

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendment of Rule 25-) DOCKET NO. 202000181-EU
17.0021, F.A.C., Goals for Electric)
Utilities)
_____)

**FLORIDA LEAGUE OF UNITED LATIN AMERICAN CITIZENS' &
ENVIRONMENTAL CONFEDERATION OF SOUTHWEST FLORIDA'S
THIRD POST-WORKSHOP COMMENTS**

The Florida League of United Latin American Citizens (“LULAC”) and the Environmental Confederation of Southwest Florida (“ECOSWF”) file these comments regarding the proposed amendment of Rule 25-17.0021, F.A.C. LULAC and ECOSWF believe that staff’s current proposed revisions have made improvements from what staff had previously proposed, but still fail to address the issues with how the Florida Energy Efficiency and Conservation Act (“Energy Efficiency Act”) is implemented. LULAC and ECOSWF have prepared a redline on staff’s proposed changes that we believe will address the issues that stakeholders have identified—namely, reliance on RIM producing low or zero goals, use of an arbitrary two-year payback screen to screen out the most cost-effective measures, and no process to ensure that low-income customers are protected. Our proposed redline, which largely aligns with many other stakeholders, like the Southern Alliance for Clean Energy, addresses these issues as discussed in these comments, and is included as Attachment 1.

BACKGROUND

Rather than repeat all the benefits of energy efficiency and demand-side management (“DSM”), LULAC and ECOSWF incorporate by reference their first post-workshop comments¹

¹ <http://www.psc.state.fl.us/library/filings/2021/02191-2021/02191-2021.pdf>.

and second post-workshop comments,² both previously filed in this docket. Needless to say, the Energy Efficiency Act specifically calls for increasing the “efficiency of energy consumption,” § 366.82(2), Fla. Stat., which plainly means helping customers reduce energy waste and save money on bills. The very idea of energy efficiency is to help customers cut energy waste. Robust programs will grant all customers the opportunity to voluntarily participate in efficiency programs and to decide whether to reduce their own electricity consumption and corresponding utility bills. All the while, savings from these programs will defer additional fossil fuel powered generation, reduce energy waste, and help to mitigate Florida utilities’ misguided and dangerous overdependence on gas, which are the aims and objectives of the Energy Efficiency Act.

That is why the Commission must address three fundamental issues with how the energy efficiency goal-setting process is currently conducted: 1) Use of the Rate Impact test; 2) Use of the 2-year payback screen; and 3) Ensuring meaningful access to energy efficiency and demand-side renewable generation programs for low-income communities. In addition to addressing these three issues, our redline also adds efficient electrification to the rule. This is well-supported, as discussed below.

I. STAFF’S PROPOSED RULE DOES NOT ADDRESS THE THREE PRIMARY ISSUES

LULAC and ECOSWF are heartened and grateful that staff have abandoned their prior approach to changing the rule, which essentially included approving programs at the same time as setting the goals, thus violating the statutory set-up for how the process was supposed to work under the Energy Efficiency Act. Worse, such programs had no measurable standard to be held against. Staff has rectified some of these issues with the current proposed rule. However, staff’s

² <http://www.psc.state.fl.us/library/filings/2021/07092-2021/07092-2021.pdf>.

proposed rule does not address the three fundamental issues with the current goal-setting process, and would still leave ample room for proposed goals of zero from the utilities. This does not comport with the requirements of the Energy Efficiency Act. As the Commission itself has noted in the 2019 goal-setting proceeding, “the evidence and arguments presented in this proceeding indicate that it is necessary to revisit the FEECA process.” *In re: Commission review of numeric conservation goals*, Docket Nos. 20190015-EG through 20190021-EG, Order No. PSC-2019-0509-FOF-EG at 5 (Fla. Pub. Serv. Comm’n Nov. 26, 2019). Staff’s rule, which largely tries to codify current practice, does not comport with this demand. As was shown through the extensive argument and testimony in that case, current practices, as outlined below, like the Rate Impact Measures test and the free rider two-year payback screen, do not work.

II. USE OF THE RATES TEST LEADS TO GOALS OF ZERO, AND THUS NO LONGER COMPLIES WITH THE MANDATES OF THE ENERGY EFFICIENCY ACT

As LULAC and ECOSWF have argued before, the current rules and proceedings implementing the Energy Efficiency Act betray a reluctance to actually help decrease energy usage. One of the primary impediments to real energy efficiency achievements in Florida is reliance on the Rate Impact Measure Test (“Rates Test”) which has long outlived its usefulness. Failing to uphold the spirit and purpose of the Energy Efficiency Act and empower customers to save energy and money will put ratepayers on the hook for expensive new generation that could have been avoided, and will further exacerbate the costs to ratepayers of unpredicted fuel price shocks, as has been seen with FPL and all of the Investor-owned utilities (IOUs) in the most recent fuel clause rate proceedings.

The IOUs have seen their bills skyrocket recently, with only more increases to come due to the unrecovered fuel costs from 2022. Florida has used the Rates Test since 2014, in order to

avoid an increase in rates and customer bills, while at the same time decreasing energy usage.

This has failed. Table 1 compares average usage in 2014 to 2021 (along with 2022 through September) for the IOUs subject to the Energy Efficiency Act.

Table 1: Comparison of Average Monthly Residential Use and Average Monthly Residential bill in 2014, 2021, and 2022 (through September) for IOUs and Tallahassee

Utility	2014 kWh ³	2021 kWh ⁴	2022 kWh ⁵	2014 bill ⁶	2021 bill ⁷	2022 bill ⁸
FPL	1,104	1,116	1,180	\$122.05	\$125.35	\$158.23
Gulf	1,155	1,074	NA ⁹	\$150.23	\$149.37	NA
Duke	1,053	1,045	1,114	\$141.67	\$143.13	\$171.40
TECO	1,156	1,162	1,197	\$134.59	\$135.13	\$162.12
Tallahassee	927	893	911 ¹⁰	\$109.56	\$103.67	\$116.44 ¹¹

As a basis for comparison, the City of Tallahassee, a Florida municipal electric utility not subject to the Energy Efficiency Act is included. As shown above in Table 1, the utilities subject to the

³ <https://www.eia.gov/electricity/data/eia861/> (taking 2014 data, “Sales_Ult_Cust_2014” spreadsheet, and divide residential sales by number of customers (multiply by 1,000 to convert to kWh, and divide by 12 to convert to monthly)).

⁴ <https://www.eia.gov/electricity/data/eia861/> (taking 2021 data, “Sales_Ult_Cust_2021” spreadsheet, and divide residential sales by number of customers (multiply by 1,000 to convert to kWh, and divide by 12 to convert to monthly)).

⁵ <https://www.eia.gov/electricity/data/eia861m/> (taking September 2022 data, “Sales_Ult_Cust_2022” spreadsheet, and divide residential sales by number of customers (multiply by 1,000 to convert to kWh), and then take average for the nine months available).

⁶ <https://www.eia.gov/electricity/data/eia861/> (taking 2014 data, “Sales_Ult_Cust_2014” spreadsheet, and divide residential revenue by number of customers (multiply by 1,000 to convert to dollars, and divide by 12 to convert to monthly)).

⁷ <https://www.eia.gov/electricity/data/eia861/> (taking 2021 data, “Sales_Ult_Cust_2021” spreadsheet, and divide residential revenue by number of customers (multiply by 1,000 to convert to dollars, and divide by 12 to convert to monthly)).

⁸ <https://www.eia.gov/electricity/data/eia861m/> (taking September 2022, “Sales_Ult_Cust_2022” spreadsheet, and divide residential revenue by number of customers (multiply by 1,000 to convert to dollars), and then take average for nine months available).

⁹ For EIA reporting purposes, Gulf Power merged with FPL in January, 2022.

¹⁰ From Ten Year Site Plan, Schedule 2.1, projected average kWh consumption per residential customer, divided by 12.

<http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2022/City%20of%20Tallahassee.pdf>.

¹¹ Price of 911 kWh at current rates, available at <https://www.talgov.com/you/you-customer-helpful-rates-res-elec>.

Energy Efficiency Act have all seen average residential use actually increase under the Rates Test since the Commission adopted Rates Test based goals in 2014. Unfortunately, this has not led to a decrease in bills as promised, with average FPL bills increasing over \$35 per month per residential customer. The City of Tallahassee, while also seeing bills increase (largely because of gas prices), has seen bills go up by less than \$7, partially explained by residential average usage *decreasing*. The City of Tallahassee has no magic—it has voluntarily chosen to employ non-Rates Test passing energy efficiency measures.¹² Table 2 shows the resulting savings in 2021, the latest year for which results are available.

Table 2: Energy Efficiency Savings - Residential (MWh) – Sample Year 2021

Utility	2021 Residential Savings (MWh) ¹³	Total 2021 Residential Sales (MWh)	Total 2021 Residential Customers	Savings Per Residential Customer (kWh)
FPL	20,839	61,845,981	4,618,099	4.51
Gulf	3,689	5,499,907	418,852	8.81
Duke	23,654	21,194,790	1,689,516	14.00
TECO	15,391	9,940,945	713,135	21.58
Tallahassee	7,126	1,139,089	106,321	67.02

While Tallahassee bills and rates have gone up, largely because of increased gas prices, they have not increased nearly as much as the IOUs, because energy use for Tallahassee customers has *decreased*. In 2021, while FPL saved their residential customers an average of 4.5 kWh per customer, Tallahassee saved their customers an average of 67 kWh per customer. That is a savings, at current rates, of \$7.91 per customer,¹⁴ which, although may not sound like a lot, adds up, especially if it is targeted at low-income customers. That is almost \$1 million

¹² See, e.g., Tallahassee Energy Start Electric Appliance Rebates form, which include Dishwashers, Freezers, Refrigerators, Clothes Washers, and Pool Pumps, all being appliances that do not disproportionate curb peak power, and thus would not pass the Rates Test.

¹³ https://www.talgov.com/Uploads/Public/Documents/you/forms/es_appl_rebate_exist.pdf
¹³ <https://www.eia.gov/electricity/data/eia861/> (taking 2021 data, “Energy_Efficiency_2021” spreadsheet).

¹⁴ 67.02 x \$0.11799 per kWh (<https://www.talgov.com/you/you-customer-helpful-rates-res-elec>).

Tallahassee has saved their customers.¹⁵ By comparison, FPL has saved their customers, collectively, under rates that took effect in June,¹⁶ \$0.49 per customer,¹⁷ a little over \$2 million total. So, FPL saved all of their customers, on an absolute sense, a little bit more than twice as much as Tallahassee, even though FPL has more than 43 times the number of residential customers. This is what failure to regulate looks like, and the failure of the Rates Test looks like—ever higher bills, and ever higher energy usage. We know that bills are only going to increase for FPL customers with coming fuel and base rate increases starting in January, 2023,¹⁸ with carry-over fuel charges following shortly thereafter. Finally, keep in mind that even the tiny savings FPL customers have eked out are because FPL failed to get its way with to adopt a Rates Test based goal of virtually zero in 2019.¹⁹ It was only because the Commission refused to adopt the Rates Test based goal that FPL’s savings are as high as they are.

In the past, the Rates Test may have served a purpose in employing cost-effective energy efficiency measures. In 2014, in supporting the use of the RIM test to set goals, the Commission specifically pointed to the fact that a “decline in [electricity] sales was the primary factor in the last several electric rate cases before us.” *In re: Commission review of numeric conservation goals*, Docket Nos. 130199-EI through 130204-EM, Order No. PSC-14-0696-FOF-EU at 38 (Fla. Pub. Serv. Comm’n Dec. 16, 2014). That is clearly no longer the case, with all of the major

¹⁵ $7.91 \times 106,321$ residential customers = \$840,753.49.

¹⁶ <https://www.fpl.com/content/dam/fplgp/us/en/rates/pdf/res-june-2022.pdf>, for electricity under 1,000 kWh, rate is 10.858 cents/kWh.

¹⁷ $0.10858 \times 4.51 = \$0.4897$.

¹⁸ <https://www.fpl.com/content/dam/fplgp/us/en/rates/pdf/res-jan-2023.pdf>

¹⁹ FPL Post-Hearing Brief at 37 reflects proposed annual residential savings goal of 12 MWh per year, less than the average usage of 1 FPL residential household.

<http://www.psc.state.fl.us/library/filings/2019/08943-2019/08943-2019.pdf>

IOUs predicting increasing sales, many dramatically, in their Ten Year Site Plans.²⁰ The Rates Test, for all of the reasons LULAC & ECOSWF articulated in their prior comments, no longer works and no longer complies with the directives of the Energy Efficiency Act.

Commission staff have indicated that their goal is to provide the Commission with greater information as a result of this rules-reform process. Including the Rates test in the rule does not do so—we already know for utilities with marginal peak power costs that are vastly overbuilt, like FPL, that the Rates Test-based results for the next goal-setting proceeding will once again be zero or near-zero. This is not useful information for complying with the directives of the Energy Efficiency Act. Instead, the redline that LULAC and ECOSWF are providing to staff’s proposed rule changes, included as Attachment 1, provides a way for greater information to be presented to the Commission while removing information that is not helpful—like results from the Rates Test. Because the Rates Test only indicates the direction of theoretical pressure on rates, not its magnitude, nor associated bill savings, nor whether rates would *actually* be impacted (with rising overall sales more than making up for any losses due to customer growth), it provides no useful information for actually setting goals.

Staff’s proposed rule does nothing to address the current issues with the Rates Test or to maximize savings for Floridians. In fact, by putting a cap on goals by setting goals based on cost-effective programs that utilities choose to present, likely based on the Rates Test, staff is ensuring that goals will be set even lower in the future.

²⁰ FPL 2022 Ten Year Site Plan at 85, <http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2022/Florida%20Power%20and%20Light%20Company.pdf>; Duke 2022 Ten Year Site Plan at page 2-9, <http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2022/Duke%20Energy%20Florida.pdf>; TECO 2022 Ten Year Site Plan at 34, <http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2022/Tampa%20Electric%20Company.pdf>.

III. USE OF TWO-YEAR PAYBACK SCREEN VIOLATES THE ENERGY EFFICIENCY ACT

LULAC & ECOSWF have repeatedly emphasized the issues with using the 2-year payback screen. The redline submitted by LULAC & ECOSWF address this issue, whereas the current proposal by staff does not. For all the reasons LULAC & ECOSWF have previously stated in their previous comments, no meaningful reform of the goal-setting process can take place without ensuring that the most cost-effective measures and programs will be considered in future proceedings.

IV. THE NEED FOR SPECIFIC GOALS FOR LOW-INCOME COMMUNITIES

For all the reasons previously stated in their previously filed comments, adopting specific goals for low-income communities must occur. The proposed changes by LULAC & ECOSWF to the rule will ensure that the needs of low-income communities at least begin to be met, with ensuring that they receive at least a proportionate share of energy savings benefits commensurate with their share of the population. Energy burden has only increased since LULAC and ECOSWF last submitted comments, with skyrocketing gas prices (and hence electricity prices) demanding families make ever harder choices.

To clarify in response to staff's request, low-income programs, which defer and avoid generation and other utility investments just as other demand-side management programs do, would be paid for using the same method that other demand-side management programs are paid for—through the Energy Conservation Cost Recovery Clause.

V. EFFICIENT ELECTRIFICATION

The Energy Efficiency Act applies to both electricity or natural gas use by the public. § 366.82(1)(a). In fact, the rule, as proposed by staff, recognizes that switching between electricity and gas substitutes is a valid goal under the act. *See* Proposed Rule 25-17.0021(2)(h)

(“Natural Gas Substitutes for Electricity.”). However, staff gets the direction wrong. In order to comply with the mandates of the Energy Efficiency Act, the category that should be under consideration as part of the goal-setting process is “Efficiency Electricity Substitutes for Natural Gas.” The purpose of the Energy Efficiency Act is “to utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems” with the goal being for the Commission to “adopt goals and approve plans related to the promotion of demand-side renewable energy systems and the conservation of electric energy and natural gas usage.” § 366.81, Fla. Stat. Furthermore, section 366.82, Florida Statutes, is to be liberally construed for “increasing the overall efficiency and cost-effectiveness of electricity and natural gas production and use.” *Id.*

There is no question that using electricity efficiently uses less energy and conserves more gas (even when gas is used to generate the electricity) than household systems that directly rely on gas.²¹ For Florida utilities generating a high percentage of electricity from gas, customer-sited air source heat pumps and induction ranges lower total gas combustion as compared to meeting those same customers’ heating and cooking needs with combustion at the end user level. Moreover, Florida’s electric grid becomes cleaner every year with more solar renewable energy brought into the mix, decreasing the reliance on gas as a power source. Given this, and the

²¹ See, e.g., <https://www.enelgreenpower.com/learning-hub/energy-transition/renewables-electrification/electrified-end-use-consumption>; <https://www.re-sources.org/2021/10/gas-vs-electric-appliances-what-you-should-know-first/#:~:text=While%20it's%20true%20that%20efficient,use%20far%20less%20energy%20overall> (“While it’s true that efficient electric appliances cost a little more upfront and electricity costs slightly more per unit of energy than gas today, efficient electric appliances use far less energy overall.”); see also Dennis, Keith, *Environmentally Beneficial Electrification: Electricity as the End-Use Option*, *The Electricity Journal*, Volume 28, Issue 9 at 100-112 (Nov. 2015) (discussing the trends of electric appliances becoming more efficient than gas-powered appliances, and a greening grid).

purposes of the Energy Efficiency Act, which generally include lowering fossil fuel usage, efficient electrification should be added to the rule. Wholistically, efficient electrification is one of the most cost-effective ways to decrease natural gas usage and dependence in the state, which is all the more important given the recent increases in gas prices.

VI. JUSTIFICATION FOR REDLINE CHANGES

This section provides justifications for each redline change that LULAC and ECOSWF propose in Attachment 1. For references to page and line numbers, please refer to Attachment 1, which redlines additions and subtractions to staff's proposed rule change.

Page 2, lines 13-15, adds "The Commission may give consideration to balancing the level of cost-effective demand side management goals with their potential effects on customer rates and bills." Added to clarify that when presented with different potential goals, the Commission can, of course, consider potential rate and bill impacts, which should include potential bill impacts from energy savings. If any particular goal would include a significant rate hike that would counteract the potential bill savings, the Commission could consider that, and decide to go with a lower goal. This comports with the requirement that in developing goals, the Commission consider the "costs and benefits to the general body of ratepayers as a whole." § 366.82(3)(b), Fla. Stat.

Page 2, lines 16-23, adds new subsection 25-17.0021(1)(c), F.A.C., to add requirement for goals for low-income customers. This section ensures that low-income customers are treated fairly, by ensuring that the goals for such customers be "proportionate to the population of Low Income customers within the utility's service area." It sets a minimum goal to ensure equity to low-income customers, commensurate with previous expressions of the Commission that low-income customers not be forgotten in regards to demand-side management programs, and meets

the policy goals of assisting low-income customers that are desperately needed and have been clearly articulated in LULAC's and ECOSWF's previous comments.

Page 2, lines 24-25, adds new subsection 25-17.0021(1)(d), F.A.C., to clarify that in addition to the numeric goals of 25-17.0021(1)(b), F.A.C. and 25-17.0021(1)(c), F.A.C., the Commission may give consideration to other goals. ECOSWF and LULAC do believe numeric goals are necessary to ensure progress is being made in accordance with the directives of the Energy Efficiency Act.

Page 3, lines 18-19, adds efficient electrification for the reasons stated in section V of these comments. Line 20, adds "Other" to include the possibility that other end-use categories could be out there and thus should be considered. Corresponding additions are added for the commercial and industrial sectors in page 4, lines 8-9 and line 11.

Page 4, lines 14-15, adds language to clarify that excluded measures should be explained from all phases of the potential studies, including the technical potential, economic potential, and achievable potential.

Page 5, lines 1-3, removes Rates Test scenario for all of the reasons stated in Section II of these comments, and for the reasons stated in the previous comments ECOSWF and LULAC have submitted in this docket. The Rates Test, which now produces zero or near-zero goals with no passing measures, no longer complies with the mandates of the Energy Efficiency Act, and thus should be removed.

Page 5, lines 4-6, adds scenario of Utility Cost Test to provide additional cost-effectiveness information to the Commission. The Utility Cost Test should be added for all of the reasons submitted by other stakeholders. Lines 6-8 defines the Utility Cost Test in relation to the Rates Test in the current DSM manual incorporated by reference into Rule 25-17.008, F.A.C.

This approach would mean that the Utility Cost Test could be added without amending Rule 25-17.008, F.A.C. However, LULAC and ECOSWF would certainly support staff efforts to amend the DSM manual and Rule 25-17.008, F.A.C., to update the manual to explicitly include the Utility Cost Test, should staff wish to do so. Lines 8-10 requires that the utilities provide an analysis of the impacts for each goal scenario they submit, including utility system benefits, average bill savings, rate effects, and bill impacts. LULAC and ECOSWF believe that this information will assist the Commission in determining which goals to adopt, and which proposed goals provide the greatest benefits for the customers of each utility.

Page 5, lines 16-23 make clear that consideration of all of the listed factors must be based on a transparent, evidence-based methodology. This section is necessary to ensure that arbitrary screens, like the 2-year payback screen, are not used to remove the most cost-effective measures from consideration. It also ensures that programs for low income customers are not required to meet strict cost-effectiveness thresholds and are not subject to free ridership consideration (since the likelihood of free ridership among low income customers is greatly diminished due to inability to afford energy conservation investments).

Page 7, lines 5-6, adds a requirement that the utilities consider strategies to mitigate excessive free ridership during program planning. It is at this stage that strategies employed to prevent free ridership can be most effective.

Page 7, lines 17 and 20 adds language to clarify that demand-side management program plans include planning for low income customers.

Page 8, line 13, adds language to clarify that in evaluating programs for meeting the goals set forth by the rule, in addition to the current tests included in Rule 25-17.008, F.A.C., the utilities will also provide the results of the Utility Cost Test.

LULAC and ECOSWF believe that if staff adopts the redline provided in Attachment 1, that staff will finally have complied with the Commission’s direction to address the FEECA process, and the issues that have been identified with that process will have been addressed. LULAC and ECOSWF urge staff to adopt the redline version of the attached.

CONCLUSION

The need for rule-reform is evident, as has been acknowledged by Duke Energy Florida in their second post-workshop comments.²² Even Tampa Electric Company has said in their second post-workshop comments that they are “willing to explore and consider the use of a different primary test or different cost-effectiveness test for DSM evaluations in the future once the full impacts are understood and agreed upon.”²³ The time to understand these impacts is now. The current process leads to proposed goals of zero—for both energy savings and demand-side renewable energy generation. No more proof than that is needed to show that the current process now violates the mandates of the Energy Efficiency Act, which requires progress towards energy savings and fossil-fuel avoidance. LULAC and ECOSWF genuinely appreciate staff’s recognition that EEA proceedings are not working and desire to make improvements. However, staff’s current proposed changes to the rule fail to address any of the root causes for the breakdown of the energy efficiency goal-setting proceedings.

LULAC and ECOSWF propose easy solutions to the current issues in the process. What will *not* work is continued reliance on the Rates Test, use of a two-year payback screen to strike the most cost-effective energy efficiency measures, and a wide, disparate approach to meeting

²² <http://www.psc.state.fl.us/library/filings/2021/07066-2021/07066-2021.pdf>.

²³ See Tampa Electric Company’s Second Post-Workshop Comments, at 5, *available at* <http://www.psc.state.fl.us/library/filings/2021/07031-2021/07031-2021.pdf>.

the needs of low-income communities. Now is the time to address these issues. We ask that staff adopt for inclusion in the proposed rule the redline attached here.

Respectfully submitted this 16th day of December, 2022.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 16th day of December, 2022, via electronic mail on:

Jon Rubottom Florida Public Service Commission Office of the General Counsel 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850 jrubotto@psc.state.fl.us	
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DATED this 16th day of December, 2022.

/s/ Bradley Marshall, Attorney

Attachment 1

Rule 25-17.0021, F.A.C. Proposed Revisions in Docket No. 20200181-EU by the
League of United Latin American Citizens of Florida and the
Environmental Confederation of Southwest Florida

1 **25-17.0021 Goals for Electric Utilities.**

2 (1) The Commission ~~will shall~~ initiate a proceeding at least once every five years to
3 ~~establish numerical~~ goals for each affected electric utility, as defined by Section 366.82(1)(a),
4 ~~F.S., to reduce the growth rates of weather sensitive peak demand, to reduce and control the~~
5 ~~growth rates of electric consumption, and to increase the conservation of expensive resources,~~
6 ~~such as petroleum fuels.~~ The Commission will set annual Overall Residential kilowatt (KW)
7 and kilowatt-hour (KWH) goals and annual overall Commercial/Industrial KW and KWH
8 ~~goals shall be set by the Commission for each year over a ten-year period. The goals, will shall~~
9 ~~be based on:~~

10 (a) An assessment of the technical potential of available measures; and

11 (b) ~~a~~An estimate of the total cost-effective KW kilowatt and KWH kilowatt-hour
12 savings reasonably achievable through demand-side management programs in each utility's
13 service area over a ten-year period. ~~The Commission may give consideration to balancing the~~
14 level of cost-effective demand side management goals with their potential effects on customer
15 rates and bills; and

16 (c) Discrete KW and KWH savings for Low Income Customers provided through
17 income qualified demand-side management programs in each utility's service area over a ten-
18 year period. These savings goals shall be proportionate to the population of Low Income
19 customers within the utility's service area. For the purposes of this Rule, the term "Low
20 Income Customer" means households earning at or below two hundred percent (200%) of the
21 Federal Poverty Level, as determined annually by the United States Department of Health and
22 Human Services. "Income qualified" demand-side management programs are those programs
23 which are designed to serve Low Income Customers.

24 (d) In addition to the numeric goals above, the Commission may give consideration to
25 other goals.

1 (2) Pursuant to the schedule in an order establishing procedure in the proceeding to
2 establish demand-side management goals, each utility must file a technical potential study.
3 ~~The Commission shall set goals for each utility at least once every five years.~~ The technical
4 potential study must be used to develop the proposed demand-side management goals, and it
5 must assess the full technical potential of all available demand-side conservation and
6 efficiency measures, including demand-side renewable energy systems, associated with each
7 of the following market segments and major end-use categories.

8 Residential Market Segment:

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

11 (a) Building Envelope Efficiencies.

12 (b) Cooling and Heating Efficiencies.

13 (c) Water Heating Systems.

14 (d) Lighting Efficiencies.

15 (e) Appliance Efficiencies.

16 (f) Peak Load Shaving.

17 (g) Solar Energy and Renewable Energy Sources.

18 ~~(h) Natural Gas Substitutes for Electricity~~ Efficient Electricity Substitutes for

19 ~~Natural Gas.~~

20 ~~(i) Other.~~

21 Commercial/Industrial Market Segment:

22 (Existing Facilities and New Construction should be separately evaluated) Major End-Use

23 Category

24 ~~(j)~~ Building Envelope Efficiencies.

25 ~~(k)~~ Cooling and Heating Efficiencies.

- 1 ~~(kl)~~ Lighting Efficiencies.
- 2 ~~(lm)~~ Appliance Efficiencies.
- 3 ~~(mn)~~ Power Equipment/Motor Efficiency.
- 4 ~~(no)~~ Peak Load Shaving.
- 5 ~~(op)~~ Water Heating Systems.
- 6 ~~(pq)~~ Refrigeration/Freezing Equipment.
- 7 ~~(qr)~~ Solar Energy and Renewable Energy Sources.
- 8 ~~(rs) Natural Gas Substitutes for Electricity~~ Efficient Electricity Substitutes for
- 9 Natural Gas.
- 10 ~~(st)~~ High Thermal Efficient Self Service Cogeneration.
- 11 (u) Other.

12 Each utility's filing must describe how the technical potential study was used to develop the

13 goals filed pursuant to subsection (3) below, including identification of measures that were

14 analyzed but excluded from consideration ~~from the technical potential study and any~~

15 subsequent economic and achievable potential studies. ~~The Commission on its own motion or~~

16 ~~petition by a substantially affected person or a utility may initiate a proceeding to review and,~~

17 ~~if appropriate, modify the goals. All modifications of the approved goals, plans and programs~~

18 ~~shall only be on a prospective basis.~~

19 (3) Pursuant to the schedule in an order establishing procedure in the proceeding to

20 establish demand-side management goals, each utility must file its proposed demand-side

21 management goals. In a proceeding to establish or modify goals, each utility shall propose

22 numerical goals for the ten year period and provide ten year projections, based upon the

23 utility's most recent planning process, of the total, cost-effective, winter and summer peak

24 demand (KW) and annual energy (KWH) savings reasonably achievable in the residential and

25 commercial/industrial classes through demand-side management. Each utility must also file

1 demand-side management goals developed under two scenarios: ~~one scenario that includes~~
2 ~~potential demand-side management programs that pass the Participant and Rate Impact~~
3 ~~Measure Tests, and~~ one scenario that includes potential demand-side management programs
4 that pass the Participant and Total Resource Cost Tests, ~~and one scenario that includes~~
5 ~~potential demand-side management programs that pass the Participant and the Utility Cost~~
6 ~~Tests, as these terms are used in Rule 25-17.008, F.A.C., with the Utility Cost Test determined~~
7 ~~using the Rate Impact Measure test, but not including lost revenues from reduced sales as a~~
8 ~~cost. Each utility must provide a transparent estimate of quantified effects for each goal~~
9 ~~scenario it submits, including total utility system benefits, average bill savings associated with~~
10 ~~decreased energy use, rate effects, and bill impacts.~~ Each utility's goal projections must be
11 ~~based on informed by~~ the utility's most recent planning process and ~~shall~~ reflect the
12 annual KW and KWH savings, ~~and program costs,~~ over a ten-year period, from potential
13 demand-side management programs with consideration of overlapping measures, rebound
14 effects, free riders, interactions with building codes and appliance efficiency standards, and
15 the utility's latest monitoring and evaluation of conservation programs and measures.
16 ~~Consideration of overlapping measures, rebound effects, free riders, interactions with building~~
17 ~~codes and appliance efficiency standards must be based on a transparent, evidence-based~~
18 ~~methodology that is consistent with industry standard practices, and must be accounted for~~
19 ~~within the utility's assumptions for naturally occurring energy efficiency adoption outside of~~
20 ~~utility-administered programs. Freeridership screening shall not be based on simple payback~~
21 ~~duration. Any program, or its measures, that are designed to meet goals established for Low~~
22 ~~Income Customers shall be excepted from standard cost-effectiveness requirements and free~~
23 ~~ridership consideration.~~ Each utility's projections shall be based upon an assessment of, at a
24 minimum, the following market segments and major end-use categories:

25 Residential Market Segment:

1 ~~(Existing Homes and New Construction should be separately evaluated)~~ Major End Use

2 ~~Category~~

3 ~~(a) Building Envelope Efficiencies.~~

4 ~~(b) Cooling and Heating Efficiencies.~~

5 ~~(c) Water Heating Systems.~~

6 ~~(d) Appliance Efficiencies.~~

7 ~~(e) Peakload Shaving.~~

8 ~~(f) Solar Energy and Renewable Energy Sources.~~

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

10 ~~(h) Other.~~

11 ~~Commercial/Industrial Market Segment:~~

12 ~~(Existing Facilities and New Construction should be separately evaluated)~~ Major End Use

13 ~~Category~~

14 ~~(i) Building Envelope Efficiencies.~~

15 ~~(j) HVAC Systems.~~

16 ~~(k) Lighting Efficiencies.~~

17 ~~(l) Appliance Efficiencies.~~

18 ~~(m) Power Equipment/Motor Efficiency.~~

19 ~~(n) Peak Load Shaving.~~

20 ~~(o) Water Heating.~~

21 ~~(p) Refrigeration Equipment.~~

22 ~~(q) Freezing Equipment.~~

23 ~~(r) Solar Energy and Renewable Energy Sources.~~

24 ~~(s) Renewable/Natural Gas substitutes for electricity.~~

25 ~~(t) High Thermal Efficient Self Service Cogeneration.~~

1 ~~(u) Other.~~

2 (4) Within 90 days of a final order establishing or modifying goals, each utility must

3 file its demand-side management plan that includes the programs to meet the approved goals,

4 along with program administrative standards that include a statement of the policies and

5 procedures detailing the operation and administration of each program. ~~Each utility must also~~

6 consider strategies to mitigate excessive free ridership during program planning. ~~or such~~

7 ~~longer period as approved by the Commission, each utility shall submit for Commission~~

8 ~~approval a demand-side management plan designed to meet the utility's approved goals. The~~

9 ~~following information must shall be filed ~~submitted~~ for each demand-side management~~

10 ~~program included in the utility's demand-side management plan for a ten-year projected~~

11 ~~horizon period:~~

12 (a) The program name;

13 (b) The program start date;

14 ~~(c) A statement of the policies and procedures detailing the operation and~~

15 ~~administration of the program;~~

16 ~~(c) (d)~~ The total number of customers₂ or other appropriate unit of measure₂ in each

17 ~~class of~~ customer segment (i.e. residential, low income, commercial, industrial, etc.) for each

18 calendar year in the planning horizon;

19 ~~(d) (e)~~ The total number of eligible customers₂ or other appropriate unit of measure₂ in

20 each ~~class of~~ customers-segment (i.e., residential, low income, commercial, industrial, etc.) for

21 each calendar year in the planning horizon;

22 ~~(e) (f)~~ An estimate of the annual number of customers₂ or other appropriate unit of

23 measure₂ in each class of customers projected to participate in the program for each calendar

24 year of the planning horizon, including a description of how the estimate was derived;

25 ~~(f) (g)~~ The cumulative penetration levels of the program by calendar year calculated as

1 the percentage of projected cumulative participating customers, or appropriate unit of
2 measure, by year to the total customers eligible to participate in the program;

3 ~~(g)~~ (h) Estimates on an appropriate unit of measure basis of the per customer and
4 program total annual KWH reduction, winter KW reduction, and summer KW reduction, both
5 at the customer meter and the generation level, attributable to the program. A summary of all
6 assumptions used in the estimates, and a list of measures within the program must ~~will~~ be
7 included;

8 ~~(h)~~ (i) A methodology for measuring actual KW kilowatt and KWH kilowatt-hour
9 savings achieved from each program, including a description of research design,
10 instrumentation, use of control groups, and other details sufficient to ensure that results are
11 valid;

12 ~~(i)~~ (j) An estimate of the cost-effectiveness of the program using the cost-effectiveness
13 tests required pursuant this Rule and to Rule 25-17.008, F.A.C. ~~If the Commission finds that a~~
14 ~~utility's conservation plan has not met or will not meet its goals, the Commission may require~~
15 ~~the utility to modify its proposed programs or adopt additional programs and submit its plans~~
16 ~~for approval.~~

17 (j) An estimate of the annual amount to be recovered through the energy conservation
18 cost recovery clause for each calendar year in the planning horizon.

19 (5) The Commission may, on its own motion or on a petition by a substantially
20 affected person or a utility, initiate a proceeding to review and, if appropriate, modify the
21 goals. All modifications of the approved goals, plans, and programs will be on a prospective
22 basis.

23 ~~(6)~~ (5) Each utility must ~~shall~~ submit an annual report no later than March 1 ~~of each~~
24 ~~year~~ summarizing its demand-side management plan and the total actual achieved results for
25 its approved demand-side management plan in the preceding calendar year. The report must

1 ~~shall contain, at a minimum,~~ a comparison of the achieved KW and KWH reductions with the
2 established Residential and Commercial/Industrial goals, and the following information for
3 each approved program:

4 (a) The name of the utility;

5 (b) The name of the program and program start date;

6 (c) The calendar year the report covers;

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

9 (e) The ~~total~~ number of customers, or other appropriate unit of measure, eligible to
10 participate in the program for each calendar year of the planning horizon;

11 (f) The ~~total~~ number of customers, or other appropriate unit of measure, projected to
12 participate in the program for each calendar year of the planning horizon;

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

16 (h) The actual number of program participants and the current cumulative number of
17 program participants;

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

20 (j) A comparison of the actual cumulative penetration level of the program to the
21 potential cumulative penetration level of the program;

22 (k) A justification for any variances greater ~~larger~~ than 15% from ~~for~~ the annual goals
23 established by the Commission;

24 (l) Using on-going measurement and evaluation results the annual KWH reduction, the
25 winter KW reduction, and the summer KW reduction, both at the meter and the generation

1 level, per installation and program total, based on the utility's approved
2 measurement/evaluation plan;

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

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

6
$$\text{annual benefits} = B_{npv} \times d/[1 - (1+d)^{-n}]$$

7 where

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

10 D = discount rate (utility's after tax cost of capital).

11 N = life of the program.

12 *Rulemaking Authority 350.127(2), 366.05(1), ~~366.82(1)-(4)~~ FS. Law Implemented 366.82(1)-*
13 *~~(4)~~ FS. History—New 4-30-93, Amended _____*

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