FPL

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-VIA ELECTRONIC FILING-

Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 20200056-EG: Petition for Approval of Florida Power & Light Company's Demand-Side Management Plan

Dear Mr. Teitzman:

Please find enclosed for electronic filing Florida Power & Light Company's response to Staff's Fourth Data Request (Nos. 1-3).

If there are any questions regarding this filing, please contact me at (561) 304-5662.

Sincerely,

<u>/s/ William P. Cox</u>
William P. Cox
Fla. Bar No. 0093531

cc: Douglas Wright, Division of Engineering
Charles Murphy, Esq., Office of General Counsel
Stephanie U. Eaton, Spilman Thomas & Battle, PLLC
Derrick Price Williamson, Spilman Thomas & Battle, PLLC
Barry A. Naum, Spilman Thomas & Battle, PLLC

QUESTION:
Please refer to FPL's amended response to Staff's First Data Request, Question No. 2.

a. Please explain why participation in FPL's Residential Low Income program is projected to be greater now than the program's projected participation from FPL's 2015 DSM Plan filings?

b. Please explain what efforts FPL can take to limit participation in FPL's Residential Low Income program, and what effect these efforts will have on the projected costs and demand and energy savings of FPL's 2020 DSM Plan.

RESPONSE:
a. The Commission approved continuation of FPL's 2020-2024 Goals as set in 2015. As expected, market conditions have changed in the five years since FPL originally projected the individual programs' participation to meet those Goals for 2020-2024, so adjustments needed to be made. Specifically, market conditions will no longer support as much participation in FPL's Residential Air Conditioning program as was originally projected. Therefore, in order to achieve the Commission-approved residential sector Goals (particularly GWh), FPL needed to increase participation in another residential program. Of the FPL programs which yield energy savings, FPL's Residential Low Income program was best suited to be increased to achieve the 2020-2024 Goals for two reasons. First, for the vast majority of program participants, FPL employees install the measures through its "Power to Save" channel. Since this channel was launched in 2015, FPL's experience has shown that FPL has much more ability to manage participation for this program than for other programs and expects to able to achieve the higher participation needed. Second, the participation for the other programs that produce energy savings has been very stable over the last few years, and those programs are already at their maximum participation levels with little ability to be increased.

b. As discussed in subpart (a), because the majority of new participants' installations are performed by FPL employees, FPL has some ability to reduce participation by reducing promotion of the program. It is not possible to say specifically what the impacts on costs and demand and energy savings would be without a definition of the level of participation limitation envisioned by this question. However, limiting participation below that which is included in FPL's DSM Plan would likely cause FPL to not achieve its residential sector Goals (particularly GWh) and would result in some reduction in the approximate $1 million projected annual cost.

<u>QUESTION</u>:
Please refer to FPL's amended responses to Staff's First Data Request, Question No. 2, and Staff's Second Data Request, Question No. 7.

a. Please explain why cost-effectiveness test results were not provided for FPL's Commercial/Industrial Load Control (CILC) program.

b. Please provide cost-effectiveness analyses of FPL's CILC program for the period 2020-2024 using:
   i. The existing incentive schedule; and,
   ii. The incentive schedule proposed in FPL's 2020 DSM Plan.

<u>RESPONSE</u>:
a. The cost-effectiveness tests compare <u>future</u> program participants' costs v. benefits (derived from the costs avoided by their demand and energy savings). The Commercial/Industrial Load Control (CILC) program has been closed to new participants since December 31, 2000. Therefore, there are zero future participants. As a result, there are zero associated future costs or future benefits upon which to base the cost-effectiveness tests. FPL's current and past DSM Plans have only included cost-effectiveness test results for programs open to new participants.

b. As discussed in subpart (a), it is not possible to perform the standard cost-effectiveness tests if a program has no future participants. Therefore, FPL has performed a "proxy RIM" analysis for CILC (please see Attachment No. 1 to this response). This analysis compared the difference in FPL's total CPVRR system costs for a resource plan including the existing CILC resource of approximate 460 MW v. the total CPVRR system costs for a resource plan where the CILC MWs are replaced with other supply resources. The available (breakeven) CPVRR differential between the two plans was then compared to: (i) the cost with the CILC incentive at its current level; and (ii) the cost with the incentive reduced in 2022 as proposed.

   i. At the existing current CILC incentive level, the CPVRR cost exceeded the breakeven amount by approximately 20 percent. This resulted in a ratio of the CILC incentive to the amount available to breakeven of 0.80. Therefore, at the current incentive level, total system costs would be higher with the CILC MWs than without making it not cost-effective.

   ii. If the CILC incentives were reduced to FPL's proposed level beginning in 2022, the CPVRR cost is lower than the breakeven amount by approximately 8 percent. This resulted in a ratio of the CILC incentive to the amount available to breakeven of 1.08. Therefore, at the proposed incentive level beginning in 2022, total system costs would be lower with the CILC MWs than without, thereby making it cost-effective.

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200056 - Staff's 4th DR No. 2 - Attachment No. 1," which has been provided to Commission Staff via email to Doug Wright at dwright@psc.state.fl.us.

QUESTION:
Please explain if FPL has considered migrating all current CILC program customers to its Commercial/Industrial Demand Reduction program.

a. Please explain the effect this migration would have on the cost-effectiveness of FPL's 2020 DSM Plan.

b. Please explain the effect this migration would have on the demand and energy savings of FPL's 2020 DSM Plan.

c. Please describe any costs or complications associated with such a migration.

RESPONSE:
a. FPL has not considered such a migration, nor has FPL performed any analysis of what effects such a migration might have on program costs. However, cost-effectiveness is specific to each program and not to the DSM Plan as whole, and the only program whose cost-effectiveness could be impacted is the Commercial/Industrial Demand Reduction (CDR) program.

b. FPL has not performed such an analysis, which would need to be specific to each participant's enrolled account(s). However, assuming none of the current CILC participants, or a subset of their accounts, decide to abandon participating in load management and that they would contribute the same level of non-firm demand on CDR as CILC, then there would be no impact on demand savings. Please note that energy savings is negligible for load management programs.

c. FPL has not performed such an analysis and therefore, does not know all the costs and complications that would be associated with such migration. But, at a minimum, they would include issues related to participant notifications, changes in the customer billing system and handling participant inquiries/complaints. Though CILC was essentially replaced by CDR when it was closed in 2000, participants who have remained on CILC have done so because the nature of their account's characteristics (*e.g.,* firm demand level and otherwise applicable rate), provide them a larger total bill savings.