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Jessica Cano
Principal Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5226
(561) 691-7135 (Facsimile)

September 30, 2011

VIA HAND DELIVERY

Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

Re: Docket No. 110000-OT; Demand Side Management Goals Technical Potential Study

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are an original and 5 copies of FPL's response to Staff's First Data Request dated September 9, 2011.

Please contact me if there are any questions regarding this filing.

Sincerely,

Jessica Cano

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Enclosure
cc: Lawrence Harris (w/ enc)

Florida Power & Light Company

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Q.

Section 366.82(3), Florida Statutes, requires that in any proceeding to develop goals for increasing conservation and demand-side renewable energy resources, as well as reducing the growth of energy consumption, the Commission shall evaluate the full technical potential of all available demand-side and supply-side conservation and efficiency measures. In the 2008 goals setting proceeding, Docket Nos. 080407-EG through 080413-EG, the seven FEECA utilities collaboratively produced a "Technical Potential Study" (Document No. 02226-09) through the consulting company ITRON. For any new goals setting proceeding:

- a. If the Technical Potential Study, Document No. 02226-09, were to be updated, please estimate how long it would take to make the necessary updates. Please fully explain the basis for your estimate.
- b. If a new Technical Potential Study were required, please estimate how long it would take to produce such a study. Please fully explain the basis for your estimate.

A.

Summary

The requested information related to the Technical Potential Study (TPS) is provided below. However, it is important to keep in mind that the TPS is only the first step in any re-evaluation of the Demand Side Management (DSM) goals. One must also perform economic screening, determine Achievable Potential, and evaluate competing resource portfolios to determine a total level of DSM that would be cost-effective for FPL's customers. These steps incorporate cost-effectiveness and resource planning considerations, as well as important real-world implementation constraints. The information that has changed the most since 2008, when the last DSM goals proceeding began, is related to FPL's cost-effectiveness and resource planning assumptions – not that which is contained in the TPS. Accordingly, FPL believes it would be appropriate to continue to rely upon the TPS provided in the last DSM goals docket (the 2009 DSM Goals) and to instead perform new economic screening, Achievable Potential analyses, and resource plan evaluations in considering the adoption of new, cost-effective DSM goals.

Steps for DSM Goal-Setting

There are four major steps that FPL takes to determine a proposed level of DSM that

addresses FPL's projected resource needs, accounts for free riders (as required by Commission regulation), and is cost-effective for all of FPL's customers:

First Step – Technical Potential. The purpose of a TPS is to identify the theoretical maximum amount of energy and peak demand savings in a utility's service area. It is designed to portray what could occur if every measure were to be installed everywhere it is "technically" feasible from an engineering standpoint to do so, regardless of cost or customer acceptance. Because the TPS ignores real-world constraints such as product availability, contractor/vendor capacity, cost-effectiveness, and customer preferences, it in no way reflects the energy efficiency potential that is in fact achievable through voluntary, utility-offered DSM programs.

In order to perform the last TPS, FPL worked with a collaborative of the FEECA utilities and environmental groups. The Collaborative contracted with a third-party vendor, Itron, to assist in the analysis. The Collaborative identified an exhaustive list of all possible measures along with their associated potential demand and energy impacts and participant costs. FPL is unaware of any significant new technologies applicable to its service area that were not considered during the last study or any meaningful changes to the parameters of each measure that was included. Accordingly, it is FPL's position that the time, effort and substantial customer expense for a new TPS is not necessary.

- **New TPS** – For the 2009 DSM Goals, the analytical work for the TPS took approximately 6 months and finalization of the reports took 2-3 additional months. This was preceded by about 7 months of planning and preparation activities (workshops, contracting with Itron, etc.). It is reasonable to expect that performing a new TPS for Florida and FPL's service area would take approximately 10 months – assuming 6 months for the analytical work but shorter preparation and report finalization phases. FPL notes, however, that the collaborative approach is not required, and it may be possible to gain some efficiencies by not employing the collaborative process.
- **TPS Update** – The time required for some sort of update would likely be less than the time required for a new study, but the amount of time it would take is uncertain, since it would depend entirely on the amount of information that is chosen to be updated. It is reasonable to expect that, at a minimum, a few months would be necessary to reengage Itron and "refresh" even a comparatively small portion of the current TPS.

Unlike a re-evaluation of technical potential, FPL does believe there would be value in updating the analyses in the three steps subsequent to a TPS. Performing these analytical steps for FPL's service area would take approximately 2 months to complete.

Second Step – Preliminary Economic Screening. Preliminary economic screening of DSM measures begins with the determination of FPL's annual and cumulative resource needs for all years to be addressed in a goals-setting time period. This determination addresses both the year(s) of resource need and how many MWs will be needed in each year.

FPL then identifies an avoided unit(s) and creates a "Supply Only" resource plan that will be used in the economic analyses of DSM measures. FPL also identifies the participant's years-to-payback criterion with which it will address the issue of free riders. FPL then conducts iterative preliminary economic screening with E-RIM, E-TRC, Participant tests, and the participant's years-to-payback criterion to identify potentially cost-effective DSM measures. Finally, FPL determines the maximum cost-effective incentives for these measures.

Third Step – Achievable Potential. Based on the maximum incentive levels determined during the preliminary economic screening, FPL develops the Achievable Potential for the DSM measures identified in the second step. The Achievable Potential values represent the maximum achievable customer participation, and resulting kW and kWh reductions, for each DSM measure. This information serves as an input to the fourth analytical step.

Fourth Step – Resource Plan Evaluations. Using this Achievable Potential input information, FPL next develops a portfolio of DSM measures that appropriately addresses FPL's specific resource needs, incorporates practical program signup constraints, and is based on economic analyses. In this way, the most cost-effective and meaningful portfolio of DSM measures for FPL's customers is identified. FPL then develops a "With DSM" resource plan using this DSM portfolio. The "With DSM" resource plan is evaluated against the "Supply Only" resource plan containing no incremental DSM that was created in the second step. FPL performs an evaluation of these two resource plans from both economic and non-economic perspectives to determine the economic and non-economic impacts of the DSM portfolio.