

September 6, 2024

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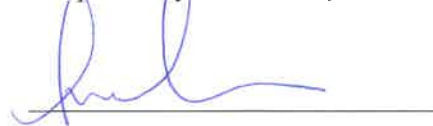
Ms. Sallie Tanner
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, Georgia 30334

Re: Post-Hearing Brief on Behalf of Georgia Interfaith Power & Light; Docket No. 44880

Dear Ms. Tanner:

Please find enclosed an electronic version of the following **Post-Hearing Brief** to be filed in Docket No. 44880 on behalf of Georgia Interfaith Power & Light.

Respectfully submitted,



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STATE OF GEORGIA
BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

| | | |
|---|---|-------------------------|
| In Re: |) | |
| |) | |
| Georgia Power Company’s Application for Certification of Biomass Power Purchase Agreements |) | Docket No. 44880 |
| |) | |

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 in the above-captioned docket.

INTRODUCTION

Georgia Power Company seeks certification of three biomass power purchase agreements (“PPAs”), one of which will result in several **billions** of dollars in cost overruns that will be reflected in customers’ bills for thirty years after the facility begins operating. This PPA with Altamaha Green Energy, LLC, (“Altamaha PPA”) would provide only 70 megawatts (“MW”) of biomass-generated capacity, for an astronomical cost per unit of energy that is **more than three times its economic value**.¹ No provision or aspect of the Altamaha PPA changes the fact that this project is a bad investment: the estimated local economic benefits are far outpaced by the excess cost, potential federal support money will be minimal, and biomass has proven to be an unreliable energy source in the recent past.

¹ *Power Purchase Agreement for Biomass Generation at Altamaha Green Energy, LLC between Georgia Power Company and Altamaha Green Energy, LLC (“Altamaha PPA”), Docket No. 44880 (July 16, 2024).*

In its 2022 IRP Final Order, the Commission wisely “reserve[d] the right to reject any [biomass] bid or all [biomass] bids if the Commission determines that accepting the bid is not in the best interest of ratepayers.”² When asked directly, **no one**, including Georgia Power Company and Public Interest Advocacy Staff, testified that approving the Altamaha PPA would be in the best interest of billpayers.³ The Independent Evaluator testified that Georgia Power billpayers would be financially better off if the Altamaha Contract is not completed. This PPA is not in the best interest of billpayers, and no evidence in the record suggests otherwise. The Commission should reject Georgia Power’s application for certification, thereby saving billpayers from further, preventable and unnecessary, rate hikes.

SUMMARY OF ISSUES

Approving the Altamaha PPA is not in the best interest of Georgia Power billpayers. GIPL respectfully requests that the Commission deny certification of the Altamaha PPA for the following reasons:

1. The cost of the Altamaha PPA is a net negative for billpayers. Not only will billpayers be paying a base price that is three times the value of the energy they are receiving, but they will also pay transmission costs, an additional sum, and any leftover costs from administering the RFP that are not covered by RFP Bid Fees and Winners’ Fees through the Fuel Cost Recovery Mechanism.
2. The purported economic value to the forest industry and rural communities is not even close to enough to offset the extremely high cost above avoided cost that billpayers will be paying for this energy, and there is no evidence that these economic values will benefit Georgia Power billpayers specifically.
3. Any federal support money the Generator may or may not receive would be negligible and fail to come close to offsetting the high costs to billpayers.

² *Order Adopting Stipulation (“2022 IRP Final Order”)* at 43, GEORGIA PUBLIC SERVICE COMMISSION, Docket Nos. 44160 and 44161 (July 29, 2022).

³ *Biomass Certification Hearing Transcript, supra* note 4, at 38-39, 133.

4. Biomass is a historically unreliable energy source. Paying a substantial premium for such a resource would be unreasonable and an imprudent use of billpayers' money.

DISCUSSION

I. The Altamaha PPA is a net negative for billpayers.

Georgia Power states very plainly in its application that all three of the biomass PPAs it seeks to certify, including the Altamaha PPA, are a “negative Total Net Benefit”—in other words, a net negative—for billpayers.⁴ In the course of the Altamaha PPA, billpayers are projected to pay **several billions of dollars, just in costs above the avoided cost** for this energy.⁵ According to both Georgia Power and the Independent Evaluator, the proposed price per MWh for the Altamaha PPA is **over three times** Georgia Power’s calculated avoided cost, or economic value, per MWh.⁶ This means that if the Altamaha PPA is approved, billpayers will be paying for more than three times the value of the energy and capacity benefits that they will be receiving.⁷ On top of the high price per unit of energy, billpayers will also be on the hook for: (1) transmission costs; (2) an additional sum; and (3) any remaining costs from administering the RFP that are not covered by RFP Bid Fees and Winners’ Fees, through the Fuel Cost Recovery Mechanism.⁸

⁴ *Georgia Power Company’s Application for Certification of the 2023 Biomass RFP Power Purchase Agreements (“GPC Application”)* at 10, GEORGIA POWER COMPANY, Docket No. 44880 (July 29, 2024).

⁵ *Final Report of the Independent Evaluator (“Independent Evaluator’s Report”)*, *Georgia Power Company 2023 Biomass RFP* at Confidential Appendix A, p. 22, ACCION GROUP, LLC, Docket No. 44880 (Aug. 13, 2024); *see also Transcript of August 29, 2024 Hearing for Georgia Power Company’s Application for Certification of Biomass Power Purchase Agreements (“Biomass Certification Hearing Transcript”)* at 33, Docket No. 44880 (Aug. 29, 2024).

⁶ *Independent Evaluator’s Report*, *supra* note 4, at 19; *see also Biomass Certification Hearing Transcript*, *supra* note 4, at 28.

⁷ *Biomass Certification Hearing Transcript*, *supra* note 4, at 28, 68. Notably, the price per unit of energy from the Altamaha PPA is 300% higher than the estimated levelized cost of electricity for new biomass resources entering service in 2028, as reported by the U.S. Energy Information Administration. *See GIPL Exhibit 1.*

⁸ *Biomass Certification Hearing Transcript*, *supra* note 4, at 34-35. The Independent Evaluator’s Report highlights the fact that negotiations for the Altamaha PPA were protracted far longer than any other RFP in the last 22 years. This likely resulted in higher attorneys’ fees and associated costs, meaning the leftover costs from administering the RFP that Georgia Power seeks to recover from billpayers via the FCR mechanism will also likely be higher than usual—resulting in even more costs to billpayers. *See Independent Evaluator’s Report*, *supra* note 4, at 16.

The Altamaha project is not a sound investment to begin with, but it becomes even less so when considering how little energy it will provide. Ultimately, billpayers will pay all of these costs for what is a relatively small generator providing a small amount—only 70 MW—of system capacity. And yet another aspect of the Altamaha PPA that makes it even more expensive is its levelized price model, under which the price per unit of energy remains the same over the full thirty-year term. This is not particularly problematic, so long as Altamaha Green Energy continues operating the facility for the full thirty years.⁹ But as the Altamaha PPA currently stands, there is no guarantee that this brand-new entity will continue operations for the full term—putting the risk of the high prices on the billpayer.¹⁰

II. The potential value to Georgia’s economy of the Altamaha PPA is negligible in the context of the project’s cost above avoided cost, and there is no evidence that the economic benefits will go to Georgia Power billpayers.

The economic values that Altamaha Green Energy reported as part of its bid package are minimal and come nowhere close to offsetting the high costs to customers. The 2022 IRP Final Order directed the Biomass RFP to request that bidders provide the following information about the economic value of the project as part of their applications: (1) the number and nature of new jobs, if any, that the project will provide; (2) the amount of new capital investment that will be put into the project; and (3) other information relevant to economic development stemming from the project.¹¹ Altamaha Green Energy submitted less than one page of trade secret information in response to this request, and Georgia Power did not conduct an independent analysis or verification of the estimations that Altamaha Green Energy provided.¹²

⁹ *Independent Evaluator’s Report*, *supra* note 4, at 19.

¹⁰ *Biomass Certification Hearing Transcript*, *supra* note 4, at 76.

¹¹ *2022 IRP Final Order*, *supra* note 2, at 43.

¹² *Biomass Certification Hearing Transcript*, *supra* note 4, at 42.

The purported economic value that the Altamaha PPA may generate is a tiny fraction of the high cost above avoided cost that billpayers will be paying for this energy.¹³ All three projects cumulatively estimated a value to Georgia forestry and the Georgia economy (not Georgia Power billpayers specifically) totaling around \$330 million.¹⁴ The Altamaha PPA's trade secret contribution to this benefit is a small portion of that total—coming nowhere close to justifying the cost to Georgia Power billpayers. Rather than moving forward with this contract, it would even be reasonable to conclude that billpayers could instead pay Georgia forestry and other benefiting entities directly, Georgia Power could procure contracts for 70 MW much cheaper elsewhere, and there would still be money left over for other system needs.

Furthermore, no evidence has been presented showing that the economic values identified by the bidders will even benefit Georgia Power billpayers specifically. Altamaha Green Energy's trade secret economic value report and the Independent Evaluator's Report both indicate that tax revenues and construction benefits will be largely localized to the area in which the facility is located.¹⁵ And nothing in the record shows that the individuals in those areas that may benefit from these economic values will be Georgia Power billpayers.

III. Any Qualifying Federal Support that Altamaha Green Energy may or may not receive would not come close to offsetting the high costs to billpayers.

The Altamaha PPA indicates that the Monthly Energy Price that Georgia Power will pay to the Generator decreases if the Generator receives “Qualifying Federal Support” money. This means that the more federal support the Generator receives, the lower the Monthly Energy Price

¹³ *Biomass Certification Hearing Transcript*, *supra* note 4, at 65 (Witness Grubb testifying that the economic value of the Altamaha PPA would be a “single digit percentage[]” of the annual cost of the contract).

¹⁴ *Independent Evaluator's Report*, *supra* note 4, at 12.

¹⁵ *Id.*

would become.¹⁶ The contract, however, **does not require** the Generator to apply for or obtain any Qualifying Federal Support. Furthermore, the Monthly Energy Price would decrease by only 50% of the total amount of federal support that the Generator receives—**after** any costs associated with obtaining that federal support are subtracted.¹⁷ The Generator would recoup the other 50%, after costs are subtracted, in full.

Based on the federal support that Altamaha Green Energy would qualify for under the current federal tax code, the Monthly Energy Price would likely decrease by mere **cents** per kilowatt hour.¹⁸ And even that estimated decrease assumes Altamaha Green Energy chooses to apply for and obtain such existing federal support to begin with—which, again, it is not contractually obligated to do. Thus, any Qualifying Federal Support that Altamaha Green Energy may or may not obtain will likely make virtually no difference to the extremely high cost of this energy.

IV. Biomass is a historically unreliable energy source for which Georgia Power billpayers should not have to pay a premium.

Winter Storm Elliott is one recent example of winter peak during which biomass was unable to perform. At the time of the storm in December 2022, Georgia Power had 303 MW of biomass capacity on its grid, and 267 MW out of those 303 MW were unavailable on the morning of Christmas Eve.¹⁹ That means that 88% of Georgia Power’s biomass PPAs were unavailable

¹⁶ *Altamaha PPA*, *supra* note 1, at Exhibit B (p. 51).

¹⁷ *Id.* at 8, 10.

¹⁸ 26 U.S.C. § 45; *see also Credit for Renewable Electricity Production and Publication of Inflation Adjustment Factor and Reference Price for Calendar Year 2024*, INTERNAL REVENUE SERVICE (July 11, 2024), <https://www.federalregister.gov/documents/2024/07/11/2024-15226/credit-for-renewable-electricity-production-and-publication-of-inflation-adjustment-factor-and>. While other tax credits and grant money may be available besides the ones cited here, even if Altamaha Green Energy were to apply for and receive all of that federal support, there is no evidence to suggest that it will ultimately make a sizable difference to the cost of this energy. *See Biomass Certification Hearing Transcript*, *supra* note 4, at 69-70 (Georgia Power witnesses were unable to provide assurances or an estimate of what percentage of the cost any Qualifying Federal Support might offset).

¹⁹ *Georgia Power Company’s Response to STF-GS Data Request Set Number 2*, Docket No. 55378 (Feb. 8, 2024); *see also* HR 1-5 as updated by GIPL, Docket No. 55378 (Apr. 5, 2024).

during the most critical period of Winter Storm Elliott. While Georgia Power has not clarified whether those biomass PPAs were unavailable due to business decisions not to operate on a holiday or due to a failure to perform in the cold, one thing is clear: biomass energy was unreliable when it was needed most. And billpayers should not be paying a premium—in the form of several billions of dollars—for unreliable energy.

CONCLUSION

When ordering this biomass procurement, this Commission wisely created a safeguard for billpayers by reserving the right to reject **any or all bids** if it determined that accepting the bid is **not in the best interest of billpayers**.²⁰ Neither Georgia Power Company nor Public Interest Advocacy Staff have testified that approving the Altamaha PPA would be in the best interest of Georgia Power billpayers.²¹ In fact, after conducting a cost-benefit analysis, Georgia Power testified that this project would ultimately result in a net **negative** for billpayers.²² No other aspect of the Altamaha PPA fixes this problem: the potential economic value it may generate pales in comparison to the high cost overruns, any federal support Altamaha Green Energy receives would be a drop in the bucket, and biomass energy in general is a historically unreliable resource that should not cost billpayers a premium.

The Commission now has the opportunity to save Georgia Power billpayers from an unnecessary increase to their bills. It can do so by finding that the Altamaha PPA is not in the best

²⁰ *2022 IRP Final Order*, *supra* note 2, at 43.

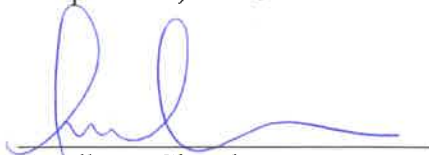
²¹ *Biomass Certification Hearing Transcript*, *supra* note 4, at 38-39, 133.

²² *GPC Application*, *supra* note 3, at 10. Notably, the 2023 Biomass RFP is the second time in recent history that Georgia Power has sought to procure biomass energy as directed by this Commission, only to receive bids that are all net negatives for billpayers. *See 2022 IRP Hearing Transcript* at 208-211, Georgia Public Service Commission, Docket No. 44160 & 44161 (Apr. 4, 2022) (Jeffrey Grubb testified regarding the 2022-2028 Capacity RFP, in which Georgia Power attempted to procure 50 MW of biomass energy but was unable to finalize a PPA; Grubb testified that the biomass bids were “not economic” and would not have resulted in a net benefit for billpayers).

interest of billpayers and exercising its right to reject Georgia Power's application to certify the PPA.

For the foregoing reasons, GIPL urges the Commission to deny certification of the Altamaha PPA.

Respectfully submitted this 6th day of September, 2024.

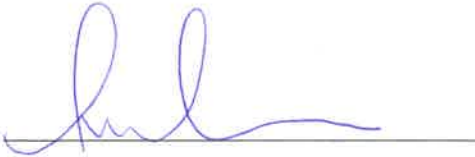


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CERTIFICATE OF SERVICE

I certify that the foregoing **Post-Hearing Brief** was filed with the Public Service Commission on behalf of Georgia Interfaith Power & Light, in Docket No. 44880 by electronic delivery on the 6th of September, 2024. An electronic copy of same was served upon all parties listed below by electronic mail as follows:



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