June 10, 2014

Carlotta Stauffer
Director, Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Docket No. 130199-EI Florida Power & Light Company
Docket No. 130200-EI Duke Energy Florida, Inc.
Docket No. 130201-EI Tampa Electric Company
Docket No. 130202-EI Gulf Power Company
Docket No. 130203-EM JEA
Docket No. 130204-EM Orlando Utilities Commission
Docket No. 130205-EI Florida Public Utilities Company

Dear Ms. Stauffer:

Enclosed for filing in the above-stated dockets please find Sierra Club's Prehearing Statement. Should you have any questions regarding this filing, please call me at (202) 548-4595.

Sincerely,

/s/ Diana A. Csank

Diana A. Csank
50 F St NW, 8th Floor
Washington DC 20001
(202) 548-4595 (direct)
(413) 768-7313 (mobile)
Diana.Csank@sierraclub.org
Qualified Representative for Sierra Club

Enclosures

CERTIFICATE OF SERVICE
DOCKET NOS. 130199-130205

I HEREBY CERTIFY that a true and correct copy of the forgoing was served by electronic delivery this 10th day of June, 2014 to the following:

Florida Public Service Commission Charles Murphy, Theresa Tan, Kelley Corbari, Shalonda Hopkins 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 cmurphy@psc.state.fl.us ltan@psc.state.fl.us kcorbari@psc.state.fl.us	**Duke Energy Florida** Mr. Paul Lewis, Jr., Dianne Triplett, John Burnett, Matthew Bernier 106 East College Avenue, Suite 800 Tallahassee, FL 32301-7740 paul.lewisjr@duke-energy.com john.burnett@duke-energy.com dianne.triplett@duke-energy.com matthew.bernier@duke-energy.com
Florida Power & Light Company (Juno) John Butler/Jessica Cano 700 Universe Blvd Juno Beach, FL 33408 John.Butler@FPL.com Jessica.Cano@fpl.com	**Florida Industrial Power Users Group** Jon C. Moyle, Jr./Karen Putnal c/o Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com
Florida Power & Light Company (Miami) Kevin Donaldson 4200 West Flagler Street Miami, FL 33134 kevin.donaldson@fpl.com	**Tampa Electric Company** Ms. Paula K. Brown P. O. Box 111 Tampa, FL 33601-0111 Regdept@tecoenergy.com
Florida Power & Light Company Mr. Ken Hoffman 215 South Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com	**Hopping Law Firm** Gary V. Perko P.O. Box 6526 Tallahassee, FL 32314 Gperko@hgslaw.com
Florida Public Utilities Company Ms. Cheryl M. Martin 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409-6703 cyoung@fpuc.com	**Beggs & Lane** J. Stone/R. Badders/S. Griffin P.O. Box 12950 Pensacola, FL 32591-2950 srg@beggslane.com
Orlando Utilities Commission Mr. W. Christopher Browder P. O. Box 3193 Orlando, FL 32802-3193 cbrowder@ouc.com	**Gulf Power Company** Mr. Robert L. McGee, Jr. One Energy Place Pensacola, FL 32520-0780 rlmcgee@southernco.com

Southern Alliance for Clean Energy George Cavros 120 E. Oakland Park Blvd., Suite 105 Fort Lauderdale, FL 33334 George@cavros-law.com	**Florida Department of Agriculture and Consumer Services** Steven L. Hall, Senior Attorney Office of General Counsel 407 South Calhoun Street, Suite 520 Tallahassee, FL 32399 Steven.Hall@FreshFromFlorida.com
Earthjustice Alisa Coe/David G. Guest 111 S. Martin Luther King Jr. Blvd. Tallahassee, FL 32301 acoe@earthjustice.org Attorneys for SACE	**Environmental Defense Fund** John Finnigan 128 Winding Brook Lane Cincinnati, Ohio 45174 jfinnigan@edf.org
JEA Mr. P. G. Para 21 West Church Street, Tower 16 Jacksonville, FL 32202-3158 parapg@jea.com	**Office of Public Counsel** c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 sayler.erik@leg.state.fl.us
Wal-Mart Stores East, LP & Sam's East, Inc. Kenneth E. Baker Energy Department 2001 SE 10th St. Bentonville, AR 72716-0550 ken.baker@wal-mart.com	**Florida Solar Energy Industries Ass'n** Colleen McCann Kettles, JD ckettles@fsec.ucf.edu
Keyes, Fox and Wiedman LLP Kevin Fox/Justin Barnes/Rusty Haynes 436 14th St., Ste. 1305 Oakland, CA 94612 kfox@kfwlaw.com	**Southeast Energy Efficiency Alliance** Abby Schwimmer aschwimmer@seealliance.org
Opower Alex Lopez alex.lopez@opower.com	**The Alliance for Solar Choice** Anne Smart 595 Market St. 29th Floor San Francisco, CA 94105 anne@allianceforsolarchoice.com
Ausley Law Firm J. Beasley/J. Wahlen/A. Daniels Post Office Box 391 Tallahassee, FL 32302 jbeasley@ausley.com	

DATED this 10th day of June, 2014.

/s/ Diana A. Csank

Diana A. Csank
Diana.Csank@sierraclub.org
Qualified Representative for Sierra Club

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (Florida Power & Light Company).	DOCKET NO. 130199-EI
In re: Commission review of numeric conservation goals (Duke Energy Florida, Inc.).	DOCKET NO. 130200-EI
In re: Commission review of numeric conservation goals (Tampa Electric Company).	DOCKET NO. 130201-EI
In re: Commission review of numeric conservation goals (Gulf Power Company).	DOCKET NO. 130202-EI
In re: Commission review of numeric conservation goals (JEA).	DOCKET NO. 130203-EM
In re: Commission review of numeric conservation goals (Orlando Utilities Commission).	DOCKET NO. 130204-EM
In re: Commission review of numeric conservation goals (Florida Public Utilities Company).	DOCKET NO. 130205-EI
	Filed: June 10, 2014

SIERRA CLUB'S PREHEARING STATEMENT

Pursuant to the August 19, 2013, Order Consolidating Dockets and Establishing Procedure, No. PSC-13-0386-PCO-EU, Sierra Club submits the following prehearing statement:

1. WITNESSES

Sierra Club is presenting one witness, Tim Woolf. His Direct Testimony is prefiled as Document No. 02380-14, including a description of his relevant professional and educational experience. His testimony addresses each of the eleven (11) issues established by the April 7, 2014, Order Establishing Issues List, No. PSC-14-0154-PCO-EU. In doing so, Witness Woolf reviews the goals of the electric utilities that are subject to the Florida Energy Efficiency and

Conservation Act (the Utilities). Specifically, he addresses the Utilities' energy efficiency and load management goals (i.e., energy savings goals), and their demand-side renewable energy goals (i.e., distributed solar goals). He does not address supply-side efficiency goals, except to urge the Commission to set a date certain by which the Utilities shall present the potential studies for efficiency improvements at their generation facilities and throughout their transmission and distribution systems, as required by FEECA Section 366.82(3), F.S.

Throughout his testimony, Witness Woolf focuses on Florida Power & Light Company (FPL) and Duke Energy Florida, Inc. (DEF) because they serve such a large portion of Florida's electricity demand. Many of Witness Woolf's findings and recommendations can and should be applied to all of the Utilities.

Sierra Club will present additional witnesses, as needed, to establish that Sierra Club has associational standing and is entitled to participate in this proceeding on its more than 28,000 Florida members' behalf.

2. PREFILED EXHIBITS

Listed below are all of the prefiled exhibits that Sierra Club will present for its direct case, and that Witness Woolf will sponsor. Sierra Club reserves the right to present other exhibits during cross-examination of the Utilities' experts.

Exhibit TW-1	Tim Woolf Resume
Exhibit TW-2	National Efficiency Screening Project, The Resource Value Framework: Reforming Energy Efficiency Cost-Effectiveness Screening, Mar. 2014.
Exhibit TW-3	Synapse Energy Economics, Best Practices in Electric Utility Integrate Resource Planning, prepared for the Regulatory Assistance Project, 2013.
Exhibit TW-4	Ceres, *Practicing Risk-Aware Electricity Regulation: What Every State Regulator Needs to Know*, prepared by Ron Binz, Rich Sedano, Denise Furey, Dan Mullen, Apr. 2012.

Exhibit TW-5	Synapse Energy Economics, *2013 Carbon Dioxide Price Forecast*, Nov. 2013.
Exhibit TW-6	Synapse Energy Economics, *Energy Efficiency Cost-Effectiveness Screening: How to Properly Account for Other Program Impacts and Environmental Compliance Costs*, prepared for Regulatory Assistance Project, Nov. 2012.
Exhibit TW-7	Synapse Energy Economics, *Best Practices in Energy Efficiency Program Screening: How to Ensure that the Value of Energy Efficiency is Properly Accounted For*, prepared for the National Home Performance Council, July 2012.
Exhibit TW-8	Florida Solar Energy Center (FSEC), ZEH: Lakeland, Florida. 1998.
Exhibit TW-9	Kristen Funk, Small Business Energy Efficiency: Roadmap to Program Design, Proceedings of the 2012 ACEEE Summer Study on Energy Efficiency in Buildings, August 2012.
Exhibit TW-10	Synapse Energy Economics, Big Risks, Better Alternatives - An Examination of Two Nuclear Energy Projects in the U.S. October 6, 2011.
Exhibit TW-11	NREL, Residential, Commercial, and Utility-Scale Photovoltaic (PV) System Prices in the United States: Current Drivers and Cost-Reduction Opportunities, February 2012.
Exhibit TW-12	US DOE, SunShot Vision Study, February 2012.
Exhibit TW-13	Interstate Renewable Energy Council, U.S. Solar Market Trends 2012, July 2013.

3. STATEMENT OF BASIC POSITION

This proceeding is the Commission's best chance to manage the growing costs and risks in Florida's electric system for three key reasons: ***First***, because saving energy through energy efficiency is the fastest, cheapest, and safest way to meet Florida's electricity demand, and there is still great untapped energy savings potential in Florida. ***Second***, because saving energy and advancing local solar power support the strategic imperatives to diversify Florida's power mix, protect against fuel price shocks, and stem the regulatory compliance costs and risks of conventional generation. ***Third***, because the Commission can draw on Florida's past experience,

and on instructive benchmarks and best practices from other states to set and enhance regulatory support for ambitious, achievable goals consistent with FEECA and customers' interest.

a. The Commission Should Set Much Higher Energy Savings Goals.

Much higher energy savings goals—*at a minimum* of one percent (1%) annual savings relative to retail sales—can be achieved rapidly and profitably in Florida with the appropriate regulatory support from the Commission. Notably, one and a half percent (1.5%) annual energy savings relative to sales by 2020 is the benchmark for every state, including Florida, in the US Environmental Protection Agency's recently proposed greenhouse gas regulations.[1] The proposal is expected to reduce customers' electric bills by eight percent (8%) on average,[2] and saving energy through efficiency is one of the most cost-effective compliance strategies for the proposed regulations.[3]

Witness Woolf's Direct Testimony offers a detailed explanation and empiric support for much higher energy savings goals. Four figures from the Testimony stand out in particular and are repeated here for emphasis: Figure 1 shows that energy efficiency is a great deal for customers, costing significantly less than alternative resources such as the proposed Turkey Point and Levy nuclear facilities, and the estimated costs of DEF's proposed combined-cycle gas facility. Note that Figure 1 does not account for the risk associated with new nuclear and new

[1] http://www2.epa.gov/carbon-pollution-standards/what-epa-doing; *see also* http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule-technical-documents-spreadsheets ("EPA is using its authority under section 111 of the Clean Air Act to issue standards, regulations or guidelines, as appropriate that address carbon pollution from new and existing power plants, including modifications of those plants.")

[2] http://yosemite.epa.gov/opa/admpress.nsf/8d49f7ad4bbcf4ef852573590040b7f6/c45baade030b640785257 ceb003f3ac3!OpenDocument.

[3] *See* EPA Proposed Rule, Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, at 232, *available at* http://www2.epa.gov/sites/production/files/2014-05/documents/20140602proposal-cleanpowerplan.pdf ("EPA Proposed 111(d) Rule").

fossil-fired power plants —risks that could result in significantly higher costs to customers than what is presented below.

Figure 1. Levelized Cost of Energy Efficiency versus Conventional Generation

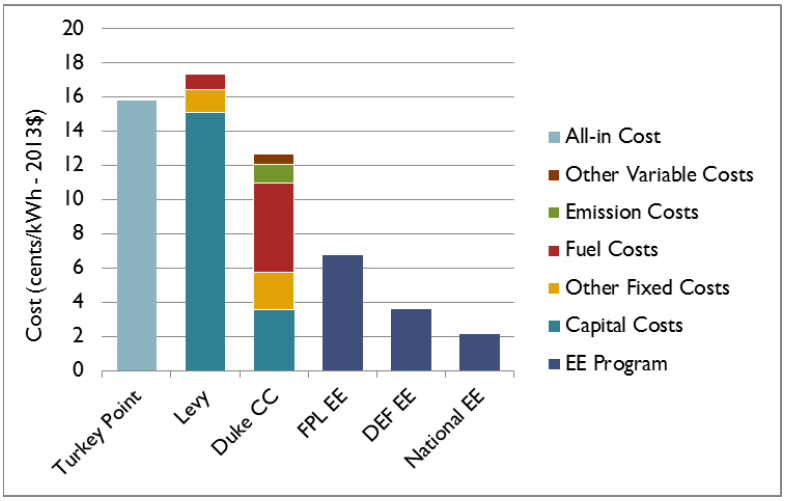


Figure 2 exemplifies the abundant energy efficiency potential within the Utilities' service territories, notwithstanding the Utilities' very conservative technical potential estimates and the successive screens they use to try to slash the amount of efficiency for which the Commission will hold them accountable.

Figure 2. FPL Efficiency Savings at Various Screening Levels (GWh)

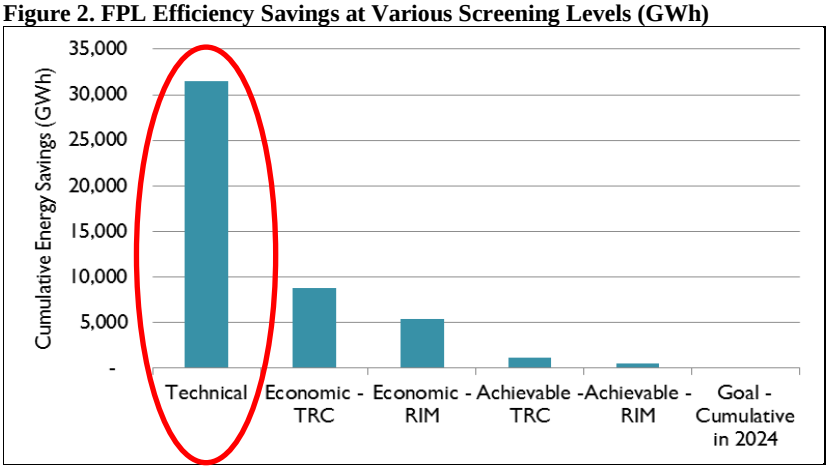
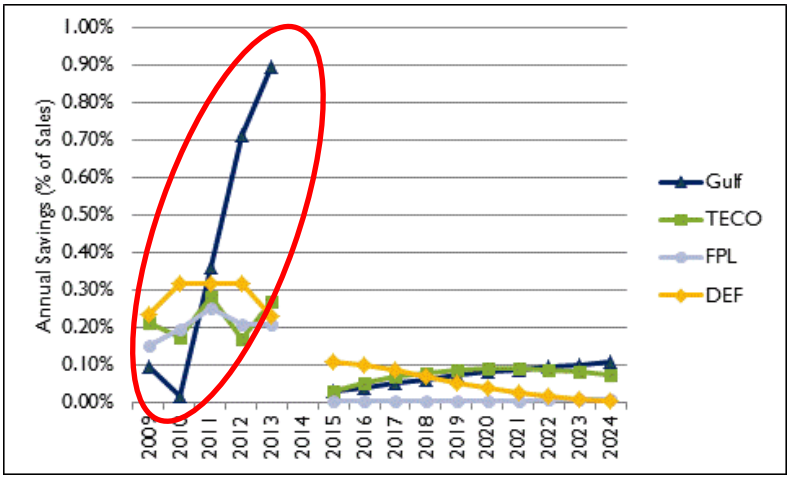


Figure 3 shows that the Utilities' historic savings are well below the industry standard of one percent annual savings relative to sales, and the Utilities' very low proposed goals would be a giant step in the wrong direction. For example, FPL's proposed energy savings goals for 2015

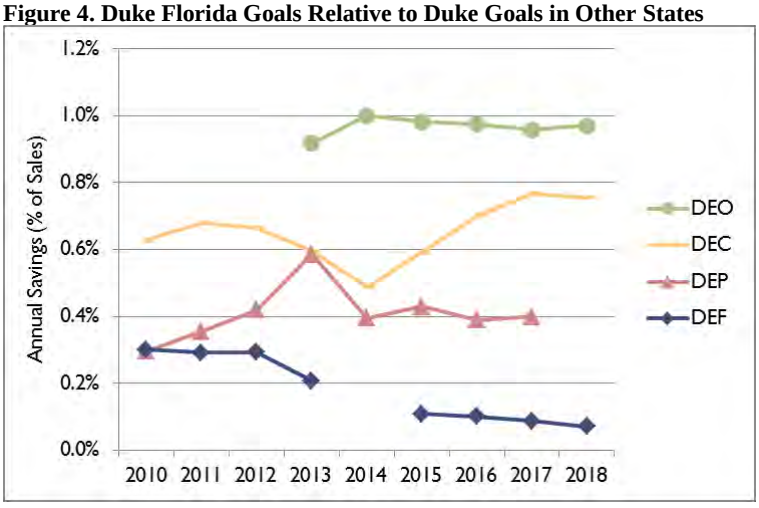
are *roughly 100 times lower* than FPL's actual savings in 2013. Yet Figure 3 also shows that the Utilities can rapidly reach annual energy savings rates of one percent relative to sales, as Gulf Power Company nearly has in 3 years, from 2010 to 2013.

Figure 3. Historic Energy Savings and Proposed Goals



Finally, Figure 4 shows that DEF's sister subsidiaries in other states already achieve much higher energy savings rates, and are subject to much higher goals for future energy savings. Nothing prevents DEF, or the other Utilities, from achieving similar, much higher savings in Florida. The Commission should require—and provide appropriate enhanced regulatory support for—the Utilities to do so consistent with FEECA and customers' interest, as discussed in Witness Woolf's testimony.

Figure 4. Duke Florida Goals Relative to Duke Goals in Other States



b. The Commission Should Improve and Expand Distributed Solar Programs.

Distributed solar power offers a variety of well-established benefits: (a) avoided energy, (b) avoided generation, transmission and distribution capacity, (c) avoided grid support services (e.g., reactive supply and voltage control), (d) financial risk hedge (e.g., fuel price hedge and market price response), (e) security risk reduction, (f) environmental benefits (e.g., reduction in CO2 and criteria pollutants and water), and (g) economic development (e.g., jobs and tax revenues). These benefits match the strategic imperatives to diversify Florida's power mix, protect against fuel price shocks, and stem the regulatory compliance costs and risks of conventional generation. Also, like energy efficiency, distributed solar power is a cost-effective compliance strategy for proposed federal greenhouse gas regulations.[4]

The Commission should secure the compelling benefits of distributed solar power for customers, consistent with FEECA's requirements and long-standing Florida policy to advance renewable and low-carbon emitting electric power, and to serve customers with the lowest cost possible resources. *See, e.g.*, Sections 186.801 (Ten-Year Site Plans); 187.201(11)(a) (State Comprehensive Plan); 366.81 (FEECA Legislative Findings and Intent); and 377.601, F.S (Energy Resources Legislative Intent); *see also* Phase 1 Report: Florida's Energy and Climate Change Action Plan Pursuant to Executive Order 07-128 (Nov. 1, 2007), *available at* http://www.broward.org/NaturalResources/ClimateChange/Documents/20071101_final_report.pdf.[5] As Witness Woolf's Direct Testimony explains, when the full benefits of distributed solar power are properly taken into account, it proves to be a cost-effective resource. To be sure, other

[4] *See* EPA Proposed 111(d) Rule, at 207.
[5] *See, e.g.*,
http://www.broward.org/NaturalResources/ClimateChange/Documents/20071101_final_report.pdf;

states are advancing their distributed solar power capacity far more rapidly than the Sunshine State, as demonstrated in Figure 5, below.

Figure 5. 2012 Solar PV Capacity Installed – State Rankings[6]

Ranking	State	Solar PV Capacity Installed in 2012 as % of Summer Generation Capacity	Ranking	State	Solar PV Capacity Installed in 2012 as % of Summer Generation Capacity
1	Hawaii	4.19%	16	Tennessee	0.11%
2	Arizona	2.57%	17	Connecticut	0.08%
3	Nevada	2.15%	18	Missouri	0.08%
4	New Jersey	2.06%	19	Utah	0.07%
5	California	1.38%	20	Pennsylvania	0.07%
6	Vermont	1.32%	21	Illinois	0.06%
7	Massachusetts	0.86%	22	New Hampshire	0.05%
8	Colorado	0.69%	23	Texas	0.05%
9	Maryland	0.65%	24	Louisiana	0.05%
10	Delaware	0.59%	25	Wisconsin	0.05%
11	New Mexico	0.45%	26	Minnesota	0.04%
12	North Carolina	0.40%	27	Rhode Island	0.04%
13	Ohio	0.15%	28	Maine	0.04%
14	New York	0.14%	**29**	**Florida**	**0.04%**
15	Oregon	0.13%			

To correct course, the Commission should open a separate docket, require the Utilities to produce a full accounting of the benefits of distributed solar power, and then investigate appropriate goals as required by FEECA. In that docket, the Commission should also address related issues such as the effectiveness of the design, marketing, and administration of solar rebate programs and the role of utility-owned solar photovoltaic (PV) and solar water heating systems.

c. The Commission Should Enhance Its Regulatory Support for Saving Energy and Advancing Distributed Solar Power.

As discussed in Witness Woolf's Direct Testimony, the Commission should open a generic docket to investigate opportunities to establish a revenue decoupling mechanism to help remove the Utilities' financial disincentive to advance energy savings. That docket should also

[6] Interstate Renewable Energy Council, "U.S. Solar Market Trends 2012" (July 2013); US Energy Information Administration, "Electricity Power Monthly," Table 6.2A, January 2014.

investigate opportunities to establish shareholder performance incentives to help provide positive financial incentives for the Utilities to implement successful energy savings programs.

For future energy savings planning and goal-setting purposes, the Commission should: (a) clarify that the RIM test should not be used for screening energy savings or distributed solar programs; (b) clarify that a proper application of the TRC test should include the customer incentive provided by a utility, and participant non-energy benefits; (c) require reasonable estimates of GHG compliance costs be used in the base case analysis; and (d) present the results of the Utility Cost test for consideration by the Commission.

Also, for future resource planning, the Commission should require the Utilities to provide meaningful information for the purpose of setting energy savings and distributed solar power goals. In particular, the resource planning process should: (a) comport with standard industry resource planning practices; (b) be transparent with regard to decision-making processes, the results and interpretation of the results; (c) use the present value of revenue requirements as the primary criterion for selecting among different resource plans; (d) analyze numerous plans to optimize the combination of demand-side and supply-side resources; and (e) use reasonable estimates of free-rider impacts from measurement and verification studies, and not the overly simplistic payback criterion.

4. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: **Are the Company's proposed goals based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S.?**

POSITION: No, the Utilities' technical potential estimates do not meet FEECA's requirement to assess the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy

systems. FEECA requires this comprehensive re-evaluation at least every five years for good reason: rapid changes in the energy sector effectively re-make the energy landscape on intervals even shorter than five years, and this proceeding presents the only meaningful opportunity for the Commission to evaluate:

1) How much energy savings programs Utilities can offer their customers;

2) What the costs and benefits of such energy savings programs are;

3) How much distributed solar programs Utilities can offer their customers; and

4) What the costs and benefits of such distributed generation services are.

Failing to complete this comprehensive re-evaluation is not only unlawful, it is unwise because of the well-established benefits to growing an innovative, energy-efficient economy in Florida.

The Utilities' categorical omission of supply-side conservation and efficiency measures contravenes FEECA. Further, as Section 4 of Witness Woolf's Direct Testimony explains, the 2014 Utilities' technical potential updates ignore several efficiency technologies that likely comprise a substantial amount of potential, and apply an overly-stringent free-rider screen.

The key omitted demand-side energy efficiency measures include: building commissioning and retro-commissioning, new types of LED lighting fixtures, various efficiency measures in data centers, efficiency measures for water and wastewater treatment plants and the agricultural sector, and ultra-low energy buildings such as net zero energy buildings and "Passive Houses."

Because the Utilities carry such omissions forward throughout their analyses, the Commission should reject the results of those analyses, including the very low energy savings goals and zero distributed solar goals proposed by the Utilities.

ISSUE 2: Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S.?

POSITION: No, the Participant test is the standard industry practice for estimating the costs and benefits to customers participating in an efficiency measure. Witness Woolf's Direct Testimony explains how to properly account for costs and benefits to participants, consistent with FEECA and standard industry practices. In contrast, the Utilities calculate costs and benefits using the Participants test, but essentially ignore the results of this test by over-relying on the RIM test to set their goals. In setting their goals the Utilities' do not consider the results of their own analysis of the Participant test, and therefore do not account for the costs and benefits to participating customers. This, too, is not only unlawful but unwise because it obscures the fact that *energy efficiency resources cost one-half to one-third as much as supply-side alternatives*.

The Utilities also use incorrect assumptions in applying the RIM test, overstating the rate impacts by a factor of two or more. Further, the Utilities do not provide any meaningful information on rate impacts, such as percent increases in rates or bills, nor do they provide any meaningful information on bill impacts, which must be considered alongside rate impacts in order to strike a reasonable balance between increased rates and reduced bills.

Therefore, the Commission should reject the very low energy savings goals and zero distributed solar goals proposed by the Utilities.

ISSUE 3: Do the Company's proposed goals adequately reflect the costs and benefits to the general body of rate payers as a whole, including utility incentives and participant contributions pursuant to Section 366.82(3)(b), F.S.?

POSITION: No, the Utilities' attempt to define cost-effectiveness using the Rate Impact Measure (RIM) test does not take into consideration "the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions," as required by Section 366.82(3)(b), F.S. The RIM test examines only whether a certain measure will put upward pressure on rates. Also, the RIM test does not include participant contributions, as required by FEECA.

Section 366.82(3)(b), F.S. requires the use of the Total Resource Cost (TRC) test. This test includes all the costs and benefits to the utility system, including the costs and benefits to the participating customers. In this way, the TRC test accounts for the "general body of ratepayers as a whole," including participant contributions, consistent with Section 366.82(3)(b), F.S.

Moreover, FEECA requires the TRC test and emphasizes costs over rates for good reason: *customers on average will be better off with reduced costs and reduced bills*. Notably, Section 366.82(7), F.S. also emphasizes costs over rates, providing the Commission with the authority to "modify or deny plans that would have an undue impact on the costs passed on to customers." Even if the Commission were to interpret Section 366.82(7) to concern an undue impact on rates, and not costs, it is critical for the Commission to determine what it

considers to be an "undue" impact. The Utilities' analyses do not provide meaningful information to even determine what the rate impact would be. Witness Woolf's Direct Testimony, on the other hand provides direct evidence that the rate impacts of the Utilities' efficiency goals would be so low as to be unnoticeable.

Sections 4, 5 and 7 of Witness Woolf's Direct Testimony explains the fallout from the Utilities not properly accounting for the cost of complying with greenhouse gas (GHG) regulations, as required by Section 366.82(3)(d), F.S., or for non-energy benefits: Their analyses significantly understate the benefits of saving energy and advancing local solar power, both to participants and non-participants, as discussed in in of his Direct Testimony. Further, the Commission is left with hardly any meaningful information from the Utilities to address its primary challenge here: striking the proper balance between reduced costs and the potential for increased rates.

Finally, Witness Woolf's Direct Testimony shows that much higher energy savings goals are entirely appropriate and necessary to comply with FEECA. At a minimum, the Commission should require each Utility to achieve annual energy savings by 2019 equal to one percent of retail sales. Indeed, the evidence in this proceeding will support setting even higher energy savings goals. Witness Woolf also recommends that the Commission open a new docket to collect the information required from the Utilities to set distributed solar power goals pursuant to Section 366.82(3), F.S.

ISSUE 4: **Do the Company's proposed goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, pursuant to Section 366.82, F.S.?**

POSITION: Partly yes, the Utilities' proposed very low goals reflect the need for better utility incentives—i.e., regulatory support—to save more energy and advance distributed solar power. Therefore, Sierra Club recommends that the Commission open a new generic docket to investigate revenue decoupling and shareholder incentives, as described in Section 8 of Witness Woolf's Direct Testimony.

ISSUE 5: **Do the Company's proposed goals adequately reflect the costs imposed by state and federal regulations on the emission of greenhouse gases, pursuant to Section 366.82(3)(d), F.S.?**

POSITION: No, the Utilities do not properly account for the cost of complying with greenhouse gas (GHG) regulations, as required by Section 366.82(3)(d). While the Utilities claim to account for these costs by conducting sensitivity analyses, these analyses are useless for this purpose because they are only applied after the Utilities have applied their over-narrow screening assumptions, leaving little to no additional efficiency options available for reducing the costs of federal regulations on the emission of greenhouse gases.

The Commission should require the Utilities to use reasonable estimates of GHG compliance costs, including the costs of recent federal proposed regulations, in the base case analysis. Energy efficiency resources are the most widely available and the lowest-cost option to reduce greenhouse gas pollution and other air pollution. It is important that these low-cost resources be fully utilized to comply with current and future environmental regulations. Otherwise, the costs of

complying with such regulations will be greater, and electricity customers will end up paying higher costs than necessary.

Notably, saving energy through energy efficiency is a GHG pollution reduction strategy that results in lower bills for customers, by reducing customer electricity consumption levels. Other GHG pollution reduction options typically result in higher bills for customers.

For all these reasons, the Commission should require the Utilities to properly account for environmental compliance costs when screening energy savings and distributed solar programs to minimize future costs to electricity customers.

ISSUE 6: What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

POSITION: Because cost-effectiveness tests are such a critical tool for informing the Commission's goal-setting, Witness Woolf devotes a large portion of his Direct Testimony to showing that the TRC test and Utility Cost test best comport with FEECA and standard industry practices. Further, he shows that the RIM test and the "two-year payback" test are flawed, misleading and should never be used to set goals because these tests fail to identify which energy efficiency programs are in customers' interest.

To be sure, in the preponderance of states that use the TRC test, as well as those that use the Utility Cost test, energy efficiency programs are rapidly growing, year after year, reducing bills and pollution while boosting local economic growth. To secure the full benefits of saving energy and advancing distributed solar power for

Floridians, the Commission should establish once and for all that it will use the TRC and Utility Cost tests to establish goals pursuant to FEECA.

ISSUE 7: Do the Company's proposed goals appropriately reflect consideration of free riders?

POSITION: No, the Utilities incorrectly screen out any measure from their economic potential estimates if participant payback for that measure is less than two years without incentives. This is a blunt and overly-constrictive way to screen for free riders who would participate in programs without any incentives. More specifically, a two-year simple payback threshold is a critically flawed method to estimate economic potential for several reasons, including (1) inconsistencies between the Utilities' load forecast and the two-year payback method; and (2) the inaccurate assumption that all customers implement efficiency measures with a short payback whether or not the customers know the payback is short. Further, the Utilities' two-year payback screening relies on the incorrect assumption that all customers have ready access to sufficient capital, information, and opportunity to take advantage of even highly cost effective efficiency resources on their own.

Therefore, the Commission should reject the two-year payback test and the very low energy savings goals and zero distributed solar goals proposed by the Utilities.

ISSUE 8: What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2015-2024?

POSITION: As set out in the tables below, *at a minimum* each Utility should be required to achieve annual efficiency savings (GWh) by 2019 equal to one percent of retail

sales for each customer class—residential, commercial, and industrial. Further, at a minimum, each utility should be required to achieve capacity savings (MW) such that the ratio of capacity-to-energy savings is consistent with the ratios that were achieved by the Companies in recent years. This will maintain the current balance between energy and capacity savings of the energy savings programs. This recommendation is not meant to suggest that the current balance between capacity and energy savings is ideal. It is merely meant to prevent the balance from becoming any worse.

Sierra Club's Recommended Minimum Energy Savings Goals (GWh)

	History			Recommended Savings Goals				
	2012	2013	2014	2015	2016	2017	2018	2019
FPL	211	214	n/a	516	673	830	990	1,152
DEF	115	84	n/a	180	231	283	337	394
TECO	32	50	n/a	95	118	143	168	193
Gulf	76	95	n/a	103	106	109	112	114

Sierra Club's Recommended Minimum Peak Reduction Goals (MW)[7]

	History			Recommended Savings Goals				
	2012	2013	2014	2015	2016	2017	2018	2019
FPL	140	127	n/a	306	399	492	587	683
DEF	94	69	n/a	148	190	232	277	323
TECO	16	22	n/a	42	52	63	74	86
Gulf	27	30	n/a	33	34	35	35	36

Sierra Club's Recommended Minimum Energy Savings Goals (% of Forecasted Sales)

	History			Recommended Savings Goals				
	2012	2013	2014	2015	2016	2017	2018	2019
FPL	0.21%	0.21%	n/a	0.47%	0.60%	0.74%	0.87%	1.00%
DEF	0.32%	0.23%	n/a	0.49%	0.61%	0.74%	0.87%	1.00%
TECO	0.17%	0.27%	n/a	0.51%	0.63%	0.76%	0.88%	1.00%
Gulf	0.72%	0.90%	n/a	0.93%	0.95%	0.97%	0.98%	1.00%

[7] All of Sierra Club's proposed minimum peak reduction goals, except the goals for DEF, represent summer peak savings. Sierra Club presents winter peak reduction goals for DEF because historically DEF's winter peak reduction is higher summer peak reduction.

ISSUE 9: **What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2015-2024?**

POSITION: Sierra Club takes the same position on Issue 9 as on Issue 8, above.

ISSUE 10: **What goals, if any, should be established for increasing the development of demand-side renewable energy systems, pursuant to Section 366.82(2), F.S.?**

POSITION: The Commission should require the Utilities to substantially revise and expand their solar PV and solar water heating programs, as outlined in Witness Woolf's Direct Testimony.

Further, Sierra Club urges the Commission to open a separate docket, require the Utilities to produce a full accounting of the benefits of distributed solar power (including solar PV and solar water heating systems), and then investigate appropriate goals for distributed solar power. In that docket, the Commission should also address related issues such as the effectiveness of the design, marketing, and administration of solar rebate programs and the role of utility-owned solar photovoltaic (PV) and solar water heating systems.

ISSUE 11: **Should the Company's existing Solar Pilot Programs be extended and, if so, should any modifications be made to them?**

POSITION: The Commission should open a separate docket to investigate appropriate goals for customer-sited renewables, and to address some related issues, e.g., the effectiveness of the design, marketing and administration of solar rebate programs and the role of utility-owned solar photovoltaic (PV) and solar water heating systems.

5. STIPULATED ISSUES

Sierra Club has not stipulated to any issues at this time.

6. PENDING MOTIONS AND OTHER MATTERS

Sierra Club has no pending motions at this time.

7. PENDING REQUESTS AND CLAIMS FOR CONFIDENTIALITY

Sierra Club has not such pending requests or claims at this time.

8. OBJECTIONS TO WITNESS' QUALIFICATION AS AN EXPERT

Sierra Club has no objections to any witness' qualifications as an expert in this proceeding.

9. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

Sierra Club has and will continue to comply with all applicable requirements of the Order Establishing Procedure.

Respectfully submitted this 10th day of June, 2014.

/s/ Diana A. Csank

Diana A. Csank
50 F St NW, 8th Floor
Washington DC 20001
(202) 548-4595 (direct)
(413) 768-7313 (mobile)
Diana.Csank@sierraclub.org
Qualified Representative for Sierra Club

CERTIFICATE OF SERVICE
DOCKET NOS. 130199-130205

I HEREBY CERTIFY that a true and correct copy of the forgoing was served by electronic delivery this 10th day of June, 2014 to the following:

Florida Public Service Commission Charles Murphy, Theresa Tan, Kelley Corbari, Shalonda Hopkins 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 cmurphy@psc.state.fl.us ltan@psc.state.fl.us kcorbari@psc.state.fl.us	**Duke Energy Florida** Mr. Paul Lewis, Jr., Dianne Triplett, John Burnett, Matthew Bernier 106 East College Avenue, Suite 800 Tallahassee, FL 32301-7740 paul.lewisjr@duke-energy.com john.burnett@duke-energy.com dianne.triplett@duke-energy.com matthew.bernier@duke-energy.com
Florida Power & Light Company (Juno) John Butler/Jessica Cano 700 Universe Blvd Juno Beach, FL 33408 John.Butler@FPL.com Jessica.Cano@fpl.com	**Florida Industrial Power Users Group** Jon C. Moyle, Jr./Karen Putnal c/o Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com
Florida Power & Light Company (Miami) Kevin Donaldson 4200 West Flagler Street Miami, FL 33134 kevin.donaldson@fpl.com	**Tampa Electric Company** Ms. Paula K. Brown P. O. Box 111 Tampa, FL 33601-0111 Regdept@tecoenergy.com
Florida Power & Light Company Mr. Ken Hoffman 215 South Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com	**Hopping Law Firm** Gary V. Perko P.O. Box 6526 Tallahassee, FL 32314 Gperko@hgslaw.com
Florida Public Utilities Company Ms. Cheryl M. Martin 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409-6703 cyoung@fpuc.com	**Beggs & Lane** J. Stone/R. Badders/S. Griffin P.O. Box 12950 Pensacola, FL 32591-2950 srg@beggslane.com
Orlando Utilities Commission Mr. W. Christopher Browder P. O. Box 3193 Orlando, FL 32802-3193 cbrowder@ouc.com	**Gulf Power Company** Mr. Robert L. McGee, Jr. One Energy Place Pensacola, FL 32520-0780 rlmcgee@southernco.com
Southern Alliance for Clean Energy George Cavros 120 E. Oakland Park Blvd., Suite 105 Fort Lauderdale, FL 33334 George@cavros-law.com	**Florida Department of Agriculture and Consumer Services** Steven L. Hall, Senior Attorney Office of General Counsel 407 South Calhoun Street, Suite 520 Tallahassee, FL 32399 Steven.Hall@FreshFromFlorida.com
Earthjustice Alisa Coe/David G. Guest 111 S. Martin Luther King Jr. Blvd. Tallahassee, FL 32301 acoe@earthjustice.org Attorneys for SACE	**Environmental Defense Fund** John Finnigan 128 Winding Brook Lane Cincinnati, Ohio 45174 jfinnigan@edf.org

JEA Mr. P. G. Para 21 West Church Street, Tower 16 Jacksonville, FL 32202-3158 parapg@jea.com	**Office of Public Counsel** c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 sayler.erik@leg.state.fl.us
Wal-Mart Stores East, LP & Sam's East, Inc. Kenneth E. Baker Energy Department 2001 SE 10th St. Bentonville, AR 72716-0550 ken.baker@wal-mart.com	**Ausley Law Firm** J. Beasley/J. Wahlen/A. Daniels Post Office Box 391 Tallahassee, FL 32302 jbeasley@ausley.com
Keyes, Fox and Wiedman LLP Kevin Fox/Justin Barnes/Rusty Haynes 436 14th St., Ste. 1305 Oakland, CA 94612 kfox@kfwlaw.com	**The Alliance for Solar Choice** Anne Smart 595 Market St. 29th Floor San Francisco, CA 94105 anne@allianceforsolarchoice.com
Opower Alex Lopez alex.lopez@opower.com	**Southeast Energy Efficiency Alliance** Abby Schwimmer aschwimmer@seealliance.org
Florida Solar Energy Industries Ass'n Colleen McCann Kettles, JD ckettles@fsec.ucf.edu	

DATED this 10th day of June, 2014.

/s/ Diana A. Csank

Diana A. Csank
Diana.Csank@sierraclub.org
Qualified Representative for Sierra Club