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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (HARLOW) *IAH TD*
DIVISION OF LEGAL SERVICES (PAUGH) *JRP RVE* *JOS*

RE: DOCKET NO. 970546-EG - PETITION BY FLORIDA POWER & LIGHT
COMPANY FOR MODIFICATION OF OFF-PEAK BATTERY CHARGING
PROGRAM

AGENDA: NOVEMBER 4, 1997 - REGULAR AGENDA - PROPOSED AGENCY
ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\970546.RCM

CASE BACKGROUND

In November 1995, the Commission approved Florida Power and Light's (FPL) Commercial/Industrial (C/I) Off-Peak Battery Charging program as part of FPL's demand side management (DSM) plan in Order Numbers PSC-95-1343-S-EG, and PSC-95-1343A-S-EG. The C/I Off-Peak Battery Charging program provides incentives for the installation of a control system that restricts battery charging to off-peak periods. The goal of the program is the reduction of peak demand and the future growth of peak demand.

In staff's first set of interrogatories in Docket No. 960002-EG, FPL was asked to evaluate each of its approved DSM programs using the company's most recent planning assumptions. The results showed that the C/I Off-Peak Battery Charging program remained cost-effective. However, several other DSM programs failed the Rate Impact Measure (RIM) test. FPL agreed at that time to reevaluate each of the programs that failed the RIM test to determine potential program modifications that may be desirable. As a result of this analysis, FPL filed for modification of seven DSM programs and termination of two DSM programs in May 1997.

On May 5, 1997, FPL filed a petition to increase Off-Peak Battery program incentive levels from \$57 to no more than \$75 per on-peak summer kW reduction. FPL requests Commission action of

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the increase in incentives for the C/I Off-Peak Battery Charging program, including recovery of reasonable and prudent expenditures through the Energy Conservation Cost Recovery (ECCR) clause. FPL also requests that the savings resulting from the modified Off-Peak Battery Charging program continue to count towards FPL's approved conservation goals.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power & Light Company's (FPL) petition for modification of the Commercial/Industrial (C/I) Off-Peak Battery Charging program, including approval for energy conservation cost recovery (ECCR)?

RECOMMENDATION: Yes. The C/I Off-Peak Battery Charging program, as modified, is cost-effective. Increasing the program's incentive is expected to encourage program participation. This will assist FPL in meeting its Commission approved Demand Side Management (DSM) goals. Reasonable and prudent expenditures for the program, as modified, should be approved for cost recovery, and the resulting demand savings should continue to count towards FPL's DSM goals.

STAFF ANALYSIS: FPL has proposed an increase in incentive levels for the C/I Off-Peak Battery Charging program from \$57 to no more than \$75 per summer kW reduction. FPL has already offered the program to most of the eligible participants and believes that an incentive increase is necessary to encourage additional program participation. While the program provides a relatively small percentage of FPL's DSM savings, increased program participation will assist FPL in meeting its Commission approved DSM goals. This is particularly important in light of FPL's proposed modification of six other DSM programs and cancellation of two programs.

FPL has determined the cost-effectiveness ratios of the revised C/I Off-Peak Battery Charging program as follows:

Rate Impact Measure Test:	1.63
Participant Cost Test:	2.32
Total Resource Cost Test:	2.88

With a RIM value of 1.63, the modified program is significantly cost-effective. This implies that there is room for error in the avoided cost and peak demand savings assumptions used to determine cost-effectiveness. This increases the assurance that the program will provide benefits to the general body of ratepayers. The program also has a relatively short payback period of nine years, according to the RIM test results.

The modified C/I Off-Peak Battery Charging program is expected to result in a reduction in summer peak demand of 302 kW and a winter peak demand reduction of 28 kW for the period 1998 through 2000. There is no change in the expected per participant demand savings (.86 kW) as a result of the program modification. The modified program is not expected to reduce energy consumption.

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The modified C/I Off-Peak Battery Charging program appears to be monitorable and FPL's evaluation efforts should produce measurable results. A focused evaluation of the program's demand savings was performed in 1996, which included post impact surveys, site surveys and end-use monitoring. FPL's DSM evaluation plans for 1997 through 1999 show that FPL intends to focus additional monitoring efforts on C/I DSM programs in the future.

Staff recommends approval of the modified C/I Off-Peak Battery Charging program because the program remains cost-effective. The increase in program incentives is expected to encourage program participation which will assist FPL in meeting its Commission approved DSM goals. The modified program appears to be directly monitorable. Reasonable and prudent expenditures for the program, as modified, should be approved for cost recovery, and the resulting demand savings should continue to count towards FPL's DSM goals.

ISSUE 2: Should Florida Power and Light Company be required to submit detailed program participation standards?

RECOMMENDATION: Yes. Florida Power and Light Company (FPL) should file program participation standards within 30 days of the issuance of the order in this docket. These standards should be administratively approved.

STAFF ANALYSIS: FPL's program standards should clearly state the Company's requirements for participation in the programs, customer eligibility requirements, details on how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements. Staff requests that it be allowed to administratively approve these program participation standards if they conform to the description of the programs contained in the utility's DSM plan.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action timely files a protest within twenty-one days of the issuance of the order, this docket should be closed.

STAFF ANALYSIS: Pursuant to Rule 25-22.029(4), Florida Administrative Code, any person whose substantial interests are affected by the Commission's proposed agency action shall have 21 days after issuance of the order to file a protest. If no timely protest is filed, the docket should be closed.