

By the Committee on Regulated Industries; and Senator DiCeglie

580-02858-23

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1 A bill to be entitled
2 An act relating to renewable energy cost recovery;
3 amending s. 366.91, F.S.; revising the types of
4 contracts which are eligible for cost recovery by a
5 public utility under certain circumstances;
6 authorizing a public utility to recover prudently
7 incurred renewable natural gas or hydrogen-based fuel
8 infrastructure project costs through an appropriate
9 Florida Public Service Commission cost-recovery
10 mechanism; providing that such costs are not subject
11 to further actions except under certain circumstances;
12 specifying eligible renewable natural gas and
13 hydrogen-based fuel infrastructure projects; requiring
14 that cost recovery for such projects be approved by
15 the commission; providing requirements for the
16 approval determination; prohibiting cost recovery
17 until a facility is placed in service; providing that
18 certain other regulatory accounting rules may apply to
19 such cost recovery; providing an effective date.

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

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23 Section 1. Subsection (9) of section 366.91, Florida
24 Statutes, is amended, and subsections (10) and (11) are added to
25 that section, to read:

26 366.91 Renewable energy.—

27 (9) A public utility's ~~The commission may approve cost~~
28 ~~recovery by a gas public utility for~~ contracts for the purchase
29 of renewable natural gas and hydrogen-based fuel in which the

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30 pricing provisions exceed the current market price of natural
31 gas are eligible for cost recovery, but only if ~~which are~~
32 ~~otherwise deemed reasonable and prudent~~ by the commission finds
33 that the contract meets the overall goals of subsection (1) by
34 promoting the development or use of renewable energy resources
35 in this state and providing fuel diversification and that the
36 contract is otherwise reasonable.

37 (10) A public utility may recover, through an appropriate
38 cost-recovery mechanism administered by the commission,
39 prudently incurred costs for renewable natural gas or hydrogen-
40 based fuel infrastructure projects. If the commission determines
41 that such costs were reasonable, that the incremental bill
42 impact will not result in an undue hardship to customers, and
43 that the project will facilitate achieving the goals of
44 subsection (1), those costs are not subject to disallowance or
45 further prudence review except for fraud, perjury, or
46 intentional withholding of key information by the public
47 utility. For purposes of utility cost recovery pursuant to this
48 subsection only, renewable natural gas may include a mixture of
49 natural gas and renewable natural gas. Eligible renewable
50 natural gas and hydrogen-based fuel infrastructure projects must
51 be located in this state. Types of costs eligible for cost
52 recovery include, but are not limited to, capital investment in
53 projects necessary to prepare or produce renewable natural gas
54 and hydrogen-based fuel for pipeline distribution and usage;
55 capital investment in facilities, including pipelines, necessary
56 to inject and deliver renewable natural gas and hydrogen-based
57 fuel; renewable natural gas and hydrogen-based fuel storage
58 facilities; operation and maintenance expenses associated with

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59 any such renewable natural gas and hydrogen-based fuel
60 infrastructure projects; and an appropriate return on investment
61 consistent with that allowed for other utility plants that
62 provide service to customers.

63 (11) Cost recovery for any renewable natural gas or
64 hydrogen-based fuel infrastructure project sought pursuant to
65 this section must be approved by the commission.

66 (a) In assessing whether cost recovery for any renewable
67 natural gas or hydrogen-based fuel infrastructure projects is
68 appropriate, the commission shall consider whether the projected
69 costs for such renewable natural gas or hydrogen-based fuel
70 infrastructure projects are reasonable and consistent with
71 subsection (10).

72 (b) Recovery of costs incurred by a public utility for a
73 renewable natural gas or hydrogen-based fuel infrastructure
74 project approved for cost recovery under this section may not be
75 allowed until such facility is placed in service. Upon approval
76 of cost recovery by the commission, costs incurred before the
77 facility is placed in service may be deferred on the public
78 utility's books for recovery once the facility is in service.
79 This does not preclude application of any other regulatory
80 accounting rules that are otherwise deemed appropriate,
81 including, but not limited to, normal recovery of costs for
82 construction work in progress.

83 Section 2. This act shall take effect July 1, 2023.