State of Florida

Public Service Commission

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

DATE: December 16, 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 Natalia Brown on December 16, 2022, in the docket file for Docket No. 20200181-EU.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendment of Rule 25- 17.0021 F.A.C., Goals for Electric Utilities.	Docket No. 20200181 Filed: December 16, 2022

POST WORKSHOP COMMENTS OF ALIANZA FOR PROGRESS, BROWARD CLIMATE ALLIANCE, CATALYST MIAMI, FLORIDA CONSERVATION VOTERS, FLORIDA CLINICIANS FOR CLIMATE ACTION, FLORIDA IMMIGRANT COALITION, HEALTHY GULF, AND OPPORTUNITY FOR ALL FLORIDIANS

Alianza for Progress, Catalyst Miami, Florida Conservation Voters, Healthy Gulf, Florida Clinicians for Climate Action, Broward Climate Alliance, Florida Immigrant Coalition, and Opportunity for All Floridians thank the Commission for the opportunity to provide these post-workshop comments.

Florida's outdated energy efficiency goal setting practices are no longer serving hard-working families, or the state's economy. The use of economic screening practices – used by no other state for setting goals – led to a number of utilities filing energy efficiency goals of zero, or near zero in the 2019 goal setting proceeding, and continue to land Florida near the bottom of annual state rankings for capturing energy savings for customers from utility-led efficiency programs. The most recent American Council for an Energy-Efficient Economy (ACEEE) report ranked Florida 43 out of 50 states on capturing energy savings – behind North Carolina, South Carolina, Georgia, Kentucky, Mississippi, and Louisiana.[1]

The state's poor performance relative to other states in attaining low cost, low risk, energy savings has real impacts on customers, especially among energy burdened families. Power bills have spiked significantly over the last two years due primarily to increases in fuel costs and base rates. If massive 2022 unrecovered fuel costs are approved for recovery early next year, over $5 billion in higher fuel costs will have been approved for recovery from customers in the last 2 years. This represents an enormous transfer of wealth from our state and local communities to out of state interests and spikes bills for all Floridians.

[1] ACEEE, 2022 State Energy Efficiency Scorecard, December 2022, p. 34.

The bill impacts from high fuel costs could have been mitigated if the Commission had a rule in place years ago that encouraged meaningful energy efficiency goals and programs. It is well established that energy efficiency reduces the fuel burned on the utility's system and can defer the need for new costly power plants. That helps lower bills for all customers. Moreover, it helps individual customers reduce energy and save money on power bills. It is a win-win investment.

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. Energy burden rates exceeding 6% can lead to difficult trade-offs among critical household needs like food, rent, clothing, and medicine. In Miami, 23% of all Miami households have a high-energy burden, while 21% of homes in Tampa are considered energy burdened. [2]

Moreover, energy efficiency presents significant potential to protect and improve public health in Florida -- from cleaning up the air we breathe, to improving the homes, safety, and lives of our most vulnerable. Scaling up energy efficiency programs could generate over $12 million in annual health benefits to Floridians, preventing hospital admissions due to respiratory and cardiovascular illnesses, and avoiding restricted activity and missed days of work.[3]

Yet Florida continues to use practices that are a roadblock to meaningfully using energy efficiency as a utility resource. No other state in the nation relies on the Rate Impact Measure (RIM) cost-effectiveness test, or the arbitrary two year payback screen for setting energy savings goals. That's because the RIM test absurdly counts lost utility revenue as a cost of an efficiency measure; and the 2-year screen, used to address so-called freeridership (customers that will adopt measures absent a utility program), isn't based on any empirical evidence and eliminates the lowest cost, most impactful measures from consideration.. Neither practice treats energy efficiency as a resource, nor are they standard industry practice. By depressing low cost energy efficiency potential, these practices lock-in unnecessarily high bills for all customers.

Unfortunately, the revised draft rule does not directly address the historical use of these archaic practices. Rather it effectively maintains a status quo which has historically led to the use of the RIM test and the 2-year screen in setting goals – with very weak results. The intent of the statute relative to energy efficiency is to "to reduce and control the growth rates of electric consumption."[4] Current practice actively works against that goal.

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[2] ACEEE, Unrealized Potential, Expanding Energy Efficiency Opportunities for Customers in Florida

[3] ACEEE, Saving Energy, Saving Lives: The Health Impacts of Avoiding Power Plant Pollution with Energy Efficiency, at aceee.org/research-report/h1801

[4] Section 366.82(2), Fla. Stat.

Therefore, we encourage you to go back to the drawing board and revise three areas in the revised draft rule:

1. **End reliance on the RIM test for setting goals.** While a consideration of rate impact is important, the RIM test is not the best tool for conducting a rate analysis, nor a system benefit analysis. 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.

2. **End reliance on the 2-year screen for setting goals.** The consideration of freeridership is best addressed in the program planning process, not in setting goals. The Commission should abandon this arbitrary screen and move to the use of an evidence based methodology consistent with standard industry practice.

3. **Establish low-income goals**. The revised draft rule provides no guidance for how the unique needs and considerations around low-income efficiency should be considered during the goal setting or the program planning process. Low-income households are in the greatest need of energy efficiency programs to lower their monthly bills; they also pay into the efficiency programs like everybody else. In order to establish guidance, the rule should require an energy savings goal for low-income customers that is proportional to the percentage of low-income customers in the utility's service territory. Measures in low-income programs should be exempt from standard cost effectiveness tests and from screening for free-ridership. 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. Program costs for low income programs would be recovered, as they have been historically, through the Energy Conservation Cost Recovery Clause.

Thousands of letters have been filed by customers in this docket calling for modernizing the state's 30-year old energy efficiency goal setting rule. Much has changed in 30 years. Using energy smarter is more critical now than ever for hard working families and the state's economy. Let's not miss this unique rulemaking opportunity to remove roadblocks to lower bills and keep energy dollars in our local communities.

Sincerely,

Marcos Vilar, President
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