

Department of Agriculture and Consumer Services
Energy Policy Recommendations for the Legislature's Consideration
January 12, 2012

Infrastructure Investment:

Proposal 1 — Reinststate the following sales tax incentives at the recommended caps and clearly define eligible cost. Reinstatement of these tax incentives will promote the development of renewable energy infrastructure which would give Florida an advantage over other states when investors are looking to build plants.

- Renewable Energy Technologies Sales Tax Exemption- \$1 million per year;
- Renewable Energy Technologies Investment Tax Credit - Increase current cap of \$6.5 million to \$10 million per year; and
- Renewable Energy Production Tax Credit - Remains the same at \$0.01 for each kilowatt-hour of energy produced and sold with a cap of \$5 million per year.

In order to avoid misinterpretations of which entities are eligible for tax credits, clarify that an “electric utility” refers to those utilities that sell electricity on a retail basis.

Reporting Requirements:

Proposal 2 — Require the Department of Agriculture and Consumer Services (DACS) to develop a comprehensive statewide forest inventory analysis identifying where available biomass is located and ensuring forest sustainability.

Proposal 3 — Require the utilities, who file 10-year site plans with the Public Service Commission (PSC), to report the amount of renewable energy resources produced, purchased and proposed in Florida over the 10 year planning horizon and how it will impact present and future capacity and energy needs.

Power Plant (over 75 MW) Need Determination Process:

Proposal 4 —Require the PSC to take into account the need to diversify Florida’s energy generation fuel supply during a Need Determination proceeding. By placing value on fuel diversity, opportunities for alternative sources of energy improve, strengthening Florida’s energy security.

Public Interest Determination for Renewable Energy Projects:

Proposal 5 — Require the PSC to establish criteria for evaluating proposed renewable energy facilities or negotiated renewable energy power purchase agreements and establish reporting criteria. The requirement would create a consistent framework by which the PSC would evaluate renewable proposals and determine whether they are in the public interest, establish what information utilities must provide, and what criteria renewable projects will be evaluated against. Given this new framework, remove the current law that requires the PSC to adopt rules for a renewable portfolio standard.

Based on the criteria established in Proposal 5, require the PSC to set an investor-owned utility limit of 1 percent or 75 MW, whichever is less, of its overall generation capacity portfolio in any one year of approved renewable energy investments where those investment costs are above the

least cost alternative. Placing a cap on the overall effect on the utilities' generation portfolio will avoid unreasonable rate impacts on customers.

Proposal 6 — Allow a utility to invest in a PSC approved financing project with renewable energy facilities in Florida. Currently this type of utility financing project is allowed with government solid waste facilities, but not with private renewable energy facilities. A joint utility and private renewable energy financing project would allow the utility to recover its expenses and a reasonable profit. This would promote investment by utilities in renewable energy facilities, when such a contract is determined by the PSC to be in the public interest.

Energy Efficiency:

Proposal 7 — Require all buildings in the state building fleet, 5,000 square feet or more of conditioned space, to report their energy consumption, and requires the Department of Management Services to go to rule making in coordination with DACS to establish standard and uniform benchmarking and reporting requirements. Currently this reporting is not standardized across state agencies making the reporting incomplete and inaccurate.

Proposal 8 —The legislature should direct DACS's Office of Energy in coordination with the Florida Energy Systems Consortium to evaluate methods to promote energy conservation and efficiency. Further, it should provide the consumer clear guidance on energy efficiency savings. The report should be completed by March 1, 2013, and presented to the Governor and the legislature. Also, the legislature should require the PSC to evaluate how the Florida Energy Efficiency and Conservation Act (FEECA) statutes provide conservation and efficiency programs that are in the public interest and without undue burden on the customer.

Removing Barriers to Future Investments:

Proposal 9 —Clarify that electric vehicle charging stations are a service to the public and not the retail sale of electricity. This ensures that government entities or businesses installing and providing this service are not subject to the undue burden of regulatory fees that may be instituted by the PSC if they were to be considered retailers of electricity.

- Would direct the Florida Building Commission in coordination with DACS and the PSC to adopt rules to standardize the building and electric codes, permitting, and installation of the charging stations.
- Also would direct DACS to adopt rules to address definitions, method of sale, labeling requirements and price posting requirements to allow for consistency for consumers and the industry.
- The PSC is also instructed to conduct a study of the effects of the charging stations on energy consumption in the state as well as the effects on the grid.

Proposal 10 — Require DACS in consultation with the University of Florida/Institute for Food and Agriculture Sciences to determine whether a plant material is exempt from the regulatory permitting process based on scientific evidence and practical experience. This would streamline the permitting process for feedstock crops for biofuels.

Proposal 11 — Task the PSC to evaluate its current interconnection and net metering rules.