

State of Florida



Public Service Commission
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COMMISSION CLERK

DATE: July 8, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Haff, Colson, ~~Sickel~~)
Office of the General Counsel (Vining) *AKB* *msw* *198*
AGV mat

RE: Docket No. 040030-EG – Petition for approval of numeric conservation goals by JEA.

AGENDA: 07/20/04 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

CRITICAL DATES: New conservation goals must be set by January 1, 2005

SPECIAL INSTRUCTIONS: Take up recommendations for Docket Nos. 040029-EG, 040030-EG, 040031-EG, 040032-EG, 040033-EG, 040034-EG, and 040035-EG consecutively

FILE NAME AND LOCATION: S:\PSC\ECR\WP\040030.RCM.DOC

Case Background

Section 366.82, Florida Statutes, part of the Florida Energy Efficiency and Conservation Act (FEECA), requires the Commission to adopt goals to increase the efficiency of energy consumption, increase the development of cogeneration, and reduce and control the growth rates of electric consumption and weather-sensitive peak demand. Pursuant to Section 366.82(2), Florida Statutes, the Commission must review a utility's conservation goals not less than every five years. These statutes are implemented by Rules 25-17.001 and 25-17.0021, Florida Administrative Code.

The Commission first established numeric goals for JEA in Order No. PSC-95-0461-FOF-EG, issued April 10, 1995, in Docket No. 930554-EG, In Re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards (Section 111) by Jacksonville Electric Authority. These goals were based on measures that were cost-effective under the participant and rate impact measure (RIM) tests.

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The Commission set numeric goals for JEA a second time in Order No. PSC-00-0588-FOF-EG, issued March 23, 2000, in Docket No. 990720-EG, In Re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards (Section 111) by Jacksonville Electric Authority. JEA's numeric goals were set at zero because none of the measures evaluated by JEA passed both the participant and RIM tests.

The instant docket, opened on January 13, 2004, represents the third time that the Commission will set numeric conservation goals for JEA. On June 1, 2004, JEA timely filed its new numeric goals.

Rule 25-17.0021(4), Florida Administrative Code, requires that within 90 days of a final order establishing goals, a utility shall submit a demand-side management (DSM) plan which contains conservation and DSM programs designed to meet its numeric goals. As part of its numeric goals filing, JEA filed its DSM Plan which contains JEA's existing conservation programs. JEA also filed testimony and exhibits in support of its proposed numeric goals and DSM Plan. Pursuant to Order No. PSC-00-0588-FOF-EG, Rule 25-17.0021(4), Florida Administrative Code, which requires a utility to file a DSM Plan, does not apply if the Commission approves goals set at zero.

This recommendation addresses JEA's petition for approval of its numeric conservation goals and approval of its DSM Plan. The Commission has jurisdiction over this matter pursuant to Sections 366.81 and 366.82, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve JEA's numeric conservation goals for the 2005-2014 period?

Recommendation: Yes. JEA's evaluation methodology is reasonable and adequately meets the requirements of Rule 25-17.0021, Florida Administrative Code. JEA appropriately evaluated the cost-effectiveness of measures using the RIM test. While two measures were cost-effective, neither could be expected to have enough participation to justify creation of a DSM program. As a result, JEA's proposed zero goals for the 2005-2014 period should be approved. (Haff, Colson, Sickel)

Staff Analysis: In developing its numeric conservation goals, JEA evaluated its existing conservation programs as well as the same measures identified when the Commission last set JEA's goals in 2000. JEA's evaluation considered the issues and end-use categories specified in Rule 25-17.0021(3), Florida Administrative Code. All potential measures were evaluated against JEA's next identified generating unit, a 2010 combustion turbine unit, for cost-effectiveness using the RIM, Total Resource Cost (TRC), and participant tests. Only two measures, off-peak battery charging and an educational program to construct energy efficient homes, were cost-effective under the RIM test. JEA expects that neither of these two measures would be capable of attracting sufficient participation to warrant the creation of a separate DSM program. Therefore, as shown in the following table, JEA has proposed that its DSM goals for the residential, commercial, and industrial sectors be set at zero for 2005 through 2014.

PROPOSED CONSERVATION GOALS - CUMULATIVE

Year	Residential			Commercial / Industrial		
	Summer MW	Winter MW	Annual GWh	Summer MW	Winter MW	Annual GWh
2005	0	0	0	0	0	0
2006	0	0	0	0	0	0
2007	0	0	0	0	0	0
2008	0	0	0	0	0	0
2009	0	0	0	0	0	0
2010	0	0	0	0	0	0
2011	0	0	0	0	0	0
2012	0	0	0	0	0	0
2013	0	0	0	0	0	0
2014	0	0	0	0	0	0

Staff believes that the evaluation process used by JEA to evaluate DSM measures complies with Commission rules and is reasonable. Staff agrees with JEA's justification for not setting positive numeric conservation goals based on two DSM measures with questionable potential as DSM programs. Therefore, staff recommends that the Commission approve numeric conservation goals of zero for JEA, for both the residential and commercial/industrial class, for the 2005-2014 period.

Issue 2: Should the Commission acknowledge JEA's Demand-Side Management Plan?

Recommendation: Yes. If staff's recommendation in Issue 1 is approved, JEA's numeric conservation goals will be set to zero and JEA should not be required to file a DSM Plan. However, JEA has already filed a DSM Plan, consisting of existing DSM programs, which should be acknowledged by the Commission for informational purposes. JEA should not be required to file program standards. (Haff, Colson, Sickel)

Staff Analysis: Rule 25-17.0021(4), Florida Administrative Code, requires that within 90 days of a final order establishing goals, a utility shall submit a DSM plan which contains conservation and DSM programs designed to meet its numeric goals. If staff's recommendation in Issue 1 is approved, JEA's numeric conservation goals will be set at zero. Therefore, as stated in Order No. PSC-00-0588-FOF-EG, Rule 25-17.0021(4), Florida Administrative Code, which requires utilities to file a DSM Plan, does not apply in this instance. Nevertheless, JEA filed a DSM Plan in which JEA proposed to continue its existing DSM programs. These programs are summarized in Attachment A.

Staff believes it is reasonable to allow JEA to determine whether or not it should continue to offer existing DSM programs because JEA is in the best position to determine its customers' needs. Further, JEA is not a rate-regulated utility and does not recover the costs of such programs through the Commission's Energy Conservation Cost Recovery Clause. Since JEA filed a DSM Plan although technically not required to, staff recommends that JEA's DSM Plan be acknowledged by the Commission for informational purposes. Staff further recommends that JEA not be required to file program participation standards. Program participation standards establish customer eligibility for DSM programs and provide procedures for payment of incentives. These standards provide documentation for the Commission for future audits. Because such Commission audits are not necessary for municipal utilities, JEA should not be required to file program standards.

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Issue 3: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order. (Vining)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order.

ATTACHMENT A

JEA / DEMAND-SIDE MANAGEMENT PLAN

Green Power Program: Encourages the widespread application of renewable energy technology in its service territory. Sets minimum levels of renewable capacity for 2007 and 2015. Provides incentives for solar photovoltaic (PV) and solar thermal systems, allows net metering for customer-generated electricity from PV systems, and encourages combustion of landfill gas at generating sites.

District Chilled Water Service: Program utilizing underground chilled water system to serve a group of adjacent buildings. The chilled water is used in place of central air conditioning systems and on-site chillers. Reduces capital costs as well as operating costs.

Performance Contracting: Provides financing for customer-specific capital improvements, on a case-by-case basis, where the resulting demand and energy savings offset project costs. Systems targeted for improvements include lighting, heating and air-conditioning, controls and automation, process systems, and building envelope.

Lighting Solutions: Promotes energy-efficient lighting by offering lighting energy audits, energy management programs, lighting design and retrofits, and maintenance.

Residential and Commercial Audit: Energy audit program. Company auditor examines home or business and makes recommendations on low-cost or no-cost energy-saving practices and measures. Offers walk-through, customer-completed (online), and video-assisted audits.

Low-Income Residential Audit: Similar to traditional energy audit. In addition, JEA, in partnership with local housing agencies, funds energy-saving practices and measures. Also provides customer education presentations.