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STATE OF FLORIDA



DIVISION OF ECONOMICS  
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# Public Service Commission

December 22, 2022

## STATEMENT OF ESTIMATED REGULATORY COSTS (SERC)

**Data Request**

**Via Email**

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**Re: Docket No. 20200181-EI: Proposed Amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities**

Dear Sirs and Madam:

The Florida Energy Efficiency and Conservation Act (FEECA), specifically Section 366.82, Florida Statutes (F.S.), requires the Florida Public Service Commission (Commission) to adopt goals to increase the efficiency of energy consumption, increase the development of demand-side renewable energy systems, reduce and control the growth rates of electric consumption and weather-sensitive peak demand, and encourage development of demand-side renewable energy

resources. Pursuant to Section 366.82(6), F.S., the Commission must review a utility's conservation goals at least every five years. Rules 25-17.001 and 25-17.0021, Florida Administrative Code (F.A.C.), implement FEECA.

The draft amendments to Rule 25-17.0021, F.A.C., add clarity and specificity to the rule language concerning demand-side management goals, plans, and programs for electric utilities and update the rule to improve administrative efficiency.

For purposes of this data request, "incremental" means the net change anticipated as necessary to comply with the draft amended version of the rule. In other words, practices and costs under the current version of the rule should be compared to anticipated practices and costs under the draft amended rule, and the difference between the two is considered "incremental."

For each of the questions below, consider your utility's present practices under the current version of Rule 25-17.0021, F.A.C., and the practices necessary to comply with the draft amended rule. A responsive answer will indicate only the incremental change in costs or practices necessary to comply with the draft amended version of the rule compared with the cost or practices under the current rule. Any cost or practice already required by Section 366.82, F.S., or by the current version of Rule 25-17.0021, F.A.C., should not be included in your answer.

Considering draft revisions to Rule 25-17.0021, F.A.C., attached to this data request, response criteria, and definition of the term "incremental" noted above, please respond to the following questions.

- 1) Draft revision to Rule 25-17.0021(2), F.A.C., states that each utility must file a technical potential study that must be used to develop the proposed demand-side-management (DSM) goals for major end-use categories of residential and commercial/industrial market segments. Please provide your utility's incremental five-year cost estimate to perform this task.
- 2) Please explain how and to what extent your utility's practice under the draft revision to Rule 25-17.0021(2), F.A.C., regarding conducting and filing a technical potential study, would be materially different from your utility's current implementation of the existing rule. In your response, please identify the relevant activities implemented by your utility in recent goal setting proceedings.
- 3) Draft revisions to Rule 25-17.0021(2), F.A.C., states that "[t]he technical potential study must . . . assess the full technical potential of all available demand-side conservation and efficiency measures, including demand-side renewable systems, associated with" specific Major End-Use Categories in Residential and Commercial/Industrial Market Segments. Compare the draft revision to the treatment of Residential and Commercial/Industrial Market Segments found in the current Rule 25-17.0021(3), F.A.C., and explain how and to what

extent your utility's practice under the draft revision would be materially different from your utility's implementation under the existing rule.

- 4) Please identify your utility's incremental five-year cost to implement draft revisions found in Rule 25-17.0021(2)(a)-(q), F.A.C., compared to the existing Rule 25-17.0021(3)(a)-(u), F.A.C. In particular, detail the incremental five-year cost resulting from the addition of the "Lighting Efficiencies" category to the Residential Market Segment and the removal of "Renewable/Natural Gas substitutes for electricity" and "Other," categories from both Residential and Commercial/Industrial Market Segments.
- 5) Draft revision to Rule 25-17.0021(2), F.A.C., (page 2, lines 19-21) states that the technical potential study must describe how the DSM goals were developed, including identifying measures that were analyzed but excluded from consideration. Please provide the estimated incremental five-year cost to your utility to perform this task.
- 6) Please explain how and to what extent your utility's implementation under the draft revision to Rule 25-17.0021(2), F.A.C., (page 2, lines 19-21) as described in question five above, is materially different from your utility's current implementation of the existing rule. In your response, please identify the relevant activities implemented by your utility in recent goal setting proceedings.
- 7) Draft revision to Rule 25-17.0021(3), F.A.C., states that each utility must file its DSM goals developed under two scenarios: (1) Participant and Rate Impact Measure Tests and (2) Participant and Total Resource Cost Tests. What is the estimated incremental five-year cost to your utility to prepare and submit the two stated scenarios?
- 8) Draft revision to Rule 25-17.0021(3), F.A.C., (page 3, lines 16-18) requires the utility to provide the overall estimated annual program cost over a ten-year period "for each potential demand-side management program identified in the proposed goals and in each scenario described above." What is the estimated incremental five-year cost to your utility to implement this requirement?
- 9) Please explain how and to what extent your utility's implementation of the draft revisions to Rule 25-17.0021(3), F.A.C., described above in question eight, is materially different from your utility's current implementation of the existing rule. In your response, please identify the relevant activities implemented by your utility in recent goal setting proceedings.
- 10) Draft revision to Rule 25-17.0021(4), F.A.C., states that each utility must file its DSM plan that includes the programs to meet the goals, along with program administrative standards that include a statement of the policies and procedures detailing the operations and administration of each program. What is the estimated incremental five-year cost to your utility to file the DSM program administrative standards?

- 11) Please explain how and to what extent your utility's implementation of the draft revision to Rule 25-17.0021(4), F.A.C., as described in question ten, is materially different from your utility's implementation of the existing rule.
- 12) Referring to the draft subsection (4)(j), what is the estimated five-year cost to your utility to prepare an estimate of the annual amount to be recovered through the energy conservation cost recovery clause for each calendar year in the planning horizon?
- 13) Do you believe the draft revisions to Rule 25-17.0021, F.A.C., will have incremental negative impacts to small businesses, small cities, and counties within your service territory? If yes, please provide an explanation.
- 14) Considering above draft's requirements and their associated costs, would the draft rule increase regulatory costs, including transactional costs (such as filing fees, license fees, equipment needed, additional operating costs, monitoring and reporting costs, and other associated costs) to your utility in excess of \$200,000 in the aggregate within one year after implementing the rule? Additionally, what is the currently estimated cost compared to recent goal setting proceedings' costs?
- 15) Do you believe the draft revisions to Rule 25-17.0021, F.A.C., will have incremental adverse impacts on economic growth, private sector investment and job creation, business competitiveness, productivity, and innovations? If yes, please provide an explanation.
- 16) Would your utility's compliance with the draft revised rule, have an incremental effect on the state or local (service area of utility) revenues? If yes, please provide estimated revenues and an explanation.
- 17) Please provide additional information regarding these draft rule revisions, which the Commission may determine useful.
- 18) Would there be any additional potential incremental costs or savings to your utility, not already detailed in response to the questions above, resulting from updated implementation practices if the draft rule revisions are adopted? Please provide an estimated savings amount with an explanation.

FPL, DEF, TECO, FPUC, JEA, OUC

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Please file all responses electronically in Docket No. 20200181-EI, no later than January 13, 2023 via the Commission's website at [www.floridapsc.com](http://www.floridapsc.com) by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact me at [sguffey@psc.state.fl.us](mailto:sguffey@psc.state.fl.us) or at 850.413.6204 if you have any questions.

Thank you.

*/s/Sevini Guffey*

Sevini Guffey

Public Utility Analyst III

cc: Office of Commission Clerk

1       **25-17.0021 Goals for Electric Utilities.**

2           (1) The Commission ~~will~~ shall initiate a proceeding at least once every five years to  
3 establish numerical goals for each affected electric utility, as defined by Section 366.82(1)(a),  
4 F.S., to reduce the growth rates of weather-sensitive peak demand, to reduce and control the  
5 growth rates of electric consumption, and to increase the conservation of expensive resources,  
6 such as petroleum fuels. The Commission will set annual Overall Residential kilowatt (KW)  
7 and kilowatt-hour (KWH) goals and annual overall Commercial/Industrial KW and KWH  
8 goals shall be set by the Commission for each year over a ten-year period. The goals will shall  
9 be based on:

10           (a) An assessment of the technical potential of available measures; and

11           (b) An estimate of the total cost-effective KW kilowatt and KWH kilowatt-hour  
12 savings reasonably achievable through demand-side management programs in each utility's  
13 service area over a ten-year period.

14           (2) Pursuant to the schedule in an order establishing procedure in the proceeding to  
15 establish demand-side management goals, each utility must file a technical potential study.  
16 The Commission shall set goals for each utility at least once every five years. The technical  
17 potential study must be used to develop the proposed demand-side management goals, and it  
18 must assess the full technical potential of all available demand-side conservation and  
19 efficiency measures, including demand-side renewable energy systems, associated with each  
20 of the following market segments and major end-use categories.

21       Residential Market Segment:

22       (Existing Homes and New Construction should be separately evaluated) Major End-Use  
23       Category

24           (a) Building Envelope Efficiencies.

25           (b) Cooling and Heating Efficiencies.

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- 1           (c) Water Heating Systems.
- 2           (d) Lighting Efficiencies.
- 3           (e) Appliance Efficiencies.
- 4           (f) Peak Load Shaving.
- 5           (g) Solar Energy and Renewable Energy Sources.

6 Commercial/Industrial Market Segment:

7 (Existing Facilities and New Construction should be separately evaluated) Major End-Use  
8 Category

- 9           (h) Building Envelope Efficiencies.
- 10          (i) Cooling and Heating Efficiencies.
- 11          (j) Lighting Efficiencies.
- 12          (k) Appliance Efficiencies.
- 13          (l) Power Equipment/Motor Efficiency.
- 14          (m) Peak Load Shaving.
- 15          (n) Water Heating Systems.
- 16          (o) Refrigeration/Freezing Equipment.
- 17          (p) Solar Energy and Renewable Energy Sources.
- 18          (q) High Thermal Efficient Self Service Cogeneration.

19 Each utility’s filing must describe how the technical potential study was used to develop the  
20 goals filed pursuant to subsection (3) below, including identification of measures that were  
21 analyzed but excluded from consideration. ~~The Commission on its own motion or petition by a~~  
22 ~~substantially affected person or a utility may initiate a proceeding to review and, if~~  
23 ~~appropriate, modify the goals. All modifications of the approved goals, plans and programs~~  
24 ~~shall only be on a prospective basis.~~

25           (3) Pursuant to the schedule in an order establishing procedure in the proceeding to

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1 establish demand-side management goals, each utility must file its proposed demand-side  
2 management goals. In a proceeding to establish or modify goals, each utility shall propose  
3 numerical goals for the ten year period and provide ten year projections, based upon the  
4 utility's most recent planning process, of the total, cost effective, winter and summer peak  
5 demand (KW) and annual energy (KWH) savings reasonably achievable in the residential and  
6 commercial/industrial classes through demand-side management. Each utility must also file  
7 demand-side management goals developed under two scenarios: one scenario that includes  
8 potential demand-side management programs that pass the Participant and Rate Impact  
9 Measure Tests, and one scenario that includes potential demand-side management programs  
10 that pass the Participant and Total Resource Cost Tests, as these terms are used in Rule 25-  
11 17.008, F.A.C. Each utility's goal projections ~~projection~~ must be based on the utility's most  
12 recent planning process and must shall reflect the annual KW and KWH savings, over a ten-  
13 year period, from potential demand-side management programs with consideration of  
14 overlapping measures, rebound effects, free riders, interactions with building codes and  
15 appliance efficiency standards, and the utility's latest monitoring and evaluation of  
16 conservation programs and measures. In addition, for each potential demand-side management  
17 program identified in the proposed goals and in each scenario described above, each utility  
18 must provide overall estimated annual program costs over a ten-year period. Each utility's  
19 projections shall be based upon an assessment of, at a minimum, the following market  
20 segments and major end-use categories.

21 Residential Market Segment:

22 (Existing Homes and New Construction should be separately evaluated) Major End-Use  
23 Category

24 (a) Building Envelope Efficiencies.

25 (b) Cooling and Heating Efficiencies.

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- 1 ~~(c) Water Heating Systems.~~
- 2 ~~(d) Appliance Efficiencies.~~
- 3 ~~(e) Peakload Shaving.~~
- 4 ~~(f) Solar Energy and Renewable Energy Sources.~~
- 5 ~~(g) Renewable/Natural gas substitutes for electricity.~~
- 6 ~~(h) Other.~~
- 7 ~~Commercial/Industrial Market Segment:~~
- 8 ~~(Existing Facilities and New Construction should be separately evaluated) Major End Use~~
- 9 ~~Category~~
- 10 ~~(i) Building Envelope Efficiencies.~~
- 11 ~~(j) HVAC Systems.~~
- 12 ~~(k) Lighting Efficiencies.~~
- 13 ~~(l) Appliance Efficiencies.~~
- 14 ~~(m) Power Equipment/Motor Efficiency.~~
- 15 ~~(n) Peak Load Shaving.~~
- 16 ~~(o) Water Heating.~~
- 17 ~~(p) Refrigeration Equipment.~~
- 18 ~~(q) Freezing Equipment.~~
- 19 ~~(r) Solar Energy and Renewable Energy Sources.~~
- 20 ~~(s) Renewable/Natural Gas substitutes for electricity.~~
- 21 ~~(t) High Thermal Efficient Self Service Cogeneration.~~
- 22 ~~(u) Other.~~
- 23 (4) Within 90 days of a final order establishing or modifying goals, each utility must
- 24 file its demand-side management plan that includes the programs to meet the approved goals,
- 25 along with program administrative standards that include a statement of the policies and

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1 procedures detailing the operation and administration of each program. ~~or such longer period~~  
2 ~~as approved by the Commission, each utility shall submit for Commission approval a demand~~  
3 ~~side management plan designed to meet the utility's approved goals.~~ The following  
4 information must ~~shall~~ be filed ~~submitted~~ for each demand-side management program  
5 included in the utility's demand-side management plan for a ten-year projected horizon  
6 period:

7 (a) The program name;  
8 (b) The program start date;  
9 ~~(c) A statement of the policies and procedures detailing the operation and~~  
10 ~~administration of the program;~~

11 (c) ~~(d)~~ The total number of customers<sub>2</sub> or other appropriate unit of measure<sub>2</sub> in each  
12 class of customer (i.e. residential, commercial, industrial, etc.) for each calendar year in the  
13 planning horizon;

14 (d) ~~(e)~~ The total number of eligible customers<sub>2</sub> or other appropriate unit of measure<sub>2</sub> in  
15 each class of customers (i.e., residential, commercial, industrial, etc.) for each calendar year in  
16 the planning horizon;

17 (e) ~~(f)~~ An estimate of the annual number of customers<sub>2</sub> or other appropriate unit of  
18 measure<sub>2</sub> in each class of customers projected to participate in the program for each calendar  
19 year of the planning horizon, including a description of how the estimate was derived;

20 (f) ~~(g)~~ The cumulative penetration levels of the program by calendar year calculated as  
21 the percentage of projected cumulative participating customers<sub>2</sub> or appropriate unit of  
22 measure<sub>2</sub> by year to the total customers eligible to participate in the program;

23 (g) ~~(h)~~ Estimates on an appropriate unit of measure basis of the per customer and  
24 program total annual KWH reduction, winter KW reduction, and summer KW reduction, both  
25 at the customer meter and the generation level, attributable to the program. A summary of all

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1 assumptions used in the estimates and a list of measures within the program must ~~will~~ be  
2 included;

3 (h) (i) A methodology for measuring actual KW kilowatt and KWH kilowatt-hour  
4 savings achieved from each program, including a description of research design,  
5 instrumentation, use of control groups, and other details sufficient to ensure that results are  
6 valid;

7 (i) (j) An estimate of the cost-effectiveness of the program using the cost-effectiveness  
8 tests required pursuant to Rule 25-17.008, F.A.C. ~~If the Commission finds that a utility's~~  
9 ~~conservation plan has not met or will not meet its goals, the Commission may require the~~  
10 ~~utility to modify its proposed programs or adopt additional programs and submit its plans for~~  
11 ~~approval.~~

12 (j) An estimate of the annual amount to be recovered through the energy conservation  
13 cost recovery clause for each calendar year in the planning horizon.

14 (5) The Commission may, on its own motion or on a petition by a substantially  
15 affected person or a utility, initiate a proceeding to review and, if appropriate, modify the  
16 goals. All modifications of the approved goals, plans, and programs will be on a prospective  
17 basis.

18 (6) (5) Each utility must ~~shall~~ submit an annual report no later than March 1 ~~of each~~  
19 ~~year~~ summarizing its demand-side management plan and the total actual achieved results for  
20 its approved demand-side management plan in the preceding calendar year. The report must  
21 ~~shall~~ contain, ~~at a minimum,~~ a comparison of the achieved KW and KWH reductions with the  
22 established Residential and Commercial/Industrial goals, and the following information for  
23 each approved program:

24 (a) The name of the utility;

25 (b) The name of the program and program start date;

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- 1 (c) The calendar year the report covers;
- 2 (d) The ~~t~~Total number of customers, or other appropriate unit of measure, by customer
- 3 class for each calendar year of the planning horizon;
- 4 (e) The ~~t~~Total number of customers, or other appropriate unit of measure, eligible to
- 5 participate in the program for each calendar year of the planning horizon;
- 6 (f) The ~~t~~Total number of customers, or other appropriate unit of measure, projected to
- 7 participate in the program for each calendar year of the planning horizon;
- 8 (g) The potential cumulative penetration level of the program to date calculated as the
- 9 percentage of projected participating customers to date to the total eligible customers in the
- 10 class;
- 11 (h) The actual number of program participants and the current cumulative number of
- 12 program participants;
- 13 (i) The actual cumulative penetration level of the program calculated as the percentage
- 14 of actual cumulative participating customers to the number of eligible customers in the class;
- 15 (j) A comparison of the actual cumulative penetration level of the program to the
- 16 potential cumulative penetration level of the program;
- 17 (k) A justification for any variance ~~variances~~ greater ~~larger~~ than 15% from ~~for~~ the
- 18 annual goals established by the Commission;
- 19 (l) Using on-going measurement and evaluation results the annual KWH reduction, the
- 20 winter KW reduction, and the summer KW reduction, both at the meter and the generation
- 21 level, per installation and program total, based on the utility's approved
- 22 measurement/evaluation plan;
- 23 (m) The per installation cost and the total program cost of the utility;
- 24 (n) The net benefits for measures installed during the reporting period, annualized over
- 25 the life of the program, as calculated by the following formula:

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1 annual benefits =  $B_{npv} \times d/[1 - (1+d)^{-n}]$   
2 where  
3  $B_{npv}$  = cumulative present value of the net benefits over the life of the program for measures  
4 installed during the reporting period.  
5  $d$  = discount rate (utility's after tax cost of capital).  
6  $n$  = life of the program.  
7 *Rulemaking Authority 350.127(2), 366.05(1), ~~366.82(1)-(4)~~ FS. Law Implemented 366.82(1)-*  
8 *~~(4)~~ FS. History—New 4-30-93, Amended \_\_\_\_\_.*

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