Clean Energy Group Recommendations
DRAFT 8/11/08
I. Renewable Portfolio Standard

17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish numerical portfolio standards for 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 renewable portfolio standards for each investor-owned electric utility 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 investor-owned electric utility shall propose 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:

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) "Alternative Compliance Payment" means a payment of a certain dollar amount per megawatt hour, which an investor-owned electric utility may submit in lieu of supplying the minimum percentage of renewable energy credits or Florida renewable energy resources required under Rule 17.400(3)

(3) Renewable Portfolio Standard. Within 90 days of the effective date of this rule, 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, each investor-owned utility shall submit proposed annual 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 percent of the prior year's retail electricity sales;

2. by January 1, 2017: 3.75 percent of the prior year's retail electricity sales;

3. by January 1, 2025: 6 percent of the prior year's retail electricity sales;

4. by January 1, 2050: 20 percent of the prior year's retail electricity sales.

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) **Of the eligible renewable energy amounts specified, each investor-owned utility shall derive at least 25% percent from solar thermal and photovoltaic technologies and distributed generation projects. At least one-half of this percentage shall be derived from on-site solar systems located in residential applications.**

(c) Standard Solar Rebate Offer. Each investor-owned utility shall make available to its retail electricity customers a standard rebate offer of $4.00 per watt for on-site solar systems, up to a maximum of 100 kW per system. Any solar renewable energy credits acquired by the utility pursuant to such program may be counted by the utility for purposes of compliance with the renewable energy standard. In order to receive the rebate payment, the customer must enter into an agreement with the utility, with a minimum term of 20 years, which transfers the solar renewable energy credits generated by the on-site solar system during the term of the agreement from the customer to the utility.

~~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.~~

(**d**~~e~~) 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; and

5. Current and ten-year forecast of the estimated retail rate impact for each class of customers of the proposed renewable portfolio standard.

(4) Compliance.

(a) An investor-owned electric utility may discharge its obligations under the renewable portfolio standard, in whole or in part, for any compliance year by making an alternative compliance payment (ACP) to the Florida Renewable Energy Development Fund established and administered by the Florida Energy and Climate Commission.

(b) The ACP rate shall be $50 per MWh for compliance year 2011. For each subsequent compliance year, the Commission shall publish the ACP rate by January 31st of the compliance year. The ACP rate shall be equal to the previous year's ACP rate adjusted up or down according to the previous year's Consumer Price Index.

(c) The Florida Energy and Climate Commission shall oversee the use of ACP funds to support the development of new renewable energy resources and projects in Florida.

(d) The Florida Energy and Climate Commission shall file a report with the Commission each year to account for use of all available funds, including the number and type of projects funded, the uncommitted balance of the ACP Fund, and renewable energy credits ~~RECs~~ generated from projects funded.

(e) An investor-owned electric utility may recover any alternative compliance payment if:

1. **the payment is the least cost measure to ratepayers as compared to purchase of eligible resources or renewable energy credits to comply with the renewable energy standard; or**
2. **there are insufficient eligible energy resources available to comply with the standard.**

(**~~f~~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.

(~~gb~~) 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 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.

(7) Resource Acquisition

(a) It is the Commission's policy that utilities should meet the renewable energy standards in the most cost-effective manner. To this end, the investor-owned utilities shall use competitive bidding for acquiring renewable energy from eligible energy resources.

(b) Whenever a utility acquires renewable energy and/or renewable energy credits by competitive acquisition, to the extent possible, the solicitations and evaluations of proposals should be coordinated to avoid redundancy and to minimize the cost of acquiring eligible resources or renewable energy credits.

(c) A utility may conduct, in its discretion, separate solicitations or combined solicitations, for any eligible Florida renewable energy resources and/or renewable energy credits.

(d) The investor-owned utility may apply to the Commission, at any time, for review and approval of renewable energy supply contracts and renewable energy credit contracts. The Commission will review and rule on these contracts within sixty days of their filing. The Commission may set the contract for expedited hearing, if appropriate.

(e) Renewable energy credit contracts that are entered into to meet the renewable portfolio standard shall be for the acquisition of renewable energy credits only and shall have a minimum term of 20 years (or shorter at the sole discretion of the seller).

(f) Competitive solicitations for the acquisition of solar renewable energy credits may be conducted by each investor-owned utility as needed to comply with the renewable energy standard.

(g) Each competitive solicitation pursuant to these rules shall be targeted toward acquiring the amount of eligible energy required for compliance with each component of the renewable energy standard.

(h) Each investor-owned utility shall provide all parties to the bid process timely notice of bidding procedure.

(i) Each investor-owned utility shall disclose, at the Commission's request, all information that will be used in the acquisition process, including but not limited to, interconnection and transmission studies, and methods for modeling or otherwise analyzing bids. Confidential information may be protected in accordance with Commission rules.

(j) If the investor-owned utility intends to accept proposals for eligible energy resources from the utility or from an affiliate of the utility, it shall include a written separation policy and name an independent auditor whom the utility proposes to hire to review and report to the Commission on the fairness of the competitive acquisition process. The independent auditor shall conduct an audit of the utility's bid solicitation and evaluation process to determine whether it was conducted fairly. Within 60 days of the utility's selection of final resources, the independent auditor shall file a report with the Commission containing the auditor's views on whether the utility conducted a fair bid solicitation and bid evaluation process, with any deficiencies specifically reported.

(k) Responses to competitive solicitations shall be evaluated and ranked by the investor-owned utility.

(l) In addition to the cost of the renewable energy and renewable energy credits, the utility may take into consideration the characteristics of the underlying eligible energy resource that may affect the ability of the bidder to fulfill the terms of the bid including, but not limited to project in-service date, resource reliability, viability, economic development benefits, energy security benefits, amount of water used, fuel cost savings, environmental impacts including tradable emissions allowances savings, load reduction during higher cost hours, transmission capacity and scheduling, and any other factor relevant to the utility's needs.

(m) A utility is not required to accept any bid and may reject any and all bids offered. However, each solicitation shall culminate in a report detailing the outcome of the solicitation and identifying which bids were selected, which were rejected, and why.

(n) For purposes of comparing bids for renewable energy credits-only with bids for electricity and renewable energy credits, the utility shall assign a value for the electricity and subtract this value from the electricity and credit bid, and evaluate bids on the basis of renewable energy credits only.

(o) Upon ranking of eligible bids, each investor-owned utility shall within 15 days indicate to all respondents with which proposals it intends to pursue a contract.

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.

II. Florida Renewable Energy Credit Market

17.410 Florida Renewable Energy Credit Market.

(1) **The Commission shall establish, maintain, or participate in a market-based, electronic renewable energy tracking system to facilitate the creation and transfer of renewable energy credits among investor-owned electric utilities.**

~~Investor-owned electric utilities shall establish and administer, subject to Commission approval pursuant to subsection (4), an electronic renewable energy credit market.~~ The renewable energy credit market **and tracking system** 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. **The renewable energy tracking system shall include a registry of information regarding all available renewable energy credits and renewable energy credit transactions among electric utilities. The registry shall provide current aggregated information to electric utilities and the public on the status of renewable energy credits created, sold, or transferred in the State.** 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.

(a) The Commission may contract with a for-profit or a nonprofit entity, to develop, administer, and maintain the renewable energy tracking system required by this section.

~~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 **and tracking system.**

(c) The administrative costs associated with the Florida Renewable Energy Credit Market **and tracking system** shall be collected either through membership dues, certification fees, or administrative fees assessed to a renewable energy credit. Fees shall be fair, equitable, and cost-based.

(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.

(a) The following entities are eligible to produce renewable energy credits that may 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.~~

(**3~~4~~**) Within 90 days from the effective date of this rule, the investor-owned electric utilities **and other interested parties** shall file, for **the** Commission**'s consideration, recommendations for** ~~approval~~ the structure, governance, and procedures for administering the renewable energy credit market. The ~~compliance~~ filings shall, at a minimum, provide **recommendations** ~~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 25-17.400(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 Coop 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.