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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. 20200181-EU - Florida Power & Light Company's and Gulf Power Company's DSM Rulemaking Post-Workshop Comments

Dear Mr. Teitzman:

Please find attached Florida Power & Light Company's and Gulf Power Company's DSM Rulemaking Post-Workshop Comments.

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

Sincerely,

/s/ William P. Cox
William P. Cox
Fla. Bar No. 0093531

cc: Margo DuVal, Esq.
Ken Hoffman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PROPOSED AMENDMENT OF RULE 25-17.0021, F.A.C., GOALS FOR ELECTRIC UTILITIES	Docket No. 20200181-EU FILED: February 15, 2021
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**FLORIDA POWER & LIGHT COMPANY AND GULF POWER COMPANY’S
POST-WORKSHOP COMMENTS**

Florida Power & Light Company (“FPL”) and Gulf Power Company (“Gulf”) are filing comments jointly on the proposed amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities (“DSM Rule”). FPL and Gulf thank the Florida Public Service Commission Staff (“Staff”) for conducting a very useful and informative workshop on January 14, 2021, to discuss proposed rule amendments that would consolidate and make more efficient the process for establishing Demand-Side Management (“DSM”) Goals, Plans, Programs, and Program Standards. For utilities, performing the Technical Potential (“TP”), Economic Potential (“EP”) and Achievable Potential (“AP”) analyses and developing the proposed Goals and Plan is a multi-year effort. Therefore, FPL and Gulf are very supportive of Staff’s desire to streamline the processes. The comments by Staff and other participants at the workshop were helpful for FPL and Gulf to formulate and refine these more specific, written comments on the proposed rule amendments.

These comments are divided into three parts: (1) an overview of the issues arising from the rule proposals that are of principal interest to FPL and Gulf; (2) a summary of FPL and Gulf’s proposed changes to Staff’s draft rule; and, (3) a corresponding redlined version reflecting FPL and Gulf’s proposed changes to Staff’s initial draft of the proposed amendments to the DSM Rule that was attached to the notice for the January 14 workshop.

Overview

FPL and Gulf support the objective of streamlining the DSM goal-setting and Plan review process and ensuring transparency between these dockets. However, FPL and Gulf are concerned that Staff's proposed rule revisions as drafted, will actually require incremental work beyond the current process and may not deliver the intended offsetting efficiencies. To this end, we have proposed changes to Staff's initial draft which provide a more streamlined approach, and which should provide the Commission adequate program-level transparency without requiring production of additional full DSM Plans and, potentially, AP analyses.

1. Section (3)(b) – Requires providing completely developed multiple DSM Plans with the initial filing. Currently, only one DSM Plan is required to be developed – one that meets the Commission's approved Goals. This is provided in a subsequent filing after the Goals are known. During the workshop, Staff stated that it currently envisions that the proposed DSM Rule would require the filing of two separate DSM Plans: (1) one meeting the aggregate annual Summer MW, Winter MW and GWh AP for residential and business sectors under Rate Impact Measure ("RIM") plus Participant tests; and (2) the second meeting the AP under the Total Resource Cost ("TRC") plus Participant tests. At a minimum, assuming the Commission accepts the utility's proposed Goals (based on the AP), this would result in one DSM Plan being discarded. If the Commission instead approved Goals different than those proposed by the utility and/or not based on a filed AP, then yet a third DSM Plan (and possibly a new AP) would need to be developed. While Commission approval of utility-proposed Goals could allow for subsequent administrative approval of the "final" DSM Plan, a different Goals outcome would still require Commission approval of the DSM Plan just as occurs today, which would not produce any process efficiencies.

2. Section (2) – *“Pursuant to an order establishing procedure in the proceeding to establish goals, each utility must file a technical potential study, proposed demand-side management goals, plans, and programs for Commission approval.”* It is unclear if more than the currently-envisioned two DSM Plans might be required in some future Order Establishing Procedure. Additional DSM Plans and AP analyses would create a significant incremental burden for utilities and Staff in an already resource-intensive process.

Another significant FPL and Gulf concern is that certain sections require additional and/or clarifying language.

3. Section (2) – *“Each utility’s filing must describe how the technical potential study was used to develop the utility’s proposed goals and programs...”* From Staff’s comments, FPL and Gulf believe that this language uses “technical potential” for consistency with language in the Florida Energy Efficiency and Conservation Act (“FEECA”). However, utilities’ proposed Goals are based on the AP, not the TP. FPL and Gulf agree it is appropriate for utilities to describe how their proposed Goals were developed as the utilities have done in prior dockets but believe the applicable wording in Section (2) needs to be clarified.
4. Section (2) – *“...including the identification of measures that were excluded from program consideration.”* In the most recent Goals filing, the utilities provided a list of those measures which were part of the TP that were ultimately dropped from the AP due to failing EP cost-effectiveness screening and/or lack of market potential. It is unclear if Staff’s proposed wording is designed to reflect this past practice or instead to include measures that are not part of the original TP list. Assuming that it is the former, clarifying language has been provided. If it is instead the latter, FPL and Gulf are uncertain how this would be

accomplished given that the TP already represents all commercially available technologies applicable to the Florida market.

5. Section (3)(b) – “*Each utility’s goal projections must reflect...*” Staff’s proposed addition of the word “goal” in this clause creates confusion. Utilities always have proposed and will continue to propose only one set of Goals. However, as discussed in Issue No. 1 above, this could be read to imply that utilities should in future proceedings propose multiple sets of Goals – one for each scenario (*e.g.*, one for RIM-based and one for TRC-based).

Summary of Proposed Changes to Staff’s Draft DSM Rule Amendments

FPL and Gulf have proposed changes to Staff’s initial draft of the DSM Rule that would do the following:

- Section (2) – Added clarifying language to reflect the three studies (TP, EP and AP) and their effect on the utility-proposed Goals;
- Section (3)(b):
 - Removed the word “goal” from the first sentence to clarify that utilities will only propose a single set of Goals;
 - Replaced language requiring development of multiple complete DSM Plans with language that still provides program-level transparency but in a more streamlined manner;
 - Subsections (3)(b)1. - (3)(b)11. – Relocated these clauses back to their original location in Section (4);
- Section (4) – Restored the last sentence including Staff’s proposed minor wording changes from Section (3)(b) and deleted the portion of the sentence referencing Sections (3)(b)1. - (3)(b)11.

Each of FPL and Gulf's proposed revisions is identified by redlining to the original Staff proposal for the DSM Rule in Attachment 1 to these Comments.

Respectfully submitted,

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By: /s/ William P. Cox
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Attachment No. 1

FPL and Gulf's proposed changes in redline to the Florida Public Service Commission Staff's initial draft of the proposed amendments to Rule 25-17.0021, F.A.C.

1 **25-17.0021 Demand-Side Management Goals, Plans, and Programs for Electric**
2 **Utilities.**

3 (1) The Commission will initiate a proceeding at least once every five years to shall
4 establish ~~numerical~~ goals for each affected electric utility, as defined by Section 366.82(1)(a),
5 F.S., ~~to reduce the growth rates of weather-sensitive peak demand, to reduce and control the~~
6 ~~growth rates of electric consumption, and to increase the conservation of expensive resources,~~
7 ~~such as petroleum fuels.~~ The Commission will set Overall Residential kilowatt (KW) and
8 kilowatt-hour (KWH) goals and overall Commercial/Industrial KW and KWH goals shall be
9 set by the Commission for each year over a ten-year period. The Commission will establish
10 goals shall be based on an assessment of the technical potential of available measures, and an
11 estimate of the total cost-effective KW kilowatt and KWH kilowatt-hour savings reasonably
12 achievable through demand-side management programs in each utility's service area over a
13 ten-year period.

14 (2) Pursuant to an order establishing procedure in the proceeding to establish goals, each
15 utility The Commission must shall file set a technical potential study, proposed demand-side
16 management goals, plans, and programs based on a Potential Study that is comprised of Technical
17 Potential, Economic Potential and Achievable Potential analyses for Commission approval. each
18 utility at least once every five years. The Commission on its own motion or petition by a
19 substantially affected person or a utility may initiate a proceeding to review and, if
20 appropriate, modify the goals. All modifications of the approved goals, plans and programs
21 shall only be on a prospective basis. Each utility's filing must describe how the technical
22 Potential sStudy was used to develop the utility's proposed goals and programs, including the
23 identification of measures that were included in the Technical Potential but excluded from
24 program consideration as a result of the Economic Potential cost-effectiveness screening or
25 Achievable Potential analyses.

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1 (3) In a proceeding to establish or modify demand-side management goals, each utility
2 shall propose numerical goals for the ten-year period ~~and provide ten-year projections.~~ Such
3 goal projections must be based upon the utility's most recent planning process, of the total,
4 cost-effective, winter and summer peak demand (KW) and annual energy (KWH) savings
5 reasonably achievable in the residential and commercial/industrial classes through the utility's
6 proposed demand-side management programs. ~~Each utility's projection shall reflect~~
7 ~~consideration of overlapping measures, rebound effects, free riders, interactions with building~~
8 ~~codes and appliance efficiency standards, and the utility's latest monitoring and evaluation of~~
9 ~~conservation programs and measures.~~

10 (a) Each utility's goal projections must ~~shall~~ be based upon the full ~~technical~~ cost-effective
11 Achievable p ~~P~~ potential of all available demand-side conservation and energy efficiency
12 measures associated with each of ~~an assessment of, at a minimum,~~ the following market
13 segments and major end-use categories.

14 Residential Market Segment:

15 (Existing Homes and New Construction should be separately evaluated) Major End-Use
16 Category

17 1. ~~(a)~~ Building-Envelope Efficiencies.

18 2. ~~(b)~~ Cooling and Heating Efficiencies.

19 3. ~~(c)~~ Water Heating Systems.

20 4. Lighting Efficiencies.

21 5. ~~(d)~~ Appliance Efficiencies.

22 6. ~~(e)~~ Peak Load Shaving.

23 7. ~~(f)~~ Solar Energy and Renewable Energy Sources.

24 8. ~~(g)~~ Renewable/Natural gas substitutes for electricity.

25 9. ~~(h)~~ Other.

- 1 Commercial/Industrial Market Segment:
2 (Existing Facilities and New Construction should be separately evaluated) Major End-Use
3 Category
- 4 10.(i) Building Envelope Efficiencies.
 - 5 11.(j) HVAC Systems.
 - 6 12.(k) Lighting Efficiencies.
 - 7 13.(l) Appliance Efficiencies.
 - 8 14.(m) Power Equipment/Motor Efficiency.
 - 9 15.(n) Peak Load Shaving.
 - 10 16.(o) Water Heating.
 - 11 17.(p) Refrigeration Equipment.
 - 12 18.(q) Freezing Equipment.
 - 13 19.(r) Solar Energy and Renewable Energy Sources.
 - 14 20.(s) Renewable/Natural Gas substitutes for electricity.
 - 15 21.(t) High Thermal Efficient Self Service Cogeneration.
 - 16 22.(u) Other.

17 (b) Each utility's ~~goal~~ projections must reflect the savings from proposed demand-side
18 management programs with consideration of overlapping measures, rebound effects, free
19 riders, interactions with building codes and appliance efficiency standards, and the utility's
20 latest monitoring and evaluation of conservation programs and measures. ~~Each utility will~~
21 provide a list of the measures, including the associated kW and kWh, which comprise the Achievable
22 Potential for the utility's projections for a ten-year period. These measures will also be grouped into an
23 initial set of programs. ~~The following information must be filed for each proposed demand-side~~
24 management program included in the utility's goal projections for a ten-year projected horizon
25 period.

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- 1 ~~1. The program name;~~
- 2 ~~2. The program start date;~~
- 3 ~~3. The total number of customers or appropriate unit of measure in each class of customer~~
4 ~~(i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;~~
- 5 ~~4. The total number of eligible customers or appropriate unit of measure in each class of~~
6 ~~customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;~~
- 7 ~~5. An estimate of the annual number of customers or appropriate unit of measure in each~~
8 ~~class projected to participate in the program, including a description of how the estimate was~~
9 ~~derived;~~
- 10 ~~6. The cumulative penetration levels of the program by year calculated as the percentage~~
11 ~~of projected cumulative participating customers or appropriate unit of measure by year to the~~
12 ~~total customers eligible to participate in the program;~~
- 13 ~~7. Estimates on an appropriate unit of measure basis of the per customer and program total~~
14 ~~annual KWH reduction, winter KW reduction, and summer KW reduction, both at the~~
15 ~~customer meter and the generation level, attributable to the program. A summary of all~~
16 ~~assumptions used in the estimates must be included, including a list of measures within the~~
17 ~~program;~~
- 18 ~~8. A methodology for measuring actual KW and KWH savings achieved from each~~
19 ~~program, including a description of research design, instrumentation, use of control groups,~~
20 ~~and other details sufficient to ensure that the results are valid;~~
- 21 ~~9. An estimate of the cost effectiveness of the program using the cost effectiveness tests~~
22 ~~required pursuant to Rule 25-17.008, F.A.C.;~~
- 23 ~~10. An estimate of the annual amount to be recovered through the energy conservation cost~~
24 ~~recovery clause for each year in the planning horizon;~~
- 25 ~~11. Any other relevant information the utility wants the Commission to consider.~~

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1 (4) Within 90 days of a final order establishing or modifying goals, each utility must file
2 its finalized demand-side management plan that includes the proposed programs used to
3 develop the goals, along with program administrative standards that include a statement of the
4 policies and procedures detailing the operation and administration of each program. ~~The filing~~
5 must include the information required in subparagraphs (3)(b)1. through (3)(b)11. of this Rule
6 for each program in the plan. ~~The following information must be filed for each proposed~~
7 demand-side management program included in the utility's goal projections Plan for a ten-year
8 projected horizon period:

- 9 1. The program name;
- 10 2. The program start date;
- 11 3. The total number of customers or appropriate unit of measure in each class of customer
12 (i.e., -residential, commercial, industrial, etc.) for each year in the planning horizon;
- 13 4. The total number of eligible customers or appropriate unit of measure in each class of
14 customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;
- 15 5. An estimate of the annual number of customers or appropriate unit of measure in each
16 class projected to participate in the program, including a description of how the estimate was
17 derived;
- 18 6. The cumulative penetration levels of the program by year calculated as the percentage
19 of projected cumulative participating customers or appropriate unit of measure by year to the
20 total customers eligible to participate in the program;
- 21 7. Estimates on an appropriate unit of measure basis of the per customer and program total
22 annual KWH reduction, winter KW reduction, and summer KW reduction, both at the
23 customer meter and the generation level, attributable to the program. A summary of all
24 assumptions used in the estimates must be included, including a list of measures within the
25 program;

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- 1 8. A methodology for measuring actual KW and KWH savings achieved from each
2 program, including a description of research design, instrumentation, use of control groups,
3 and other details sufficient to ensure that the results are valid;
- 4 9. An estimate of the cost-effectiveness of the program using the cost-effectiveness tests
5 required pursuant to Rule 25-17.008, F.A.C.;
- 6 10. An estimate of the annual amount to be recovered through the energy conservation cost
7 recovery clause for each year in the planning horizon;
- 8 11. Any other relevant information the utility wants the Commission to consider.
9 ~~or such longer period as approved by the Commission, each utility shall submit for~~
10 ~~Commission approval a demand side management plan designed to meet the utility's approved~~
11 ~~goals. The following information shall be submitted for each program in the plan for a ten-~~
12 ~~year projected horizon period:~~
- 13 ~~(a) The program name;~~
14 ~~(b) The program start date;~~
15 ~~(c) A statement of the policies and procedures detailing the operation and administration of~~
16 ~~the program;~~
17 ~~(d) The total number of customers or appropriate unit of measure in each class of customer~~
18 ~~(i.e. residential, commercial, industrial, etc.) for each year in the planning horizon;~~
19 ~~(e) The total number of eligible customers or appropriate unit of measure in each class of~~
20 ~~customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;~~
21 ~~(f) An estimate of the annual number of customers or appropriate unit of measure in each~~
22 ~~class projected to participate in the program, including a description of how the estimate was~~
23 ~~derived;~~
24 ~~(g) The cumulative penetration levels of the program by year calculated as the percentage~~
25 ~~of projected cumulative participating customers or appropriate unit of measure by year to the~~

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- 1 ~~total customers eligible to participate in the program;~~
- 2 ~~(h) Estimates on an appropriate unit of measure basis of the per customer and program~~
- 3 ~~total annual KWH reduction, winter KW reduction, and summer KW reduction, both at the~~
- 4 ~~customer meter and the generation level, attributable to the program. A summary of all~~
- 5 ~~assumptions used in the estimates will be included;~~
- 6 ~~(i) A methodology for measuring actual kilowatt and kilowatt-hour savings achieved from~~
- 7 ~~each program, including a description of research design, instrumentation, use of control~~
- 8 ~~groups, and other details sufficient to ensure that results are valid;~~
- 9 ~~(j) An estimate of the cost effectiveness of the program using the cost effectiveness tests~~
- 10 ~~required pursuant to Rule 25-17.008, F.A.C. If the Commission finds that a utility's~~
- 11 ~~conservation plan has not met or will not meet its goals, the Commission may require the~~
- 12 ~~utility to modify its proposed programs or adopt additional programs and submit its plans for~~
- 13 ~~approval.~~
- 14 (5) The Commission on its own motion or petition by a substantially affected person or a
- 15 utility may initiate a proceeding to review and, if appropriate, modify the goals. All
- 16 modifications of the approved goals, plans, and programs must be on a prospective basis.
- 17 ~~(6) (5) Each utility shall submit an annual report no later than March 1 of each year~~
- 18 ~~summarizing its demand-side management plan and the total actual achieved results for its~~
- 19 ~~approved demand-side management plan in the preceding calendar year. The report shall~~
- 20 ~~contain, at a minimum, a comparison of the achieved KW and KWH reductions with the~~
- 21 ~~established Residential and Commercial/Industrial goals, and the following information for~~
- 22 ~~each approved program:~~
- 23 (a) The name of the utility;
- 24 (b) The name of the program and program start date;
- 25 (c) The calendar year the report covers;

1 (d) The total number of customers or other appropriate units ~~unit~~ of measure by customer
2 class for each calendar year of the planning horizon;

3 (e) The total number of customers or appropriate unit of measure eligible to participate in
4 the program for each calendar year of the planning horizon;

5 (f) The total number of customers or appropriate unit of measure projected to participate in
6 the program for each calendar year of the planning horizon;

7 (g) The potential cumulative penetration level of the program to date calculated as the
8 percentage of projected participating customers to date to the total eligible customers in the
9 class;

10 (h) The actual number of program participants and the current cumulative number of
11 program participants;

12 (i) The actual cumulative penetration level of the program calculated as the percentage of
13 actual cumulative participating customers to the number of eligible customers in the class;

14 (j) A comparison of the actual cumulative penetration level of the program to the potential
15 cumulative penetration level of the program;

16 (k) A justification for variances larger than 15% from ~~for~~ the annual goals established by
17 the Commission;

18 (l) Using on-going measurement and evaluation results the annual KWH reduction, the
19 winter KW reduction, and the summer KW reduction, both at the meter and the generation
20 level, per installation and program total, based on the utility's approved
21 measurement/evaluation plan;

22 (m) The per installation cost and the total program cost of the utility;

23 (n) The net benefits for measures installed during the reporting period, annualized over the
24 life of the program, as calculated by the following formula:

25 $\text{annual benefits} = B_{npv} \times d/[1 - (1+d)^{-n}]$

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1 | where

2 | B_{npv} = cumulative present value of the net benefits over the life of the program for measures
3 | installed during the reporting period.

4 | d = discount rate (utility's after tax cost of capital).

5 | n = life of the program.

6 | (o) Any other relevant information the utility wants the Commission to consider.

7 | *Rulemaking Authority 366.05(1), 366.82(1)-(4) FS. Law Implemented 366.82(1)-(4) FS.*

8 | *History—New 4-30-93, Amended*.

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