

Diamond Williams

From: Keating, Beth [BKeating@gunster.com]
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To: Filings@psc.state.fl.us
Subject: Docket No. 110000: Undocketed Filings for 2011
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Attached for electronic filing, please find the Florida Public Utilities Company's Post Workshop Comments to the March 3, 2011 Solar Workshop conducted by PSC Staff.

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 618
Tallahassee, FL 32301
bkeating@gunster.com
Direct Line: (850) 521-1706

a. Person responsible for this electronic filing:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 618
Tallahassee, FL 32301
bkeating@gunster.com
Direct Line: (850) 521-1706

b. Docket No. 110000- Undocketed Filings for 2011.

c. On behalf of: Florida Public Utilities Company

d. There are a total of 6 pages.

e. Description: Post Workshop Comments

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FPSC-COMMISSION CLERK



Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

March 16, 2011

VIA ELECTRONIC FILING: FILINGS@PSC.STATE.FL.US

Ms. Ann Cole, Clerk
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Undocketed:** March 3, 2011, Solar Workshop - Post-Workshop Comments of Florida Public Utilities Company

Dear Ms. Cole:

Attached for electronic filing, please find the Post-Workshop Comments of Florida Public Utilities Company, submitted in response to the PSC Staff's questions arising out of the March 3, 2011, Workshop addressing Investor-Owned Utility Solar Pilot Programs.

Thank you for your assistance with this filing. As always, please do not hesitate to contact me if you have any questions.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 618
Tallahassee, FL 32301
(850) 521-1706

MEK

cc: Mr. Larry Harris, Senior Staff Counsel

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Questions for Discussion
March 3, 2011 Staff Workshop on Solar Pilot Programs

1. **Allocation of funds**

Public versus private

What is the appropriate allocation of funding between public and private buildings under the solar pilot programs? How should this be determined?

FPUC does not have a policy that differentiates between public and private customers. FPUC treats all customers as equals and has presented its energy conservation programs such that they can be applied to either private or public entities. FPUC supports the education of its consumer base and believes that supporting public schools is one way to exert a positive influence on the community. However, since FPUC does not differentiate between public and private entities, it has no opinion on allocating funds between the two under the solar pilot programs.

Should there be a standard percentage allocation?

FPUC does not have an opinion related to the allocation of funds between public and private entities under the solar pilot programs.

What other types of public facilities should be eligible for incentives? How should these facilities be selected?

FPUC's conservation programs allow all types of public and private facilities to be eligible for incentives, as long as they meet the requirements outlined in the conservation plan and program standards.

Thermal versus photovoltaic

What is the appropriate allocation of funding between thermal and photovoltaic programs under the solar pilot programs? How should this be determined?

As the smallest FEECA utility and not having the resources to conduct a lot of original research, FPUC set the rebate levels for the programs based on the best information available primarily from other utilities at the time FPUC was designing the programs. Based on the rebate levels, FPUC projected penetration between the two programs. The purpose of pilot programs such as these is to test market reaction in areas such as penetration in relation to rebate levels. As such, the rebate levels and the market reaction to them will allocate the funds between the two programs. FPUC will continue to monitor participation levels and adjust rebate levels in the future to increase or decrease participation as needed.

Should commercial/industrial customers be eligible for solar thermal programs?

FPUC has included commercial/industrial customers as eligible for the solar thermal programs in its conservation plan. FPUC is of the opinion that all customers should be eligible for these programs regardless of the customer class.

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Low income

What is the appropriate level of funding for low income programs under the solar pilot programs? How should this be determined?

FPUC does not have a policy that differentiates between customers' income levels. FPUC treats all customers as equals and has presented its energy conservation programs such that they can be accessible for all customers. Since FPUC does not differentiate between income levels for customers, it has no opinion concerning the allocation of funds based on income levels.

Should low income funds be used to add thermal hot water heating to existing homes?

Since FPUC does not differentiate between income levels for customers, it has no opinion concerning the use of low income funds in the solar pilot programs.

Residential versus commercial/industrial

What is the appropriate allocation of funding between residential and commercial/industrial customers under the solar pilot programs? How should this be determined?

FPUC has developed conservation programs for both residential and commercial/industrial customers to meet FPUC's conservation goals. As such, FPUC has opportunities for both residential and commercial/industrial customers to participate in conservation programs. For the solar pilot programs, FPUC allocated demand and energy savings associated with the solar pilot programs equally between the residential and commercial/industrial classes. FPUC did not allocate funding between the residential and commercial/industrial classes since the program does not differentiate between the residential and commercial/industrial classes. Actual funding will be allocated based on actual penetration in each class.

2. Program Monitoring

Methodologies to monitor and evaluate programs

How should the results of each pilot program be monitored, tracked, and evaluated?

Since the solar programs are pilot programs, FPUC's monitoring and tracking procedures will be a work in progress while the company evaluates participation levels and the amount of work associated with the process. FPUC will conduct pre-installation inspections to evaluate the eligibility and estimate the energy savings potential of the proposed installation. This data will be used to estimate the savings if the customer follows through with the installation. FPUC will also conduct post installation inspections of a minimum of 10 percent of the installations. FPUC will monitor and track purchases of excess energy for the solar photovoltaic installations under the terms of the Northwest Florida Division Rate Schedule REN-1 or Northeast Florida Division Rate Schedule REN-1. Throughout the pilot program, FPUC will continually evaluate the effectiveness of the monitoring procedures to ensure the most efficient tracking methods are being used.

Program Results

What data should be provided to the Florida Public Service Commission (FPSC) in order to evaluate the results of the pilot programs?

FPUC is of the opinion that the FPSC should be provided participation levels, estimated energy and demand savings, value of rebates provided, and administrative costs.

How often should data be provided to the FPSC and in what venue?

FPUC is of the opinion that the FPSC should be provided this data annually with the Annual Conservation Report.

Program success

What criteria should the FPSC use in determining whether the pilot programs meet the intent of Section 366.82(2), F.S. of the Florida Energy Efficiency and Conservation Act (FEECA)?

The FPSC should use the criteria that the FPSC is required to consider in Section 366.82(3), F.S.

3. Program Design

To what extent should programs be consistent among utilities?

FPUC is of the opinion that each utility, especially for pilot programs, should be free to utilize a program design that's most appropriate for its customers. It is likely that allowing the utilities to develop their own program designs will provide the FPSC with feedback on which designs are more effective, should the FPSC seek to develop consistent programs in the future.

Rebate levels

Should rebate levels be uniform among utilities?

FPUC is of the opinion that it is less important for rebate levels to be uniform among the utilities, especially while the programs are still in the pilot stage.

Eligibility

Should there be screening criteria for a customer to receive a rebate based on optimum system performance of the solar photovoltaic or solar thermal system? If so, what screening criteria should be used to select sites?

FPUC is using its pre-installation inspection to identify the eligibility of a solar installation and the potential savings. FPUC is of the opinion that it would be inappropriate to limit installation specifications during the pilot phase until more knowledge exists concerning the programs, participation levels, and actual customer installation performance. After more experience is gained, it may be decided that tighter specifications may need to be placed on the requirements for the installations to receive rebates or that the level of rebate provided might depend on the level of installation performance.

Administrative/marketing costs

What level of utility spending on administrative and marketing costs is appropriate in these programs?

FPUC has initially allocated 10 percent of the cap to administrative costs for the pilot programs and is of the opinion that 10 percent is reasonable until further knowledge is gained. FPUC will continue to monitor the pilot program costs to learn the amount of administrative costs that will be associated with these programs. Administrative costs will vary significantly as the penetration levels change. As the number of installations increase, the total amount of overhead should increase slightly, while the cost per installation will drop significantly.

Should administrative costs be included within the incentive cap or recovered within the administrative costs of the entire DSM portfolio?

The administrative costs should be included within the incentive cap. During the Conservation Goals Docket, FPUC testified that the appropriate test to use on conservation or demand-side renewable programs was the RIM test. The solar pilot programs do not pass the RIM test and providing the administrative costs above the cap would only increase the impact on FPUC's customers.

4. Renewable energy credits

Ownership

Who should own the renewable energy credits from systems that receive solar rebates or other utility funding?

FPUC is of the opinion that the utilities should not own the RECs.

5. Utility-owned demand-side renewables

What business model attracts utility capital to implement renewables on the customer side of the meter?

FPUC does not have a specific recommendation for a business model to attract utility capital to implement renewables on the customer side of the meter. FPUC is of the opinion that such a model would require some type of incentives to its stockholders to earn a return on their investment.

Are there existing models for implementation of utility-owned generation on a customer's property?

FPUC is not aware that there are, or are not, existing models for implementation of utility-owned generation on a customer's property.

Staff's Supplemental Questions for Inclusion in Post-Workshop Comments

March 3, 2011 Staff Workshop on Solar Pilot Programs

Undocketed

Allocation of Funds

Please describe the procedures the utility intends to use to reallocate funds between pilot solar programs.

Since the solar programs are in the pilot stage, FPUC does not plan on allocating funds between programs. Instead, the company is leaving the allocation open to allow for flexibility based on actual participation levels. FPUC does, however, project participation levels for each of the programs. If adjustment of rebate levels is necessary, FPUC will petition the Commission for the necessary changes.

Should the utility notify the Florida Public Service Commission (FPSC) of its intentions to reallocate funds between programs? If so, how should the utility notify the FPSC?

Since the solar programs are in the pilot stage, FPUC does not plan on allocating funds between the solar pilot programs. FPUC has provided the Commission estimates of the cost of each program based on assumed participation levels. Since FPUC has no formal allocation, FPUC does not believe it is necessary to notify the Commission if actual participation varies from projected. If FPUC makes adjustments to rebate levels, it should petition the FPSC for adjustments to its plan with a formal filing notice that describes its reasons and methodology for adjusting its program design.

Program Design

What role should the utility and/or solar installer play in providing information on expected system performance and payback period to pilot solar program participants?

While in the pilot stage, FPUC will be developing a method to calculate expected performance and payback period. Until the actual results are better known, it will be difficult to deliver expected system performance and payback period to the participants with much accuracy.

How should the utility notify the FPSC of its intentions to change rebate levels in the pilot solar programs?

If FPUC makes adjustments to rebate levels, it should notify the FPSC of adjustments to its plan with a formal filing notice that describes its reasons and methodology for adjusting its program design.