

August 6, 2024

VIA ELECTRONIC DELIVERY

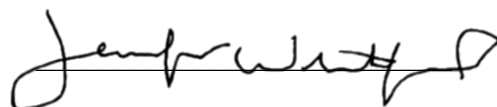
Ms. Sallie Tanner
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, Georgia 30334

Re: Post-Hearing Brief on Behalf of Georgia Interfaith Power & Light; Docket No. 55378

Dear Ms. Tanner:

Please find enclosed an electronic version of the following **Post-Hearing Brief** to be filed in Docket No. 55378 on behalf of Georgia Interfaith Power & Light.

Respectfully submitted,



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Counsel for GIPL

STATE OF GEORGIA
BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re:)	
)	
Georgia Power Company's)	Docket No. 55378
Application for Certification of)	
Plant Yates Units 8-10)	

August 6, 2024

POST-HEARING BRIEF OF GEORGIA INTERFAITH POWER & LIGHT

Pursuant to Rule 515-2-1-.04 of the Georgia Public Service Commission and the Procedural and Scheduling Order, Georgia Interfaith Power & Light (GIPL) respectfully files this Post-Hearing Brief.

INTRODUCTION

Georgia Power Company seeks certification of three new combustion turbines at Plant Yates on an expedited basis. Pointing to the urgency of the capacity need in its projections, Georgia Power skipped over consumer protections built into the Commission's rules: the competitive bidding process that ensures billpayers only foot the bill for the most cost-effective resources available.

The Commission approved the Yates CTs with a cost cap in the settlement of the IRP Update earlier this year. But that cost cap was handpicked by Georgia Power, and it is not bulletproof. Customers remain exposed to a very real risk of overpaying for these units. Georgia Power's track record when self-building power plants reasonably raises some concern. (And prior units were not developed on such an accelerated basis.)

Thus, GIPL urges this Commission to take this opportunity to further protect Georgia Power's captive customers from unnecessary costs

SUMMARY OF RECOMMENDATIONS

The Commission has an opportunity to mitigate customer bill increases resulting from construction of the Yates CTs. To do so, GIPL respectfully requests that the Commission:

1. Order Georgia Power to identify in its construction monitoring reports any costs incurred during construction of the Yates CTs that is the result of circumstances outside of Georgia Power's reasonable control.
2. Require a virtual RFP (as the Commission did for McDonough Unit 6) so that billpayers are not overpaying above the market price for generation resources; and
3. Find that it is unjust and unreasonable to require billpayers to foot the bill for any wholesale market purchases caused by a missed commercial operation deadline at Plant Yates.

DISCUSSION

From development to approval to commercial operation of the Yates CTs, everything has been accelerated. Georgia Power is highly confident in its cost projections included in the cost cap, but there is an exception to the cap for overruns that are not in Georgia Power's reasonable control. GIPL agrees that a cost cap is appropriate but is cognizant that Georgia Power's customers have zero control over any cost overruns. For the reasons explained below, GIPL asks the Commission to provide additional assurances to Georgia Power customers that their interests are protected.

I. Recommendation 1: To ensure a transparent construction monitoring process, the Commission should require ongoing disclosure of costs that could exceed the cost cap.

The Commission adopted the Stipulation in the 2023 IRP Update, putting a cost cap on the Yates CTs, but a cap is only as valuable as its exceptions. The exception for the cost cap in the

stipulation is for construction costs that “are the result of circumstances beyond [Georgia Power’s] reasonable control.”¹

As with any project of this size, there are unknown—but expected—costs built into the budget as contingency.² Georgia Power admitted that it could be faced with a choice between charging certain cost overruns to the contingency budget or returning to the Commission to ask for recovery of costs above the cap.³

To address this concern, GIPL asks the Commission to require reporting of any and all costs that Georgia Power considers to be the result of circumstances beyond its reasonable control (and thus potentially recoverable above the cost cap) in each of the construction monitoring reports.

II. Recommendations 2 & 3: Billpayers would benefit from additional protections from potential cost overruns.

As described in GIPL’s post-hearing brief in the 2023 IRP Update, there is a lack of reliable evidence to suggest that the Yates CTs are cost-competitive with the existing capacity market.⁴ It is also clear that there are risks of cost overruns with the Yates CTs. The project schedule, permitting, contracting, engineering, procurement, and construction have all been accelerated.⁵ There is not currently an EPC agreement for the gas lateral.⁶ GIPL further notes that the costs of the only other two self-build resources constructed since 2001 ended up significantly higher than the originally certified amount.⁷

¹ Stipulation at ¶ 12.

² Yates Units 8-10 Cert. Hr’g at 32:23 (July 24, 2024), available at <https://www.youtube.com/watch?v=yV06fpAK7sA>.

³ Cert. Hr’g at 35:49.

⁴ GIPL’s Post Hearing Brief, Dkt. 55378 at 12-13 (April 4, 2024).

⁵ Ga. Power Co. Resp. to STF-JKA-4-15(d).

⁶ Cert. Hr’g at 40:53.

⁷ Accion Group, Final Report McDonough [Units 4-6] Construction Monitoring, Dkt. 24506 (Aug. 26, 2014) (noting that, over four certificate revisions, the total cost increased by 23%); *see generally* Dkt. 29849, Vogtle Construction Monitoring.

And while Georgia Power remains confident here, and GIPL hopes they are right, the Commission has the authority to provide billpayers with additional insurance that they will not overpay for these units approved by unusual, expedited process.

A. The Commission can and should ensure that billpayers are not stuck paying extra for resources acquired without an RFP.

As described more fully in GIPL's post-hearing brief in the 2023 IRP Update, the last time the Commission allowed a Georgia Power self-build project to proceed without an RFP, the Commission conditioned certification on a virtual RFP.⁸

Essentially, the virtual RFP protections worked as follows:

- The certified cost of McDonough Unit 6 was compared to the bids received in response to the next capacity RFP.
- The Commission reserved the right to not require customers to pay for Unit 6 if it was less cost-effective than the best bids received in that RFP.
- If that happened, Georgia Power had the right to cancel construction and may have recovered half of the cancellation costs.⁹

While Georgia Power repeatedly assured the Commission of its confidence in the contractors, the budget, and the timeline, they explicitly refused to compare the cost of the Yates CTs to the actual market price for capacity, even if a resource is available for the same year of need through the All-Source RFP.¹⁰ GIPL asks the Commission to do as it did in 2007 and require Georgia Power to pay any premium price for its handpicked resources here.

⁸ Order Addressing the Election of McDonough Unit 6, Dkt. 24506 (Dec. 10, 2007).

⁹ Certification Order Adopting Stipulation, Dkt. 24506 (Sep. 14, 2009).

¹⁰ Cert. Hr'g at 25:23.

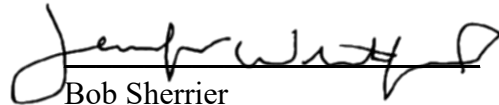
B. Georgia Power, not billpayers, should assume the risk of missed operation deadlines.

Georgia Power testified that if the Yates CTs fail to meet the projected commercial operation date for any reason, then the wholesale market may need to fill a capacity or energy need in the short term.¹¹ It could be a “tight market” and Georgia Power would pass those costs on to billpayers.¹² This is manifestly unjust and unreasonable, and GIPL asks the Commission to make that finding in this certification proceeding and protect billpayers from paying twice for construction delays.

CONCLUSION

For the foregoing reasons, GIPL urges the Commission to adopt the recommendations outlined above.

Respectfully submitted this 6th day of August, 2024.



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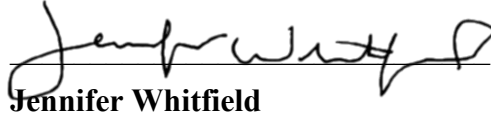
Counsel for GIPL

¹¹ Cert. Hr’g at 1:15:12.

¹² Cert. Hr’g at 1:15:57.

CERTIFICATE OF SERVICE

I certify that the foregoing **Post-Hearing Brief and Proposed Motion** was filed with the Public Service Commission on behalf of Georgia Interfaith Power & Light, in Docket No. 55378 by electronic delivery on the 6th of August, 2024. An electronic copy of same was served upon all parties listed below by electronic mail as follows:



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