



City Commission Work Session Minutes

December 14, 2023 at 1:00 PM

City Hall Commission Chambers
401 S. Park Avenue

Present

Mayor Phil Anderson; Commissioners Marty Sullivan, Sheila DeCiccio, Kris Cruzada and Todd Weaver; City Manager Randy Knight; and Deputy City Clerk Kim Breland.

Also Present

Michael Mount, Quanta Technologies.

1. Meeting Called to Order

Mayor Anderson called the meeting to order at 1:00 p.m.

2. Discussion Item (s)

a. Integrated Resource Plan (IRP) Study

Mr. Mount spoke about the initial study and said he feels the original targets and goals have been accomplished. He noted additional scenarios and a financial proforma were added to the analyses.

He explained the purpose of the city's IRP study is to move toward a more renewable, clean energy supply for the electric utility. He reviewed the city's goals, targets and methodology used in the original scope to develop scenarios, baseline assumptions and costs, constraints and renewable performance metrics.

He explained the original targets set by the city were: 100% renewable energy supply by 2050; 100% Net-Zero Carbon by 2050; 80% Renewable by 2035, and 100% by 2050. He spoke about the differences of the targets and presented a matrix of how the targets were expanded into 15 scenarios with scenario elements for each. The scope was expanded at the request of the city to include three additional scenarios:

- Scenario 3E– to assess the costs differences of eliminating the distributed solar Photovoltaic (PV) additions from Scenario 3A
- New Scenario 4A-assuming only batteries were used
- New Scenario 4B-assuming legacy Florida fossil units would be used

Mr. Mount highlighted the differences based on new scenarios and reviewed issues related to present and future revenue requirements and levelized cost of energy. He provided a chart highlighting the results for the 18 scenarios with costs for the full 28 years and the first 20 years. In addition, the chart includes city costs of power

assuming low fuel costs and high fuel costs of natural gas going forward and how those costs would change over time.

Mr. Mount said the cost projections in the study are based on a hydrogen fuel combustion turbine. He explained while hydrogen is not widely used in the industry for power production at this time, the expectation is the current cost will be significantly lower in the future as more begin to use it and the volume of production increases. He said based on current projections and best information available, Quanta feels hydrogen is a possible supply option for the city going forward.

He explained the impact of the Ukraine war on gas prices in Scenario 3A and said Scenario 3D was added which projects a lower path for natural gas going forward. He summarized the financial results and discussion was held on the city's fuel purchase costs, capacity/energy payments, and total capital costs.

He reviewed short-term actions and projects. He noted that while a final vote has not been taken to adopt the plan, there is a consensus between the commission and Utility Advisory Board (UAB) to move toward Scenario Target 3 (establishes 80% renewables by 2035 as a target going out to 100% by 2050) and Scenario D as the adopted method. He added that the city has started its IRP program and hired hire a program manager to oversee projects.

Mr. Mount reviewed roadmap recommendations for mid-term, (Primary focus: Customer DR/energy efficiency, solar expansion with storage Timeframe: next 18 Months by June 2025) and long-term (Primary focus: Implementation of Programs (EE, TOU) Timeframe: Next 48 Months by June 2027) plans. He noted the portfolio contains a detailed analysis for 50-year of details that include the line item costs associated with the city's typical budget process.

In-depth discussion followed on how FPMA solar farm production could impact the city's IRP plan, hydrogen production and electrolysis, citywide energy use forecasts based on population growth, ways to incentivize solar for residential and commercial through energy efficiency programs, fossil fuel mitigation with solar, solar for parking structures and related costs, and time of use rate adjustments based on demand.

Mayor Anderson noted that he distributed a draft motion for the plan to be discussed for consideration in advance of the January 10th commission meeting. He said he spent a lot of time reviewing the financial side of the plan and feels the commission needs to provide a clear view to stakeholders on costs and financial assumptions. He spoke about revenue increases related to the undergrounding project and said rates will drop by 20%–30% when the project is completed. He feels the rates should remain the same in an effort to use the \$7M a year from undergrounding revenue to buy capacity or create a bank for future power cost. He said this model would take the city to 2042 where all batteries are installed and from 2030 to 2042 funds would be spent on storage.

Mayor Anderson suggested, as part of the motion, the commission would approve the plan to achieve 80% renewable energy by 2035 and 100% by 2050 based on scenario 3A (bar chart figure 27 on pg. 49 of the Quanta Technology report). He said the plan adds solar and energy storage and diminishes the city's purchasing power but illustrates

to the community what the city is doing. He reviewed the draft motion as follows: Item 1: Communicate how much the plan is going to cost our stakeholders and Item 2: Restate the intent of the Renewable Energy Plan. In-depth discussion followed on the intent of the plan and parameters of Scenario 3A including compound growth rates and increases, solar availability and costs, storage and load capacity, and rate increase impact to residents.

Mayor Anderson noted Utility Advisory Board members raised the question of how the city would assure stakeholders it would adhere to a financial bracket/financial speed limit should unforeseen circumstances arise versus blindly continuing toward 100% renewable energy. UAB Board Chair Michael Poole said the board deferred to the commission and staff to determine the limit. He said the thought process was not necessarily to measure Winter Park against energy producing organizations like OUC and Duke Energy, but to be more aligned with similar municipalities cities who don't produce.

Mayor Anderson suggested a third item for the draft motion that says: "Before any rates are implemented that are in excess of 105% of the FMPA utility rate, there will be a reassessment of these targets before making long-term purchase commitments".

Discussion followed on how the rate increases may impact residents. Mayor Anderson explained that the goal of his calculation is to keep the city's working capital around \$10M at three different measuring points, 2030, 2042 and 2050. Discussion continued on revised Scenario 4, the breakdown of rate increases over time and change revenue in reserves.

Mayor Anderson addressed the draft motion and asked if there was consensus to circulate the draft motion and background explaining the intent as part of the commission meeting agenda packet. Commissioner DeCiccio agreed and suggested adding a statement to the motion that the commission can revisit the plan every 3-5 years as recommended by the UAB.

Commissioner Weaver addressed EV chargers for new home builds and explained that a review of the building code a few years ago resulted in a decision by the previous commission to install conduits, not EV chargers, in single family homes. He supported chargers as they would be an asset to the sale of homes over time and adding requirements to the building code. Mr. D'Alessandro said staff and the UAB support the addition to new home construction.

Mayor Anderson asked Mr. Mount to revise Scenario 4 or 5 with a goal to show the breakpoints and reserves for 2030, 2042 and 2050. He noted projections for 2050 will need to integrate the key assumptions for combustion turbine hydrogen is an inflated version of the cost of energy from 2046 and 2047.

Mayor Anderson noted that the existing energy efficiency goals and sustainability plan (posted on the city website) don't tie into the plan the commission will be adopting and suggested marking the energy efficiency targets as "TBD" while the city goes through the six-month next steps piece where energy efficiencies will be discussed.

Natural Resources and Sustainability Director Gloria Eby added that she and Mr. Mount discussed the efficiency targets prior to the meeting. Mr. Mount explained that there is alignment between the proforma and the IRP and the estimates made for energy efficiency and reviewed the differences. Discussion followed on the differences with the percentages for efficiency reduction. Mr. Mount will revisit the numbers and ensure they align. Mayor Anderson emphasized the importance of ensuring the numbers are consistent and there is clarity on what is being presented.

3. Adjournment

The work session adjourned at 3:18 p.m.

Mayor Phillip M. Anderson

ATTEST:

City Clerk Rene Cranis