

## Ruth Nettles

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**From:** Thomas J. Sutton [thomas@sunshinestatesolarpower.com]  
**Sent:** Friday, September 05, 2008 9:35 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Dorothy Menasco; Mark Futrell; Karen Webb; Cindy Miller  
**Subject:** Sunshine State Solar Power RPS Rule Revisions - Docket 080503-EI - RESUBMITTAL  
**Attachments:** Sunshine State Solar Power RPS Rule Revisions.pdf

As requested by Ms. Menasco, attached file has combined transmittal letter and rule revisions. Sorry for the inconvenience.

Please file this in Docket 080503-EI.

Thank you,

Thomas J. Sutton

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DOCUMENT NUMBER-DATE

08267 SEP-5 8

FPSC-COMMISSION CLERK

# Sunshine State Solar Power

September 5, 2008

Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399

RE: Docket 080503-EI, Establishment of Rule on Renewable Portfolio Standard

Dear Commissioners:

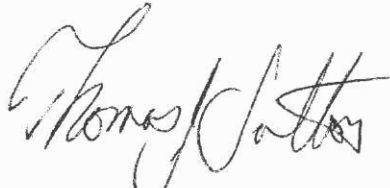
As requested during the recent Renewable Portfolio Standard workshops, enclosed are commentary and type and strike language from Sunshine State Solar Power, LLC regarding proposed Rule 25-17.400 Renewable Portfolio Standard, Rule 25-17.410 Florida Renewable Energy Credit Market and Rule 25-17.420 Municipal and Rural Electric Coop Reporting. In addition to the commentary in this submittal, we also refer Commission and Staff to our prior comment submittal on August 19 for further support and rationale for our revisions.

We appreciate the opportunity to comment on the proposed rules and look forward to continued involvement with the Public Service Commission and other stakeholders on the design and implementation of a successful Renewable Portfolio Standard for Florida.

Sincerely,



Raymond Hamilton  
Principal



Thomas J. Sutton  
Principal

cc: M. Futrell  
K. Webb

Attachment: SSSP Comments

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08267 SEP -5 08

FPSC-COMMISSION CLERK

**I. Renewable Portfolio Standard**

17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish numerical portfolio standards for each investor-owned electric utility that will promote the development of renewable energy, protect the economic viability of existing renewable energy facilities, diversify the types of fuel used to generate electricity in Florida, lessen Florida’s dependence on fossil fuels for the production of electricity, minimize the volatility of fuel costs, encourage investment in the state, improve environmental conditions, and minimize the costs of power supply to electric utilities and their customers.

(b) After approval of the initial renewable portfolio standards, the Commission shall review and set renewable portfolio standards for each investor-owned electric utility at least once every ~~five~~three years, starting on January 1, 2013. The Commission on its own motion, or upon petition by a substantially affected person or a utility, shall initiate a proceeding to review and, if appropriate, modify the renewable portfolio standards. All modifications of the approved renewable portfolio standards and the associated compliance plans shall only be on a prospective basis. [Note: SSSP believes that the RPS standards should be monitored more regularly than 5 years. A shorter, but reasonable 3-year review cycle will provide a framework for necessary revisions to be completed in a more timely fashion. We suggest that the first review coincide with the first yearly date that the RPS percentages adjust upwards from the initial 2% starting point. Our proposal sets the first review date as January 1, 2013]

(c) In a proceeding to establish ~~or~~ modify the renewable portfolio standards, each investor-owned electric utility and industry participants shall propose numerical renewable portfolio

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1 standards based on an analysis of the technical and economic potential for Florida renewable  
2 energy resources to provide reasonably achievable and affordable annual energy (KWH)  
3 savings. [Note: SSSP has made revisions to reflect that this section applies to prospective  
4 proceedings. We assume that the current proceedings are being used to “establish” the initial  
5 RPS rules and that the IOUs and industry participants will have submitted all relevant  
6 information as part of this process. Once the initial rules are approved, no proposed numerical  
7 renewable portfolio standards should be submitted unless required by the 3-year review cycle  
8 proceedings.]

9 (2) Definitions.

10 (a) “Alternative Compliance Payment,” means a separate financial payment that is equal to  
11 125 percent of the respective average annual price for a Class I or Class II Renewable Energy  
12 Credit multiplied by the total megawatt-hours of electric generation by which the investor-  
13 owned utility has fallen short of the applicable annual renewable portfolio standards shortfall.

14 [Note: New definition is used in Compliance Section revisions]

15 (ba) “Florida renewable energy resources,” means electrical, mechanical, or thermal energy  
16 produced from a method that uses one or more of the following fuels or energy sources:  
17 hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat,  
18 or hydroelectric power that is produced in Florida.

19 (c) “Penalty Payment,” means a separate financial payment that is equal to 200 percent of the  
20 respective average annual price for a Class I or Class II Renewable Energy Credit multiplied  
21 by the total megawatt-hours of electric generation by which the investor-owned utility has  
22 fallen short of the applicable annual renewable portfolio standards shortfall. [Note: New  
23 definition is used in Compliance Section revisions]

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1 (db) “Renewable energy,” means electrical energy produced from a method that uses one or  
2 more of the following fuels or energy sources: hydrogen produced from sources other than  
3 fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and  
4 hydroelectric power. The term includes the alternative energy source, waste heat, from  
5 sulfuric acid manufacturing operations.

6 (ce) “Biomass,” means a power source that is comprised of, but not limited to, combustible  
7 residues or gases from forest products manufacturing, waste, or co-products from agricultural  
8 and orchard crops, waste or co-products from livestock and poultry operations, waste or  
9 byproducts from food processing, urban wood waste, municipal solid waste, municipal liquid  
10 waste treatment operations, and landfill gas.

11 (fd) “Class I renewable energy source,” means Florida renewable energy resources derived  
12 from wind or solar energy systems located in the State of Florida. [Note: Clarifying language  
13 that only renewable assets located in Florida are eligible to sell energy and RECs]

14 (ge) “Class II renewable energy source,” means renewable energy derived from Florida  
15 renewable energy resources located in the State of Florida, other than wind or solar energy  
16 systems technologies. [Note: Clarifying language that only renewable assets located in Florida  
17 are eligible to sell energy and RECs]

18 (hf) “Renewable Energy Credit,” means a financial instrument that represents the unbundled,  
19 separable, renewable attribute of renewable energy or equivalent solar thermal energy  
20 produced in Florida and is equivalent to one megawatt-hour of electricity generated by a  
21 source of renewable energy located in Florida.

22 (ig) “Renewable Portfolio Standard,” means the minimum percentage of total annual retail  
23 electricity sales by an investor-owned electric utility to consumers in Florida that shall be

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1 supplied by renewable energy produced in Florida.

2 (jh) “Solar Energy System,” means equipment that provides for the collection and use of  
3 incident solar energy for photovoltaic applications, water heating, space heating or cooling, or  
4 other applications that would normally require a conventional source of energy such as  
5 petroleum products, natural gas, or electricity that performs primarily with solar energy. In  
6 other systems in which solar energy is used in a supplemental way, only those components  
7 that collect and transfer solar energy shall be included in this definition.

8 (ki) “Solar Photovoltaic System,” means a device that converts incident sunlight into electrical  
9 current.

10 (lj) “Solar thermal system,” means a device that traps heat from incident sunlight in order to  
11 heat water.

12 (mk) “Equivalent Solar Thermal Energy,” means the conversion of the thermal output,  
13 measured in British Thermal Units, of a solar thermal system to equivalent units of one  
14 megawatt-hour of electricity otherwise consumed from or output to the electric utility grid.

15 (3) Renewable Portfolio Standard. Within 90 days of the effective date of this rule, and not  
16 less than every five years thereafter, each investor-owned electric utility shall file for approval  
17 by the Commission a proposed plan for meeting the currently approved renewable portfolio  
18 standards based on an analysis of the technical and economic potential of Florida renewable  
19 energy resources for each utility’s service area. [Note: SSSP made revisions to align the filing  
20 period with the annual requirements stated in Section 17.400 (6) (i). Additionally, the IOUs  
21 should not be proposing the renewable portfolio standards, they should be setting forth plans  
22 that show how the initial PSC-approved standards are going to be met. If rule changes are  
23 being considered during one of the 3-year review cycles, the IOUs and industry participants

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1 can submit proposals for new standards at that time]

2 (a) Initially, each investor-owned utility shall submit a proposed plan annual-renewable  
3 portfolio standards which meets or exceeds the following long term standards through the  
4 direct supply of renewable energy, procurement of renewable energy production or purchase  
5 of renewable energy credits pursuant to Rule 17.410, F.A.C.:

6 1. by January 1, 2010: 2 percent of the prior year’s retail electricity sales;

7 2. by January 1, 2017<sup>13</sup>: ~~3.75~~ 4 percent of the prior year’s retail electricity sales;

8 3. by January 1, 2025<sup>16</sup>: 6 8 percent of the prior year’s retail electricity sales;

9 4. by January 1, 2050<sup>19</sup>: ~~20~~ 12 percent of the prior year’s retail electricity sales;:

10 5. by January 1, 2022: 16 percent of the prior year’s retail electricity sales;

11 6. by January 1, 2025: 20 percent of the prior year’s retail electricity sales.

12 [Note: SSSP revisions reflect similar changes to the lead-in paragraph regarding submittal of  
13 plans. Additionally, as addressed in our August 19 comments, the renewable portfolio  
14 standards need to be more aggressive and our proposal to reach 20% by 2025 is reflected  
15 above]

16 **Options for Wind & Solar Preference:**

17 OPTION I:

18 (b) By January 1, 2017, a minimum of 25% of the renewable portfolio standard shall be  
19 provided from Class I renewable energy sources;

20 OPTION II:

21 (b) By January 1, 2016<sup>7</sup>, a minimum of 20% of the renewable portfolio standard shall be  
22 provided from Class I solar photovoltaic or solar thermal systems and 5% of the renewable  
23 energy portfolio standard shall be provided by Class I wind energy systems;. In the event,

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1 wind energy systems do not utilize 5% of the renewable energy portfolio carve out, the  
2 deficiency can be supplied from solar photovoltaic or solar thermal systems. The progress-to-  
3 date of the respective investor-owned utility’s status in meeting these percentage standards  
4 will be evaluated during the 3-year review process [Note: SSSP is in favor of having a sub-  
5 carveout for solar and wind; however, in order to avoid having an unutilized sub-carveout we  
6 are suggesting that any unused wind entitlements be available to the solar categories]

7  
8 OPTION III:

9 (b) For purposes of compliance with the renewable portfolio standards, a multiplier of 5 shall  
10 be applied to all renewable energy credits produced from Class I renewable energy sources  
11 until the first year in which they represent, in aggregate, 25% of the annual Renewable  
12 Portfolio Standard. [Note: SSSP does not agree with the multiplier approach, but if a  
13 multiplier is instituted we propose the following language for OPTION III;

14 “(b) For purposes of compliance with the renewable portfolio standards, a multiplier of 5 shall  
15 be applied to all renewable energy credits produced from Class I renewable energy sources  
16 until the later of January 1, 2016 or the first year in which Class I renewable energy sources  
17 represent, in aggregate, 25% of the annual Renewable Portfolio Standard.”]

18 (c) In order to ensure that the Renewable Portfolio Standard rules do not result  
19 in prohibitive costs, an overall annual compliance cap will be established. This annual cap  
20 will be set at 5 percent of an investor-owned utility’s prior year annual retail revenues. As  
21 discussed in Section 17.400 (5) Cost Recovery, only those reasonable and prudent costs that  
22 are in excess of an investor-owned utility’s avoided cost can be applied against the cap. The  
23

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1 cap would cover costs associated with 3<sup>rd</sup>-party renewable transactions as well as costs from  
2 investor-owned utility self-generation.

3 [Note: Clarifying language on the cap and what costs are applied to it]

4 (d) Given that separate regulatory processes (i.e. renewable portfolio standard and rate  
5 making) will be used to determine costs and cost competitiveness of renewable energy and  
6 renewable energy credits for 3<sup>rd</sup>-party transactions compared to investor-owned utility self-  
7 generation, the Commission needs to establish a transparent framework to compare the “above  
8 avoided cost” components that result from these two compliance alternatives.

9 [Note: Purchase of 3<sup>rd</sup>-party renewable energy or RECs will be through a power purchase  
10 obligation that will be subject to an avoided-cost prudence review and a market-based contract  
11 in the REC market. Conversely, renewable energy or RECs that result from the self-build  
12 option will be handled through project reviews and/or normal ratemaking procedures. These  
13 investor-owned utility regulatory processes typically focus on a cost recovery/rate of return  
14 analysis, not an “avoided-cost” type of analysis. We need to ensure that the ratemaking  
15 process for a self-generation project is expanded to include a separate analysis that breaks the  
16 revenue recovery into an avoided cost component and a REC component, such that there can  
17 be an “apples to apples” comparison with the 3<sup>rd</sup>-party transaction standards. Additionally,  
18 this separate analysis is necessary in order to determine the “cost” of the investor-owned  
19 utility’s self-generated REC for RPS compliance cap purposes.

20 Lastly, these two distinct regulatory processes need to be coordinated such that any separate  
21 cost/rate settlements under one process do not negatively affect the other.

22 (ee) Each investor-owned electric utility proposed renewable portfolio standard filing shall, at  
23 a minimum, contain the following:

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1 1. Current and ten-year forecast of installed capacity in kilowatts for each Florida  
2 renewable energy resource located in the State of Florida;

3 2. Levelized life-cycle cost in cents per kilowatt-hour for each Florida-renewable  
4 energy resource located in the State of Florida;

5 3. Current and ten-year forecast of the effects of the renewable portfolio standard on  
6 the reduction of greenhouse gas emissions in Florida;

7 4. Current and ten-year forecast of the effects of the renewable portfolio standard on  
8 economic development in Florida; and

9 5. Current and ten-year forecast of the estimated retail rate impact for each class of  
10 customers of the proposed renewable portfolio standard. [Note: Clarifying language that only  
11 resources located in Florida are eligible to sell energy and RECs]

12 (4) Cost Competitive Procurement. The investor-owned utilities shall use a competitive  
13 bidding process in order to procure the renewable energy and renewable energy credits  
14 necessary to comply with the annual renewable portfolio standards. This framework will  
15 ensure that compliance is met in a cost effective manner.

16 (a) investor-owned utilities shall conduct each bid solicitation process in an open and fair  
17 manner;

18 (b) investor-owned utilities may solicit bids for a bundled or unbundled renewable energy  
19 and renewable energy credit products or combinations thereof;

20 (c) results of the solicitation will be provided to the Commission upon completion of the  
21 process. Information to be provided will include identification of the accepted and  
22 rejected bids, bid selection criteria and method for analyzing bids, reasons for  
23

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1           acceptance or rejection decisions. The Commission may request all other information  
2           necessary for it to review the solicitation results;

3           (d) an investor-owned utility must contact the Commission in advance of any solicitation  
4           if the investor-owned utility or an affiliate plan to submit a bid under a solicitation.  
5           The Commission or a 3<sup>rd</sup> party approved by the Commission will be responsible for  
6           ensuring that the proper protocols are in place such that the investor-owned utility bid  
7           and the non-affiliated bids are evaluated on a fair and consistent basis.

8           (5) Contracting Provisions. Upon conclusion of a bid solicitation, the investor-owned utility  
9           and winning bidders shall commence negotiations of the contractual arrangements necessary  
10           for these renewable energy projects to move forward in a timely manner.

11           (a) Purchase Agreements may involve bundled or unbundled renewable energy and  
12           renewable energy credits or combinations thereof;

13           (b) Purchase Agreements shall be for a minimum tenor of 20 years, unless the provider of  
14           the renewable energy or renewable energy credits accepts a shorter contract tenor;

15           (c) Purchase Agreements will provide for the proper renewable energy credit certifications  
16           and ownership transfer conditions required under Rule 17.410 so that the investor-  
17           owned utility may use these credits to meet compliance standards;

18           (d) The investor-owned utility will submit the final Purchase Agreement to the  
19           Commission for review and approval.

20           (64) Compliance.

21           (a) In approving the proposed renewable portfolio standards The Commission will be  
22           responsible for and enforcing compliance with the approved renewable portfolio standards  
23           and other requirements mandated under Rule 25-17.400.

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1 (a) the Commission shall consider excusing an investor-owned electric utility from  
2 compliance with any renewable portfolio standard based upon a showing providing that:

3 The investor-owned electric utility submits a written request with supporting  
4 documentation explaining the reasons for the excusal. Such request shall be  
5 accompanied by an officer's certificate stating that (1) it has made reasonable efforts to  
6 negotiate and enter into sufficient REC contracts with third parties or develop  
7 sufficient self-build renewable energy resources or (2) the cost of compliance was  
8 prohibitive such that it exceeded five percent of the investor-owned electric utility's  
9 total annual retail revenues.

10 In the event that the Commission grants the excusal request, the investor-owned electric utility  
11 shall be required to pay the respective Alternative Compliance Payment for each megawatt-  
12 hour of electric generation by which it has fallen short of the applicable annual renewable  
13 portfolio standards. Separate Alternative Compliance Payment calculations will be completed  
14 for the Class I preference standard and the annual renewable portfolio standard. Any resulting  
15 Alternative Compliance Payments will be deposited into a Public Benefits Fund that will  
16 provide additional economic incentives for Florida renewable energy investments, including  
17 supplemental REC payments. The total amount paid for Alternative Compliance Payments in  
18 an annual period is recoverable through the Environmental Cost Recovery clause and cannot  
19 exceed an amount that results in the investor-owned utility's annual compliance costs being in  
20 excess of the five percent of total annual retail revenue cap.

21 (b) In the event that an investor-owned utility willfully fails to comply with the annual  
22 renewable portfolio standards or is not otherwise excused from compliance by the  
23 Commission, the investor-owned utility will be required to pay the respective Penalty Payment

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1 for each megawatt hour of electric generation by which it has fallen short of the applicable  
2 annual renewable portfolio standards. Separate Penalty Payment calculations will be  
3 completed for the Class I preference standard and the annual renewable portfolio standard.  
4 Any resulting Penalty Payments will be deposited into a Public Benefit Fund that will provide  
5 additional economic incentives for Florida renewable energy investments, including  
6 supplemental REC payments. The Penalty Payments are not recoverable and are not subject  
7 to a total annual retail revenue cap.

8 (c) The Commission shall determine appropriate charges, fines or penalties for all other  
9 failures to meet the requirements mandated under Rule 25-17.400.

10 ~~1. the supply of renewable energy or renewable energy credits is not adequate to~~  
11 ~~satisfy the demand for such energy; or~~

12 ~~2. the cost of securing renewable energy or renewable energy credits was prohibitive~~  
13 ~~such that the total costs for compliance with the renewable portfolio standard exceeded~~  
14 ~~onethree to five percent of the investor-owned electric utility's total annual retail revenues.~~

15 (db) Any utility requesting to be excused from meeting its renewable portfolio standard must  
16 submit its request along with the annual report required by Rule 25-17.400(6), F.A.C.

17 Note: SSSP revisions to this section, as stated in our August 19 comments, reflect the need  
18 for RPS compliance to be mandatory with extremely limited circumstances for excusal.

19 Excusal should only apply if the IOU has made reasonable efforts to self-build renewable  
20 generation and to negotiate and procure renewable energy and RECs from 3<sup>rd</sup> parties. If

21 reasonable standards are met, the IOU can petition the PSC for excusal if renewable energy or  
22 REC supply is inadequate or if the cost of compliance is deemed prohibitive. If the PSC  
23 excuses compliance, the IOU will be required to make an ACP that is recoverable and subject

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1 to a cap. We have defined cost prohibitive as exceeding a cap of 5% of annual retail  
2 revenues. This percentage is necessary to ensure the economic advancement of all renewable  
3 energy resources necessary to meet the annual renewable portfolio standards. If an IOU  
4 willfully fails to comply with the RPS rules or is otherwise not excused from compliance, the  
5 IOU will be required to make a Penalty Payment that is not recoverable and is not subject to a  
6 cap. The ACPs and Penalty Payments are set at levels higher than the average REC price to  
7 ensure that these payment mechanisms are seen as truly secondary forms of compliance.  
8 Every effort should be made to meet compliance through the self-build option and purchase of  
9 renewable energy or RECs.]

10 (75) Cost Recovery. Reasonable and prudent costs associated with the ~~provision or purchases~~  
11 ~~of renewable energy and renewable energy credits from 3<sup>rd</sup> parties in order to meet the~~  
12 ~~investor-owned utility's renewable portfolio standards, including administrative costs of the~~  
13 ~~Florida Renewable Energy Credit Market, shall be recovered through the Environmental Cost~~  
14 ~~Recovery clause. [Note: SSSP believes that the PSC should design and administer the Florida~~  
15 ~~Renewable Energy Credit Market. Please see SSSP related comments in Rule 17.410.~~  
16 ~~Additionally, the word "provision" was stricken to reflect that only the costs of purchasing~~  
17 ~~renewable energy or RECs is recoverable through the ECR. Costs associated with provision~~  
18 ~~of renewable energy or RECs connotes a self-build option which is recovered through normal~~  
19 ~~ratemaking procedures]~~

20 (86) Reporting Requirements. Each investor-owned electric utility shall file with the  
21 Commission an annual report for Florida resources applicable to the Renewable Portfolio  
22 Standard, no later than April 1 of each year for the previous calendar year. Each investor-  
23 owned electric utility's report shall include the following:

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- 1 (a) the retail sales of the prior year in megawatt-hours;  
2 (b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;  
3 (c) the quantity of renewable energy purchased in megawatt-hours, separated by type of  
4 ownership and fuel type;  
5 (d) the costs, quantity and vintage of self-generated renewable energy credits, by fuel type;  
6 (e) the costs, quantity and vintage of renewable energy credits purchased by fuel type;  
7 (f) the fuel type and ownership of the Florida renewable energy resource associated with each  
8 renewable energy credit;  
9 (g) the total amount of Alternative Compliance Payments and Penalty Payments paid in the  
10 previous calendar year, by fuel type;  
11 (hg) Officer certification a statement as to whether the utility it was in compliance with the  
12 renewable portfolio standard in the previous calendar year; and  
13 (ih) the utility’s plan for additional generation or procurement to meet the renewable portfolio  
14 standard for the current calendar year and the following two years. [Note: the reporting  
15 requirements need to be broadened so that the PSC receives full disclosure of the costs  
16 associated with each self-build, renewable energy and REC purchase activity. These details  
17 will provide the information necessary to track compliance and to understand the full costs of  
18 the RPS. It will also be helpful in determining that the RPS is working as intended or whether  
19 particular provisions need to be revised]

20  
21 *Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,*  
22 *366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History–New XX-XX-08.*

23  
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## II. Florida Renewable Energy Credit Market

### 17.410 Florida Renewable Energy Credit Market.

[Note: SSSP believes that an RPS that is based on renewable energy payments (REP) is much simpler to administer and would add the financing certainty that is necessary to ensure significant development of renewable energy projects.

A REP would be established for each technology or distinct application within a technology (e.g., photovoltaic residential, photovoltaic commercial, photovoltaic utility-scale, concentrating solar power, solar thermal-hot water, etc.) The REP would be paid to a renewable energy generator under a long-term contractual arrangement that provides an unbundled product to an offtaker.

Based on Staff statements to date that the legislative intent of HB 7135 and the continuing legislative preference is for a REC-based RPS, we decided not to mark-up this Rule 17.410 to reflect our REP recommendation. We offer our support to revise this Rule in the future if the viability of the renewable energy payments mechanism is reconsidered.

As detailed in the following comments and revisions, we need to impress upon Staff and the Commission that revenue certainty is critical for renewable energy projects to move forward.

The REC payment in the early years may represent upwards of 60-70% of project revenues for some of the applicable renewable technologies. It will be difficult to make an investment

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1 ~~decision if such a large component of the revenue stream is subject to short-term contracts or~~  
2 ~~spot market sales. If this RPS does not provide a construct for ensuring availability of long-~~  
3 ~~term (15-20 year) energy and REC contracts, renewable generation will not develop as~~  
4 ~~required to meet the percentage standards. These long-term contracts should allow bundled or~~  
5 ~~unbundled arrangements based on the contractual parties preferences.]~~

6 ~~(1) The Commission Investor-owned electric utilities shall establish and administer, subject to~~  
7 ~~Commission approval pursuant to subsection (4), an electronic renewable energy credit~~  
8 ~~market. The renewable energy credit market shall allow for the transparent production,~~  
9 ~~buying, selling, and trading of renewable energy credits used to comply with the renewable~~  
10 ~~portfolio standards of Rule 25-17.400, F.A.C. The Commission shall have audit authority for~~  
11 ~~aAll records associated with the production of and the buying, selling, or trading of renewable~~  
12 ~~energy credits, shall be available to the Commission for audit purposes.~~

13 ~~(a) The Commission is Investor-owned electric utilities are encouraged to collectively~~  
14 ~~establish and contract with an independent not-for-profit corporation for the development,~~  
15 ~~administration, and maintenance of a Florida Renewable Energy Credit Market.~~

16 ~~(b) Municipal electric utilities and rural electric cooperative utilities are encouraged to~~  
17 ~~participate in the Florida Renewable Energy Credit Market.~~

18 ~~(c) The administrative costs associated with the Florida Renewable Energy Credit Market~~  
19 ~~shall be collected either through membership dues, certification fees, or administrative fees~~  
20 ~~assessed-applied to the Florida Regulatory Assessment Fee that is used to fund the operations~~  
21 ~~of the Commission. Fees shall be fair, equitable, and cost-based.~~

22 ~~(2) Each investor-owned electric utility shall comply with the renewable portfolio standards~~  
23 ~~approved by the Commission pursuant to Rule 25-17.400, F.A.C., through the production or~~

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25 from 8/11/2008 strawman proposal. Shaded and Underlined text reflects Sunshine  
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1 purchase of renewable energy or renewable energy credits.

2 (a) The following entities are eligible to produce renewable energy credits that may be  
3 counted toward the renewable portfolio standard:

4 1. Investor-owned electric utility Florida ~~located~~ ~~owned~~ renewable energy resources;

5 2. Municipal electric utility and rural electric cooperative utility ~~owned~~ Florida located  
6 renewable energy resources;

7 3. Non-utility Florida-renewable energy resources located in Florida, providing net  
8 capacity and energy under a purchase power agreement to a Florida electric utility;

9 4. Non-utility Florida-renewable energy resources located in Florida greater than 2  
10 megawatts providing on site generation to offset all or a part of the customer's electrical  
11 needs.

12 5. Non-utility Florida-renewable energy resources located in Florida greater than 2  
13 megawatts providing equivalent solar thermal energy to offset all or a part of the customer's  
14 electrical needs;

15 6. Customer-owned Florida-renewable energy resources located in Florida, 2  
16 megawatts or less, that have not received incentives from a Commission-approved demand-  
17 side conservation program pursuant to the Florida Energy and Efficiency Conservation Act,  
18 Sections 366.80-.85 and 403.519, F.S.

19 (b) A renewable energy credit is retained by the owner of the eligible Florida renewable  
20 energy resource from which it was derived unless specifically sold or transferred.

21 (c) A renewable energy credit shall be valid for two years after the date the corresponding  
22 megawatt-hour or equivalent solar thermal energy was generated. A renewable energy credit  
23 from a customer-owned renewable system less than 2 megawatts shall be valid for two years

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1 after the date the renewable energy credit is certified. However, a renewable energy credit  
2 shall be retired after it is used to comply with the Florida or any other state, regional or federal  
3 renewable portfolio standard.

4 (d) Renewable energy credits shall not be used for compliance with the Florida renewable  
5 portfolio standard if the renewable energy credit or its associated energy has already been  
6 counted toward compliance with any other state or federal renewable portfolio standard.

7 (e) Renewable energy credits shall not be used for compliance with the Florida renewable  
8 portfolio standard if the renewable energy credit results from a Commission-approved  
9 demand-side conservation program pursuant to the Florida Energy Efficiency and  
10 Conservation Act, Sections 366.80-.85 and 403.519, F.S.

11 ~~(3) Initially, the price of each renewable energy credit shall be capped at the equivalent of \$16~~  
12 ~~per ton of net greenhouse gas emissions (GHG) reduced by Florida renewable energy~~  
13 ~~resources relative to the GHG emissions otherwise emitted by the utility. The price cap shall~~  
14 ~~be reevaluated or phased out upon adoption of a state or federal cap and trade system. [Note:~~  
15 ~~As discussed in our August 19<sup>th</sup> comments, SSSP believes that a 5% rate cap would be~~  
16 ~~sufficient alone]~~

17 (4) Within 90 days from the effective date of this rule, the Commission investor-owned electric  
18 utilities shall have developed file for Commission approval the structure, governance, and  
19 procedures for administering the renewable energy credit market, which will provide . The  
20 compliance filing shall, at a minimum, provide provisions for the following:

21 (a) a mechanism to buy, sell, and trade renewable energy credits generated by utilities and  
22 Florida renewable energy resources;

23 (b) the aggregation of renewable energy credits for customer-owned Florida renewable energy

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1 resources;

2 (c) the certification and verification of renewable energy credits as defined in Rule 25-

3 17.400(2)(f), F.A.C., including renewable energy credits resulting from Equivalent Solar

4 Thermal Energy as defined in Rule 25-17.400(2)(k), F.A.C.;

5 (d) an accounting system to verify compliance with the renewable portfolio standard; and

6 (e) a method to record each transaction instantaneously including ownership, and to indicate

7 whether the renewable energy credit is associated with a Class I or Class II renewable energy

8 source as defined in Rule 25-17.400(2)(d) and (e), F.A.C.

9  
10 *Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,*

11 *366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History–New XX-XX-08.*

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2 **III. Municipal and Rural Electric Coop Reporting**

3  
4 25-17.420 Municipal Electric Utility and Rural Electric Cooperative Renewable Energy

5 Reporting

6 (1) Each municipal electric utility and rural electric cooperative utility shall file with the  
7 Commission an annual report no later than April 1 of each year for the previous calendar year.

8 Each utility's report shall include the following:

9 (a) the retail sales of the prior year in megawatt-hours;

10 (b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;

11 (c) the quantity of renewable energy purchased in megawatt-hours, separated by type of  
12 ownership and fuel type;

13 (d) the costs, quantity and vintage of self-generated renewable energy credits, by fuel type;

14 (e) the costs, quantity and vintage of renewable energy credits purchased, by fuel type;

15 (f) the fuel type and ownership of the Florida renewable energy resource associated with each  
16 renewable energy credit;

17 (g) a statement as to whether the utility has adopted a renewable portfolio standard, or has any  
18 plans to conduct a proceeding to establish a renewable portfolio standard in the upcoming  
19 year.

20  
21 Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,

22 366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History–New XX-XX-08.

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