

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Establishment of Rule on )  
Renewable Portfolio Standard )  
\_\_\_\_\_ )

Docket No. 080503-EI  
Filed: September 5, 2008

**Preliminary Markup/Comment On RPS Straw-Man Rule  
Florida Industrial Cogeneration Association,  
City of Tampa, Florida, and  
Solid Waste Authority of Palm Beach County**

This preliminary markup/comment on the RPS strawman rule proposal is submitted on behalf of the Florida Industrial Cogeneration Association (FICA), the City of Tampa (Tampa) and the Solid Waste Authority of Palm Beach County (SWA), by their undersigned attorney.

Due to the complexity of issues, the diversity of participants and substantial importance of this rulemaking proceeding, along with the fact that the proposed RPS rule is one of "first impression", FICA, Tampa and SWA hereby reserve each of their rights to amend, change, expand or otherwise modify the markup/comments contained in this preliminary document as the rulemaking proceedings progress.

Please do not hesitate to contact me if you have any question, require clarification or would like to discuss any aspects of the Preliminary Markup/Comment.

Respectfully submitted via electronic filing on the 5<sup>th</sup> day of September, 2008.

/s/ *Richard A. Zambo*

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**I. Renewable Portfolio Standard**

17.400 Florida Renewable Portfolio Standard

(1) Application and Scope.

(a) The Commission shall establish and clearly specify on a statewide basis, mandatory<sup>1</sup> 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 <sup>2</sup>, 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.

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(c) In a proceeding to ~~modify the renewable portfolio standards,~~ an investor-owned electric utility may ~~propose~~ increases in the<sup>3</sup> numerical renewable portfolio standards based on an analysis of the technical and economic potential for Florida renewable energy resources to

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<sup>1</sup> Reflects statutory language that each utility is required to comply with standards.

<sup>2</sup> Clarifies that utility is no more than an affected person and holds no special rank or place.

<sup>3</sup> The Commission is tasked by the Legislature to establish the standards. Utility involvement in that process should be limited to proposing increases in the standards. Proposing decreases would be self-serving and a means to avoid penalties for failure to comply.

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1 provide reasonably achievable and affordable annual energy (KWH) savings and that meet or  
2 exceed the minimum statewide renewable portfolio standards established by this rule as set  
3 forth in Section (3)(a) and as may be automatically adjusted pursuant to Section (10).

4 (2) Definitions.

5 (a) "Florida renewable energy resources," means electrical, mechanical, or thermal energy  
6 produced from a method that uses one or more of the following fuels or energy sources:  
7 hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat,  
8 or hydroelectric power that is produced in Florida.

9 (b) "Renewable energy," means electrical energy produced from a method that uses one or  
10 more of the following fuels or energy sources: hydrogen produced from sources other than  
11 fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and  
12 hydroelectric power. The term includes the alternative energy source, waste heat, from  
13 sulfuric acid manufacturing operations.

14 (c) "Biomass," means a power source that is comprised of, but not limited to, combustible  
15 residues or gases from forest products manufacturing, waste, or co-products from agricultural  
16 and orchard crops, waste or co-products from livestock and poultry operations, waste or  
17 byproducts from food processing, urban wood waste, municipal solid waste, municipal liquid  
18 waste treatment operations, and landfill gas.

19 (d) "Class I renewable energy source," means Florida renewable energy resources derived  
20 from wind or solar energy systems.

21 (e) "Class II renewable energy source," means renewable energy derived from Florida  
22 renewable energy resources other than wind or solar energy systems.

23 (f) "Renewable Energy Credit," means a financial instrument that represents the unbundled,

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1 separable, renewable attribute of renewable energy or equivalent solar thermal energy  
2 produced in Florida and is equivalent to one megawatt-hour of electricity generated by a  
3 source of renewable energy located in Florida.

4 (g) "Renewable Portfolio Standard," means the minimum percentage of total annual retail  
5 electricity sales by an investor-owned electric utility to consumers in Florida that shall be  
6 supplied by renewable energy produced in Florida.

7 (h) "Solar Energy System," means equipment that provides for the collection and use of  
8 incident solar energy for water heating, space heating or cooling, or other applications that  
9 would normally require a conventional source of energy such as petroleum products, natural  
10 gas, or electricity that performs primarily with solar energy. In other systems in which solar  
11 energy is used in a supplemental way, only those components that collect and transfer solar  
12 energy shall be included in this definition.

13 (i) "Solar Photovoltaic System," means a device that converts incident sunlight into electrical  
14 current.

15 (j) "Solar thermal system," means a device that traps heat from incident sunlight in order to  
16 heat water.

17 (k) "Equivalent Solar Thermal Energy," means the conversion of the thermal output, measured  
18 in British Thermal Units, of a solar thermal system to equivalent units of one megawatt-hour  
19 of electricity otherwise consumed from or output to the electric utility grid.

20 (3) Renewable Portfolio Standard. Within 90 days of the effective date of this rule, each  
21 investor-owned electric utility shall file with the Commission a renewable portfolio standards  
22 report containing an analysis of the technical and economic potential of Florida renewable  
23 energy resources for each utility's service area.

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1 (a) ~~Each investor-owned utility shall be required to meet or exceed the following statewide~~  
2 ~~renewable portfolio standards through the production or purchase of renewable energy~~  
3 credits pursuant to Rule 17.410, F.A.C.:

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- 4 1. by January 1, 2010: ~~5~~ percent of the prior year's retail electricity sales;
- 5 2. by January 1, ~~2015~~: ~~10~~ percent of the prior year's retail electricity sales;
- 6 3. by January 1, ~~2020~~: ~~20~~ percent of the prior year's retail electricity sales;

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7 ~~5~~

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8 ~~6~~

9 (c) Each investor-owned electric utility ~~renewable portfolio standard report~~, shall, at a  
10 minimum, contain the following:

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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) 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.

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- 11 1. Current and ten-year forecast of installed capacity in kilowatts for each Florida  
12 renewable energy resource;
- 13 2. Levelized life-cycle cost in cents per kilowatt-hour for each Florida renewable  
14 energy resource;
- 15 3. Current and ten-year forecast of the effects of the renewable portfolio standard on  
16 the reduction of greenhouse gas emissions in Florida;
- 17 4. Current and ten-year forecast of the effects of the renewable portfolio standard on  
18 economic development in Florida;
- 19 5. Current and ten-year forecast of the estimated retail rate impact for each class of  
20 customers of the proposed renewable portfolio standard; ~~and~~.

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22 <sup>4</sup> ~~It is the responsibility Commission to propose and adopt by rule the renewable portfolio standard. Unlike energy conservation, the Legislature has clearly articulated its intent and has tasked the Commission – not the utilities – with proposing and adopting the standards.~~

23 <sup>5</sup> ~~Increases initial standards to reflect what is thought to be currently in existence in Florida~~

<sup>6</sup> ~~Deletes preference for high cost renewable resources~~

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1 6. Current and ten-year and twenty year forecast of the estimated rate benefits for each  
2 class of customers of the proposed renewable portfolio standard<sup>7</sup>.

3 (d) Renewable Portfolio Hearings. At intervals of not less than five years, the Commission  
4 shall on its motion or the motion of an affected person other than an investor-owned utility  
5 convene evidentiary hearings for purposes of revisiting the renewable portfolio standards and  
6 determining whether increases are appropriate based on the experience of the previous years  
7 and the sworn evidence and testimony presented to Commission. Based on such hearing, the  
8 Commission shall prepare an analysis of the technical and economic potential of Florida  
9 renewable energy resources in the State and increase the renewable energy standards for  
10 subsequent years consistent with that analysis.

11 <sup>8</sup> (4) Compliance.

12 (a) The statewide renewable portfolio standards proposed, approved and adopted by the  
13 Commission, including any adjustments to those standards pursuant to Section (10), shall be  
14 presumed to be achievable by each utility within the parameters of the rule.

15 (b) Beginning in 2010, and, continuing annually thereafter, the Commission shall assess an  
16 investor owned utility at the rate of \$0.02 (two cents) per kWh for each kWh by which the  
17 utility fails to meet the renewable portfolio standard in the year, including adjustments  
18 pursuant to Section (10). Such assessment shall be paid by the utility in form of a refund to all  
19 classes of customers as a proportion of the kilowatt hours consumed over the period of the  
20 refund which shall not exceed two billing periods<sup>9</sup>.

21 (c) In extraordinary circumstances, the Commission may consider a request by an investor-

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22 <sup>7</sup> Adds requirement to evaluate/analyze long term benefits of renewable to offset and be deducted from costs.  
23 <sup>8</sup> Requires periodic revisiting of the renewable energy standards. Unlinks from utility request and links to Commission's motion or request of a non-utility. Reflects notion that Commission not utilities must control.  
<sup>9</sup> Provides a penalty mechanism, refund to customers, and burden of proof for excusal from compliance

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1 owned electric utility for excusal from compliance with the renewable portfolio standard

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2 based upon an affirmative showing by the utility in a formal evidentiary proceeding, that:

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3 1. in spite of the utility's best efforts, and having exhausted all available means to  
4 comply with the standards, the supply of renewable energy or renewable energy credits is not  
5 adequate to satisfy the demand for such energy; or

6 2. in spite of the utility's best efforts, and having exhausted all available means to  
7 comply with the standards, the cost of securing renewable energy or renewable energy credits  
8 when measured over the long-term and reflecting all potential rate benefits of the renewable  
9 energy was prohibitive such that the total direct costs, excluding any administrative or  
10 promotional costs, for compliance with the renewable portfolio standard, less the rate benefits  
11 expected to result from the renewable energy associated with such credits, exceeded five  
12 percent of the investor-owned electric utility's total annual retail revenues<sup>10</sup>.

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13 (d) Any utility filing a request to be excused from meeting the statewide renewable portfolio  
14 standard must submit its request describing, among other things the extraordinary  
15 circumstances leading to the request, along with the annual report required by Rule 25-  
16 17.400(6), F.A.C., and will have the burden of demonstrating by a preponderance of the  
17 evidence that it has fully met its burdens under (c)1 and (c)2 hereof<sup>11</sup>.

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18 (5) Cost Recovery. Reasonable and prudent costs associated with the provision or purchase of  
19 renewable energy credits to meet the utility's renewable portfolio standards, including  
20 administrative costs of the Florida Renewable Energy Credit Market, shall be recovered  
21 through a Renewable Energy Recovery clause.

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22 (a) Any assessment against an investor owned utility pursuant to Section (4)(b) for failure to

23 <sup>10</sup> Deducts expected benefits of renewables from cap calculation. Sets rate cap at five percent.

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<sup>11</sup> Establishes the burden of proof for excusal from penalty assessment for failure to meet standard

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1 meet a renewable energy standard shall not be recoverable by the investor owned utility<sup>12</sup>.

2 (6) Reporting Requirements. Each investor-owned electric utility shall file with the  
3 Commission an annual report no later than April 1 of each year for the previous calendar year.  
4 Each investor-owned electric utility's report shall include the following:  
5 (a) the retail sales of the prior year in megawatt-hours;  
6 (b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;  
7 (c) the quantity of renewable energy purchased in megawatt-hours, separated by type of  
8 ownership and fuel type;  
9 (d) the quantity and vintage of self-generated renewable energy credits;  
10 (e) the quantity and vintage of renewable energy credits purchased;  
11 (f) the fuel type and ownership of the Florida renewable energy resource associated with each  
12 renewable energy credit;  
13 (g) a statement as to whether it was in compliance with the renewable portfolio standard in the  
14 previous calendar year; and  
15 (h) the utility's plan for additional generation or procurement to meet the renewable portfolio  
16 standard for the current calendar year and the following two years.

17 (7) Utility Self-Build. An investor-owned electric utility may not self-build a renewable  
18 energy resource directly or through an affiliate, without first conducting a competitive bid for  
19 renewable energy resources, provided, however that competing bids shall not be required to  
20 propose the same technology as that proposed by the utility<sup>13</sup>.

21 (8) Least Cost Option. In meeting the renewable portfolio standards, each investor-owned

22 \_\_\_\_\_  
23 <sup>12</sup> Prohibits a utility from recovering any penalty assessment from customers

<sup>13</sup> Requires utility to use an RFP bidding process before proceeding with self build regardless of technology

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1 utility must select the renewable energy resource likely to result in the least cost option for the  
 2 general body of ratepayers. Upon the motion of an affected party asserting that a utility has  
 3 failed to pursue the least cost option, the Commission shall initiate an evidentiary proceeding  
 4 to resolve the matter. If the Commission determines that the assertions of the affected party  
 5 are meritorious, the Commission shall impose an appropriate fine against the utility<sup>14</sup>.  
 6 ~~(9) **Avoided Cost.** Non-utility Florida renewable energy resources desiring to provide firm~~  
 7 ~~capacity and energy to a Florida electric utility or utilities for a period of 15 (fifteen) years or~~  
 8 ~~more, shall have the option to sell such firm capacity and energy at prices based on and equal~~  
 9 ~~to the arithmetic average of the projected capital costs per kW, fixed operating and~~  
 10 ~~maintenance costs per kW, and variable operating and maintenance costs per kWh relied upon~~  
 11 ~~by the Commission in granting a determination of need in proceedings conducted by the~~  
 12 ~~Commission on or after January 1, 2007 for new, but not up-rated, nuclear powered electric~~  
 13 ~~generating plants proposed to be constructed in Florida, plus imputed or actual AFUDC. In~~  
 14 ~~implementing such alternative avoided costs, adjustments shall be made via appropriate~~  
 15 ~~calculations so that the costs identified in this Section are assumed to be associated with a~~  
 16 ~~nuclear powered generating plant that would commence commercial operation on the same~~  
 17 ~~date the renewable energy resource commences delivery of firm capacity and energy to a~~  
 18 ~~utility<sup>15</sup>.~~

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19 ~~(10) **Automatic Adjustment.** Beginning on January 10, 2010 and annually thereafter, the~~  
 20 ~~renewable energy portfolio standards established and specified by the Commission under~~

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22 <sup>14</sup> Requires utility to select most cost-effective/least-cost (most bang-for-the-buck) options in meeting RPS  
 23 <sup>15</sup> Adds a proviso for alternate avoided cost calculation for renewable energy resources. Nuclear power is the  
 favored technology as demonstrated by the utilities and the Commission in recent need determination  
 proceedings. Logically, renewable energy which offers greater benefits without the radioactive downside should  
 be priced at levels similar to nuclear power.

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1 Section (3)(a) shall be automatically adjusted upward in proportion to increases in the average  
2 price of electricity sold at retail in the State by the Florida investor-owned utilities, including  
3 all fees, charges, clauses and other such adjustments, but shall exclude any fees, charges,  
4 clauses or adjustments relating to payment for renewable energy credits. For this purpose,  
5 increases mean the positive difference between the average price of electricity sold at retail in  
6 the State by the Florida investor-owned utilities at the beginning of the current year and the  
7 average price of electricity sold at retail in the State by the Florida investor-owned utilities at  
8 the beginning of the prior year.<sup>16</sup>

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9 *Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,*  
10 *366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History--New XX-XX-08.*

## 11 **II. Florida Renewable Energy Credit Market**

12  
13 17.410 Florida Renewable Energy Credit Market.

14 (1) Investor-owned electric utilities in collectively organizing the Florida Renewable Energy  
15 Credit Market, investor-owned utilities shall fully coordinate, consult and collaborate with  
16 Florida renewable energy resource stakeholders and representative and reach a consensus on  
17 all aspects of the development, administration and maintenance of such market<sup>17</sup>.

18 (a) The Florida Renewable Energy Credit Market shall be established and governed by a  
19 Florida REC Market Board of Directors that includes a sufficient number of utility and  
20 renewable energy stakeholders and representatives so as to provide equal representation  
21 among investor-owned utilities and renewable energy stakeholders, and that provides for

22  
23 <sup>16</sup> Provides an automatic adjustment to increase renewables as electricity prices continue to rise because  
renewables present a natural hedge and means of reducing such price increases over the long term.

<sup>17</sup> Requires consensus by utilities and stakeholders on all aspects of the REC market

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1 voting requirements that minimize the power of voting blocks and that may include  
2 requirements for super-majority votes in some instances. In the event of a tie or deadlocked  
3 vote, the Commission may assist in devising a solution<sup>18</sup>.

4 (b) The Florida Renewable Energy Credit Market, shall establish and administer, subject to  
5 Commission, Florida REC Market Board of Directors, and stakeholder<sup>19</sup> approval pursuant to  
6 subsection (4), an electronic renewable energy credit market. The renewable energy credit  
7 market shall allow for the transparent production, buying, selling, and trading of renewable  
8 energy credits used to comply with the renewable portfolio standards of Rule 25-17.400,  
9 F.A.C. All records associated with the production of and the buying, selling, or trading of  
10 renewable energy credits shall be available to the Commission for audit purposes.

11 (c) Investor-owned electric utilities are encouraged to collectively establish and contract with  
12 an independent not-for-profit corporation for the development, administration, and  
13 maintenance of a Florida Renewable Energy Credit Market.

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14 (d) Municipal electric utilities and rural electric cooperative utilities are encouraged to  
15 participate in the Florida Renewable Energy Credit Market.

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16 (e) Reasonable and prudently incurred administrative costs associated with the Florida  
17 Renewable Energy Credit Market may, be collected either through membership dues based on  
18 the amount of RECs bought or sold by any member, or administrative fees assessed to a  
19 renewable energy credit including certification of such credit; provided, however, that fees  
20 assessed against a renewable energy credit may not exceed 3.0% (three-percent of the  
21 credit)<sup>20</sup>. Fees shall be fair, equitable, and cost-based.

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22 \_\_\_\_\_  
23 <sup>18</sup> Requires balanced, equitable representation in governance with option for FPSC input

<sup>19</sup> Encourages utilities to allow meaningful participation by all stakeholders

<sup>20</sup> Limits the amount of administrative or other costs that can be deducted from the REC payment

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1 (2) Each investor-owned electric utility shall comply with the statewide renewable portfolio  
2 standards approved by the Commission pursuant to Rule 25-17.400, F.A.C., through the  
3 production or purchase of renewable energy credits.

4 (a) The renewable energy credits from the following shall be applicable toward the renewable  
5 portfolio standard:

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6 1. Investor-owned electric utility Florida owned renewable energy resources that have  
7 not received accelerated cost recovery; do not exceed avoided cost as specified in the utility's  
8 most current standard offer contract approved by Commission order, whether final order or  
9 PAA order; and, has not received any other Commission approved incentive<sup>21</sup>;

10 2. Municipal electric utility and rural electric cooperative utility owned Florida  
11 renewable energy resources;

12 3. Non-utility Florida renewable energy resources providing as available energy to a  
13 Florida electric utility or utilities<sup>22</sup>;

14 4. Non-utility Florida renewable energy resources providing firm capacity and energy  
15 to a Florida electric utility or utilities;

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16 5. Non-utility Florida renewable energy resources providing generation used to offset  
17 all or a part of the customer's electrical needs, excluding those resources or portions thereof  
18 that have received direct cash rebate incentives from a Florida electric utility pursuant to a  
19 Commission-approved demand-side conservation program authorized by the Commission  
20 pursuant to the Florida Energy and Efficiency Conservation Act, Sections 366.80-.85 and  
21 403.519, F.S.<sup>23</sup>.

22 \_\_\_\_\_  
23 <sup>21</sup> Prohibits RECs from utility owned facilities that receive ratepayer subsidies or exceed avoided cost  
<sup>22</sup> Adds facilities selling energy only  
<sup>23</sup> Consolidates and simplifies concepts. Any self-service option should be treated equally

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(b) A renewable energy credit is retained by the owner of the Florida renewable energy resource identified in Section (2)(a) from which it was derived unless specifically sold or transferred pursuant to a written instrument.<sup>24</sup> Anything to the contrary contained in a Florida electric utility's standard offer contract notwithstanding, no electric utility may impose, attempt to impose, or in any way claim a right, including a right of first refusal, to renewable energy credits of a Florida renewable energy resources unless the ownership of such renewable energy credits were specifically transferred by the owner to the claiming utility by written instrument<sup>25</sup>.

Deleted: . 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.  
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(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, or, the date the renewable energy credit is certified, whichever occurs last<sup>26</sup>. 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.

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(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.

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(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.

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<sup>24</sup> Minor clarification as to identification and transfer in writing  
<sup>25</sup> Adds protection against any utility monopolizing of gaming the market from its position as a buyer and a holder of first refusal rights to renewable energy credits.  
<sup>26</sup> Consolidates and simplifies concepts. Any and all self-service option should be treated equally

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1 (3) Initially, the price of each renewable energy credit shall be capped at \$0.02 (two cents)  
 2 per kWh for those credits sold for a period of 3 (three) years or more, and \$0.015 (one and  
 3 one-half cent) per kWh for those credits sold for a period less than 3 (three) years<sup>27</sup>. The  
 4 period of time over which a renewable energy credit is sold shall be at the sole discretion of  
 5 the owner of the renewable energy credit, provided that a renewable energy credit may not be  
 6 sold for a time period less than six months.<sup>28</sup> The price caps shall be reevaluated and may be,  
 7 phased out upon adoption a federal renewable portfolio standard.

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8 (a) Renewable energy credits associated with any Investor-owned electric utility Florida  
 9 renewable resources (including those owned by affiliates), the cost of which has been rate  
 10 based or is otherwise being recovered by the utility from its ratepayers will have no value but  
 11 may be counted toward the renewable portfolio standards; provided, however that such credits  
 12 may account for no more than 12.5 % of the renewable portfolio standard applicable in any  
 13 year<sup>29</sup>.

14 (4) Within 90 days from the effective date of this rule, the investor-owned electric utilities  
 15 shall file for Commission approval a detailed outline of the structure, governance, and  
 16 procedures for administering the renewable energy credit market, that has been approved by  
 17 the Florida REC Market Board of Directors and non-utility stakeholders and representatives,  
 18 and that can be implemented within \_\_\_ days of notice to proceed by the Commission<sup>30</sup>. The  
 19 compliance filing shall, at a minimum, provide provisions for the following:

20 (a) a mechanism to buy, sell, and trade renewable energy credits generated by utilities and

21 <sup>27</sup> Established REC caps based on broader benefits rather than only on carbon caps. Proposes two tiers for caps.  
 22 <sup>28</sup> Establishes a minimum period of six months for which RECs may be sold. Too short a time would add  
 23 <sup>29</sup> Restricts utility self-build to 12½% of the RPS. Utilities have always been free to develop renewable energy  
 failed to do so. Unless constrained, utilities could monopolize the market or impede Florida renewable energy  
 development. This is of special concern given the proposal that utilities would create and operated REC markets.  
<sup>30</sup> Requires stakeholder input from the beginning of the process in order to expedite reaching consensus

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1 Florida renewable energy resources, subject to the limitations of these rules with respect to  
2 utility-owned renewable energy resources;

3 (b) the discretionary aggregation of renewable energy credits for customer-owned Florida  
4 renewable energy resources;

5 (c) the certification and verification of renewable energy credits as defined in Rule 25-  
6 17.400(2)(f), F.A.C., including renewable energy credits resulting from Equivalent Solar  
7 Thermal Energy as defined in Rule 25-17.400(2)(k), F.A.C.;

8 (d) an accounting system to verify compliance with the renewable portfolio standard;

9 (e) a method to record each transaction instantaneously; and

10 (f) an affirmative assurance, representation and warranty that the structure, governance, and  
11 procedures for administering the renewable energy credit market, as well as all other aspects  
12 of the market, have been approved by the Florida REC Market Board of Directors and non-  
13 utility stakeholders and representatives<sup>31</sup>

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Deleted: 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

14 **NOTE IN RESPONSE TO STAFF "REC STANDARD OFFER" QUERY –**  
15 **At the close of the workshop a question was posed as to whether a "standard offer" for**  
16 **RECs should be created. While such a standard offer is not suggested or incorporated in**  
17 **this markup/comment, it is likely that the REC accounting, certification and verification**  
18 **process will require a standard form applicable to all REC sales or transfers that may in**  
19 **essence be similar to a "standard offer" in the sense that it would contain certain**  
20 **minimum requirements, terms and conditions to qualify as a REC under the Florida**  
21 **RPS program, as well as a length of term of sale and a purchase price as set forth in this**  
22 **markup/comment.**

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23 <sup>31</sup> Assures full participation by non-utility stakeholders in developing an acceptable market proposal

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1 ~~Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,~~

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2 ~~366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History—New XX-XX-08.~~

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### III. Municipal and Rural Electric Coop Reporting

4 ~~25-17.420 Municipal Electric Utility and Rural Electric Cooperative Renewable Energy~~

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5 Reporting

6 (1) Each municipal electric utility and rural electric cooperative utility shall file with the  
7 Commission an annual report no later than April 1 of each year for the previous calendar year.

8 Each utility's report shall include the following:

- 9 (a) the retail sales of the prior year in megawatt-hours;
- 10 (b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;
- 11 (c) the quantity of renewable energy purchased in megawatt-hours, separated by type of
- 12 ownership and fuel type;
- 13 (d) the quantity and vintage of self-generated renewable energy credits;
- 14 (e) the quantity and vintage of renewable energy credits purchased;
- 15 (f) the fuel type and ownership of the Florida renewable energy resource associated with each
- 16 renewable energy credit;
- 17 (g) a statement as to whether the utility has adopted a renewable portfolio standard, or has any
- 18 plans to conduct a proceeding to establish a renewable portfolio standard in the upcoming
- 19 year.
- 20

21 ~~Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,~~

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22 ~~366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History—New XX-XX-08.~~

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