

June 5, 2014

VIA E-FILING

Carlotta S. Stauffer
Director, Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket Nos. 130199-EI, 130200-EI, 130201-EI and 130202-EI

Dear Ms. Stauffer:

I have enclosed the Environmental Defense Fund's Prehearing Statement to be filed in the above-referenced dockets. Should you have any questions regarding this filing, please contact me at (513) 226-9558.

Very truly yours,

s/John Finnigan

John Finnigan
Lead Counsel
Clean Energy Program
Environmental Defense Fund
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric) DOCKET NO. 130199-EI
Conservation Goals)
Florida Power & Light Company)
_____)

In re: Commission Review of Numeric) DOCKET NO. 130200-EI
Conservation Goals)
Duke Energy Florida, Inc.)
_____)

In re: Commission Review of Numeric) DOCKET NO. 130201-EI
Conservation Goals)
Tampa Electric Company)
_____)

In re: Commission Review of Numeric) DOCKET NO. 130202-EI
Conservation Goals)
Gulf Power Company)
_____)

PREHEARING STATEMENT OF ENVIRONMENTAL DEFENSE FUND

Pursuant to the Commission’s Order Consolidating Dockets and Establishing Procedure filed on August 19, 2013, the Environmental Defense Fund (EDF) files the following Prehearing Statement:

1. Witnesses and subject matter of witness' testimony

EDF will present one witness – James Fine. He will make recommendations relating to the decision analyses used by the Commission in setting goals for the Florida Energy Efficiency and Conservation Act (FEECA). His testimony will focus in particular on the utilities’

distributed solar photovoltaic (PV) programs. He will testify that the continuation of these programs is good policy for Florida, and give supporting reasons for this conclusion. He will also recommend that the Commission should hire an independent expert to supervise a “value of solar” analysis, which examines all of the costs and benefits attributable to distributed solar PV programs, and use the resulting analysis in reviewing the utilities’ programs.

2. Description of all exhibits and other exhibits for direct case and sponsoring witness.

James Fine is the sponsoring witness for all of EDF’s exhibits for its direct case. He will sponsor the following exhibits:

Exhibit 1 – (Attachment JF-1) - *Analysis of the Impact of The President’s Climate Action Plan on the Cost of Electricity in Florida* (September 25, 2013) presented to the National Association of Regulatory Utility Commissioners (referenced at page 12 of his pre-filed testimony).

Exhibit 2 – (Attachment JF-2) – Elizabeth Stanton & Frank Ackerman, *Florida and Climate Change: The Costs of Inaction* (November 2007) (referenced at page 12 of his pre-filed testimony).

Exhibit 3 – (Attachment JF-3) - *A Review of Solar PV Benefit and Cost Studies*, Electricity Innovation Lab, Rocky Mountain Institute (April 2013). (referenced at page 24 of his pre-filed testimony).

Exhibit 4 – (Attachment JF-4) - *Minnesota Value of Solar: Methodology*, Minnesota Department of Commerce, Division of Energy Resources (April 1, 2014) (referenced at page 24 of his pre-filed testimony).

Exhibit 5 – (Attachment JF-5) – Testimony of Duke Energy Carolinas witness Owen Smith in North Carolina Docket No. E-7, Sub 856 (referenced at page 26 of his pre-filed testimony).

3 Statement of the party's basic position in the proceeding.

EDF’s basic recommendation is that the Commission should continue the distributed solar PV programs for the utilities. EDF recommends that the Commission hire an independent expert to perform a “value of solar” analysis to be used in evaluating the cost-effectiveness of the distributed solar PV programs. EDF also recommends that the utilities use a more realistic

number for the cost of compliance with carbon dioxide emission rules. Finally, EDF makes several recommendations for the Commission to consider regarding how the distributed solar PV programs could be operated in a more cost-effective manner.

4. Questions of fact, law and policy and the party's position on each issue

Questions of fact

(a.) What values did the utilities use for carbon dioxide compliance costs in their modeling, and what was the source of these values? EDF contends that the values used by the utilities may be too low.

(b.) What percent of installed capacity in the U.S. consists of solar generation? EDF asserts that solar generation represents less than one percent of the installed capacity in the U.S.

(c.) Where does Florida rank compared to other states regarding solar capacity? EDF will prove that Florida is near the bottom in installed solar capacity, compared to other states.

(d.) What has the price trend been for distributed solar PV during the utilities' pilot programs? The utilities' program summaries establish that the costs for distributed solar PV have declined steeply while the pilot programs have been in effect.

(e.) How do the utilities' distributed solar PV programs conform with Florida energy policy? EDF will show at hearing that the distributed solar PV program is consistent with Florida's energy policy.

Questions of law

(a.) Can the state of Florida use the energy savings from the distributed solar PV program as a compliance tool for section 111(d) of the Clean Air Act? EDF believes that the initial rule proposal would allow Florida to do so.

Questions of policy

(a.) Would it be good policy for the Commission to maintain the distributed solar PV program for use as a compliance tool for reducing greenhouse gas emissions under section 111(d) of the Clean Air Act? EDF asserts this would be good policy because it would give the state of Florida more flexibility in complying with the rules and perhaps may be less costly than other compliance options.

(b.) Is it reasonable to use a two-year payback period for the distributed solar PV program when the solar panels may have a useful life of 25-30 years and the panels will provide benefits throughout their useful lives? EDF contends that a longer payback period would be more reasonable.

(c.) Can the cost-effectiveness of the distributed solar PV program could be improved? EDF suggests that program cost-effectiveness could be improved by implementing competitive bidding; experimenting with lower customer incentives; using a longer payback period to measure cost-effectiveness; implementing a utility on-bill repayment program to reduce up-front financing costs and thereby offset lower customer incentive payments; and using a valuation method which truly reflects the costs and benefits of distributed PV solar. EDF believes that the Commission could require the utilities to implement these measures and thereby improve program cost-effectiveness.

(d.) Should the Commission hire an independent expert to perform a “value of solar” analysis to determine the scope of distributed solar PV’s full costs and benefits? EDF believes that this would allow owners of distributed energy resources to receive revenues for all of the benefits these resources provide.

(e.) Would it be good policy to continue the distributed solar PV programs? EDF recommends that the Commission approve these programs because the costs have declined

dramatically during the three years the programs have been in effect and because measuring all the benefits provided by the programs would improve their cost-effectiveness. The programs would also give the state of Florida another means of complying with the carbon emission requirements of section 111(d) of the Clean Air Act. Finally, the programs are consistent with the state of Florida's energy policies.

5. Statement of issues to which the parties have stipulated.

None.

6. Statement of all pending motions or other matters the party seeks action upon;

None.

7. Statement identifying the party's pending requests or claims for confidentiality.

None.

8. Objections to a witness' qualifications as an expert.

None.

9. Statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.

None.

RESPECTFULLY SUBMITTED this 5th day of June, 2014

s/John Finnigan

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 5th day of June, 2014, via electronic mail on:

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