

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Communications, Energy, and Public Utilities

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BILL: SB 1038  
INTRODUCER: Senator Brandes  
SUBJECT: Energy 2040 Task Force  
DATE: January 9, 2018      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	<b>Favorable</b>
2.			GO	
3.			RC	

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**I. Summary:**

SB 1038 creates the Energy 2040 Task Force within the Public Service Commission (PSC or commission). The task force is to project Florida’s electric energy needs over the next 20 years and determine how best to meet those needs in an efficient, affordable, and reliable manner while increasing competition and consumer choice and ensuring adequate electric reserves. The task force is to recommend appropriate electric policies for the state based on these projections and determinations, including any necessary statutory changes. The bill specifies topics the task force must consider in making these projections and determinations.

The task force is to consist of:

- The Public Counsel, or his or her designee, who shall serve as the chair;
- The executive director of the PSC, or his or her designee;
- The chair of the Florida Energy Systems Consortium, or his or her designee;
- The chief executive officer of the Florida Reliability Coordinating Council, or his or her designee; and
- Two members of the Senate and two members of the House of Representatives, appointed by the President of the Senate and Speaker of the House of Representatives, respectively.

Appointments must be made by July 1, 2018, and any vacancy occurring in the membership of the task force is to be filled in the same manner as the original appointment.

The bill provides for task force meetings, quorum and voting, and authority to establish any necessary technical advisory committees and appoint task force members to those committees.

Task force members serve without compensation, but are entitled to per diem and travel expenses.

The PSC is required to provide administrative and support services related to the functions of the task force and any of its advisory committees, and all state agencies are to assist and cooperate with the task force as requested by the task force or any of its advisory committees.

The task force must report its projections and recommendations to the President of the Senate, the Speaker of the House of Representatives, and the Governor by January 1, 2020.

The section creating the task force and providing for its operations is to expire on June 30, 2020.

## **II. Present Situation:**

There is no related current law.

## **III. Effect of Proposed Changes:**

The bill creates the Energy 2040 Task Force <sup>1</sup> within the PSC to project Florida's electric energy needs over the next 20 years and determine how best to meet those needs in an efficient, affordable, and reliable manner while increasing competition and consumer choice and ensuring adequate electric reserves. The task force is to recommend appropriate electric policies for the state based on these projections and determinations, including any necessary statutory changes.

In making the projections and determinations, the task force shall consider all relevant topics, including, but not limited to:

- Forecasts through the year 2040 of the state's population growth, electricity needs, and electric supply, and the expected diversity of fuels and their sources for use in the state.
- Projections of the effects of allowing nonutility retail sales of renewable energy, including determinations and recommendations on what types of fuels and technologies should be included in the definition of the term "renewable energy" and what criteria, including restrictions, should be required of entities considered nonutility retail renewable energy producers. For purposes of this section, solar technologies are considered renewable energy.
- The rights for and obligations between a nonutility direct retail renewable energy producer and its customers, including whether such rights and duties should be a matter of contract or subject to some oversight or regulation by the PSC and whether courts or the commission should resolve any disputes.
- The effects of nonutility direct retail renewable energy sales on regulated public utilities' recovery of previously incurred or sunken costs, including what mechanisms should be used to recover these costs.
- The effects of nonutility direct retail renewable energy sales on a regulated public utility's obligation to serve all users of electricity within its service territory and the continued purchase by these customers of any services from the regulated public utility.
- Projections of the effects of allowing the use of micro grids, including services provided by nonutility entities, on energy grid reliability, including what economic, safety, or reliability regulations should be applicable to nonutility operators of micro grids.

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<sup>1</sup> The bill states that this is to be a task force as defined in s. 20.03, F.S., which states, at subsection (8): "Committee" or "task force" means an advisory body created without specific statutory enactment for a time not to exceed 1 year or created by specific statutory enactment for a time not to exceed 3 years and appointed to study a specific problem and recommend a solution or policy alternative with respect to that problem. Its existence terminates upon the completion of its assignment.

- Emerging and projected electric technologies and concepts, including, but not limited to:
  - Solar and other renewable energy;
  - Sustainable energy;
  - Smart grid technology;
  - Energy storage;
  - Electric vehicles, including their potential impact on power supply needs and overall emissions;
  - Distributed-generation technologies, including their potential contribution to reliable electric supplies and their impact on the state, its environment, and its electric policies; and
  - Storm hardening of the state’s electric power transmission and distribution systems.
- Analysis of the impacts of state and local government taxes on government revenues and the electric supply.
- The environmental impact of electricity production, generation, and transmission in the state.

The task force is to consist of the following members:

- The Public Counsel,<sup>2</sup> or his or her designee, who shall serve as the chair of the study task force;
- The executive director of the PSC,<sup>3</sup> or his or her designee;
- The chair of the Florida Energy Systems Consortium,<sup>4</sup> or his or her designee;
- The chief executive officer of the Florida Reliability Coordinating Council,<sup>5</sup> or his or her designee; and
- Two members of the Senate and two members of the House of Representatives, appointed by the President of the Senate and Speaker of the House of Representatives, respectively.

Appointments must be made by July 1, 2018, and any vacancy occurring in the membership of the task force is to be filled in the same manner as the original appointment.

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<sup>2</sup> The Office of Public Counsel provides legal representation for utility customers in proceedings before the Public Service Commission, and in appeals of those matters to the Florida Supreme Court. The office also appears in the name of the state or its citizens before other state and federal agencies and state and federal courts in connection with matters under the jurisdiction of the commission (s. 350.0611, F.S.).

<sup>3</sup> The commission has full economic regulation authority over public utilities, the investor-owned utilities (IOUs) (s. 366.04, F.S.). It also has safety and reliability regulation over electric utilities, the IOUs, plus the municipal and cooperative utilities (ss. 366.04(2)(c) and 366.05(8), F.S.). The commission’s Executive Director supervises all commission staff except the Inspector General and the General Counsel. The Executive Director is appointed by and serves at the pleasure of the five Commission members.

<sup>4</sup> The Florida Legislature created the Florida Energy Systems Consortium in 2008 to promote collaboration among experts in the State University System for the purposes of sharing energy-related expertise and assisting in the development and implementation of a comprehensive, long-term, environmentally compatible, sustainable, and efficient energy strategic plan for the state (s. 1004.648, F.S.). Among the consortium’s express duties is providing a state resource for objective energy systems analysis. The consortium has experience with renewable energy, energy storage, smart grids, micro-grids, and grid reliability, including incorporation of renewable energy (*See*, <http://floridaenergysummit.com/pdfs/presentations2015/DavidNorton.pdf>) (last visited January 3, 2018).

<sup>5</sup> The Florida Reliability Coordinating Council is a Florida not-for-profit company whose mission “is to promote and assure the reliability of the bulk power system in Peninsular Florida”: put more simply, it has oversight of the electric grid for the peninsula to ensure that the amount of electricity put onto the grid is the same as that taken off and used by all utility customers. One of the more significant practical challenges of potentially incorporating non-utility electricity producers, intermittent renewable energy, and particularly non-utility electricity producers of renewable energy into the existing system is that of continuing grid reliability.

The first meeting of the task force must be held by August 1, 2018. The task force may not meet or take any action without a quorum present, which is a minimum of five members. Each member of the task force is entitled to one vote, and any recommendation or other action of the task force must be upon a majority vote of the entire membership of the task force.

The task force may establish any necessary technical advisory committees and appoint task force members to those committees.

The task force members and any advisory committee members are to serve without compensation, but are entitled to per diem and travel expenses pursuant to s. 112.061, F.S.

The Public Service Commission is required to provide administrative and support services related to the functions of the task force and any of its advisory committees. Additionally, all state agencies are to assist and cooperate with the task force as requested by the task force or any of its advisory committees.

The task force shall submit its recommendations to the President of the Senate, the Speaker of the House of Representatives, and the Governor by January 1, 2020.

The section creating the task force and providing for its operations is to expire on June 30, 2020.

The act takes effect upon becoming a law.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate as any impact depends on what the task force recommends and what the Legislature does with these recommendations.

**C. Government Sector Impact:**

The PSC will incur costs to provide support to the task force.

Task force members are to receive per diem. The Public Counsel, the PSC's executive director, the chair of the Florida Energy Systems Consortium, and the two Senators and two Representatives are state employees and presumably will receive per diem payments from their employers. However, the source of funds to pay per diem to the chief executive officer of the Florida Reliability Coordinating Council is unclear.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

The bill creates an unnumbered section of the Florida Statutes, or perhaps only the Laws of Florida.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.