A bill to be entitled

An act relating to economic development; providing a short title; creating s. 288.036, F.S.; establishing the Sustainable Community Demonstration Project; providing a purpose; providing legislative findings and intent; requiring that the Department of Economic Opportunity certify projects that meet certain requirements; providing intent for such projects; authorizing a provider, as part of a certified project, to initiate proceedings pursuant to s. 366.94, F.S.; creating s. 366.94, F.S.; providing definitions; authorizing the Public Service Commission to approve all reasonable and prudent costs incurred by providers of certain renewable energy-generating facilities; requiring that the commission consider certain factors when determining whether to approve the recovery of costs; requiring that a provider initiate proceedings with the commission by a specified date; providing requirements for the proceedings; providing a limitation; providing for application and construction; authorizing the commission to adopt rules; providing an effective date.

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

Section 1. This act may be cited as the "Sustainable Community Demonstration Project Act."

Section 2. Section 288.036, Florida Statutes, is created to read:

288.036 Sustainable Community Demonstration Project.—

(1) The purpose of this section is to establish the Sustainable Community Demonstration Project and to certify projects that demonstrate the catalytic economic, technological, and environmental benefits of a prototypical community as a living laboratory for accelerating economic development through innovative technological infrastructure and capital investment, including clean renewable energy systems and smart grid technologies.

(2) The Legislature finds that a Sustainable Community Demonstration Project is in the public interest and will advance state economic development goals and promote fuel diversity, energy independence, and innovation in this state as expressed in the legislative findings and intent in ss. 366.91 and 366.92. It is the intent of the Legislature that a project certified as a Sustainable Community Demonstration Project result in the creation of a cluster of high-wage, high-skilled complementary technology and communications industries which can become a magnet for new capital investment, job creation, and innovation in the region and throughout the state, and serve as a model for the future development of new communities and the retrofitting of existing communities.

(3) The Department of Economic Opportunity shall certify a project as a Sustainable Community Demonstration Project if, in addition to complying with any applicable law other than this section, the project:

(a) Is comprehensive in scope by addressing the full range of community infrastructure, including renewable energy systems, smart grid technologies, data communications networks, alternative transportation mobility systems, sources for powering electric vehicles, digital learning centers, health and wellness features, and storm safety.

(b) Has in place the permits and entitlements required for primary infrastructure before securing building permits for a particular phase of construction.

(c) Proposes to meet the majority of its electricity needs from renewable sources and produce more electricity from on-site renewable energy-generating facilities and distributed rooftop renewable energy facilities than the community is projected to use annually.

(d) Incorporates and integrates smart grid infrastructure and technology as a tool for improving grid performance; manages energy distribution, transmission, and consumption; maximizes efficiencies; and deploys high-speed digital operating systems and data transmission networks.

(e) Uses reasonable and customary industry practices in the design and construction of proposed renewable energy systems and smart grid infrastructure.

(f) Consists of a land area of at least 2,500 contiguous acres.

(g) Includes an accountability plan for developing project benchmarks and evaluating, measuring, and reporting project results against the criteria provided in subsection (4), with the involvement of members of the Florida Energy Systems

Consortium and research universities, and extending the application of project knowledge throughout the state in partnership with the State University System. The plan shall provide for submission of the initial evaluation of project results to the Department of Economic Opportunity no later than July 1, 2014.

(4) A project is intended to demonstrate:

(a) The economic feasibility and viability of clean renewable energy systems and smart grid infrastructure and technologies.

(b) The affordability and appeal of a sustainable smart community to industry and residents.

(c) The ability to attract a cluster of complementary industries and stimulate new capital investment in sustainable innovation and community infrastructure.

(d) The efficient management of energy distribution and consumption using smart grid systems to improve grid performance and community design and construction features.

(e) The incorporation of sustainable community design principles and construction features in a way that promotes health and wellness and the development and use of innovative alternatives in personal transportation, such as electric vehicles.

(f) The catalytic effect of a renewable energy-centered community and smart grid infrastructure system in spurring job creation.

(g) The ability to attract companies to this state to invest and create new jobs and industry.

(h) The stabilization of energy prices over time.

(i) The opportunities to enter into partnerships with the State University System in conducting research in innovative clean energy and smart technology communities and technologies and the translation of that research into business opportunities.

(j) The effectiveness of enhanced building techniques and design criteria in providing storm safety.

(5) A provider, as part of a project certified under this section, may use customary and innovative alternatives for financing and recovering prudent and reasonable costs in planned energy infrastructure, such as renewable energy-generating facilities and integrated smart grid infrastructure, and may initiate proceedings with the Public Service Commission pursuant to s. 366.94.

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

366.94 Renewable energy cost recovery as part of a Sustainable Community Demonstration Project.—

(1) As used in this section, the term:

(a) "Costs" include all costs or expenses incurred by a provider in siting, licensing, designing, constructing, and operating a renewable energy-generating facility and transmission, distribution, and metering systems using integrated smart grid infrastructure and components. The term includes, but is not limited to, construction costs, inservice capital investments, engineering expenses, operation and maintenance expenses, and any applicable taxes. The term does

not include the land on which the facility is constructed.

(b) "Renewable energy" has the same meaning as provided in s. 366.91(2)(d).

(c) "Renewable energy-generating facility" or "facility" means a facility of less than 75 megawatt gross capacity which generates renewable energy, emits zero greenhouse gases at the point of generation, is constructed and operated by a provider as part of a Sustainable Community Demonstration Project certified under s. 288.036, and is part of the electric utility grid for this state. The term includes associated transmission and distribution systems.

(2) To demonstrate the feasibility and viability of renewable energy-generating facilities and integrated smart grid infrastructure and the economic benefits for this state, and as an investment in renewable energy, the commission may approve all reasonable and prudent costs incurred by a provider under the environmental cost-recovery clause in s. 366.8255 for renewable energy-generating facilities and integrated smart grid infrastructure that are constructed and operated as part of a Sustainable Community Demonstration Project certified under s. 288.036.

(a) When determining whether to approve the recovery of costs, the commission shall consider, among other factors, the projected long-term stabilization of energy costs and the legislative findings and intent in ss. 366.91(1) and 366.92(1), including, but not limited to:

1. Promoting this state's leadership among competitor states in the development of renewable energy resources;

2. Diversifying the fuel mix;

3. Reducing the growing dependence on fuel sources which results in an outflow of the state's capital;

4. Encouraging new investments in innovation and job creation;

5. Protecting the economic viability of renewable energy resources in the state; and

6. Minimizing the volatility of fuel costs.

(b) For purposes of this section, costs are reasonable and prudent if the provider has used reasonable and customary industry practices in the design, procurement, and construction of the facility and has integrated smart grid infrastructure in a cost-effective manner appropriate to the location of the facility.

(c) A provider must initiate proceedings with the commission no later than January 1, 2013.

(d) As part of the proceedings, each provider shall report its construction costs, in-service costs, operating and maintenance costs, hourly energy production of the renewable energy-generating facility, and any other information deemed relevant by the commission.

(e) The Legislature recognizes the potential catalytic effect that a Sustainable Community Demonstration Project under s. 288.036 will have on economic growth, job creation, entrepreneurial innovation, and energy diversification. The Legislature also recognizes the investment and knowledge necessary to position this state as a hub for renewable energy and smart technology infrastructure, products, and expertise,

while reducing the risk of price instability and customer rate hikes resulting from the current lack of fuel diversity. As a result, the amount of cost recovery the commission may authorize for a demonstration project under this section is limited to a maximum of 5 cents per month for an average residential customer using 1,000 kilowatt hours per month, calculated on a levelized basis over the life of a facility projected to produce cost savings in a majority of those years.

(3) This section applies only to a facility constructed and operated as part of a Sustainable Community Demonstration Project certified under s. 288.036. However, this section does not preclude a provider that is not a part of a Sustainable Community Demonstration Project from seeking cost recovery under any other applicable provision of law.

(4) The commission may adopt rules as necessary to administer this section.

Section 4. This act shall take effect upon becoming a law.