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Subject: Docket No. 080503-EI
Attachments: Post Workshop Comments w Renewable Portfolio Standard 12.08.08.pdf

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b. This filing is made in Docket No. 080503-EI, in re: Post-Workshop (December 3, 2008 Workshop) Comments of Wheelabrator Technologies, Inc.

c. The document is filed on behalf of Wheelabrator Technologies, Inc.

d. The total pages in the document are 23 pages.

e. The attached document is Post-Workshop (December 3, 2008 Workshop) Comments of Wheelabrator Technologies, Inc.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Establishment of Rule on Renewable Portfolio Standard _____/	Docket No. 080503-EI Filed: December 8, 2008

POST-WORKSHOP (DECEMBER 3, 2008 WORKSHOP) COMMENTS OF WHEELABRATOR TECHNOLOGIES, INC.

Wheelabrator Technologies, Inc. (Wheelabrator) has been an active participant in the Florida Public Service Commission's (PSC) workshops and related proceedings regarding the PSC's implementation of a Renewable Portfolio Standard (RPS) for Florida. In accordance with the schedule announced at its December 3, 2008 workshop, Wheelabrator files the following post-workshop comments.

Introduction

Wheelabrator has been a participant in the RPS process since its inception. As Wheelabrator, and many others, have noted throughout the numerous proceedings the PSC has conducted on the RPS, it is critical to appropriately structure the RPS and related performance and compliance mechanisms to effectuate the Legislature's intent to protect existing renewable facilities and to spur the development of new facilities.

In Florida, Wheelabrator owns and operates two (2) waste-to-energy facilities in Broward County, which generate a total of 134 MWs. Wheelabrator built and operates

the City of Tampa's waste-to-energy facility, which generates 22 MWs. Wheelabrator owns and operates a waste wood/tires/landfill gas-to-energy facility in Auburndale, which generates 50 MWs. Wheelabrator has a strong interest in developing additional renewable energy projects in Florida and in maintaining its existing assets. An effective and robust RPS will help keep Wheelabrator's existing renewable energy projects viable and encourage the development of new renewable energy projects in the state.

Navigant Presentation

Wheelabrator concurs with comments made by other stakeholders at the most recent workshop that there are several fundamental flaws in the Navigant study. One significant flaw is that Navigant only considered renewable portfolio scenarios using the assumption in staff's "strawman" rule proposal of a 75% - 25% split of Renewable Energy Credit (REC) expenditures between Class 1 and Class 2 renewables. This assumption is arbitrary and Navigant should be required to run a scenario at a 50% - 50% split and a scenario with no differentiation between classes as Public Counsel urged. Another flaw in the Navigant study is that no sensitivity analysis was conducted on mixing the Unfavorable, Mid-Favorable and Favorable scenarios. This is especially true for Navigant's financial assumptions for cost of debt and cost of equity.

These additional analyses would give policy makers and stakeholders very valuable insight into how these various scenarios might affect consumer cost as well as the percentages of renewable energy production likely to be realized.

In addition, the cost of debt and equity for biomass facilities was understated in the Navigant study. These values should have been higher because of the fuel risk inherent in biomass technology that is not present with the other technologies, like wind

and solar. The higher risk would command a higher debt cost and a higher return on equity, something that Navigant appeared to acknowledge during questioning. The final report should make this correction.

Regarding slide 22 entitled, RE could be between 6% and 27% of the IOU's retail sales by 2020, depending on the scenario assumed,[1] Wheelabrator questions Navigant's assumption that the State of Florida could achieve 6-7.5% RE penetration by the end of year 2009. Analysis and staff's own calculations have shown that as of 2007, RE accounts for 3.6% of the state's retail sales. At no point in the study does Navigant justify its assumption that almost doubles the state's renewable energy production in just two years. Even if one included waste heat, the value would not approach the 6% to 7.5% range. Given that it is highly unlikely that a robust RPS would be implemented during this time frame, Wheelabrator believes this assumption should be supported with data or adjusted appropriately.

It is also important to note that the Navigant favorable projections of RE for 2020, while arguably supported in a theoretical analysis, could only be achieved if all the stars aligned, something that is not likely to occur. For example, for the State of Florida to achieve 27% renewable retail sales with RECs by 2020, as projected in the Navigant study, each and every one of the numerous key drivers, and their corresponding variables, would all have to be at the most favorable scenario at the exact same time. It is not realistic for the characteristics of key drivers such as Green House Gas (GHG) Policy, Credit Markets, Fossil Fuel Costs, etc. to be most favorable at any given time. Thus, these projections in the Navigant study should be adjusted accordingly or the slim possibility of the favorable RE projections actually being attained should be duly noted.

[1]. RE is Renewable Energy and the abbreviation RE will be used in these comments.

Presentation by PSC Staff – Tom Ballinger, Integration of Renewables into the Planning Process

Wheelabrator agrees with staff's contention that, "Both DSM and renewable generation are socially desirable alternatives to utility generation," and "utilities should seek a balanced approach to DSM, renewables, and utility generation." In order to establish that balance, an aggressive RPS program with strong compliance measures is essential. However, Wheelabrator disagrees with staff's portrayal of the three approaches (renewable, DSM, utility generation) as being on equal footing ("three-legged stool"). The utility generation component of this triparte approach is and will continue to be dominant. The goal of the RPS should be to reduce this dependence significantly.

A major concern with staff's presentation is the newly-introduced concept of a "Clean Energy Portfolio." This concept is clearly outside of the Legislature's intent when it passed House Bill 7135, the comprehensive energy bill, during the 2008 legislative session and directed the PSC to consider and propose for legislative consideration a draft RPS rule. The Legislature explicitly defined "renewable energy" and the definition does not include nuclear power. (See section 366.91(2)(d), Florida Statutes.) Arguments to include nuclear power within the definition of "renewable energy" were not well-received by the Legislature. While that issue may arise during the 2009 Legislative session, the PSC should keep its eye on the ball and propose one or more rules to implement a RPS pursuant to the current law. It would be short-sighted and disingenuous for the PSC to suggest that a 20% RPS target could be achieved by 2020 simply by making a definitional change to include nuclear energy as a renewable resource.

Presentation by PSC Staff – Mark Futrell, Renewable Portfolio Standard Issues

Regarding slide 15 titled, Recovery of Utility Investments in Renewables, the first point of the slide states: "Under the RECR, IOUs would have an opportunity to earn a return on investments in renewable projects." In order to maintain a level playing field between investor-owned utilities (IOUs) and other renewable generators, Wheelabrator believes any cost recovery by the IOU should be limited to the same standards that a renewable developer would face, i.e., avoided cost plus the average value for RECs within the respective utility's service territory for similar RE technology. Additional ability of an IOU to recover investments above those standards would be unnecessarily costly to ratepayers and present unfair, ratepayer subsidized competition to other renewable generators.

Regarding slides 17 and 18, Alternative Compliance Payments, as Wheelabrator has previously stated, a "stretch" renewable energy percentage goal and a properly set alternative compliance payment (ACP) will result in a robust renewable energy market. Staff's belief that the PSC cannot establish an ACP because there is no authority to establish a fund into which the ACP monies could be deposited is a "red herring." If there is no ACP and the PSC determined that an IOU did not sufficiently try to obtain enough RECs to meet its requirement, the PSC would likely fine the IOU. That fine would be deposited in the General Revenue Fund. Any ACP payments could be treated exactly like any other penalty the PSC assesses and, as such, would be deposited into the General Revenue Fund. Therefore, there is no problem or impediment to an ACP mechanism.

The Legislature clearly gave the PSC power to consider "appropriate compliance measures" for failure to adhere to RPS standards. (See Section 366.92(3)(b)2.) The PSC should act to put an ACP in place, and ask that the Legislature consider how to spend funds paid pursuant to the ACP. Given that staff's proposed rule does not implement a RPS until the year 2017, surely the Legislature will have ample time to provide the PSC with appropriate legislative guidance regarding use of the ACP funds.

Furthermore, Wheelabrator disagrees with staff's comments that establishing an appropriate ACP is very complicated. Many states have already established these compliance measures with considerable success. Given the amount of cost analysis on utility and renewable energy rates in Florida prepared to date, ACP rates could be set that would promote renewable energy use and investment in the state. Wheelabrator would be more than happy to work with staff to identify examples of existing ACP programs.

Presentation by Commissioner - Nathan Skop, RPS Implementation Proposal: Standard Offer Contract Approach (SOC)

Wheelabrator believes that there are a number of interesting concepts raised in the standard offer contract approach to an RPS outlined by Commissioner Skop. However, without further information and a detailed analysis, it is not possible to say whether or not Wheelabrator could support such a plan.

It seems clear that one major component of the SOC plan is the establishment of a Revenue Cap, funds from which would then be used to subsidize the cost of RECs for the various renewable energy types. Without knowing what the Revenue Cap would be, how much revenue it would produce, or the corresponding percentages of renewable energy created, it is difficult to make a sound judgment about the proposal.

If the revenue cap fund is split 95% for RE SOCs and 5% for Solar Rebates, as suggested in the SOC plan, Wheelabrator does not believe that additional incentives should be given to energy types within the RE SOC portion. Contracts should be procured and executed that provide renewable energy at the best prices, thus minimizing any additional impact on the ratepayers.

Another matter that needs additional detail is how the rates for each type of renewable standard offer will be established. This is a critical component upon which much of this plan's success or failure depends. Without a fair pricing structure, there will be no incentive for renewable development in the state. Establishing pricing should be transparent with the ability of those whose substantial interests are affected to participate. Not only would this likely result in fair pricing, it is consistent with Florida's tradition of open government that is conducted in the sunshine.

Ensuring compliance with an RPS program is a key component of any proposed rule which the PSC suggests the Legislature consider for adoption, and the Legislature expressly directed the PSC to recommend "appropriate compliance measures" as detailed above. The SOC plan contained no mention of enforcement measures that would be applicable if an IOU failed to meet required renewable energy percentages. Also, the plan contains an implementation target of 20% renewables by 2020, yet there is no mention of how that will be reached on a year-to-year basis or milestones that should be achieved before 2020. That information is critical in the determination of compliance measures. IOUs must have yearly goals that they are required to reach or they must make an ACP payment. Without clear compliance and enforcement measures, there is little to no incentive for an IOU to participate in this RE SOC program.

Of utmost importance to Wheelabrator, is that this SOC plan would apparently do nothing to, "protect the economic viability of Florida's existing renewable energy facilities," as Section 366.92(1), Florida Statutes, requires. The SOC plan would only allow for the IOU to contract with a renewable energy producer in a bundled plan, in which the IOU retains the energy and the attributes. This is problematic for Wheelabrator, and other companies with existing renewable energy generation, in a number of ways.

First, there are facilities currently providing energy and capacity only under power purchase agreements (PPAs) to various IOUs. These facilities may not be able to recognize the economic value of the renewable energy attribute under the SOC plan since they could only provide a bundled package. Under the SOC proposal, RE generators will not be able to sell the renewable energy attribute separately because the proposal does not provide for a separate REC market. Second, if there is no ability for existing renewable energy generators to sell the attributes of their renewable energy separately in the market, they will be at a competitive disadvantage compared to new developers. Third, the plan handcuffs a renewable generator to the service territory within which it is located. With a bundled-only approach as proposed, if the local IOU does not need any additional renewable energy, the generator would be forced to close or sell to another IOU and pay wheeling charges to get the power to the other IOU. With an unbundled program, the generator might be able to sell electricity without the RE attribute to the local IOU and sell the REC to a distant, in-state, IOU that needed more RECs to meet its requirements.

Because of the scenarios described above that could be presented by the proposed SOC plan, this plan, without modification, would not comply with a key requirement of

section 366.92(1), namely to protect the economic viability of the state's existing renewable energy facilities.

Conclusion

Over the course of more than a year, Wheelabrator Technologies has actively participated in the PSC's RPS data gathering and workshops. During that time period, Wheelabrator has made concrete, specific recommendations on how the PSC could adopt a workable RPS rule that meets the needs of the state and comports with the legislative directive to the PSC to propose a draft RPS rule for subsequent legislative consideration, including a redline version of staff's rule proposal containing a market-based RPS with clear goals, alternative compliance methodology and an independent market administrator. Wheelabrator's proposal could be amended to allow a bundled SOC as an alternative choice for the generator. A copy of Wheelabrator's red-lined proposal is attached to these comments.

Wheelabrator, one of the largest existing renewable energy generators in Florida, remains committed to working with the PSC and staff to develop a meaningful, robust RPS.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of these comments has been submitted by electronic mail this 8th day of December, 2008 to the following:

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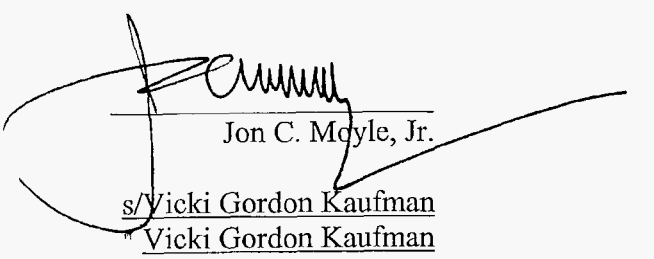

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s/Vicki Gordon Kaufman
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Attachment A
Wheelabrator RPS Rule Revisions

I. Renewable Portfolio Standard

17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish numerical portfolio standards ~~for~~ applicable to 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 a renewable portfolio standards for ~~each~~ the investor-owned electric utilities~~y~~ 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~~ the investor-owned electric utilities~~y~~ shall propose a 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.~~

(2) Definitions.

(a) "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:

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hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power that is produced in Florida.

(b) "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.

(c) "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.

(f) "Renewable Energy Credit," means a financial instrument that represents the unbundled, separable, renewable attribute of 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.

(g) "Renewable 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.

(h) "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.

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

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

(k) "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.

(l) "Compliance Year," means each calendar year beginning with January 1, 2010.

(m) "Alternative Compliance Payment," means a payment of a certain dollar amount per megawatt hour, resulting in the issuance of Alternative Compliance Credits which an investor-owned utility may submit to the Commission or independent third party market administrator, required by section 17.410(1), in lieu of providing renewable energy credits under section 17.10(2).

(n) "Alternative Compliance Credit," means a credit issued to an investor-owned utility upon submission of an Alternative Compliance Payment.

(o) "Force Majeure," means events or circumstances beyond the reasonable control of an IOU that could not have been reasonably anticipated or ameliorated that materially and adversely affect the ability of an IOU to meet the renewable energy requirement for a particular Compliance Year.

(p) "IOU," means investor-owned utility as defined in section 366.8255(1)(a), Florida Statutes.

(3) Renewable Portfolio Standard.

(a)~~Within 90 days of the effective date of this rule~~By January 30, 2010, 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.~~

~~(a) Initially,~~annually thereafter each investor-owned utility shall submit ~~proposed~~ to the Commission an annual report demonstrating compliance renewable portfolio standards which meet or exceed the following long term standards through the production or purchase of renewable energy credits pursuant to Rule 17.410, F.A.C.:

1. by January 1, 2010: ~~2~~ 3 percent of the prior year's retail electricity sales; 0.5% shall be from Class I renewable resources; 2.5% shall be from Class II renewable resources.

2. by January 1, 2017: ~~3.75~~6 percent of the prior year's retail electricity sales; 1% shall be from Class I renewable resources; 5% shall be from Class II renewable resources;

3. by January 1, 2025: ~~6~~12 percent of the prior year's retail electricity sales; 3% shall be from Class I renewable resources; 9% shall be from Class II renewable resources;

4. by January 1, ~~2050~~2035; 20 percent of the prior year's retail electricity sales. ; 8% shall be from Class I renewable resources; 12% shall be from Class II renewable resources;

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

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

(be) Each investor-owned electric utility ~~proposed~~ renewable 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;

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

3. Current and ten-year forecast of the effects of the renewable 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;

5. Current and ten-year forecast of the effects of the renewable portolio standard on fuel diversity in Florida; and

~~5~~6. Current and ten-year forecast of the estimated retail rate impact for each class of

customers of the proposed renewable portfolio standard.

(4) Compliance and Enforcement.

(a) Alternative Compliance Mechanism.

1. An investor-owned utility may discharge its obligations under section 17.400(3)(a), in whole or in part, for any Compliance Year by making an Alternative Compliance Payment (ACP), as defined in section 17.400(2)(m).

a. Procedures. An investor-owned utility shall receive Alternative Compliance Credits from the Commission or independent third party market administrator subject to the following:

1. The quantity of Credits, specified in MWhs, that can be applied to an investor-owned utility's obligations under section 17.410(2) shall be determined by subtracting the number of RECs obtained by the investor-owned utility for the Compliance Year from the total number of RECs that the investor-owned utility is required to supply under 17.400(3) for the Compliance Year.

2. The ACP shall be $60 per MWh for Compliance Year 2010. For each subsequent Compliance Year, the Commission shall publish the ACP by January 31st of the Compliance Year. The ACP shall be equal to the previous year's ACP Rate adjusted up or down according to the previous year's federal Consumer Price Index.

3. Each investor-owned utility shall include with the annual report required by section 17.400(6), copies of any ACP receipt(s) for ACPs made during the Compliance Year.

b. The cost of ACPs shall be recoverable, when the Commission finds that force majeure exists, or that renewable energy credits are not reasonably available in sufficient quantities.

c. When RECs are reasonably available in sufficient quantities and cost below the ACP, the investor-owned utility shall not recover the cost of ACPs from ratepayers.

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

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

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

~~(b) Any utility requesting to be excused from meeting its renewable 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~~ production 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.

(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;

(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 it was in compliance with the renewable portfolio standard in the previous calendar year; and

(h) 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.

(i) copies of any ACP receipt(s) for ACPs made during the Compliance 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.

Attachment A
Wheelabrator RPS Rule Revisions

II. Florida Renewable Energy Credit Market

17.410 Florida Renewable Energy Credit Market.

(1) ~~Investor-owned electric utilities~~The Commission ~~shall~~ establish and administer, either on its own or through contract with an independent third party, ~~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 and shall be available to all market participants for review.

~~(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 paid by the investor-owned utilities., ~~certification fees, or administrative fees assessed to a renewable energy credit.~~ Fees shall be fair, equitable, and cost-based and shall be recoverable through the Environmental Cost Recovery Clause.

(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.

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(a) An entity that produces renewable energy, as defined in Rule 14.400(2)(b), F.A.C., with the exception of customer-owned renewable less than 2 megawatts. ~~The following entities are eligible to produce renewable energy credits that may~~ shall be considered to be an eligible renewable energy source producing renewable energy credits that shall 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 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 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.~~

(34) Within 90 days from the effective date of this rule, the ~~investor-owned electric utilities shall file for~~ Commission shall institute a ~~approval~~ the structure, governance, and procedures for administering the renewable energy credit market pursuant to Rule 17.410(1), F.A.C.. The ~~compliance~~ market structure, governance, and procedures ~~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-

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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)(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.

III. Municipal and Rural Electric Cooperative 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.