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1. John W. McWhirter, Jr., McWhirter Reeves & Davidson, P.A., PO Box 3350 ,FI 33601-3350, jmcwhirter@mac-law.com is the person responsible for this electronic filing;
2. The filing is to be made in Docket 080503-EI, In re: RPS Rule Establishment
3. The filing is made on behalf of the Florida Industrial Power Users Group;
4. The total number of pages is 10
5. The attached document is The Florida Industrial Power User Group's RPS Draft Rule Suggestions.

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FPSC-COMMISSION CLERK

I. Renewable Portfolio Standard

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17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish minimum 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 years. 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.

(c) In a proceeding to establish or modify the renewable portfolio standards, each investor-owned electric utility shall propose numerical renewable portfolio standards based on an analysis of the technical and economic potential for Florida renewable energy resources to provide reasonably achievable and affordable annual energy (KWH) savings.

(d) There is no limit on the third party renewable energy utilities are required to buy if it is offered at less than the utility's avoided cost for nuclear and solar energy.

(2) Definitions.

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- 1 (a) "Florida renewable energy resources," means electrical, mechanical, or thermal energy
2 produced from a method that uses one or more of the following fuels or energy sources:
3 hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat,
4 or hydroelectric power that is produced in Florida.
- 5 (b) "Renewable energy," means electrical energy produced from a method that uses one or
6 more of the following fuels or energy sources: hydrogen produced from sources other than
7 fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and
8 hydroelectric power. The term includes the alternative energy source, waste heat, from
9 sulfuric acid manufacturing operations.
- 10 (c) "Biomass," means a power source that is comprised of, but not limited to, combustible
11 residues or gases from forest products manufacturing, waste, or co-products from agricultural
12 and orchard crops, waste or co-products from livestock and poultry operations, waste or
13 byproducts from food processing, urban wood waste, municipal solid waste, municipal liquid
14 waste treatment operations, and landfill gas.
- 15 (d) "Class I renewable energy source," means Florida renewable energy resources derived
16 from wind or solar energy systems.
- 17 (e) "Class II renewable energy source," means renewable energy derived from Florida
18 renewable energy resources other than wind or solar energy systems.
- 19 (f) "Renewable Energy Credit," means a financial instrument that represents the unbundled,
20 separable, renewable attribute of renewable energy or equivalent solar thermal energy
21 produced in Florida and is equivalent to one megawatt-hour of electricity generated by a
22 source of renewable energy located in Florida.
- 23 (g) "Renewable Portfolio Standard," means the minimum percentage of total annual retail
24 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 (h) “Solar Energy System,” means equipment that provides for the collection and use of
3 incident solar energy for water heating, space heating or cooling, or other applications that
4 would normally require a conventional source of energy such as petroleum products, natural
5 gas, or electricity that performs primarily with solar energy. In other systems in which solar
6 energy is used in a supplemental way, only those components that collect and transfer solar
7 energy shall be included in this definition.

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

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

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

15 (l) “Avoided Cost.” the avoided cost for solar projects is \$310/ MWh and \$116 / MWh for all
16 other renewable sources

17 (3) Renewable Portfolio Standard. Within 90 days of the effective date of this rule, and not
18 less than every five years thereafter, each investor-owned electric utility shall file for approval
19 by the Commission proposed renewable portfolio standards based on an analysis of the
20 technical and economic potential of Florida renewable energy resources for each utility’s
21 service area.

22 (a) Initially, each investor-owned utility shall submit proposed annual renewable portfolio
23 standards which meet or exceed the following long term standards through the production or
24 purchase of renewable energy credits pursuant to Rule 17.410, F.A.C.:

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- 1 1. by January 1, 2010: 2 percent of the prior year's retail electricity sales;
- 2 2. by January 1, 2017: 3.75 percent of the prior year's retail electricity sales;
- 3 3. by January 1, 2025: 6 percent of the prior year's retail electricity sales;
- 4 4. by January 1, 2050: 20 percent of the prior year's retail electricity sales.

5
6 *Options for Wind & Solar Preference:*

7 OPTION I:

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

10 OPTION II:

11 (b) By January 1, 2017, a minimum of 20% of the renewable portfolio standard shall be
12 provided from Class I solar photovoltaic or solar thermal systems and 5% of the renewable
13 energy portfolio standard shall be provided by Class I wind energy systems;

14 OPTION III:

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

19
20 (c) Each investor-owned electric utility proposed renewable portfolio standard filing shall, at a
21 minimum, contain the following:

22 1. Current and ten-year forecast of installed capacity in kilowatts for each Florida
23 renewable energy resource;

24 2. Levelized life-cycle cost in cents per kilowatt-hour for each Florida renewable
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1 energy resource;

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

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

6 5. Current and ten-year forecast of the estimated retail rate impact for each class of
7 customers of the proposed renewable portfolio standard.

8 (4) Compliance.

9 (a) In approving the proposed renewable portfolio standards and enforcing compliance with
10 the approved renewable portfolio standards, the Commission shall consider excusing an
11 investor-owned electric utility from compliance with any renewable portfolio standard based
12 upon a showing that:

13 1. the supply of renewable energy or renewable energy credits is not adequate to
14 satisfy the demand for such energy; or

15 2. the cost of securing renewable energy or renewable energy credits was prohibitive
16 such that the total costs for compliance with the renewable portfolio standard exceeded one
17 percent of the investor-owned electric utility's total annual retail revenues.

18 3. no viable avoided cost or other qualifying renewable energy alternative has been
19 rejected.

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

22 (5) Cost Recovery. Reasonable and prudent costs associated with the provision or purchase of
23 renewable energy credits to meet the utility's renewable portfolio standards, including
24 administrative costs of the Florida Renewable Energy Credit Market, shall be recovered

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1 through the Environmental Cost Recovery clause.

2 (6) Reporting Requirements. Each investor-owned electric utility shall file with the
3 Commission an annual report no later than April 1 of each year for the previous calendar year.

4 Each investor-owned electric utility's report shall include the following:

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

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

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

9 (d) the quantity and vintage of self-generated renewable energy credits;

10 (e) the quantity and vintage of renewable energy credits purchased;

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

13 (g) a statement as to whether it was in compliance with the renewable portfolio standard in the
14 previous calendar year; and

15 (h) the utility's plan for additional generation or procurement to meet the renewable portfolio
16 standard for the current calendar year and the following two years.

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18 Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,
19 366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History—New XX-XX-08.

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II. Florida Renewable Energy Credit Market

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17.410 Florida Renewable Energy Credit Market.

(1) The FPSC Division of Renewable Energy shall establish and administer, subject to Commission approval an electronic renewable energy credit market. The renewable energy credit market shall allow for the transparent production, buying, selling, and trading of renewable energy credits used to comply with the renewable portfolio standards of Rule 25-17.400, F.A.C. All records associated with the production of and the buying, selling, or trading of renewable energy credits shall be public records retained by the Commission.

Deleted: investor-owned electric utilities

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

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Deleted: (a) Investor-owned electric utilities are encouraged to collectively establish and contract with an independent not-for-profit corporation for the development, administration, and maintenance of a Florida Renewable Energy Credit Market. ¶

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(b) The FPSC Division of Renewable Energy shall be funded from the Florida Public Service Regulatory Trust Fund.

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

Deleted: (c) The administrative costs associated with the Florida Renewable Energy Credit Market shall be collected either through membership dues, certification fees, or administrative fees assessed to a renewable energy credit. Fees shall be fair, equitable, and cost-based. ¶

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

1. Investor-owned electric utility Florida owned renewable energy resources, provided that the utilities may provide no more than 25% of the minimum renewable portfolio standard.;

2. Municipal electric utility and rural electric cooperative utility owned Florida renewable energy resources;

3. Non-utility Florida renewable energy resources providing net capacity and energy

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1 under a purchase power agreement to a Florida electric utility:

2 4. Non-utility Florida renewable energy resources greater than 2 megawatts providing
3 on site generation or certified energy efficiency programs to offset all or a part of the
4 customer's electrical needs.

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

7 6. Customer-owned Florida renewable energy resources, 2 megawatts or less, that have
8 not received incentives from a Commission-approved demand-side conservation program
9 pursuant to the Florida Energy and Efficiency Conservation Act, Sections 366.80-.85 and
10 403.519, F.S.

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

13 (c)

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

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

21 (3) Initially, the price of each renewable energy credit shall be capped at the equivalent of \$16
22 per ton of net greenhouse gas emissions (GHG) reduced by Florida renewable energy
23 resources relative to the GHG emissions otherwise emitted by the utility. The price cap shall
24 be reevaluated or phased out upon adoption of a state or federal cap and trade system.

Deleted: A renewable energy credit shall be valid for two years after the date the corresponding megawatt-hour or equivalent solar thermal energy was generated. A renewable energy credit from a customer-owned renewable system less than 2 megawatts shall be valid for two years after the date the renewable energy credit is certified. However, a renewable energy credit shall be retired after it is used to comply with the Florida or any other state, regional or federal renewable portfolio standard.

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1 (4) Within 90 days from the effective date of this rule, the investor-owned electric utilities and
2 other interested stakeholders shall file recommendations with the Commission for the
3 structure, governance, and procedures for administering the renewable energy credit market.

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4 The compliance filing shall, at a minimum, provide provisions for the following:

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

7 (b) the aggregation of renewable energy credits for customer-owned Florida renewable energy
8 resources;

9 (c) the certification and verification of renewable energy credits as defined in Rule 25-
10 17.400(2)(f), F.A.C., including renewable energy credits resulting from Equivalent Solar
11 Thermal Energy as defined in Rule 25-17.400(2)(k), F.A.C.;

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

13 (e) a method to record each transaction instantaneously, and to indicate whether the renewable
14 energy credit is associated with a Class I or Class II renewable energy source as defined in
15 Rule 25-17.400(2)(d) and (e), F.A.C.

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17 Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,
18 366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History—New XX-XX-08.

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

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22 25-17.420 Municipal Electric Utility and Rural Electric Cooperative Renewable Energy
23 Reporting

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

2 Each utility's report shall include the following:

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

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

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

7 (d) the quantity and vintage of self-generated renewable energy credits;

8 (e) the quantity and vintage of renewable energy credits purchased;

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

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

14
15 Specific Authority 350.127(2); ~~366.05(1)~~, FS. Law Implemented ~~366.02(2), 366.04(2)(c), (5), (6), 366.04,~~
16 ~~366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92~~ FS. History—New XX-XX-08.

17 Respectfully Submitted

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19 /s/ John W. McWhirter, Jr

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