STATE OF FLORIDA

OFFICE OF THE GENERAL COUNSEL
KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 15, 2023

Kenneth J. Plante, Coordinator
Joint Administrative Procedures Committee
Room 680, Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1400
japc@leg.state.fl.us

VIA EMAIL

Re: Docket No. 20200181-EU; Rule 25-17.0021 , F.A.C., Goals for Electric Utilities.

Dear Mr. Plante:

Enclosed are the following materials concerning the above referenced proposed rule:

1. A copy of the proposed rule.
2. A copy of the F.A.R. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal standards statement.
5. Statement of Estimated Regulatory Costs for the rule.

If there are any questions with respect to this rule, please do not hesitate to call me at jrubotto@psc.state.fl.us or at (850) 413-6191.

Sincerely,

/s/ Jonathan H. Rubottom
Jonathan H. Rubottom
Attorney

Enclosures: as noted above
cc: Office of Commission Clerk

25-17.0021 Goals for Electric Utilities.

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

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

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

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

Residential Market Segment:

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

(a) Building Envelope Efficiencies.

(b) Cooling and Heating Efficiencies.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(c) Water Heating Systems.

(d) Lighting Efficiencies.

(e) Appliance Efficiencies.

(f) Peak Load Shaving.

(g) Solar Energy and Renewable Energy Sources.

Commercial/Industrial Market Segment:

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

(h) Building Envelope Efficiencies.

(i) Cooling and Heating Efficiencies.

(j) Lighting Efficiencies.

(k) Appliance Efficiencies.

(l) Power Equipment/Motor Efficiency.

(m) Peak Load Shaving.

(n) Water Heating Systems.

(o) Refrigeration/Freezing Equipment.

(p) Solar Energy and Renewable Energy Sources.

(q) High Thermal Efficient Self Service Cogeneration.

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

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

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

~~Residential Market Segment:~~

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

~~(a) Building Envelope Efficiencies.~~

~~(b) Cooling and Heating Efficiencies.~~

~~(c) Water Heating Systems.~~

~~(d) Appliance Efficiencies.~~

~~(e) Peakload Shaving.~~

~~(f) Solar Energy and Renewable Energy Sources.~~

~~(g) Renewable/Natural gas substitutes for electricity.~~

~~(h) Other.~~

~~Commercial/Industrial Market Segment:~~

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

~~(i) Building Envelope Efficiencies.~~

~~(j) HVAC Systems.~~

~~(k) Lighting Efficiencies.~~

~~(l) Appliance Efficiencies.~~

~~(m) Power Equipment/Motor Efficiency.~~

~~(n) Peak Load Shaving.~~

~~(o) Water Heating.~~

~~(p) Refrigeration Equipment.~~

~~(q) Freezing Equipment.~~

~~(r) Solar Energy and Renewable Energy Sources.~~

~~(s) Renewable/Natural Gas substitutes for electricity.~~

~~(t) High Thermal Efficient Self Service Cogeneration.~~

~~(u) Other.~~

(4) Within 90 days of a final order establishing or modifying goals, each utility must file its demand-side management plan that includes the programs to meet the approved goals, along with program administrative standards that include a statement of the policies and

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

(a) The program name;

(b) The program start date;

~~(c) A statement of the policies and procedures detailing the operation and administration of the program;~~

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

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

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

(f) ~~(g)~~ The cumulative penetration levels of the program by calendar year calculated as the percentage of projected cumulative participating customers, or appropriate unit of measure, by year to the total customers eligible to participate in the program;

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

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

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

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

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

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

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

(a) The name of the utility;

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

(c) The calendar year the report covers;

(d) The t~~T~~otal number of customers, or other appropriate unit of measure, by customer

class for each calendar year of the planning horizon;

(e) The t~~T~~otal number of customers, or other appropriate unit of measure, eligible to participate in the program for each calendar year of the planning horizon;

(f) The t~~T~~otal number of customers, or other appropriate unit of measure, projected to participate in the program for each calendar year of the planning horizon;

(g) The potential cumulative penetration level of the program to date calculated as the percentage of projected participating customers to date to the total eligible customers in the class;

(h) The actual number of program participants and the current cumulative number of program participants;

(i) The actual cumulative penetration level of the program calculated as the percentage of actual cumulative participating customers to the number of eligible customers in the class;

(j) A comparison of the actual cumulative penetration level of the program to the potential cumulative penetration level of the program;

(k) A justification for any variance ~~variances~~ greater ~~larger~~ than 15% from ~~for~~ the annual goals established by the Commission;

(l) Using on-going measurement and evaluation results the annual KWH reduction, the winter KW reduction, and the summer KW reduction, both at the meter and the generation level, per installation and program total, based on the utility's approved measurement/evaluation plan;

(m) The per installation cost and the total program cost of the utility;

(n) The net benefits for measures installed during the reporting period, annualized over the life of the program, as calculated by the following formula:

annual benefits = $B_{npv} \times d/[1 - (1+d)^{-n}]$

where

B_{npv} = cumulative present value of the net benefits over the life of the program for measures installed during the reporting period.

d = discount rate (utility's after tax cost of capital).

n = life of the program.

Rulemaking Authority <u>*350.127(2),*</u> *366.05(1)*~~*, 366.82(1)-(4)*~~ *FS. Law Implemented 366.82*~~*(1)-(4)*~~ *FS. History–New 4-30-93,* <u>*Amended*</u> .

CODING: Words <u>underlined</u> are additions; words in ~~struck through~~ type are deletions from existing law.

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION
SELECT A TYPE: Amendment
RULE NO.: RULE TITLE:
25-17.0021 Goals for Electric Utilities
PURPOSE AND EFFECT: To add clarity and specificity to the rule language concerning demand-side management goals, plans, and programs for electric utilities and to update the rule to improve administrative efficiency.
Docket No. 20200181-EU
SUMMARY: The rule implements the requirements of the Florida Energy Efficiency and Conservation Act that the Public Service Commission adopt appropriate efficiency and conservation goals for electric utilities and approve utility plans and programs to meet those goals. The amendments bring into the goal-setting phase a greater focus on the potential conservation programs that could be offered to customers in order to reach a utility's approved goals. The amendments clarify the evidence upon which the Commission will base the goals and how the Commission will gather the information necessary to develop and assess potential goals. Specifically, utilities will be required to provide projected savings and goals developed under two cost-effectiveness scenarios where each scenario requires a different combination of cost-effectiveness test to be applied. The amendments also codify and clarify the technical potential study to be conducted by electric utilities and filed for the Commission to evaluate in developing the goals. Additionally, the amendments provide that utilities must provide with goal projections the estimated annual demand and energy savings from potential demand-side management programs and the estimated annual program costs. Other amendments to the rule update the language for clarity and consistency.
SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION: The agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of $200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency. The SERC examined the factors required by Section 120.541(2), F.S., and concluded that transactional costs likely to be incurred by individuals and entities required to comply with the requirements of the rule will be minimal and that the rule amendment will not have an adverse impact on economic growth, business competitiveness, or small business.
The agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information contained in the SERC.
Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.
RULEMAKING AUTHORITY: 350.127(2), 366.05(1), F.S.
LAW IMPLEMENTED: 366.82, F.S.
IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.
THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Jon Rubottom, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6191, jrubotto@psc.state.fl.us.

THE FULL TEXT OF THE PROPOSED RULE IS: [TYPE AND STRIKE VERSION]

25-17.0021 Goals for Electric Utilities.

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

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

(b) A~~a~~n estimate of the total cost-effective KW ~~kilowatt~~ and KWH ~~kilowatt-hour~~ savings reasonably achievable

through demand-side management programs in each utility's service area over a ten-year period.

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

Residential Market Segment:

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

(a) Building Envelope Efficiencies.

(b) Cooling and Heating Efficiencies.

(c) Water Heating Systems.

(d) Lighting Efficiencies.

(e) Appliance Efficiencies.

(f) Peak Load Shaving.

(g) Solar Energy and Renewable Energy Sources.

Commercial/Industrial Market Segment:

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

(h) Building Envelope Efficiencies.

(i) Cooling and Heating Efficiencies.

(j) Lighting Efficiencies.

(k) Appliance Efficiencies.

(l) Power Equipment/Motor Efficiency.

(m) Peak Load Shaving.

(n) Water Heating Systems.

(o) Refrigeration/Freezing Equipment.

(p) Solar Energy and Renewable Energy Sources.

(q) High Thermal Efficient Self Service Cogeneration.

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

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

~~Residential Market Segment:~~

~~(Existing Homes and New Construction should be separately evaluated) Major End-Use Category~~
~~(a) Building Envelope Efficiencies.~~
~~(b) Cooling and Heating Efficiencies.~~
~~(c) Water Heating Systems.~~
~~(d) Appliance Efficiencies.~~
~~(e) Peakload Shaving.~~
~~(f) Solar Energy and Renewable Energy Sources.~~
~~(g) Renewable/Natural gas substitutes for electricity.~~
~~(h) Other.~~
~~Commercial/Industrial Market Segment:~~
~~(Existing Facilities and New Construction should be separately evaluated) Major End-Use Category~~
~~(i) Building Envelope Efficiencies.~~
~~(j) HVAC Systems.~~
~~(k) Lighting Efficiencies.~~
~~(l) Appliance Efficiencies.~~
~~(m) Power Equipment/Motor Efficiency.~~
~~(n) Peak Load Shaving.~~
~~(o) Water Heating.~~
~~(p) Refrigeration Equipment.~~
~~(q) Freezing Equipment.~~
~~(r) Solar Energy and Renewable Energy Sources.~~
~~(s) Renewable/Natural Gas substitutes for electricity.~~
~~(t) High Thermal Efficient Self Service Cogeneration.~~
~~(u) Other.~~

(4) Within 90 days of a final order establishing or modifying goals, each utility must file its demand-side management plan that includes the programs to meet the approved goals, along with program administrative standards that include a statement of the policies and procedures detailing the operation and administration of each program. ~~or such longer period as approved by the Commission, each utility shall submit for Commission approval a demand-side management plan designed to meet the utility's approved goals.~~ The following information must ~~shall~~ be filed ~~submitted~~ for each demand-side management program included in the utility's demand-side management plan for a ten-year projected horizon period:

(a) The program name;

(b) The program start date;

~~(c) A statement of the policies and procedures detailing the operation and administration of the program;~~

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

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

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

(f) ~~(g)~~ The cumulative penetration levels of the program by calendar year calculated as the percentage of projected cumulative participating customers, or appropriate unit of measure, by year to the total customers eligible to participate in the program;

(g) ~~(h)~~ Estimates on an appropriate unit of measure basis of the per customer and program total annual KWH reduction, winter KW reduction, and summer KW reduction, both at the customer meter and the generation level, attributable to the program. A summary of all assumptions used in the estimates and a list of measures within the program must ~~will~~ be included;

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

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

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

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

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

(a) The name of the utility;

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

(c) The calendar year the report covers;

(d) The t~~T~~otal number of customers, or other appropriate unit of measure, by customer class for each calendar year of the planning horizon;

(e) The t~~T~~otal number of customers, or other appropriate unit of measure, eligible to participate in the program for each calendar year of the planning horizon;

(f) The t~~T~~otal number of customers, or other appropriate unit of measure, projected to participate in the program for each calendar year of the planning horizon;

(g) The potential cumulative penetration level of the program to date calculated as the percentage of projected participating customers to date to the total eligible customers in the class;

(h) The actual number of program participants and the current cumulative number of program participants;

(i) The actual cumulative penetration level of the program calculated as the percentage of actual cumulative participating customers to the number of eligible customers in the class;

(j) A comparison of the actual cumulative penetration level of the program to the potential cumulative penetration level of the program;

(k) A justification for any variance ~~variances~~ greater ~~larger~~ than 15% from ~~for~~ the annual goals established by the Commission;

(l) Using on-going measurement and evaluation results the annual KWH reduction, the winter KW reduction, and the summer KW reduction, both at the meter and the generation level, per installation and program total, based on the utility's approved measurement/evaluation plan;

(m) The per installation cost and the total program cost of the utility;

(n) The net benefits for measures installed during the reporting period, annualized over the life of the program, as calculated by the following formula:

annual benefits = $B_{npv} \times d/[1 - (1+d)^{-n}]$

where

B_{npv} =cumulative present value of the net benefits over the life of the program for measures installed during the reporting period.

d =discount rate (utility's after tax cost of capital).

n =life of the program.

Rulemaking Authority 350.127(2), 366.05(1), ~~366.82(1) (4)~~ FS. Law Implemented 366.82~~(1) (4)~~ FS. History–New 4-30-93, Amended ____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Takira Thompson
NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission
DATE PROPOSED RULE APPROVED BY AGENCY HEAD: March 7, 2023

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 46, Number 229, November 24, 2020.

Rule 25-17.0021, F.A.C.
Docket No. 20200181-EU

STATEMENT OF FACTS AND CIRCUMSTANCES JUSTIFYING RULE

Rule 25-17.0021, F.A.C., implements the Public Service Commission's statutory mandate to adopt goals for electric utilities, approve utility plans, and collect periodic reports from utilities related to promoting efficiency and conservation of electric energy as provided in the Florida Energy Efficiency and Conservation Act. The purpose of the rule amendment is to update the rule to improve the admiministrative efficiency and overall transparency of the goal-setting and plan-approval processes by adding clarity and specificity to the rule language concerning demand-side management goals, plans, and programs for electric utilities.

STATEMENT ON FEDERAL STANDARDS

There are no federal standards for this rule.

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER ● 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: February 14, 2023

TO: Jon Rubottom, Attorney

FROM: Sevini K. Guffey, Public Utility Analyst III, Division of Economics SKG

RE: Statement of Estimated Regulatory Costs (SERC) for Proposed Amendment of Rule 25-17.0021, Florida Administrative Code (F.A.C.), Goals for Electric Utilities

Current Rule 25-17.0021, Florida Administrative Code (F.A.C.), Goals for Electric Utilities, establishes the procedures by which the Commission establishes energy conservation goals for each affected electric utility and to review and approve cost effective utility conservation or demand-side management (DSM) programs. The recommended draft revisions to Rule 25-17.0021, F.A.C., are generally to add clarity and specificity to the rule language concerning DSM goals, plans, and programs for electric utilities and to update the rule to improve administrative efficiency.

On December 22, 2022, staff issued a SERC data request to the utilities subject to the Florida Energy Efficiency and Conservation Act, to assess if the utilities would face any incremental economic impacts as a result of the recommended draft revisions to Rule 25-17.0021, F.A.C. On January 13, 2023, the utilities provided responses to staff's SERC data request. In their responses, the utilities stated that the recommended draft rule revisions will not result in significant material differences to the utilities in comparison to the existing rule. As indicated in the SERC, the utilities expect costs that are similar to the amounts expended during the 2019 DSM goals proceeding and do not project any incremental costs at this time. Therefore, the recommended draft rule revisions are not likely to result in incremental regulatory costs, including transactional costs in excess of $1 million in the aggregate within 5 years of implementing the rule.

No regulatory alternatives have been submitted pursuant to Section 120.541(2)(g), Florida Statutes (F.S.). The SERC indicates that none of the adverse impact or cost criteria established in Sections 120.541(2)(a), (c), (d), and (e), F.S., will be exceeded as a result of the recommended draft revisions.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rule 25-17.0021, F.A.C., Goals for Electric Utilities

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

   Yes ☐ No ☒

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

   Yes ☐ No ☒

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of $1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth	Yes ☐	No ☒
Private-sector job creation or employment	Yes ☐	No ☒
Private-sector investment	Yes ☐	No ☒

(2) Is likely to have an adverse impact on any of the following in excess of $1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets)	Yes ☐	No ☒
Productivity	Yes ☐	No ☒
Innovation	Yes ☐	No ☒

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of $1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes ☐ No ☒

Economic Analysis: Florida Power & Light (FPL), Duke Energy Florida, LLC (DEF), Tampa Electric Company (TECO), Florida Public Utilities Company (FPUC), Orlando Utilities Commission (OUC), and JEA in their responses to staff's SERC data request stated that implementing draft revised Rule 25-17.0021, F.A.C., is not materially different from implementing the current rule and, therefore at this time, the utilities expect to incur costs similar to the costs incurred during the 2019 DSM goal proceedings. The 2019 DSM goal proceeding costs are discussed below as they provide a general view of costs to be expected by the utilities for the next DSM goals proceeding.

Technical Potential Study
The utilities' responses regarding the technical potential study can be found in staff's first data request No. 1.

DEF stated it currently expends approximately $150,000 to prepare and file a technical potential study and does not anticipate any additional costs at this time.

FPUC stated that in 2019 the company incurred approximately $121,821 to prepare and file a technical potential study and expects similar costs to implement the proposed draft rule.

FPL, TECO, OUC, and JEA stated that they do not anticipate incremental cost differences to prepare and file a technical potential study between the existing and proposed draft rule.

Five-Year Cost to Prepare an Estimate of ECCR Clause Recovery Amounts
The utilities' responses regarding costs to prepare an estimate of ECCR Clause Recovery amounts can be found in staff's first data request No. 12.

FPL stated that it does not anticipate any incremental costs associated with preparing an estimate of the amount to be recovered through the annual Energy Conservation Cost Recovery (ECCR) clause. FPL stated that its normal five-year cost is anticipated to be less than $25,000 (less than $5,000 annually).

TECO stated that it projects no incremental costs and that the current estimated five-year cost to prepare an estimate of the amount to be recovered through the annual ECCR clause would be less than $10,000 (less than $2,000 annually).

DEF and FPUC stated that they do not anticipate incremental costs to prepare an estimate of the amount to be recovered through the annual ECCR clause

JEA and OUC stated this is not applicable because JEA and OUC do not have a separate energy conservation cost recovery charge and they are not subject to the Commission's ECCR clause proceedings.

Regulatory and Transactional Costs

The utilities' responses regarding regulatory and transactional costs can be found in staff's first data request No. 14.

FPL (including former Gulf Power) stated it incurred approximately $150,000 for consulting fees in the 2019 DSM goals proceeding and expects to incur similar costs for consulting services for the 2024 DSM goal proceeding.

TECO stated that its cost to develop DSM goals in the last proceeding was approximately $300,000 (over 30-month period). TECO projects very little, if any, incremental regulatory including transactional costs to implement the draft rule revisions.

DEF stated that it estimates regulatory costs for this DSM goal proceeding to be approximately $150,000, compared to $169,492, in the last DSM Goals Proceeding.

FPUC stated that its costs were $121,821 (without internal hourly labor costs) during the 2019 DSM goal proceeding and it expects similar costs for the next DSM goal proceeding.

OUC stated that it incurred costs of approximately $500,000 related to the 2019 DSM goals proceedings and it expects similar costs for the forthcoming proceeding.

JEA stated that it does not anticipate incremental regulatory costs as a result of the proposed draft revisions.

Conclusion: The responses discussed above indicate that the utilities expect costs that are similar to the amounts expended during the 2019 DSM goals proceeding and do not project potential incremental costs at this time. Therefore, the recommended draft rule revisions are not likely to result in incremental regulatory costs, including any transactional costs in excess of $1 million in the aggregate within 5 years of implementing the rule.

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

Four investor-owned utilities (FPL, DEF, TECO, and FPUC) and two municipal utilities (OUC and JEA) that are subject to the Florida Energy Efficiency and Conservation Act (FEECA) are required to comply with this rule. However, OUC and JEA, as municipal utilities, are exempt from the ECCR clause requirements of Section 25-17.0021(4)(j), F.A.C., because the Commission does not set rates for municipal utilities.

(2) A general description of the types of individuals likely to be affected by the rule.

Customers in the residential and commercial/industrial market segments of the above described utilities are likely to be affected by this rule.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

☒ None. To be done with the current workload and existing staff.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

☒ None. The rule will only affect the Commission.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

☒ None.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. “Transactional costs” include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule. [120.541(2)(d), F.S.]

☐ None. The rule will only affect the Commission.

☒ Minimal. Provide a brief explanation. Please see page 2 for estimated incremental transactional costs.

☐ Other. Provide an explanation for estimate and methodology used.

E. An analysis of the impact on small businesses, and small counties and small cities: [120.541(2)(e), F.S.]

(1) “Small business” is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than $5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the $5 million net worth requirement shall include both personal and business investments.

☒ No adverse impact on small business.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(2) A “Small City” is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A “small county” is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

☒ No impact on small cities or small counties.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful. [120.541(2)(f), F.S.]

☒ None.

Additional Information:

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

☒ No regulatory alternatives were submitted.

☐ A regulatory alternative was received from

☐ Adopted in its entirety.

☐ Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.