

# 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.)

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Prepared By: Environmental Preservation Committee

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BILL: CS/SB 890

INTRODUCER: Communications & Public Utilities Committee and Senator Constantine

SUBJECT: Energy

DATE: April 18, 2006

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wiehle</u>	<u>Caldwell</u>	<u>CU</u>	<b>Fav/CS</b>
2.	<u>Branning</u>	<u>Kiger</u>	<u>EP</u>	<b>Favorable</b>
3.	_____	_____	<u>TA</u>	_____
4.	_____	_____	<u>WM</u>	_____
5.	_____	_____	<u>RC</u>	_____
6.	_____	_____	_____	_____

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## I. Summary:

The bill creates the Florida Energy Commission to develop recommendations for legislation on a state energy policy and transfers the energy office from the Department of Environmental Protection to the Florida Energy Commission.

The bill creates an un-numbered section of the Florida Statutes.

## II. Present Situation:

The current statement of a state energy policy is in s. 377.601(4), F.S., which states that it is the policy of the State of Florida to:

- Develop and promote the effective use of energy in the state and discourage all forms of energy waste.
- Play a leading role in developing and instituting energy management programs aimed at promoting energy conservation.
- Include energy considerations in all planning.
- Utilize and manage effectively energy resources used within state agencies.
- Encourage local governments to include energy considerations in all planning and to support their work in promoting energy management programs.
- Include the full participation of citizens in the development and implementation of energy programs.
- Consider in its decisions the energy needs of each economic sector, including residential, industrial, commercial, agricultural, and governmental uses.

- Promote energy education and the public dissemination of information on energy and its environmental, economic, and social impact.
- Encourage the research, development, demonstration, and application of alternative energy resources, particularly renewable energy resources.
- Consider, in its decisionmaking, the social, economic, and environmental impacts of energy-related activities, so that detrimental effects of these activities are understood and minimized.
- Develop and maintain energy emergency preparedness plans to minimize the effects of an energy shortage within Florida.

### III. Effect of Proposed Changes:

**Section 1** creates the Florida Energy Commission and locates it within the Office of Legislative Services for administrative purposes. The commission is to have 19 members, 9 voting members and 10 nonvoting members. The voting members are to be appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives, each of whom will appoint 3 members. The legislative appointments are to be made in consultation with the minority leaders. The voting members have 4-year terms; however, to establish staggered terms, for the initial appointments, each appointing official appoints one member with a 2-year term, one member with a 3-year term, and one member with a 4-year term.

A voting member must be an expert in energy, natural resource conservation, economics, engineering, finance, law, consumer protection, state energy policy, or another field substantially related to the duties and functions of the commission, and the commission membership must fairly represent these fields. Additionally, a voting member cannot have specified financial interests or employment relationships.

The nonvoting members consist of:

- The Chair of the Florida Public Service Commission;
- The Public Counsel;
- The Commissioner of Agriculture;
- The Secretary of the Department of Environmental Protection;
- The Secretary of the Department of Community Affairs;
- The Secretary of the Department of Transportation;
- The Secretary of Health;
- The director of the Office of Insurance Regulation;
- The Chair of the State Board of Education; and
- The Director of the Florida Solar Energy Center.

The Governor selects the commission chair. Meetings are to be held around the state, at the call of the chair, but the commission must meet at least twice a year. Voting members serve without compensation, but are to be entitled to reimbursement for per diem and travel expenses as provided by s. 112.061, F.S. Nonvoting members serve at the expense of the entity they represent.

The commission may employ staff to assist in performance of its duties, including an executive director, an attorney, a communications person, and an executive assistant. Additionally, agencies whose heads serve as non-voting members must supply staff and resources as necessary to provide information needed by the commission. The commission may appoint focus groups to work on specific issues.

The commission is to develop recommendations for legislation to establish a state energy policy based on the guiding principles of reliability, efficiency, affordability, and diversity. The bill sets out lists of specific issues the commission is to consider relating to fossil fuels used to generate electricity, fuel diversity and alternative energy technology, demand side management and efficiency, transmission and distribution facilities, the relationship between energy and growth management, research, development, and deployment of new or alternative energy technologies, fossil fuels for motor vehicles, alternative fuels for motor vehicles, and research, development, and deployment of these alternative fuels.

The commission is required to report annually, no later than December 31 of each year, to the Governor, Cabinet, the President of the Senate, and the Speaker of the House of Representatives on its progress and recommendations, including draft legislation. The commission's initial report must: identify incentives for research, development, or deployment projects involving the goals and issues set forth herein; set forth recommendations on improvements to the electricity transmission and distribution system including recommended incentives to encourage utilities and local governments to work together in good faith on underground utility issues; set forth the appropriate test for the Public Service Commission to use in determining which energy efficiency programs are cost effective and should be implemented, together with the rationale in selecting the test; and, set forth a plan of action, together with a timetable, for addressing the remaining issues.

Additionally, the commission is to report by December 31, 2007, on consensus-based public-involvement processes to reduce greenhouse gas emissions in the state. That report must include recommended steps and a schedule for the development of a comprehensive state climate action plan.

The commission is to continually review the statewide energy policy and recommend any necessary changes or improvements to the Legislature.

**Section 2** transfers the state energy program (known as the Energy Office) from the Department of Environmental Protection to the Florida Energy Commission by a type two transfer as defined in s. 20.06(2), F.S.. The transfer includes all statutory powers, duties, functions, rules, records, personnel, property, and unexpended balances of appropriations, allocations, and other funds associated with the program.

**Section 3** provides that the bill takes effect upon becoming a law.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

This bill does not require cities and counties to expend funds or limit their authority to raise revenue or receive state-shared revenues as specified by s. 18, Art. VII, State Constitution.

**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:**

None.

**C. Government Sector Impact:**

Indeterminable. The commission will be located within the Office of Legislative Services for administrative purposes. The bill provides that the commission may employ staff (including an executive director, an attorney, a communications person, and an administrative assistant) to assist in the performance of its duties; however, there is no appropriation for the commission to employ staff or to prepare the required reports. Further, the nonvoting members of the commission (agency and department representatives) serve at the expense of the entity they represent.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

## **VIII. Summary of Amendments:**

None.

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

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