

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Demand-side Management Plan of Progress Energy Florida, Inc.

DOCKET NO. 100160-EG

Filed: August 3, 2010

SACE's Response to Progress Energy Florida's Response to SACE Comments

Southern Alliance for Clean Energy (SACE) files this response to the July 28, 2010 Progress Energy Florida (PEF) response to SACE's comments on PEF's DSM plan. In its letter, PEF makes several erroneous claims about SACE's comments, which SACE addresses below.

PEF claims that SACE's comments are procedurally inappropriate. The SACE comments are provided in the interest of ensuring a deliberate and thorough review; and to the extent the comments can assist Commission Staff's review of the utility plan filings in the PEF DSM docket above, the comments promote administrative efficiency. Moreover, PEF fails to cite any rule precluding interested parties from filing informational comments that may assist Commission Staff in its review of filings.

PEF also mischaracterizes SACE's comments as "arguments," and then proceeds to restate them incorrectly. SACE provided its own summary, and while SACE appreciates PEF's review of its comments, it would prefer that readers consider its letter and attached findings in its own language. In particular, PEF claims that a "main" SACE argument is that "PEF should spend more money." *See* PEF Response p. 2. In fact, such a statement does not appear anywhere in the SACE comments and is rebutted by PEF's own summation of SACE comments, namely that PEF's costs are often excessive and inflated for unexplained reasons.

SACE conceptually agrees with PEF's argument for an "incremental implementation" approach. *See* PEF Response p. 3. Indeed, SACE has supported a "ramp-up" period for programs offered by Duke Energy Carolinas in filings before the North Carolina utilities Commission and the South Carolina Public Service Commission. SACE also provided testimony in the *Commission Review of Numeric Conservation Goals*, *Docket Nos. 080407 – 080413* that supported a ramp-up period.

Commission Staff will decide while preparing its recommendation whether to consider PEF's justification of its back-loading of energy savings benefits that effectively revises the goals established by the Commission. In the interest of further informing Commission Staff regarding the capability of a motivated utility to ramp-up new efficiency programs, SACE attaches a presentation to this document on the ramp up of the Minnkota Power Cooperative to a 1.5% energy savings goal. The energy savings amount is 50% higher than PEF's goal. Minnkota Power Cooperative began designing its programs in 2008, launched them in 2009, and anticipates meeting targets in 2010. It remains to be seen whether it will actually meet its 2010 target, but the "can-do" spirit evident in the attached presentation carries a markedly different tone than the complaints in the PEF response. SACE looks forward to addressing its comments directly to the Commission at its upcoming Agenda Conference.

s/ George Cavros
George Cavros, Esq.
120 E. Oakland Park Blvd, Ste. 105
Fort Lauderdale, FL 33334
Telephone: 954.563.0074
Facsimile: 866.924.2824
Email: george@cavros-law.com

Attorney for Southern Alliance for
Clean Energy

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail and US Mail on this 3rd day of August 2010, to the following:

Katherine Fleming, Jennifer Brubaker
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
keflem@psc.state.fl.us
jbrubake@psc.state.fl.us

John T. Burnett
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, FL 33733-4042
john.burnett@pgnmail.com

Paul Lewis, Jr.
Director of Regulatory Affairs
Progress Energy Florida
106 East College Avenue, Suite 800
Tallahassee, Florida 32301
paul.lewisjr@pgnmail.com

Vicki Gordon Kaufman
Jon C. Moyle, Jr.
Keefe Anchors Gordon & Moyle, PA
118 North Gadsden Street
Tallahassee, Florida 32301
vkaufman@kagmlaw.com
jmoyle@kagmlaw.com

John W. McWhirter, Jr.
P.O. Box 3350
Tampa, Florida 33601-3350
jmcwhirter@mac-law.com

Suzanne Brownless, Esq.
1975 Buford Blvd.
Tallahassee, FL 32308
suzannebrownless@comcast.net

James W. Brew, Esq.
F. Alvin Taylor, Esq.
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007-5201
jbrew@bbrslaw.com
ataylor@bbrslaw.com

s/ George Cavros
George Cavros

17 Cooperative and Municipal Utilities' Approach to Field Aggressive Energy Efficiency Programs Across a Region

Presented by:

Lisa Pickard, Minnkota Power Cooperative

Ed Carroll, Franklin Energy Services

**ACEEE 5TH EFFICIENCY AS A RESOURCE
CONFERENCE**

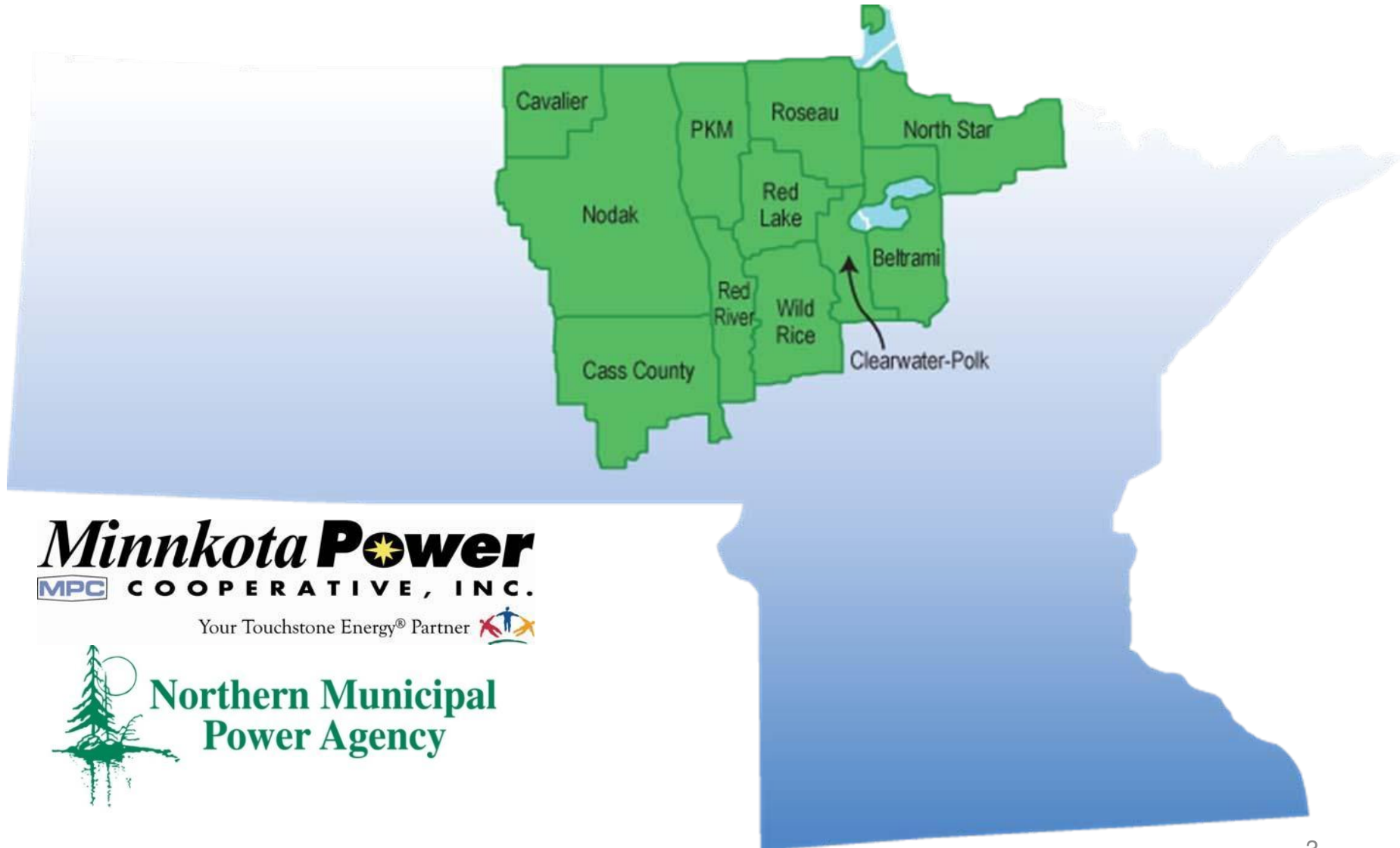
NO UTILITY LEFT BEHIND PANEL

**SEPTEMBER 28, 2009
CHICAGO, ILLINOIS**

Our Objective Today

- Share practical information, and **recommendations for designing and fielding** common set of energy efficiency programs for cooperatives and municipal utilities
- Discuss some **unique challenges** to ramping up to more aggressive programs faced by small to mid sized utilities
- **Share a model** , be open to questions and discussion from other cooperative/municipal utilities and organizations **as they plan for more aggressive energy efficiency programs**

Overview of Region



Minnkota Power
MPC COOPERATIVE, INC.

Your Touchstone Energy® Partner



**Northern Municipal
Power Agency**

Efficiency Programs Pre 2008

- 26 individual program offerings across cooperative utilities alone
- Driven by spending vs. saving result requirement
- No universal message or consistent outreach to trade allies
- Informal coordination...each utility ran own effort

Minnesota's "1.5%" Goal

- Next Generation Energy Act – law as of 2007, official start 2010
- Utility must save 1.5% of gross retail kWh sales annually
- Minimum of 1.0% from end use customers, once that is met, up to .5% from approved utility supply side projects
- Key change: spending to a savings result goal

Minnesota's "1.5%" Goal

- For Minnkota/NMPA system in Minnesota, result is a goal 3.5 times greater than annual savings achieved up to 2008
- Resulting goal is 25 million kWh first year savings annually for 2010, 2011 and 2012
- High degree of skepticism across many utility staff members that this aggressive goal could ever feasibly be met by individual utilities
- Doing more of the same (individual programs) would result in costly programs in terms of \$/kWh saved

Approach to Tackle this Goal

- Assemble a Design Team – representative from each utility
- In depth, bottoms up planning process over 9 months
- Agree the 1.5% goal is a collective goal across all member utilities for planning and implementation flexibility
- Results vs. Spending Orientation – establish savings and budget goals to work to up front

Approach to Tackle this Goal

- Develop, and agree on common set of objectives to use as measuring stick
- Be positive and outline what utilities WANT beyond just meeting regulatory goals
- Compromise – economies can only be achieved by reaching agreement....”You can’t always get what you want...”

Common Top 5 Program Objectives

1. Consistent Programs - All Minnkota/NMPA Cooperative and Municipal member utilities working toward the same goal:
 - Simple programs
 - Clear goals
 - Something available to all customers
 - Ability to measure and verify activity and results
2. Solid, Effective Marketing
 - Consistency across members
 - Feedback on effectiveness
3. Build and Further Develop a Group of Business Allies to Support the Program
 - True allies for the member utilities to call on
 - Allies who are willing to accept training on installation practices and procedures

Common Top 5 Program Objectives

4. A Program to Affect Customers' Energy Use Behavior
 - New rate designs and offerings
 - TOU/Smart Meters
 - Solid advice to educate customers about what they can do to control energy use effectively
5. Energy Efficiency Education
 - For end use customers – what they should be looking for to substantially affect energy use now and in the future
 - Actual affect of programs
 - Realistic energy savings goal
 - Real dialogue with Legislators, MN Department of Commerce about where programs should go after 2012
 - *Track and present lifetime savings vs. only first year savings*

Unique Challenges

- Many members to try and get on the same page: **18 utilities in Minnesota, 3 in North Dakota** without regulatory mandates
- Initially having **26 programs** – recognizing, and letting go of some expensive, less effective programs, **fewer programs, possibly more measures less familiar to members**
- **Balanced focus on business and residential** – need large business customer “hits” balanced with residential service offerings to achieve competitive \$/kWh saved target

Unique Challenges

- **Load Management** – making sure energy efficiency promotions don't undermine effective load management programs
- Consistency across region to **gain Trade Ally attention** – critical to really have allies push offerings, “carry some water”
- Perceived **near term rate impacts** and **significance** of dollars
- Staffing – many member utilities already **staff – strapped**....how to staff or contract for services to meet needed demand

Planning to Meet Aggressive Goals

- Joint Minnkota/NMPA Design Team worked from July 2008 to March 2009 to produce a cost effective joint plan to a) meet objectives the group agreed to up front, and b) meet CIP mandates 2010 - 2012
- Economics of immediate past, and future:
 - 2007 Minnkota/NMPA Program Spending: \$.66/kWh first year saved
 - The Design Team's Joint Plan: \$.14/kWh first year saved
 - Lifetime savings from Team's Joint Plan: 1.6 cents per kWh saved
- If executed, plan delivers a kWh at 1.6 cents per kWh

Result: Agreed Upon Portfolio

1. Business – Prescriptive Incentives
2. Business – Custom and Bidding
3. Business – Commissioning/Re Commissioning
4. Business - Small Commercial Direct Install / Limited Term Efforts
5. Residential – Prescriptive Incentives
6. Residential – New Construction
7. Residential – Existing Homes
8. Residential - Low Income
9. Residential – Direct Install/Limited Term Efforts
10. Residential – Energy Use Behavior Change
11. Supply Side Efficiency Projects

Important Information by Program

Key information to define each of the 10 end use customer programs

Example of a Summary for Business Customer Program

- Savings – 3,986,927 kWh/year (13% of projected portfolio)
- Number of projects – 30 – 40 projects/year
- Budget - \$964,138/year
- \$/kWh Saved - \$.24
- FTE to support – 1.2
- Societal B/C - 2.1

Major Accomplishments to date

- Plan agreed upon, filed with regulators, **started launch by priority in 2009**
- Minnkota designated **key staff member to oversee** entire portfolio
- Great progress launching three critical programs including: 1. Business - Prescriptive, 2. Business - Custom, and 5. Residential - Prescriptive.
- The **basic infrastructure is being established**, members and allies are getting familiar with the programs, technologies, and processing incentives, etc. Very good participation from Trade Ally Roll Outs...2nd set in September
- Seeing some solid, initial success with projects that HELP CUSTOMERS:

Need to Show Tangible Value Quickly



Remaining Challenges

- Need to **ramp up trade ally outreach** activity to generate volume of projects needed to gain experience and meet planned kWh savings starting 2010.
- While the most important programs in terms of large kWh savings are in field now, **remaining five (5) programs** scheduled for launch in 2009 need attention and support.
- Per the plan, 2009 is the **year to roll out these programs, try some models**, and make adjustments so that come January 2010 the Minnkota/NMPA Team is clear regarding roles and responsibilities.

Remaining Challenges

- Staff to support these programs, ENSURE RESULTS, and volume of participating contractors, residential and business customers so we reach goals, support good customer service
- Combination of centralized support staffing from Minnkota to support member utility staff in field. Central staff for training and “surge” (if customer demand outstrips your ability to get the work done)
- Being sensitive to centralized vs. utility roles: For any centralized staff function, these people are behind the scenes. Local utility staff take the lead with local allies and customers. Staff is available as technical and administrative resources needed to get the work done

Key Lessons Learned

- Always **paint the big picture and economics of programs** throughout planning. Make sure all participants see clearly the economics of joint/coordinated offerings as opposed to running small scale efforts
- For new services, **go into the field** and step participating utilities through first hand what is involved rather than just talking conceptually about it
- Figure out and agree to plan **exactly how large scale programs will be paid for** at the start of the planning process. A solid plan will start with a budget target to work towards, use it to plan how the portfolio will be paid for up front

Key Lessons Learned

- Make sure to have an **internal, centralized, well respected leader** who LISTENS to members, and can work toward consensus. Management skills are paramount over technical skills for such a position
- **Work with allies (wholesalers, retail stores and contractors) during the planning process**, and during launch of the aggressive programs. Listen to them, and lean on them for their outreach and support
- Don't wait....**start launching programs and trying things**, make adjustments prior to being on hook for regulatory goals
- Next frontier ... **look to neighboring/overlapping utilities to partner with** (e.g. natural gas utilities facing similar aggressive goals) Can this help you field more competitive \$/kW or \$/kWh programs?

Follow Up Questions, Discussion

Thank You for Your Participation!

Lisa Pickard

Minnkota Power Cooperative

lpickard@minnkota.com

Phone: (701) 795-4218

Ed Carroll

Franklin Energy

ecarroll@franklinenergy.com

Phone: (608) 310-6910