Removing Barriers to Energy Efficiency Investment Is Key to Slashing Customer Electricity Bills and Creation of Clean Energy Jobs

- Energy efficiency programs are the lowest-cost resource available to Florida's electric utilities, at 2-to-4 cents per kWh. By contrast, the average cost for electricity is 12 cents per kWh. Efficiency can significantly reduce customer electricity bills, slash utility fuel costs, and defer costly power plant construction**. <u>Cost effective energy efficiency always costs less than the next available supply-side option in meeting electricity demand</u>.**
- Florida can create 19,754 jobs by meeting 15% of electricity demand by 2020 through investment in efficiency programs, according to the American Council for an Energy Efficient Economy (2009). Improving efficiency requires a workforce of electricians, heating/air conditioning installers, carpenters, roofers, and more to deliver the services and products that reduce customer bills.
- Already, 17 leading states help customers reduce energy use by setting goals to meet *at least* 1% of their annual demand through efficiency. By comparison, Florida's largest utilities are achieving less than 0.2% through efficiency and recent efficiency goals set by the Public Service Commission (PSC) fall far short of the annual energy savings goals of leading states.
- The PSC staff has historically interpreted state statute to suppress meaningful efficiency by not making efficiency programs widely available to all customers. The PSC, its staff, and the state's utilities would benefit from explicit legislative direction establishing robust efficiency goals. Amending the Florida Energy Efficiency and Conservation Act (FEECA) would pave the way for more efficiency investment in Florida.

Solutions

1) The Legislature should clearly require the consideration and implementation of all cost effective efficiency measures (through amending §366.82 Fla. Stat.) – especially high saving measures that are best at reducing customer bills and cost less than the next supply-side option. The PSC staff has historically interpreted state statute to eliminate high savings efficiency measures and ignored long-term affordability in utility goal setting if they produced any rate impact, even if such measures were more cost-effective than supply-side options.

For example, earlier this year the Commission partially rejected its staff's advice to exclude the most highly cost-effective measures from their efficiency programs. These measures represent between 66% and 87% of potential energy savings, and were eliminated from consideration because overly simple economic analysis suggested that customers could install these measures with a simple payback of 2 years or less. The state's utilities insist that such measures should be adopted by most customers without utility incentives – yet customers are not adopting these high-saving measures as expected. By not making high-savings measures widely available through utility programs, Florida is leaving the most cost-effective measures "on the table" — ignoring an opportunity to reduce customer bills, lower utility system costs and to create jobs.

2) Reform utility resource planning. Increasing energy efficiency should be a fundamental part of the continuous process of utility resource planning and management. The current 5-year PSC FEECA efficiency goal setting process is not well aligned with PSC determination of "need" proceedings for power plants. This can lead to inconsistent utility resource planning decisions. The PSC and the state's utilities could benefit from statute amendments that better integrate supply-side resource decisions with demand-side efficiency opportunities.