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February 15, 2020

VIA: ELECTRONIC FILING

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

Re: Docket 20200181 – Post-Workshop Comments on the Proposed Amendments to Rule 25-17.0021, F.A.C.

Dear Mr. Teitzman:

Attached for filing in the above docket are CLEO Institute and Vote Solar's Post-Workshop Comments.

Thank you for your assistance with this matter.

Sincerely,

Katie Chiles Ottenweller
Southeast Director
Vote Solar

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Proposed Amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities	)	DOCKET NO. 20200181-EI
	)	FILED: February 15, 2021

CLEO INSTITUTE AND VOTE SOLAR'S
POST-WORKSHOP COMMENTS

CLEO Institute and Vote Solar respectfully submit the following comments on the Florida Public Service Commission Staff's proposed revisions to the Commission's Rule 25-17.0021, F.A.C. related to goals for electric utilities under Florida's Energy Efficiency and Conservation Act.

Our hope is that these reforms will address the systemic under-investment in cost-effective energy efficiency and distributed generation that we are seeing from Florida's utilities today, providing myriad economic, environmental and health benefits to Florida's communities. We believe that amendments are required to Florida's regulations to better conform the rule to its governing statute.

Specifically, we suggest the following revisions to Staff's proposed rule:

- Modernize cost-effectiveness tests to only allow utilities to disqualify investments that fail *more than one* of the traditional cost-effectiveness tests
- Clarify that utilities cannot use freeridership to screen out cost-effective investments at the goal setting stage
- Provide structure on performance incentives to better align utilities' financial interests with customers
- Require minimum spending for low-income and multifamily customers to ensure fair access to programming for hard-to-reach customer segments

We have provided specific line edits to Staff's proposed rule (included as Attachment A), along with narrative comments explaining the basis for our revisions. CLEO Institute and Vote Solar request a Commissioner-led workshop that is structured around key themes that emerged at the initial workshop and in written comments. At the next workshop, we respectfully request dialogue on the following topics:

- How the rule should address cost effectiveness tests
- Whether freeridership is sufficiently addressed in the rule
- Whether performance incentives are sufficiently addressed in the rule

- Whether minimum spending for specific customer segments should be addressed in the rule

Where Florida stacks up on energy saving programs

According to the recently published *2020 American Council for an Energy Efficiency Economy (ACEEE) State Efficiency Scorecard*, Florida finds itself near the bottom of state rankings for utility energy efficiency programs.[1] In 2019, several electric utilities proposed zero or near-zero goals in the FEECA goal-setting proceeding. Florida Power & Light, for example, proposed the equivalent savings of less than 10 residential homes, out of the more than 10 million people it serves. Koch Testimony, Vol. 1 at 58. In rejecting the 2019 goals proposed by utilities, the Commission indicated the need to revisit FEECA, and specifically asked Staff to reopen this rule governing FEECA implementation.

The irony of Florida's low position in terms of efficiency investments is that according to EPRI, Florida has *the* most cost-effective energy efficiency potential of any state in the country (a whopping 21.5% savings as a percentage of state sales in 2035).[2] Only 8 percent of this potential is being captured by existing programs, policies and activities.[3] We have the tools we need. There is no shortage of technology to solve the problem of high electric bills: next generation efficiency, rooftop solar, smart thermostats, smart appliances, demand side management offerings, electric vehicles, and battery storage. These technologies are even more powerful in combination than they are when deployed individually.

Why the efficiency rule needs to be strengthened

Energy efficiency typically costs less than investments in traditional power supply. Florida's utilities are planning to build a significant amount of new generation assets over the next 10 years – including 4,841 MW of additional capacity from new natural gas-fired generating units.[4] Instead of using ratepayer dollars to fund expensive power plants that rely on imported fuel from out of state, utility-sponsored energy efficiency programs eliminate energy waste, driving down the cost of monthly power bills for participating families. When we use energy smarter, we keep bills low for all customers by avoiding expensive new generation additions. We also grow local economies in Florida, where there are currently over 120,000 Floridians employed in the growing energy retrofit industry.[5]

This is the exact intent of FEECA - to drive utilities' investments in energy efficiency, conservation and demand-side renewable energy. To quote the Florida Legislature: "The

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[1] ACEEE, State Efficiency Scorecard, December 2020.

[2] https://www.energy.gov/sites/prod/files/2017/05/f34/epri_state_level_electric_energy_efficiency_potential_estimates_0.pdf.

[3] *Id*.

[4] http://www.floridapsc.com/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2020/Review.pdf#search=2020%20ten%20year%20site%20plan at 45.

[5] Advanced Energy Economy, 2020 Florida Advanced Energy Jobs Fact Sheet, at https://info.aee.net/florida-2020-advanced-energy-jobs-fact-sheet.

Legislature finds and declares that it is critical to utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems in order to protect the health, prosperity, and general welfare of the state and its citizens." Section 366.81, Fla. Stat. (emphasis added). Lawmakers told the Commission to liberally construe the statute in order to address the complex problems at the heart of FEECA.

Faced with the proposition of near-zero goals in the last goal setting process for efficiency and zero goals for distributed solar, something about how utilities are implementing FEECA isn't working for Florida consumers anymore. This rule amendment process gives the Commission a once-in-a-generation opportunity to modernize energy efficiency policy. Rather than making piecemeal decisions every five years, the Commission can ensure that the intent of the FEECA statute is fully reflected in the rule itself, squarely addressing the areas where the rule has failed to match the statutory intent and promoting administrative efficiency by providing clear guidance to utilities on how goals and programs will be assessed going forward.

Florida's utilities are proposing innovative pilot programs, but Florida lacks the right regulatory foundation to encourage utilities to bring these new offerings to scale. The reforms we propose will serve to modernize the rule while still providing sufficient discretion and opportunity for innovation to both the Commission and electric utilities that are subject to FEECA.

Why This Matters

It can be easy to lose sight of the reason why utility-sponsored energy saving programs matter, so at the end of these comments, we will explain how these reforms will actually impact real people in Florida. In Carrabelle, Florida, a working-class fishing town in the Panhandle, 34 percent of the residents live in poverty. Residents pay on *average* $4,493 in annual energy bills. This comes out to $374 in energy costs each month. There are a lot of families like this all across Florida who are now more dependent than ever on electricity due to COVID-19. The rule amendments that we propose put the needs of families like these at the center of efficiency offerings, unlocking more savings that will lower electric bills for those who need it most.

Modernizing Florida's Cost-Effectiveness Analysis

The Commission has historically allowed utilities to rely on the Rate Impact Measure (RIM) test when setting energy savings goals. Florida is the only state that relies primarily on this test, which measures energy efficiency's impact on utility rates and revenues, rather than looking at the cost and benefit to the utility's system and customer bills.

The use of this test to eliminate otherwise cost-effective efficiency offerings has had an extreme impact on utilities' outcomes at the FEECA goal-setting phase. Use of the RIM test by Florida Power & Light eliminated ALL efficiency measures from its 2019 economic potential analysis. See FPL Witness Koch Testimony, Vol. 1 at 101-02. Just 0.1% of the savings identified in Gulf Power's Technical Potential analysis passed the RIM test in 2019. Gulf Power Witness Floyd testimony, Vol. 3 at 497, 531.

Allowing a cost effectiveness test that is grounded in revenue loss to disqualify investments in efficiency goes against the plain intent of FEECA. More than one test is referred to in Section 366.82(3), F.S. In setting goals, the Commission "shall take into consideration . . . the costs and benefits to customers participating in the measure" **and** "the costs and benefits to ratepayers as a whole". By allowing utilities to disqualify investments solely based on the RIM test, the Commission is inappropriately delegating its authority.

Based on the plain language of the FEECA statute, we recommend that the Commission adopt a balancing of tests in the rule that only allows utilities to disqualify investments that fail *more than one* of the traditional cost-effectiveness tests. This balancing language is similar to the language adopted in Virginia, which was the only other state to rely on the RIM test prior to its most recent reforms.

Creating Clarity and Consistency on Freeridership

While it is not prescribed in the rule, the Commission currently allows electric utilities to use a 2-year payback period to screen and eliminate measures that have a simple payback to customers of two years or less. Utilities assume that all such measures would be implemented by customers without an efficiency program. This practice is not based on real-life data, and is only used in Florida. This screen eliminates many measures that are typically low cost, high impact measures that would most help families and small businesses.

This practice screened out 79 percent of all energy savings that could be achieved in 2009 goal setting process. The Commission attempted to correct for this by including in residential goals the savings from the residential measures included in the top-ten energy savings measures that were screened out by the two-year payback. In 2019, the Commission attempted to rectify the end-result caused by the utilities' reliance on the RIM test and two-year payback screen by reverting to the utilities' 2014 goals.

Allowing this issue to be addressed ad hoc every five years results in administrative inefficiency, lack of clarity for utilities, and a lack of options for the Commission when it comes to making its decision about what level of goals is appropriate, which is the body that the Legislature has charged with setting goals in the first place. The Commission has to look no further than the 2009 and 2019 goal setting dockets to recall the unintended consequences of failing to more clearly prescribe in the rule how utilities should be approaching the issue of freeridership. Our proposed revisions make clear that electric utilities are to rely solely on independent evaluation, measurement and verification (EM&V) to adjust for freeridership, and are not to screen out cost-effective measures during the goal setting phase. This places rigorous EM&V at the center of the question of whether measures are being adopted without utility incentives, rather than a proxy that has been adopted by utilities without sufficient data to justify it.

Unlocking Performance Incentives to Align Utilities' Profit-making Interests with FEECA

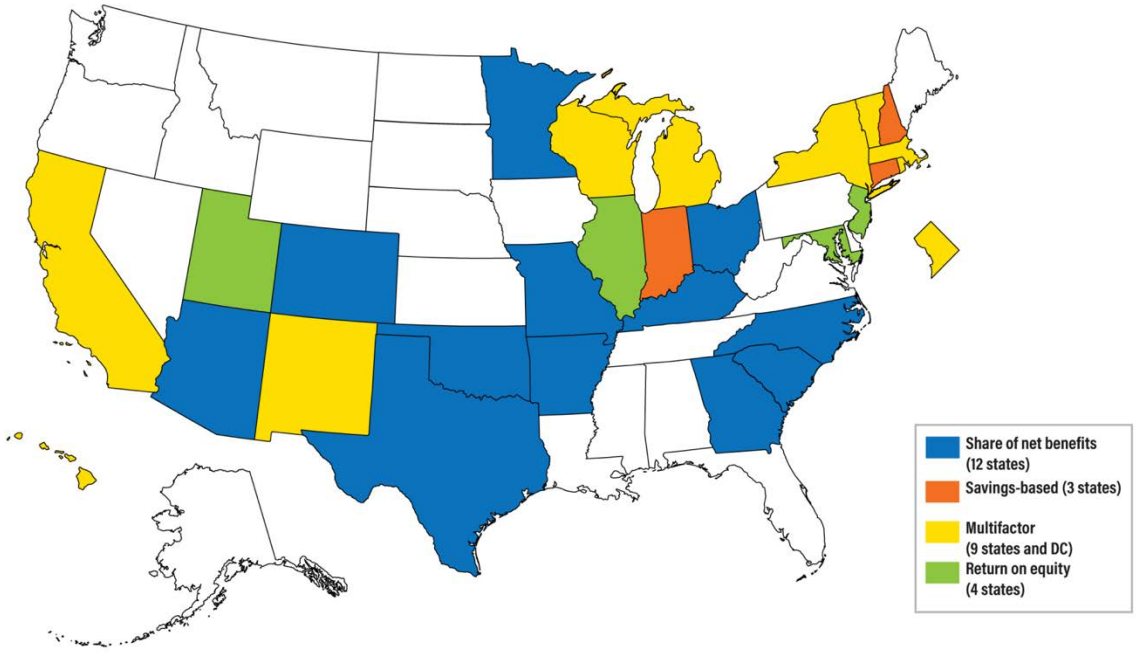
Energy efficiency may be the cheapest energy source out there, but electric utilities are rational economic actors. They owe a fiduciary duty to their shareholders to maximize returns.

If we don't design FEECA in a way that levels the playing field for efficiency investments compared to traditional investment options such as generation assets, we are unlikely to change the under-investment that we see played out every five years. Only when utility financial value is aligned with customer benefits will we break the logjam.

The Florida Legislature knows that electric utilities make money investing capital. They gave the Commission several tools to put efficiency and customer-sited renewables on par with other capital investments through performance incentives, but the Commission needs to activate and provide structure and guardrails for this in the rule. There is nothing novel about this idea. Twenty-nine states currently implement performance incentives. Nine out of the top ten states for efficiency savings have performance incentives in place for electric utilities that meet savings goals.[6] According to ACEEE, "a focus on the utility business model and on the need for appropriate financial incentives is critical to the widespread deployment of energy efficiency in the utility sector." This is in line with the broader movement we see across the country to evolve traditional utility business models to better track with the public interest that they were created to serve.

Utility Performance Incentive Landscape

Figure 1 shows the national landscape for utility energy efficiency performance incentives.



The goal of a performance incentive is to use it to make efficiency investments competitive with what utilities can earn through other assets like generation plants and infrastructure. Today, there are three financial barriers to utility investment in energy

[6] ACEEE, A Snapshot of Utility Performance Incentives, *available at* https://www.aceee.org/sites/default/files/pims-121118.pdf.

efficiency: program cost recovery, decreased energy sales leading to reduced profits, and a lack of earnings opportunities for shareholders compared to other utility investments.

Our proposed rule revisions allow an electric utility over which the Commission has ratemaking authority to propose financial rewards that will incentivize it to meet set performance criteria with respect to one or more of its goals. It also lays out very important guardrails for these proposed incentives: rewards must be based on the sharing of demonstrated net benefits to the electric system, in line with best practices, and must be supported by independently verified evaluation, measurement and verification measures in accordance with industry standard practice.

The FEECA statute allows for these types of incentives, and it is more than appropriate for the Commission to use its authority to prescribe the general parameters of utilities' collection of performance incentives. This proposed language leans on the lessons learned from other states that have had performance incentives in place for many years, ensuring that any incentives will be based on the net savings for the electric system and all ratepayers. It also promotes administrative efficiency by establishing the fundamental parameters of these incentives in the rule itself, thereby avoiding re-litigating these issues every five years in goal-setting proceedings. Fundamentally, these offerings have the potential to better incentivize utilities to embrace customer investments in energy saving technologies to strengthen utilities' relationship with the customer and the community.

Reaching Hard-to-Reach Customer Groups

The Commission is charged with protecting the health and prosperity of the state through the regulation of electric service. This rulemaking revision is an opportunity to restructure FEECA implementation to ensure we're reaching hard-to-reach customer groups that have traditionally been underserved by electric utilities in Florida. It is clear based on the past implementation of the FEECA rule that utilities need clearer guidelines in the rule itself in order to ensure fairer access to programming for all Floridians. Regardless of whether Floridians live in mobile homes, rural areas, multifamily housing, or other situations, they should be able to avail themselves of the efficiency programs that their electric bills are funding.

The need to pay a utility bill is the most common driver of households to obtain payday loans, often resulting in cycles of debt for these families.[7] For many of these families, a rebate-focused efficiency offering is unhelpful; they lack the funds to pay basic household bills, much less invest in efficiency offerings. The first step to addressing the unique challenges faced by low-income customers is for the Commission to require a minimum level of utility support for low-income EE programs. Eighteen states have already done this.[8]

The revisions we propose model language that has been adopted in Connecticut, which requires utilities to allocate budgets to low-income programs in parity with the revenues

[7] ACEEE, State-Level Strategies for Tackling High Energy Burdens: A Review of Policies Extending State- and Ratepayer-Funded Energy Efficiency to Low-Income Households (2018).
[8] *Id*. at 13-6.

expected to be collected from them. *See* Public Act 11-80, Section 33. This is the essence of fairness, and ensures that low-income customers aren't being left out of efficiency programming simply because they are harder to serve. Other states specify a minimum amount of the budget that should be dedicated to low-income customers (in Texas and Massachusetts, it is 10% of budget; Nevada is 5%).

The second way that we propose to address these hard-to-reach customer segments is through special cost effectiveness provisions. Many states, recognizing the important health and safety implications of low-income efficiency offerings, and the myriad social and financial benefits (including reductions in bad debt and customer retention), have approved a blanket cost-effectiveness exemption from traditional cost tests. This includes Arizona, Illinois, Iowa, Indiana, Kentucky, Maryland, Michigan, Minnesota, Missouri, Oklahoma and Oregon. Similarly, Texas makes low-income programs exempt from the cost effectiveness test applied to other programs, but still requires a savings-to-investment ratio (SIR) that is cost-effective. We have proposed similar language in our type-and-strike below.

Similarly, we recommend that the utilities be required to set aside a small portion of the budget for multifamily housing programming. This is the first step to beginning a focused effort in Florida to meet the unique challenges posed by this segment of customers.[9] There are solutions out there to meet these challenges, including working directly with building owners through the provision of whole-building energy usage data, and providing on-bill financing programs for residents that allow investments to be financed on utility bills tied to customers' meters. But requiring goals to be set ensures that these customers are not funding programs that fail to reach them, and is a necessary first step to better program offerings.

Deep Dive: What these Reforms Mean for Mobile Home Residents in North Florida

There are 856,300 mobile homes in Florida.[10] Over 288,000 of these mobile homes were manufactured prior to 1980.[11] The median annual income of families who live in manufactured homes is $28,400.[12] Mobile homes are common in Carrabelle, Florida, a working-class fishing town in the Panhandle, where 34 percent of the residents live in poverty. As we stated earlier, residents in Carrabelle pay on *average* $4,493 in annual energy bills, or $374 in energy costs each month. An estimated twenty five percent of residents there live in mobile or manufactured homes.[13]

Residents who live in aging mobile homes spend more money on their energy bills than they do on home loans, and they spend twice as much on energy costs per square foot than those who own a traditional single-family home.[14] On average, residents of manufactured homes spend 30 percent more income spent on energy than the average American household.[15]

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[9] https://www.aceee.org/toolkit/2020/02/regulators-guide-multifamily-energy-efficiency.
[10] https://www.aceee.org/sites/default/files/publications/researchreports/a124.pdf.
[11] https://www.aceee.org/sites/default/files/pdf/conferences/eeff/2018/2A-Wyman.pdf.
[12] *Id*.
[13] U.S Census Bureau, 2015-2019 American Community Survey 5-Year Estimates.

[14] https://www.newhomesource.com/learn/manufactured-homes-energy-efficient/.
[15] EIA 2011, Census 2011.

There is reason to believe that these residents are even *less* likely to invest in efficiency upgrades on their own than those living in traditional single-family housing. Manufactured homeowners are also 40 percent less likely than site-built homeowners to perform major upgrades such as roof repair or major equipment replacements, and these residents are also 60 percent more likely to perform work themselves.[16]

Utilities' incentive levels typically assume that mobile homes have energy loads consistent with site-built homes. Since manufactured homes have lower loads, high-efficiency investments have longer payback periods. This reduces cost-effectiveness, with levelized costs of saved energy about twice as high for the manufactured housing sector as those found for the residential buildings sector as a whole.[17] This means the typical assumptions about freeridership have special impact on customers living in these types of homes, putting incentive programs even further out of reach.

While there are unique barriers to mobile home retrofits, cost effective energy efficiency improvements certainly exist for mobile homes. Home retrofits can result in a 30 percent reduction in electricity usage, with a levelized cost of saved energy of 5.3 cents/kWh.[18] For example, the addition of insulated skirting and a belly wrap under the unit can reduce air leakage by 25-50 percent.[19] Air sealing is particularly important in manufactured homes in order to avoid losing heated and cooled air through leaks. Sealing these leaks helps lower utility bills, reduce mold and moisture, improve comfort and keep out pests.[20] As just one example, Puget Sound Energy (PSE) offers a cost-effective duct testing and sealing, efficient light bulbs and efficient showerheads to residents of manufactured homes at no cost to customers, saving an annual average of 800 kWh per home at a cost of $375.[21]

In another example, a focused effort by electric cooperatives in South Carolina to lower bills for rural customers has seen real results. One customer who lives in a doublewide manufactured home typically had average bills of $500-700. Her coop helped her to invest in duct work, attic insulation, patching holes under her home, and adding a high efficiency heat pump. The $8,400 spent in retrofits was made back in utility bill savings in just 2.5 years.[22] Under Florida utilities' 2-year payback screen, these programs would not have been offered in Florida – our proposed revisions rectify that.

According to ACEEE, the following efficiency upgrades are typically cost effective for manufactured homes like the ones in Carrabelle:[23]

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[16] https://www.aceee.org/sites/default/files/publications/researchreports/a124.pdf.
[17] https://www.aceee.org/sites/default/files/publications/researchreports/a124.pdf.
[18] https://www.aceee.org/sites/default/files/publications/researchreports/a124.pdf.
[19] https://slideplayer.com/slide/1584594/.
[20] https://www.advancedenergy.org/2018/06/11/keeping-manufactured-housing-affordable-through-energy-efficiency/; https://www.newhomesource.com/learn/manufactured-homes-energy-efficient/.
[21] https://www.aceee.org/sites/default/files/publications/researchreports/a124.pdf.
[22] https://www.eesi.org/files/HelpMyHouseFinalSummaryReport_June2013.pdf.

[23] https://www.aceee.org/sites/default/files/publications/researchreports/a124.pdf.

MEASURE	ANNUAL SAVINGS
Sealing ductwork	saves 503 kWh/year
New door	saves 251 kWh/year
Infiltration reduction	saves 628 kWh/year
Insulation – ceiling	saves 503 kWh/year
Insulation – floor	saves 677 kWh/year
Insulation – walls	saves 696 kWh/year
High efficiency windows	saves 528 kWh/year
Ductless heat pump	saves 2,010 kWh/year
Cool roof	saves 271 kWh/year
High efficiency showerhead	250 kWh/year
Plug loads	save 264 kWh/year

These measures have the potential to save a family living in an aging mobile home in Carrabelle an average of over 6,000 kWhs of electricity a year, **or nearly $1,000 a year**. But most of these measures are currently eliminated by either the RIM test or the two-year payback screen. The reforms that are proposed in these comments make sure that cost-effectiveness analyses keep real savings on the table for this family. They ensure that arbitrary screens don't screen out savings that families like this one aren't able to access today. They ensure fair access for low-income customers to efficiency dollars that their bills are funding. And they better align utility profits with customers' best interests while lowering system costs for all Floridians.

Conclusion

FEECA's statutory language itself is actually quite strong - and very clear. The Commission has lots of tools in the toolkit. But this rule needs to be modernized to better sync with the intent of the statute.

It's time to enable a holistic approach to efficiency resources that better allows utilities to move innovation from pilot to scale, enabling "next generation" demand-side management that can evolve with new technologies for a smarter, more innovative grid. This requires that we give utilities incentives to combine technologies in order to maximize system value - including demand response, electric vehicles, battery storage, rooftop solar, and smart appliances. These suggested improvements will modernize FEECA implementation to be more customer-centric while unlocking more system benefits.

WHEREFORE, CLEO Institute and Vote Solar submit the foregoing Post-Workshop Comments on the proposed amendments to Rule 25-17.0021, F.A.C.

DATED this 15th day of February, 2021.

Respectfully submitted,

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Yoca Arditi-Rocha
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Post-Workshop Comments, filed on behalf of CLEO Institute and Vote Solar, has been furnished by electronic mail on this 15th day of February, 2021 to the following:

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ATTACHMENT A

CLEO INSTITUTE / VOTE SOLAR
Type and Strike to Staff's 12/10/20 Draft

25-17.0021 Demand-Side Management Goals, Plans, and Programs for Electric Utilities.

(1) The Commission will initiate a proceeding at least once every five years to ~~shall~~ establish ~~numerical~~ goals for each affected electric utility, as defined by Section 366.82(1)(a), F.S.~~, to reduce the growth rates of weather-sensitive peak demand, to reduce and control the growth rates of electric consumption, and to increase the conservation of expensive resources, such as petroleum fuels.~~ The Commission will set ~~O~~overall Residential kilowatt (KW) and kilowatt-hour (KWH) goals and overall Commercial/Industrial KW and KWH goals ~~shall be set by the Commission~~ for each year over a ten-year period. The Commission will establish goals ~~shall be~~ based on an assessment of the technical potential of available measures, and an estimate of the total cost-effective KW ~~kilowatt~~ and KWH ~~kilowatt-hour~~ savings reasonably achievable through demand-side management programs in each utility's service area over a ten-year period. The technical potential analysis and an estimate of the total cost-effective KW and KWH savings reasonably achievable shall be based, to the extent practicable, on historic program costs and on evaluation, measurement and verification data.

(2) Pursuant to an order establishing procedure in the proceeding to establish goals, each utility ~~The Commission~~ must ~~shall~~ file ~~set~~ a technical potential study, proposed demand-side management goals, plans, and programs for Commission approval. ~~each utility at least once every five years. The Commission on its own motion or petition by a substantially affected person or a utility may initiate a proceeding to review and, if appropriate, modify the goals. All modifications of the approved goals, plans and programs shall only be on a prospective basis.~~ Each utility's filing must describe how the technical potential study was used to develop the utility's proposed goals and programs, including the identification of measures that were excluded from program consideration.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(3) In a proceeding to establish or modify demand-side management goals, each utility shall propose numerical goals for the ten-year period ~~and provide ten year projections.~~, Such goals ~~projections~~ must be based upon the utility's most recent planning process, of the total, cost-effective, winter and summer peak demand (KW) and annual energy (KWH) savings reasonably achievable in the residential and commercial/industrial classes through the utility's proposed demand-side management programs. ~~Each utility's projection shall reflect consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and the utility's latest monitoring and evaluation of conservation programs and measures.~~ Programs shall be deemed cost-effective when the net present value of the benefits exceeds the net present value of the costs as determined by not less than any three of the following four tests: the Total Resource Cost Test, the Program Administrator Test (also referred to as the Utility Cost Test), the Participant Test, and the Ratepayer Impact Measure Test. Such a determination shall include an analysis of all four tests, and a portfolio of programs shall be approved if the net present value of the benefits exceeds the net present value of the costs as determined by not less than any three of the four tests. Such determination shall also be made (i) in consideration of the full expected life of the proposed measures, ~~and~~ (ii) with the assignment of administrative costs associated with the portfolio of programs to the portfolio as a whole and (iii) with the assignment of education and outreach costs associated with each program in a portfolio of programs to such program and not to individual measures within a program, when such administrative, education, or outreach costs are not otherwise directly assignable. Programs that provide measurable and verifiable energy savings to low-income customers may also be deemed cost-effective.

(a) Each utility's goals ~~projections~~ must ~~shall~~ be based upon the full technical potential of all available demand-side conservation and energy efficiency measures associated with each

of the ~~an assessment of, at a minimum, the~~ following market segments and major end-use categories.

Residential Market Segment:

(Existing Homes and New Construction should be separately evaluated) Major End-Use Category

1.~~(a)~~ Building-Envelope Efficiencies.

2.~~(b)~~ Cooling and Heating Efficiencies.

3.~~(c)~~ Water Heating Systems.

4. Lighting Efficiencies.

5.~~(d)~~ Appliance Efficiencies.

6.~~(e)~~ Peak L~~l~~oad Shaving.

7.~~(f)~~ Solar Energy and Renewable Energy Sources.

8.~~(g)~~ Renewable/Natural gas substitutes for electricity.

9.~~(h)~~ Other.

Commercial/Industrial Market Segment:

(Existing Facilities and New Construction should be separately evaluated) Major End-Use Category

10.~~(i)~~ Building Envelope Efficiencies.

11.~~(j)~~ HVAC Systems.

12.~~(k)~~ Lighting Efficiencies.

13.~~(l)~~ Appliance Efficiencies.

14.~~(m)~~ Power Equipment/Motor Efficiency.

15.~~(n)~~ Peak Load Shaving.

16.~~(o)~~ Water Heating.

17.~~(p)~~ Refrigeration Equipment.

18.~~(q)~~ Freezing Equipment.

19.~~(r)~~ Solar Energy and Renewable Energy Sources.

20.~~(s)~~ Renewable/Natural Gas substitutes for electricity.

21.~~(t)~~ High Thermal Efficient Self Service Cogeneration.

22.~~(u)~~ Other.

(b) No less than the percentage of revenues expected to be collected from low-income customers must be allocated to programs that directly serve low-income customers. No less than the percentage of revenues expected to be collected from customers residing in multifamily housing must be allocated to programs that directly serve customers residing in multifamily housing.

(c) Each utility's goal~~s projections~~ must reflect the savings from proposed demand-side management programs with consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and the utility's latest monitoring and evaluation of conservation programs and measures. Electric utilities will rely solely on independent evaluation, measurement and verification to adjust for freeridership, and shall not screen out cost-effective measures during the goal setting phase. The following information must be filed for each proposed demand-side management program included in the utility's goal~~s projections~~ for a ten-year projected horizon period:

1. The program name;

2. The program start date;

3. The total number of customers or appropriate unit of measure in each class of customer (i.e. residential, commercial, industrial, etc.) for each year in the planning horizon;

4. The total number of eligible customers or appropriate unit of measure in each class of customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;

5. An estimate of the annual number of customers or appropriate unit of measure in each

class projected to participate in the program, including a description of how the estimate was derived;

6. The cumulative penetration levels of the program by year calculated as the percentage of projected cumulative participating customers or appropriate unit of measure by year to the total customers eligible to participate in the program;

7. Estimates on an appropriate unit of measure basis of the per customer and program total annual KWH reduction, winter KW reduction, and summer KW reduction, both at the customer meter and the generation level, attributable to the program. A summary of all assumptions used in the estimates must be included, including a list of measures within the program;

8. A methodology for measuring actual KW and KWH savings achieved from each program, including a description of research design, instrumentation, use of control groups, and other details sufficient to ensure that the results are valid;

9. An estimate of the cost-effectiveness of the program ~~using the cost-effectiveness tests required pursuant to Rule 25-17.008, F.A.C.;~~

10. An estimate of the annual amount to be recovered through the energy conservation cost recovery clause for each year in the planning horizon;

11. An estimate of how many low--income customers will benefit from the program;

~~11~~12. Any other relevant information the utility wants the Commission to consider.

(4) An electric utility over which the Commission has ratemaking authority is authorized to propose financial rewards that will incentivize the electric utility to meet set performance criteria with respect to one or more of its goals. Rewards shall be based on the sharing of demonstrated net benefits to the electric system, in line with best practices, and must be supported by independently verified evaluation, measurement and verification measures in accordance with industry standard practice.

(45) Within 90 days of a final order establishing or modifying goals, each utility must file its finalized demand-side management plan that includes the proposed programs used to develop the goals, along with program administrative standards that include a statement of the policies and procedures detailing the operation and administration of each program. The filing must include the information required in subparagraphs (3)(b)1. through (3)(b)~~11~~12. of this Rule for each program in the plan. ~~or such longer period as approved by the Commission, each utility shall submit for Commission approval a demand side management plan designed to meet the utility's approved goals. The following information shall be submitted for each program in the plan for a ten-year projected horizon period:~~

~~(a) The program name;~~

~~(b) The program start date;~~

~~(c) A statement of the policies and procedures detailing the operation and administration of the program;~~

~~(d) The total number of customers or appropriate unit of measure in each class of customer (i.e. residential, commercial, industrial, etc.) for each year in the planning horizon;~~

~~(e) The total number of eligible customers or appropriate unit of measure in each class of customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;~~

~~(f) An estimate of the annual number of customers or appropriate unit of measure in each class projected to participate in the program, including a description of how the estimate was derived;~~

~~(g) The cumulative penetration levels of the program by year calculated as the percentage of projected cumulative participating customers or appropriate unit of measure by year to the total customers eligible to participate in the program;~~

~~(h) Estimates on an appropriate unit of measure basis of the per customer and program total annual KWH reduction, winter KW reduction, and summer KW reduction, both at the~~

~~customer meter and the generation level, attributable to the program. A summary of all assumptions used in the estimates will be included;~~

~~(i) A methodology for measuring actual kilowatt and kilowatt-hour savings achieved from each program, including a description of research design, instrumentation, use of control groups, and other details sufficient to ensure that results are valid;~~

~~(j) An estimate of the cost-effectiveness of the program using the cost-effectiveness tests required pursuant to Rule 25-17.008, F.A.C. If the Commission finds that a utility's conservation plan has not met or will not meet its goals, the Commission may require the utility to modify its proposed programs or adopt additional programs and submit its plans for approval.~~

(5) The Commission on its own motion or petition by a substantially affected person or a utility may initiate a proceeding to review and, if appropriate, modify the goals. All modifications of the approved goals, plans, and programs must be on a prospective basis.

(6) Electric utilities will retain an independent third-party to conduct evaluation, measurement and verification ("EM&V") of programs using a nationally-recognized protocol to ensure that programs remain cost-effective. This protocol may be modified with approval of the Commission to reflect the evolution of best practices. EM&V will also include updates of any net-to-gross (NTG) factors related to previous NTG estimates for programs and measures. All of the updated information will be used in evaluating the continued cost-effectiveness of existing programs, but updates to NTG estimates will not be applied retrospectively to measures that have already been installed or programs that have already been completed. If it becomes apparent during the implementation of a program that NTG factors are substantially different than anticipated, the utility will file appropriate program adjustments with the Commission.

(7) ~~(5)~~ Each utility shall submit an annual report no later than March 1 ~~of each year~~

summarizing its demand-side management plan and the total actual achieved results for its approved demand-side management plan in the preceding calendar year. The report shall contain~~, at a minimum,~~ a comparison of the achieved KW and KWH reductions with the established Residential and Commercial/Industrial goals, and the following information for each approved program:

(a) The name of the utility;

(b) The name of the program and program start date;

(c) The calendar year the report covers;

(d) The total number of customers or other appropriate units of measure by customer class for each calendar year of the planning horizon;

(e) The total number of customers or appropriate unit of measure eligible to participate in the program for each calendar year of the planning horizon;

(f) The total number of customers or appropriate unit of measure projected to participate in the program for each calendar year of the planning horizon;

(g) The potential cumulative penetration level of the program to date calculated as the percentage of projected participating customers to date to the total eligible customers in the class;

(h) The actual number of program participants and the current cumulative number of program participants;

(i) The actual cumulative penetration level of the program calculated as the percentage of actual cumulative participating customers to the number of eligible customers in the class;

(j) A comparison of the actual cumulative penetration level of the program to the potential cumulative penetration level of the program;

(k) A justification for variances larger than 15% from ~~for~~ the annual goals established by the Commission;

(l) Using on-going measurement and evaluation results the annual KWH reduction, the winter KW reduction, and the summer KW reduction, both at the meter and the generation level, per installation and program total, based on the utility's approved measurement/evaluation plan;

(m) The per installation cost and the total program cost of the utility;

(n) The net benefits for measures installed during the reporting period, annualized over the life of the program, as calculated by the following formula:

annual benefits = $B_{npv} \times d/[1 - (1+d)^{-n}]$

where

B_{npv} = cumulative present value of the net benefits over the life of the program for measures installed during the reporting period.

d = discount rate (utility's after tax cost of capital).

n = life of the program.

(o) Any other relevant information the utility wants the Commission to consider.

Rulemaking Authority 366.05(1), 366.82(1)-(4) FS. Law Implemented 366.82(1)-(4) FS. History–New 4-30-93, Amended _____.