State of Florida

Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: December 19, 2022

TO: Docket File

FROM: Jon Rubottom, Attorney JHR

RE: Docket No. 20200181-EU, In re: Proposed amendment of Rule 25-17.0021, F.A.C., Goals for Electric Utilities.

Please place the attached comments, received from Leighanne Boone, on December 16, 2022, in the docket file for Docket No. 20200181-EU.

December 16, 2022

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

RE: Docket No. 20200181

Dear Chairman Fay, Commissioners Graham, Clark, La Rosa, and Passidomo,

Sierra Club thanks you for the opportunity to file these post workshop comments. Sierra Club filed comments in this docket on July 14, 2021; but would like reemphasize the importance of modernizing the Commission's energy efficiency goal setting rule in the context of recent bill impacts from fossil fuel price spikes.

It is well established that energy efficiency is the lowest cost resource available to a utility in meeting electricity demand and in moving us to a cleaner, smarter, and equitable clean energy future. The economic benefits of energy efficiency programs result in bill savings to all customers through the utility's system-wide cost savings, such as reduced fuel use and deferral of new costly power plants, but also to individual businesses and families by helping them cut energy waste and driving down power bills. Meaningful energy efficiency programs are particularly critical for lower-income families as they face the highest energy burden - the percentage of a given household's income dedicated to paying for energy, including heating, cooling, and household electricity.

These benefits are particularly important at a time of rising fossil fuel costs. Fossil gas costs have spiked considerably over the last two years. These costs are passed on to customer bills; and more increases on bills are expected early next year from rising fuel costs. We understand that if billions more in unrecovered fuel costs are approved early next years, customer bills of the state's investor-owned utilities will have increased anywhere from $20 dollars to over $50 per month over the last two years from fuel costs alone.

The bill impacts simply didn't have to be this bad. If there had been a Commission rule in place that values energy efficiency years ago, these impact could have been mitigated. Energy efficiency not only insulates all utility customers from rising fuel costs by reducing the amount of fuel burned on the utility's system, but also allows participating customers in energy efficiency program to directly lower energy use and save money on power bills. Energy efficiency is a low-cost, low-risk resources that the Commission's rule should treat like a valuable utility resource. Yet, the practices that are currently relied upon work to depress energy efficiency and the benefits it could provide to the utility's system – and its customers.

Therefore, it is critical that the revised rule directly address the practices that block meaningful energy efficiency goals. Unfortunately, the current revised draft rule does not do so. The roadblocks to meaningful energy savings are the state's historical reliance on the Rate Impact Measure (RIM) test and the 2-year screen in setting annual energy savings goals. Florida is the only state to rely primarily upon the RIM test. It is purportedly used to measure an energy efficiency measure's potential impact on consumer rates. While a consideration of rate impact is important, the RIM test is not the best tool for conducting a rate analysis, nor a system benefits. It conflates the two and does not provide the information to the Commission that is needed to balance system benefits with rate considerations when setting goals. We should not penalize efficiency measures because they achieve their purpose – which is to reduce energy use and lower customer power bills. No other utility resource is subjected to this archaic test. Let's level the playing field.

Secondly, the Commission utilizes a 2-year payback to screen to eliminate measures that have a simple payback to the customer of 2 years or less. This practice is not based on any real-life data that such measures are in-fact being adopted. This practice eliminates high impact, low cost measures that are critically important in lowering power bills for energy burdened families. The use of the RIM cost effectiveness test and the 2 year payback screen have led to zero or near zero proposed energy efficiency goals in the 2019 goals setting proceeding and, year after year, land Florida at the bottom of state rankings for using energy smarter.[1]

In addition to transitioning away from the RIM test and 2-year payback screen, the Commission should adopt a process that ensures meaningful low-income programs both in scale and depth and make the program targets consistent across utilities by setting a low income program goal. We recommend that the Commission set an energy savings goal for low income customers that is commensurate with the percentage of low income customers in a utility's service territory. We additionally propose that at minimum, one third of the funding for low income programs, or energy savings, be directed towards programs for low income renters and multifamily housing as this customer segment is particularly hard to reach.

Thank you again for the opportunity to provide these comments on rule revisions that are intended to provide better outcomes for all customers, and that move the state to a lower cost, lower risk, clean energy future.

Sincerely,

Leighanne Boone
Chair of the Florida Chapter Energy Committee

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[1] American Council for an Energy-Efficient Economy, *The 2022 State Energy Efficiency Scorecard*, December 2022, p. 34.