

By the Committee on Communication and Public Utilities

319-1122-04

1 A bill to be entitled
2 An act relating to renewable energy; creating
3 s. 366.91, F.S.; providing a short title;
4 creating s. 366.92, F.S.; providing legislative
5 findings; creating s. 366.93, F.S.; providing
6 definitions; creating s. 366.94, F.S.;
7 authorizing the Public Service Commission to
8 require public utilities to offer a purchase
9 contract to facilities that produce qualified
10 renewable resources; providing requirements for
11 such contracts; providing for cost recovery;
12 creating s. 366.95, F.S.; providing for sales
13 of renewable energy to a utility other than the
14 host utility; creating s. 366.96, F.S.;
15 authorizing the commission to adopt rules;
16 requiring a report to the Legislature;
17 providing an effective date.

18

19 Be It Enacted by the Legislature of the State of Florida:

20

21 Section 1. Section 366.91, Florida Statutes, is
22 created to read:

23 366.91 Short title.--Sections 366.91-366.96 may be
24 cited as the "Renewable Electric Energy Production Act."

25 Section 2. Section 366.92, Florida Statutes, is
26 created to read:

27 366.92 Legislative findings.--The Legislature finds
28 that it is in the public interest to promote the development
29 of renewable electric resources in this state. Renewable
30 electric resources have the potential to help diversify
31 Florida's growing dependency on natural gas for electric

1 production, minimize the volatility of fuel costs, encourage
2 investment within this state, improve environmental
3 conditions, and make Florida a leader in new and innovative
4 technologies. However, the Legislature acknowledges that, at
5 this time, renewable electric resources cost more than
6 traditional generating technologies and fuels. Therefore, the
7 deployment of greater renewable electric resources must be
8 balanced against any adverse impacts on electric rates. To
9 balance these objectives, the Legislature authorizes the
10 Public Service Commission to require public utilities to make
11 available a renewable generation contract for purposes of
12 encouraging greater deployment of renewable electric
13 resources.

14 Section 3. Section 366.93, Florida Statutes, is
15 created to read:

16 366.93 Definitions.--As used in ss. 366.91-366.96, the
17 term:

18 (1) "Biomass" means a power source that is comprised
19 of, but not limited to, combustible residues or gasses from
20 forest products manufacturing, agricultural and orchard crops,
21 waste products from livestock and poultry operations and food
22 processing, urban wood waste, municipal solid waste, municipal
23 liquid waste treatment operations, and landfill gas.

24 (2) "Commission" means the Public Service Commission.

25 (3) "Public utility" has the same meaning as provided
26 in s. 366.02.

27 (4) "Qualified renewable resource" means energy
28 produced from any method or process that uses one or more of
29 the following sources of energy: fuel cells, biomass, solar
30 electric, municipal solid waste, geothermal energy, wind
31 energy, ocean thermal gradient power, hydroelectric power,

1 landfill gas, agricultural products and by-products, and waste
2 heat from exothermic reactions.

3 Section 4. Section 366.94, Florida Statutes, is
4 created to read:

5 366.94 Renewable generation contracts.--The Public
6 Service Commission may require public utilities to offer to
7 facilities that produce qualified renewable resources a
8 renewable generation contract that allows such facilities to
9 sell any electric output to any public utility in this state.
10 Such a contract may contain payment provisions that are above
11 a utility's full avoided cost, as defined in s. 366.051. The
12 contract must provide for capacity and energy payments based
13 on the construction and operation of utility-owned generating
14 facilities that provide for fuel diversity and fuel-cost
15 stabilization for that public utility. The commission shall
16 establish standards relating to the terms, conditions, and
17 payment schedules of such contracts to reflect the actual
18 operational performance and capacity factors associated with a
19 utility-owned generating facility that provides for fuel
20 diversity and fuel-cost stabilization. The commission may
21 adjust capacity payment schedules according to the extent that
22 operational performance and capacity factors of a facility
23 producing qualified renewable resources differ from the
24 performance and capacity factors of a utility generating unit.
25 Each contract must provide a minimum contract term of 5 years
26 and be approved by the commission. Prudent and reasonable
27 costs associated with a renewable generation contract may be
28 recovered from the ratepayers of the contracting utility. The
29 commission may periodically review and establish new payment
30 schedules, identify the most current selected utility-owned
31 generating unit that provides for fuel diversity and fuel-cost

1 stabilization, and review the terms and conditions for
2 prospective renewable generation contracts to minimize the
3 cost impacts of such contracts on ratepayers.

4 Section 5. Section 366.95, Florida Statutes, is
5 created to read:

6 366.95 Transmission.--A facility that produces
7 qualified renewable resources may elect to sell its electric
8 output to a utility outside the service territory of the host
9 utility in which the facility is geographically located. Any
10 costs for transmitting such output to another utility shall be
11 borne by the facility requesting the transmission.

12 Section 6. Section 366.96, Florida Statutes, is
13 created to read:

14 366.96 Rulemaking.--The commission may adopt rules to
15 administer ss. 366.91-366.96.

16 Section 7. The Public Service Commission shall submit
17 a report to the President of the Senate and the Speaker of the
18 House of Representatives by October 1, 2009, describing the
19 amount of renewable generation that has been developed in
20 Florida and estimating the economic effect of such development
21 on the state.

22 Section 8. This act shall take effect October 1, 2004.

23
24 *****

25 SENATE SUMMARY

26 Creates the "Renewable Electric Energy Production Act."
27 Authorizes the Public Service Commission to require
28 public utilities to offer renewable generation contracts
29 to facilities that produce certain specified renewable
30 energy resources. Requires the commission to establish
31 contract terms and payment schedules. Provides for a
utility to recover its costs under such a contract.
Authorizes the commission to adopt rules. (See bill for
details.)