

DRAFT 8/11/08

I. Renewable Portfolio Standard

17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish uniform numerical portfolio standards for each investor-owned ~~electric utility~~ that will promote the development of renewable energy and clean energy, reduce greenhouse gas emissions, 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) The Commission also shall establish an expenditure cap for investor-owned utilities as a means to promote the development of Florida clean and renewable resources while providing protection to the customers of the investor owned electric utilities.

(b) After approval of the initial ~~renewable clean energy portfolio standards and the expenditure cap~~, the Commission shall review and set renewable clean energy portfolio standards standards and the expenditure cap for each investor-owned electric utility at least once every ~~five~~ three 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~~ may change the renewable clean energy portfolio standards, or the expenditure cap or both for reasonable cause. All modifications of the approved renewable clean energy portfolio standards and the associated compliance plans shall only be on a prospective basis. To the extent new standards are adopted by the

CODING: Words underlined are additions; words in struck through type are deletions from existing law.

DRAFT 8/11/08

I. Renewable Portfolio Standard

17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish uniform numerical portfolio standards for each investor-owned ~~electric utility~~ that will promote the development of renewable energy and clean energy, reduce greenhouse gas emissions, 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) The Commission also shall establish an expenditure cap for investor-owned utilities as a means to promote the development of Florida clean and renewable resources while providing protection to the customers of the investor owned electric utilities.

(~~b~~c) After approval of the initial ~~renewable clean energy portfolio standards and the expenditure cap~~, the Commission shall review and set renewable clean energy portfolio standards ~~standards and the expenditure cap~~ for each investor-owned electric utility at least once every ~~five~~ three 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~~ may change the renewable clean energy portfolio standards, the expenditure cap or both for reasonable cause. All modifications of the approved renewable clean energy portfolio standards and the associated compliance plans shall only be on a prospective basis. To the extent new standards or expenditure caps are adopted

CODING: Words underlined are additions; words in struck through type are deletions from existing law.

DRAFT 8/11/08

by the Commission as a result of the review, each investor-owned utility shall be permitted a four-year period to comply with the new standard.

~~(ed) In a proceeding to establish or modify the renewable clean energy portfolio standards, or the expenditure cap, 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~~ the Commission shall take into consideration changes in load growth; technology, costs, and other factors that affect the availability and cost of renewable and clean sources of energy.

(2) Definitions.

(a) "Florida clean energy resources," means new nuclear, i.e., post 2006, including uprates; energy efficiency measures, fossil units with full/partial carbon capture and sequestration, and grid improvements implemented post 2006.

(ab) "Florida renewable energy resources," means electrical, mechanical, or thermal energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power that is produced in Florida, including Florida renewable energy resources approved by the commission as eligible for cost recovery pursuant to HB 7135 and prior to the effective date of this rule.

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

CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from existing law.

DRAFT 8/11/08

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

~~(d) "Class I renewable energy source," means Florida renewable energy resources derived from wind or solar energy systems.~~

~~(e) "Class II renewable energy source," means renewable energy derived from Florida renewable energy resources other than wind or solar energy systems.~~

(e) "Energy Efficiency measure" means measures, programs or applications that increase the efficiency of energy consumption or production or increase energy conservation. The term includes, but is not limited to end-user efficiency and conservation measures, programs and applications, power plant efficiency improvements and grid efficiency improvements.

(f) "Greenhouse gases" means gases, including carbon dioxide (Co2), methane (CH4), nitrous oxide (N2O), hydro fluorocarbons (HFCs), perflourcarbons (PFCs), and sulfur hexafluoride (SF6), that trap the heat of the sun in the Earth's atmosphere.

(fg) "Renewable Energy Credit," means a financial instrument that represents the unbundled, separable, and certified renewable attribute of of United States renewable energy or equivalent solar thermal energy produced in Florida and is equivalent to one megawatt-hour of electricity generated by a source of renewable energy located in Florida. A renewable energy credit is valid for five years after the month and year of generation.

(gh) "Renewable Clean Energy Portfolio Standard," means the minimum percentage of total annual retail electricity sales by an investor-owned electric utility to consumers in Florida that shall be supplied by renewable energy produced in Florida targets of Florida renewable energy

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

resources, Florida clean energy resources, and Renewable Energy Credits used by an investor owned electric utility to serve its consumers.

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

(ij) "Solar Photovoltaic System," means a device that converts incident sunlight into electrical current.

(jk) "Solar thermal system," means a device that traps heat from incident sunlight in order to heat water.

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

(3) Renewable Clean Energy Portfolio Standard. Within 90 days of the effective date of this rule, and not less than every five years thereafter, each investor owned electric utility shall file for approval by the Commission proposed renewable portfolio standards based on an analysis of the technical and economic potential of Florida renewable energy resources for each utility's service area. After the effective date of this rule, and not less than every three years thereafter, each investor owned electric utility shall file for approval by the Commission its plan to meet the clean energy portfolio standards and expenditure cap.

(a) Initially, eEach investor-owned utility shall submit proposed annual renewable clean energy portfolio standards which meet or exceed the following long term standards through the

CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from existing law.

DRAFT 8/11/08

~~production or purchase of renewable energy credits pursuant to Rule 17.410, F.A.C. of~~
renewable energy, use of Florida clean resources and renewable energy credits:

- ~~1. by January 1, 2010: 2 percent of the prior year's retail electricity sales;~~
21. by January 1, 2017: 3.755 percent of the prior year's retail electricity sales;
32. by January 1, 2025: 6.10 percent of the prior year's retail electricity sales;
43. by January 1, 2053: 20 percent of the prior year's retail electricity sales.

(b) At least 50% of the CEPS target shall be met through delivered energy and up to a maximum of 50% should be permitted to be met through the purchase of certified, U.S. generated RECs. The portion of the target (at least 50%) met through delivered energy should require that: (i) at least 67% of the requirement be met using renewable sources; and (ii) up to 33% of the requirement be met using Florida clean resources.

Options for Wind & Solar Preferences:

~~OPTION I:~~

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

OPTION II:

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

OPTION III:

~~(b) For purposes of compliance with the renewable portfolio standards, a multiplier of 5 shall be applied to all renewable energy credits produced from Class I renewable energy sources~~

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

~~until the first year in which they represent, in aggregate, 25% of the annual Renewable Portfolio Standard.~~

(c) Each investor-owned electric utility's ~~proposed current or planned renewable clean energy~~ portfolio standard filing shall, at a minimum, contain the following:

1. Current and ten-year forecast of installed capacity in kilowatts for each Florida renewable energy resource and Florida clean energy resource;
2. Levelized life-cycle cost in cents per kilowatt-hour for each Florida renewable energy resource and Florida clean energy resource;
3. Current and ten-year forecast of the effects of the renewable clean energy portfolio standard on the reduction of greenhouse gas emissions in Florida;
- ~~4. Current and ten-year forecast of the effects of the renewable portfolio standard on economic development in Florida; and~~
- ~~5. Current and ten-year forecast of the estimated retail rate impact for each class of customers of the proposed renewable clean energy portfolio standard.~~

(4) Compliance.

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

1. the supply of renewable energy, clean energy, or renewable energy credits is not adequate to satisfy the demand for such energy; or
2. the cost of securing renewable energy, clean energy, or renewable energy credits was prohibitive such that the total costs for compliance with the ~~renewable~~ clean energy

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

portfolio standard exceeded ~~one~~three to five percent of the investor-owned electric utility's total annual retail revenues. The total costs for compliance with the clean energy portfolio standard shall not include costs for Florida renewable energy resources approved by the commission as eligible for cost recovery pursuant to HB 7135 and prior to the effective date of this rule notwithstanding recovery of such costs after the effective date of this rule. The range of the expenditure cap will change over time to reflect the cost of complying with the standards.

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

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

(a) To foster the development of renewable resources the Commission will allow full cost recovery under the environmental cost-recovery clause of all reasonable and prudent costs incurred by the utility for the renewable project. Such costs shall be deemed reasonable and prudent for purposes of cost recovery so long as the utility has used reasonable and customary industry practices in the design, procurement, and construction of the project in a cost-effective manner. The Commission shall be the sole forum for the determination of this matter and the issues addressed in the petition. In determining whether to grant or deny the petition to develop the wind or solar project, the Commission shall consider whether the proposed facility is consistent with the utility's plans to achieve the target amounts of renewable resources. Once a final order is issued the projects will not be subject to further

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

evaluation.

(b) In addition to the provisions of subsection (a), to incent the development of wind and solar resources the Commission will establish an expedited approval process wherein, upon receipt of a utility's filing for the development of a solar or wind facility, the Commission will issue an order within 90 days of receipt of the application for full cost recovery under the environmental cost-recovery clause. The utility will be allowed a return on equity adder of two (2) percent above the utility's authorized return on equity for solar and wind resources.

(c) The renewable projects developed pursuant to subsections (a) and (b) will not be subject to the Commission's bid rule.

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

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

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

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

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

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

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

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

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

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

(7) Enactment of a Federal Standard. Should the federal government enact legislation that supplants or conflicts with this rule, the Commission shall expeditiously implement a proceeding to determine whether it is appropriate to repeal or alter this rule.

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

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

II. Florida Renewable Energy Credit Market

~~17.410 Florida Renewable Energy Credit Market.~~

~~(1) Investor owned electric utilities shall establish and administer, subject to Commission approval pursuant to subsection (4), 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 available to the Commission for audit purposes.~~

~~(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.~~

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

~~(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.~~

~~(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.~~

~~(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;~~

~~2. Municipal electric utility and rural electric cooperative utility owned Florida~~

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

DRAFT 8/11/08

renewable energy resources;

~~3. Non-utility Florida renewable energy resources providing net capacity and energy under a purchase power agreement to a Florida electric utility;~~

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

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

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

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

~~(c) 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.~~

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

~~(e) Renewable energy credits shall not be used for compliance with the Florida renewable portfolio standard if the renewable energy credit results from a Commission-approved~~

CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from existing law.

DRAFT 8/11/08

~~demand-side conservation program pursuant to the Florida Energy Efficiency and Conservation Act, Sections 366.80-.85 and 403.519, F.S.~~

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

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

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

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

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

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

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

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

CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from existing law.

III. Municipal and Rural Electric Coop Reporting

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

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

Each utility's report shall include the following:

- (a) the retail sales of the prior year in megawatt-hours;
- (b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;
- (c) the quantity of renewable energy purchased in megawatt-hours, separated by type of ownership and fuel type;
- (d) the quantity and vintage of self-generated renewable energy credits;
- (e) the quantity and vintage of renewable energy credits purchased;
- (f) the fuel type and ownership of the Florida renewable energy resource associated with each renewable energy credit;
- (g) a statement as to whether the utility has adopted a renewable portfolio standard, or has any plans to conduct a proceeding to establish a renewable portfolio standard in the upcoming year.

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

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.