

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendment of Rule 25-  
17.0021, F.A.C., Goals for Electric Utilities.

DOCKET NO. 20200181-EU  
ORDER NO. PSC-2023-0104-NOR-EU  
ISSUED: March 15, 2023

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman  
ART GRAHAM  
GARY F. CLARK  
MIKE LA ROSA  
GABRIELLA PASSIDOMO

NOTICE OF RULEMAKING

BY THE COMMISSION:

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has proposed the amendment of Rule 25-17.0021, Florida Administrative Code, relating to the adoption of goals for electric utilities, approval of utility plans, and collection of periodic reports from utilities to promote efficiency and conservation of electric energy as provided in the Florida Energy Efficiency and Conservation Act.


The attached Notice of Proposed Rule appeared in the March 15, 2023, edition of the Florida Administrative Register.

If timely requested, a hearing will be held at a time and place to be announced in a future notice.

Requests for hearing on the proposed rule, information regarding the statement of estimated regulatory costs, or proposals for a lower cost regulatory alternative must be provided in writing and received by the Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, no later than April 5, 2023.

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By ORDER of the Florida Public Service Commission this 15th day of March, 2023.



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ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

JHR

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) An 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 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;~~
- (d) ~~(d)~~ The total number of customers<sub>2</sub> or other appropriate unit of measure<sub>2</sub> 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<sub>2</sub> or other appropriate unit of measure<sub>2</sub> 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<sub>2</sub> or other appropriate unit of measure<sub>2</sub> 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<sub>2</sub> or appropriate unit of measure<sub>2</sub> 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~~ Total number of customers<sub>2</sub> or other appropriate unit of measure<sub>2</sub> by customer class for each calendar year of the planning horizon;

(e) The t~~t~~ Total number of customers<sub>2</sub> or other appropriate unit of measure<sub>2</sub> eligible to participate in the program for each calendar year of the planning horizon;

(f) The t~~t~~ Total number of customers<sub>2</sub> or other appropriate unit of measure<sub>2</sub> 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:

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

where

$B_{\text{npv}}$  =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).

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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.