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April 29, 2024

-VIA ELECTRONIC FILING-

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

**RE: Docket 20240000-OT
Florida Power & Light Company 2023 Demand Side Management Annual Report**

Dear Mr. Teitzman:

Enclosed for filing in the above-referenced docket is Florida Power & Light Company's ("FPL") response to the Florida Public Service Commission Staff's First Data Request (Nos. 1-10) pertaining to FPL's 2023 Demand Side Management Annual Report.

If there are any questions regarding this transmittal, please contact me at (561) 304-5662.

Sincerely,

/s/ William P. Cox
William P. Cox
Fla. Bar No. 0093531

Enclosure

cc: Michael C. Barrett, Economic Supervisor, mbarrett@psc.state.fl.us

**Florida Power & Light Company
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QUESTION:

Please answer the following regarding federal energy efficiency standards and Florida Building Code requirements.

- A. Please describe how Florida Power and Light Company (FPL or company) monitors current federal energy efficiency standards and Florida Building Code requirements. If applicable, discuss any changes implemented in 2023, compared to the methods used in 2022.
- B. What impact, if any, did changes in federal or state standards that occurred in 2023 have on the cost effectiveness of conservation programs?
- C. If applicable, what existing programs are under review for modification in 2024 to reflect changes to federal or state standards?

RESPONSE:

- A. FPL has continued methods used in 2022 and prior years to monitor federal energy efficiency standards and Florida Building Code requirements. FPL monitors federal energy efficiency standards through participation in industry organizations, collaboration with peer utilities, and by monitoring websites dedicated to appliance standards (*e.g.*, Office of Energy Efficiency and Renewable Energy, Appliance Standards Awareness Project). FPL stays abreast of proposed Florida Building Code (FBC) requirement changes by monitoring the Florida Building Commission code development.
- B. In 2023, the U.S. Department of Energy (DOE) increased the minimum efficiency standard for residential air conditioning from 14 Seasonal Energy Efficiency Rating (SEER) to 15 SEER. This increase in minimum required efficiency resulted in a loss of 0.145 Summer kW and 350 annual kWh incremental savings for all higher SEER units. The result of this change reduces savings from incrementally higher efficiency units, which lowers the cost-effectiveness.
- C. There are no 2024 programs under review due to changes in federal or state standards.

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QUESTION:

Please answer the following regarding FPL's conservation research and development (CRD) initiatives that evaluate emerging DSM opportunities:

- A. Identify and describe any new CRD initiatives that were launched in 2023.
- B. Provide updates on the status of all on-going CRD initiatives that began before 2023, and if applicable, attach interim and/or final reports on work completed in 2023.

RESPONSE:

- A. In 2023, FPL initiated a deep retrofit pilot for income qualified customers in the Northwest Florida portion of FPL's service area. The purpose of the pilot is to understand the impact deep retrofit measures have on customer energy use. Twenty-Five customers were selected to receive energy efficient appliances, envelope improvements, and other energy conservation measures. Installation of all measures was completed in the summer of 2023. The energy use of this group will be evaluated for 12 months pre- and post-installation. The data will be weather normalized to measure the impact on customers' energy usage and bills and to evaluate which mix of measures have the most impact. Measures included in the evaluation are heat pump AC systems, heat pump water heaters, duct sealing and repair, ceiling insulation to R-38 value, and smart thermostats.
- B. In 2022, FPL initiated a customer smart panel pilot as part of the Stipulation and Settlement agreement in Docket 20210015-EI. To date, 100 smart panels have been installed in customer homes. This pilot is intended to evaluate the capabilities of smart panels to enable greater customer energy efficiency through real-time visibility and control of large appliances, better optimization of on-site distributed energy resources (DERs), and flexible load management on the FPL grid. FPL also enhanced an internal software monitoring and control platform to utilize throughout the pilot for evaluating the capabilities of the panels for demand response. FPL will collect data from this pilot through 2024 for evaluation.

FPL also continued a retro-commissioning study in the Northwest portion of the service area. A large, multi-building church was selected to take part in the research. A local engineering firm specializing in retro-commissioning was selected to conduct the study. A preliminary site assessment has been conducted, and a baseline energy profile is being developed. FPL will collect preliminary findings through 2024 for evaluation.

QUESTION:

Page 8 of the Report indicates that the actual number of program participants in the Residential Ceiling Insulation program improved in 2023 (2,952 participants), compared to 2022 (1,687 participants).

- A. Please state what specific actions FPL took in 2023 in order to increase participation in this program?
- B. A total of 5,150 participants were projected to enroll in the Residential Ceiling Insulation program in 2023. Please explain why FPL did not meet its projection for enrollment in this program.

RESPONSE:

- A. FPL successfully carried out a comprehensive promotional plan in 2023 to promote Residential Ceiling Insulation through various channels such as customer bills, direct mail, digital and social media, emails, the company website, events, and customer advisors. The paid digital advertising allowed for precise, year-round customer targeting. FPL also included information on the new federal tax credits for ceiling insulation and implemented a campaign to increase Participating Independent Contractor (PIC) activity, which increased program participation.
- B. The projected number of participants was FPL's best estimate at the time of submitting the 2020 DSM Plan. As evidenced by the actual number of participants in the program over the past 3 years, the available market for qualifying customer installations continues to diminish as most customers now have ceiling insulation well above the minimum qualifying level for the program. Despite the declining market, FPL has increased program participation year over year since 2020.

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QUESTION:

Page 9 of the Report indicates that the Utility Cost per Installation for the Residential Low Income program was \$279 in 2023, compared to a Utility Cost per Installation value of \$184 in 2022. Specifically describe the reasons for the change in costs from 2022 to 2023.

RESPONSE:

In 2023, FPL increased activity for its Low-Income Weatherization program in the Northwest Florida area. The majority of the variance in Utility Cost per Installation when comparing 2023 to 2022 was due to an increase in Outside Services expenses related to utilizing a third-party contractor to perform program installations.

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QUESTION:

Page 11 of the Report indicates that in 2022 and in 2023, the number of actual program participants in the Business On Call program has exceeded projected numbers for those years. However, similar results have not been observed in the Residential On Call program (where the results on page 5 indicate that actual program enrollments have never met or exceeded the projections for that program). Please explain the reasons for the success for “On Call” program in the business customer class, compared to the less favorable result for the “On Call” program in the residential customer class.

RESPONSE:

For the Business On Call program, FPL increased the focus in 2023 by providing additional training to our customer advisors to identify qualified opportunities. Although the Residential On Call program did not meet the projections estimated in the 2020 DSM plan, new enrollments in the Residential On Call program have increased year over year since 2021.

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QUESTION:

Page 12 of the Report reflects that for the Commercial/Industrial Demand Reduction program, the number of participants improved from 12,476 (in 2022) to 26,476 (in 2023).

- A. Please state what specific actions FPL took in 2023 in order to increase participation in this program.
- B. Please explain how FPL marketed the Commercial/Industrial Demand Reduction program to its eligible customers in 2023.
- C. Please refer to Schedule C-3, attached to the Direct Testimony of John N. Floyd, filed August 4, 2023, in Docket No. 20230002-EG (“exhibit from Actual/Estimated testimony for 2023”) which indicates that \$0 in advertising resources were directed to this program in 2023. Please explain how FPL is able to attract participants to this program without devoting advertising resources to it.

RESPONSE:

- A. The increase in program participants in 2023 was predominately a result of the expansion of the Commercial Demand Reduction program in the Northwest service area.
- B. In 2023, FPL marketed the Commercial/Industrial Demand Reduction program through direct customer engagements by business account advisors. Strategic efforts were made by the business advisors to target qualified, high-potential customers based on their ability to curtail load by ramping down production to a base load or utilizing back up generation.
- C. The primary driver for enrolling customers was described in Part B above. Due to the limited market for this program and the more complex qualification process, FPL does not utilize mass advertising for the CDR program.

QUESTION:

Page 14 of the Report reflects that for the Business Lighting program, the number of participants improved from 2,012 (in 2022) to 5,990 (in 2023).

- A. Please state what specific actions FPL took in 2023 in order to increase participation in this program.
- B. Please explain how FPL marketed this program to its eligible customers in 2023.
- C. Please refer to Schedule C-3, attached to the Direct Testimony of John N. Floyd, filed August 4, 2023, in Docket No. 20230002-EG (“exhibit from Actual/Estimated testimony for 2023”) which indicates that \$0 in advertising resources were directed to this program in 2023. Please explain how FPL is able to attract participants to this program without devoting advertising resources to it.

RESPONSE:

- A. In 2023, FPL implemented numerous efforts that increased participation. These included a business program blitz where customer advisors identified potential projects across the customer base and provided information to these customers about available rebates, additional training for customer advisors, and a new follow-up process for leads. These efforts for 2023 resulted in a 60% increase in participant installations and several larger projects as compared to 2022. It should be noted that program participation in all FPL business programs is measured in summer kilowatt (SKW) savings, not individual participants.
- B. In 2023, FPL used targeted methods to foster greater participation in the business lighting program. These efforts included marketing and promotion through digital and social media, the company website, a promotional blitz, industry publications, and increased messaging by customer advisors. FPL also developed a new lead tracking mechanism and follow-up process.
- C. Most of the advertising expenses in 2023 from the promotional methods discussed in 7.B. were part of FPL’s overall business energy survey campaign and were thus charged to the Business Energy Survey program. Some marketing expenses for digital and social media were charged to the Business Lighting program and are reflected in Schedule CT-2 of FPL’s 2023 Final True-Up to be filed on May 1 in Docket No. 20240002-EG. A large portion of the promotion for the Business Lighting program is via direct engagement with potential customers by customer advisors.

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QUESTION:

On page 28 of the Report, FPL states it did not achieve its goals in all three residential categories due, in part, to low participation in the Residential Load Management (On Call) program. Please answer the following questions:

- A. Page 5 of the Report, the summary page for the On Call program, indicates that the Summer demand reduction savings value at the generator was 2.84 kW per-installation in 2023, and the Winter demand reduction savings value at the generator was 2.65 kW per-installation in 2023. FPL's 2022 DSM Annual Report indicated that for the On Call program, the Summer demand reduction savings value at the generator was 2.57 kW per-installation in 2022, compared to the savings value of 2.84 kW per-installation in 2023. Please explain the reasons for the year-to-year change in the savings value.
- B. FPL's 2022 DSM Annual Report indicated that for the On Call program, the Winter demand reduction savings value at the generator was 3.11 kW per-installation in 2022, compared to the savings value of 2.65 kW per-installation in 2023. Please explain the reasons for the year-to-year change.
- C. FPL's 2022 DSM Annual Report indicated that for the On Call program, the kWh annual energy savings value at the generator was 1.13 kWh per-installation in 2022, compared to the savings value of 0 kWh per-installation in 2023. Please explain the reasons for the year-to-year change. In addition, please explain how the 2023 "Program Total" of 297 kWh was calculated, in light of the indicated savings value of 0 kWh per-installation.
- D. Please explain how FPL determined that 3,971,801 customers were eligible for the On Call program in 2023. Specify in your response what types of residential customers were not eligible to participate in this program in 2023.
- E. Please explain how FPL marketed the On Call program to its eligible customers in 2023.
- F. Why does the utility believe program enrollments in 2023 for the On Call program were below projected levels?
- G. Please refer to Schedule C-3, attached to the Direct Testimony of John N. Floyd, filed August 4, 2023, in Docket No. 20230002-EG ("exhibit from Actual/Estimated testimony for 2023"), which indicates that \$0 in advertising resources were directed to the On Call program in 2023. Please explain why. Address in your response why advertising resources were instead allocated to programs that were available to fewer eligible customers and offered lower summer and winter demand reduction values and at higher cost per installation (compared to On Call).

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- H. Was the “web-based customer enrollment tool” that FPL developed in 2022 for this program available for use in all months in 2023? If not, please offer a detailed explanation. Is the tool meeting the performance expectations the company has for it? Why or why not? Describe any constructive feedback the company has received from customers that used the tool.
- I. What specific actions FPL is taking in 2024 to enhance participation in this program?

RESPONSE:

- A. The savings values are reflective of the mix of measures installed during the reporting year. An increase in the air conditioning appliance participation in 2023 increased the overall weighted average of the summer demand reduction savings value to 2.84 kW per installation.
- B. The savings values are reflective of the mix of measures within the program. A decrease in the heating appliance participation in 2023 decreased the overall weighted average of winter demand reduction savings value to 2.65 kW per installation.
- C. In responding to this question, FPL discovered an error in the calculation of savings for the Residential On-Call program that resulted in the under-reporting of the actual program savings. The error was a result of an incorrect cell reference in Excel resulting in incorrect kWh savings factors. FPL will submit an amended Annual DSM Report to reflect the corrected value of 0.92 kWh per installation for 2023. The per installation savings is based on an average of annual savings achieved through actual events implemented by FPL and decreased as compared to 2022. With this correction, the program total savings for 2023 is 3,122 kWh.
- D. The eligible customer projections were developed in 2019 for inclusion in the 2020 DSM Plan. The process for developing the eligible customer projection started with a forecast of the total number of residential premises. The residential premise count was then reduced by the forecasted number of On Call participants at the end of 2022. Residential customers that were not on the RS-1 schedule and/or did not have central A/C, and FPL-NW residential customers were not eligible to participate in 2023.
- E. FPL implemented a comprehensive promotional plan in 2023 to promote Residential On Call through various channels such as customer bills, direct mail, digital and social media, emails, the company website, events, and customer advisors. The most impactful of these was paid digital marketing, which allowed for precise year-round customer targeting. FPL also piloted a gift card promotion for customers who enrolled or added other appliances (*e.g.*, water heater or pool pump) to an existing account.

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- F. The projection of the 2023 Residential On Call program enrollments was established in the 2020 DSM plan. Although the Residential On Call program did not meet the projections estimated in the 2020 DSM plan, new enrollments in the Residential On Call program have increased year over year since 2021. 2023 had the highest enrollments since 2020 due to an increase in promotional activities discussed in part 8.E. above.
- G. FPL did incur advertising expenses in 2023 from the promotional methods discussed in part 8.E. above. These advertising expenses, totaling \$197,902, are reflected in Schedule CT-2 of FPL's 2023 Final True-Up to be filed on May 1 in Docket No. 20240002-EG.
- H. No, implementation of the web-based customer enrollment tool began in 2022 with completion in Q1 2023. The tool is meeting performance expectations. Web-based customers are able to pre-qualify through the tool along with the ability to schedule appointments.
- Customer feedback indicated a desire to expand the window for appointment dates. This customer feedback was utilized to expand the capabilities of the tool by allowing additional appointment availability.
- I. We are continuing the successful promotional activities from 2023. These include leveraging email campaigns, social media channels, billing messages/inserts, and e-newsletters along with customer interactions throughout the year. FPL is also targeting multi-unit properties in order to increase enrollments among those customers.

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QUESTION:

On page 28 of the Report, FPL states it did not achieve its goals in all three residential categories due, in part, to low participation in the Residential Air Conditioning (HVAC) program, and also due to a revision of federal energy efficiency standards for air conditioning equipment. Page 6 of the Report is the summary page for the HVAC program. Please answer the following questions:

- A. FPL's 2022 DSM Annual Report indicated that for the HVAC program, the Summer demand reduction savings value at the generator was 0.33 kW per-installation in 2022, compared to the savings value of 0.22 kW per-installation in 2023. Was the revision of federal energy efficiency standards for air conditioning equipment the principle reason for the year-to-year change in the savings value? Please identify any other contributing factors.
- B. Page 6 of the Report reflects that for the HVAC program, the Winter demand reduction savings value at the generator was 0.05 kW per-installation in 2023, which is unchanged, when compared to the savings value shown in FPL's 2022 DSM Annual Report. Despite the revision of federal energy efficiency standards for air conditioning equipment that became effective January 1, 2023, please explain the reasons there was not a year-to-year change in this savings value.
- C. FPL's 2022 DSM Annual Report indicated that for the HVAC program, the kWh annual energy savings value at the generator was 678 kWh per-installation in 2022, compared to the savings value of 446 kWh per-installation in 2023. Please explain the reasons for the year-to-year change.
- D. Please explain how FPL determined that 1,859,084 customers were eligible for the HVAC program in 2023. Specify in your response what types of residential customers were not eligible to participate in this program in 2023.
- E. Does the utility believe that the revision of federal energy efficiency standards for air conditioning equipment impacted HVAC program enrollments in 2023? Please elaborate on the relationship between the federal efficiency standards and program enrollments. Describe in your response how FPL determined the impact to savings values for the HVAC program, and when FPL began to plan for the standards that became effective January 1, 2023.
- F. In 2023, HVAC program enrollments were below projected levels. What specific actions FPL is taking in 2024 to enhance participation in this program?

RESPONSE:

- A. Yes, the revision of the federal energy efficiency standards was the principal reason for the reduction of the demand reduction savings value from 2022 to 2023.
- B. The demand reduction savings value reflects a mix of participation from two heating technologies - heat pumps and electric resistance heat in straight cool air conditioning equipment. The program level winter demand reduction is a result of the percentage of installations and the heating impact of each technology. The Federal energy standards revision did result in a reduction of the per unit winter savings of heat pumps, however, this reduction was offset by an increase in heat pump participation in the program. The Federal energy standards revision did not affect the winter demand savings of straight cool air conditioning units.
- C. The revision of the federal energy efficiency standards was the principal reason for the reduction of the annual energy savings value from 2022 to 2023.
- D. The eligible customer projections were developed in 2019 for inclusion in the 2020 DSM Plan. The process for developing the eligible customer projection started with a forecast of the total number of residential premises. The residential premise count was then adjusted for an estimated amount of Central A/C market saturation and for the removal of past Residential HVAC program participants and ineligible customer segments. Residential customers residing in manufactured or mobile homes were not eligible to participate in the Residential HVAC program in 2023.
- E. Yes, FPL does believe the revision of federal energy efficiency standards, along with a change in the nomenclature for HVAC efficiency ratings and generally increased equipment costs, contributed to reduced enrollments. Along with changing the minimum efficiency requirements for HVAC equipment in January 2023, the DOE also implemented the new SEER2 nomenclature for rating HVAC efficiency. This new nomenclature reflects a change in the test requirements for HVAC equipment and results in efficiency ratings that are slightly lower than the previous method. For example, the equivalent rating for SEER 15 equipment under the new test procedure is SEER2 14.3. Similarly, the equivalent rating for SEER 16, FPL's HVAC program standard, is now SEER2 15.2. This change in SEER nomenclature and the change in minimum efficiency requirements created disruption in enrollments in FPL's program. The program PICs were not as successful in promoting high efficiency units due to the increase in equipment costs across all SEER levels. According to the AHRI Statistical report on 2023 US Heating and Cooling Equipment Shipment Data, US shipments of central air conditioners and air-source heat pumps decreased by 16.7% as compared to 2022.

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FPL determined the impact to savings value by deducting the savings from the SEER 14 to SEER 15 from our program's savings. FPL began planning for the new standards as soon as they were finalized.

- F. FPL has increased marketing via direct mail, paid digital advertising, emails, events, and earned media/public relations (PR). In addition, FPL is working to increase new PIC participation and enrollment campaigns to increase overall participation in the program.

QUESTION:

In 2023, what was FPL's System Average Line Loss percentage?

RESPONSE:

Summer Line Loss Factor	6.50%
Winter Line Loss Factor	6.50%
Energy Line Loss Factor	5.08%