

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of ) DOCKET NO. 960624-EG  
Green Pricing Research and ) ORDER NO. PSC-96-0955-FOF-EG  
Development Project by Florida ) ISSUED: July 24, 1996  
Power and Light Company )  
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

PROPOSED AGENCY ACTION  
ORDER APPROVING GREEN PRICING RESEARCH AND DEVELOPMENT PROJECT

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

By Order No. PSC-94-1313-FOF-EG, issued in Docket Nos. 930548-EG, 930549-EG, 930550-EG and 930551-EG, on October 25, 1994, we established numeric demand-side management (DSM) goals for each of the four investor-owned electric utilities. Florida Power & Light Company (FPL or the Company) subsequently filed a DSM plan that we approved by Order No. PSC-95-0691-FOF-EG, issued in Docket No. 941170-EG, on June 9, 1995.

FPL's DSM plan contains twenty-six programs, including: six residential programs, nine commercial/industrial programs, nine research and development (R&D) programs, a cogeneration and small power production program, and a Green Pricing Concept program. In Order No. PSC-95-0691-FOF-EG, we specifically found that FPL's Green Pricing Concept program would contribute toward the commercialization of renewable technologies and may stimulate economic and technological growth in renewable technologies. The program's administrative costs are subject to review and recovered through the Energy Conservation Cost Recovery Clause (ECCR).

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FPSC-RECORDS/REPORTING

On May 17, 1996, FPL filed this request for approval of a two-year Green Pricing Research and Development Project, as part of the Company's DSM plan, and to allow recovery of reasonable and prudent program expenditures through the ECCR clause. FPL's R&D project is a further refinement to the existing concept program. It reflects projected program costs, and additional information developed subsequent to the initial program filing.

In Order No. 22176, issued in Docket No. 890737-PU, on November 14, 1989, wherein we implemented Sections 366.80 - .85, Florida Statutes, the Florida Energy Efficiency and Conservation Act (FEECA), we stated that conservation programs will be judged by the following criteria:

1. Does each component program advance the policy objectives set forth in Rule 25-17.001, Florida Administrative Code, and FEECA?
2. Is each program directly monitorable and does it yield measurable results?
3. Is each component program cost-effective?

Our review of FPL's proposed Green Pricing Research and Development Project is based on these criteria. Our findings are as follows.

The objective of the Green Pricing Research and Development Project is to test FPL customer response to a Green Pricing initiative. Under this Project, FPL will solicit contributions from its customers to be used to purchase, install, maintain and operate photovoltaic (PV) modules on FPL's system.

Except in limited applications, PV modules are not currently cost-effective due to the high initial costs. However, with voluntary contributions placed into a separate Green Pricing Fund, FPL will acquire PV modules and ancillary inter-connection equipment. These modules will be located on one or more sites such as power plants, substations, and/or other locations throughout FPL's service territory. Ultimately, the level of customer contributions will determine the level of FPL investment in PV modules and ancillary equipment.

Initially, FPL will solicit contributions from all classes of customers through bill inserts and direct mail efforts. Inserts will include a tear-off coupon identifying various contribution amounts. Based on the response from the initial solicitation, FPL may try additional or alternative solicitation methods. FPL will also solicit the assistance of such interested groups as the

Audubon Society, the Sierra Club, the Florida Solar Energy Center and others, to help inform the public about this effort.

Over the two-year trial period, FPL proposes to recover the following marketing and administrative costs for the pilot effort through the ECCR clause. FPL's estimated costs for the research project are as follows:

Marketing Costs	\$250,000
Administrative Costs	\$189,000
Research Costs	<u>\$ 36,000</u>
Total Research Project Costs	\$475,000

Although FPL's projected costs are in-line with other approved R&D programs, we expect the Company to cost-effectively manage ratepayer expenditures to achieve the greatest market awareness and customer participation. Recognizing that FPL is not purchasing any PV equipment with the \$475,000, FPL shall be on notice that we may audit these expenditures to ensure their accountability. FPL has agreed to file quarterly reports with the Commission which will include an assessment of project costs and an analysis of media effectiveness.

The Florida Energy Efficiency and Conservation Act, Section 366.80 - 82, Florida Statutes, requires the Commission to adopt goals to reduce and control the growth rates of electric consumption, and to reduce and control the growth rates of weather-sensitive peak demand. We find that the Green Pricing Research project will help advance the policy objectives of FEECA, with potential benefits to include: 1) the encouragement of a renewable technology which might not otherwise be cost-effective; 2) the lowering of fuel costs through fuel displacement associated with substituting PV-generated kilowatt hours of electricity for those generated by FPL's fossil units; and 3) the contribution by customers towards the potential commercialization of a renewable technology.

In addition, this program is directly monitorable and will yield measurable results. FPL will record contributions made by customers, track investments in PV modules and related equipment, keep account of O&M expenses, and track research project costs to be recovered through the ECCR clause. FPL will also measure the energy generated by the PV modules to calculate the fuel displacement benefits.

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The cost-effectiveness of the Green Pricing Research and Development Project will be evaluated over the two-year test period commencing with the issuance date of this Order. At the end of this period, FPL believes that it will be able to gauge the customer response. FPL will then determine whether it will propose the continuation of Green Pricing as a permanent DSM program.

Based on the foregoing, it is therefore

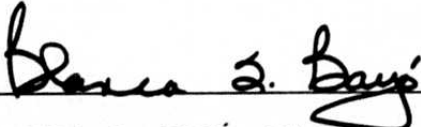
ORDERED by the Florida Public Service Commission that Florida Power and Light Company's Green Pricing Research and Development Project is hereby approved. It is further

ORDERED that Florida Power and Light Company shall be allowed to recover costs for the program through the Energy Conservation Cost Recovery Clause, to the extent set forth in the body of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 24th day of July, 1996.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 14, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.