

Florida Public Service Commission
C/o Ms. Karen Webb
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
KWWebb@psc.state.fl.us

July 21, 2008

Dear Commissioners,

Environmental Defense Fund applauds the Florida Public Service Commission, as well as Governor Crist and the Florida Legislature for their commitment to develop a Renewable Portfolio Standard (RPS) for the state of Florida pursuant to the provisions of HB 7135. A RPS will maximize Florida's utility resources, diversify the state economy, create high-tech and high-wage jobs, reduce greenhouse gas emissions, and promote investment and economic development.

As part of the RPS, we encourage you to consider a valuable tool as part of your rulemaking recommendations: Renewable Energy Payments (REP). A REP policy, also referred to as a Feed-In Tariff, is a simple, elegant and effective economic mechanism for the mass adoption of renewable energy technologies in the shortest possible timeframe. REPs are a temporary investment measure used to develop the competitiveness that results from economies of scale. Generally speaking, they guarantee participants interconnection with the grid and pay fair rates designed to generate reasonable profits for investors over a long period of time (e.g. 20-30 years).

In practice, REPs put a legal obligation on utility companies to buy electricity from renewable energy producers at a premium rate, over a guaranteed period of time, making the installation of renewable energy systems a worthwhile and secure investment for the producer. The extra cost is shared among all energy users, thereby reducing it to a barely noticeable level. Costs are equalized among all grid users and passed along uniformly to consumers. Though REPs are paid over a long-term period, after a few years, the investment costs decrease low enough to be paid off without using the support of REPs. This provides constant pressure on renewable manufacturers to bring costs down in order to keep the market alive. Good REP legislation can overcome many barriers to market entry for renewable energy producers. In Germany REPs have been huge success, growing from 2% renewable production in 1997 to 14.6% in 2007 with an annual 2GW of solar installation growth. Likewise, renewable energy jobs in Germany now total approximately 250,000 and Spain has over 100,000, largely due to successful implementation of REPs. Environmental Defense Fund supports REPs as an ideal mechanism to meet our state's RPS targets and boost our economy.

Some of the many benefits of incorporating REPs into an RPS include the fact that REPs are technology-neutral. Rates can be differentiated by technology, so that each renewable resource type can be developed profitably depending on the overall energy need of the state's customers. Perhaps most importantly, REPs provide a guaranteed market, guaranteed payments, priority access to the grid and guaranteed transmission and distribution.

REPs encourage a stable investment by electricity ratepayers today toward a more sustainable and cheaper energy production in the future.

We believe that including REPs within the state's RPS would be hugely beneficial to diversify our energy supply, while simultaneously protecting the environment and improving our economy. We look forward to working with you as a resource on this and other RPS solutions in the coming months.

Sincerely,

/KEberhardt/

Kellyn Eberhardt
Environmental Defense Fund