

**MINUTES OF January 9, 2009
COMMISSION CONFERENCE**

COMMENCED: 1:37 p.m.
RECESSED: 3:50 p.m.
RECONVENED: 4:08 p.m.
ADJOURNED: 7:21 p.m.

COMMISSIONERS PARTICIPATING: Chairman Carter
Commissioner Edgar
Commissioner McMurrian
Commissioner Argenziano
Commissioner Skop

Parties were allowed to address the Commission on items designated by double asterisks (**).

1**

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

Critical Date(s):	Draft rule due to the Legislature by February 1, 2009
Commissioners Assigned:	All Commissioners
Prehearing Officer:	Argenziano
Staff:	GCL: Miller, Cibula SGA: Ballinger, Chase, Crawford, Futrell, Harlow, Rudd, Trapp

Issue 1: Should the Commission submit to the Legislature the October 14, 2008 draft Rule 25-17.400, F.A.C., entitled *Florida Renewable Portfolio Standard*, and draft Rule 25-17.410, F.A.C., entitled *Florida Renewable Energy Credit Market*, as set forth in Attachment A of staff's memorandum dated December 31, 2008?

Recommendation: Yes. The Commission should submit to the Legislature the October 14, 2008 draft rules as one alternative for consideration. Staff would recommend, however, minor changes to these draft rules as follows:

- (1) Modification to the 2017 RPS from 5 percent to 6 percent. (See Section 25-17.400(3)(a));
- (2) Clarification that the implementation plans required by the IOUs will be approved by the Commission. (See Sections 25-17.400(4));
- (3) Clarification of the types of costs that can be counted toward the rate cap. (See Section 25-17.400(5)(d));
- (4) Removing the provision for a separately determined ROE for IOU self-build renewable projects in the RECR clause. Thus, the IOU's last authorized ROE would be utilized. (See Section 25-17.400(7)(a)1);

ITEM NO.

CASE

1**

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

(Continued from previous page)

(5) Three revisions to the RECR clause proceeding to change the projected period in one of the filing requirements; to remove an unnecessary filing requirement; and to include the Renewable Energy Charge as a line-item on customer bills. (See Section 25-17.400(7)(c)); and

(6) Inclusion of reference to the Commission's complaint resolution process to address disputes between IOUs and renewable energy developers. (See Rule 25-17.410(11))

These modifications to the draft rule are discussed in the staff analysis and shown in Attachment A of staff's memorandum dated December 31, 2008, in type and strike format.

The Commission may also decide to consider further revisions to the draft rule which are presented as policy options in Section IV of the staff analysis and based on the Commission's direction at the October 14, 2008 Agenda Conference.

DECISION: The recommendation was modified, as follows:

Strategy A to be put forward as the draft RPS rule with the following changes:

1) RPS to be set at 20% by 2020.

2) The RPS standard for percentage and timing should be:

7% by January 1, 2013, with recognition that it would be measured on the first full compliance year 2012.

12% by January 1, 2016, with the recognition that it would be measured on the first full compliance year 2015.

18% by January 1, 2019, with the recognition that it would be measured on the first full compliance year 2018.

20% by January 1, 2021, with the recognition that it would be measured on the first full compliance year 2020.

*these dates are presented with the recognition that they would be measured on the first full compliance of the previous year.

The RPS will be reviewed at least once every 3 years.

3) Set the rate cap of 2%; review every 3 years or at the initiation of the Commission or for good cause shown.

4) Approve Staff's Recommendation of a penalty up to 50 basis points for unexcused non-compliance.

5) Approve Staff's recommendations of 25% carve-out for Class I and 75% carve-out for Class II, to be reviewed and, if necessary, adjusted every 3 years. Also, approve Staff's recommendation that 75% of rate cap funding be allocated to Class I and 25% to Class II.

ITEM NO.

CASE

1**

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

(Continued from previous page)

6) The information discussed in the conference regarding Attachment A, page 64, was incorporated.

7) Include Commissioner Skop's Consumer Rate Impact Protection Plan language, which includes annual Commission review of the rate cap and allocation of the rate cap in the cost recovery clause or another proceeding.

Issue 2: Should the Commission submit to the Legislature draft Rule 25-17.400, F.A.C., entitled Florida Renewable Portfolio Standard, which requires investor-owned utilities to establish standard offer contracts for each major segment of the renewable energy resource market in order to facilitate meeting the RPS standards, as set forth in Attachment B of staff's memorandum dated December 31, 2008?

Recommendation: Yes. The Commission should submit Rule 25-17.400, F.A.C. requiring the establishment of standard offer contracts for each segment of the renewable energy resource market as another alternative for consideration by the Florida Legislature. However, as discussed in Issue 1, staff recommends that the RPS be set at 20 percent by 2041 with a 2 percent rate cap.

DECISION: The recommendation was modified. All supporting documentation to be sent to the Legislature.

Issue 3: Should the Commission recommend to the Legislature that the resources eligible to comply with the RPS include clean electric generating resources, and savings from supply-side and demand-side efficiency improvements?

Recommendation: Yes. The Commission should recommend to the Legislature as an addition to the recommendations in Issues 1 and 2, that eligible resources in the existing statute be expanded to include: (1) energy from new nuclear facilities and uprates approved by the Commission since 2006; (2) energy from integrated gasification combined cycle with carbon capture and sequestration plans approved by the DEP; (3) energy savings from efficiency improvements to existing utility generation; and (4) savings associated with customer energy efficiency programs.

DECISION: The recommendation was modified to remove reference to integrated gasification combined cycle (IGCC).

ITEM NO.

CASE

1**

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

(Continued from previous page)

Issue 4: Should the Commission submit to the Legislature draft Rule 25-17.420, F.A.C., entitled Municipal Electric Utility and Rural Electric Cooperative Renewable Energy Reporting?

Recommendation: Yes. The Commission should submit to the Legislature Rule 25-17.420, F.A.C., as set forth in Attachment C of staff's memorandum dated December 31, 2008.

DECISION: The recommendation was approved.

Issue 5: Should this docket be closed?

Recommendation: No. This docket should remain open to await further direction from the Legislature in regard to the adoption of the draft rules. If the Legislature determines that no further action will be required by the Commission, then this docket should be closed administratively.

DECISION: The recommendation was approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

