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September 20, 2019

VIA ELECTRONIC FILING

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC)*; *Docket 20190018-EG*

Dear Mr. Teitzman:

Enclosed please find Duke Energy Florida, LLC's Post-Hearing Statement and Brief for filing in the above-referenced docket.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmk
Enclosure

cc: Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric Conservation Goals (Florida Power & Light Company).	Docket No. 20190015-EG
In re: Commission Review of Numeric Conservation Goals (Gulf Power Company).	Docket No. 20190016-EG
In re: Commission Review of Numeric Conservation Goals (Florida Public Utilities Company).	Docket No. 20190017-EG
In re: Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC).	Docket No. 20190018-EG
In re: Commission Review of Numeric Conservation Goals (Orlando Utilities Commission).	Docket No. 20190019-EG
In re: Commission Review of Numeric Conservation Goals (JEA).	Docket No. 20190020-EG
In re: Commission Review of Numeric Conservation Goals (Tampa Electric Company).	Docket No. 20190021-EG Filed: September 20, 2019

DUKE ENERGY FLORIDA, LLC'S
POST-HEARING STATEMENT AND BRIEF

Duke Energy Florida, LLC ("DEF") hereby submits its Post-Hearing Statement of Issues, Positions, and Brief in this matter and states as follows:

I. **Introduction.**

DEF's proposed goals were developed using a rigorous process that has been approved by this Florida Public Service Commission ("Commission") in previous proceedings. Unlike the results-driven goals proposed by the Southern Alliance for Clean Energy ("SACE"), DEF worked through a methodical process to determine the achievable potential. For the same reasons the

Commission rejected the arbitrary goal proposed by SACE in the Commission's last goal setting proceeding, it should similarly reject it here.

II. **<u>DEF's proposed RIM goals are supported by an analytic and well-vetted process and should be approved by this Commission</u>.**

a. DEF's process for developing its proposed energy efficiency goals complies with the fundamental legal requirements of FEECA and the Commission's rules.

Florida utilities and this Commission are guided by statutory requirements of the Florida Energy Efficiency and Conservation Act, commonly known as "FEECA" (Sections 366.80-366.85 and 403.519, Florida Statutes (F.S.)), and the remainder of Chapter 366, F.S. which gives the Commission the fundamental responsibility of assuring that customers are charged fair, just, and reasonable rates by public utilities. Along with those statutory requirements, utilities and the Commission are also guided by the Commission's Demand Side Management ("DSM") goals rule which was adopted to implement FEECA, Rule 25-17.0021, F.A.C.

At least once every five years, Florida utilities are required to propose numeric goals for a ten-year period and provide ten-year projections of the total cost-effective, winter and summer peak demand savings and annual energy savings reasonably achievable in the residential and commercial/industrial classes through DSM based upon the utility's most recent planning process. *See* § 366.82(6), F.S.; Rule 25-17.0021, F.A.C.

In establishing the goals, the Commission shall take into consideration:

(a) The costs and benefits to customers participating in the measure;
(b) The costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions;
(c) The need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems; and
(d) The costs imposed by state and federal regulations on the emission of greenhouse gases. *See* § 366.82(3), F.S.

Further, the rules establish that utility goals must be cost-effective, reasonably achievable, and must consider free riders, interactions with building codes and appliance efficiency standards, and the utility's latest monitoring and evaluation of DSM programs. *See* Rule 25-17.0021(1) & (3), F.A.C.

This Commission has established a well-reasoned and consistent implementation of FEECA. This precedent is reflected in Order Nos. PSC-1994-1313-FOF-EG, PSC-1999-1942-FOF-EG, PSC-2004-0769-PAA-EG, and PSC-2014-0696-FOF-EU. For example, in Order No. PSC-1994-1313-FOF-EG, the Commission stated "We will set overall conservation goals for each utility based on measures that pass both the Participant and RIM[1] tests .... We find that goals based on measures that pass TRC but not RIM would result in increased rates and would cause customers who do not participate in a utility DSM measure to subsidize customers who do participate."

In addition, the Florida Supreme Court has squarely supported the Commission's fair and equitable rulings. In its 1996 decision, the Court held:

> In instructing the Commission to set conservation goals for increasing energy efficiency and conservation, the legislature directed the Commission to not approve any rate or rate structure which discriminates against any class of customers. *See* § 366.81, Fla. Stat. (1993). The Commission was therefore compelled to determine the overall effect on rates, generation expansion, and revenue requirements. Based on our review of the record, we find ample support for the Commission's determination to set conservation goals using RIM measures.[2]

In this decision, the Court clearly recognized the Total Resource Cost ("TRC") test, but in weighing and comparing the results, the Court found that measures passing the TRC test, but not RIM, would result in increased rates and would cause customers who do not participate in a utility DSM measure to subsidize customers who do participate. The Court concluded that the benefits

[1] The Rate Impact Measure test ("RIM").
[2] *Legal Envtl. Asst. Found. v. Clark et al.*, 668 So. 2d 982, 988 (Fla. 1996).

of adopting a TRC goal were minimal and that increasing rates based on the TRC test was unjustified.[3]

The only departure from this consistent approach was in the 2009 goal-setting docket. There, the Commission set goals using the TRC test, but when a plan was proposed to meet those goals, the Commission rejected the plan because of the undue adverse rate impacts on customers. (*See* Tr. Vol. 6, p. 1048, ll. 9-15[4]). The Commission then, in its next goal setting proceeding, set goals based on the RIM cost effectiveness test. (*See, id.* at ll. 15-17).

This Commission has consistently followed the well-reasoned policy of protecting customers by aggressively pursuing DSM that is cost-effective. Both FEECA and the Commission's rules identify issues and criteria that the Commission must consider. (*See* § 366.82(2), F.S). How the Commission chooses to weigh these criteria in setting the goals is, as with any other proceeding under Chapter 366, left to its discretion with two caveats--the goals must be "appropriate" and the Commission must heed its fundamental responsibility of assuring that customers are charged fair, just, and reasonable rates.

b. Using the RIM test to establish goals reduces cross-subsidization and ensures that no customer is harmed by the implementation of DSM.

The objective of the DSM goals setting process is to establish appropriate goals that meet the criteria set forth in the fundamental legal requirements of the DSM goals rule and FEECA. The Commission should continue to set goals using the RIM and Participant tests, as this ensures that the impact of the measures to non-participants is appropriately considered. (*See* Tr. Vol. 3, p. 607, l. 21 through p. 608, l. 2). The RIM test is designed to eliminate the subsidization of participants by non-participants. The TRC test, to the contrary, benefits participants to the

[3] *Id.* at 987.
[4] Citations to the record are to Transcript Volume number, Page(s), and Line(s) in the following format: (*See* Tr. Vol. xx, pp. yy, ll. zz). Exhibits are numbered as provided in Staff's Comprehensive Exhibit List.

detriment of non-participants. It is fundamentally unfair to require non-participating customers (those who have no interest in participating or possibly cannot afford to participate) to subsidize other customers' participation in voluntary programs. (*See* Tr. Vol. 6, p. 1047, ll. 9-11). Therefore, goals based on the RIM and Participant tests eliminate the problem of cross-subsidization, and implementation of these goals will ensure that all customers, including low income customers, will not be harmed by their costs.

The Company's proposed goals are based on a collection of measures and programs that pass both the Participant and RIM tests. (*See* Tr. Vol. 3, p. 587, ll. 4-14). Specifically, DEF is proposing a goal of 199 MW of winter peak demand reduction, 243 MW of summer peak demand reduction, and 166 GWH of energy reduction over the 2020-2029 time period. (*See, id.* at ll. 15-17). The proposed cost-effective DSM goals meet the requirements of Chapter 25-17, F.A.C.

In support of the proposed DSM goals, DEF worked through a stepwise and thorough process, in compliance with the Commission's Order Establishing Procedure, Order No. PSC-2019-0062-PCO-EG, and relevant FEECA statutes and rules. Specifically, DEF and the other FEECA utilities contracted with Nexant, Inc. ("Nexant"), a globally recognized software, consulting, and services firm with extensive experience in the energy efficiency field, to complete a new technical potential study ("TP"). (*See* Tr. Vol. 3, p. 584, ll. 13-16; Tr. Vol. 2, p. 318, ll. 7-24). As explained in Mr. Jim Herndon's testimony, Nexant independently analyzed the technical potential for energy efficiency, demand response, and demand side renewable energy across DEF's residential, commercial, and industrial retail customer classes. (*See* Tr. Vol. 2, p. 320, ll. 5-9). The results of DEF's TP are presented in the Market Potential Study ("MPS") attached to Mr. Herndon's testimony. See Exhibit No. JH-4. DEF's MPS, as compared to the 2014 TP, resulted in the addition of 107 unique new measures and the elimination of 12 unique measures. (*See* Tr.

Vol. 2, p. 324, ll. 20-22). DEF then created the avoided cost assumptions for the base case upon which each potential measure, identified in the MPS, would be evaluated for cost-effectiveness using the RIM and TRC tests. (*See* Tr. Vol. 3, p. 585, ll. 7-13). DEF also accounted for free-ridership by screening out measures with a participant payback of less than two years without a utility incentive. (*Id.* at ll. 13-15; Tr. Vol. 3, p. 594, ll. 4-11). DEF provided the resulting lists of measures to Nexant, which then performed the Economic Potential analysis. (*See* Tr. Vol. 3, p. 585, ll. 15-22; Tr. Vol. 2, p. 321, ll. 3-5). Nexant then developed the Achievable Potential, and DEF evaluated the results of the Achievable Potential study for reasonableness by comparing the results to DEF's historical experience. (*See* Tr. Vol. 3, p. 586, ll. 5-8; Tr. Vol. 2, p. 321, ll. 3-5).

SACE disparages the proper implementation of FEECA and the DSM goals rule by erroneously suggesting that the Commission should set goals by selecting an arbitrary percentage of sales goal. (*See, e.g.,* Tr. Vol. 5, p. 936, ll. 18-23; *Id.* at p. 966, ll. 12-24). SACE made this same arbitrary percentage of sales argument in the 2014 goal setting proceeding, and the Commission rightfully rejected it. (See Order No. PSC-2014-0696-FOF-EU; Tr. Vol. 6, p. 1076, ll. 11-19). Specifically, the Commission found that no competent, substantial evidence supported SACE's proposed goal, and that it was likely that overall base rates would increase if the much higher goals were adopted. (*See, id*.). Here, as in the 2014 goal-setting proceeding, SACE did not perform any meaningful study at all to support its proposal; rather, Mr. Grevatt indicates that the Commission should require Florida utilities to accomplish what other Southern utilities are accomplishing. (*See* Tr. Vol. 5, p. 968, ll. 18-22). However, as Ms. Cross points out in her rebuttal testimony, Mr. Grevatt is incorrect as to the amount of savings, as a percentage of sales, one of those two Southern utilities achieves. (*See* Tr. Vol. 7, p. 1307, ll. 9-19). Specifically, Mr. Grevatt testified that the energy savings for Duke Energy Carolinas ("DEC") amount to 1.67% of sales. (*See* Tr. Vol. 5, p.

968, ll. 18-22). This is part of his justification for arguing that the Florida utilities' goals should ramp up to 1.5% of sales. However, Mr. Grevatt's calculation failed to take into account opt out customers; the correct calculation is actually 1.05% of sales. (*See* Tr. Vol. 7, p. 1307, l. 9 through p. 1308, l. 19). In addition, much of the savings achieved in DEC is attributed to behavioral measures, for which Florida does not count energy savings. (*Id.* at p. 1308, ll. 9-18). It is inappropriate to compare Florida's energy savings against other states, because each state has its own set of guidelines and standards. (*See* Tr. Vol. 6, p. 1098, ll. 4-5). Florida has been implementing energy efficiency for a long time, so the Commission should not use the energy efficiency targets from other states as the basis for establishing goals in Florida. (*Id.* at ll. 5-11).

As it is not based on any meaningful analysis, SACE's proposed goal is unsurprisingly significantly greater than the achievable potential presented in the Market Potential Study. It is likely that such a significantly higher goal would result in increased base rates. (*See* Tr. Vol. 6, p. 1078, ll. 2-4). Additionally, DEF questions whether it would even be possible to achieve the high level of efficiency proposed by SACE, given the ongoing impacts of increases in efficiency requirements in building codes and appliance efficiency standards. (*See* Tr. Vol. 7, p. 1308, ll. 1-4).

Given questions asked on cross-examination during the hearing, it appears SACE may assert that DEF used an inappropriate discount rate, which resulted in certain measures not passing the cost effectiveness tests, and that Nexant used the 2017, rather than the 2018, ten-year site plan ("TYSP") for its analysis. (*See* Tr. Vol. 3, p. 614, l. 4 through p. 618, l. 23; Tr. Vol. 2, p. 379, ll. 4-23). With respect to the first argument, there is no record evidence upon which to base additional goals because DEF did not perform the achievable potential analysis using a different discount rate. (*See* Tr. Vol. 3, p. 618, ll. 14-23). Regarding the second argument, given the amount of time required to complete the technical, achievable, and economic potential studies, Nexant could not have used the 2018 TYSP for its work. In addition, there is no record evidence using the 2018 TYSP data upon which the Commission could base alternative goals.

The Commission should approve DEF's overall Residential MW and GWH goals and overall Commercial/Industrial MW and GWH goals set forth in Ms. Cross' testimony. These goals, based on an analytic application of the RIM and Participant tests, reflect the reasonably achievable demand side management potential in DEF's service territory over the ten-year period 2020-2029 developed in DEF's planning process.

c. DEF complied with Rule 25-17.0021 by considering the impacts of free ridership using a two-year payback screen.

Pursuant to Rule 25-17.0021(3), DEF and the other FEECA utilities are required to consider free riders when developing DSM goals. In the simplest terms, a free rider is someone who installs a DSM measure and takes the utility incentive, but who would have undertaken the measure on their own. (*See* Tr. Vol. 2, p. 386, ll. 5-10). Since 1991, and in the last goal-setting proceeding, this Commission has used a payback period of two years or less to ensure that customers are not provided incentive payments to undertake measures that they would, or perhaps should, do on their own absent the incentive. *See* Order No. 2014-0696-FOF-EU, at p. 27. The premise is that it is a reasonable assumption a customer will act in an economically rational manner and undertake cost savings initiatives that will pay for themselves in two years or less. (*See* Tr. Vol. 6, p. 1065, ll. 2-4). As Mr. Deason testified:

> The two-year payback criterion does not, nor should it, assume that 100% of all customers will adopt a measure if its payback is two years or less. It does assume that two years is a reasonable point of differentiation to predict where customers are more likely to adopt a measure, based on the measure's own inherent economic attractiveness, without additional incentives and costs on the general body of customers. (*See* Tr. Vol. 6, p. 1065, ll. 12-17).

Notwithstanding the Commission's history of using a two-year payback screen and the fact that it is a reasonable proxy for rational customer behavior, the intervenors have taken issue with its use. SACE has taken issue with the use of the two-year payback period as a proxy to address free ridership, but neither of their witnesses suggested any alternative. (*See* Tr. Vol. 6, p. 1070, l. 19 through p. 1071, l. 2). SACE questioned Mr. Herndon as to whether a two-year payback screen had been utilized in any other market potential study in which he participated, but as Mr. Herndon pointed out, he is aware of no other process in which free ridership is addressed during the goal setting process. (*See* Tr. Vol. 2, p. 387, l. 9 through p. 388, l. 3). In the other states in which Mr. Herndon has evaluated market potential, free ridership is addressed at a later point in the process. (*See, id.* at p. 387, ll. 17-23). However, in Florida, free ridership must be evaluated during the goal setting phase. *See* Rule 25-17.001(3), F.A.C. Accordingly, SACE's attempt to compare Florida's process regarding consideration of free ridership to other states' processes is mixing apples and oranges. (*See* Tr. Vol. 2, p. 387, l. 21 through p. 388, l. 3).

The Commission should also reject SACE's arguments that free ridership effects were double counted in the Achievable Potential stage because naturally occurring efficiency is considered during the Technical Potential stage. (*See* Tr. Vol. 5, p. 950, ll. 7-17; *Id.* at p. 969, ll. 10-14; *Id.* at p. 1001, ll. 6-21). The consideration of naturally occurring efficiency during the Technical Potential analysis is necessary to accurately quantify energy savings potential that may be achieved through utility-sponsored programs. (*See* Tr. Vol. 6, p. 1104, ll. 16-18). This analysis, however, does not address the likelihood of *future* free ridership, which is why the additional step of applying the two-year payback screen was necessary. (*See* Tr. Vol. 6, p. 1104, ll. 7-10). The distinction between the inclusion of naturally occurring efficiency and free ridership considerations are further discussed in Mr. Herndon's rebuttal testimony.

Thus, the totality of the record supports the continued use of the two-year payback screen to address the issue of free riders as required by the Commission's Rule. It would not be appropriate to set any goals based on inclusion of measures with less than a two-year payback period because any additional goals or requirements based on these measures would unnecessarily add costs to all customers, both participants and non-participants alike, for measures that customers should undertake without an incentive to do so. Given the lack of evidence in the record to support any other methodology by which to address free ridership, the only principled way to account for free ridership is to use a two-year payback screen and to eliminate all measures that have less than a two-year payback.

d. DEF's proposed goals provide adequate consideration for and protection of low income customers; therefore, setting goals specific to low income customers is not required or permitted.

As discussed above, DEF's proposed goals are based on measures that are cost-effective under both the RIM and Participant tests. The very nature of those tests, particularly the RIM test, ensures that non-participating customers will not subsidize participating customers and reasonably limits overall rate impacts to customers, including low income customers who may be least able to participate. (*See* Tr. Vol. 3, p. 587, ll. 8-9).

Moreover, DEF remains committed to providing Energy Efficiency options to its low income customers. When DEF presents its plan to the Commission in the next phase of this process, it will include measures to encourage low income participation. (*See* Tr. Vol. 3, p. 606, ll. 4-6). Indeed, DEF currently offers several low income programs and fully intends to present a plan that continues some of those programs. (*See* Tr. Vol. 3, p. 601, ll. 4-11; *Id.* at p. 597, l. 21 through p. 598, l. 6). However, contrary to SACE's witness Mr. Bradley-Wright's testimony, the

Commission should not set goals specifically targeted at the low income customer segment. (*See* Tr. Vol. 5, p. 997, ll. 5-8).

First, setting goals for low income customer measures or programs is inconsistent with FEECA and the Commission Rules. Specifically, Rule 25-17.0021(1), F.A.C., provides that "*Overall* Residential KW and KWH goals and overall Commercial/Industrial KW and KWH goals shall be set by the Commission for each year over a ten-year period." (emphasis added). Low income customers are a subset of residential customers, yet the rule requires that overall residential goals, not a subset, be set. (*See* Tr. Vol. 7, p. 1309, ll. 10-18). Likewise, Rule 25-17.0021(3), F.A.C. establishes requirements for the utilities to propose goals for the residential and non-residential classes; but again, there is no reference to the setting of goals for a particular subset of a residential class. (*Id.* at ll. 18-23).

In addition, the economic potential and achievable potential for the residential class, upon which DEF's proposed goals are based, represent the potential for the entire residential class, including low income customers. (*See* Tr. Vol. 7, p. 1310, ll. 4-6). Setting a target for low income customers and carving this subset of customers out of the total does not increase the total achievable potential, it simply divides the total potential between low income customers and all other residential customers. (*Id.* at ll. 6-9). Said simply, Mr. Bradley-Wright's recommendation to set low income goals is really an attempt to direct the utility as to how the goals should be achieved, which is beyond the scope of this proceeding and more appropriately addressed in the program plan phase. (*See, id.* at ll. 9-14). As explained above, DEF has always, and plans to do so again, addressed low income programs during the plan design phase. Then the Commission will be able to consider the estimated costs and estimated customer bill impacts of the complete plan which will be designed to meet the Commission-established overall goals for the residential and non-residential class. (*See* Tr. Vol. 7, p. 1310, l. 20 through p. 1311, l. 5).

Even if the Commission were to establish low income goals, it should reject to set them based on Mr. Bradley-Wright's proposal, which would result in a target that is *more than 5 times* the GWH savings that DEF achieved in 2018. (*See* Tr. Vol. 7, p. 1311, ll. 8-9). It is no surprise that the resulting target is so much higher than DEF's actual achievements, because the target is based on a methodology that contains three significant issues/flaws. First, Mr. Bradley-Wright's analysis assumes that adjusting DEF's economic potential to remove the 2-year payback screen would result in the same percentage change as that provided by Gulf, a completely different utility with different avoided cost and measure impacts. (*See* Tr. Vol. 7, p. 1311, l. 22 through p. 1312, l. 5). Second, Mr. Bradley-Wright uses census data to support the number of low income *population* in DEF's service territory, while the more relevant data point is how many *customers* are below the poverty line. (*See* Tr. Vol. 7, p. 1312, l. 19 through p. 1313, l. 5). Finally, the analysis contains no cost impacts associated with increasing the low income target by five times, presumably by DEF providing high price tag items at zero cost to the low income customer. (*See* Tr. Vol. 7, p. 1313, ll. 5-15). These significant flaws are described in greater detail in Ms. Cross' rebuttal testimony. (*See* Tr. Vol. 7, p. 1311, l. 8 through p. 1313, l. 15). Accordingly, the Commission should reject Mr. Bradley-Wright's flawed recommendation and consider specific programs and measures for low income customers in the program plan proceeding.

III. **Post Hearings Statement of Issues and Positions**.

ISSUE 1: Are the Company's proposed goals based on 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.?

DEF: *Yes, the technical potential, that is the basis for the proposed goals, includes an evaluation of all potential demand-side conservation and efficiency measures and demand-side renewable energy systems. Demand-side renewable energy systems were evaluated based on the same cost effectiveness standards that were used to evaluate other energy efficiency measures. No renewable measures were found to be cost-effective and therefore, none are included in the proposed goals.* (Cross, Herndon)

ISSUE 2: 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.?

DEF: *Yes. The proposed goals are based on measures that pass the Participant Cost Test. This test compares the incremental cost to participants to the participant benefits (bill savings). This ensures that the measures provide net benefits to participants.* (Cross)

ISSUE 3: 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.?

DEF: *Yes, the proposed goals do adequately reflect the costs and benefits to the general body of ratepayers, as a whole, because the goals are based on measures that pass both the Rate Impact Measure (RIM) and Participant tests. The Participant and RIM tests, in tandem with each other, effectively ensure both participants and non-participants benefit.* (Cross, Deason)

ISSUE 4: Do the Company's proposed goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, pursuant to Section 366.82(3)(c), F.S.?

DEF: *Yes. DEF does not believe there is currently a need for incentives to promote demand-side renewable energy systems as the demand-side renewable market has continued to mature, and there has been significant growth in customer sited demand-side renewable energy systems. In 2018, DEF customers added an average of over 400 net metered customers each month, and through April 2019, that number has grown to over 700 net metered customers each month.* (Cross, Deason)

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.?

DEF: *Yes. Given the uncertainty of future carbon regulation, it is reasonable to exclude the cost of carbon emissions in this goal setting process.* (Cross)

ISSUE 6: What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

DEF: *The Commission should establish goals based on measures that are cost effective based on both the RIM and Participant tests.* (Cross, Deason)

ISSUE 7: Do the Company's proposed goals appropriately reflect consideration of free riders?

DEF: *Yes. The proposed goals are based on measures that have greater than a two-year payback period. A two-year payback period is a reasonable time period in which to limit measures and assume that customers will adopt them absent a utility incentive. This time period has been recognized by the Commission in past proceedings as a reasonable proxy to eliminate free riders.* (Cross, Herndon, Deason)

ISSUE 8: What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWH) goals should be established for the period 2020-2029?

DEF:

DUKE ENERGY FLORIDA - PROPOSED RIM GOALS 2020-2029			
	Winter Peak MWs	Summer Peak MWs	GWHs
Residential	78	108	115

(Cross)

ISSUE 9: What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWH) goals should be established for the period 2020-2029?

DEF:

DUKE ENERGY FLORIDA - PROPOSED RIM GOALS 2020-2029			
	Winter Peak MWs	Summer Peak MWs	GWHs
Non-Residential	121	135	51

(Cross)

ISSUE 10: What goals, if any, should be established for increasing the development of demand-side renewable energy systems, pursuant to Section 366.82(2), F.S.?

DEF: *Given that renewable systems were not deemed cost effective under the RIM test, it would not be appropriate to establish goals for demand-side renewable systems in this goal setting proceeding. Demand-side renewable systems were evaluated using the same criteria as were used for other energy efficiency measures. Programs that provide incentives to customers who install renewable systems would result in cross subsidies between participants and non-participants and increase rates to all customers.* (Cross)

RESPECTFULLY SUBMITTED this 20th day of September, 2019.

/s/ Dianne M. Triplett
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the following by electronic mail this 20th day of September, 2019, to all parties of record as indicated below.

/s/ Dianne M. Triplett
Attorney

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