



December 3, 2010

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COMMISSION  
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Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket 100160-EG  
PEF's Petition for Approval of Demand-side Management Plan  
Response to Staff's 8<sup>th</sup> Data Request (Nos. 1-38)

Dear Ms. Cole:

Enclosed for filing is the original and 5 copies of PEF's Response to Staff's 8th Data Request in the above-referenced docket.

Thank you for your assistance in this matter and please let me know if you have any questions.

Sincerely,

Dianne M. Triplett

DMT/at

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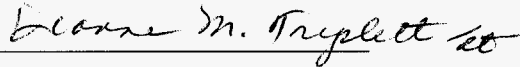
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic and U.S. Mail this 3rd day of December, 2010 to all parties of record as indicated below.



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## PEF'S RESPONSE TO STAFF'S 8<sup>th</sup> DATA REQUEST

1. Please explain whether and how administrative and marketing costs for each pilot program will be counted against the annual incentive cap for each pilot program?

**Response:**

The administrative and marketing costs for the solar pilot programs will be tracked separately for each pilot program, however they will not be counted against the annual incentive cap established for each pilot program. All costs associated with the entire demand side renewable portfolio, including the administrative and marketing costs will be tracked against the \$6.5 million annual portfolio expenditure cap established by the Commission pursuant to Order No. PSC 09-0855-FOF-EG issued December 31, 2009.

2. Please explain whether administrative and marketing costs for the solar pilot programs will be commingled with similar costs of other demand-side management programs and recovered through "Common Expenses" in the Energy Conservation Cost Recovery Clause?

**Response:**

The administrative and marketing costs for the solar pilot programs will be tracked separately for each pilot program and will not be commingled with similar costs for other demand-side management programs nor recovered through "Common Expenses" in the Energy Conservation Cost Recovery Clause.

3. Please explain how PEF will manage the requests for rebates that exceed the amount of rebates available in a given year?
  - a. Will customers who have applied to participate in a program whose funds have been exhausted retain their place in the queue for the next year when funds become available?
  - b. How will customers/installers be informed about the remaining funds available?

**Response:**

- a. Reservations for a year's funding will begin October 1 of the previous year and close September 30 of the funding year. The reservation process for incentives will be on a first come first served basis. Once the \$1,000,000/year program funding has been allocated, no additional reservations for that year will be accepted and customers will be encouraged to apply early for the following year. Incentives will only be awarded to systems that are specifically reserved for the given year.
- b. PEF intends to make the remaining rebate funds available online throughout each year.

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4. Each pilot program, except the Photovoltaic for Schools and the Research and Development Pilots, contain an Eligibility Requirement which states that the customer waive Rule 25-6.065, Florida Administrative Code.
  - a. Please identify the specific authority, with pinpoint citation, upon which you rely for your position that customers must transfer all renewable energy credits and other environmental attributes associated with the pilot program in order to participate in the pilot.
  - b. Has this Commission ever approved similar provisions for Program Participation Standards? Please provide specific examples.

**Response:**

- a. PEF does not have any specific authority citation for this requirement. PEF's customers will be paying, through the ECCR clause, for all or a portion of the facilities under these pilot programs. If a renewable portfolio standard ("RPS"), at either the federal or state level, is passed at some point in the future, it will likely involve renewable energy credits. While there is no Florida-based market at the present for such credits, if an RPS is passed, those credits could have some value to PEF's customers. Therefore, PEF seeks to require that customers transfer all such credits and other environmental attributes to PEF so that, if or when an RPS is implemented, PEF's customers can reap the benefit (if any) of these credits since customers are providing funding for the development of those credits. PEF is unaware of any specific instance in which the Commission has considered or approved such provisions. Nevertheless, given the uncertain state of the value of these renewable energy credits, PEF believes it is prudent to preserve its customers' future rights to the value of those credits.
- b. Please see PEF's response to question #4(a).

**Solar Water Heating for Low-Income Residential Customers**

5. Please explain what is the justification for additional standards for installation in the Residential and Commercial Photovoltaic programs?

**Response:**

Solar photovoltaic systems differ significantly from solar water heating systems when interacting with PEF's grid system. The additional standards for photovoltaic systems ensure proper and safe integration with the PEF grid.

6. Please explain the circumstances by which the non-profit builder would own the solar water heating system?

**Response:**

PEF anticipates that non-profit builders will own the solar water heating systems only in rare instances. Specifically, these include builder ownership of model homes and homes under construction, prior to ownership transfer.

7. Please explain the circumstances by which the PEF customer participating in the program would not own the solar water heating system?

**Response:**

Please see PEF's response to question #6.

8. Please identify the entity that approves the non-profit builders/agencies.

**Response:**

PEF will approve the builders/agencies. PEF will work with any builder/agency that qualifies for The State Housing Initiative Program (SHIP).

9. Please provide a list of the non-profit builders/agencies.

**Response:**

Current builders/agencies that qualify for SHIP include: Florida Home Partnership, Tampa Bay CDC, Florida Non-Profit Housing, Florida Low Income Housing, Homes in Partnership, and Habitat for Humanity.

10. If the non-profit builder owns the solar water heating system, as contemplated in Section 1, please explain how the customer can transfer to PEF all renewable energy credits and other environmental attributes associated with the system?

**Response:**

Please see PEF's response to question #4(a).

11. Will the program provide for a standard capacity solar water heating system for each installation? If so, please provide the capacity, in gallons per hour. If not, please explain why a standard capacity system will not be used?

**Response:**

Capacity will vary due to home size, occupancy and irradiance availability. However, the refresh rate is equivalent to or better than that of a standard tank because of the backup heat source.

12. Please explain why the solar water heating system must only meet at least 50% of the water heating needs of the customer? Explain why the system should not be required to meet a higher minimum percentage of the customer's water heating needs?

**Response:**

The solar water heating system will meet a minimum of 50% of the water heating needs of the customer. This is only a minimum requirement as there is a wide range of efficiency between active direct and passive direct solar thermal technologies. Although the active direct systems have a higher range of efficiency, they require more maintenance and upkeep. As such, the passive direct systems may not save as much in energy, but cost less to operate. PEF's intent is not to exclude any technology.

13. Why is Florida Energy Solar Center certification and approval of solar water heating systems a prerequisite for participating in the two programs, Solar Water Heating for Low Income and Solar Water Heating with Energy Management?

**Response:**

In accordance with Florida Law (§377.705, F.S.), the Florida Solar Energy Center is charged to "*develop and promulgate standards for solar energy systems manufactured or sold in the state based on the best currently available information....*" FSEC is also the authoritative source for certification of systems.

**Solar Water Heating with Energy Management Program**

14. Please explain whether the "annual incentive cap" of \$1,237,500 will be solely for the solar water heating system rebate of \$550? If not, provide a detailed listing by category of the costs budgeted for the "annual incentive cap."

**Response:**

The "annual incentive cap" of \$1,237,500 will be solely for the solar water heating system rebate of \$550.

15. Please explain why PEF should receive all renewable energy credits and other environmental attributes associated with the solar water heating system, when PEF's ratepayers are providing a rebate which amounts to only a portion of the installed cost of the system?

**Response:**

Because no RPS exists, PEF cannot determine how renewable energy credits will be valued. It is thus difficult to develop a participation standard that apportions the credits based on the percentage of dollars being offered through the pilot program. Therefore, for all the reasons stated in 4(a), PEF decided to include a requirement that all credits and environmental attributes be transferred to PEF.

16. Please explain how PEF intends to treat any revenues from the sale of renewable energy credits and other environmental attributes associated with the solar water heating system?

**Response:**

If PEF recognizes any revenues from the sale of renewable energy credits and other environmental attributes, those revenues would flow back to ratepayers via the ECCR clause.

17. Please explain why the solar water heating system must only meet at least 50% of the water heating needs of the customer? Explain why the system should not be required to meet a higher minimum percentage of the customer's water heating needs?

**Response:**

Please see PEF's response to question #12.

18. Please explain why 25% of associated Energy Management monthly credits for non-water heating devices should be paid from the annual incentive amount for the residential solar water heating pilot program?

**Response:**

Energy Management credits are associated with participation in the PEF's Demand Response program, EnergyWise. These credits are not paid from the renewable programs budget, but rather like all EnergyWise credits are part of the Demand Response budget.

19. Please explain why 100% of associated Energy Management monthly credit for pool pumps should be paid from the annual incentive amount for the residential solar water heating pilot program?

**Response:**

See PEF's response to question #18.

Residential Solar Photovoltaic

20. Please explain why Florida Energy Solar Center certification and approval of solar photovoltaic systems are a prerequisite for participating in the Residential Solar Photovoltaic pilot program but not the Photovoltaics for Schools program?

**Response:**

FSEC certification is required for all solar programs including the Photovoltaics for Schools program. As PEF intends to contract directly with installers for the Schools program, the FSEC prerequisite will be a requirement in each contract.

21. Please explain why the equipment and installation specifications do not reference Rule 25-6.065, Florida Administrative Code, regarding interconnection and net metering of customer-owned renewable generation?

**Response:**

Participation with the residential and commercial solar photovoltaic pilots require the participant to meet all of the requirements associated with the applicable interconnection Tier as stated in PEF's Interconnection Procedures, which was developed in accordance to Rule 25-6.065, Florida Administrative Code. It is expected that solar PV systems and installations adhere to Rule 25-6.065, except as addressed under eligibility requirement item 7.

22. Please explain why PEF should receive all renewable energy credits and other environmental attributes associated with the solar photovoltaic system, when PEF's ratepayers are providing a rebate which amounts to only a portion of the entire cost of the system?

**Response:**

Please see PEF's response to question #15.

23. Please explain how PEF intends to treat any revenues from the sale of renewable energy credits and other environmental attributes associated with the solar photovoltaic system?

**Response:**

Please see PEF's response to question #16.

24. Please explain why the customer must implement at least one energy efficiency measure within the two years prior to program application?

**Response:**

PEF believes that when considering any solar electric option, customers should be encouraged to increase energy efficiency as part of a whole systems approach.



25. Please explain whether the program participation standards should require the customer to sign a standard interconnection agreement and participate in net metering pursuant to Rule 25-6.065, Florida Administrative Code?

**Response:**

Participants will be required to apply for program participation. The application includes the requirements pursuant to Rule 25-6.065, except where explicitly addressed under eligibility requirement item 7. The participant will be net metered.

**Commercial Solar Photovoltaic**

26. Please explain why Florida Energy Solar Center certification and approval of solar photovoltaic systems are a prerequisite for participating in the Commercial Solar Photovoltaic pilot program but not the Photovoltaics for Schools program?

**Response:**

Please see PEF's response to question #20.

27. Please explain why the equipment and installation specifications do not reference Rule 25-6.065, Florida Administrative Code, regarding interconnection and net metering of customer-owned renewable generation?

**Response:**

Please see PEF's response to question #21.

28. Please explain why PEF should receive all renewable energy credits and other environmental attributes associated with the solar photovoltaic system, when PEF's ratepayers are providing a rebate which amounts to only a portion of the entire cost of the system?

**Response:**

Please see PEF's response to question #15.

29. Please explain how PEF intends to treat any revenues from the sale of renewable energy credits and other environmental attributes associated with the solar photovoltaic system?

**Response:**

Please see PEF's response to question #16.

30. Please explain why the customer must implement at least one energy efficiency measure?

**Response:**

Please see PEF's response to question #24.

31. Please explain whether the program participation standards should require the customer to sign a standard interconnection agreement and participate in net metering pursuant to Rule 25-6.065, Florida Administrative Code?

**Response:**

Please see PEF's response to question #25.

Photovoltaics for Schools

32. Please provide the annual amount energy management credits donated by customers for the existing Solar for Schools Program from the beginning of the program to the most recent amount collected for 2010.

**Response:**

2007 = \$1,420.34  
2008 = \$20,977.46  
2009 = \$57,556.52  
2010 = \$54,552.54  
Total = \$134,506.86

33. If PEF does not either raise sufficient funds in a year to provide an incentive as detailed on page 30, or does not provide incentives up to the annual cap, please explain how the excess amount will be treated?

**Response:**

Funding raised through energy management credits donated by customers are mutually exclusive of the expenditure cap authorized by the Commission and will not count toward the spending cap in the Solar for Schools Pilot Program. This funding will be kept separately for the enhancement of the educational components of the program.

34. Will operations and maintenance costs for photovoltaic systems installed on schools be recovered from the pilot program's annual incentive budget? If not, please explain how such costs will be recovered or whether it will be the responsibility for the school for operation and maintenance.

**Response:**

Yes, the operation and maintenance of the system for the first five years will be required in the installer contract after which time the school will assumed all O&M responsibility upon taking ownership.

35. Please explain whether energy management credits donated by customers count towards the spending cap in the Solar for Schools Pilot Program?

**Response:**

Please refer to PEF's response to question #33.

36. Will Photovoltaic systems installed in the Solar for Schools Pilot Program be net metered? If so, please explain whether the application fees and associated costs associated with the interconnection will be included in the incentive?

**Response:**

Customer owned systems in the Solar for Schools Pilot Program with the potential to export energy will be net metered. The Solar for Schools Pilot Program will have its own independent application process that does not include an application fee.

37. Please explain who will own the renewable energy credits associated with the energy generated by systems installed in the Solar for Schools Pilot Program?

**Response:**

Similar to all Demand Side Renewable Portfolio pilots, and as referenced in PEF's response to question #4, Progress Energy proposes to own the renewable energy credits and any environmental attribute.

**Research and Development**

38. Please explain what criteria will be used to determine the compensation paid to participants in field demonstration projects?

**Response:**

Progress Energy will pursue research parties with mutual interest for the desired / planned study and will therefore limit any compensation beyond the shared value of the findings. However, in some cases the study scope and/or impact may require additional incentives to secure willing participants and effective results. Criteria for participant compensation includes, but is not limited to, the following:

- Project scope
- Number of participants
- Study duration

- Anticipated & unanticipated impact
  - Participants time, effort, inconvenience
  - Operation / performance implications