



Legislation Text

File #: ID#20-8076, **Version:** 2

SUBJECT/RECOMMENDATION:

Authorize staff to enroll in Duke Energy Florida's Clean Energy Connection Program. (consent)

SUMMARY:

Duke Energy Florida's proposed CEC Program will enable qualified customers to participate in a solar program and directly fund the development of several utility-owned solar plants interconnected to the Duke power grid in Florida. The program supports the construction and operation of 750MW of solar power. Program participants subscribe to blocks of power, where one block is equal to one kilowatt (kW) of capacity, for a fixed \$8.35/kW monthly subscription fee. In exchange, program subscribers will receive monthly bill credits based on the amount of solar energy produced by the blocks of power that have been subscribed to. The initial credit rate for the first three years of the program will be \$0.04037/kWh, and then the rate will increase by 1.5% every year. The monthly credit will vary seasonally and annually, as solar energy production is greater during the months with more direct sunlight and other events, such as tropical storms or periods with reduced cloud cover, may occur. It is expected that there will be a payback date of around 7 years of participation in the program and the life of the program is 30 years.

Participation in the program will be spread between four groups, with 65% of the blocks of power allocated for large businesses, 22.5% for small/medium business and residential, 10% for municipal governments, and 2.5% carved out for low-income residential usage. Customers are eligible to subscribe to enough solar generation to match their annual energy usage, though it is likely that the portion being allocated to municipal government will be maxed out before that is possible.

Between now and the time the program completes the regulatory approval process, the subscription fee, generation bill credit rate and the yearly escalation value may change slightly, but the overall payback will remain consistent. Subscribers will be notified of changes and can reduce their subscription if net costs increase.

Program Timeline:

July 1, 2020: Initial Florida Public Service Commission regulatory approval hearing
August 31, 2020: Deadline to submit notice of intent to participate as a municipal government
2021: Site identification and installation
Early 2022: Program Launch

CEC Program Analysis

In 2019, the City of Clearwater used 69,277,271 kWh of energy, which equates to 28,245 KW. The City plans to request 100% participation in the program however it is expected that the program will be subscribed to an

amount far exceeding available capacity. After the subscription deadline, Duke Energy will analyze all municipal requests and reduce all requests by an equal percentage to match the available capacity. The final amount of Clearwater's energy usage that will be offset by participating in this program is unclear.

Regardless of the number of blocks allocated to Clearwater, it is expected that annual credits will exceed the subscription fee in year five, with full payback by year 7.

The CEC Program will help the City of Clearwater optimize/maximize the amount of energy supplied by renewable solar energy, as outlined in the Clearwater Greenprint plan.

This is a low risk program and signing up now only commits the City to one month of the program (~\$556) that is projected to begin in 2022. The City can cancel its subscription at any time except for the one-month commitment from signing up. There are no cancellation fees and no agreement or contract of any kind will be signed until the program is implementable.

Recommendation

Staff recommends that the City Council authorize staff to subscribe to the planned Duke Energy Florida's Clean Energy Connection (CEC) Solar Program at 100% of eligible electricity demand.

At the August 17 work session, there was council consensus to authorize staff to subscribe to the solar program. Staff was directed to place the item on the consent agenda.