

The Florida Energy and Climate Commission (FECC)

*The Public Service Commission's Draft
Renewable Portfolio Standard (RPS) Rule*



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Renewable Portfolio Standard (RPS)

F.S. 366.92(2)(e)

Definition:

“Renewable portfolio standard” or “RPS” means the minimum percentage of total annual retail electricity sales by a provider to consumers in Florida that shall be supplied by renewable energy produced in Florida.

Renewable Energy F.S. 377.803(4)

Definition:

“Renewable energy” means electrical, mechanical, or thermal energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen, biomass, as defined in s. 366.91, solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power.

Biomass F.S. 366.91(2)(a)

Definition:

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

House Bill 7135

366.92 Florida renewable energy policy

It is the intent of the Legislature to:

- promote the development of renewable energy;
- protect the economic viability of existing renewable energy facilities;
- diversify electric generation fuel types;
- lessen dependence on natural gas and fuel oil;
- minimize the volatility of fuel costs;
- encourage investment within the state;
- improve environmental conditions; and
- minimize power supply costs to utilities and their customers.

House Bill 7135 continued

Florida's Public Service Commission (PSC) was ordered to adopt rules for a renewable portfolio standard (RPS).

In developing this rule, the PSC was to consult with Florida's Department of Environmental Protection and the Florida Energy and Climate Commission.

The PSC's draft rule is to be presented to the Legislature for consideration, by February 1, 2009.



Public Service Commission Draft Rule

The PSC held numerous workshops on the RPS proposal and solicited comments from interested parties.

On January 9, 2009, the PSC held a Special Agenda where they deliberated and decided on a draft RPS rule.

The final order has not been issued, but is expected by the end of this week.



PSC Draft RPS Rule Overview

- The investor-owned utilities should reach a standard of 20% of energy produced by renewable sources by the year 2020.
- The following interim goals were set: 7% by 2013, 12% by 2016, 18% by 2019, and 20% by 2020.
- Once the rule is adopted each utility will submit a plan to the PSC on how they intend to achieve the standard.

PSC Draft RPS Rule Overview continued

- Set a spending cap of 2% of annual retail revenues on the amount each utility can spend to meet the RPS.
- The utilities will recover their costs associated with the RPS through a dedicated cost recovery clause.
- The compliance cost will appear as a separate line-item on customer's bills.
- Within the cost recovery clause review, the cap and the utilities efforts will be revisited annually to determine if the amount is appropriate to meet the standard.



PSC Draft RPS Rule Overview continued

- The utilities can meet the RPS directly through self-build or by purchasing renewable energy credits (REC) from other Florida utilities or non-utility renewable generators.
- A REC market with negotiated contracts will be developed.
- The REC market will facilitate spot market and negotiated contracts from all instate renewable facilities (unless subject to FEECA).

PSC Draft RPS Rule Overview continued

- The RPS is mandatory, however non-compliance may be excused:
 - due to lack of sufficient RECs or
 - due to prohibitive costs to comply (i.e., costs are over the 2% rate cap).
- Utilities found in non-compliance face a penalty of up to 50 basis points.

PSC Draft RPS Rule Overview continued

- 25% of the 20% RPS should be met through solar and wind resources.
- 75% of the 2% spending cap should be used to acquire those solar and wind resources.
- This allocation will be examined annually to determine if those percentages should change.