

December 16, 2022

Florida Public Service Commission
Attn: FPSC Clerk
Jon Rubottom, FPSC Attorney
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket 20200181-EU - Proposed Amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities.

Dear Commissioners, Staff, and Interested Parties:

The American Council for an Energy-Efficient Economy (ACEEE), a national independent non-profit research organization, welcomes this opportunity to provide comments on proposed changes to FEECA rules. We commend the Commission staff for initiating this proceeding to revise rules for utility demand-side management under *Rulemaking Authority 366.05(1), 366.82(1)-(4) FS. Law Implemented 366.82(1)-(4) FS. History-New 4-30-93.*

ACEEE submits these comments in response to the rulemaking workshop held on November 30, 2022, which addressed the FPSC staff's proposed changes to the rules for utility energy efficiency programs.

We fully support the revised language submitted by the Southern Alliance for Clean Energy (SACE). SACE's suggested language would yield critical changes to existing rules that have resulted in the lagging performance of Florida's regulated utilities for their energy efficiency programs and investments. We have documented and described this situation in our earlier comments and submissions in this proceeding.

The critical changes needed address these issues:

- Goal setting
- Energy equity
- Cost-effectiveness screening
- Accounting for free ridership
- Efficient electricity substitutes for natural gas

We strongly support the language requiring utilities to set goals for their energy efficiency programs but believe that there may be appropriate goals that are not numeric in addition to such numeric goals as total kWh and kW savings.

Addressing energy equity, specifically reducing energy burdens among low-income customers, should be an explicit program goal. SACE's proposed language would ensure that there are such explicit savings goals established for low-income customers of each utility based on the proportion of such customers.

For setting overall program goals based on different cost-effectiveness scenarios, ACEEE supports the use of the tests noted by SACE: the participant cost test (PCT), the total resource cost test (TRC), and the utility cost test (UCT). ACEEE's national research on evaluation practices shows that the TRC and UCT are widely used as the primary cost-effectiveness tests for program screening: 24 states use the

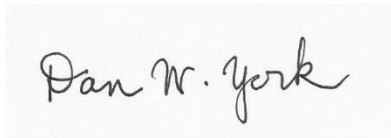
TRC and 10 states use the UCT.¹ Tests closely related to the TRC and UCT are also common: 18 states use the societal cost test (similar to the TRC but includes broader societal costs and benefits) and 4 use “other tests,” which are state-specific and generally similar to either the UCT or TRC. No states use the PCT as a primary cost-effectiveness test, but 17 states use it as a secondary test.

SACEE’s proposed language for estimating and addressing free ridership among other program effects – to “be based on transparent, evidence-based methodology that is consistent with industry standard practices” – would eliminate the use of a two-year simple payback screen. Such a screen has unduly restricted measures eligible for inclusion in programs, particularly those that would benefit low-income customers. The two-year payback is arbitrary and fails to account for other barriers faced by customers. There are well established methods used by program evaluation professionals to estimate free ridership based on actual customer data, surveys, or evaluations.

ACEEE also supports inclusion of efficient electricity substitutes for natural gas appliances and equipment where cost-effective and practical, such as heat pumps for residential space cooling and heating as well as water heating. Electrification is essential to achieve decarbonization in conjunction with reducing fossil-fuel electricity generation.

ACEEE would welcome opportunities to provide additional input and technical assistance to the Commission and its staff to support this effort to revise and improve the rules and processes affecting the planning, implementation, and evaluation of energy efficiency programs serving Florida’s utility customers. We thank the Commission and its staff for consideration of our comments.

Respectfully submitted,

A handwritten signature in black ink that reads "Dan W. York". The signature is written in a cursive style and is centered within a light gray rectangular box.

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¹ *National Survey of State Policies and Practices for Energy Efficiency Program Evaluation*. D. York, C. Cohn, and M. Kushler. 2020. American Council for an Energy-Efficient Economy: <https://www.aceee.org/research-report/u2009>