BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Incentive Mechanisms for the Electric Investor-Owned Utilities	Docket No. 20250032-EI Date: April 10, 2026

FLORIDA POWER & LIGHT COMPANY'S
COMMENTS REGARDING REVIEW OF INCENTIVE MECHANISMS

Florida Power & Light Company ("FPL" or the "Company"), pursuant to Notice by the Florida Public Service Commission ("Commission"), hereby provides these comments regarding the Commission's review of incentive mechanisms for the electric investor-owned utilities ("IOU"). The Commission opened this docket on February 12, 2025. On February 5, 2026, Commission Staff held a publicly noticed workshop and directed any party wishing to submit comments to do so by April 10, 2026.

The principal questions considered in this docket include whether the Commission should (i) standardize asset optimization programs across Florida's IOUs and, (ii) eliminate FPL's Generating Performance Incentive Factor ("GPIF"). For the reasons set forth below, the Commission should decline to make these significant changes to existing asset optimization programs. The data objectively demonstrates that FPL's asset optimization program (or "the Program") has been highly successful in creating incremental customer savings. Uniformity is unnecessary and potentially harmful, and GPIF is a distinct, complementary, and beneficial mechanism that should be retained.

I. Background

Origin and Purpose of the Incentive Mechanism

FPL's asset optimization program was originally approved by the Commission as part of FPL's 2012 base rate settlement as a four-year pilot program. Order No. PSC-13-0023-S-EI, dated January 14, 2013, in Docket No. 120015-EI. The Program is designed to generate savings for

FPL's customers by maximizing the value of customer assets, while also providing an incentive to FPL if certain customer-value thresholds are achieved. As designed, FPL can only utilize the assets when it is reasonable and in the best interests of customers to do so based on the system requirements, and customers receive 100% of gains up to a defined threshold. Sharing occurs only after substantial customer benefits are achieved.

Evolution of the Asset Optimization Program

Before FPL proposed the asset optimization program, incentives were limited to wholesale power sales. The program expanded beyond the prior mechanism by incorporating not only gains from wholesale power sales but also savings from wholesale power purchases and gains from other forms of asset optimization. More specifically, through its witness Sam Forrest, FPL proposed – and received approval – to optimize natural gas storage, natural gas sales, capacity releases of natural gas transportation, capacity releases of electric transmission and potentially capturing additional value from a third party in the form of an Asset Management Agreement. The Commission approved the new mechanism, which has proven significantly more beneficial for customers, over the objection of the OPC, through the formal administrative hearing process in Docket No. 20120015-EI. Four years later, the Commission approved the continuation of the Program, with certain modifications, by Order No. PSC-16-0560-AS-EI, dated December 15, 2016, in Docket No. 160021-EI.

After having achieved considerable customer benefits for more than seven years, FPL sought and ultimately received approval to continue the asset optimization program on a permanent basis. Order No. PSC-2021-0446-S-EI, dated December 2, 2021, in Docket No. 20210015-EI. Five modifications were made to the Program at that time: (i) FPL was authorized to optimize all fuel sources, not just natural gas supply and capacity; (ii) FPL was authorized to monetize its renewable energy credits ("REC"); (iii) reporting on annual savings thresholds was simplified;

(iv) the per-megawatt hour variable power plant O&M rate was set at $0.48; and (v) the Commission established that optimization activities, variable power plant O&M rates, and savings thresholds would thereafter be deemed "adjustable parameters" subject to periodic review.

In FPL's 2025 rate case, the Commission again approved further modifications specific to FPL's Program as being in the public interest. This 13-year chronology confirms that this Program has been an effective tool in reaching rate case settlements that benefit customers over both the near- and long-term, and that the Program is creating the benefits originally intended.

II. FPL's Asset Optimization Program has been Highly Successful

By any objective measure, FPL's asset optimization program is delivering value for customers, and is incentivizing the Company to find additional savings. The data in the table below is unrefuted:

Year	Wholesale Purchase Savings ($000)	Wholesale Sale Savings ($000)	Asset Optimization Savings ($000)	Incremental Costs ($000) (*)	Total Program Savings ($000)	Shareholder Incentive ($000)	Net Customer Savings ($000)
2013	$3,206	$11,153	$10,205	$263	$24,564	$0	$24,564
2014	$10,528	$43,476	$13,623	$460	$67,627	$12,976	$54,651
2015	$9,578	$23,398	$13,909	$474	$46,884	$531	$46,354
2016	$25,494	$18,695	$18,647	$484	$62,836	$10,101	$52,734
2017	$7,821	$17,278	$18,763	$704	$43,862	$2,317	$41,545
2018	$7,943	$32,463	$21,998	$516	$62,404	$13,443	$48,962
2019	$14,914	$23,922	$16,413	$533	$55,249	$9,150	$46,100
2020	$2,741	$25,419	$17,975	$512	$46,135	$3,681	$42,454
2021	$2,628	$40,121	$20,344	$496	$63,093	$13,856	$49,237
2022	$16,928	$66,581	$46,671	$527	$130,180	$49,590	$80,590
2023	$8,669	$63,045	$51,494	$518	$123,207	$46,104	$77,104
2024	$6,381	$50,387	$68,271	$865	$125,039	$47,019	$78,019
2025	$2,316	$74,334	$94,517	$1,523	$171,167	$69,583	$101,583
Total	$119,147	$490,272	$412,830	$7,875	$1,022,247	$278,351	**$743,897**

(*) Incremental costs are not included in the Total Program Savings value.

In 2025 alone, the Program generated $171 million in total savings, with $101 million of that total going to FPL's customers. Under the standardized incentive mechanism that predated FPL's proposal to expand opportunities, only $74 million of savings would have been realized; the customers' portion would have been far below the level of savings customers realized under the Program's current form.

The success of FPL's asset optimization program is even more apparent when the results are viewed cumulatively. Program savings generated from 2013 through 2025 amount to more than $1 billion. The customer share of those savings is approximately $744 million or 73%. The incentive mechanism that predated FPL's current Program would have produced about $490 million over the same period of time, with the customers' portion of the savings falling substantially below the level they received under the current Program.

The data also makes clear that the Program's sharing structure incentivizes FPL to work harder; the level of savings generated has tended to increase year-over-year. Though the recent decline in the REC market has hampered the ability to achieve greater annual savings, the fundamental structure for the incentive remains intact and the established sharing levels will continue to motivate FPL's efforts.

The Commission should preserve – not abandon – what is already functioning successfully.

III. The Asset Optimization Programs were Based on Each Utilities' Characteristics

From its original pilot through its current form, the Program was created and expanded based on FPL's specific circumstances and characteristics. The Commission has not directed FPL to operate in the same way as other utilities, and there is no evidence that doing so would benefit customers. Florida's utilities operate under materially different conditions that directly affect both the availability and magnitude of asset optimization opportunities.

At least four areas of operational and situational differences make each utility unique in ways that impact the structure of its Program:

- *First*, utilities operate different generation portfolios. Florida utilities differ significantly in (i) fuel mix (percentage of natural gas, coal, nuclear, solar), (ii) age and efficiency of its generating units, and (iii) the operational flexibility of its generation assets. These differences are critical because asset optimization opportunities (and generating performance incentives) depend on the specific assets a utility owns and operates.
- *Second*, utilities engage in different fuel procurement practices and own a variety of fuel infrastructure. Specifically, each utility has natural gas transportation portfolios that suit its customer base, with different pipeline access, contractual arrangements and storage capabilities. FPL's Program, for example, relies heavily on its ability to optimize gas transportation and storage assets. Other utilities may not rely on these opportunities to a similar degree.
- *Third,* utilities differ in terms of market access and geography. Florida's peninsular location drives variation in access to wholesale markets, as well as transmission availability and constraints. Asset optimization depends on external market opportunities, which are inherently shaped by geographic and structural factors. A utility's ability to engage in wholesale transactions is therefore not uniform across the state.
- *Fourth*, utilities have different load characteristics and system needs. Each utility's customer mix drives a distinct load profile (peak vs. off-peak patterns), as well as growth and planning requirements. Optimization opportunities arise from periods of

excess capacity or system flexibility, which vary significantly depending on these characteristics.

Because asset optimization opportunities arise from the interaction of each utility's assets, infrastructure, market access, operational flexibility and financial strength, a uniform incentive structure cannot appropriately reflect or capture these differences.

In fact, standardization may hinder rather than further the goals of asset optimization programs. As noted above, FPL originally proposed its utility-specific Program after recognizing that then-existing uniform incentive mechanism was leaving customer value "on the table." It was FPL's proactive and innovative approach that gave rise to the last 13 years of incremental savings for customers. There is no evidence to indicate that a standardized approach will engender more creativity. To the contrary, standardization may discourage innovation which, in turn, would limit the opportunities to create customer value.

The Commission has consistently evaluated and approved incentive mechanisms on a utility-specific basis, reflecting the differing operational characteristics and opportunities of each utility. To the extent changes are necessary in the future, each utility has the option to seek relief specific to the conditions it faces at any given time.

IV.
The Generating Performance Incentive Factor
Is Not Duplicative of the Asset Optimization Program

The GPIF and the asset optimization program are not duplicative but rather are designed to address fundamentally different aspects of utility performance. The GPIF is specifically focused on incentivizing the efficient operation of base load generating units, with emphasis on improving unit availability and heat rate efficiency. These factors directly reduce fuel costs for customers. In contrast, the asset optimization program is directed toward incremental, market-based

opportunities, including short-term wholesale power sales and purchases and the optimization of assets such as gas transportation and transmission capacity when not needed to serve native load. These activities are external and, as explained above, based on market conditions.

The GPIF operates squarely within the utility's core obligation to serve native load reliably, whereas the asset optimization mechanism operates outside that core function by capturing additional value from non-native load opportunities. As designed, the GPIF is designed to maximize base load generating unit efficiency and availability for native load, while the asset optimization mechanism is designed to maximize non-generating opportunities that are not connected to native load. This distinction is critical: the GPIF ensures that the foundational cost of serving customers—fuel consumption—is minimized, while the asset optimization program builds on that foundation by pursuing incremental gains in the marketplace. Because they operate at different stages and address different cost drivers, the programs do not overlap.

Finally, the GPIF has a long-standing and proven record of delivering substantial customer benefits, which further supports its continued use. Since its inception in 1980, the GPIF has been repeatedly reviewed by the Commission and has served as an effective mechanism for encouraging prudent and efficient generation operations. The program has produced significant fuel savings for customers—on the order of hundreds of millions of dollars over time—by incentivizing improvements in performance metrics that are directly within the utility's control.

In sum, the GPIF and the asset optimization program are distinct in purpose and function. These programs are complementary and mutually reinforcing, not duplicative. Eliminating the GPIF would remove a proven and effective incentive for operational efficiency. Accordingly, the GPIF should be retained.

WHEREFORE, for the reasons stated above, FPL's asset optimization program has been demonstrably successful. From its inception, the Program has been designed and operated to reflect FPL's unique characteristics. Uniformity is unnecessary and potentially harmful. In addition, GPIF is a distinct, complementary, and beneficial mechanism that should be retained.

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket No. 20250032-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic service on this 10th day of April 2026 to the following:

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