

FLORIDA PUBLIC SERVICE COMMISSION

SPECIAL COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Friday, January 9, 2009, 1:30 p.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: December 31, 2008

NOTICE

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An audio version of the conference is available and can be accessed live on the PSC Website on the day of the Conference. The audio version is available through archive storage for up to three months after the conference.

ITEM NO.

CASE

1 **

Docket No. 080503-EI – Establishment of rule on renewable portfolio standard.

Critical Date(s): Draft rule due to the Legislature by February 1, 2009

Commissioners Assigned: All Commissioners

Prehearing Officer: Argenziano

Staff: GCL: Miller, Cibula

SGA: Ballinger, Chase, Crawford, Futrell, Harlow, Rudd, Trapp

Issue 1: Should the Commission submit to the Legislature the October 14, 2008 draft Rule 25-17.400, F.A.C., entitled *Florida Renewable Portfolio Standard*, and draft Rule 25-17.410, F.A.C., entitled *Florida Renewable Energy Credit Market*, as set forth in Attachment A of staff's memorandum dated December 31, 2008?

Recommendation: Yes. The Commission should submit to the Legislature the October 14, 2008 draft rules as one alternative for consideration. Staff would recommend, however, minor changes to these draft rules as follows:

- (1) Modification to the 2017 RPS from 5 percent to 6 percent. (See Section 25-17.400(3)(a));
- (2) Clarification that the implementation plans required by the IOUs will be approved by the Commission. (See Sections 25-17.400(4));
- (3) Clarification of the types of costs that can be counted toward the rate cap. (See Section 25-17.400(5)(d));
- (4) Removing the provision for a separately determined ROE for IOU self-build renewable projects in the RECR clause. Thus, the IOU's last authorized ROE would be utilized. (See Section 25-17.400(7)(a)1);
- (5) Three revisions to the RECR clause proceeding to change the projected period in one of the filing requirements; to remove an unnecessary filing requirement; and to include the Renewable Energy Charge as a line-item on customer bills. (See Section 25-17.400(7)(c)); and
- (6) Inclusion of reference to the Commission's complaint resolution process to address disputes between IOUs and renewable energy developers. (See Rule 25-17.410(11))

These modifications to the draft rule are discussed in the staff analysis and shown in Attachment A of staff's memorandum dated December 31, 2008, in type and strike format.

The Commission may also decide to consider further revisions to the draft rule which are presented as policy options in Section IV of the staff analysis and based on the Commission's direction at the October 14, 2008 Agenda Conference.

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Issue 2: Should the Commission submit to the Legislature draft Rule 25-17.400, F.A.C., entitled Florida Renewable Portfolio Standard, which requires investor-owned utilities to establish standard offer contracts for each major segment of the renewable energy resource market in order to facilitate meeting the RPS standards, as set forth in Attachment B of staff's memorandum dated December 31, 2008?

Recommendation: Yes. The Commission should submit Rule 25-17.400, F.A.C. requiring the establishment of standard offer contracts for each segment of the renewable energy resource market as another alternative for consideration by the Florida Legislature. However, as discussed in Issue 1, staff recommends that the RPS be set at 20 percent by 2041 with a 2 percent rate cap.

Issue 3: Should the Commission recommend to the Legislature that the resources eligible to comply with the RPS include clean electric generating resources, and savings from supply-side and demand-side efficiency improvements?

Recommendation: Yes. The Commission should recommend to the Legislature as an addition to the recommendations in Issues 1 and 2, that eligible resources in the existing statute be expanded to include: (1) energy from new nuclear facilities and uprates approved by the Commission since 2006; (2) energy from integrated gasification combined cycle with carbon capture and sequestration plans approved by the DEP; (3) energy savings from efficiency improvements to existing utility generation; and (4) savings associated with customer energy efficiency programs.

Issue 4: Should the Commission submit to the Legislature draft Rule 25-17.420, F.A.C., entitled Municipal Electric Utility and Rural Electric Cooperative Renewable Energy Reporting?

Recommendation: Yes. The Commission should submit to the Legislature Rule 25-17.420, F.A.C., as set forth in Attachment C of staff's memorandum dated December 31, 2008.

Issue 5: Should this docket be closed?

Recommendation: No. This docket should remain open to await further direction from the Legislature in regard to the adoption of the draft rules. If the Legislature determines that no further action will be required by the Commission, then this docket should be closed administratively.