

By the Committees on Community Affairs; and Regulated Industries; and Senator DiCeglie

578-03257-23

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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.

20  
21 Be It Enacted by the Legislature of the State of Florida:

22  
23 Section 1. Subsection (9) of section 366.91, Florida  
24 Statutes, is amended, and subsection (10) is added to that  
25 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. Cost recovery for any renewable  
63 natural gas or hydrogen-based fuel infrastructure project sought  
64 pursuant to this subsection must be approved by the commission.

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

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

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