



489386

CHAMBER ACTION

<u>Senate</u>	.	<u>House</u>
	.	
Comm: WD	.	
3/19/2008	.	
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1 The Committee on Environmental Preservation and Conservation  
 2 (Dockery) recommended the following **amendment to amendment**  
 3 **(223658)** :

**Senate Amendment (with title amendment)**

Between line(s) 1631 and 1632

insert:

Section 26. Definitions.--

10 (1) "Renewable energy credit" or "credit" means a credit  
 11 equal to the generation attributes of 1 megawatt-hour of  
 12 electricity that is derived from a Tier 1 or Tier 2 renewable  
 13 generator.

14 (2) "Renewable energy portfolio standard" or "standard"  
 15 means the percentage of electricity sales at retail in the state  
 16 that is to be derived from Tier 1, and Tier 2 renewable sources  
 17 in accordance with this subtitle.



489386

18       (3) "Florida Renewable Energy Trust Fund" is defined as the  
19 fund created by section 31.

20       (4) "Tier 1 renewable generator" means a person or entity  
21 that generates electricity from a Tier 1 renewable source that  
22 provides electricity to a customer for the customer's own use or  
23 provides electricity to the electrical distribution system of the  
24 state without using the federally regulated interstate electrical  
25 transmission system.

26       (5) "Tier 2 renewable generator" means a person or entity  
27 that generates electricity from a Tier 2 renewable source that  
28 provides electricity to a customer for the customer's own use or  
29 provides electricity delivered to the state.

30       (6) "Tier 1 renewable source" means an electric power  
31 generator or an offset of need from an electric power generator  
32 from a solar thermal source using one or more of the following  
33 types of energy sources:

34       (a) Solar photovoltaic;

35       (b) Solar thermally heated hot water;

36       (c) Wind; or

37       (d) Other electric power generators using a renewable  
38 source and producing zero emissions.

39       (7) "Tier 2 renewable source" means an electric power  
40 generator using one or more of the following types of energy  
41 sources:

42       (a) Solar;

43       (b) Wind;

44       (c) Biomass; and

45       (d) Municipal solid waste.

46       Section 27. Renewable energy portfolio standard.--

Bill No. SB 1544



489386

47       (1) The Legislature hereby creates, and the Public Service  
48 Commission shall implement, a renewable energy portfolio standard  
49 that, except as provided in subsection (2), applies to all retail  
50 electricity sales by utilities in the state.

51       (2) The renewable energy portfolio standard shall be as  
52 follows:

53       (a) In 2009, 0.12 percent of all Florida retail electricity  
54 sales shall be comprised of Tier 1 renewable sources and 2.4  
55 percent of all Florida retail electricity sales shall be  
56 comprised of Tier 2 renewable sources;

57       (b) In 2025 and each year thereafter, 5 percent of all  
58 retail electricity sales shall be comprised of Tier 1 renewable  
59 sources, of which not less than 2 percent shall be solar  
60 photovoltaic, 2 percent from solar thermally heated hot water,  
61 and 15 percent from Tier 2 renewable sources.

62       (3) The commission shall establish by rule the annual  
63 percentage targets for Tier 1 and Tier 2 resources for the years  
64 2010 through and including 2024.

65       (4) As of January 1, 2008, each utility, except electric  
66 cooperatives, shall meet the renewable energy portfolio standard  
67 by accumulating the equivalent amount of renewable energy credits  
68 that equal the percentage required and calculated under this  
69 section.

70       Section 28. Alternative compliance payment.--

71       (1) Each utility shall submit a report to the commission on  
72 or before December 31 of each year showing the credits purchased  
73 and retired to meet the requirements of the Renewable Energy  
74 Portfolio Standard. The report shall be in a form specified by  
75 the commission.



489386

76 (2) If a utility fails to comply with the renewable energy  
77 portfolio standard for the applicable year, the utility shall pay  
78 into the Florida Renewable Energy Fund established in this act:

79 (a) A compliance payment of \$633 for each credit of  
80 shortfall from required Tier 1 renewable sources. This compliance  
81 fee does not apply to any costs for Tier 1 renewable energy  
82 credits to be used for compliance in any one year where the total  
83 costs for credits and compliance fees is greater than or equal to  
84 1 percent of the annual electricity sales revenue for an electric  
85 company.

86 (b) A compliance payment of \$50 for each credit of  
87 shortfall from required Tier 2 renewable sources. This compliance  
88 payment does not apply to any costs for Tier 2 renewable energy  
89 credits to be used for compliance in any one year where the total  
90 costs for credits and compliance fees is greater than or equal to  
91 2 percent of the annual electricity sales revenue for an electric  
92 company.

93 (3) The commission shall reduce the compliance fee for Tier  
94 1 by 5 percent for each of the 3 years subsequent to 2009, by 10  
95 percent for each of the 3 years subsequent to 2012, and by 20  
96 percent thereafter.

97 Section 29. Contract terms.--

98 (1) The commission shall establish by rule the quantity of  
99 Tier 1 credits to be derived annually under Tier 1 requirements  
100 to ensure participation from each of following customer segments:  
101 commercial solar thermal, residential solar thermal, large  
102 commercial photovoltaic, small commercial photovoltaic,  
103 residential photovoltaic, low-income and multifamily  
104 photovoltaic, or solar thermal. The commission shall develop  
105 procedures, forms, eligibility criteria, and all other



489386

106 requirements in a manner that is clear, simple, and  
107 straightforward in order to minimize the time and effort required  
108 for participation of homeowners and small businesses in the  
109 renewable portfolio requirements.

110 (2) If a utility purchases Tier 1 renewable energy credits  
111 to meet the Tier 1 renewable energy portfolio standard, the  
112 duration of the contract term for the Tier 1 renewable source  
113 shall be no less than 15 years if the contract is with the owner  
114 of a Tier 1 system.

115 (3) For Tier 1 photovoltaic solar systems or solar  
116 thermally heated hot water systems, greater than 0.5 kW(dc) up to  
117 and including 10 kW(dc), or the commission calculated equivalent  
118 for solar thermal, which become operational on or after January  
119 1, 2008, the utility must offer to make a one-time upfront  
120 payment for the credits contracted to be transferred from the  
121 customer to the electric supplier. The customer must enter into  
122 an agreement with the electric supplier, with a minimum term of  
123 15 years, which transfers the credits generated by the on-site  
124 solar system during the term of the agreement from the customer  
125 to the electric supplier. Any customer that receives the payment  
126 for credits under this subsection is not entitled to any other  
127 compensation for credits contracted to be transferred to the  
128 utility.

129 Section 30. Environmental attributes.--

130 (1) Any owner of any Tier 1 or Tier 2 renewable source is  
131 eligible to produce credits that may be used in meeting the  
132 renewable energy portfolio standard regardless of when the  
133 generating system or facility was placed in service.



489386

134       (2) Any owner of any Tier 1 renewable source that is net  
135 metered is eligible to produce credits from all of the energy  
136 produced from the Tier 1 renewable source.

137       (3) In order to create a renewable energy credit, a Tier 1  
138 renewable source or Tier 2 renewable source must substantially  
139 comply with all applicable environmental and administrative  
140 requirements.

141       (4) A utility shall receive credit toward meeting the Tier  
142 2 renewable energy portfolio standard for electricity derived  
143 from the biomass for the fraction of biomass co-fired with other  
144 fuels in an electric power generator.

145       (5) An owner of a generator using municipal solid waste as  
146 a fuel source may apply to receive Tier 2 credits only if at  
147 least 80 percent of the solid waste incinerated at a Tier 2  
148 renewable source facility is collected from jurisdictions that  
149 achieve the recycling rates determined by the Department of  
150 Environmental Protection.

151       (6) A utility may use accumulated renewable energy credits  
152 irrespective of the date upon which the credit was created to  
153 meet the renewable energy portfolio standard.

154       (7) A utility may use for compliance renewable energy  
155 credits expected to be generated in a future month, up to 12  
156 months in the future, if:

157       (a) The utility has a contract with the renewable generator  
158 owner that complies with subsection (2) or subsection (3) for  
159 which credit delivery is to occur in a future year; and

160       (b) Credits borrowed from a future month are replaced in  
161 the month in which they were expected to be generated at a ratio  
162 of 1.1 credits for each credit borrowed.



489386

163       (8) The commission shall adopt rules governing the  
164 transfer, tracking, and retirement of credits under this section.

165       Section 31. Florida Renewable Energy Fund.--

166       (1) There is created the Florida Renewable Energy Fund.

167       (2) The purpose of the fund is to encourage the development  
168 of residential usage of Tier 1 renewable energy in the state.

169       (3) The fund shall receive funding from the following  
170 sources:

171       (a) Alternative compliance payments as described in this  
172 act;

173       (b) Investment earnings of the fund; and

174       (c) Any other money from any other source accepted for the  
175 benefit of the fund which may include, but is not limited to, a  
176 portion of the funds collected under this act.

177       (4) By rule the commission shall adopt eligibility criteria  
178 for projects supported by the fund.

179       (5) The fund shall be administered by the Department of  
180 Environmental Protection or the department's designee who may  
181 provide incentives in the form of rebates to ensure the goals of  
182 the commission are met.

183       (6) The Department of Environmental Protection may spend up  
184 to 10 percent of the funds placed in the fund for administrative  
185 expenses.

186       Section 32. Cost recovery.--

187       (1) The commission shall impose an energy surcharge on  
188 utility customer bills to provide cost recovery to utilities that  
189 implement and comply with the requirements of this section. Cost  
190 recovery shall be limited to actual costs incurred for the  
191 purchase of credits plus administrative costs not exceeding 10  
192 percent of the total costs to purchase credits.

Bill No. SB 1544



489386

193        (2) The commission may not allow cost recovery for the  
194 payment into the fund of compliance fees if the commission  
195 determines the utility was offered a valid and bona fide offer to  
196 sell credits from a electric power generator constructed or to be  
197 constructed which meets Tier 1 or Tier 2 requirements.

198        Section 33. Interconnection.--The commission shall adopt  
199 rules for the interconnection of customer-owned generation using  
200 the model rules of the Interstate Renewable Energy Council MR-  
201 I2005 as a guide.

202        Section 34. Rates.--The commission shall direct utilities  
203 to adopt rate structures predominantly or completely based on  
204 energy consumption which encourages the use of renewable  
205 generation by customers.

206        Section 35. Regulation of onsite renewable  
207 resources.--Generation of Tier 1 electricity from an on-site  
208 source provided to a single customer at that site may not be  
209 considered electricity sales for the purposes of rate regulation  
210 or other regulation by the commission other than for the purpose  
211 of creating Tier 1 renewable energy credits. An on-site source  
212 may be located on a property contiguous to the customer.

213        Section 36. Section 196.175, Florida Statutes, is amended  
214 to read:

215        196.175 Renewable energy source exemption.--

216        (1) Improved real property upon which a device that  
217 collects, transmits, stores, or uses energy from a Tier 1 or Tier  
218 2 renewable energy source ~~renewable energy source device~~ is  
219 installed and operated shall be entitled to an exemption in the  
220 amount of ~~not greater than the lesser of:~~

221        ~~(a) The assessed value of such real property less any other~~  
222 ~~exemptions applicable under this chapter;~~





489386

223           ~~(b)~~ the original cost of the device, including the  
224 installation cost thereof, but excluding the cost of replacing  
225 previously existing property removed or improved in the course of  
226 such installation; ~~or~~

227           ~~(c)~~ ~~Eight percent of the assessed value of such property~~  
228 ~~immediately following installation.~~

229           (2) The exempt amount authorized under subsection (1) shall  
230 apply in full if the device was installed and operative  
231 throughout the 12-month period preceding January 1 of the year of  
232 application for this exemption. If the device was operative for a  
233 portion of that period, the exempt amount authorized under this  
234 section shall be reduced proportionally.

235           (3) It shall be the responsibility of the applicant for an  
236 exemption pursuant to this section to demonstrate affirmatively  
237 to the satisfaction of the property appraiser that he or she  
238 meets the requirements for exemption under this section and that  
239 the original cost ~~pursuant to paragraph (1)(b)~~ and the period for  
240 which the device was operative, as indicated on the exemption  
241 application, are correct.

242           (4) No exemption authorized pursuant to this section shall  
243 be granted ~~for a period of more than 10 years. No exemption shall~~  
244 ~~be granted~~ with respect to renewable energy source devices  
245 installed before July 1, 2008 ~~January 1, 1980, or after December~~  
246 ~~31, 1990.~~

247           Section 37. Paragraph (b) of subsection (1) and subsection  
248 (2) of section 220.192, Florida Statutes, are amended to read:

249           220.192 Renewable energy technologies investment tax  
250 credit.--

251           (1) DEFINITIONS.--For purposes of this section, the term:

252           (b) "Eligible costs" means:



489386

253 1. Seventy-five percent of all capital costs, operation and  
254 maintenance costs, and research and development costs incurred  
255 between July 1, 2006, and June 30, 2010, up to a limit of \$3  
256 million per state fiscal year for all taxpayers, in connection  
257 with an investment in hydrogen-powered vehicles and hydrogen  
258 vehicle fueling stations in the state, including, but not limited  
259 to, the costs of constructing, installing, and equipping such  
260 technologies in the state.

261 2. Seventy-five percent of all capital costs, operation and  
262 maintenance costs, and research and development costs incurred  
263 between July 1, 2006, and June 30, 2010, up to a limit of \$1.5  
264 million per state fiscal year for all taxpayers, and limited to a  
265 maximum of \$12,000 per fuel cell, in connection with an  
266 investment in commercial stationary hydrogen fuel cells in the  
267 state, including, but not limited to, the costs of constructing,  
268 installing, and equipping such technologies in the state.

269 3. Seventy-five percent of all capital costs, operation and  
270 maintenance costs, and research and development costs incurred  
271 between July 1, 2006, and June 30, 2010, up to a limit of \$6.5  
272 million per state fiscal year for all taxpayers, in connection  
273 with an investment in the production, storage, and distribution  
274 of biodiesel (B10-B100) and ethanol (E10-E100) in the state,  
275 including the costs of constructing, installing, and equipping  
276 such technologies in the state. Gasoline fueling station pump  
277 retrofits for ethanol (E10-E100) distribution qualify as an  
278 eligible cost under this subparagraph.

279 4. Ten percent of all costs, not to exceed \$750,000 per  
280 installation, associated with the installation of a device that  
281 collects, transmits, stores, or uses energy from a Tier 1 or Tier  
282 2 renewable energy source.



489386

283 (2) TAX CREDIT.--For tax years beginning on or after  
 284 January 1, 2007, a credit against the tax imposed by this chapter  
 285 shall be granted in an amount equal to the eligible costs.  
 286 Credits may be used in tax years beginning January 1, 2007, and  
 287 ending December 31, 2010, after which the credit shall expire. If  
 288 the credit is not fully used in any one tax year because of  
 289 insufficient tax liability on the part of the corporation, the  
 290 unused amount may be carried forward and used in tax years  
 291 beginning January 1, 2007, and ending December 31, 2012, after  
 292 which the credit carryover expires and may not be used. In the  
 293 case of the credit for costs under subparagraph (1)(b)4., credits  
 294 may be used in tax years beginning January 1, 2008, without  
 295 expiration, and any unused credit amounts may be carried forward  
 296 and used in tax years beginning January 1, 2008, and without  
 297 expiration. A taxpayer that files a consolidated return in this  
 298 state as a member of an affiliated group under s. 220.131(1) may  
 299 be allowed the credit on a consolidated return basis up to the  
 300 amount of tax imposed upon the consolidated group. Any eligible  
 301 cost for which a credit is claimed and which is deducted or  
 302 otherwise reduces federal taxable income shall be added back in  
 303 computing adjusted federal income under s. 220.13.

304  
 305 ===== T I T L E A M E N D M E N T =====

306 And the title is amended as follows:

307 On line(s) 2318, after the first semicolon,  
 308 insert:

309  
 310 providing definitions relating to a renewable energy  
 311 portfolio standard; creating a renewable energy portfolio  
 312 standard; requiring the Public Service Commission to



489386

313 | implement a renewable energy portfolio standard that  
314 | applies to all retail electricity sales; requiring the  
315 | commission to adopt rules; requiring each utility to meet  
316 | the renewable energy portfolio standard by a certain date;  
317 | exempting electric cooperatives; requiring a utility to  
318 | submit a report to the commission by a certain date each  
319 | year which illustrates the credits purchased and retired;  
320 | providing a penalty for not submitting such report;  
321 | requiring the commission to adopt rules establishing the  
322 | quantity of certain credits and the transfer, tracking,  
323 | and retirement of such credits; providing eligibility  
324 | standards for producing renewable energy credits; creating  
325 | the Florida Renewable Energy Trust Fund; requiring the  
326 | commission to adopt eligibility criteria for projects that  
327 | are supported by the fund; providing that such fund be  
328 | administered by the Department of Environmental  
329 | Protection; authorizing the Public Service Commission to  
330 | direct a utility to impose a surcharge on utility customer  
331 | bills to provide cost recovery; requiring the commission  
332 | to adopt rules providing for the interconnection of  
333 | customer-owned generation; authorizing the commission to  
334 | direct utilities to adopt rate structures based on energy  
335 | consumption; limiting the commission's regulation of  
336 | onsite renewable resources; amending ss. 196.175 and  
337 | 220.192, F.S.; conforming provisions to changes made by  
338 | the act;