

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of numeric conservation goals by Florida Power & Light Company. | DOCKET NO. 040029-EG
ORDER NO. PSC-04-0763-PAA-EG
ISSUED: August 9, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING NUMERIC CONSERVATION
GOALS FOR FLORIDA POWER & LIGHT COMPANY

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.

Case Background

Section 366.82, Florida Statutes, part of the Florida Energy Efficiency and Conservation Act (FEECA), requires us to adopt goals to increase the efficiency of energy consumption, increase the development of cogeneration, and reduce and control the growth rates of electric consumption and weather-sensitive peak demand. Pursuant to Section 366.82(2), Florida Statutes, we must review a utility's conservation goals not less than every five years. Rules 25-17.001 and 25-17.0021, Florida Administrative Code implement these statutes.

We first established numeric conservation goals for Florida Power and Light Company (FPL) in Order No. PSC-94-1313-FOF-EG, issued October 25, 1994, in Docket No. 930548-EG, In Re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards (Section 111) by Florida Power and Light Company, aff'd, Legal Environmental

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Assistance Foundation, Inc. v. Susan F. Clark, et al. as Florida Pub. Serv. Comm'n, 668 So. 2d 982 (Fla. 1996). In that order, we found:

We will set overall conservation goals for each utility based on measures that pass both the participant and RIM tests. The record in this docket reflects that the difference in demand and energy savings between RIM and TRC portfolios are negligible. We find that goals based on measures that pass TRC but not RIM would result in increased rates and would cause customers who do not participate in a utility DSM measure to subsidize customers who do participate. Since the record reflects that the benefits of adopting a TRC goal are minimal, we do not believe that increasing rates, even slightly, is justified.

We set numeric conservation goals for FPL a second time in Order No. PSC-99-1942-FOF-EG, issued October 1, 1999, in Docket No. 971004-EG, In Re: Adoption of Numeric Conservation Goals by Florida Power and Light Company. In setting FPL's numeric goals, we accepted a stipulation between FPL and the Legal Environmental Assistance Foundation. Again, FPL's numeric goals were based on measures that passed the participant and Rate Impact Measure (RIM) tests.

The instant docket, opened on January 13, 2004, represents the third time that we will set numeric conservation goals for FPL. On June 1, 2004, FPL timely filed its new numeric goals. FPL also filed testimony and exhibits in support of the proposed goals.

This Order addresses FPL's petition for approval of its numeric conservation goals. We have jurisdiction over this matter pursuant to Sections 366.81 and 366.82, Florida Statutes.

Numeric Conservation Goals

FPL used a multi-stage analysis in developing its proposed demand-side management (DSM) goals. FPL first selected the potential measures to be analyzed for cost-effectiveness. FPL included the 205 measures analyzed in our two previous goal setting proceedings. FPL also included 124 additional measures, for a total of 329 measures. Each potential measure was then evaluated for cost-effectiveness against a base-case, supply-side only expansion plan.

FPL calculated RIM and participant test values for each potential measure. FPL also screened out measures which would have a payback period of less than two years for consumers. FPL's analysis resulted in 92 measures which passed the RIM test and did not have payback periods less than two years. The seasonal demand and annual energy savings associated with these cost-effective measures were then summed by market segment to arrive at FPL's proposed goals.

FPL's goals are as follows:

PROPOSED CONSERVATION GOALS - CUMULATIVE

Year	Residential			Commercial / Industrial		
	Summer MW	Winter MW	Annual GWh	Summer MW	Winter MW	Annual GWh
2005	47.8	26.0	90.3	26.3	12.8	31.5
2006	91.9	55.6	166.0	49.8	23.7	50.8
2007	140.6	89.2	246.9	71.3	33.3	59.1
2008	194.6	127.3	333.3	92.6	43.2	67.8
2009	252.1	168.0	424.1	113.8	53.5	77.0
2010	313.2	211.3	519.5	134.6	63.9	86.5
2011	377.1	256.5	617.9	155.1	74.4	96.4
2012	443.6	303.3	719.3	175.2	85.1	106.5
2013	512.8	352.0	823.7	195.1	96.1	116.9
2014	586.9	405.1	931.0	214.9	107.3	127.6

A comparison of FPL's current and proposed conservation goals is shown below. As shown in the table, FPL's proposed residential demand goals are higher than its existing goals, while FPL's proposed energy and commercial/industrial demand goals are lower than existing goals. FPL attributed the decrease primarily to the new minimum efficiency levels in the Florida State Energy Code, which will take effect in 2005. The increased efficiency level required by Florida's energy code will reduce the potential demand and energy savings of several of FPL's programs. The greatest impact of the building code changes can be seen in FPL's Commercial/Industrial Building Envelope; Heating, Ventilating, and Air-Conditioning; and Efficient Lighting programs. It should be noted that, according to FPL's most recent FEECA report, FPL has been successful in surpassing all six of its existing numeric demand and energy goals.

COMPARISON OF PROPOSED AND EXISTING CONSERVATION GOALS

Year	Residential			Commercial / Industrial		
	Summer MW	Winter MW	GWh	Summer MW	Winter MW	GWh
Existing (cumulative 2000-2009)	485.9	372.4	943.2	278.8	133.0	343.4
Proposed (cumulative 2005-2014)	586.9	405.1	931.0	214.9	107.3	127.6

We have reviewed the programs, assumptions, and evaluation methodology used by FPL and find them to be reasonable. The DSM measures evaluated are based on an adequate assessment of the market segments and major end-use categories in accordance with Rule 25-17.0021(3), Florida Administrative Code. In addition, as required by the rule, FPL's analysis adequately reflects consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and FPL's latest monitoring and evaluation of conservation programs and measures. FPL appropriately used the RIM and participant tests to determine the cost-effective level of achievable DSM goals. Therefore, we find that FPL's proposed annual residential and commercial/industrial winter and summer kW and annual kWh conservation goals for the period 2005 through 2014 shall be approved.

Rule 25-17.0021(4), Florida Administrative Code, requires each FEECA utility to submit for our approval a demand-side management plan designed to meet the utility's approved goals, within 90 days of the issuance of our order approving conservation goals. In accordance with the rule, FPL is required to submit its demand-side management plan within 90 days of the issuance of the order consummating this Proposed Agency Action Order. FPL's plan shall also specify the DSM programs which will be offered by FPL in order to meet its approved DSM goals for 2005 through 2014. The plan shall provide information about each program, as specified in Rule 25-17.0021(4), Florida Administrative Code, including: 1) details of the policies and procedures of the program; 2) the number of eligible customers; 3) participation estimates; 4) demand and energy savings estimates; 5) a methodology for measuring the actual program savings; and, 6) cost-effectiveness estimates.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's proposed annual numeric residential winter demand, summer demand, and annual energy conservation goals for the period 2005 through 2014 shall be approved as set forth in the body of this Order. It is further

ORDERED that Florida Power & Light Company's proposed annual numeric commercial/industrial winter demand, summer demand, and annual energy conservation goals for the period 2005 through 2014 shall be approved as set forth in the body of this Order. It is further

ORDERED that Florida Power & Light Company is required to file a demand-side management plan within 90 days of the issuance of the order consummating this Proposed Agency Action 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 this docket shall remain open to allow the Commission to address Florida Power & Light Company's demand-side management plan.

By ORDER of the Florida Public Service Commission this 9th day of August, 2004.

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

By: Marcia Sharma
Marcia Sharma, Assistant Director
Division of the Commission Clerk
and Administrative Services

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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 August 30, 2004.

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.