

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Tuesday – June 1, 2010
Immediately Following Agenda Conference
Room 140 - Betty Easley Conference Center

1. Approve May 18, 2010, Internal Affairs Meeting Minutes. (Attachment 1)
2. FPSC Draft Letter of Support for the Governor's Energy Office Grant Application. Letter addressed to the United States Department of Energy. (Attachment 2)
3. Other matters, if any.

TD/sa

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6068.



State of Florida
Public Service Commission

INTERNAL AFFAIRS MINUTES

Tuesday – May 18, 2010

10:25 am – 11:47 am

Room 140 - Betty Easley Conference Center

COMMISSIONERS PRESENT: Chairman Argenziano
Commissioner Edgar
Commissioner Skop
Commissioner Klement
Commissioner Stevens

STAFF PARTICIPATING: Devlin, Hill, Kiser, Miller, Harlow, Pennington, Cibula

1. Approve May 4, 2010, Internal Affairs Meeting Minutes.

The minutes were approved.

Commissioners participating: Argenziano, Edgar, Skop, Klement, Stevens

2. FPSC Draft Letter to the Florida Congressional Delegation regarding Transmission Provisions in the Climate/Energy Bills.

The Commissioners approved the draft letter.

Commissioners participating: Argenziano, Edgar, Skop, Klement, Stevens

3. Response from Executive Director, General Counsel, and Inspector General To Commissioner Edgar's Request Regarding Interaction of Commissioners and Staff.

Staff was directed to bring back proposed procedures regarding interaction between Commissioners and staff incorporating suggestions made at the Internal Affairs Meeting.

Commissioners participating: Argenziano, Edgar, Skop, Klement, Stevens

4. Draft of Internal Procedures Regarding Ex Parte Communications.

Staff was directed to bring back proposed procedures regarding Ex Parte Communications incorporating suggestions made at the Internal Affairs Meeting.

Commissioners participating: Argenziano, Edgar, Skop, Klement, Stevens

5. Other matters, if any.

Commissioner Skop commended Progress Energy for the assistance they had provided to a customer in Monticello who was having difficulty getting power to his storefront. Although the issue did not involve the Utility, they stepped forward and helped him. The customer also commended the Commission and Commission staff for their assistance.

Chairman Argenziano commended Gulf Power on their openness and willingness to provide information whenever necessary.

Commissioners participating: Argenziano, Edgar, Skop, Klement, Stevens

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: May 25, 2010
TO: Timothy J. Devlin, Executive Director
FROM: Mark Futrell, Division of Regulatory Analysis *MF*
 Cindy Miller, Office of the General Counsel *CM* *ALT* *WNS*
RE: Draft Letter of Support for Governor's Energy Office Grant Application

CRITICAL INFORMATION: Please place on the June 1, 2010 Internal Affairs
Approval of draft letter is sought

On May 20, 2010, the staff of the Governor's Energy Office (GEO) requested a letter of support for its pending application for a grant from the U.S. Department of Energy (DOE). Staff seeks approval of the attached draft letter of support (Attachment A). Also, Attachment B includes the pertinent portions of the DOE Funding Opportunity Announcement (FOA) which details the objectives and purpose of the grant. Staff will provide the entire 40 page FOA if you would like a copy.

On March 24, 2010, the DOE issued an FOA that allows state energy offices to compete for funding that will assist states in two areas: (1) developing approaches for retrofitting residential and commercial buildings to improve energy efficiency; and (2) generating policy and program frameworks to support investment in cost-effective energy efficiency. DOE expects to make available \$28 million to states, with \$23-\$26 million for the building retrofit approaches. Approximately ten awards will be made in this area at \$2-\$5 million per award. The deadline for submitting grant applications has been extended to June 7, 2010.

The GEO is planning to submit an application for a building retrofit-related grant to support Property Assessed Clean Energy (PACE) programs. PACE is an innovative way for local governments to encourage property owners to reduce energy consumption and increase energy efficiency. The PACE model allows individual residential, commercial, or industrial property owners to contract directly with qualified contractors for energy efficiency and renewable energy projects. The local government provides the upfront funding for the project through proceeds of a revenue bond issuance, which is repaid through an assessment on participating property owners' tax bills.

The Florida Legislature enacted House Bill 7179 during the 2010 Regular Session which would establish the legal framework to allow local governments to establish PACE programs. The bill was sent to the Governor on May 17th and he has until June 1st to take action or the bill will become law.

If awarded, the GEO would provide assistance to counties that intend to establish PACE programs in the form of seed funding. Also, assistance would be provided to other counties that may become interested in a PACE program through a Technical Assistance Program (TAP). The TAP will act as a clearinghouse of information on the best practices in PACE implementation.

MF

Attachments – Draft letter
DOE Funding Opportunity Announcement

NANCY ARGENZIANO
CHAIRMAN

STATE OF FLORIDA



Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6038

Public Service Commission

June 1, 2010

DRAFT LETTER

Honorable Dr. Steven Chu
Secretary of Energy
United States Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Re: DE-FOA-0000251 State Energy Program Strengthening Building Retrofit Markets and Stimulating Energy Efficiency Action

Dear Secretary Chu:

The Florida Public Service Commission (FPSC) is writing in support of the application of the Florida Governor's Energy Office (GEO) for the above referenced U.S. Department of Energy Funding Opportunity Announcement.

In recent years, the Florida Legislature has placed an increasing emphasis on promoting renewable energy, energy conservation, and enhanced energy efficiency in Florida. The GEO's application will further these efforts by empowering local governments to provide citizens additional tools to enhance building energy efficiency and to increase the use of renewable energy.

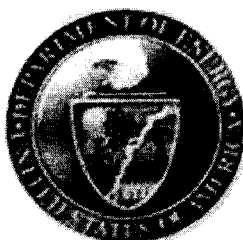
The FPSC is committed to increasing energy efficiency and the provision of energy from renewable systems. Legislative policy provides the FPSC with authority over electric utility programs designed to reduce and control the growth in electric peak demand and energy consumption, and to further develop demand-side renewable systems.

We believe that the proposal to be submitted by the GEO will present an innovative approach to realizing additional energy efficiency improvements and renewable energy development.

Sincerely,

Nancy Argenziano
Chairman

**FINANCIAL ASSISTANCE
FUNDING OPPORTUNITY ANNOUNCEMENT**



**U. S. Department of Energy
National Energy Technology Laboratory
State Energy Program (SEP) Strengthening Building Retrofit
Markets and Stimulating Energy Efficiency Action**

DE-FOA-0000251

Announcement Type: Initial

CFDA Number: 81.041

Issue Date: 04/09/2010

Application Due Date: 05/24/2010 11:59:59 PM Eastern Time

NOTE: REGISTRATION/SUBMISSION REQUIREMENTS**Registration Requirements**

There are several one-time actions you must complete in order to submit an application in response to this Announcement (e.g., obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number, register with the Central Contractor Registration (CCR), and register with Grants.gov). Applicants who are not registered with CCR and Grants.gov, should allow at least 21 days to complete these requirements. It is suggested that the process be started as soon as possible.

Applicants must obtain a DUNS number. DUNS website:
<http://fedgov.dnb.com/webform>.

Applicants must register with the CCR. CCR website: **<http://www.ccr.gov/>**

Applicants must register with Grants.gov. Grants.gov website: **<http://grants.gov/>**

Applicants must register with FedConnect to submit questions. FedConnect website:
www.fedconnect.net

Questions

Questions relating to the **system requirements or how an application form works** must be directed to Grants.gov at 1-800-518-4726 or **support@grants.gov**.

Questions regarding the **content** of the announcement must be submitted through the FedConnect portal. You must register with FedConnect to respond as an interested party to submit questions, and to view responses to questions. It is recommended that you register as soon after release of the FOA as possible to have the benefit of all responses. DOE/NNSA will try to respond to a question within 3 business days, unless a similar question and answer have already been posted on the website.

Application Preparation and Submission

Applicants must download the application package, application forms and instructions, from Grants.gov. Grants.gov website: **<http://www.grants.gov/>**
(Additional instructions are provided in Section IV A of this FOA.)

Where to Submit

Applications must be submitted through Grants.gov to be considered for award. You cannot submit an application through Grants.gov unless you are registered. Please read the registration requirements carefully and start the process immediately. Remember you have to update your CCR registration annually. If you have any questions about your registration, you should contact the Grants.gov Helpdesk at 1-800-518-4726 to verify that you are still registered in Grants.gov.

IMPORTANT NOTICE TO POTENTIAL APPLICANTS: When you have completed the process, you should call the Grants.gov Helpdesk at 1-800-518-4726 to verify that you have completed the final step (i.e. Grants.gov registration).

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PART I - FUNDING OPPORTUNITY DESCRIPTION

A. FUNDING OPPORTUNITY ANNOUNCEMENT OBJECTIVES

The Department of Energy (DOE) National Energy Technology Laboratory (NETL), on behalf of the Office of Energy Efficiency and Renewable Energy's (EERE's) State Energy Program (SEP), is seeking applications to advance policies, programs, and market strategies that accelerate job creation and reduce energy bills while achieving energy and climate security for the nation. This competitive Funding Opportunity Announcement (FOA) allows States to compete for funding designed to meet EERE nationally focused initiatives for the fundamental and permanent transformation of markets across all sectors of our economy. Specifically, this FOA focuses on two areas of interest:

Area of Interest 1 – Strengthening Building Retrofit Markets that will assist states in developing approaches for retrofitting buildings in the nation's residential and commercial sectors.

Area of Interest 2 – Stimulating Energy Efficiency Action that will assist states in generating the necessary policy and program frameworks to support investment in cost-effective energy efficiency for the long-term.

B. BACKGROUND ON DOE STATE ENERGY PROGRAM COMPETITIVE AWARDS

The State Energy Program (SEP) provides formula and competitive grants to states. States use these awards to address their energy priorities and program funding to adopt emerging renewable energy and energy efficiency technologies. The mission of the State Energy Program is to provide leadership to maximize the benefits of energy efficiency and renewable energy through communications and outreach activities, technology deployment, and accessing new partnerships and resources.

The State Energy Program upholds the DOE Strategic Plan Goals 1.2 and 1.4.

Goal 1.2- "Environmental Impact of Energy" aims to improve the quality of the environment.

Goal 1.4- "Energy Productivity" serves to cost-effectively improve the energy efficiency of the U.S. economy.

Congress authorized the Department of Energy to allow for formula and competitive grants and cooperative agreements to the States under the State Energy Program. DOE provides formula grants to States to design and carry out their own energy efficiency and renewable energy programs. In FY2010, the competitive portion of the State Energy Program is providing \$28 million to fund cooperative agreements that allow States to compete for funding designed to meet EERE nationally focused initiatives.

The focus of the 2010 competitive SEP FOA is two-fold: 1) address the nation's residential and commercial sector buildings, and 2) assist states in developing the necessary policy and program frameworks at the ground level to stimulate investment in cost-effective, long-term energy efficiency in those states that are not achieving significant energy savings to date.

DOE is seeking a major increase in market penetration of existing whole-building retrofit activities and/or the establishment of a strong retrofit market in areas with little or no activity. The residential and commercial building sectors consume over 40% of the nation's energy use and are responsible for 40% of the nation's CO₂ emissions. This FOA encourages applicants to address market barriers that limit whole-building retrofits and requires a minimum target of retrofitting at least 2 percent of the buildings of a defined market annually by 2013.

DOE is seeking a major increase in energy efficiency at the state or regional level. State policies have a significant impact on state and national levels of investment in energy efficiency. Several states are cost-effectively investing more than 2 percent of electricity sales on energy efficiency. Some states save more than 1 percent of electricity sales from energy efficiency.¹ The objective of these cooperative agreements is to help states or groups of states with little-to-no current savings from energy efficiency programs become leaders in reducing electricity consumption. This FOA requires an annual minimum target electricity savings of 1 percent through energy efficiency.

C. PROGRAM AREAS OF INTEREST

Area of Interest 1 – Strengthening Building Retrofit Markets

DOE is seeking applications for the development of programs and strategies to retrofit residential and/or commercial properties in markets with little or no retrofit activity and/or to increase the market penetration of existing whole-building retrofits. A "whole-building retrofit" is defined as being comprised of the following:

1. A pre-retrofit evaluation of the major energy-consuming systems and components of the building utilizing diagnostic tools.

The evaluation must analyze the building's shell and thermal envelope (including air tightness); the heating, cooling, ventilation, water heating, and available energy control systems; and major appliances and plug loads. The evaluation must also determine whether any conditions put the building's occupants at major risk for health and safety problems. Examples of these conditions would be: excessive carbon monoxide as a result of an improperly functioning piece of equipment, appliance, or system; rot, mold, or mildew as a result of excessive moisture; or the presence of asbestos, lead, or other serious potential health hazard that could be disturbed as a result of work being done on the building. The evaluation should also identify occupant behaviors that lead to excessive energy consumption. The evaluation must provide effective recommendations

¹ ACEEE. 2009. The 2009 State Energy Efficiency Scorecard. <http://www.aceee.org/pubs/e097.htm>

that will reduce the energy consumption of the building, and make it a healthy, safe, and comfortable environment for the occupants to live or work. The evaluation should also include an actionable work scope that is agreed to by the evaluator and building's owner/occupants.

2. Work that will resolve the issues identified in the initial evaluation and included in the agreed-upon work scope.

The energy efficiency goal of the retrofit work should be to reduce the total energy consumption of the building by a minimum of 20 percent. Work should be done according to local and state code and permitting requirements, industry-accepted standard work specifications, and best practices.

3. A post-retrofit evaluation of the building and its major systems and components.

This evaluation should determine whether the work completed was done correctly and had the intended effect while ensuring the health and safety of the building's occupants.

States are encouraged to utilize regional strategies; develop new or strengthen existing building retrofit market(s) by creating, enhancing, or expanding replicable programs, activities, organizational structures, and techniques that will transform the market and encourage consumer adoption of energy efficiency and clean energy; and employ sound methods for assuring energy savings. State Energy Offices (SEOs) should collaborate with appropriate organizations such as public utility commissions, power authorities, utilities, local governments, retailers, manufacturers, trade organizations, financial institutions, other States and regional entities. SEOs are also encouraged to develop strategies that will allow resource leveraging to the greatest possible extent. States should pursue comprehensive programs and strategies that address the range of barriers hindering building retrofits. Common barriers to widespread adoption of building retrofits are: consumer access to information about how a building consumes energy and how it compares to other buildings; developing a qualified workforce to diagnose building performance problems, recommend solutions to those problems, and perform the work necessary to deliver the recommended solutions; and readily available access to funding to pay for the retrofits through a variety of financial mechanisms. The programs and strategies proposed should be designed to be sustainable beyond the period of funding for the agreement.

DOE is seeking plans that will result in a major increase in market penetration of existing whole-building retrofit activities and/or the establishment of a strong retrofit market in areas with little or no activity. Applicants shall develop a comprehensive approach to addressing the market barriers limiting whole-building retrofits with a **target of retrofitting at least 2 percent of the buildings of a defined market annually by 2013**. Examples of programs and/or strategies that could be included as key elements of a comprehensive approach are:

- Building performance benchmarking and disclosure
- Home Performance with ENERGY STAR
- Finance programs or strategies that leverage private capital:

- Property Assessed Clean Energy (PACE)
 - Utility On-Bill Financing
 - Energy Savings Performance Contracts
 - Revolving Loan Funds
 - Credit Enhancements such as Loan Loss Reserves and Debt Service Reserves*
 - Other innovative financing mechanisms
- Financing program(s) that are designed to meet appropriate conforming standards to support sales into secondary financial markets
 - Statewide and/or regional** aggregation of disaggregated retrofit markets
 - Innovative Organizational Structures such as an Energy Efficiency Utility, Power Authority, etc.

* Refer to SEP Program Notice: 10-08, “Guidance for State Energy Programs on Revolving Loan Funds and Loan Loss Reserves” for guidance on revolving loan fund eligibility, funds leveraging, loan loss reserves, and federal character of revolving loan funds².

** “Regional” in this context means that a number of states can partner to serve a specific area such as a singular metropolitan area. For example: Indiana, Ohio, and Kentucky could partner to serve the Cincinnati metropolitan area.

In many cases, more than one program or strategy may be necessary to address the suite of barriers hindering the transformation of the building retrofit market. Applicants will be encouraged to utilize a portfolio of programs and strategies in strengthening the market.

DOE will require the development of a sustainable, program/strategic plan(s) that outlines the key challenges to the building retrofit market in a defined market and how those challenges will be overcome through programs and activities in partnership with different organizations. Project metrics will include items such as buildings retrofitted, energy saved, individuals trained and certified, successful leveraging of funds and teaming with appropriate stakeholders, along with other relevant measures of success as outlined in PART IV – APPLICATION AND SUBMISSION INFORMATION below. Further, DOE will require that the plan include a process for developing and validating methods to quantify cost-effectiveness of retrofits and the whole program.

The following strategies do not meet DOE’s objectives for Area of Interest 1:

- Programs that make new construction energy-efficient
- Programs that target a majority of funding and/or program focus on renewable technology
- Direct install programs that subsidize a majority of the cost of measures installed and do not focus on transforming the market

² http://apps1.eere.energy.gov/state_energy_program/pdfs/sep_program_guidance_10-08.pdf

Area of Interest 2 – Energy Efficiency Action

Under this Area of Interest, DOE is seeking applications from states and groups of states to achieve an annual minimum target electricity savings of 1 percent through energy efficiency. Area of Interest 2 will provide states and groups of states with funding to stimulate ground-level development of results-based policies and programs that will aggressively decrease electricity consumption and bring the state or groups of states to have similar levels of annual savings from energy efficiency as today's leading states.

The focus of these agreements is to help states or groups of states with little-to-no current savings from energy efficiency programs become leaders in reducing electricity consumption. The following is the definition of states with little-to-no current savings from energy efficiency programs:

1. States that have achieved less than 0.5 percent savings relative to electricity sales based on 2007 data (from the American Council for an Energy Efficient Economy's energy efficiency ranking of states based on savings as a percent of electricity sales, published in 2009); or
2. States that have invested less than one percent of total electricity or gas revenues on energy efficiency (from the American Council for an Energy Efficient Economy's energy efficiency ranking of states, published in 2009); or
3. A state that does not meet this definition based on 2007 data can provide convincing evidence that it is below either of the thresholds above, using data from 2008 or 2009.

It is anticipated that the cooperative agreements awarded under this Area of Interest will provide funding for up to 3 years divided into two funding phases: Phase I to develop a process to establish an energy savings goal, and Phase II to implement, by the end of calendar year 2013, the framework to achieve the established energy savings target.

As part of the application, states will be required to develop a Phase I Action Plan that includes the review and evaluation of the goals and steps outlined in the National Action Plan for Energy Efficiency "Vision for 2025" document³, and outlines a collaborative stakeholder process for the purpose of setting an annual electricity savings target. Should a state decide to address them, natural gas and transportation fuel savings should be additional to the minimum 1 percent electricity savings. The proposed policies should be created through collaboration across key stakeholders, including governors, state energy offices, public utility commissions, utilities, legislators, and others. The collaborative stakeholder process is expected to build on the foundation of the National Action Plan for Energy Efficiency⁴.

The result of this process may lead a state to pursue one or more of the following to implement the established electricity savings target:

³ <http://www.epa.gov/cleanenergy/energy-programs/napee/resources/vision2025.html>

⁴ <http://www.oe.energy.gov/eeactionplan.htm>

1. Modification of the Electricity Market;
2. Energy Efficiency Resource Standard;
3. Integrated Resource Plan;
4. Public Benefit Fund; or
5. Other Efficiency Savings strategy.

Funding for Phase II will be provided given that states achieve the agreed upon progress benchmarks as outlined in the Phase I Action Plan, which includes successfully establishing an electricity savings target. A Phase II Implementation Plan will be required that outlines the programs and frameworks to be put in place by the end of calendar year 2013 in order to achieve the electricity savings target. It is anticipated that upon DOE review and approval of the Phase II Implementation Plan, the state(s) will receive the remaining funding. DOE will also be issuing a complimentary Funding Opportunity Announcement open to application by state regulatory commissions.

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

NOTE: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

III. Supplemental Materials for Internal Affairs

**NOTE: The following material pertains to Item 3 of
this agenda.**

**Nuclear Waste Strategy Coalition
Conference Call – May 27, 2010**

Yucca Mountain Licensing Proceedings – The Nuclear Regulatory Commission (NRC) has established the schedule on the Department of Energy's (DOE) Motion to Withdraw its licensing application for Yucca Mountain. Objections to petitions to intervene were due May 11. May 17 is the deadline for responses to DOE's Motion to Withdraw. DOE must then reply by May 27. A hearing is scheduled for June 3 and 4. The hearing will be webcast and FPSC staff will monitor the proceedings. Following the hearings, the NRC's Atomic Safety and Licensing Board Panel is expected to make a recommendation to the NRC by June 30, regarding the DOE's Motion to Withdraw.

Update on FPSC's Amicus Filing at NRC – (Note: This was not discussed during the NWSC call, but is related to the content of the call.) On May 25, the NRC's staff filed an answer to the FPSC's motion for leave to participate as amicus curiae. They do not oppose the FPSC's motion for leave to participate as amicus. Their filing states, "Consistent with 10 C.F.R. Sec. 2.315(d), Florida Public Service Commission submitted its amicus curiae Memorandum along with its Motion that identifies an interest in the proceeding and indicates that consideration of its Memorandum is desirable because its participation may benefit the Board in its deliberations."

Status of Lawsuits – The U.S. Court of Appeals has set a schedule to address the Yucca Mountain and nuclear waste fee-related lawsuits. Briefings and oral arguments will begin in September 2010.

Blue Ribbon Commission (BRC) – The BRC held its second meeting on May 25 and 26 in Washington D.C. Commissioner Greg White (Michigan PSC) spoke on behalf of NARUC. (See attached link to Commissioner White's remarks and bullet points.) Other notable speakers included Marv Fertel of the Nuclear Energy Institute, Dr. Tom Sanders of the American Nuclear Society, and Dr. Tom Cochran of the Natural Resources Defense Council (NRDC). There appeared to be universal agreement among the speakers that a waste repository is needed, regardless of whether new nuclear plants are built in the U.S. or whether waste is reprocessed. Opinions varied widely, however, on interim storage. Suggestions for interim storage included: (1) keeping the waste on-site at nuclear facilities, (2) establishing storage sites at decommissioned nuclear plants, and (3) transporting waste to regional interim storage sites. The NRDC stated that the BRC is not balanced because it is weighted too heavily in favor of the nuclear industry. Chairman Lee Hamilton soundly rebuffed NRDC's contention that the panel is biased. The next BRC meeting will take place in July and will include a tour of the Hanford Nuclear site in Richland, Washington.

NWSC Meeting – Martez Norris has scheduled a meeting of the NWSC in Washington D.C. on June 28 and 29 at the Quincy Hotel. Information on the meeting was e-mailed to NWSC members on April 28. The cut off date for hotel reservations is June 4.

Next NWSC Call - Next call scheduled for June 9 at 10:00.

Parties/Staff Handout
Internal Affairs/Agenda
on 6/11/2010
Item No. 3B