

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Communications and Public Utilities Committee

BILL: SB 494

SPONSOR: Senator Bennett

SUBJECT: Renewable Energy

DATE: January 13, 2005

REVISED: 3/15/05

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	Fav/2 amendments
2.			EP	
3.			CA	
4.				
5.				
6.				

Please see last section for Summary of Amendments

Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The bill requires that, on or before January 1, 2006, each public utility and each municipal electric utility and rural electric cooperative that meet specified criteria must continuously offer a purchase contract to producers of renewable energy. The contract must base payment on the utility's avoided cost and have a minimum 10-year term.

The bill reduces the requirement that an applicant for a permit to construct or expand a waste-to-energy facility must meet relating to a solid waste management and recycling program and encourages local government applicants for a permit to construct or expand a Class I landfill to consider construction of a waste-to-energy facility as an alternative to additional landfill space.

The bill creates section 366.91 of the Florida Statutes. It also amends sections 366.11 and 403.7061 of the Florida Statutes.

II. Present Situation:

There is no generally-accepted definition for "renewable energy." Using a broad definition, Florida has some renewable energy generation, including municipal solid waste (landfill power plants), biomass materials (wood and bagasse, or sugar cane residue), waste heat from

manufacturing (primarily phosphate processing), and a very small amount of hydroelectric capacity.

Florida does not have a requirement that utilities generate or purchase renewable energy.

III. Effect of Proposed Changes:

The bill defines the terms “biomass” and “renewable energy.” It requires that, on or before January 1, 2006, each public utility must continuously offer a purchase contract to producers of renewable energy basing payment on the utility’s avoided cost. The contract must have a minimum 10-year term. Each municipal electric utility and rural electric cooperative whose annual sales as of July 1, 1993, to retail customers were greater than 2,000 gigawatt hours is also required to continuously offer a purchase contract to producers of renewable energy basing payment on the utility’s avoided cost and having a minimum 10-year term.

The bill amends s. 366.11, F.S., to provide that the exemption from regulation for municipal and cooperative electric utilities does not apply to the new contract requirements set forth above.

The bill requires that an applicant for a permit to construct or expand a waste-to-energy facility demonstrate that the county in which the facility is located has implemented a solid waste management and recycling program that is designed to achieve the 30 percent waste reduction goal set forth in s. 403.706(4), F.S., instead of the current requirement of providing reasonable assurance that the county will achieve that goal by the time the facility begins operation.

Finally, the bill encourages local government applicants for a permit to construct or expand a Class I landfill to consider construction of a waste-to-energy facility as an alternative to additional landfill space.

The bill takes effect October 1, 2005.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill requires all public utilities to offer to purchase renewable energy at the utilities' avoided cost. The amount of new renewable energy that will be purchased under these contracts, and therefore the impact on the utilities, cannot be projected.

C. Government Sector Impact:

According to a representative of municipal utilities and rural electric cooperatives, the only municipal utilities that meet the criteria for application of the contract requirements of the bill are Orlando and Jacksonville, and no cooperative meets these criteria. The amount of new renewable energy that will be purchased by these two municipal utilities under the contracts, and therefore the impact on the utilities, cannot be projected.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

Barcode #720740 by Communications & Public Utilities:

This amendment clarifies when capacity payments are to be paid.

Barcode #324226 by Communications & Public Utilities:

This amendment clarifies when capacity payments are to be paid.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
