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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals for Progress Energy Florida, Inc.

DOCKET NO. 080408-EG

FLORIDA SOLAR COALITION'S PREHEARING STATEMENT

Florida Solar Coalition (FSC), pursuant to Order No. PSC-08-0816-PCO-EG, files its Prehearing Statement and states as follows:

A. Appearances:

SUZANNE BROWNLESS, Esq., Suzanne Brownless, PA, 1975 Buford Blvd., Tallahassee, Florida 32308.

B. Witnesses:

None.

C. Exhibits:

FSC has not prefiled any exhibits. However, FSC reserves the right to introduce exhibits into the record during cross-examination.

D. Statement of Basic Position:

Progress Energy Florida, Inc. (PEF) has understated the amount of cost-effective achievable energy efficiency potential in its service area due to several factors: too low market penetration projections, incorrect optimization methodologies, use of the RIM test to determine cost-effectiveness and elimination of technologies with a two-year payback period. The transitional goals proposed by Staff witness Spellman correct these errors and bring the proposed goals for PEF in line with those of other states with a *de minimis* rate impact.

As required by §366.82, Fla. Stat., PEF has developed a Renewable Energy Program to support the installation of solar photovoltaic (PV) and solar water heating systems. PEF's Solar Water Heating with Energy Wise residential program and SolarWise for Schools program are innovative combinations of demand response and solar water heating technologies which are cost effective under both the RIM and TRC tests. Further, PEF is developing the SunSense for Business and the SunSense for Homes initiatives. These programs will offer rebates of \$1.50 per watt for PV arrays for residential customers and a 20 year sell all contract for the energy produced from commercial customers' PV arrays. These programs demonstrate what can be done to cost-effectively utilize solar technologies and should be replicated by other FEECA utilities.

However, these programs do not realize the solar technologies' full potential in PEF's service territory at the funding levels proposed by PEF. In order to encourage these solar technologies, the Commission should authorize recovery of 1% of PEF's annual 2008 retail sales revenue, approximately

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\$40 million, annually for the next five years for the solar thermal and PV programs being developed by PEF. FSC suggests that the rebate amount for residential and commercial PV systems be \$2/watt up to 50kW. The Commission should expand the FECC's program to include PV systems larger than 50 kW and use a performance-based incentive program design for those systems. This would ensure growth throughout all market segments. FSC further recommends that incentive levels be reduced during the five year transition period to reflect PV system price declines and market growth.

E. Statement of Issues and Positions:

ISSUE 1: Did the Company provide an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S.?

POSITION: No.

ISSUE 2: Did the Company provide an adequate assessment of the achievable potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems?

POSITION: No.

ISSUE 3: Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S.?

POSITION: No.

ISSUE 4: Do the Company's proposed goals adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, pursuant to Section 366.82(3)(b), F.S.?

POSITION: No.

ISSUE 5: Do the Company's proposed goals adequately reflect the costs imposed by state and federal regulations on the emission of greenhouse gases, pursuant to Section 366.82(3)(d), F.S.?

POSITION: No position at this time.

ISSUE 6: Should the Commission establish incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems?

POSITION: Yes.

ISSUE 7: What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

POSITION: The Commission should use the Total Resource Cost (TRC) test, adjusted to include the

avoided cost of greenhouse gas (GHG) emissions, and the Participant test as proposed in Staff witness Spellman's testimony.

ISSUE 8: What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2010-2019?

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW										
Winter MW										
Annual GWh										

POSITION: FSC supports the methodology and transitional goals developed by Richard Spellman on behalf of the PSC Staff as stated in Exhibit RFS-20.

ISSUE 9: What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2010-2019?

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW										
Winter MW										
Annual GWh										

POSITION: FSC supports the methodology and transitional goals developed by Richard Spellman on behalf of the PSC Staff as stated in Exhibit RFS-20.

ISSUE 10: In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for demand-side renewable energy systems?

POSITION: As required by §366.82, Fla. Stat., PEF has developed a Renewable Energy Program to support the installation of solar photovoltaic (PV) and solar water heating systems. However, these programs do not realize the solar technologies' full potential in PEF's service territory at the funding levels proposed by PEF. In order to appropriately encourage these solar technologies, the Commission should authorize recovery of 1% of PEF's annual retail sales 2008 revenue, \$40 million, annually for the next five years for the solar thermal and PV programs being developed by PEF. FSC suggests that the rebate amount for residential and commercial PV systems be \$2/watt up to 50kW. The Commission should expand the FECC's program to include PV systems larger than 50 kW and use a performance-based incentive program design for those systems. This would ensure growth throughout all market segments. FSC further recommends that incentive levels be reduced during the five year transition period to reflect PV system price declines and market growth.

ISSUE 11: In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish additional goals for efficiency improvements in generation, transmission, and distribution?

POSITION: Not at this time. Goals should be established for efficiency improvements in generation, transmission and distribution in a separate proceeding after the FEECA IOUs have had an opportunity to perform a technical potential study of these types of technologies.

ISSUE 12: In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs for the period 2010-2019?

POSITION: No. Section 366.82(11), Fla. Stat., requires that all FEECA IOUs offer energy audits to its residential customers with audit costs recovered through the ECCR. While necessary to inform the public about energy efficiency and demand side savings measures available, the energy audit does not, in and of itself, generate any energy savings. The programs installed as a result of the energy audit produce the energy savings and the energy saved will be credited toward the programs actually installed by the customer.

ISSUE 13: Should this docket be closed?

POSITION: No position at this time.

ADDITIONAL ISSUES

ISSUE 14: What action(s), if any should the Commission take in this proceeding to encourage the efficient use of cogeneration? (FIPUG)

POSITION: No position at this time.

ISSUE 15: In setting DSM goals, what consideration should the Commission give to their impact on rates? (OUC)

POSITION: The Commission should consider the rate impact of DSM goals as one of many factors in

setting goals. Rate impact should not be the sole controlling factor in setting DSM goals.

ISSUE 16: Since the Commission has no rate setting authority over OUC and JEA, can the Commission establish goals that put upward pressure on their rates? (OUC)

POSITION: Yes. Sections 366.82(1) and (2), Fla. Stat., specifically authorize the Commission to set conservation goals for municipal utilities with annual sales of 2,000 GWh. The cost associated with implementation of DSM goals is just one component in establishing any utility's revenue requirements from which its rates are derived. Thus, there is no direct correlation between DSM goals and rates.

F. Stipulated Issues:

None at this time.

G. Pending Motions

None at this time.

H. Pending Confidentiality Requests:

None at this time.

I. Objections to Witnesses' Qualifications:

None at this time.

J. Requirements that cannot be complied with:

FSC is not aware of any requirements with which it cannot comply at this time.

Respectfully submitted this 27th day of July, 2009 by:


Suzanne Brownless, Esq.
Fla. Bar No. 309591
Suzanne Brownless, P.A.
1975 Buford Blvd.
Tallahassee, FL 32308
Phone: (850) 877-5200; FAX: (850) 878-0090

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been provided by U.S. Mail and electronic mail to John T. Burnett, Esq., (john.burnett@pgnmail.com) Progress Energy Florida, Inc., P.O. Box 14042, St. Petersburg, Florida 33733-4042 , and to the following parties of record by U.S. Mail on this 27th day of July, 2009:

E. Leon Jacobs, Esq. Williams and Jacobs, LLC 1720 South Gadsden Street, MS 14 Suite 201 Tallahassee, Florida 32301	Susan Clark, Esq. 301 South Bronough Street Suite 200 Tallahassee, Florida 32301
J.R. Kelly, Esq. Charles Beck Office of Public Counsel 111 West Madison Street, Room 812 Tallahassee, Florida 32399-1400	Jeremy Susac, Esq. Florida Energy and Climate Commission c/o Governor's Energy Office 600 South Callhoun Street, Suite 251 Tallahassee, Florida 32399-0001
Erik L. Saylor, Esq. Katherine Fleming, Esq. Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850	Paul Lewis, Jr. Progress Energy Florida, Inc. 106 East College Ave., Suite 800 Tallahassee, Florida 32301-7740
Vicki G. Kaufman, Esq. Jon C. Moyle, Jr., Esq. Keefe Anchors Gordon & Moyle, PA 118 North Gadsen Street Tallahassee, FL 32301 vkaufman@kagmlaw.com	John W. McWhirter, Jr. P.O. Box 3350 Tampa, Florida 33601-3350 jmewhirter@mac-law.com

/s/ Suzanne Brownless
Suzanne Brownless
Fla. Bar No. 309591