

Brian Schultz

From: Betty Leland
Sent: Friday, June 19, 2020 5:24 PM
To: Commissioner Correspondence
Subject: FW: FIPUG filing in Docket 20200056, FPL's Demand-Side management case
Attachments: Ltr.Commissioners.6.19.20.CILC.CDR.credits.pdf

Good Afternoon:

Please place this email and letter in Docket 20200056.

Thanks.

*Betty Leland, Executive Assistant to
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From: Jon Moyle [mailto:jmoyle@moylelaw.com]
Sent: Friday, June 19, 2020 4:58 PM
To: Office of Chairman Clark; Office of Commissioner Brown; Office of Commissioner Fay; Office of Commissioner Graham; Office of Commissioner Polmann
Cc: 'Cox, Will P. (Will.P.Cox@fpl.com)'; Keith Hetrick; seaton@spilmanlaw.com; Braulio Baez
Subject: FIPUG filing in Docket 20200056, FPL's Demand-Side management case

Commissioners: Attached is a letter to each of you that was also filed and served on all parties and staff this afternoon in Docket No. 20200056, FPL's Demand-Side Management case. Regards, Jon

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June 19, 2020

Via E-Mail

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Re: **Petition for Approval of Florida Power and Light's ("FPL") Demand-Side Management Plan, Docket Number 20200056-EG**

Dear Commissioners:

On behalf of the Florida Industrial Power Users Group ("FIPUG"), please accept and consider these comments to the filed and pending Petition for Approval of Florida Power and Light's ("FPL") Demand-Side Management Plan, Docket Number 20200056-EG.

FIPUG intervened and actively participated in FPL's Goals proceeding, Docket Number 201900015 ("Goals Proceeding"). In the Goals Proceeding, the Commission acted to maintain the status quo with respect to previously established conservation and demand-side management goals. For the reasons set forth below, FIPUG urges the Commission to refrain from modifying FPL's existing demand-side management program as it relates to the Commercial and Industrial Load Credit ("CILC") and the Commercial and Industrial Demand Reduction Credit ("CDR").

Gulf Power Company (“Gulf”), Duke Energy Florida, Inc. (“Duke”), Tampa Electric Company (“TECO”) and FPL all have in place demand-side management programs in which large users of electricity, many of whom are members of FIPUG, agree to have their power supply interrupted when a utility faces a peak demand. In consideration for agreeing to receive non-firm power, and to have its electricity interrupted when a utility is confronting a critical peak demand event, these customers receive a monetary credit on their monthly electric bill. Except for FPL, the state’s major investor-owned utilities do not seek to change the credit value for interruptible, curtailable and standby generation programs in the demand-side management dockets pending before you. However, FPL seeks to reduce credits for CDR and CILC customers by approximately 30%, something FIPUG and others oppose.

Interruptible, curtailable and standby generation tariffs have been and currently are a valuable resource to utilities and to the state. The Florida Reliability Coordinating Council recently determined that all forms of non-firm load, including interruptible service, account for between 3,000 to 4,000 MW of load. With a 20% reserve margin, this means that non-firm load can save the equivalent of between 3,600 MW and 4,800 MW of supply side generation capacity. This avoided capacity provides a substantial benefit to firm service customers.

Customers agreeing to receive curtailable, non-firm electrical service in the form of interruptible electricity, or to provide standby generation, do not enjoy the greater degree of predictability associated with firm electric service. For example, service interruption sometimes causes industrial production to be shut down resulting in losses for the interruptible customer. Further, an interruptible customer, and customers who make available internal generator-produced electricity to run their operations during critical peak times, must make investments and establish protocols for complying with curtailments that could occur at any time. Thus, interruptible service and standby generation is not cost-free for these interruptible customers. The payments to interruptible customers, thus, are critical to maintaining this valuable resource.

Reducing the interruptible credits would jeopardize the very valuable contribution that interruptible customers provide to the grid for the benefit of firm customers. It would also needlessly discourage participation by the interruptible customers who have dutifully complied with the terms of the CDR and CILC programs and continue to face the risks of curtailments, especially as the grid continues its transition to more intermittent capacity resources.

In addition, interruptible and standby generator credits are among the most cost-effective programs, benefitting both investor-owned utilities as well as firm and non-firm customers. The expert witness for Florida's major investor-owned utilities in the Goals Proceeding, Mr. Jim Herndon, testified during the Goals Proceeding, both in deposition and at hearing, that interruptible and standby generator credits should be included on a "best practices" list of demand side management programs. (Tr. 393-396; Ex. 307.) FPL's subject matter expert in the Goals Proceeding, Dr. Steven Sim, discussed the cost effectiveness of interruptible service with Chairman Clark during the Goals Proceeding:

COMMISSIONER CLARK: Where does a program that would be, let's just say -- do -- do you offer interruptible rates for large-power customers?

THE WITNESS (Dr. Sim): We do. We don't call it interruptible. We call it commercial/industrial demand res- -- or commercial demand response and comm- -- commercial/industrial load control.

COMMISSIONER CLARK: That's a fancy way of saying interruptible, right?

THE WITNESS: It's marketing, I think. Yeah. (Laughter.)

COMMISSIONER CLARK: So, where does that -- where does the interruptible rate fall in your TRC and your RIM test; pass both?

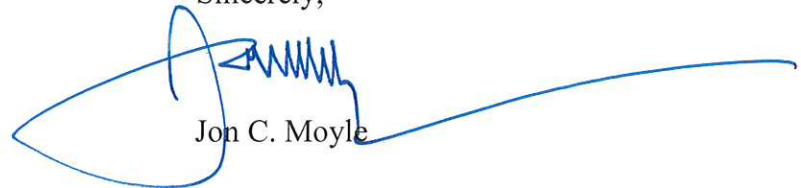
THE WITNESS: Yes, they're among the most cost-effective programs we offer.

(Goals Proceeding, Tr. 299).

Finally, in the last two FPL rate case settlements, the parties considered and addressed credits for the CDR and CILC programs. FPL has signaled that it plans to file a rate case in 2021 for new rates effective January 1, 2022. Given the Commission's obligation to handle other pending matters, the tenet of judicial/Commission efficiency suggests that the disputed credit issue can be readily addressed during the upcoming FPL rate case. Considering this credit issue now is an inefficient use of the valuable resources of the Commission, staff and the parties, especially since any change to credits made now would not be effective until after FPL's next rate case. The credit issue could easily be separately docketed and consolidated with FPL's upcoming rate case. (The last FPL rate case was consolidated with three other dockets.).

FIPUG appreciates your consideration of these points and looks forward to addressing the Commission at the appropriate time to respectfully ask that the Commission refrain from making any adjustment to FPL's CDR or CILC credits at this time.

Sincerely,



Jon C. Moyle

cc: Bralio Baez, PSC Executive Director
Keith Hetrick, PSC General Counsel
Charlie Murphy, Esq. PSC Staff Attorney
Will Cox, Esq., Counsel to FPL
Ken Hoffman, VP Regulatory Affairs, FPL
Stephanie Eaton, Esq., Counsel to Walmart, Inc.