



Meeting Date: 3/9/2021

Agenda Item Number: 69.

Broward County Commission Regular Meeting

Director's Name: Leonard Vialpando

Department: Environmental Protection

Division: Environmental Planning & Comm. Resilience

Information

Requested Action

MOTION TO ADOPT Resolution No. 2021-105 urging the Florida Public Service Commission to expand the scope of its current rulemaking regarding the setting of energy conservation goals for utilities under the Florida Energy Efficiency and Conservation Act and to replace two of the evaluation methods currently in use.

(Sponsored by Commissioner Nan H. Rich)

Why Action is Necessary

Action of the Board of County Commissioners is required to adopt Resolutions.

What Action Accomplishes

The Resolution conveys the position of the Broward County Commission to the Florida Public Service Commission.

Is this Action Goal Related

Yes

Previous Action Taken

None.

Summary Explanation/Background

THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT AND ENVIRONMENTAL PLANNING AND COMMUNITY RESILIENCE DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTION.

This item supports the County Commission's Value: Encouraging investments in renewable energy, sustainable practices and environmental protection; and the Goal to: Seek funding for, implement policies, and pursue projects promoting the use of alternative energies and sustainable practices.

Increasing energy efficiency and reducing energy use are the most effective ways of maintaining and lowering energy costs. However, in many states, including Florida, utility regulations and cost structures effectively incentivize the construction of new power plants in lieu of investments in energy conservation to offset growing demands. From a more global perspective, energy conservation is fundamental to greenhouse gas (GHG) emissions reductions needed to address climate change. Broward County has committed to increasing its energy efficiency by 20% and proactively reducing GHG emissions by 82% through diverse initiatives consistent with the Broward County Climate

Change Action Plan and the Southeast Florida Regional Climate Action Plan.

In Florida, utility energy conservation goals are set every five years by the Florida Public Service Commission (PSC) under the terms of the Florida Energy Efficiency and Conservation Act (FEECA) and associated rules found in the Florida Administrative Code. During the last proceeding in 2019, the state's largest utilities proposed goals of zero or near zero, but the PSC rejected their proposals, reaffirming goals substantially similar to those set in the 2014 proceeding (which were themselves quite low, an 87% cut from the 2009 goals), and expressing a desire to review and potentially reform the rules governing the conservation goal-setting process. Accordingly, the PSC initiated the rulemaking (Docket 20200181) to which this Resolution pertains.

In 2013, prior to the 2014 FEECA proceeding, the Broward County Climate Change Task Force (CCTF) recommended that the Commission encourage the PSC to set meaningful energy conservation goals. With authorization from the Commission, then Mayor Sharief sent a letter to the PSC stating this position. In 2019, with the endorsement of the CCTF, the Commission approved a resolution again asking the PSC to set meaningful energy conservation goals, with a specific request that they meet or exceed 0.33% of the previous year's electricity sales, in line with the 0.33% average rate for utilities in the southeastern United States, excluding Florida. (At that time, Florida's energy savings rate was 0.09%.)

In 2019, the most recent year for which figures are available, Florida fared slightly better, with an energy savings rate of 0.17%, third lowest among southeastern states. In comparison, the southeastern regional average was 0.47%, and the national average energy savings rate was 1.03%. Fourteen states achieved an energy savings rate of 1% or more, led by Rhode Island, with a rate of 2.51%.¹

Florida's poor performance compared to national and regional benchmarks can be blamed primarily on the state's flawed process for setting utility energy conservation goals. Accordingly, the Resolution calls on the PSC to:

- Modernize the state's utility energy conservation goal-setting process in general.
- Replace two of its current tools, the Rate Impact Measurement (RIM) test and the two-year payback screen.

The RIM test leads utilities to propose low or zero conservation goals because it counts consumer savings from energy conservation measures not as a benefit, but as a cost—a cost to utilities, due to lower revenue. It also focuses solely on consumer rates, rather than the benefits and costs to consumer bills and the entire utility system. Finally, the RIM test is only applied to efficiency programs, not to supply-side investments such as new power plants or power lines that would also raise consumer rates and therefore fail the RIM test.

The two-year payback screen assumes that consumers will, on their own, adopt efficiency measures which have a financial payback of two years or less. In reality, of course, there are many potential barriers which prevent consumers from adopting such measures, such as a lack of knowledge or a lack of funds to pay the upfront costs. Simple, low-cost measures are therefore excluded from consideration, even though these are the types of improvements that low- and moderate-income households could in fact afford with some upfront assistance from a utility energy conservation program.

Florida is the only state in the country that still uses the RIM test and that applies the two-year payback screen so rigidly. There are a number of other evaluation methods in use across the United

States that could be assessed for use in Florida. Expansion of the scope of the current rulemaking to consider broader changes and replacement of the existing evaluation methods would make it possible to conduct such assessments and seek input from a broad range of stakeholders.

Reference:

¹ Dan York and Charlotte Cohn, *Unrealized Potential: Expanding Energy Efficiency Opportunities for Utility Customers in Florida*, American Council for an Energy-Efficient Economy, January 2021.

Source of Additional Information

Dr. Jennifer Jurado, Chief Resilience Officer and Deputy Director, Environmental Protection & Growth Management Department, (954) 519-1464

Fiscal Impact

Fiscal Impact/Cost Summary

There is no fiscal impact associated with the adoption of this Resolution.