BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric Conservation Goals (Florida Power & Light Company).	DOCKET NO.: 20190015-EG
In re: Commission Review of Numeric Conservation Goals (Gulf Power Company).	DOCKET NO.: 20190016-EG
In re: Commission Review of Numeric Conservation Goals (Florida Public Utilities Company).	DOCKET NO.: 20190017-EG
In re: Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC).	DOCKET NO.: 20190018-EG
In re: Commission Review of Numeric Conservation Goals (Orlando Utilities Commission).	DOCKET NO.: 20190019-EG
In re: Commission Review of Numeric Conservation Goals (JEA).	DOCKET NO.: 20190020-EG
In re: Commission Review of Numeric Conservation Goals (Tampa Electric Company).	DOCKET NO.: 20190021-EG FILED: September 20, 2019

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THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
POST-HEARING STATEMENT OF ISSUES
AND POSITIONS AND POST-HEARING BRIEF

The Florida Industrial Power Users Group (FIPUG), by and through its undersigned counsel, pursuant to Prehearing Order PSC-14-0356-PHO as modified at hearing, files this Post-Hearing Statement of Issues and Positions and Post-Hearing Brief in the above-styled matters.

BASIC POSITION AND SUMMARY

Conservation is an important aspect of every utility's portfolio. However, the importance of pursing conservation programs must be balanced against the cost and the impact of such cost on ratepayers. The Commission must not overlook rate impact as it evaluates conservation goals and programs.

Cost effective load management programs, such as interruptible programs, play an important role in conservation and should be encouraged. Interruptible programs allow large customers to minimize demand when a utility needs resources to maintain service to its firm customers.

The Commission should also more strongly encourage cogeneration and remove barriers to its efficient use. Cogeneration typically consumes no fossil fuel and requires no additional water consumption. Certain types of cogeneration, such as generating facilities that make use of waste heat, produce no environmental emissions. Cogeneration facilities also allow utilities to avoid consuming expensive fossil fuel and thus, also avoid the resultant emissions.

To encourage additional cogeneration and to more fully utilize existing cogeneration, the Commission should permit Multiple Load Management (MLM). MLM should be used to allow customers to more fully utilize existing cogenerated capacity/energy. MLM would allow a customer to centrally manage power and energy usage at multiple locations (owned and controlled by the customer) throughout the utility's service area. It would also allow the use of surplus capacity/energy from cogeneration to displace utility capacity/energy purchases at other locations (*i.e.,* self-service wheeling). The use of MLM would allow cogenerated power to be economically developed and fully utilized and would encourage more widespread and more efficient use of cogeneration.

The Commission should conduct an investigation to consider MLM as described above and to audit or otherwise evaluate how the utilities calculate avoided costs in determining cost-effectiveness and in determining the real-time hourly payments for cogenerated energy. This would help to ensure that viable cogeneration projects are developed.

4. STATEMENT OF FACTUAL 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.?

FIPUG: No position at this time.

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.?

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

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

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

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(3)(c), F.S.?

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

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.?

FIPUG: The cost of greenhouse gas regulation should be based on regulations currently in effect, not regulations that may or may not be implemented at some point in the future.

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

FIPUG: The Commission should give significant weight to the RIM test to determine cost-effectiveness. Regardless of which cost-effectiveness test the Commission approves, what is most important is that the Commission encourage conservation programs that strike a reasonable balance between the advantages of the programs to program participants and other rate payers and that these conservation programs are fairly evaluated. Further, in the use of the RIM test, the Commission should be sure that all utilities are conducting the test in the same way and that "lost revenue" for clause "losses" is not included.

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

FIPUG: No position at this time.

ISSUE 8: What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2020-2029?

FIPUG: The Commission should set goals that balance the importance of pursing conservation programs against their cost and the impact of that cost on rates.

ISSUE 9: What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2020-2029?

FIPUG: The Commission should set goals that balance the importance of pursing conservation programs against their cost and the impact of that cost on rates.

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.?

FIPUG: No position at this time.

ISSUE 11: Should these dockets be closed?

FIPUG: Yes.

Argument

I. Appropriate PayBack Period

During its review and analysis, the Commission should employ a three year payback screen rather than a two year payback screen to ensure that "free riders" are limited as much as possible, to reduce the rates paid by customers, and to peg the rate of return to more reasonable expected returns in today's market.

Free ridership and the term "free riders" refer to the fact that a customer will usually implement cost-effective conservation measures without the need for utility incentives or promotion. Stated differently, economically rational customers will act in their own economic interests and make use of measures that reduce energy consumption when doing so is economically feasible and attractive. The Commission should not adopt a free ridership policy which sets the bar too low, and results in utilities paying customers for actions that those customers would undertake anyway. The result of setting the payback screen too low is a rate

increase for other ratepayers. A three year pay back screen is more appropriate for this Commission to adopt than the two year screen.

The question of whether to use a two year payback period of a three year payback period is a policy decision for this Commission. FIPUG suggests, given the testimony presented during the case and current economic conditions, suitable evidence exists upon which the Commission can exercise its discretion to expand the payback period by 12 months, from two years to three years. Increasing the payback period to three years further reduces free ridership and is more consistent with rationale economic behavior and expected return rates on invested capital.

II. Demand Side Management

FIPUG supports cost effective demand side management programs, particularly demand response programs tailored to large users of electricity. The record in this case reflects that demand side management programs which empower the utility in question to interrupt or curtail load, or to rely on standby generation, are important and cost-effective demand side management programs. Specifically, witness Herndon, who testified on behalf of the seven FEECA investor-owned utilities, stated that these programs were generally efficient to operate. Tr. 319, 347. Witness Herndon also testified that demand side management programs like load interruption and standby generation, and similar programs, would likely be considered "best practices" when conducting a demand response evaluation. Hearing Ex. 307. Tellingly, FPL witness Sim, in response to a question from Commissioner Brown, indicated that while some energy efficiency programs would likely be cut based on the goals proposed, demand response programs are cost effective, and FPL would likely be continuing those cost-effective programs. Tr. 288. The Commission should continue to support demand response programs as cost-effective approaches to reducing peak demand.

Dated this 20th day of September, 2019.

Respectfully submitted,

Jon C. Moyle

Jon C. Moyle
Karen A. Putnal
Moyle Law Firm, P.A.
118 North Gadsden Street
Tallahassee, FL 32399-1400
Telephone: (850) 681-3828
Facsimile: (850) 681-8778
jmoyle@moylelaw.com
kputnal@moylelaw.com

Attorney for the Florida Industrial Power Users Group

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 20th day of September, 2019, to the following:

Bradley Marshall
Bonnie Malloy
Jordan Luebkemann
Earthjustice
111 S. Martin Luther King Jr. Blvd.
Tallahassee, FL 32301
bmarshall@earthjustice.org
bmalloy@earthjustice.org
jluebkemann@earthjustice.org
flcaseupdates@earthjustice.org

George Cavros
Southern Alliance for Clean Energy
120 E. Oakland Park Blvd., Suite 105
Fort Lauderdale, FL 33334
George@cleanenergy.org

Joan T. Matthews
Allan J. Charles
Florida Department of Agriculture and Consumer Services
The Mayo Building
407 S. Calhoun Street, Suite 520
Tallahassee, FL 32399
Joan.matthews@freshfromflorida.com
Allan.charles@freshfromflorida.com

Ken Hoffman
Florida Power & Light Company
134 West Jefferson Street
Tallahassee, FL 32301
Ken.hoffman@fpl.com

William P. Cox
Christopher T. Wright

700 Universe Boulevard (LAW/JB)
Juno Beach, FL 33408
Will.cox@fpl.com
Christopher.wright@fpl.com

Charles A. Guyton
Gunster Law Firm
215 South Monroe Street, Suite 601
Tallahassee, FL 32301
cguyton@gunster.com

J.R. Kelly
Patricia Christensen
Thomas David
A. Mireille Fall-Fry
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Rm. 812
Tallahassee, FL 32399
Kelly.jr@leg.state.fl.us
Christensen.patty@leg.state.fl.us
David.tad@leg.state.fl.us
Fall-fry.mireille@leg.state.fl.us

Steven R. Griffin
Beggs Law Firm
P.O. Box 12950
Pensacola, FL 32591
srg@beggslane.com

Holly Henderson
Gulf Power Company
215 South Monroe Street, Suite 618
Tallahassee, FL 32301
Holly.henderson@nexteraenergy.com

Russell A. Badders
Gulf Power Company
One Energy Place
Pensacola, FL 32520
Russell.badders@nexteraenergy.com

Duke Energy
106 East College Avenue, Suite 800
Tallahassee, FL 32301
Robert.pickels@duke-energy.com
Matthew.bernier@duke-energy.com

Paula Brown
Tampa Electric Company
Regulatory Affairs
P.O. Box 111
Tampa, FL 33601
regdept@tecoenergy.com

Mike Cassel
Florida Public Utilities Company
1750 S.W. 14th Street, Suite 200
Fernandina Beach, FL 32034
mcassel@fpuc.com

Robert Scheffel Wright
John T. LaVia
Gardner Law Firm
1300 Thomaswood Drive
Tallahassee, FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

W. Browder
Orlando Utilities Commission
P.O. Box 3193
Orlando, FL 32802
cbrowder@ouc.com

Robert Pickels
Matthew R. Bernier

Gary V. Perko
Brooke E. Lewis

Hopping Green & Sams
Post Office Box 6526
Tallahassee, FL 32314
garyp@hgslaw.com
brookel@hgslaw.com
shelleyl@hgslaw.com
jenniferm@hgslaw.com

Berdell Knowles
JEA
21 West Church Street
Jacksonville, FL 32202
knowb@jea.com

Jon C. Moyle
Jon C. Moyle, Jr.