

Diamond Williams

100160 - EG

From: George Cavros [george@cavros-law.com]
Sent: Tuesday, May 10, 2011 7:28 AM
To: Filings@psc.state.fl.us
Cc: Beth Salak; Larry Harris; John Burnett; Dianne Triplett; Vicki Kaufman; John Moyle; John McWhirter; Suzanne Brownless; Rick Chamberlin; jbrew@bbrslaw.com; John Wilson; Tom Larson; Natalie Mims
Subject: SACE's Additional Comments on PEF DSM Plans- Docket No. 100160
Attachments: SACE PEF Comment Letter-050911.pdf

Dear Commission Clerk,

In accordance with the electronic filing procedures of the Florida Public Service Commission, the following filing is made:

A.

George Cavros, Esq.
 120 E. Oakland Park Blvd, Ste. 105
 Fort Lauderdale , FL 33334
 Telephone: 954.563.0074
 Facsimile: 866.924.2824

Email: george@cavros-law.com

B. This filing is made in Docket No. 100160-EG - Petition for Approval of Demand-side Management Plan of Progress Energy Florida, Inc. (PEF)

C. This document is filed on behalf of Southern Alliance for Clean Energy (SACE).

D. The document is 4 total pages.

E. The attached document is SACE's Additional Comments on the DSM plans filed by PEF in the above docket.

Sincerely,

George Cavros

George Cavros, Esq.
 120 E. Oakland Park Blvd, Ste. 105
 Fort Lauderdale, FL 33334
 954.563.0074 (office)
 866.924.2824 (fax number)

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May 9, 2011

Beth W. Salak
 Director, Office of Regulatory Analysis
 Florida Public Service Commission
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399

Re: Docket No. 100160-EG (Progress Energy Florida)
 [Commission Order No. PSC-10-0605-PAA-EG]

Dear Ms. Salak:

Southern Alliance for Clean Energy (SACE) offers these comments and recommendations in response to Progress Energy Florida's (PEF) Original Goal Scenario and Revised Goal Demand Side Management Plan (DSM) plans filed on November 29, 2010.

Progress Energy Carolinas (PEC) recently filed their Energy Efficiency DSM compliance plan in South Carolina¹, with several energy efficiency programs that are similar to the programs in Progress Energy Florida DSM plans. Our review of Progress Energy Carolinas' and Progress Energy Florida's DSM plans concludes that, in their total portfolios, and similar programs that both utilities offer, PEC has lower costs.

PEF's portfolio costs are higher than PEC's

PEC's portfolio costs are less than half the costs forecast for the PEF "revised" portfolio on a dollars/kWh basis (see Table 1). PEF projects it will save more energy, but it spends 50% more to achieve a mere 7% additional savings.

Table 1 uses PEC data from April 2010 to March 2011, and PEF 2011 projections in their original and revised goal plans to compare MWh saved, program cost, and \$/kWh for each utility energy efficiency portfolio. It should be noted that the \$/kWh is not the levelized cost of energy because it does not take into account the lifetime of the measures in the program. It is the cost of saved energy, meaning it is the total energy savings for one year divided into the total cost for one year.

Table 1. PEF and PEC savings and costs for one year of efficiency program implementation

| PEC | | | PEF Original Goal | | | PEF Revised Goal | | |
|---------|--------------------|--------|-------------------|--------------------|--------|------------------|--------------------|--------|
| MWh | Total Cost (\$000) | \$/kWh | MWh | Total Cost (\$000) | \$/kWh | MWh | Total Cost (\$000) | \$/kWh |
| 148,812 | 35,727 | 0.24 | 313,000 | 274,040 | 0.88 | 160,210 | 86,521 | 0.54 |

The comparison in Table 1 understates the difference between Progress Energy Carolinas costs and Progress Energy Florida costs. Progress Energy Carolina's energy efficiency portfolio cost includes an

¹ Progress Energy Carolinas Demand Side Management and Energy Efficiency Programs, Filing Requirements. Docket 2011-181-E

1.866.522.SACE
 www.cleanenergy.org

P.O. Box 1842
 Knoxville, TN 37901
 866.637.6055

34 Wall Street, Suite 607
 Asheville, NC 28801
 828.254.6776

250 Arizona Avenue, NE
 Atlanta, GA 30307
 404.373.5832

P.O. Box 8282
 Savannah, GA 31412
 912.201.0354

P.O. Box 1833
 Pittsboro, NC 27312
 919.360.2492

P.O. Box 50451
 Jacksonville, FL 32240
 904.469.7126

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incentive payment it receives, which is not included in the PEF portfolio cost. We estimate that removing the incentive from PEC's cost would reduce program costs by about four percent.

The difference in PEC and PEF's portfolio costs indicates that there is opportunity for PEF to reconfigure its existing programs to achieve greater savings at less cost, as mentioned in our last letter to the Commission staff.

PEC has lower program costs

Progress Energy Carolinas operates five of eight programs at a substantially lower cost than Progress Energy Florida's "revised" goal plan, even with a financial incentive added to the total program cost (see Table 2). The cost of saved energy associated with PEF's original goal plan are generally far higher than its cost of saved energy in the Carolinas, even for programs that are operating at a larger scale in the Carolinas.

Table 2. Select PEC and PEF program comparison

| | PEC | | | PEF Original Goal | | | PEF Revised Goal | | |
|-----------------------------------|----------------|--------------------|-------------|-------------------|--------------------|-------------|------------------|--------------------|-------------|
| | MWh | Total Cost (\$000) | \$/kWh | MWh | Total Cost (\$000) | \$/kWh | MWh | Total Cost (\$000) | \$/kWh |
| Home Advantage (new construction) | 2,817 | 1,455 | 0.52 | 7,570 | 9,351 | 1.24 | 2,820 | 2,142 | 0.76 |
| Home Energy Improvement | 7,530 | 8,794 | 1.17 | 65,460 | 67,894 | 1.04 | 16,470 | 10,591 | 0.64 |
| Neighborhood Energy Saver | 4,861 | 2,219 | 0.46 | 8,550 | 5,238 | 0.61 | 5,940 | 3,536 | 0.60 |
| Lighting | 76,552 | 10,732 | 0.14 | N/A | N/A | N/A | 22,460 | 1,764 | 0.08 |
| Appliance Recycling | 4,026 | 1,564 | 0.39 | N/A | N/A | N/A | 6,200 | 1,399 | 0.23 |
| Commercial EE | 46,320 | 10,372 | 0.22 | 31,670 | 20,200 | 0.64 | 62,840 | 18,365 | 0.29 |
| Total | 142,106 | 35,139 | 0.24 | 113,250 | 102,685 | 0.91 | 116,730 | 37,799 | 0.32 |

Progress Energy Florida has lower costs for three programs: Residential Lighting, Appliance Recycling and Neighborhood Energy Saver. It is surprising to us that PEF has lower costs for the Neighborhood Energy Saver and Appliance Recycling program, as it was our understanding that these programs are based on the Progress Energy Carolinas programs. It is also surprising to us that PEF believes that it will be able to implement its new Residential Lighting² program for 40% less than PEC's Residential Lighting³ program that it launched in January 2010.

These programs are specific examples of improvements that PEF could make to their energy efficiency plan. The PEC Home Advantage program and PEF Residential New Construction program are an excellent example. Both programs seek to encourage builders to install more efficient HVAC systems and achieve ENERGY STAR certification. PEF's programs is offering additional incentives, which may or may not be

² This program provides incentives and marketing support through retailers to encourage greater PEF customer adoption of ENERGY STAR qualified or other high efficiency lighting products.

³ This program utilizes CFL bulb manufacturers and retailers to offer PEC customers a discount at the register when purchasing CFLs.

necessary based on Progress Energy Carolina’s reported 43% participation in its Home Advantage program.⁴

PEC commercial program implementation costs less the PEF programs

One reason that Progress Energy Carolinas may have lower costs, particularly with the commercial energy efficiency programs, is because it only administers one program for commercial, industrial and government retrofit and new construction energy efficiency. In Table 3, PEC’s single commercial and industrial program, the Energy Efficiency for Business Program, is compared to PEF’s six commercial and industrial programs.

Table 3. Commercial PEC and PEF program summary

| | PEC | | | PEF Original Goal | | | PEF Revised Goal | | |
|--|---------------|--------------------|-------------|-------------------|--------------------|-------------|------------------|--------------------|-------------|
| | MWh | Total Cost (\$000) | \$/kWh | MWh | Total Cost (\$000) | \$/kWh | MWh | Total Cost (\$000) | \$/kWh |
| Energy Efficiency for Business | 46,320 | 10,372 | 0.22 | N/A | N/A | N/A | N/A | N/A | N/A |
| Business Energy Check | N/A | N/A | N/A | 1,370 | 3,111 | 2.27 | 1,370 | 3,829 | 2.80 |
| Better Business | N/A | N/A | N/A | 25,990 | 14,391 | 0.55 | 60,100 | 12,362 | 0.21 |
| Commercial/Industrial New Construction | N/A | N/A | N/A | 3,520 | 1,892 | 0.54 | 4,240 | 1,398 | 0.33 |
| Business Energy Saver | N/A | N/A | N/A | 240 | 107 | 0.45 | 240 | 107 | 0.45 |
| Commercial Green Building | N/A | N/A | N/A | 550 | 465 | 0.85 | 140 | 435 | 0.85 |
| Innovation Incentive | N/A | N/A | N/A | 0 | 232 | 0.00 | 0 | 232 | 0.00 |
| Total | 46,320 | 10,372 | 0.22 | 31,670 | 20,200 | 0.64 | 66,460 | 18,365 | 0.28 |

Some of the six commercial programs offered by PEF serve a different purpose than the single PEC program, but the total savings in PEF’s original filing is less than PEC’s achieved savings for 2010 (46 GWh in PEC’s program and 31 GWh is PEF’s original filing). In PEF’s revised filing, the goal is 20 GWh greater than PEC’s.

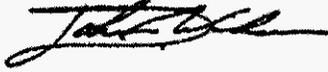
Regardless, PEC’s commercial program savings clearly indicate an opportunity for increased participation in the new construction; prescription retrofit and custom retrofit components of PEF’s programs. As with the Home Advantage program discussed above, PEC’s Energy Efficiency For Business Program has exceeded expectations and savings targets for both years of implementation.

⁴ Progress Energy Carolinas Demand Side Management and Energy Efficiency Programs, Filing Requirements. Docket 2011-181-E, p 24.

Recommendations

We do not have any new recommendations to offer other than to urge staff to review the PEC filings and consider the implications.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Wilson". The signature is fluid and cursive, with a long horizontal stroke at the end.

John D. Wilson

Director of Research