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080407-EG

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To: Filings@psc.state.fl.us
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Submitted by:

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Re: Docket No. 080407-EG, Florida Power & Light Company's Petition for Approval of Numeric conservation Goals

Filed on behalf of Sarasota County

Four pages total

This email sent by:

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09138 SEP-28

FPSC-COMMISSION CLERK

**DOCKET NO. 080407-EG
FLORIDA POWER & LIGHT COMPANY
IN RE: FLORIDA POWER & LIGHT COMPANY'S
PETITION FOR APPROVAL OF
NUMERIC CONSERVATION GOALS**

While Florida utilities currently rely on the Rate Impact Measure (RIM) test and focus on load management in setting their Demand Side Management (DSM) goals, we would like to see a greater emphasis on energy efficiency and renewable energy. The RIM test does not reflect "costs and benefits to the general body of ratepayers as a whole", 366.81 F.S (3) (b), rather focuses on rates, and potential impacts to nonparticipants. The Florida Public Service Commission should use the Total Resource Cost (TRC) test and the Participant Cost Test (PCT) to set goals pursuant to Section 366.82, F.S.

Because of changes in 2008 to the Florida Energy Efficiency and Conservation Act (FEECA) 366.80-82 F.S., the Florida Public Service Commission (FPSC) has new evaluation criteria for the energy efficiency and conservation goals of the utilities it regulates. The FPSC must evaluate: (1) the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems; (2) the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems;

The 2007 American Council for an Energy-Efficient Economy report, *Potential for Energy Efficiency and Renewable Energy to Meet Florida's Growing Energy Demand* includes, "Our study asserts that energy efficiency, coupled with renewable energy, can slow future electricity demand. It would also diversify the state's energy resources, making Florida less vulnerable to global markets and volatile energy prices. The study shows that implementing energy efficiency policies alone (such as efficient windows, compact fluorescent light bulbs, and ENERGY STAR new homes and appliances) can almost offset the future growth in electric demand." 1

Under 366.82, F.S., the FPSC may authorize financial rewards for those utilities over which it has rate-setting authority that exceed their goals and may authorize financial penalties for those utilities that fail to meet their goals. The Commission may allow an investor-owned electric utility an additional return on equity of up to 50 basis points for exceeding 20 percent of their annual load-growth through energy efficiency and conservation measures.

Energy efficiency improvements with a simple payback period of less than three years reflect one of the most cost-effective ways to increase energy efficiency. These measures would be more fully adopted if included as part of a Utility energy efficiency program. Increased investments in energy efficiency rather

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than construction of new power generation could result in significant reduction in consumer energy costs while promoting job growth in the state.

Florida Power & Light (FPL) proposed conservation goals should include an increased emphasis on energy efficiency and renewable energy systems. We ask the FPSC to take under consideration "the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems" 366.82 F.S. (3) (c) when adopting conservation goals for FPL and any other FEECA Investor Owned Utility (IOU).

The overarching conclusion of the U.S. Dept. of Energy 2007 Energy Policy Act report to Congress, is that state and regional policies should capitalize on the opportunities to use low-cost energy efficiency, as delivered by electric and gas utilities and allied organizations, as a means to meet growing energy demands and enhance system reliability. The DOE report recommends "Regulators should consider recognizing energy efficiency as a high-priority energy resource." 2

Not only do the consumers who implement energy efficiency measures experience immediate energy cost savings, according to the 2007 DOE report, energy efficiency provides significant additional benefits to consumers and society, including:

- Improved reliability - Energy efficiency, which can reduce system demand during peak periods, can lessen constraints and congestion on the electric transmission and distribution system.
- Energy price risk mitigation - Energy efficiency can reduce risk of exposure to energy price increases. Energy efficiency moderates changes in demand, diminishing pressure on existing supplies to meet current needs.
- Energy security - Energy efficiency is a local resource, relying on engineers, architects, retailers, and contractors to design, sell, and install high-efficiency equipment and appliances.
- Environmental benefits - Energy efficiency reduces pollutant emissions from fossil fuel burning power plants. To the extent that investments in new power plants can be avoided, the life-cycle environmental impacts of those new plants can also be avoided (e.g., resources used in constructing, operating, and decommissioning plants are saved and upstream impacts from fossil and nuclear fuel extraction, refining, and transportation are avoided).
- Reduced energy costs - By improving the efficiency of energy usage, capital-intensive infrastructure investments can be avoided or delayed. Because the costs of new generation, transmission, and distribution assets are recovered in retail rates, energy efficiency can lower consumers' electric and gas rates and utility bills by mitigating or postponing the need for new power system infrastructure.

The 2006 U.S. EPA and U.S. DOE *National Action Plan for Energy Efficiency Report* finds "For both electric and gas utilities, energy efficiency investments consistently lower costs over time for both utilities and customers, while providing positive net benefits to society." 3

Ratepayers have already seen significant increases in their monthly utility bills from utility early cost recovery charges for future power plant construction and requested rate changes due to volatile fuel costs. We request expanding energy efficiency as a utility system resource and the substitution of energy efficiency programs for building the generating plants or other infrastructure and purchasing the fuel to generate the energy. If investing in energy efficiency results in slightly higher rates, this increase can be more than offset in average customer bills due to a reduction in energy usage and obviated need for additional generating infrastructure.

Since energy savings are cumulative, the potential impact of an energy efficiency performance standard (EEPS) can be substantial. According to the 2007 DOE congressional report, "If a 0.75 percent per year EEPS were implemented nationwide for electricity and natural gas nationwide by 2020, it could save more than 5 quadrillion Btus a year, or 8 percent of otherwise forecasted annual electricity and natural gas consumption, with net savings to consumers of \$64 billion." 2

The FPSC should additionally require FPL and other IOU's to establish demand-side renewable programs focusing on solar water heating and solar photovoltaic (PV) systems for both residential and commercial customer classes. In order to encourage these solar technologies, the Commission should authorize recovery of 1% of FPL's annual retail sales revenue per year for the next five years. These funds should be used as rebate incentives to customers installing PV and solar thermal demand side energy systems and additionally, include a program for residential customer PV systems larger than 5 kW and commercial customer PV systems larger than 10 kW, using a performance-based incentive program for those systems to encourage solar deployment in the Sunshine State.

s/ **James L. Ley**
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1 American Council for an Energy-Efficient Economy, *Potential for Energy Efficiency and Renewable Energy to Meet Florida's Growing Energy Demand*. 2007. <http://aceee.org/pubs/e072.htm>

2 U.S. Department of Energy. *State and Regional Policies that Promote Energy Efficiency Programs Carried out by Electric and Gas Utility Companies*. 2007. [http://www.oe.energy.gov/DocumentsandMedia/DOE EPAAct Sec. 139 Rpt to CongressFINAL PUBLIC RELEASE VERSION.pdf](http://www.oe.energy.gov/DocumentsandMedia/DOE_EPAAct_Sec_139_Rpt_to_CongressFINAL_PUBLIC_RELEASE_VERSION.pdf)

3 U.S. EPA & U.S. DOE. *National Action Plan for Energy Efficiency Report*. 2006 http://www1.eere.energy.gov/office_eere/pdfs/napee_full_report.pdf