



Saving Energy the Smart Way: Facts About Demand-Side Management (DSM)

Florida is a great place to live, work and do business. Florida Power & Light Company is committed to keeping it that way by providing reliable electric service and low electric bills now and in the future.

FPL's typical residential bill is about 25 percent below the national average. Our customers count on us to make the right investments that work for them, their businesses and their families. As part of our regular process of updating DSM goals, we focus on making sure customers only pay for programs that are cost-effective.

What is Demand-Side Management?

DSM involves setting goals to reduce electricity use and peak demand through programs that encourage customers to conserve energy and take steps to make their homes and businesses more energy-efficient. These include incentive programs and education. All utility customers pay for the cost of providing DSM programs through the Energy Conservation Cost Recovery component of their bill. Our goal is to deliver cost-effective programs that have sustained benefits.

Demand-Side Management (DSM)

A utility-driven action that reduces or curtails customer equipment or processes to reduce energy consumption.

- » DSM is often used in order to reduce customer load during peak electric demand and/or in times of electricity supply constraint.
- » DSM encompasses different types of programs, including energy efficiency and load control.

Energy Efficiency

Energy efficiency refers to the reduction of the amount of electricity that is used by customers' equipment.
Energy efficiency is often achieved by replacing certain equipment with more technologically advanced equipment that uses less electricity.

- » Examples: CFLs and LED lighting, high-efficiency appliances, etc.

Load Control/Management

Load control refers to the reduction of customer load by direct control of the utility during times of annual peak demand.

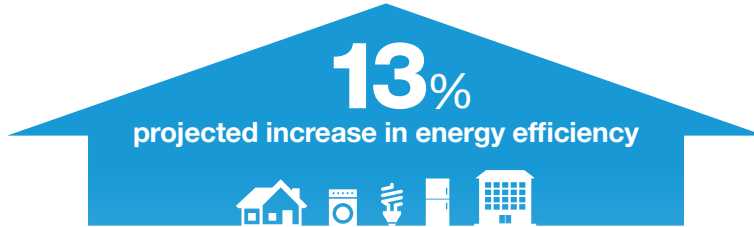
- » Example: FPL's On Call® program – customers voluntarily sign up to allow FPL to occasionally switch off their pool pumps, water heaters and/or air conditioners for short periods of time during extremely high electricity demand in Florida (most often summer afternoons) in exchange for a credit on their monthly bills.

Cost-Effective DSM Programs

Keeping customer rates low is a top priority for FPL. That's why we support cost-effective DSM programs that provide real energy savings without driving up electric rates. If a program is not cost-effective, it means that the costs are greater than the net conservation benefit of the program for all customers.

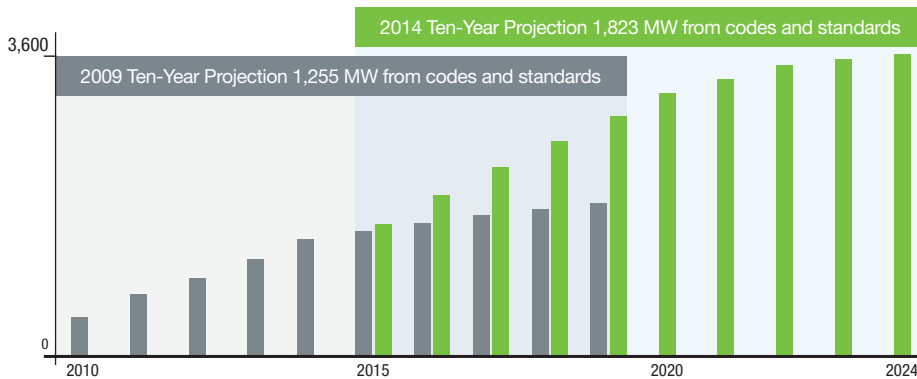
We go line-by-line to measure, study and analyze how our DSM programs impact customer rates because we believe customers should be able to keep more of their money and have the flexibility to make more of their own energy decisions.

All customers bear the cost of mandated energy-efficiency programs, whether they use them or not, so it's important we take a close look at them through the regulatory process.



Stricter building codes and appliance/manufacturing standards, combined with cost-effective DSM achieved through FPL-sponsored programs, are projected to result in 13 percent more energy efficiency benefitting FPL customers.

Cumulative energy efficiency from stricter building codes and appliance/manufacturing standards



FPL's Proposal for 2015-2024

Every five years, the Florida Public Service Commission (PSC) reviews DSM goals that utilities must meet through customer programs. From 2010 through 2014, FPL customers will pay more than \$1 billion in rates to meet mandated DSM goals. FPL's 2015-2024 proposal would reduce DSM costs paid by FPL customers by an estimated \$80 million a year.

Lower DSM goals mean lower rates for FPL customers but they don't mean less energy efficiency. FPL customers are expected to benefit from approximately 13 percent more energy efficiency over the next decade, versus comparable 2009 projections. This increase is a result of the company's proposed DSM goals, combined with stricter state building codes and federal equipment manufacturing standards that deliver energy efficiency without utility-sponsored incentives.

At the same time, FPL's natural gas cost projections are approximately 50 percent lower than they were in 2009. FPL's modernized power plants are also more fuel-efficient than ever before, and we continue to invest to make our fleet even more fuel-efficient in the future.

Pending PSC approval of the proposed goals, FPL customers would begin to see these savings reflected in lower conservation charges on their electric bills as early as January 2015.

A Proven Track Record of Efficiency

FPL has reduced the demand for new power plants, offering energy-saving solutions, and substantially reducing emissions – all while providing our customers with low bills and reliable service.

- » Our DSM and energy-efficiency programs are recognized for being among the most successful in the nation, preventing the need to build approximately 14 medium-size power plants.
- » We operate the largest load management program in the nation; no utility has enrolled more customers in its load-control programs than FPL.
- » We have provided education through more than 3.3 million home energy surveys to help customers be more energy efficient.

Beyond Demand-Side Management

When it comes to energy conservation, FPL offers new tools and information to help customers make informed energy choices so they can control their energy use and save on their bills. We have developed a free Business Energy Manager that allows customers to go online any time, track their energy usage and get personalized recommendations on how they can.