

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of revisions to residential and commercial/industrial heating, ventilating, and air conditioning programs by Florida Power & Light Company.

DOCKET NO. 060286-EG
ORDER NO. PSC-06-0535-PAA-EG
ISSUED: June 26, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING REVISIONS TO RESIDENTIAL AND
COMMERCIAL/INDUSTRIAL HEATING, VENTILATING,
AND AIR CONDITIONING PROGRAMS

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.

Background

Recent revisions have been made by the U.S. Department of Energy (DOE) to the efficiency standards for air conditioning equipment, for both residential and commercial applications. Florida Power & Light Company (FPL or Company) requested authorization to modify its existing Commission-approved programs to adopt the updated minimum efficiency levels for the Seasonal Energy Efficiency Ratio (SEER). The SEER rating system is used as an indicator of the relative efficiency of energy usage by residential and commercial air conditioning equipment. Along with the updates relating to new SEER requirements, FPL proposes to add new conservation measures in response to technological innovations that are newly available in the marketplace. We have jurisdiction over this matter pursuant to Sections 366.81 and 366.82, Florida Statutes.

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FPSC-COMMISSION CLERK

Modifications to heating, ventilating, and air conditioning programs (HVAC)

In 2004, the DOE amended requirements relating to minimum efficiency standards that had been in effect for almost ten years. The new standards apply to both residential and commercial equipment manufactured as of January 23, 2006. After that date, all residential central air conditioners manufactured must have a Seasonal Energy Efficiency Rating (SEER) of 13 or better. Similar efficiency improvements are required for some other appliances, and for various commercial equipment.

The revisions to the manufacturing code requirements reflect multiple technological advances for both residential and commercial type equipment. For example, advances in fan motor technology now provide for blower speed to be optimized as air flow restrictions are changed by clean or dirty filters. Not only do these motors allow for a slower speed when that is adequate, they are more efficient at a given speed than the older designs.

Another example of energy conservation that can be accomplished through the use of new, innovative technology is the demand control ventilation (DCV) system. DCV systems are used in commercial installations where code standards require the introduction of a specified amount of fresh air from outside the conditioned space. If the amount of fresh air introduced is more than is needed, the peak load for heating or cooling will be increased unnecessarily. Use of DCV systems can reduce peak demand for capacity and energy, both for summer and winter.

The existing demand side management programs offered by FPL provide for specified incentive payments to those customers who are willing to purchase and install air conditioning or heating equipment that is more efficient than the minimum code requirement. The code previously allowed a SEER of 10 for residential air conditioning equipment. FPL's current approved standards for the Residential Air Conditioning Program provide an incentive payment for units having a SEER rating as low as 12, if other qualifications are met. The modified program for residential customers will update and expand the SEER requirements, with similar changes to the incentives to be offered. Incentives will also be offered for variable speed motors and the use of FPL approved software for equipment selection.

The modified offering for commercial and industrial customers is to be called the Business HVAC program. Revised program standards will provide details of the changes being made within the program. The qualifying SEER levels will be updated and expanded, based on the new code requirements, and the range of available incentives will be changed. Specifically, maximum available incentives for thermal storage, chillers, direct expansion units, and energy recovery ventilator units will be increased. Additionally, incentives will be offered for equipment that has recently become available in the marketplace, including variable speed motors, DCV systems, and efficient room air conditioning units. To promote more energy efficiency in system design and equipment selection, FPL will offer rebates for feasibility studies, data-logging and post-installation verification of equipment.

The incentive amount for the Business HVAC customers will be based on equipment efficiency and the kW demand that will be removed from FPL's peak loads. The modified

programs meet the objectives of Rule 25-17.001, Florida Administrative Code, and Sections 366.80-366.85 and 403.519, Florida Statutes, and are hereby approved. Within 60 days of the date of this Order, FPL shall file detailed program standards for both the residential and commercial programs, to be administratively approved by our staff.

The modified programs will be monitorable, produce measurable results, and provide increased energy savings. FPL has used Commission-approved methods for determination of cost-effectiveness. For the modified Residential Air Conditioning program, FPL reports the following benefit-cost ratios: 1.20 participant, 1.12 RIM, and 1.01 TRC. For the Business HVAC program, the benefit-cost ratios are 1.57 Participant, 1.38 RIM, and 1.90 TRC.

FPL anticipates that the modified Programs will enable the Company to reach its full potential of peak demand and energy savings and help in achieving the conservation goals approved for the Company.

As FPL has described in its filing, the modified programs meet the three-pronged test by which such programs are evaluated:

- The Programs advance the policy objectives of Rule 25-17.001, Florida Administrative Code, and Sections 366.80 through 366.85, Florida Statutes, known as the "Florida Energy Efficiency and Conservation Act" (FEECA);
- The Programs are directly monitorable and produce measurable results; and,
- The Programs are cost effective.

Accordingly, the modified programs are approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's revisions to its Residential and Commercial/Industrial Heating, Ventilating and Air Conditioning Programs are hereby approved. It is further

ORDERED that Florida Power & Light Company shall file detailed program standards for both the residential and commercial programs within 60 days of the date of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" 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 26th day of June, 2006.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 17, 2006.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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