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2. Docket numbers and titles in which filing is submitted:

DOCKET NO. 080503-EI -- In re: Establishment Of Rule On Renewable Portfolio Standard

3. Party on whose behalf this filing is submitted:

The Florida Industrial Cogeneration Association, City of Tampa Florida and Solid Waste Authority of Palm Beach County

4. Total number of pages in filing:

17 (seventeen) pages

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Preliminary Markup/Comment On RPS Straw-Man Rule by Florida Industrial Cogeneration Association, City of Tampa, Florida, and Solid Waste Authority of Palm Beach County

If you have any questions or require anything further in this regard, please do not hesitate to let us know immediately.

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FPSC-COMMISSION CLERK

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Establishment of Rule on)
Renewable Portfolio Standard)
_____)

Docket No. 080503-EI
Filed: September 5, 2008

**Preliminary Markup/Comment On RPS Straw-Man Rule
Florida Industrial Cogeneration Association,
City of Tampa, Florida, and
Solid Waste Authority of Palm Beach County**

This preliminary markup/comment on the RPS strawman rule proposal is submitted on behalf of the Florida Industrial Cogeneration Association (FICA), the City of Tampa (Tampa) and the Solid Waste Authority of Palm Beach County (SWA), by their undersigned attorney.

Due to the complexity of issues, the diversity of participants and substantial importance of this rulemaking proceeding, along with the fact that the proposed RPS rule is one of "first impression", FICA, Tampa and SWA hereby reserve each of their rights to amend, change, expand or otherwise modify the markup/comments contained in this preliminary document as the rulemaking proceedings progress.

Please do not hesitate to contact me if you have any question, require clarification or would like to discuss any aspects of the Preliminary Markup/Comment.

Respectfully submitted via electronic filing on the 5th day of September, 2008.

/s/ *Richard A. Zambo*

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FPSC-COMMISSION CLERK

1 **I. Renewable Portfolio Standard**

2
3 17.400 Florida Renewable Portfolio Standard

4 (1) Application and Scope.

5 (a) The Commission shall establish and clearly specify on a statewide basis, mandatory¹
6 numerical portfolio standards for each investor-owned electric utility that will promote the
7 development of renewable energy, protect the economic viability of existing renewable energy
8 facilities, diversify the types of fuel used to generate electricity in Florida, lessen Florida's
9 dependence on fossil fuels for the production of electricity, minimize the volatility of fuel
10 costs, encourage investment in the state, improve environmental conditions, and minimize the
11 costs of power supply to electric utilities and their customers.

12 (b) After approval of the initial renewable portfolio standards, the Commission shall review
13 and set renewable portfolio standards for each investor-owned electric utility at least once
14 every five years. The Commission on its own motion, or upon petition by a substantially
15 affected person ~~or a utility~~², shall initiate a proceeding to review and, if appropriate, modify
16 the renewable portfolio standards. All modifications of the approved renewable portfolio
17 standards and the associated compliance plans shall only be on a prospective basis.

18 (c) In a proceeding to ~~establish or~~ modify the renewable portfolio standards, an ~~each~~ investor-
19 owned electric utility may ~~shall~~ propose increases in the³ numerical renewable portfolio
20 standards based on an analysis of the technical and economic potential for Florida renewable
21

22 ¹ Reflects statutory language that each utility is required to comply with standards.

² Clarifies that utility is no more than an affected person and holds no special rank or place.

23 ³ The Commission is tasked by the Legislature to establish the standards. Utility involvement in that process should be limited to proposing increases in the standards. Proposing decreases would be self-serving and a means to avoid penalties for failure to comply.

1 energy resources to provide reasonably achievable and affordable annual energy (KWH)
2 savings and that meet or exceed the minimum statewide renewable portfolio standards
3 established by this rule as set forth in Section (3)(a) and as may be automatically adjusted
4 pursuant to Section (10).

5 (2) Definitions.

6 (a) "Florida renewable energy resources," means electrical, mechanical, or thermal energy
7 produced from a method that uses one or more of the following fuels or energy sources:
8 hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat,
9 or hydroelectric power that is produced in Florida.

10 (b) "Renewable energy," means electrical energy produced from a method that uses one or
11 more of the following fuels or energy sources: hydrogen produced from sources other than
12 fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and
13 hydroelectric power. The term includes the alternative energy source, waste heat, from
14 sulfuric acid manufacturing operations.

15 (c) "Biomass," means a power source that is comprised of, but not limited to, combustible
16 residues or gases from forest products manufacturing, waste, or co-products from agricultural
17 and orchard crops, waste or co-products from livestock and poultry operations, waste or
18 byproducts from food processing, urban wood waste, municipal solid waste, municipal liquid
19 waste treatment operations, and landfill gas.

20 (d) "Class I renewable energy source," means Florida renewable energy resources derived
21 from wind or solar energy systems.

22 (e) "Class II renewable energy source," means renewable energy derived from Florida
23 renewable energy resources other than wind or solar energy systems.

(f) "Renewable Energy Credit," means a financial instrument that represents the unbundled,

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions
from existing law August 11, 2008 DRAFT Strawman Rule.

- 1 separable, renewable attribute of renewable energy or equivalent solar thermal energy
2 produced in Florida and is equivalent to one megawatt-hour of electricity generated by a
3 source of renewable energy located in Florida.
- 4 (g) "Renewable Portfolio Standard," means the minimum percentage of total annual retail
5 electricity sales by an investor-owned electric utility to consumers in Florida that shall be
6 supplied by renewable energy produced in Florida.
- 7 (h) "Solar Energy System," means equipment that provides for the collection and use of
8 incident solar energy for water heating, space heating or cooling, or other applications that
9 would normally require a conventional source of energy such as petroleum products, natural
10 gas, or electricity that performs primarily with solar energy. In other systems in which solar
11 energy is used in a supplemental way, only those components that collect and transfer solar
12 energy shall be included in this definition.
- 13 (i) "Solar Photovoltaic System," means a device that converts incident sunlight into electrical
14 current.
- 15 (j) "Solar thermal system," means a device that traps heat from incident sunlight in order to
16 heat water.
- 17 (k) "Equivalent Solar Thermal Energy," means the conversion of the thermal output, measured
18 in British Thermal Units, of a solar thermal system to equivalent units of one megawatt-hour
19 of electricity otherwise consumed from or output to the electric utility grid.
- 20 (3) *Renewable Portfolio Standard*. Within 90 days of the effective date of this rule, and ~~not~~
21 ~~less than every five years thereafter~~, each investor-owned electric utility shall file for approval
22 with by the Commission a ~~proposed~~ renewable portfolio standards report containing based on
23 an analysis of the technical and economic potential of Florida renewable energy resources for
each utility's service area.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions
from existing law August 11, 2008 DRAFT Strawman Rule.

1 (a) ~~Initially, each~~ Each investor-owned utility shall be required to meet or exceed submit
2 ~~proposed annual~~ the following statewide ⁴renewable portfolio standards ~~which meet or exceed~~
3 ~~the following long term standards~~ through the production or purchase of renewable energy
4 credits pursuant to Rule 17.410, F.A.C.:

- 5 1. by January 1, 2010: ~~2~~ 5 percent of the prior year's retail electricity sales;
6 2. by January 1, ~~2017~~ 2015: ~~3.75~~ 10 percent of the prior year's retail electricity sales;
7 3. by January 1, ~~2025~~ 2020: ~~6~~ 20 percent of the prior year's retail electricity sales;
8 4. by January 1, ~~2050~~: ~~20~~ percent of the prior year's retail electricity sales.⁵

9 *~~Options for Wind & Solar Preference:~~*

10 ~~OPTION I:~~

11 ~~(b) By January 1, 2017, a minimum of 25% of the renewable portfolio standard shall be~~
12 ~~provided from Class I renewable energy sources;~~

13 ~~OPTION II:~~

14 ~~(b) By January 1, 2017, a minimum of 20% of the renewable portfolio standard shall be~~
15 ~~provided from Class I solar photovoltaic or solar thermal systems and 5% of the renewable~~
16 ~~energy portfolio standard shall be provided by Class I wind energy systems;~~

17 ~~OPTION III:~~

18 ~~(b) For purposes of compliance with the renewable portfolio standards, a multiplier of 5 shall~~
19 ~~be applied to all renewable energy credits produced from Class I renewable energy sources~~
20 ~~until the first year in which they represent, in aggregate, 25% of the annual Renewable~~

21

22

23 ⁴ It is the responsibility Commission to propose and adopt by rule the renewable portfolio standard. Unlike energy conservation, the Legislature has clearly articulated its intent and has tasked the Commission – not the utilities – with proposing and adopting the standards.

⁵ Increases initial standards to reflect what is thought to be currently in existence in Florida

1 | ~~Portfolio Standard.~~⁶

2 | (c) Each investor-owned electric utility ~~proposed~~ renewable portfolio standard report filing

3 | shall, at a minimum, contain the following:

4 | 1. Current and ten-year forecast of installed capacity in kilowatts for each Florida

5 | renewable energy resource;

6 | 2. Levelized life-cycle cost in cents per kilowatt-hour for each Florida renewable

7 | energy resource;

8 | 3. Current and ten-year forecast of the effects of the renewable portfolio standard on

9 | the reduction of greenhouse gas emissions in Florida;

10 | 4. Current and ten-year forecast of the effects of the renewable portfolio standard on

11 | economic development in Florida; ~~and~~

12 | 5. Current and ten-year forecast of the estimated retail rate impact for each class of

13 | customers of the proposed renewable portfolio standard; and,

14 | 6. Current and ten-year and twenty year forecast of the estimated rate benefits for each

15 | class of customers of the proposed renewable portfolio standard⁷.

16 | (d) Renewable Portfolio Hearings. At intervals of not less than five years, the Commission

17 | shall on its motion or the motion of an affected person other than an investor-owned utility

18 | convene evidentiary hearings for purposes of revisiting the renewable portfolio standards and

19 | determining whether increases are appropriate based on the experience of the previous years

20 | and the sworn evidence and testimony presented to Commission. Based on such hearing, the

21 | Commission shall prepare an analysis of the technical and economic potential of Florida

22 | renewable energy resources in the State and increase the renewable energy standards for

23 | _____

⁶ Deletes preference for high cost renewable resources

⁷ Adds requirement to evaluate/analyze long term benefits of renewable to offset and be deducted from costs.

1 subsequent years consistent with that analysis.

2 ⁸ (4) Compliance.

3 (a) The statewide renewable portfolio standards proposed, approved and adopted by the
4 Commission, including any adjustments to those standards pursuant to Section (10), shall be
5 presumed to be achievable by each utility within the parameters of the rule.

6 (b) Beginning in 2010, ~~In approving the proposed renewable portfolio standards and enforcing~~
7 ~~compliance with the approved renewable portfolio standards,~~ continuing annually thereafter,
8 the Commission shall assess an investor owned utility at the rate of \$0.02 (two cents) per kWh
9 for each kWh by which the utility fails to meet the renewable portfolio standard in the year,
10 including adjustments pursuant to Section (10). Such assessment shall be paid by the utility in
11 form of a refund to all classes of customers as a proportion of the kilowatt hours consumed
12 over the period of the refund which shall not exceed two billing periods⁹.

13 (c) In extraordinary circumstances, the Commission may consider a request by ~~excusing an~~
14 investor-owned electric utility for excusal from compliance with the ~~any~~ renewable portfolio
15 standard based upon a an affirmative showing by the utility in a formal evidentiary
16 proceeding, ~~showing that:~~

17 1. in spite of the utility's best efforts, and having exhausted all available means to
18 comply with the standards, the supply of renewable energy or renewable energy credits is not
19 adequate to satisfy the demand for such energy; or

20 2. in spite of the utility's best efforts, and having exhausted all available means to
21 comply with the standards, the cost of securing renewable energy or renewable energy credits
22 when measured over the long-term and reflecting all potential rate benefits of the renewable

23 ⁸ Requires periodic revisiting of the renewable energy standards. Unlinks from utility request and links to
Commission's motion or request of a non-utility. Reflects notion that Commission not utilities must control.

⁹ Provides a penalty mechanism, refund to customers, and burden of proof for excusal from compliance

1 energy was prohibitive such that the total direct costs, excluding any administrative or
2 promotional costs, for compliance with the renewable portfolio standard, less the rate benefits
3 expected to result from the renewable energy associated with such credits, exceeded ~~one~~ five
4 percent of the investor-owned electric utility's total annual retail revenues¹⁰.

5 (bd) Any utility filing a request to be excused from meeting the statewide ~~its~~ renewable
6 portfolio standard must submit its request describing, among other things the extraordinary
7 circumstances leading to the request, along with the annual report required by Rule 25-
8 17.400(6), F.A.C., and will have the burden of demonstrating by a preponderance of the
9 evidence that it has fully met its burdens under (c)1 and (c)2 hereof¹¹.

10 (5) Cost Recovery. Reasonable and prudent costs associated with the provision or purchase of
11 renewable energy credits to meet the utility's renewable portfolio standards, including
12 administrative costs of the Florida Renewable Energy Credit Market, shall be recovered
13 through ~~the a~~ Renewable Energy ~~Environmental~~ Cost Recovery clause.

14 (a) Any assessment against an investor owned utility pursuant to Section (4)(b) for failure to
15 meet a renewable energy standard shall not be recoverable by the investor owned utility¹².

16 (6) Reporting Requirements. Each investor-owned electric utility shall file with the
17 Commission an annual report no later than April 1 of each year for the previous calendar year.
18 Each investor-owned electric utility's report shall include the following:

19 (a) the retail sales of the prior year in megawatt-hours;

20 (b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;

21 (c) the quantity of renewable energy purchased in megawatt-hours, separated by type of
22 ownership and fuel type;

23 ¹⁰ Deducts expected benefits of renewables from cap calculation. Sets rate cap at five percent.

¹¹ Establishes the burden of proof for excusal from penalty assessment for failure to meet standard

¹² Prohibits a utility from recovering any penalty assessment from customers

- 1 (d) the quantity and vintage of self-generated renewable energy credits;
2 (e) the quantity and vintage of renewable energy credits purchased;
3 (f) the fuel type and ownership of the Florida renewable energy resource associated with each
4 renewable energy credit;
5 (g) a statement as to whether it was in compliance with the renewable portfolio standard in the
6 previous calendar year; and
7 (h) the utility's plan for additional generation or procurement to meet the renewable portfolio
8 standard for the current calendar year and the following two years.

9 (7) Utility Self-Build. An investor-owned electric utility may not self-build a renewable
10 energy resource directly or through an affiliate, without first conducting a competitive bid for
11 renewable energy resources, provided, however that competing bids shall not be required to
12 propose the same technology as that proposed by the utility¹³.

13 (8) Least Cost Option. In meeting the renewable portfolio standards, each investor-owned
14 utility must select the renewable energy resource likely to result in the least cost option for the
15 general body of ratepayers. Upon the motion of an affected party asserting that a utility has
16 failed to pursue the least cost option, the Commission shall initiate an evidentiary proceeding
17 to resolve the matter. If the Commission determines that the assertions of the affected party
18 are meritorious, the Commission shall impose an appropriate fine against the utility¹⁴.

19 (9) **Avoided Cost.** Non-utility Florida renewable energy resources desiring to provide firm
20 capacity and energy to a Florida electric utility or utilities for a period of 15 (fifteen) years or
21 more, shall have the option to sell such firm capacity and energy at prices based on and equal
22 to the arithmetic average of the projected capital costs per kW, fixed operating and

23 ¹³ Requires utility to use an RFP bidding process before proceeding with self build regardless of technology

¹⁴ Requires utility to select most cost-effective/least-cost (most bang-for-the-buck) options in meeting RPS

1 maintenance costs per kW, and variable operating and maintenance costs per kWh relied upon
2 by the Commission in granting a determination of need in proceedings conducted by the
3 Commission on or after January 1, 2007 for new, but not up-rated, nuclear powered electric
4 generating plants proposed to be constructed in Florida, plus imputed or actual AFUDC. In
5 implementing such alternative avoided costs, adjustments shall be made via appropriate
6 calculations so that the costs identified in this Section are assumed to be associated with a
7 nuclear powered generating plant that would commence commercial operation on the same
8 date the renewable energy resource commences delivery of firm capacity and energy to a
9 utility¹⁵.

10 (10) **Automatic Adjustment.** Beginning on January 10, 2010 and annually thereafter, the
11 renewable energy portfolio standards established and specified by the Commission under
12 Section (3)(a) shall be automatically adjusted upward in proportion to increases in the average
13 price of electricity sold at retail in the State by the Florida investor-owned utilities, including
14 all fees, charges, clauses and other such adjustments, but shall exclude any fees, charges,
15 clauses or adjustments relating to payment for renewable energy credits. For this purpose,
16 increases mean the positive difference between the average price of electricity sold at retail in
17 the State by the Florida investor-owned utilities at the beginning of the current year and the
18 average price of electricity sold at retail in the State by the Florida investor-owned utilities at
19 the beginning of the prior year. ¹⁶

20 *Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,*
21 *366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History--New XX-XX-08.*

22 ¹⁵ Adds a proviso for alternate avoided cost calculation for renewable energy resources. Nuclear power is the
23 favored technology as demonstrated by the utilities and the Commission in recent need determination
proceedings. Logically, renewable energy which offers greater benefits without the radioactive downside should
be priced at levels similar to nuclear power.

¹⁶ Provides an automatic adjustment to increase renewables as electricity prices continue to rise because
renewables present a natural hedge and means of reducing such price increases over the long term.

1 **II. Florida Renewable Energy Credit Market**

2
3 17.410 Florida Renewable Energy Credit Market.

4 (1) Investor-owned electric utilities, in collectively organizing the Florida Renewable Energy
5 Credit Market, investor-owned utilities shall fully coordinate, consult and collaborate with
6 Florida renewable energy resource stakeholders and representative and reach a consensus on
7 all aspects of the development, administration and maintenance of such market¹⁷.

8 (a) The Florida Renewable Energy Credit Market shall be established and governed by a
9 Florida REC Market Board of Directors that includes a sufficient number of utility and
10 renewable energy stakeholders and representatives so as to provide equal representation
11 among investor-owned utilities and renewable energy stakeholders, and that provides for
12 voting requirements that minimize the power of voting blocks and that may include
13 requirements for super-majority votes in some instances. In the event of a tie or deadlocked
14 vote, the Commission may assist in devising a solution¹⁸.

15 (b) The Florida Renewable Energy Credit Market, shall establish and administer, subject to
16 Commission, Florida REC Market Board of Directors, and stakeholder¹⁹ approval pursuant to
17 subsection (4), an electronic renewable energy credit market. The renewable energy credit
18 market shall allow for the transparent production, buying, selling, and trading of renewable
19 energy credits used to comply with the renewable portfolio standards of Rule 25-17.400,
20 F.A.C. All records associated with the production of and the buying, selling, or trading of
21 renewable energy credits shall be available to the Commission for audit purposes.
22

23 ¹⁷ Requires consensus by utilities and stakeholders on all aspects of the REC market

¹⁸ Requires balanced, equitable representation in governance with option for FPSC input

¹⁹ Encourages utilities to allow meaningful participation by all stakeholders

1 (ac) Investor-owned electric utilities are encouraged to collectively establish and contract with
2 an independent not-for-profit corporation for the development, administration, and
3 maintenance of a Florida Renewable Energy Credit Market.

4 (bd) Municipal electric utilities and rural electric cooperative utilities are encouraged to
5 participate in the Florida Renewable Energy Credit Market.

6 (ee) The Reasonable and prudently incurred administrative costs associated with the Florida
7 Renewable Energy Credit Market may ~~shall~~ be collected either through membership dues
8 based on the amount of RECs bought or sold by any member, ~~certification fees~~, or
9 administrative fees assessed to a renewable energy credit including certification of such credit;
10 provided, however, that fees assessed against a renewable energy credit may not exceed 3.0%
11 (three-percent of the credit)²⁰. Fees shall be fair, equitable, and cost-based.

12 (2) Each investor-owned electric utility shall comply with the statewide renewable portfolio
13 standards approved by the Commission pursuant to Rule 25-17.400, F.A.C., through the
14 production or purchase of renewable energy credits.

15 (a) ~~The following entities are eligible to produce~~ renewable energy credits from the following
16 shall be applicable ~~that may be counted toward~~ the renewable portfolio standard:

17 1. Investor-owned electric utility Florida owned renewable energy resources that have
18 not received accelerated cost recovery; do not exceed avoided cost as specified in the utility's
19 most current standard offer contract approved by Commission order, whether final order or
20 PAA order; and, has not received any other Commission approved incentive²¹;

21 2. Municipal electric utility and rural electric cooperative utility owned Florida
22 renewable energy resources;

23

²⁰ Limits the amount of administrative or other costs that can be deducted from the REC payment

²¹ Prohibits RECs from utility owned facilities that receive ratepayer subsidies or exceed avoided cost

1 3. Non-utility Florida renewable energy resources providing as available energy to a
2 Florida electric utility or utilities²²;

3 34. Non-utility Florida renewable energy resources providing ~~net~~ firm capacity and
4 energy ~~under a purchase power agreement~~ to a Florida electric utility or utilities;

5 45. Non-utility Florida renewable energy resources ~~greater than 2 megawatts~~ providing
6 ~~on-site generation~~ used to offset all or a part of the customer's electrical needs, excluding
7 those resources or portions thereof that have received direct cash rebate incentives from a
8 Florida electric utility pursuant to a Commission-approved demand-side conservation program
9 authorized by the Commission pursuant to the Florida Energy and Efficiency Conservation
10 Act, Sections 366.80-.85 and 403.519, F.S.²³.

11 ~~5. Non-utility Florida renewable energy resources greater than 2 megawatts providing~~
12 ~~equivalent solar thermal energy to offset all or a part of the customer's electrical needs;~~

13 ~~6. Customer owned Florida renewable energy resources, 2 megawatts or less, that have~~
14 ~~not received incentives from a Commission approved demand side conservation program~~
15 ~~pursuant to the Florida Energy and Efficiency Conservation Act, Sections 366.80-.85 and~~
16 ~~403.519, F.S.~~

17 (b) A renewable energy credit is retained by the owner of the eligible Florida renewable
18 energy resource identified in Section (2)(a) from which it was derived unless specifically sold
19 or transferred pursuant to a written instrument.²⁴ Anything to the contrary contained in a
20 Florida electric utility's standard offer contract notwithstanding, no electric utility may
21 impose, attempt to impose, or in any way claim a right, including a right of first refusal, to
22 renewable energy credits of a Florida renewable energy resources unless the ownership of

23 ²² Adds facilities selling energy only

²³ Consolidates and simplifies concepts. Any self-service option should be treated equally

²⁴ Minor clarification as to identification and transfer in writing

1 such renewable energy credits were specifically transferred by the owner to the claiming
2 utility by written instrument²⁵.

3 (c) A renewable energy credit shall be valid for two years after the date the corresponding
4 megawatt-hour or equivalent solar thermal energy was generated, or ~~A renewable energy~~
5 ~~credit from a customer-owned renewable system less than 2 megawatts shall be valid for two~~
6 ~~years after the date the renewable energy credit is certified, whichever occurs last~~²⁶. However,
7 a renewable energy credit shall be retired after it is used to comply with the Florida or any
8 other state, regional or federal renewable portfolio standard.

9 (d) Renewable energy credits shall not be used for compliance with the Florida renewable
10 portfolio standard if the renewable energy credit or its associated energy has already been
11 counted toward compliance with any other state or federal renewable portfolio standard.

12 (e) Renewable energy credits shall not be used for compliance with the Florida renewable
13 portfolio standard if the renewable energy credit results from a Commission-approved
14 demand-side conservation program pursuant to the Florida Energy Efficiency and
15 Conservation Act, Sections 366.80-.85 and 403.519, F.S.

16 (3) Initially, the price of each renewable energy credit shall be capped at the equivalent of \$16
17 per ton of net greenhouse gas emissions (GHG) reduced by Florida renewable energy
18 resources relative to the GHG emissions otherwise emitted by the utility \$0.02 (two cents) per
19 kWh for those credits sold for a period of 3 (three) years or more, and \$0.015 (one and one-
20 half cent) per kWh for those credits sold for a period less than 3 (three) years²⁷. The period of
21 time over which a renewable energy credit is sold shall be at the sole discretion of the owner
22

23 ²⁵ Adds protection against any utility monopolizing or gaming the market from its position as a buyer and a holder of first refusal rights to renewable energy credits.

²⁶ Consolidates and simplifies concepts. Any and all self-service option should be treated equally

²⁷ Established REC caps based on broader benefits rather than only on carbon caps. Proposes two tiers for caps.

1 of the renewable energy credit, provided that a renewable energy credit may not be sold for a
2 time period less than six months.²⁸ The price cap caps shall be reevaluated and may be or
3 phased out upon adoption of a state or a federal renewable portfolio standard and trade
4 system.

5 (a) Renewable energy credits associated with any Investor-owned electric utility Florida
6 renewable resources (including those owned by affiliates), the cost of which has been rate
7 based or is otherwise being recovered by the utility from its ratepayers will have no value but
8 may be counted toward the renewable portfolio standards; provided, however that such credits
9 may account for no more than 12.5 % of the renewable portfolio standard applicable in any
10 year²⁹.

11 **(4) Within 90 days from the effective date of this rule, the investor-owned electric utilities**
12 **shall file for Commission approval a detailed outline of the structure, governance, and**
13 **procedures for administering the renewable energy credit market, that has been approved by**
14 **the Florida REC Market Board of Directors and non-utility stakeholders and representatives,**
15 **and that can be implemented within ___ days of notice to proceed by the Commission³⁰. The**
16 **compliance filing shall, at a minimum, provide provisions for the following:**

17 **(a) a mechanism to buy, sell, and trade renewable energy credits generated by utilities and**
18 **Florida renewable energy resources, subject to the limitations of these rules with respect to**
19 **utility-owned renewable energy resources;**

20 **(b) the discretionary aggregation of renewable energy credits for customer-owned Florida**
21 **renewable energy resources;**

22 ²⁸ Establishes a minimum period of six months for which RECs may be sold. Too short a time would add
needless administrative costs

23 ²⁹ Restricts utility self-build to 12½% of the RPS. Utilities have always been free to develop renewable energy
failed to do so. Unless constrained, utilities could monopolize the market or impede Florida renewable energy
development. This is of special concern given the proposal that utilities would create and operated REC markets.

³⁰ Requires stakeholder input from the beginning of the process in order to expedite reaching consensus

- 1 (c) the certification and verification of renewable energy credits as defined in Rule 25-
2 17.400(2)(f), F.A.C., including renewable energy credits resulting from Equivalent Solar
3 Thermal Energy as defined in Rule 25-17.400(2)(k), F.A.C.;
- 4 (d) an accounting system to verify compliance with the renewable portfolio standard; and
5 (e) a method to record each transaction instantaneously; and, to indicate whether the
6 renewable energy credit is associated with a Class I or Class II renewable energy source as
7 defined in Rule 25-17.400(2)(d) and (e), F.A.C.
- 8 (f) an affirmative assurance, representation and warranty that the structure, governance, and
9 procedures for administering the renewable energy credit market, as well as all other aspects
10 of the market, have been approved by the Florida REC Market Board of Directors and non-
11 utility stakeholders and representatives³¹.

12
13 **NOTE IN RESPONSE TO STAFF “REC STANDARD OFFER” QUERY –**

14 **At the close of the workshop a question was posed as to whether a “standard offer” for**
15 **RECs should be created. While such a standard offer is not suggested or incorporated in**
16 **this markup/comment, it is likely that the REC accounting, certification and verification**
17 **process will require a standard form applicable to all REC sales or transfers that may in**
18 **essence be similar to a “standard offer” in the sense that it would contain certain**
19 **minimum requirements, terms and conditions to qualify as a REC under the Florida**
20 **RPS program, as well as a length of term of sale and a purchase price as set forth in this**
21 **markup/comment.**

22 *Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041,*
23 *366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History–New XX-XX-08.*

³¹ Assures full participation by non-utility stakeholders in developing an acceptable market proposal

III. Municipal and Rural Electric Coop Reporting

25-17.420 Municipal Electric Utility and Rural Electric Cooperative Renewable Energy Reporting

(1) Each municipal electric utility and rural electric cooperative utility shall file with the Commission an annual report no later than April 1 of each year for the previous calendar year.

Each utility's report shall include the following:

(a) the retail sales of the prior year in megawatt-hours;

(b) the quantity of self-generated renewable energy in megawatt-hours separated by fuel type;

(c) the quantity of renewable energy purchased in megawatt-hours, separated by type of ownership and fuel type;

(d) the quantity and vintage of self-generated renewable energy credits;

(e) the quantity and vintage of renewable energy credits purchased;

(f) the fuel type and ownership of the Florida renewable energy resource associated with each renewable energy credit;

(g) a statement as to whether the utility has adopted a renewable portfolio standard, or has any plans to conduct a proceeding to establish a renewable portfolio standard in the upcoming year.

Specific Authority 350.127(2), 366.05(1), FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041, 366.05(1), 366.81, 366.82(1),(2), 366.91(2), 366.92 FS. History--New XX-XX-08.