

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: December 16, 2022

TO: Docket File

FROM: Jon Rubottom, Attorney *JHR*

RE: Docket No. 20200181-EU, In re: Proposed amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities.

Please place the attached comments, received from Allison Kvien on December 16, 2022, in the docket file for Docket No. 20200181-EU.



VOTE SOLAR

December 16, 2022

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

Re: Docket 20200181 – Post-Workshop Comments on the Proposed Amendments to Rule
25-17.0021, F.A.C.

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket are Vote Solar's Post-Workshop
Comments.

Thank you for your assistance with this matter.

Sincerely,

Allison L. Kvien
Regulatory Director, Southeast
Vote Solar
akvien@votesolar.org

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Proposed Amendment of Rule 25-17.0021, F.A.C.,)
Goals for Electric Utilities)
_____)

DOCKET NO. 20200181-EI

FILED: December 16, 2022

**VOTE SOLAR'S
POST-WORKSHOP COMMENTS**

Vote Solar respectfully submits the following comments in response to the Florida Public Service Commission (“Commission”) Staff’s rulemaking workshop held on November 30, 2022, which addressed the Staff’s proposed changes to the Commission’s Rule 25-17.0021, F.A.C. related to goals for electric utilities under Florida’s Energy Efficiency and Conservation Act (“FEECA”).

Vote Solar thanks the Commission for the opportunity to provide these comments and thanks Staff for its work in developing amended FEECA rule language. Our hope is that the Commission will incorporate a few additional modifications in its rule language, as outlined in the filing by the Southern Alliance for Clean Energy (“SACE”), to address systemic under-investment in cost-effective energy efficiency programs and to better align the rule with FEECA. Through this regulatory reform, the Commission has the opportunity to ensure that all Floridians, regardless of income level, have an equal chance to participate in utility-sponsored energy efficiency programs.

Vote Solar fully supports the consensus proposed rule language filed by SACE. In further support of the consensus proposed rule language, Vote Solar provides this narrative to discuss the importance of adopting a stronger rule governing utilities’ energy efficiency goal setting process and specifically discusses: (1) the importance of requiring low-income savings goals proportional to the low-income population within a utility’s service area to ensure fair access to programs, and (2) the importance of exempting low-income programs from cost-

effectiveness screening tests so that these tests do not serve as a barrier to implementing good programs.

Florida Has Great Potential to Improve Its Energy Efficiency Programs

In 2019, several electric utilities proposed zero or near-zero goals in the FEECA goal-setting proceeding. Florida Power & Light proposed the equivalent savings of less than 10 residential homes, out of the more than 10 million people it serves.¹ In rejecting the 2019 goals proposed by utilities, the Commission asked Staff to reopen this rule governing FEECA implementation. Based on the historic implementation of the FEECA rule, the Commission should provide utilities with clearer guidelines in the rule itself. And Florida's utilities do have great potential to improve their energy efficiency goals. According to the Electric Power Research Institute (EPRI), Florida has the most cost-effective energy efficiency potential of any state in the country, and only 8% of this potential is being captured by existing programs, policies, and activities.²

Better Energy Efficiency Goals Can Make a Positive Difference in People's Lives

It is easy to lose sight of the reason why utility-sponsored energy efficiency programs really matter, but they can have a positive impact in people's lives. As previously discussed in joint comments submitted by Vote Solar and the CLEO Institute, low-income energy efficiency programs can make an especially meaningful difference for people with high energy burdens, such as residents of Carrabelle, Florida. Carrabelle is a working-class town in the Panhandle where more than 28% of the residents live in poverty. Residents pay, on average, \$4,493 in annual energy bills, or \$374 per month, which represents more than 11.5% of the town's median household income of \$38,917. The need to pay a utility bill is the most common driver of households to obtain payday loans, often resulting in cycles of debt for these families.³

¹ Koch Testimony, Vol. 1 at 58.

² EPRI, *State Level Electric Energy Efficiency Potential Estimates* (May 2017), available at https://www.energy.gov/sites/prod/files/2017/05/f34/epri_state_level_electric_energy_efficiency_potential_estimates_0.pdf.

³ ACEEE, *State-Level Strategies for Tackling High Energy Burdens: A Review of Policies Extending State- and Ratepayer-Funded Energy Efficiency to Low-Income Households* (2018).

Energy efficiency programs can reduce bills for low-income customers, such as families in Carrabelle, by helping seal leaky doors and windows and taking other energy efficiency measures, while simultaneously unlocking savings for all utility customers because these programs typically cost less than investments in building more traditional power supply. Utility-sponsored energy efficiency programs reduce energy waste, which lowers participating families' monthly power bills and lowers the overall demand on the grid. Florida's utilities are proposing innovative pilot programs, but without the right regulatory foundation, Florida utilities will continue to struggle to bring those offerings to scale.

Low-income households have historically had less access to energy efficiency services compared to other households.⁴ Language added in SACE's consensus proposed rule seeks to provide a framework that ensures *all households* have an equal opportunity to participate in utility-sponsored energy efficiency programs. Specifically, SACE's consensus rule language proposes the following addition to the list of criteria for goals in 25-17.0021(1):

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

Vote Solar believes this proposed change to the rule will ensure fairness so that all families, regardless of their income level, have an equal opportunity to participate in energy efficiency programs. By requiring distinct low-income savings goals that are proportional to the low-income customer population within each utility's service area, low-income households will not be left out of the energy efficiency programs that they help fund through payment of their monthly power bills. Furthermore, adding a low-income program goal aligns with what many other states across the country have done. Such other states have passed legislation, enacted

⁴ ACEEE, *Supporting Low-Income Energy Efficiency: A Guide for Utility Regulators* (April 28, 2021), available at <https://www.aceee.org/toolkit/2021/04/supporting-low-income-energy-efficiency-guide-utility-regulators>.

regulations, and/or issued commission orders intended to encourage utilities to increase low-income energy efficiency program participation.⁵

Low-Income Energy Efficiency Programs Provide Unique Non-Energy Benefits that Are Not Accounted for in Traditional Cost Effectiveness Tests

SACE's consensus rule language proposes exempting low-income program goals from the need to satisfy traditional cost-effectiveness tests. Florida's current cost-effectiveness tests do not account for or quantify the myriad of health and safety benefits low-income energy efficiency programs provide for participating customers, utilities, and the public alike, including but not limited to: reduction in bad debt, customer retention, asthma reductions, the ability to stay in home/avoid moves, thermal stress reductions, productivity improvements due to fewer missed workdays and improved sleep, reduced risk of carbon monoxide poisoning, reduced risk of fire, reduced reliance on high interest, predatory loans, and macroeconomic benefits.⁶ Because traditional cost-effectiveness tests fail to recognize or quantify these non-energy benefits, applying them to low-income programs can make designing and approving such programs more difficult and unfairly screen out good programs.

Many states, recognizing the important health and safety advantages of low-income energy efficiency offerings, have taken a number of approaches to avoid failing to account for these benefits and avoid artificially screening out effective low-income programs. Approaches employed by other jurisdictions include:

- Having no requirement that low-income programs satisfy a cost-effectiveness test (e.g., Iowa, Missouri, Illinois, Maryland, Michigan);
- Allowing exclusion of low-income programs from cost-effectiveness tests as long as the total portfolio of programs meet cost-effectiveness requirements (e.g., Nevada, District of Columbia);
- Assigning lower threshold cost-effectiveness requirements or standards for programs targeted to low-income customers (e.g., Oklahoma, Texas); and
- Requiring consideration or some quantification of non-energy benefits in the evaluation of cost-effectiveness for low-income programs (e.g., District of Columbia, Massachusetts, New Hampshire, New Jersey, Vermont, Maine).⁷

⁵ *Id.*

⁶ *Id.*

⁷ ACEEE, *Guidelines for Low-Income Energy Efficiency Programs*, available at <https://database.aceee.org/state/guidelines-low-income-programs>.

Vote Solar, along with SACE and other parties, asks that the Commission take the simplest and most straightforward approach by approving a blanket cost-effectiveness exemption from traditional cost tests and adopt SACE's consensus proposed rule language exempting low-income programs from cost-effectiveness tests. Modifying the existing FEECA implementation rule in this manner will allow utilities to have greater flexibility in designing low-income energy efficiency programs that are able to meet low-income households' needs and reach those customers by simultaneously reducing those customers' high energy burdens and providing tangible health and safety benefits. As ACEEE explains in its Low-Income Energy Efficiency Guide, such flexibility is often necessary to reach low-income customers:

Efficiency providers have found that in order to deliver effective energy efficiency programs to low-income customers, it is often necessary to simultaneously address issues associated with health, safety, and home durability. Because of this, many low-income programs include measures (and their associated costs) that are less likely to be included in traditional energy efficiency programs—such as roof repairs, mold remediation, and asbestos removal. As a result, it is particularly important that the value of low-income energy efficiency measures are characterized in terms of both the energy and the non-energy benefits they provide to low-income customers.⁸

Vote Solar urges the Commission to exempt low-income energy efficiency programs from traditional cost-effectiveness tests to recognize and realize the multitude of non-energy benefits associated with these programs, ensure that low-income families have a fair chance to participate in programs they help fund, and give utilities the flexibility necessary to tailor energy efficiency programs to reach low-income households.

Conclusion

We must give Florida utilities incentives to combine technologies in order to maximize system value, and we must give special consideration to both the additional barriers that utilities face in reaching low-income households with energy efficiency programs and the unique benefits those low-income energy efficiency programs provide. SACE's consensus

⁸ ACEEE, *Supporting Low-Income Energy Efficiency: A Guide for Utility Regulators* (April 28, 2021), available at <https://www.aceee.org/toolkit/2021/04/supporting-low-income-energy-efficiency-guide-utility-regulators>.

proposed rule language will modernize FEECA implementation to be more customer-centric while unlocking more system benefits.

WHEREFORE, Vote Solar submits the foregoing Post-Workshop Comments on the proposed amendments to Rule 25-17.0021, F.A.C.

DATED this 16th day of December, 2022.

Respectfully submitted,



Allison L. Kvien
Regulatory Director, Southeast
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