

Florida Public Service Commission
C/o Ms. Judy Harlow
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July 1, 2008

Dear Commissioners,

The undersigned groups would first like to applaud 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 has the potential to diversify Florida's electricity resources, stimulate economic development, reduce air pollution, and create new businesses opportunities and manufacturing jobs through a renewable energy requirement for state-regulated electric utilities in Florida.

As you consider the various issues related to the development of a renewable portfolio standard, we urge you to consider the following principles.

Definitions

1. **A tiered system is necessary to ensure that traditional, truly renewable resources comprise the bulk of the portfolio.** It is appropriate that solar photovoltaic, solar thermal, low-impact hydropower, geothermal, tidal/wave power, biologically-derived methane, sustainable biomass energy, wind, and fuel cells derived from any of the above eligible renewable resources should fulfill the Tier 1 requirement.
2. **Energy efficiency, load management practices, and combined heat and power (cogeneration)** should fulfill the Tier 2 requirement.
3. **Municipal solid waste incineration must not be included in the RPS.** The burning of municipal solid waste creates serious air pollution problems, especially with regard to emissions of toxic substances such as dioxin and heavy metals. The purpose of an RPS should be to promote emerging clean energy technologies, rather than support dirty, established technologies such as municipal solid waste incineration.
4. **Nuclear power should not be included in the RPS.** Nuclear plants are fueled by uranium, which is both a finite resource, generates significant greenhouse emissions when mined and presents a whole host of other environmental, safety and security issues. Additionally, despite being a mature industry nuclear power remains extremely costly.
5. **Waste coal should not be included in any RPS.** Waste coal is a fossil fuel, and thus the burning of waste coal for energy inevitably leads to significant air pollution.

Targets

We suggest the following schedule requiring all covered utilities to derive electricity from eligible renewable energy resources in these minimum amounts:

Timeline	Tier 1, Renewables percent	Tier 2, Demand Side Management percent	Total
December 31 st 2010	1.0	0.5	1.5
December 31 st 2011	2.5	1.0	3.5
December 31 st 2012	4.0	1.5	5.5
December 31 st 2013	5.5	2.0	7.5
December 31 st 2014	7.0	2.5	9.5
December 31 st 2015	8.5	3.0	11.5
December 31 st 2016	10.0	3.5	13.5
December 31 st 2017	11.5	4.0	15.5
December 31 st 2018	13.0	4.5	17.5
December 31 st 2019	14.5	5.0	19.5
December 31 st 2020	16.0	5.5	21.5

- 1. A designated percentage of the RPS should be reserved for solar energy—often referred to as a “solar share.”** Solar energy is the most promising long term renewable energy option. However, there are significant regulatory and other barriers that have slowed the wide-scale deployment of solar technology. Some of these, such as the lack of interconnection and net-metering policies, have recently been addressed by the commission. However, a solar share is a vital component of any renewable portfolio standard to ensure increasing amounts of solar energy are being produced in Florida. Examples of other states utilizing this policy design include Colorado, which has set aside 4% per annum for a solar share, and Arizona, at 4.5%.
- 2. If the timeline for implementation of the RPS is extended, the percentage requirement should also be increased, according to a 1:1 ratio.** For example, if a 10% renewables in 10 years RPS was extended to 15 years, then the percentage should be increased to 15%. This will ensure that any RPS is in fact a step forward, as opposed to simply maintaining the status quo.

Renewable Energy Credits

- 1. A unit of credit should be equal one megawatt hour of electricity from a renewable energy resource.** Three units of credits should be awarded for every one megawatt hour of electricity from solar photovoltaic systems. Out of state renewable energy systems should be awarded 0.75 credit
- 2. Ownership of the REC should belong to the generating facilities.** Renewable energy that exceeds the requirement may be sold to any other electric providers. Utilities should

be allowed to bank credits from one year to the two subsequent years if they are under compliance.

3. **Preference should be given to renewable energy systems within Florida** and additional preference should be given to renewable energy systems using component parts or materials produced in Florida.

Compliance

1. **The Public Service Commission should only allow a provider of electric services and the electric utility to recover the prudent, actual costs of providing the amount of renewable energy required under this standard from Florida's ratepayers.** The PSC may award cost recovery so long as utilities are not recovering the cost of renewable energy systems before the renewable production is actually purchased or constructed and in use. Any penalties incurred by a utility not in compliance with this standard should not be recovered from their ratepayers. The utility should not receive exemptions from competitive bid process as this raises contractor costs and corresponding interest paid to the utility. In addition, advertising and legal representation costs should not be included in cost recovery.
2. **Every electric utility covered by the RPS requirement shall submit an annual report to the PSC which shall serve as a report of their compliance.** The PSC shall conduct a review to determine if an electric utility or electric services company has met the standard. Failure to meet the standard shall result in a penalty (outlined below), imposed by the PSC.
3. **The PSC will issue an order stating whether the electric utility complied. If they do not comply with the standard the, PSC shall impose on the provider a fine of 200 % of the cost of a renewable energy credit** that the provider does not generate or acquire from a renewable energy system during a calendar year in violation of the portfolio standard. These monies will be fed into an Advanced Energy Fund and must be used to promote and grow renewable energy generation or energy efficiency in this state.

We believe that adhering to these principles will ensure that any RPS developed by the Public Service Commission will help to diversify our energy supply while simultaneously protecting the environment and improving our public health. We look forward to working with you in the coming months to craft an RPS that benefits Florida's economy, our public health, and our environment.

Sincerely,

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