



Florida Municipal Power Agency

Docket No. 090451-EI
2-24-10 FMPA Letter to PSC
Exhibit _____ EJR-9
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Nicholas P. Guarriello
General Manager and CEO

February 24, 2010

Florida Public Service Commission
c/o Chair Nancy Argenziano
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Subject: Gainesville Regional Utilities 100 MW proposed Biomass Power Plant Need Determination Request

The Florida Municipal Power Agency (FMPA) is a wholesale power agency owned by municipal electric utilities. FMPA provides the entire wholesale power supply needs for 14 municipal electric utilities throughout the state through our All-Requirements Project (the ARP), and we are committed to securing electric generation capacity to meet our member's needs. Together, the ARP members serve approximately 261,000 residential, commercial and industrial customers throughout the state.

Since the ARP is interested in identifying cost effective renewable energy options, and because of the potential regulatory issues associated with conventionally fueled electric generation, we continue to investigate options to incorporate cost-effective renewable forms of energy into our generation mix. The renewable energy programs implemented on behalf of the ARP members to date have primarily focused on solar photovoltaic power projects. However, we have also been evaluating several landfill gas and biomass options.

FMPA is one of the entities in Florida that has entered into a confidentiality agreement with American Renewables d/b/a Gainesville Renewable Energy Center LLC. We entered into this agreement in order to examine the terms and conditions behind Gainesville Regional Utilities offer to resell up to 50 MW of the capacity and energy from the unit for up to ten years. This offer included all the environmental attributes of the capacity (assuming biomass is considered carbon neutral in any Renewable Portfolio Standard or carbon regulations) as well as renewable energy credits.

In addition to its renewable aspects, this project is a potential source of firm, base load power.

8553 Commodity Circle | Orlando, FL 32819-9002
T. (407) 355-7767 | Toll Free (888) 774-7606
F. (407) 355-5794 | www.fmpa.com
nick.guarriello@fmpa.com

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Other favorable aspects of the offer from GRU include only paying for available power, the fixed aspects of the prices over the next ten years, and the opportunity to diversify the fuel mix for the ARP. The open question for us is the premium, if any, the ARP members may be willing to pay over conventional sources of power for the environmental attributes of the project.

We understand that GRU has taken the position that they are not going enter into contract negotiations with potential off-takers until all certifications and permits are received, and after the fuels contracts that will be required by American Renewables' financiers have been executed. Having these issues resolved will assist us in our deliberations.

Respectfully


Nicholas P. Guarriello
General Manager and CEO

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