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Perspective

Don't make energy; save it

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As electricity customers, we all depend on our local utility to power our homes and businesses. We hope our power company is making low-cost, low-risk energy choices. Unfortunately, the big utilities in Florida are failing to do so.

Instead, they continually pursue costly power plant projects that heap unnecessary risks on all of us. Florida needs a transparent, long-term energy planning process that steers utility planning decisions in a direction that helps — not hurts — customers.

Progress Energy Florida, which recently merged with Duke Energy, provides a good example of what happens with risky energy decisions. Anticipating future electricity demand, Progress "bet the farm" on a proposed nuclear reactor project in Levy County. The original estimate was $5 billion in 2007 with a start date of 2015-16. Most recent estimates have skyrocketed fivefold to nearly $24 billion with the earliest start date being 2024-25.

Customers like me are already on the hook for more than $1 billion in preconstruction costs. And if the reactors are never built, we will bear the entire financial burden without getting a single kilowatt of power.

Meanwhile, Duke just shuttered the Crystal River nuclear reactor that hasn't produced any power since 2009 when the containment wall was damaged during an in-house upgrade to its steam generator. Here too, customers have already paid out more than $1 billion in repair-related expenses and replacement power not covered by the company's insurance policy.

Duke is not alone in the Sunshine State. Florida Power & Light is also pursuing costly new reactors at its Turkey Point plant near Miami. Already delayed by four years to 2022-23 at the earliest, the utility continues to recover preconstruction costs from customers. If that project is eventually abandoned — likely, given rising prices — preconstruction costs won't be refunded to FPL customers either.

Florida's biggest power companies are missing an opportunity to diversify their energy mix to include resources that are less costly than building power plants and would help insulate customers from soaring construction costs and fuel cost spikes.

Utilities should give highest priority to cost-effective energy efficiency that costs less than new generation. That benefits everyone because energy efficiency — implemented effectively — is what keeps our energy costs down. Energy efficiency can meet electricity demand at a fraction of the cost of building power plants. Efficiency also insulates customers from rising rates both by reducing energy use and avoiding the need for expensive new power plants.

The performance of Florida's largest power companies in helping customers reduce energy use and save money on their bills pales in comparison to the energy savings achieved by leading utilities in other states.

Florida's utilities don't place a priority on helping customers reduce energy use because capital investments, like a new power plant, offer a significant and guaranteed rate of return for company shareholders. Therefore, investor-owned utilities are always chasing the next big power plant project rather than helping customers slash energy use and save money on their bills.

We must realign the incentives. Energy efficiency must be on a level playing field with more costly power plant options to benefit Florida's consumers.

The Florida Public Service Commission, the agency that regulates the state's power companies, should set meaningful conservation goals and consider incentives for reaching those goals.

Ultimately, our state must reform its utility planning process. The Florida utility planning process currently comprises three disjointed components considered by the PSC: filing annual summary reports by each utility; setting energy conservation goals; and determining the need for new power plants. A utility's internal resource planning process is never fully revealed.

Lessons can be learned by looking at other Southeastern states' planning processes. The North Carolina Utility Commission, for instance, annually reviews big power companies' resource planning.

Their review process allows stakeholder intervention to analyze utility resource plans. Stakeholders may present evidence on how to integrate the lowest-cost options and help to determine how to reduce long-term risk to customers. Using the transparency offered by the process, the Southern Alliance for Clean Energy has been able to show that more aggressive energy efficiency programs would cut costs to Duke Energy's customers in the Carolinas by roughly $9 billion.

Unfortunately, Florida's planning process doesn't include a comprehensive look at resource planning scenarios by the state's power companies. That can and has led to decisions that hurt customers. This must change because lower costs would mean lower risks — and lower rates. The question is: What are your state legislators and governor doing to demand this change now?

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