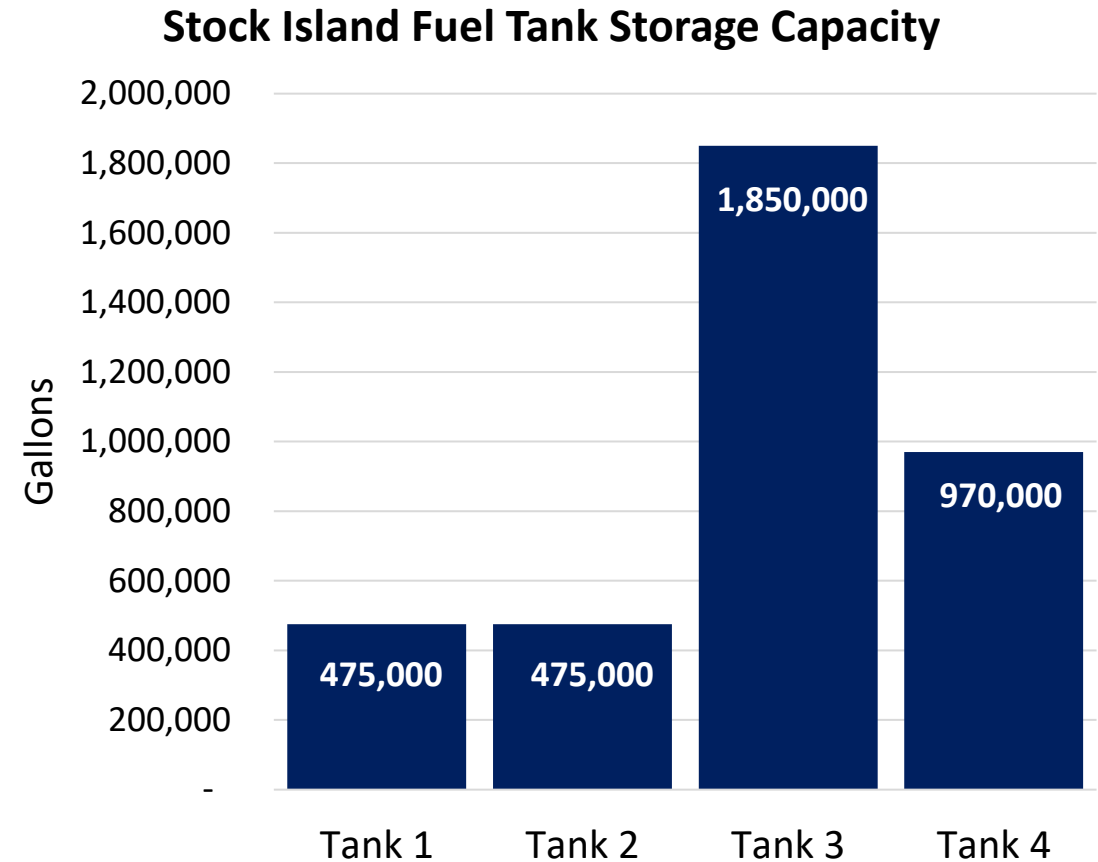
- To further assess Tank 2 as source, staff taking additional steps
  - Hydro flush below steel floor
  - Sandblast pitting



# FMPA Will Work With Keys on Fuel Inventory Policy

## *May Be Cost-effective to Retire One of the Tanks*

- DEP provided recommendations following inspector's final report
- FMPA will work with DEP on requirements to return tank to service
- Fuel policy requires maintain inventory of 50% of tank capacity
- Could be more cost-effective to carry same fuel quantity with one less tank



**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**c. Upgrade & Asset Capacity  
Alternatives**

**Executive Committee  
November 18, 2021**



# 9c – Upgrade & Asset Capacity Alternatives

Executive Committee

Nov. 18, 2021

# ARP's Mid 20s Capacity Needs Are Peaking in Nature

## *A Diverse Combination of Solutions May Provide the Best Value*

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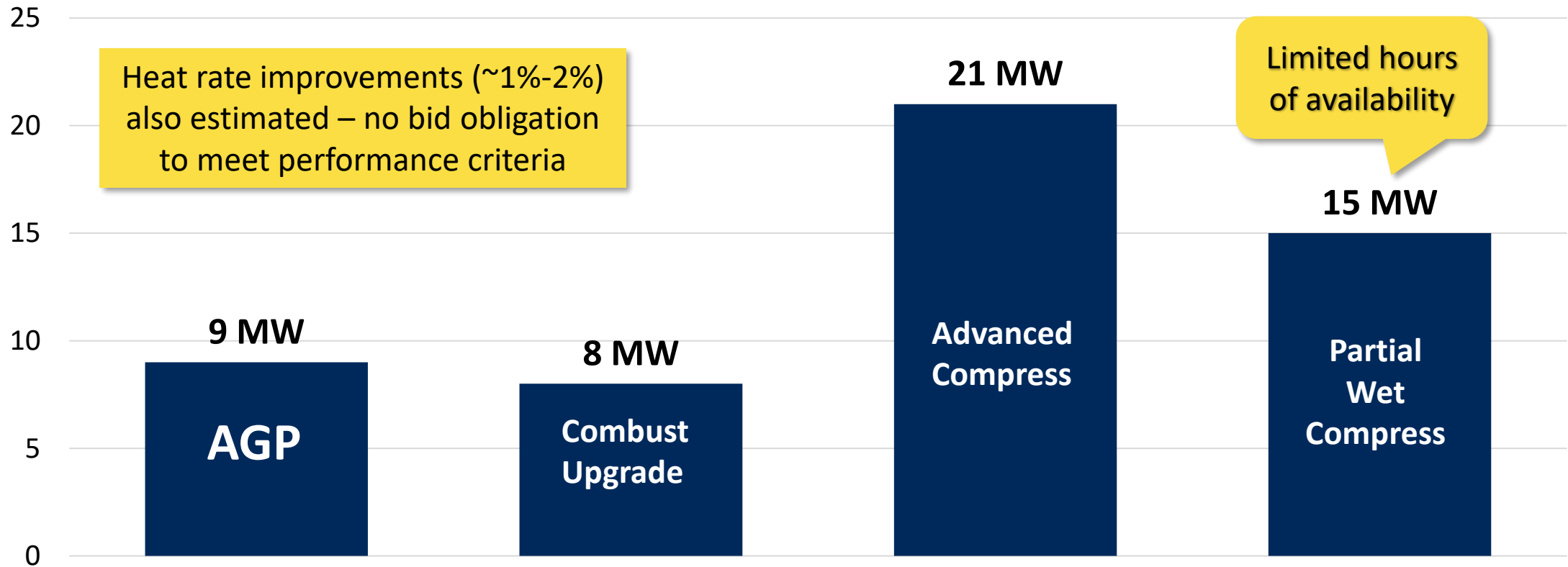
- The ARP has regional needs for ~150 MW of peaking capacity starting in 2025
- Options for filling needs
  - Upgrades at Cane Island and Treasure Coast
  - Demand management implementation
  - Third-party power purchases
  - Solar / battery additions
  - Existing merchant assets
  - New build generation



# Various Forms of Upgrades for Large CCs Available

## *Working with GE on Understanding Incremental Costs*

Indicative Incremental Capacity Gains (MW)





# Upgrade Costs Go Beyond Manufacturer Bids

## *Balance of Plant Requirements Must Be Reviewed*

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- Natural gas transportation reservations
  - May be required if multiple upgrades are pursued
  - Balance of firm transportation capacity vs. active position management
- Pump sizing
- Exhaust modifications
- Other balance of plant requirements
- Certain transmission system upgrades are reimbursable if needed, but others may require impact studies and upgrades to native system

# Upgrades Provide Flexibility and Options Not in PPAs

## *Provide Opportunities to Bring Additional Value*

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- Upgrade costs can be amortized over longer duration given existing asset lives stretch beyond PPA terms
  - PPAs have more limited offer periods which carry less certainty long term
- Upgrades may produce additional economy energy
  - Can generate margins that utilize Business Development/Ops team process in place for existing economy energy margin
  - Helps offset portion of capital cost
- Less expensive source to serve economy energy native need

# More Significant Upgrades Not Yet Cost Competitive

## *Continuing Discussions for Potential During Future Major Outages*

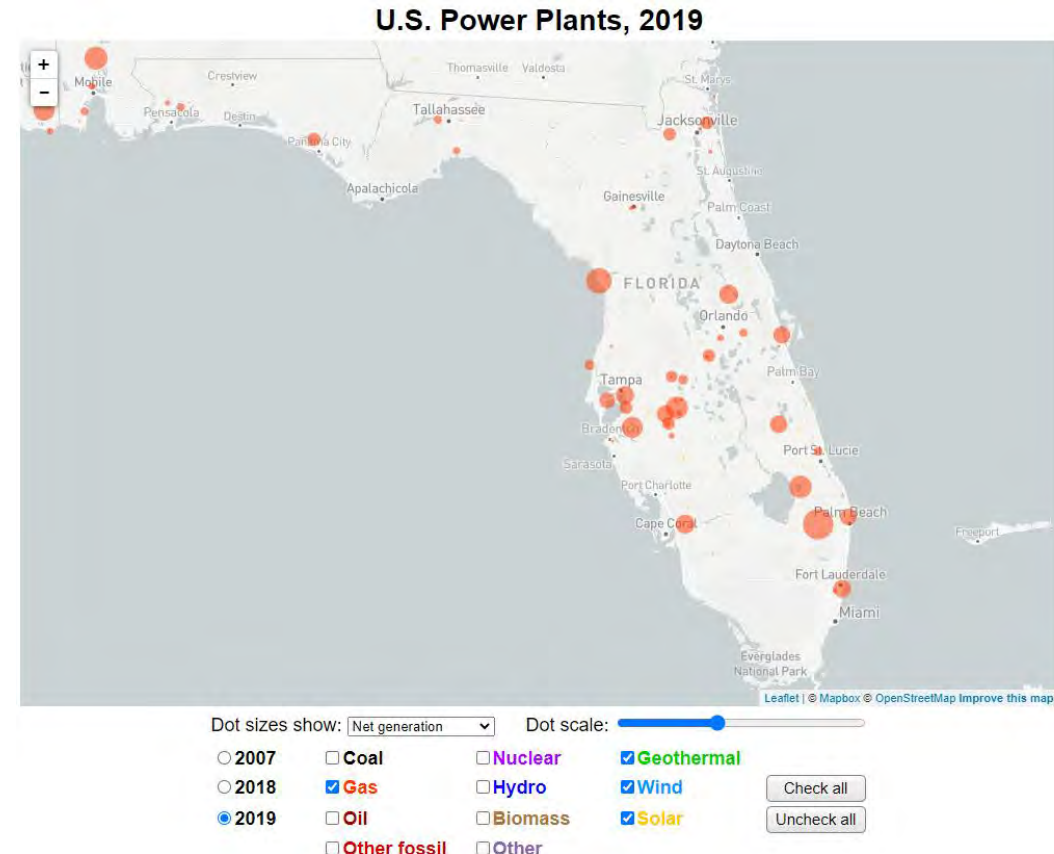
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- GE has provided scope of work for additional upgrades applicable to workhorse combined cycle generation
- Net of upgrade costs related to advanced gas path – pricing much higher than indicated during prior GE discussions
- Generation and planning team evaluation suggests more significant upgrades not yet cost competitive
- Further discussion with GE anticipated
- East capacity need further out, which provides more time to refine

# Early Deregulation Efforts Resulted in Some FL IPPs

## *Staff Data Mining Uncovered Possible Opportunities*

- Staff leveraged publicly available data to query operational plants in Florida
- Filtered for ownership status to isolate potential opportunities
- Peaking facilities or units with potential to operate as peakers a focus
- Transmission area placement and associated advantages considered



Explore this map to see where your electricity comes from!

# FMPA Has NDA for Specific Assets Under Discussion

*Further Due Diligence and Discussions in Fourth Quarter of 2021*

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- FMPA has engaged in exploratory discussions with potential counterparties
- Narrowed down to three Central Florida facilities
- Combined cycle plants with ability to operate in simple cycle as peakers
- Transmission area advantageous given expected load growth concentration



# Asset Acquisition Requires Competitive All-In Value

## *Required Adjustments Blend with Capital Cost*

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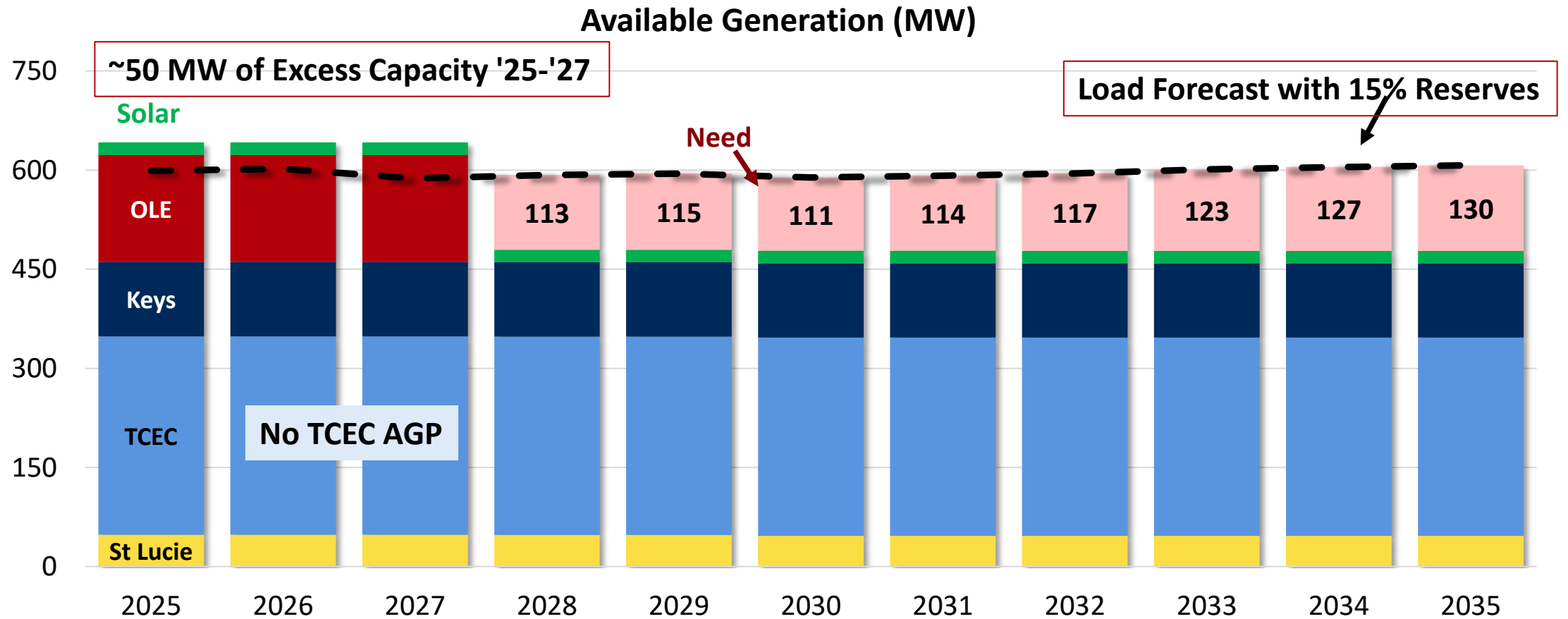
- Acquisitions may require a range of adjustments
  - Gas transportation position and costs
  - Balance of plant adjustments to ensure continued reliable operation
  - Adjustments to align with peaking needs
  - Long term estimates of fixed O&M
  - Staffing considerations
- All-in cost must be competitive as compared with other alternatives being considered
- Valuation from a capital cost perspective generally net of above costs



# Appendix – Seasonal Capacity Position

# East Summer Capacity Need ~110 MW Starting 2028

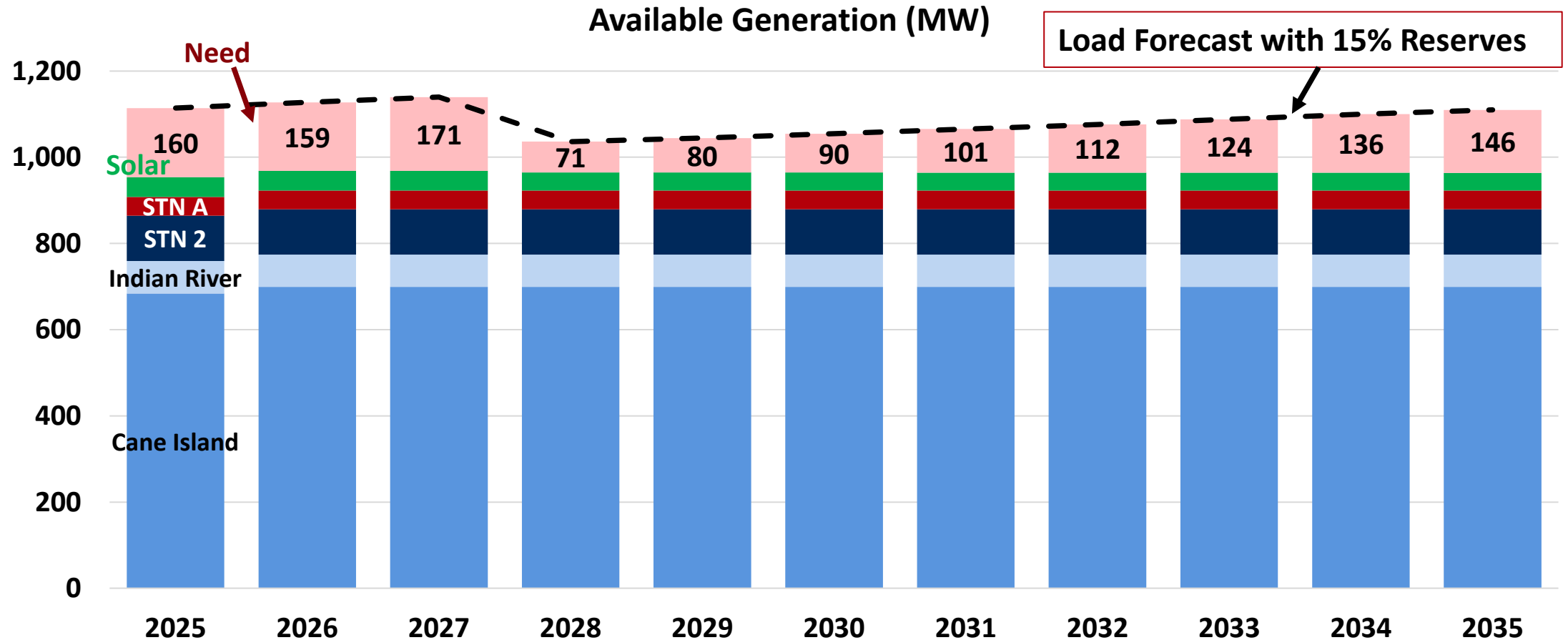
## *Loss of Stanton 1 and Oleander Create Need*





# West/KUA Summer Capacity Need ~150 MW in 2025

## *Loss of Stanton 1 Creates Partial Need*



**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**d. Demand Management Phase I  
Survey Results**

**Executive Committee  
November 18, 2021**



# 9d – Demand Management Phase I Survey Results

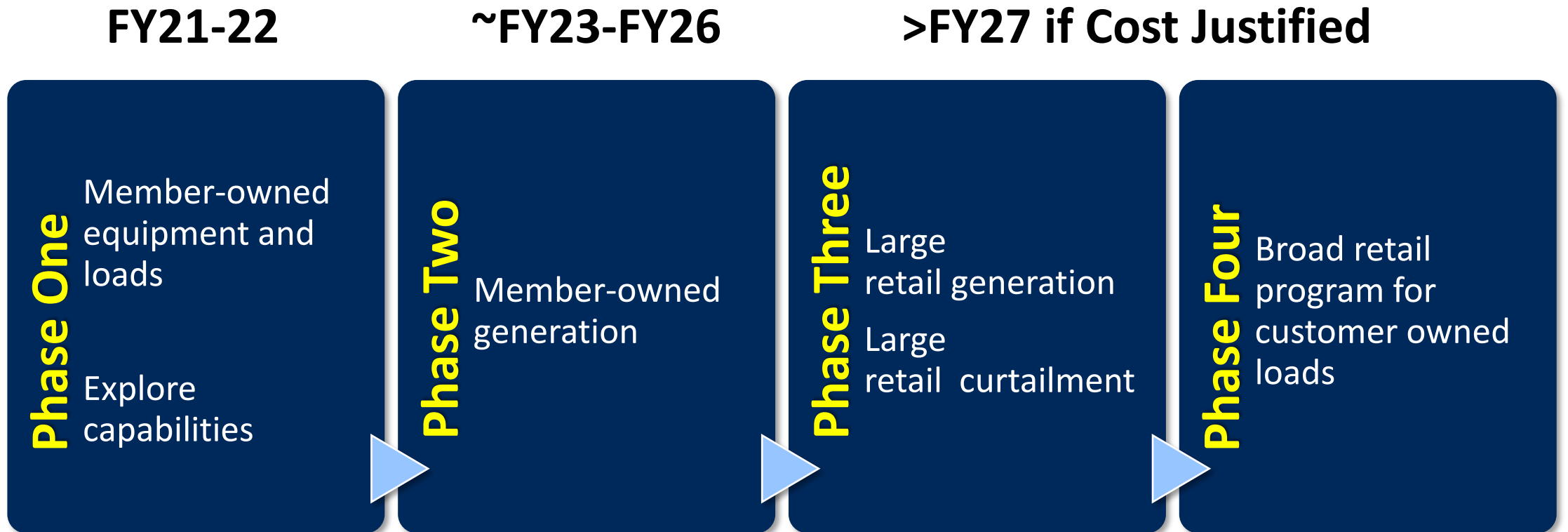
Executive Committee

Nov. 18, 2021

# Phased Development of Program Ensures Value for All

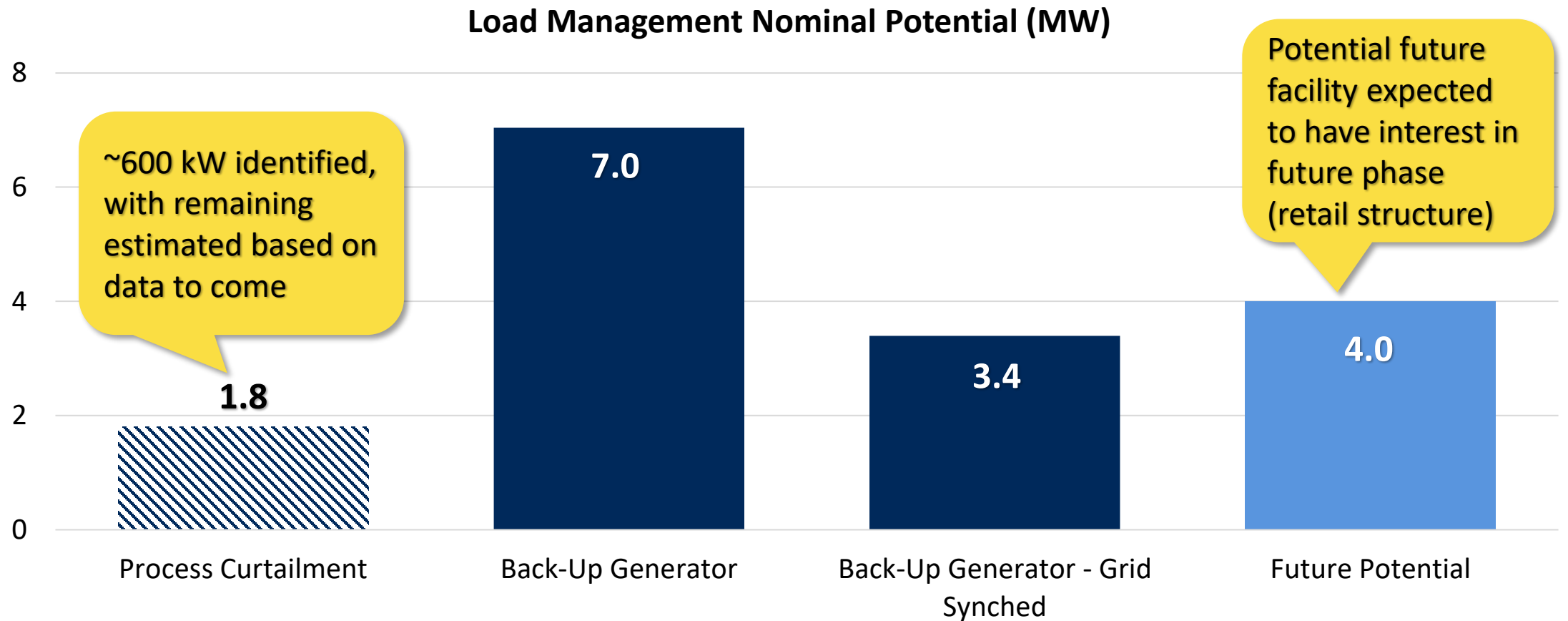
*Load Management Staged to Align with Overall ARP Need*

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# Discovery Yielded 12 MW Nominal\* Thus Far

*Phase I and Phase II Naturally Blended Together in Discussions*



# Phase I Intended to Focus on Zero-Cost Alternatives

## *Largest Opportunities From Phase II Backup Generation*

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- Survey discussions and notes assembled for all 13 ARP participants
- Master data warehouse contains 63 discrete DM asset opportunities, 30 of which have data on estimated kW abatement and other key characteristics
- Tangible kW data provided by six of 13 participants, with more on the way
- Phases I and II naturally blended in discussions
  - Participants generally have more back-up/emergency generation opportunities than process curtailment (logistical and resource limitations)
- Worked with several participants to advance the state of the data and to prioritize which opportunities are easiest to control, minimize inconvenience and human interaction

# EPA Run Restrictions will Impact Assets

## *Specifications Collection Process will Require More Work*

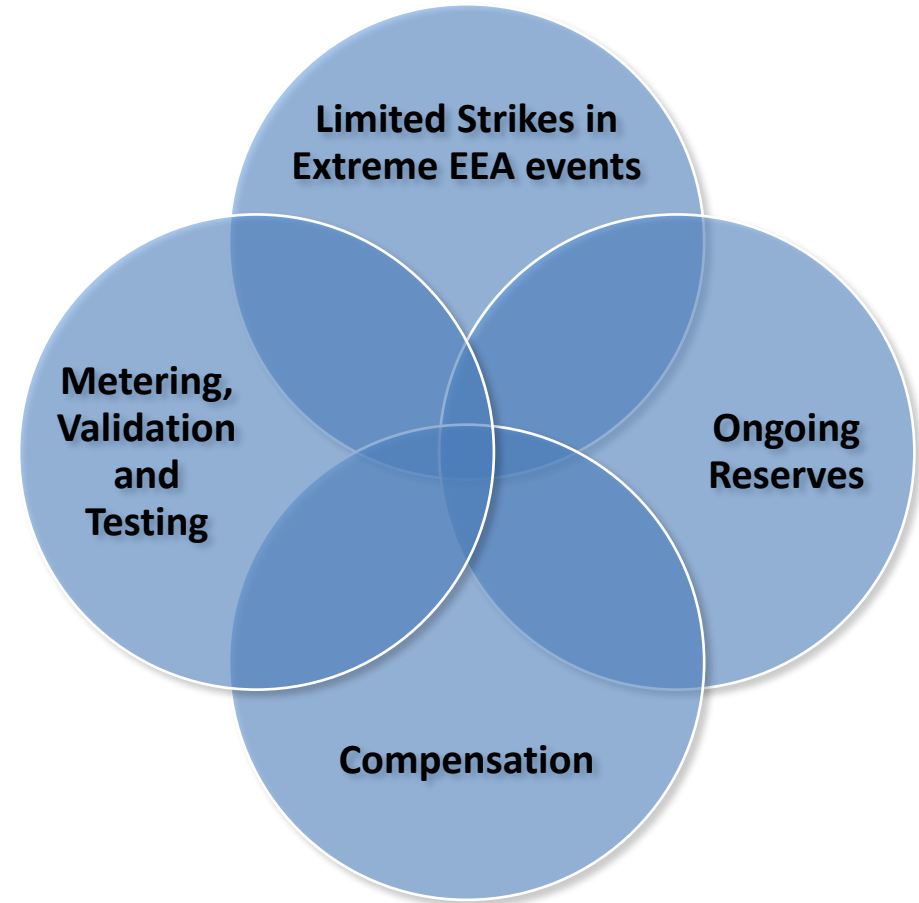
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- Phase I survey suggests backup generators fall into various categories
  - Newer (e.g., Tier 4) EPA compliant/manufacturer certified
  - Limited run-hour generation unless emergency conditions exist
  - Grid synched
- Compliance with performance standards for stationary engines
  - Clearly delineate between "emergency" conditions and "non-emergency" conditions
  - Example: emergency engines may be able to operate 50 hours/year for local reliability as part of a financial arrangement\*
  - Requires technical specification and review for alignment with EPA constraints based on engine type, horsepower, category, etc.
  - Members have asked for support to determine appropriate condition/state for generators

# Must Frame Soft Participant Agreement

## *Defines Operational Cadence for Emergency Reserves*

- Emergency reserves/curtailment warehouse will need some form of operating agreement with participant
- Portfolio elements will need to be metered, with some form of periodic testing of capabilities
  - Alternative is to assign seasonal net capability based on metered loads where generation reduces load (e.g., critical loads, city loads)
- Intention is to manage within FMPP as back-up capacity with limited/no strikes unless conditions align with generator eligibility (e.g., EEA2)
- Cost recovery by participants during strike



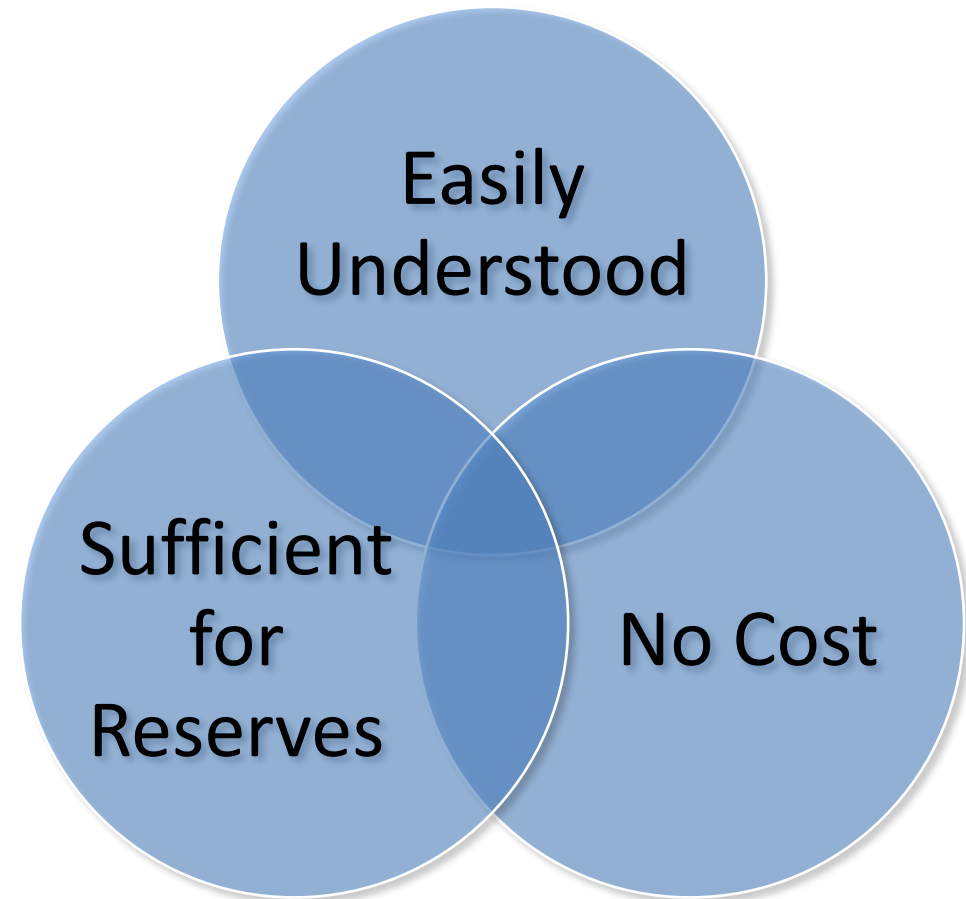


# Implementation Details will Determine Net Capability

## *Participant Strike Terms, Notice Periods, Durations Key Issues*

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- Who do we call/text/email?
- Is there staff/contact redundancy?
- How much notice is required (e.g., day-ahead, week-ahead)?
- How often will/can we test capability?
- How many hours can we count on the asset for a given strike?
- Will need to manage dynamics and assign seasonal capability conservatively to address diversity



# Many Parallel Paths Required to Define the Program

*Fiscal 2022-2023 Glide Path Proposed*

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Refine Data Warehouse

EPA Compliance Review & Status Assignments

FMPP Program Development

Billing/Compensation

Agreement

Meter/Test

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**e. Solar Phase III ARP Discussion**

**Executive Committee  
November 18, 2021**



# 9e – Solar Phase III ARP Discussion

Executive Committee

Nov. 18, 2021

# Phase III Development Activities Ramping Up

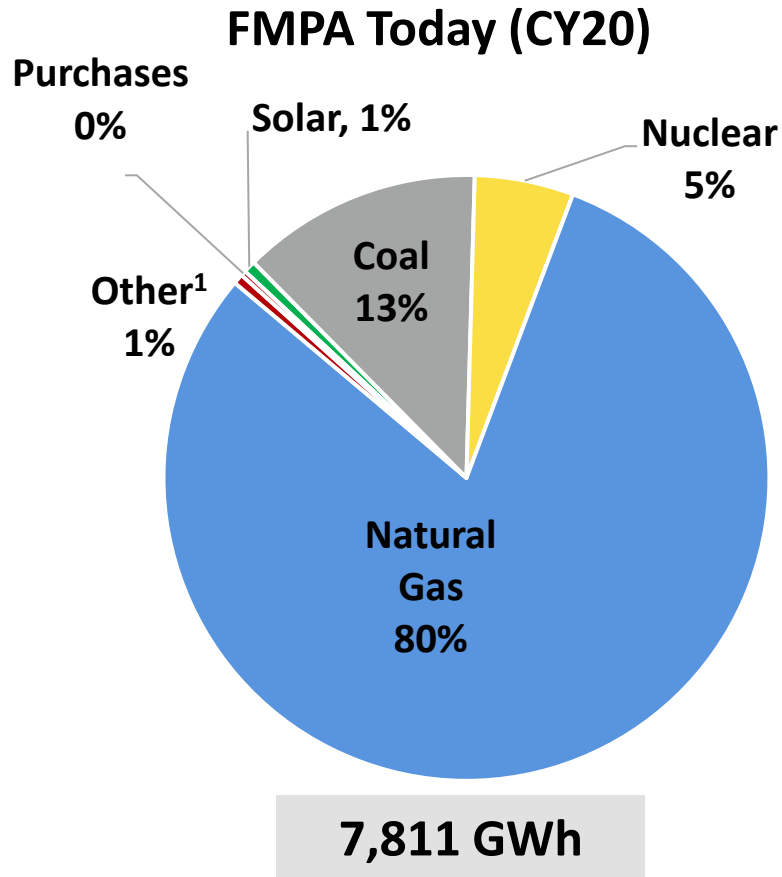
## *Indicative Member Interest is First Step*

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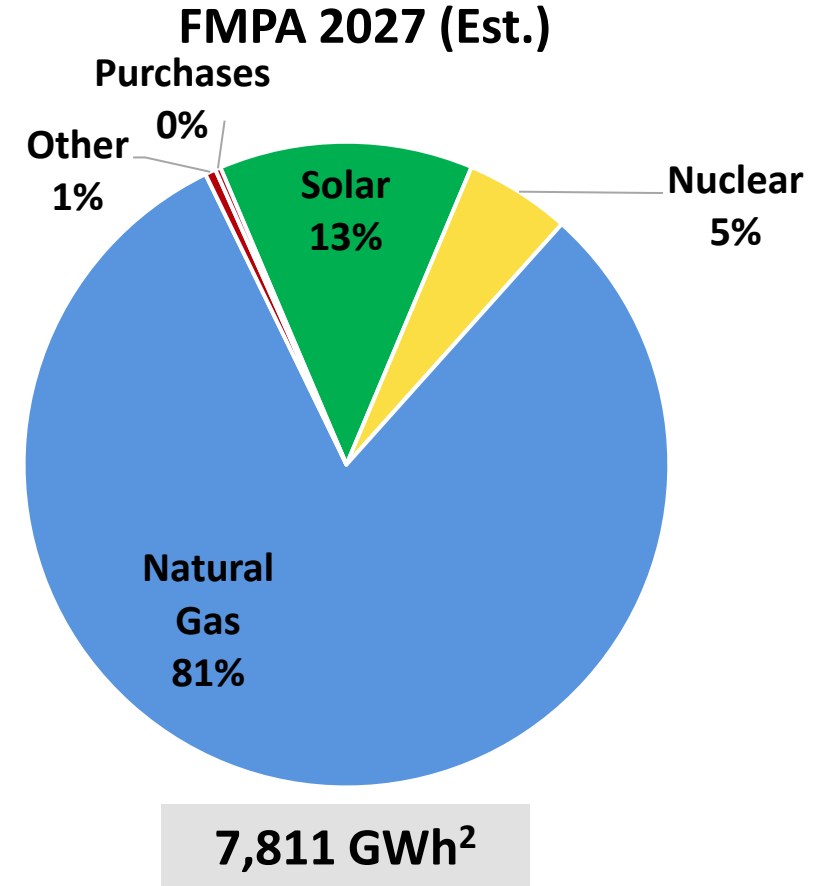
- Considerations
  - 2025/2026 operational date
  - Pursue PPA structure or own facilities
  - Larger members may want to participate as anchor tenants
  - ARP to participate as individual members or as anchor
  - Battery storage options
  - Diversity of facility locations
- FMPA staff contacting members to determine interest and discuss logistics

# Goals Move ARP Generation Mix Toward Gas & Solar

## Targeting 50% CO<sub>2</sub> Reduction vs. 2005 Levels by 2027



Year / CO <sub>2</sub> Reduction	Addl. Solar (MW) <sup>3</sup>	Gas Energy (%/Total)
2027 (50%)	209	81%
2030 (60%)	685	65%
2035 (65%)	951	56%
2035 (70%)	1,199	48%



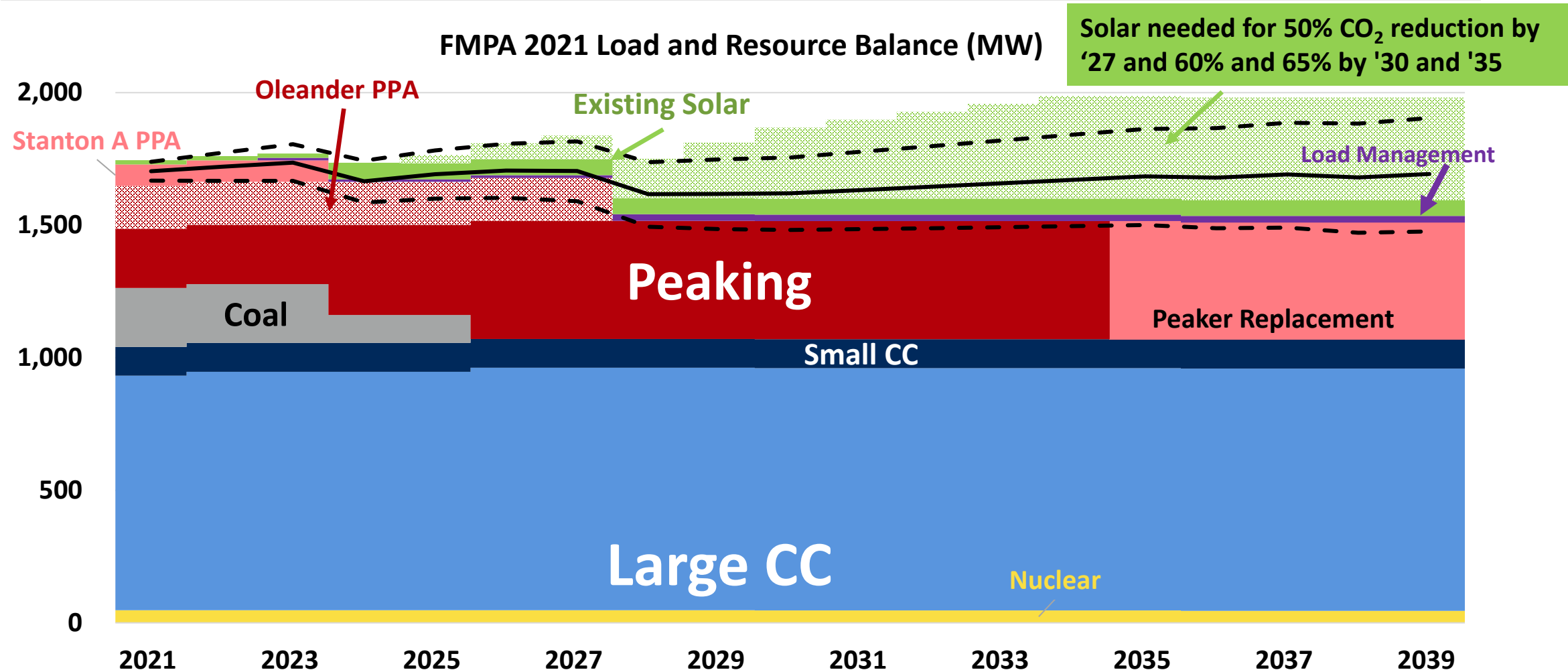
1 – Includes US Sugar, residual and distillate fuel oil.

2 – Assumes same level of generation.

3 – Additional solar reflects capacity needed over and above already planned solar at a 30% capacity factor.

# Solar Provides Some Capacity Value While Reducing CO<sub>2</sub>

## *One of Many Diverse Solutions to Meet Future Needs*



# ARP Participation in Solar III Project

*Share With Us Your Thoughts and Expectations*

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- Who would be interested in participating in Phase III?
- Are you interested in having the ARP participate as a whole or continue as individual member cities?
- Would you want to own the solar facilities or continue working with an outside developer and operator?
- How important are storage options and diversity of locations when considering costs?



**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**f. Transco Pipeline Capacity  
Release to Lakeland**

**Executive Committee  
November 18, 2021**



# **9f – Transco Pipeline Capacity Release to Lakeland**

Executive Committee

Nov. 18, 2021

# Lakeland Plans to Acquire Pre-Pay Volumes

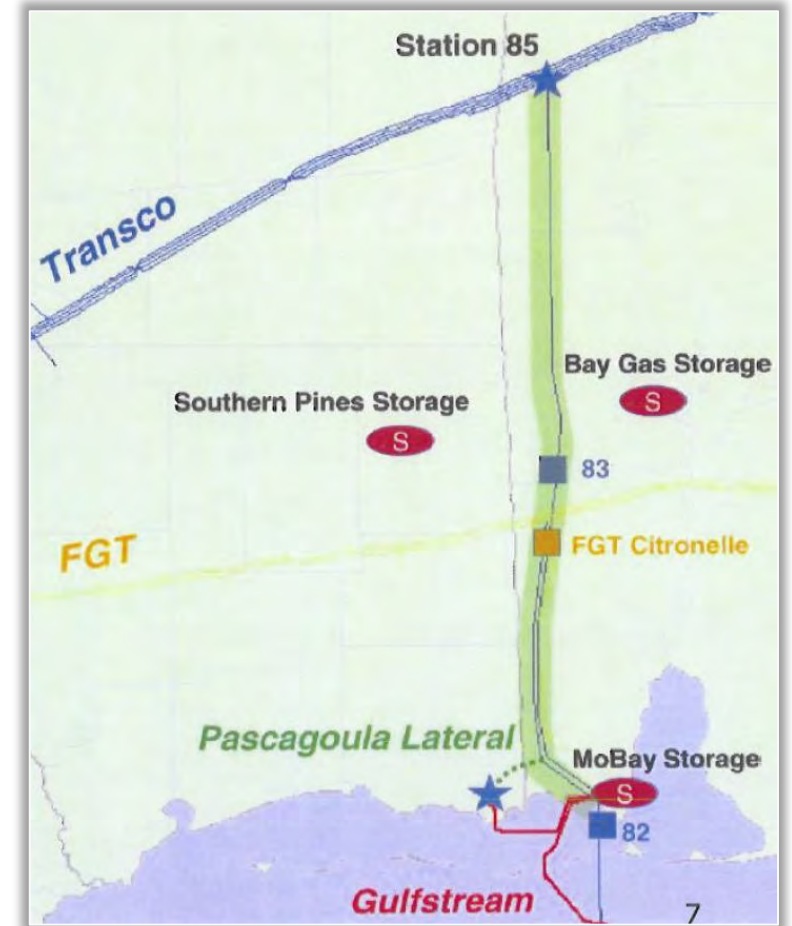
## *Desires to Receive Volumes at Transco Station 85*

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- Lakeland plans to purchase 5,800 MMBtu per day of pre-pay supply
- FMPA has firm transportation capacity for 50,000 MMBtu per day of Transco 85 South Capacity
- Lakeland requires firm Transco 85 South Capacity to ensure receipt and has requested FMPA to permanently release some of its Transco capacity for moving the pre-pay volumes
- Such release will be at the maximum tariff rate as published in Transco's currently approved tariff
- A letter of intent, contingent on EC approval, sent to Lakeland for assurance they could move forward

# FMPA Cost Savings by Releasing Rarely Used Capacity

- Existing FMPA Transco Contract Term ends April 30, 2026
- Serves to improve FGT gas supply source diversity
- Not required for gas delivery to plants
- Current maximum capacity charge \$0.09828 / MMBtu per day
- FMPA monthly cost Savings - \$17,338
- FY22 – Six Months - \$104,029
- FY23 and beyond - \$208,259 per year



# FMPA Utilization of Transco Capacity

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- Gas supply savings averaged \$0.053 per MMBtu for Transco gas purchased since 2012
- Utilized 20,000 MMBtu per day capacity for fiscal 2021 fixed price purchase volumes
- Normally release seasonal capacity in winter
  - Averaged \$0.0582 per MMBtu for 2019 and 2020 winters
  - Released 2021 winter at \$0.08 per MMBtu
- No adverse impact on FMPA ability to deliver gas to Central Florida

# Information Only

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- Action to be requested in December

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**g. Insurance Broker Selection**

**Executive Committee  
November 18, 2021**



# **Insurance Broker Request for Proposal**

## **BOD 9d / EC 9g**

Board of Directors & Executive Committee  
November 18, 2021



# Willis Tower Watson Broker For Past Seven Years

## *FMPA Requirement to Test Market after Seven Years*

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- Willis Tower Watson selected for:
  - Extensive worldwide broker network
  - Utility-specific broker division
  - Expertise of team working with FMPA
- Broker services required for certain lines of insurance
  - Auto, Workers Compensation, Cyber, Professional Legal, Excess Flood and Crime

# RFP Distributed to Brokers with Utility Experience

## *FMPA has Industry Specific Needs*

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- Limited to four brokers with utility-specific division
  - WTW third largest broker worldwide – serviced out of Chicago, IL
  - Marsh largest broker worldwide – energy and public power out of Houston, TX
  - McGriff seventh largest broker worldwide – energy out of Birmingham, AL
  - Lockton eighth largest broker worldwide – energy out of Houston, TX

# RFP Calendar Of Events

*Selection Needs to be Completed by December Meeting*

Date	Action Item
Sept. 9	RFP to Brokers
Sept. 30	Questions Due
Oct. 5	Proposals Due
Nov. 1	Interviews
Nov. 18	Information Item
Dec. 9	Recommendation to BOD and EC
Dec. 13	If Broker changes, begin work on transition

**AGENDA ITEM 10 – MEMBER  
COMMENTS**

**Executive Committee  
November 18, 2021**

**AGENDA ITEM 11 – ADJOURNMENT**

**Executive Committee  
November 18, 2021**