

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 2, 2008

TO: Office of Commission Clerk (Cole)

FROM: Office of the General Counsel (Miller, Cibula)
Division of Economic Regulation (Hewitt)
Office of Strategic Analysis and Governmental Affairs (Chase, Harlow, Futrell, Trapp)

RE: Docket No. 080503-EI – Establishment of rule on renewable portfolio standard.

AGENDA: 10/14/08 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Argenziano

CRITICAL DATES: 02/01/09 (Section 366.92(3), F.S., requires the Commission to provide a rule to the Legislature by 2/1/2009.)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\080503.RCM.DOC

Case Background

During the 2008 Regular Session, the Florida Legislature amended Section 366.92, Florida Statutes (F.S.), in House Bill 7135, Chapter 2008-227, Laws of Florida, to require the Florida Public Service Commission (Commission) in consultation with the Department of Environmental Protection and the Florida Energy and Climate Commission to adopt rules to establish a renewable portfolio standard (RPS). The RPS rules are to require each investor-owned electric utility (IOU) to supply a percentage of retail electricity sales from renewable energy sources located in Florida. The Commission is required to submit the rule to the Legislature for ratification by February 1, 2009.

Recent Legislation to Promote Renewable Energy

The 2005 Legislature established Section 366.91, F.S., requiring IOUs and two large municipal utilities to provide by January 1, 2006, a continuous offer to purchase power from renewables with a minimum term of ten years. To facilitate implementation of the legislation, staff held a workshop in which the IOUs agreed to revise existing standard offer contracts to comply with the requirements of the new legislation. On December 27, 2005, the Commission approved the revised tariffs, and also ordered that an additional workshop be held to determine whether rulemaking or other proceedings to implement the provisions of 366.91, F.S. should be pursued. Following the March 6, 2006 workshop, the Commission initiated a rulemaking proceeding. The Commission adopted, in December 2006, Rules 25-17.200-310, Florida Administrative Code (F.A.C.), which set forth the requirements for IOUs with regard to contracts for the purchase of renewable energy from non-utility renewable generators. These rules provide: (1) contracts for the purchase of renewable capacity and energy must be continuously offered; (2) a separate standardized contract is required for each avoidable generating technology type in a utility's Ten-Year Site Plan; (3) renewable generators have the option to select a contract term from ten years up to the life of the avoided unit; (4) renewable generators may select a pricing option in which a portion of the energy payment is fixed; and (5) renewable generators or the IOU may reopen the contract if significant new environmental regulations are enacted, such as carbon legislation.

In 2006, the Legislature enacted an omnibus energy bill (SB 888). Section 366.92, F.S., expressed the Legislature's intent to promote the development of renewable energy, protect the economic viability of Florida's existing renewable energy facilities, diversify the types of fuel used to generate electricity, lessen Florida's dependence on natural gas and fuel oil, minimize the volatility of fuel costs, encourage investment in the state, improve environmental conditions, and minimize the costs of electricity for customers. The legislation also gave the Commission authority to adopt appropriate goals for increasing the use of existing, expanded and new Florida renewable energy resources.

In response, the Commission began a broad initiative to further explore the opportunities for development of renewable energy in Florida. In January 2007, the Commission held a workshop to explore how to further encourage the development of renewable energy. At that workshop, parties discussed renewable resources available in Florida, and mechanisms to help develop these resources. At the January 2007 workshop, the parties discussed how an RPS can be used to further encourage renewable energy development. The mechanisms also discussed included net metering and expedited interconnection of customer-owned renewable generation. These discussions ultimately led to a rulemaking proceeding in which the Commission adopted amendments to Rule 25-6.065, F.A.C. This rule requires the IOUs to expedite the interconnection of customer-owned renewable generation, and allows customers to retain additional value of excess generation through net metering.

In July 2007, the Commission held a workshop to gather information on the design of an RPS for Florida. Over 30 speakers participated from the renewable industry, electric utilities and state and federal governmental entities. Based on the discussions from the July workshop,

Commission staff conducted follow-up technical workshops in August, September and December 2007, to explore a number of specific elements of an RPS in more depth, including the establishment of goals, applicability, eligible resources, compliance, verification and tracking mechanisms, mechanisms to encourage specific resources, and RPS activities in other states. At these workshops, comments were received from a wide range of stakeholders.¹

House Bill 7135 - Amendments to Section 366.92, F.S.

House Bill 7135 (HB 7135), Chapter 2008-227, Laws of Florida, enacted by the 2008 Florida Legislature, is a comprehensive state energy bill. HB 7135, in part, requires the Commission to adopt RPS rule and submit to the Legislature by February 1, 2009 for ratification. As part of the rule development process, the Commission is to evaluate the current and forecasted installed capacity in kilowatts through 2020, and current and forecasted levelized cost in cents per kilowatt-hour through 2020, for each renewable energy resource. The Commission staff has been collecting data on the number, type and output of existing renewable generators to establish a baseline for determining growth in renewable generation as part of the exploration of the RPS. Recently, the Commission, in cooperation with the Governor's Energy Office and the Lawrence Berkeley National Laboratory, has engaged Navigant Consulting, Inc. to perform an assessment of renewable energy resources that are currently operating in Florida and could potentially be developed in Florida through the year 2020. Funding for this study will be provided through a grant from the U.S. Department of Energy. The renewables assessment to be completed in December 2008 will provide a source of information and data to verify the final percentages and timing of the renewable portfolio standards.

In addition to establishing the RPS percentages and timing, Section 366.92, F.S., requires that the Commission's RPS rule include the following:

- Methods of managing the cost of compliance with the RPS, whether through direct supply or procurement of renewable power or through the purchase of renewable energy credits (RECs). The Commission is authorized to provide for annual cost recovery of compliance with the RPS and adjustments to a utility's return on equity to incentivize renewable energy;
- Appropriate compliance measures and conditions under which non-compliance can be excused when the supply of renewable energy is not adequate or the cost of securing renewable energy is cost prohibitive;
- Appropriate period of time for which RECs may be used for purposes of compliance with the RPS;
- Monitoring procedures for compliance with and enforcement of the RPS;

¹ Attendees included representatives of: (1) the Governor's office, (2) federal, state, and county government agencies, (3) the solar, biomass, waste-to-energy, waste heat, ocean energy, landfill gas, and cogeneration industries, (4) energy efficiency measure providers, (5) investor-owned, municipal, and cooperative electric utilities, (6) customers including large industrial customers, and (7) Florida-specific and national environmental organizations.

- A means of ensuring that energy credited toward compliance with the RPS may not be used for any other purpose;
- Procedures to track and account for RECs, including ownership derived from customer-owned renewable energy facilities as a result of an action by a customer of an electric power supplier independent of a program sponsored by the supplier; and
- Provisions for the repeal or amendment of the rule in the event new federal law supplants or conflicts with the rule.

The Commission may give added weight to energy provided by wind and solar photovoltaic over other forms of renewable energy in developing its RPS rule.

The statute also requires annual reporting to the Commission by each electric IOU of its compliance with the RPS in the previous year and how it plans to comply in the upcoming year. The municipal electric utilities and rural electric cooperatives are also required to develop standards for the promotion, encouragement, and expansion of the use of renewable energy resources and energy conservation and efficiency and to file an annual report with the Commission.

Commission RPS Rulemaking Process

Subsequent to the 2008 legislative session, the Commission held a workshop on July 11, 2008, to provide a forum to discuss issues relevant to the development and implementation of an RPS for Florida that is consistent with the provisions of Section 366.92, F.S. At that workshop, the Commission heard from 16 speakers from renewable energy providers, the electric utilities, and other interested parties. Post-Workshop Comments were filed by 14 stakeholders. On August 20 and 26, 2008, Commission staff held workshops to discuss staff's strawman draft RPS rules. The topics in the strawman draft included: Rule 25-17.400 – Renewable Portfolio Standard design; Rule 25-17.410 – Renewable Energy Credit Market; and Rule 25-17.420 – Reporting requirements for municipal electric and rural electric cooperatives. Written Post-Workshop Comments were received from 29 parties.² A discussion of the comments is contained in the body of the staff recommendation along with the discussion of the relevant section of the draft rules.

² The parties filing Post-Workshop Comments include: Florida Power & Light Company; Progress Energy Florida; Gulf Power Company; Tampa Electric Company; Florida Electric Cooperative Association; Florida Municipal Electric Association; Office of Public Counsel; Charles H. Bronson, Commissioner, Florida Department of Agriculture and Consumer Services; Sarasota County; The Greater Sarasota Chamber of Commerce; Florida Industrial Power Users Group; Florida Renewable Energy Producers Association; Florida Crystals; Sunshine State Solar Power; Mark Alexander; Environmental Defense Fund; Florida Alliance for Renewable Energy; Clean Energy Group; Waste Energy Solutions; APX, Inc.; COB Creations, LLC; Florida Pulp and Paper Association; Florida Solar Coalition; Wheelabrator Technologies, Inc.; Florida Industrial Cogeneration Association; City of Tampa and Solid Waste Authority of Palm Beach County; PCS Phosphate – White Springs; Sterling Planet; Covanta Energy Group, Inc.; and Southern Alliance for Clean Energy.

Docket No. 080503-EI
Date: October 2, 2008

The Commission has jurisdiction pursuant to Sections 350.127(2), 366.05(1), 366.02(2), 366.04(2)(f) and (5), 366.041, 366.05(1), 366.81, 366.82(1) and (2), 366.91(2), and 366.92, F.S.

Executive Summary

Staff is proposing three draft rules to implement the provisions of Section 366.92, F.S. Rule 25-17.400, F.A.C., Renewable Portfolio Standards, would establish uniform mandatory standards for the IOUs, and a procedure to review and, if appropriate, modify the RPS at least every five years. Rule 25-17.410, F.A.C., Florida Renewable Energy Credit Market, would require the establishment of a renewable energy credit (REC) trading market to facilitate compliance with the RPS. Finally, Rule 25-17.420, F.A.C., Municipal Electric Utility and Rural Electric Cooperative Renewable Energy Reporting, would establish reporting requirements for the municipal and cooperative electric utilities.

I. Rule 25-17.400, F.A.C., Renewable Portfolio Standards

Renewable Portfolio Standards Proceeding - The rule establishes that the Commission would hold a proceeding at least once every five years to review and, if appropriate, modify the renewable portfolio standards. In such a proceeding, the renewable portfolio standards are to be based on an analysis of the technical and economic potential for Florida renewable energy resources.

Initially, the rule establishes the following percentages of the prior year's retail sales for each IOU to be provided by Florida renewable energy resources:

1. By January 1, 2017: 5 percent;
2. By January 1, 2025: 10 percent;
3. By January 1, 2033: 15 percent; and
4. By January 1, 2041: 20 percent.

These percentages are based on an estimate of currently available renewable energy resources, which is approximately 3.61 percent, and their potential expansion to 2017 with a doubling of the percentage standards every eight years. These preliminary standards should be contingent on the analysis of the technical and economic potential for Florida renewable energy resources currently being undertaken by Navigant Consulting, Inc. The Governor's Energy Office and staff are working cooperatively with Navigant which is under contract with the Lawrence Berkeley National Laboratory through a grant from the U.S. Department of Energy. Navigant is to conduct a renewable assessment to analyze the technical and economic potential for renewable energy technologies currently available in Florida and that could be developed through the year 2020. The results of this assessment are expected to be completed in December 2008, prior to the culmination of the rulemaking process and will be available to verify the reasonableness of the initial RPS standards and timing.

Encouragement of Wind and Solar – Section 366.92(3)(b)3, F.S., states that the Commission's rule may provide added weight to energy produced by wind and solar photovoltaic generation. Staff believes it is appropriate to provide additional encouragement in the rule for these zero-greenhouse gas emitting resources. Accordingly, the rule would require that at a minimum 25 percent of the RPS be provided from wind and solar resources. In addition, 75 percent of revenues available for renewable energy credits would be dedicated to solar and wind resources.

Florida Renewable Energy Resources – Only in-state renewables, as defined in Section 366.92(2), F.S., are eligible to be used for compliance under the rule. The statute promotes renewable energy resources that produce electrical, mechanical, and thermal energy from hydrogen, biomass, solar, geothermal, wind, ocean, waste heat or hydroelectric power.

Implementation Plans – Each IOU would be required to submit to the Commission within 180 days of the effective date of the rule, its plan for meeting or exceeding the RPS.

Compliance – The rule would require renewable energy credits (RECs) to be the sole means by which to comply with the RPS. This makes implementation and accounting easier than accounting for a mix of energy and RECs. Section 366.92(2), F.S., defines a REC as a product representing the renewable attribute of renewable energy produced in Florida and is equivalent to one megawatt-hour (MWh) of electricity. IOUs may either purchase RECs from Florida renewable energy resources owned by third parties, or use RECs certified from Florida renewable resources owned by the IOU. Staff believes there will be increased efficiency in tracking compliance if only RECs are used, rather than a combination of energy and RECs.

Rewards/Penalties – Staff believes that IOUs will be incented to construct renewables in two ways: (1) self-build renewable projects would add to rate base on which the IOU would have the opportunity to earn a return; and (2) the costs for these facilities would be recovered through a newly created dedicated cost recovery clause, the Renewable Energy Cost Recovery clause (RECR). The return on equity for self-build renewables would be determined by the Commission in the RECR proceeding in which the Commission would take into consideration relevant risk and rewards. The rule also provides conditions under which an IOU may be excused for non-compliance as required by the statute. These conditions include insufficient supply of Florida renewable energy resources or prohibitive cost. If an IOU is not excused from compliance, the rule provides that an IOU which fails to meet the RPS shall be subject to a penalty up to 50 basis points of the IOU's approved rate of return on equity. The penalty would be assessed as a reduction in the amount of recoverable costs in the RECR clause, as discussed below.

Cost Caps - The rule also recognizes the Legislature's intent to minimize the cost of power supply to consumers by establishing cost caps that would limit the total cost of compliance to a total of two percent of each IOU's total annual revenue from retail sales of electricity. To further encourage solar and wind resources, the costs of complying with the RPS are allocated with 1.50 percent going to wind and solar, and 0.50 percent going to all other Florida renewable energy resources.

Renewable Request for Proposals – Each IOU would be required to biennially issue a request for proposals (RFP) for Florida renewable energy resources and factor the results of renewables purchased in the IOU's Ten-Year Site Plan. Thus the need for new power plants would be reduced by: (1) conservation; and (2) cost-effective renewable purchases. This will provide an organized, predictable process to encourage renewable developers to participate in the Florida market. The biennial RFP would be in addition to the opportunity for individual negotiations between renewable developers and the utilities, as well as the renewable energy contracts required by Rule 25-17.200-.310, F.A.C.

Cost Recovery – The rule provides for cost recovery of reasonable and prudent costs associated with the purchase of RECs, including administrative costs, and costs associated with IOU-owned renewable facilities. The RECR clause would be created to allow for Commission review and approval of reasonable and prudent costs associated with RECs, IOU-owned renewable facilities, and capacity and energy purchased through tariffs or contracts with Florida renewable energy resources. The Commission would also establish the appropriate return on equity associated with IOU-owned Florida renewable energy resources.

Reporting Requirements – Each IOU would be required to provide an annual report to the Commission by April 1 as part of its Ten-Year Site Plan. The specific data to be provided by each IOU in these reports will facilitate the Commission’s evaluation of utility efforts and costs associated with the RPS, and efforts to track the development of renewable energy in Florida.

II. Rule 25-17.410, F.A.C. - Renewable Energy Credit Market

Establishment of a REC Market – The REC market allows for the certification and accounting of RECs that may be used by the IOUs to meet the requirements of the RPS. The rule directs the IOUs to establish a REC market and select an independent third party REC market administrator, subject to Commission approval. The REC market will allow the IOUs to generate their own, buy, sell, and trade the RECs needed to comply with the RPS, and allow for owners of Florida renewable energy resources to benefit from the sale of RECs. The rule would require the establishment of a group to act as technical advisors to the REC market administrator in the areas of governance and market rules. The IOUs, municipal electric utilities, rural electric cooperatives, and Florida renewable energy resource providers are to make up the advisory group. As part of the IOUs’ request for Commission approval of the REC market structure and governance, provisions shall be made to facilitate both short-term purchases of RECs, and long-term bilateral contracts for RECs between IOUs and Florida renewable energy providers.

Full Transparency – The rule provides for full oversight of the REC market by the Commission in several ways: (1) the REC market administrator must be approved by the Commission; (2) the rule requires Commission approval of all of the practices and procedures of the REC market; and (3) all records of the REC market must be fully transparent and open to the Commission for inspection and audit. While not specifically identified in the draft rule, complaints are subject to Commission resolution pursuant to Rule 25-22.032, F.A.C., Customer Complaints, or Rule 25-22.036, F.A.C., Initiation of Formal Proceedings.

Eligible Facilities – Renewable facilities that are eligible to produce RECs must be certified by the REC market administrator. The rule lists eligible facilities, which include (1) all utility-owned Florida renewable energy resources, (2) non-utility owned renewables for which the capacity or energy is under contract to a utility or pursuant to an approved tariff, (3) non-utility owned renewables greater than two megawatts, that offset all or part of the customer’s electrical needs, and (4) customer-owned renewables, two megawatts or less, that have not received an incentive from an IOU pursuant to a Commission-approved energy efficiency program.

Treatment of RECs – The rule would require that the REC is retained by the owner of the eligible Florida renewable energy resource, unless sold or transferred. The rule also would

ensure, pursuant to statute, that RECs credited toward RPS compliance are not credited toward any other purpose. To prevent double counting, the rule requires that RECs produced by Florida renewable energy resources used to comply with Florida's RPS or any other state's RPS must be retired and not used for compliance with another state or regional RPS.

III. Rule 25-17.420, F.A.C. - Municipal and Rural Electric Cooperative Reporting

Reporting Requirements – The municipal and cooperative electric utilities would be required to report annually to the Commission the efforts to develop standards for the promotion, encouragement, and expansion of the use of renewable energy resources, and energy conservation and efficiency measures as required by Section 366.92(5), F.S. Also, these utilities are required to submit additional data to facilitate the Commission's efforts to track the development of renewable energy in Florida.

Discussion of Issues

Issue 1: Should the Commission propose the adoption of Rule 25-17.400, F.A.C., entitled "Florida Renewable Portfolio Standard"?

Recommendation: Yes, the Commission should propose the adoption of the rule as set forth in Attachment A. Rule 25-17.400, F.A.C., establishes an RPS for Florida's investor-owned utilities that offers a balanced approach to encouraging the development of renewable resources in Florida, while providing sufficient ratepayer safeguards. The rule establishes reasonable initial standards that increase over time to 20 percent of each IOU's retail sales. The rule contains two primary components to protect ratepayers from high rate impacts: (1) a procedure for the Commission to review at least every five years and modify the standards, if appropriate, and (2) a cost cap based on two percent of each IOU's annual revenues from retail electric sales. The rule is consistent with the requirements of Section 366.92, F.S. (Harlow, Futrell, Miller)

Staff Analysis:

Overview of Draft Rule 25-17.400, F.A.C.

The draft rule establishes initial uniform numerical renewable portfolio standards for each Florida investor-owned utility, and includes a procedure for the Commission to review and update these standards, as necessary, not less than every five years. The rule implements an RPS with standards that ramp up over time and are based on a percentage of each utility's previous year's sales. The draft rule contains a broad range of eligible renewables, as defined by Section 366.92(2), F.S., and includes electrical, mechanical, and thermal processes. The draft rule gives added weight to solar and wind technologies through a 25 percent carve out, coupled with a 75 percent share of the two percent cost cap.

IOUs are required to submit implementation plans within 180 days of the effective date of the rule. This information must be updated in annual reports to be filed concurrently with each IOU's Ten-Year Site Plans. Compliance with the RPS is accomplished by each IOU through producing or purchasing sufficient renewable energy credits (RECs) to meet each year's RPS. Only in-state renewable facilities are eligible to create RECs that may be used for compliance by the IOUs. As provided for by Section 366.92(3)(b)2, F.S., the rule establishes the reasons under which a utility that makes a good faith effort to comply may be excused, including: (1) a lack of sufficient supply of RECs and (2) prohibitive compliance costs greater than two percent of an IOU's annual retail revenues. The rule incents IOUs to construct renewables by allowing full cost recovery including an appropriate return on equity. The draft rule also provides for penalties of up to 50 basis points if a utility fails to meet the RPS standard and is not excused from compliance.

The draft rule requires each IOU seeking to construct a renewable facility to select the option most likely to result in the least cost for ratepayers, and requires utilities to conduct a biennial request for renewable proposals. The draft rule establishes a new cost recovery clause and proceedings for IOUs to recover reasonable and prudent costs associated with self-build facilities, RECs, the Florida Renewable Energy Credit Market, and renewable purchased power.

The rate of return on equity for self-build renewable facilities will be determined by the Commission in the annual cost recovery proceeding. The Commission may also consider whether to include incentives for meeting or exceeding the RPS standard.

Discussion of Draft Rule Provisions and Comments by Interested Persons

The major provisions of the draft rule and related Post-Workshop Comments are discussed in detail below.

Section (1) Application and Scope (Attachment A, page 56, lines 2 through 9) – Section (1) of staff’s draft Rule 25-17.400, F.A.C., delineates the purpose of the Florida Renewable Portfolio Standard rule, which is to establish a procedure for the Commission to review and, if appropriate, update the RPS standards at least every five years. Pursuant to Section 366.92, F.S., the purposes of the standards are those specified by statute and include promoting the development of renewable energy, protecting the viability of existing renewable facilities, increasing fuel diversity, reducing dependence on fossil fuels, minimizing volatility of fuel costs, encouraging investment in Florida, improving the environment, and minimizing costs to consumers.

Post-Workshop Comments

In Post-Workshop Comments, several stakeholders recommend that the Application and Scope section should be clarified to state that the RPS should be uniform for each IOU. [See Post-Workshop Comments by Florida Crystals, Wheelabrator, Covanta, the Southern Alliance for Clean Energy (SACE), and Florida Power and Light Company (FPL).] Staff has proposed that the initial RPS standards be uniform. Each IOU is required to meet the same minimum percentage standard for each year. The Commission should have the flexibility, however, in subsequent review proceedings, to determine whether going forward, the RPS standards should continue to be uniform to reflect the unique circumstances of each IOU.

The Florida Industrial Cogeneration Association (FICA) states that the Application and Scope section should state that the standards are mandatory. Staff agrees subject to the provisions discussed below on excusal from compliance.

The Florida Industrial Power Users Group (FIPUG) recommends that Section (1) should state that the standards are minimum requirements for each IOU. Staff agrees that the standards required by Section (3) are minimum standards, as reflected in Subsection (3)(a), which states “Each investor-owned electric utility shall meet or exceed the following renewable portfolio standards...” The addition of penalties to the rule also reflects that these are not only minimum, but mandatory standards, unless the Commission excuses performance for an IOU within a compliance period. Therefore, staff believes the draft rule clearly reflects that these are minimum standards and that no revision to Section (1) is necessary.

FPL states that the intent language of Section (1) should place primary focus on the promotion of clean energy and the reduction of greenhouse gases. Staff disagrees as the statutory intent is much broader and includes fuel diversity, economic development, and environmental improvements. FPL’s definition of clean energy includes nuclear power, as well

as generation and transmission efficiency improvements. As discussed further below, resources eligible for compliance in the RPS are limited to renewables and do not include nuclear generation, generation efficiencies, or demand-side management programs. Staff has conformed the definition of eligible resources with the direction provided by the Legislature. Further, staff does not believe it is necessary to add language stating that an additional purpose of the RPS is the reduction of greenhouse gases. This goal is already reflected in the language, “improve environmental conditions,” taken from the statute.

COB Creations, LLC, (COB) suggests language to reflect that the Commission “shall establish an RPS rule that is equitable to ratepayers, utilities and renewable energy resources...” Staff addressed this suggestion by making revisions to Section (3) that clearly state that the Commission sets the standards, rather than the utilities. COB also states that language should be added to Section (1) to reflect that costs of the RPS should be minimized for all classes of ratepayers. Staff does not believe it is necessary to make COB’s suggested change because equitable treatment of all rate classes will be addressed in the cost recovery proceedings contained in Section (7) and by normal Commission ratemaking policy.

Staff’s strawman draft rule contained two additional subsections under Application and Scope. These subsections described the proceedings for the Commission to review and, if appropriate, modify the standards at least every five years. The language also stated that a proceeding would be held to review the standards upon petition by a substantially affected person or utility. Staff revised these subsections to address the Post-Workshop Comments and moved the revised language to Section (3), because the language relates to the process of reviewing the initial renewable portfolio standards. Staff received numerous comments regarding these provisions of the strawman draft rule, which will be addressed in the discussion of Section (3).

Section (2) Definitions (Attachment A, page 56, line 10, through page 58, line 3) – Section (2) defines certain terms used in draft Rules 25-17.400, 25-17.410, and 25-17.420, F.A.C. The following is a discussion of several of those definitions, upon which there was disagreement among the workshop participants.

Eligible Renewables – Florida Renewable Energy Resources

Staff adopted the language for the definitions of the terms, “Florida renewable energy resources,” “renewable energy,” and “biomass,” directly from the statutes. These concepts are used in the draft rule in defining the resources eligible for compliance with the RPS. Section 366.92(2)(a), F.S., defines “Florida renewable energy resources” as renewable energy, as defined in Section 377.803, F.S., that is produced in Florida. Section 377.803, F.S., refers to electrical,