

Antonia Hover

From: Antonia Hover on behalf of Records Clerk
Sent: Monday, February 15, 2021 2:37 PM
To: 'Ebo Entsuah'
Cc: Consumer Contact
Subject: RE: AEE Comments for PSC Docket 20200181-- Proposed amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities

Good Afternoon, Mr. Entsuah.

We will be placing your comments below in consumer correspondence in Docket No. 20200181, and forwarding them to the Office of Consumer Assistance and Outreach.

Thank you!

Toni Hover

*Commission Deputy Clerk I
Florida Public Service Commission
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Phone: (850) 413-6467*

From: Ebo Entsuah <eentsuah@aee.net>
Sent: Monday, February 15, 2021 12:07 PM
To: Records Clerk <CLERK@PSC.STATE.FL.US>
Cc: Commission Clerk <CommissionClerk@psc.state.fl.us>; Leah Rubin Shen <lrubinshen@aee.net>; J.R. Tolbert <jtolbert@aee.net>; Margo DuVal <mduval@psc.state.fl.us>; Melanie Bostick <Melanie@libertypartnersfl.com>
Subject: AEE Comments for PSC Docket 20200181-- Proposed amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities

To Whom It May Concern,

Good Afternoon,

Please see submitted comments for PSC Docket 20200181-- Proposed amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities.

Thank you,

Ebo Entsuah

Principal

ADVANCED ENERGY ECONOMY
Transforming Policy. Expanding Markets.

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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Proposed Amendment of Rule 25-17.0021
F.A.C., Goals for Electric Utilities

Docket No. 20200181
Filed: February 15, 2021

COMMENTS OF ADVANCED ENERGY ECONOMY

Advanced Energy Economy (“AEE”) thanks the Commission for their continued leadership in facilitating a stakeholder dialogue regarding the above captioned docket. AEE is a national association of business leaders representing over 100 companies in the \$238 billion U.S. advanced energy industry, which employs 3.6 million American workers. “Advanced energy” encompasses a broad range of products and services that represent the best available technologies for meeting energy needs today and tomorrow, including renewables, energy storage, and energy efficiency (EE). We participated in the Commission’s rulemaking workshop on January 14, 2021 and appreciate the Commission’s efforts to update standards and practices for evaluating EE programs in Florida.

It is well established nationally that EE is often the lowest-cost resource available to a utility in meeting electricity demand. In fact, the average cost of saved electricity for program administrators is about \$0.024/kWh.¹ The economic benefits of EE programs come not only from system-wide cost savings, such as reduced fuel use and deferral of new power plants, but from savings for individual business and families through cutting energy

¹ *Cost of Saving Electricity Through Energy Efficiency Programs Funded by Customers of Publicly-Owned Utilities: 2012-2017*. Schwartz, Lisa, Ian Hoffman, Steven Schiller, Sean Murphy and Greg Leventis. Lawrence Berkeley National Laboratory. November 2019. Retrieved from: https://eta-publications.lbl.gov/sites/default/files/public_power_cost_of_saving_electricity_final.pdf

waste and driving down electricity bills. EE programs also drive economic development by creating jobs; the EE sector employed 123,600 Floridians as of 2019.²

The Florida Legislature has long recognized the economic benefits of both reducing and controlling the growth of electricity consumption and weather-sensitive peak demand. When it adopted the Florida Energy Efficiency and Conservation Act (“FEECA”) in 1980, the legislature wrote 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.”³ The Legislature also provided that the statute should be liberally construed in order to meet the statute’s objectives.⁴

Despite this longstanding policy, Florida’s performance on realizing the benefits of energy savings through utility-sponsored EE programs has fallen far short of the intent of the Legislature or the desires of Floridians. According to the 2020 American Council for an Energy Efficient Economy (“ACEEE”) *State Energy Efficiency Scorecard*, Florida ranks near the bottom for capturing energy savings through utility programs.⁵ During the most recent FEECA goal setting cycle, several of the state’s largest utilities filed percentage reduction goals of zero or near zero. This underperformance in energy savings is largely due to the current practices used in the FEECA goal setting process—practices that do not follow those that are widely accepted and in place in other states.⁶ These practices were originally adopted 27 years ago and are now outdated and in need of reform, as they are clearly no longer serving the interests of electricity customers in Florida.

² 2020 Florida Advanced Energy Jobs Fact Sheet. AEE. September 2020. Retrieved from: <https://info.aee.net/florida-2020-advanced-energy-jobs-fact-sheet>

³ Section 366.81, Fla. Stat.

⁴ Id.

⁵ *State Energy Efficiency Scorecard*. ACEEE. December 2020. Retrieved from: <https://www.aceee.org/research-report/u2011>

⁶ *Unrealized Potential: Expanding Energy Efficiency Opportunities for Utility Customers in Florida*. ACEEE. January 2021. Retrieved from: <https://www.aceee.org/white-paper/2021/01/unrealized-potential-expanding-energy-efficiency-opportunities-utility>

The two roadblocks to achieving meaningful energy savings are the state’s reliance on the Rate Impact Measure (RIM) test and the two-year screen in setting annual energy savings goals. The Commission has primarily relied on the RIM test in setting FEECA energy savings goals, yet Florida is the only state that still primarily relies upon the RIM test, which solely measures the potential impact of an EE program on consumer rates, rather than considering a more complete accounting of costs and benefits to both total customer bills and the utility’s system.⁷ Additionally, the Commission utilizes a two-year payback to screen out measures that have a simple payback to customers of two years or less. This arbitrary standard should be replaced with a more comprehensive benefit-cost analysis framework that is supported with best practices in evaluation, measurement and verification.

The result of using these two outdated practices—that are unique to Florida—unnecessarily limit the deployment of EE measures that are commonly and widely adopted in many other states. The Commission should revise these practices to be more in line with widely accepted best practices. There exists a wealth of information and experience from other states regarding best practices for benefit-cost analysis (BCA) for EE and utility demand-side management program design that the Commission can and should draw upon. In Colorado, for example, the use of the National Standard Practice Manual (NSPM) framework has become a balanced, comprehensive approach to determining the value that EE and other non-wires alternatives can deliver for utilities and customers alike.⁸ The NSPM includes information for conducting BCAs of distributed energy resources (DER). BCAs involve a systematic approach for assessing the cost-effectiveness of investments by consistently and comprehensively comparing the benefits and costs of individual or multiple types of DERs with each other and with alternative energy resources.

In addition to adopting best practices for EE program assessment and design, the Commission should consider regulatory mechanisms that align meaningful energy savings

⁷ Id.

⁸ Colorado Energy Office, Colorado Greenhouse Gas Pollution Reduction Roadmap at viii, released January 14, 2021.

with the utility business model. In the past, some rate designs have hurt EE returns on investment, such as recent efforts by some utilities to increase fixed charges and reduce volumetric energy charges. By applying regulatory changes, such as revenue decoupling, that mitigate the financial incentive for utilities to continually increase volumetric sales and coupling utility incentives to desired energy savings outcomes, the Commission can create an environment that encourages utilities to invest in energy programs that deliver significant savings to customers. For example, the Florida Legislature provided authority to the Commission to consider performance incentive mechanisms (PIMs) when it amended the FEECA statute in 2008, but the Commission has yet to implement it.⁹ PIMs are just one of several approaches the Commission can consider. With the proper alignment between utility financial incentives and EE policy goals, Florida can be put on a path to implementing all cost-effective EE, with significant benefits to utility customers.

Lastly, we recommend that the Commission ensure that Florida utilities are fully utilizing the capabilities of Advanced Metering Infrastructure (AMI) to help improve EE delivery and achieve peak load reductions. Customer behavior and EE technology have both changed dramatically in the last decade. Smart thermostats and LED lighting are but two examples of dramatic technological advancements that have great potential to drive EE savings while providing superior energy services and comfort. The state's EE goal setting rules and practices should likewise take advantage of the latest DER management technologies, reflecting the importance of capturing maximum economic benefits from this underutilized and cost-effective resource.

The Commission staff's proposed draft rule, filed with the Notice of Development of Rulemaking on December 15, 2020, does not directly address these underlying core issues. While there is some value in considering how to better coordinate FEECA's goal setting and the plan approval process as staff proposed, it is the outdated practices described above that are leading to weak energy savings goals and programs that are not capturing the many economic benefits of EE. Therefore, we respectfully request that a second workshop be held where these core issues can be addressed in the context of this rulemaking.

⁹ Sections 366.82(8), (9), Fla. Stat.

EE will continue to play an increasingly important role in Florida's modern electricity system. The Public Service Commission and staff should establish beneficial practices to ensure that markets for EE continue to grow and to use the latest technology, information, and data analytics to open up possibilities for the state.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ebo Entsuah', with a long horizontal flourish extending to the right.

Ebo Entsuah
Policy Principal
Advanced Energy Economy