



Preliminary Recommendations on Standards 16, 17, 16 and 17 of The Energy Independence Security Act (EISA) of 2007

Introduction

This document represents the preliminary recommended decision for consideration and determination of Standards 16, 17 and 16 and 17 of the Public Utility Regulatory Policies Act (PURPA) of 1978 as amended by The Energy Independence Security Act (EISA) of 2007.

At a Public Hearing held on February 5, 2009, the City Commission received a presentation on the amended Standards related to (1) Integrated Resource Planning; (2) Rate Design to Promote Energy Efficiency Investments; (3) Smart Grid Investments; and (4) Smart Grid Information as part of the process of determining whether or not to adoption these standards.

Explanation:

The Public Utility Regulatory Policies Act of 1978 (PURPA) was initially enacted as part of the National Energy Act by President Jimmy Carter. The Energy Independence Security Act (EISA) of 2007 adds four additional PURPA standards that state commissions and nonregulated utilities must consider. These include (1) Integrated Resource Planning; (2) Rate Design to Promote Energy Efficiency Investments; (3) Smart Grid Investments; and (4) Smart Grid Information.

By action taken December 18, 2008, the City Commission met the deadline requirements to begin consideration of Rate Design to Promote Energy Efficiency Investments and Smart Grid Information. There is no timeline imposed for the Integrated Resource Planning Standard or the Smart Grid Investment Standard, but it is staff's recommendation that all four standards be addressed at this time due to their related issues and to aid in budget planning.

Standard 16

The PURPA Integrated Resource Planning (IRP) Standard requires that each electric utility shall 1) integrate energy efficiency as a resource into capacity plans, State and regional plans; and 2) adopt policies establishing cost-effective energy efficiency as a priority resource. Note that IRP was adopted by GRU as a planning standard in the early 1990s.

Staff's preliminary recommendation is to not adopt this standard, as already have equivalent policy in place.

- GRU adopted IRP as a planning standard in the early 1990s
- City Commission adopted TRC (Total Resource Cost Test) which expanded the energy efficiency/conservation programs that would be offered by the utility

Standard 17

The PURPA Rate Design Modifications to Promote Energy Efficiency Investments Standard states that the rates allowed to be charged by any utility shall 1) align utility incentives with the delivery of cost-effective energy efficiency; and 2) promote energy efficiency investments.

Considerations for this standard:

- Allows the direct costs of efficiency programs to be recovered by the utility.
- Allows for capitalization of energy efficiency expenditures.
- Consider decoupling revenues from sales and allow rate adjustments when sales deviate from forecast
- Consider direct cost recovery using line item on bill specifically for cost of conservation programs
- Consider rate designs that consider impact of Energy Efficiency (EE), encourage EE and allow for recovery of EE related costs
- Offering home energy audits and demand response programs, publicizing the financial and environmental benefits of home EE improvements, and educating homeowners about all existing incentives that make EE improvements more affordable.

Staff's preliminary recommendation is to not implement this standard as:

- Capitalizing expenditures for recovery and rate of return is related to IOUs
- GRU's costs are recovered in base rates
- Energy efficiency impacts have been considered in rate design
- Increasing block and time-of-use rates are in place
- Energy efficiency programs and education are strong focus of utility

Standard 16

The standard for Consideration of Smart Grid Investments states that prior to undertaking investments in non-advanced grid technologies, an electric utility must consider investment in a qualified smart grid system based on appropriate factors.

Staff's preliminary recommendation is to not adopt this standard for the following reasons:

- As written, the language of this standard is setting requirement for the **State**, not the utility, so is out of the jurisdiction of the utility or City Commission
- GRU already considers the six factors in evaluation of capital projects as prudent utility practice
- Subsections B & C are not relevant for GRU, as GRU's rates are set by policy of city commission and do not require state consideration for recovery.
- Formal analysis of Smart Grid options and cost of deployment of such a system is complicated by rapidly changing costs and technologies

Standard 17

The standard for Smart Grid Information, states that all electricity purchasers shall be provided direct access to information from their electricity provider regarding prices, usage, intervals and projections and sources.

Considerations for this standard are:

- Usage and rates are currently available on the internet
- Intervals and projections require AMI which has been shown not to be cost effective at this time.
- Sources of energy are published in annual reports but will be included on our website in the future.
- The Smart Grid item is in GRU's Economic Stimulus package, but that process will not be complete by this budget season
- 100 Largest Customers have interval meters (MV90)
- Enetics End-Use Load Research
- GRUCom working on fiber to the home and Wi-Fi projects that may provide platform for future AMI consideration

Staff's preliminary recommendation is to not adopt this standard, as:

- Implementation would cause rate pressure for all customers, while not all customers may be able to use this service
- Staff is continually looking for ways to provide information to our customers
- AMI options are reviewed regularly as technology and operational needs change

The following timeline was adopted by the City Commission on December 18, 2008:

January 30, 2009 - GRU staff's preliminary recommendation whether to consider adopting these standards will be released and available at the Office of the General Manager at 301 SE 4th Avenue, Gainesville, Florida 32614-7117, or by telephone at 352-393-1000. The GRU staff recommendation will also be available at the Office of the Clerk of the Commission at 200 East University Avenue, Gainesville Florida 32602-0490, or by telephone at 352-334-5015. The Notice (attached) of Hearing will be published in the Gainesville Sun.

On, or before February 5, 2009 – members of the general public planning to participate in the hearing must file a Notice of Intent to Participate in Hearing (attached) and may file written testimony and any other information in support of or in opposition to the adoption of the GRU staff recommendation. Notice of Intent may be filed at the meeting.

February 5, 2009 – public hearing shall be held at the City Commission

meeting, after 6 pm.

March 5, 2009 – The General Manager shall issue a final Recommended Decision for Gainesville City Commission consideration

March 19, 2009 - The Gainesville City Commission shall issue their decision adopting, modifying or rejecting the Recommended Decision regarding the implementation of the standards discussed above.

PURPA requires that all consideration and determination on implementation be completed by December 19, 2009.

NOTICE OF HEARING

The City of Gainesville hereby gives public notice of a Public Hearing to be held at its regularly scheduled meeting on February 5, 2009 during the public hearing portion of the meeting. The Hearing will address the City of Gainesville and Gainesville Regional Utilities (GRU) consideration and determination of Standards 16, 17, 16 and 17 of the Public Utility Regulatory Policies Act of 1978 (as amended by The Energy Independence Security Act (EISA) of 2007).

PURPA jurisdictional members have until December 19, 2008, to begin consideration of Standard 17, Rate Design to Promote Energy Efficiency Investments and Standard 17, Smart Grid Information. There is no timeline imposed for Standard 16 Integrated Resource Planning or Standard 16, Smart Grid Investment, but it is staff's recommendation that all four standards be addressed at this time for simplicity.

The PURPA Integrated Resource Planning Standard (16) requires that each electric utility shall 1. integrate energy efficiency resources into utility, State and regional plans; and 2. adopt policies establishing cost-effective energy efficiency as a priority resource.

The PURPA Rate Design Modifications to Promote Energy Efficiency Investments Standard (17) states that the rates allowed to be charged by any utility shall 1. align utility incentives with the delivery of cost-effective energy efficiency; and 2. promote energy efficiency investments.

Standard 16, Consideration of Smart Grid Investments states that prior to undertaking investments in non-advanced grid technologies, an electric utility must consider investment in a qualified smart grid system based on appropriate factors.

Standard 17, Smart Grid Information, states that all electricity purchasers shall be provided direct access to information from their electricity provider regarding prices, usage, intervals and projections and sources.

Parties who wish to participate must meet the following schedule:

1. January 30, 2009 - GRU staff recommendation will be released and available at the Office of the General Manager at 301 SE 4th Avenue, Gainesville, Florida 32614-7117, or by telephone at 352-393-1000. The GRU staff recommendation will also be available at the Office of the Clerk of the Commission at 200 East University Avenue, Gainesville Florida 32602-0490, or by telephone at 352-334-5015. The Notice (attached) of Hearing will be published in the Gainesville Sun.
2. On, or before February 5, 2009 – members of the general public planning to participate in the hearing must file a Notice of Intent to Participate in Hearing (attached) and may file written testimony and any other information in support of or in opposition to the adoption of the GRU staff recommendation. Notice of Intent may be filed at the meeting.
3. February 5, 2009 – public hearing shall be held at the City Commission meeting, after 6 pm.
4. March 5, 2009 – The General Manager shall issue a Recommended Decision for Gainesville City Commission consideration
5. March 19, 2009 - The Gainesville City Commission shall issue their decision adopting, modifying or rejecting the Recommended Decision regarding the

implementation of Standards 16, 17, 16 and 17.

All filings required above shall be filed with the GRU General Manager, 301 SE 4th Avenue, Gainesville, Florida 32614-7117. Parties may request copies of GRU Staff recommendation and any other information relevant to this matter by contacting the Office of the GRU General Manager at the above address or at (352) 393-1000.

NOTICE OF INTENT TO PARTICIPATE IN HEARING

Application for Award of Reasonable Costs

To: *Gainesville Regional Utilities*
301 SE 4th Avenue
Gainesville, FL 33601

I, _____, hereby submit this Application for Award of Reasonable Costs on this _____ day of _____, 2009, and do hereby swear for and affirm that the information provided herein is true and correct to the best of my knowledge.

Please answer the following questions in the space provided. You may attach separate sheets if necessary. If separate sheets are attached, please use corresponding numbers.

1. Contact Information:

Name	Address	City/State/Zip
(____)	(____)	_____
Telephone	Fax	Email

2. Please check which one of the following is applicable to you:

- An electric consumer of Gainesville Regional Utilities. _____
(Customer Account Number)
- An electric consumer of another affected utility. _____
(Name of utility)
- An affected electric utility. _____
(Name of utility)
- Other. _____
(Explain)

3. Please state whether you believe that you have, or represent an interest, that would not otherwise be adequately represented in these proceedings, and if so, please specifically and fully explain the basis of your statement.
4. Please state whether you believe that you have or represent an interest, the representation of which is necessary for a fair determination in these proceedings, and if so, please specifically and fully explain the basis of your statement.
5. Please state whether you believe that you have or represent an interest that is unable to effectively participate because of an inability to pay reasonable fees and costs associated with participation in these proceedings, or which, but for the ability to receive an award of costs, would otherwise entail a significant financial hardship, and if so, please specifically and fully explain the basis of your statement.
6. Please state whether, to your knowledge, persons with the same or similar interests have a common legal representative in this proceeding. Please note that Gainesville Regional Utilities reserves the right to deny reasonable costs to persons with the same or similar interests who do not have a common legal representative.
7. Please state the total amount of costs sought. In addition, please provide sufficient facts to substantiate the amount and reasonableness of the following:
 - (a) Whether the amount sought is based upon actual or reasonable anticipated fees and costs;
 - (b) The number of hours expended or anticipated to be expended by each attorney and/or expert witness for which compensation is sought.
 - (c) The hourly rate of each attorney and/or expert witness for which compensation is sought.
 - (d) An itemized description of work efforts conducted, or expected to be conducted, by each attorney and/or expert witness for which compensation is sought.
 - (e) Other costs and expenses for which compensation is or will be sought.

Submission of this Application does not entitle the applicant to an award of reasonable costs. Gainesville Regional Utilities reserves the right to deny any Application in accordance with the PURPA Procedures. Gainesville Regional Utilities' decision is binding and may not be appealed. Gainesville Regional Utilities reserves the sole right to determine whether it has provided alternative means for providing adequate compensation to affected consumers, thereby negating any right to an award of costs.

(Signature) (Date)

(Print Name of Signatory)

The foregoing instrument was acknowledged before me this ____ day of _____, 2009, by _____ who did take an oath and who did swear or affirm that the facts set forth above are true and correct.

NOTARY PUBLIC

Official Notary Signature and Notary Seal

Name of Notary Typed, Printed or Stamped

Commission Expires: _____

Personally known _____ OR produced identification _____.
Type of identification produced _____.