The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the General Government Appropriations Committee

BILL:	CS/CS/SB 1544
INTRODUCER:	Environmental Preservation and Conservation Committee, Communications and Public Utilities Committee, and Senator Saunders
SUBJECT:	Energy
DATE:	April 7, 2008
REVISED:	

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Branning	Kiger	EP	**Fav/CS**
2.	Wiehle	Caldwell	CU	**Fav/CS**
3.	Frederick	DeLoach	GA	**Pre-meeting**
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE.....	X	Statement of Substantial Changes
B. AMENDMENTS.....		Technical amendments were recommended
		Amendments were recommended
		Significant amendments were recommended

I. Summary:

This is a comprehensive bill dealing with a number of energy issues. Specifically the bill:

- Creates the Florida Energy and Climate Commission (FECC); transfers the energy office from the Department of Environmental Protection (DEP) to the commission; assigns energy-related duties of the energy office and the DEP, other than power plant and transmission line siting and energy-related environmental permitting, to the commission; and repeals the statute creating the Florida Energy Commission.
- Provides for telecommuting for employees of public employing entities.
- Provides that deed restrictions, covenants, declarations, or other similar binding agreements may not prohibit solar collectors or other energy devices based on renewable resources from being installed on buildings covered by such agreements, including condominiums.
- Provides that the future land use element of local comprehensive plans must discourage urban sprawl and the transportation circulation element must address reductions in greenhouse gas emissions.
- Provides that any solar energy device added to a homestead shall not increase the taxable value of the property.

- Provides that the sale or use of wind turbines is exempt from the sales tax up to $1 million each fiscal year for all taxpayers.
- Increases the eligible costs relating to renewable energy technologies investment tax credits. Increases the limit of such tax credits per fiscal year from $6.5 million to $14 million.
- Provides that the Board of Trustees of the Internal Improvement Trust Fund may delegate to the Secretary of the DEP authority to grant certain easements on state lands for electric transmission and distribution lines, natural gas pipelines, or other linear facilities for which the Public Service Commission (PSC) has determined a need exists or the Federal Energy Regulatory Commission has issued a Certificate of Public Convenience and Necessity.
- Provides that new and renovated state buildings strive to conform to certain green building standards.
- Clarifies the state's energy performance contracting process.
- Requires the Department of Management Services (DMS) to develop a Florida Climate Friendly Preferred Products List.
- Allows the DMS to conduct an analysis of ethanol and biodiesel use by the Department of Transportation (DOT).
- Allows alternative and renewable energy projects to be eligible for innovation grants from the Office of Tourism, Trade, and Economic Development.
- Provides that DOT's rules shall provide for the placement of and access to certain electric utility transmission lines within the right-of-way of any DOT controlled public roads.
- Encourages each metropolitan planning organization to consider strategies that integrate transportation and land use planning to provide for sustainable development and reduce greenhouse gas emissions.
- Requires the PSC to begin rulemaking requiring electric utilities to offset 20 percent of their annual load-growth through energy efficiency and conservation measures thereby constituting an energy-efficiency portfolio standard.
- Allows public utilities to recover certain redefined and expanded environmental compliance costs.
- Provides that a public utility may recover certain costs related to the construction and preconstruction of nuclear power facilities.
- Moves the Florida Energy Commission to the Executive Office of the Governor.
- Allows public utilities to recover from ratepayers certain solar energy costs.
- Provides for the establishment of a cap-and-trade program to reduce greenhouse gas emissions.
- Provides for the siting of transmission facilities on state-owned lands under certain circumstances.
- Revises certain provisions of the Transmission Line Siting Act to streamline the act.
- Provides for an application fee for alternate transmission line corridors.
- Encourages counties to form regional solutions to the capture and reuse or sale of methane gas from landfills.
- Provides that after a certain date, all gasoline sold or offered for sale in Florida must contain at least 10 percent of an agriculturally derived, denatured ethanol fuel by volume.
- Requires the Florida Energy Commission to study lifecycle greenhouse gas emissions associated with all renewable fuels.

- Requires the Florida Building Commission to implement certain changes to the Florida Energy Efficiency Code for Building Construction.
- Requires the Florida Building Commission to implement a schedule of energy-efficiency goals and update the Florida Building Code.
- Requires the Florida Building Commission to conduct a study to evaluate the energy-efficiency rating of new buildings and appliances.
- Requires the Florida Building Commission to conduct a study to evaluate opportunities to restructure the Florida Energy Efficiency Code for Building Construction to achieve long-range improvements to building energy performance.
- Requires the Department of Community Affairs to identify and review issues relating to the Low-Income Home Energy Assistance program and the Weatherization Assistance Program and identify certain recommendations.
- Requires the PSC to analyze utility revenue decoupling and provide a report and recommendations to the Governor, President of the Senate, and the Speaker of the House of Representatives.
- Allows condominium associations to install certain solar and other energy-efficient devices in the common areas.
- Creates the Florida Energy Systems Consortium within the State University System.
- Provides that as a condition for the issuance of certain grants to private companies for energy-related research, the DEP may require an agreement stipulating the return to the state of a percentage of certain proceeds or profits.
- Requires the DEP to conduct an economic impact analysis on the effects of granting financial incentives to energy producers who use woody biomass as fuel.
- Provides for a long-term solid waste recycling goal.
- Provides that when the Climate Protection Act rules are submitted to the Legislature for ratification, the DEP must also submit a summary report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the costs and benefits of a cap-and-trade system.
- Provides an effective date.

The 2008-2009 annualized fiscal impact of this bill based upon the issuance of tax credits and exemptions on renewable technologies and other energy related devices is $8.4 million.

This bill substantially amends the following sections of the Florida Statutes: 74.051, 163.04, 163.3177, 186.007, 187.201, 196.012, 206.43, 212.08, 220.192, 220.193, 253.02, 253.034, 255.249, 255.251, 255.252, 255.253, 255.254, 255.255, 255.257, 287.063, 287.064, 287.16, 288.1089, 337.401, 339.175, 366.82, 366.8255, 366.93, 377.601, 377.602, 377.604, 377.605, 377.606, 377.703, 377.803, 377.804, 377.806, 380.23, 403.031, 403.503, 403.504, 403.506, 403.5064, 403.50665, 403.509, 403.5115, 403.5175, 403.518, 403.519, 403.814, 489.145, 553.77, 553.957, 553.975, and 718.113.

The bill creates the following sections of the Florida Statutes: 112.219, 193.804, 286.275, 377.6015, 377.808, 377.921, 403.44, 403.7055, 526.203, 526.204, 526.205, 526.206, 553.886, 553.9061, and 1004.648.

The bill repeals sections 377.804(6) and 377.901, Florida Statutes.

II. Present Situation:

2006 Legislation

In the 2006 Regular Session, the Legislature passed CS/CS/CS/SB 888 (ch. 2006-230, L.O.F.). This was a broad energy bill which created the Florida Energy Commission and provided a number of economic incentives for, among other things, alternative energy and solar energy. The 2006 legislation included the following provisions.

- The Renewable Energy Technologies Grants Program was created in the DEP to provide matching grants for demonstration, commercialization, research, and development projects relating to renewable technologies. Renewable energy technology was defined as any technology that generates or utilizes a renewable energy resource to include electrical, mechanical, or thermal energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power. As a part of this program, the DEP is to work with the Department of Agriculture and Consumer Services to coordinate grants for bioenergy projects.
- A tax holiday in October 2006 was established to provide that the sales tax would not be levied on new energy-efficient products sold during the specified sales tax holiday period and having a selling price of $1,000 or less. The exemption was only for items purchased for personal use, and included items such as a dishwasher, clothes washer, air conditioner, ceiling fan, incandescent or florescent light bulb, dehumidifier, programmable thermostat, or refrigerator that meet certain criteria.
- A rebate program was created for purchasers of solar photovoltaic systems or solar thermal systems, including pool heaters. To be eligible, the systems must meet certain requirements. The maximum rebates are provided and vary depending on the type of system and its intended use.
- An exemption from sales tax was created for stated types of products relating to hydrogen-powered vehicles, commercial stationary hydrogen fuel cells, and materials used in distributing biodiesel and ethanol.
- An investment tax credit was created for costs related to investments in hydrogen-powered vehicles and hydrogen fueling stations; fuel cells; and biodiesel and ethanol.

2007 Legislation

In 2007, the Legislature passed CS/HB 7123, which was also a comprehensive energy bill. That bill was subsequently vetoed by the Governor on June 20, 2007. In his veto message, the Governor stated that the bill did not go far enough and, in some instances, the bill took a step backward. That bill included the following provisions.

- Created the Energy Policy Governance Task Force.
- Provided that the renewable energy source exemption for improved real property is for the amount of the cost of the renewable energy source device.
- Provided that the sales tax exemption for equipment and machinery used for ethanol is for ethanol produced by the conversion of carbohydrates. Clarified that only one purchase of an eligible item is subject to a refund.

- Allowed for the transfer of the corporate income tax credit for renewable energy technologies investment.
- Provided that buildings constructed and financed by the state must be designed to meet certain "green" conservation standards.
- Provided that no state agency may construct a facility without having secured from the DMS an evaluation of life-cycle costs based on sustainable building ratings.
- Extended the repayment period for the financing of certain energy conservation measures.
- Clarified that the payment of certain solar energy system rebates may be made only to the final purchaser of an eligible system. Limited the rebates to one per type of system per resident per state fiscal year.
- Required the DEP to develop a greenhouse gas inventory.
- Modified the Guaranteed Energy Performance Savings Contracting Act to include allowable cost avoidance. Requires review of the contracts by the Office of the Chief Financial Officer.
- Corrected "glitches" in the 2006 revisions to the Power Plant Siting Act and the Transmission Line Siting Act.
- Created a Farm-to-Fuel Grants Program.
- Created a Biofuel Retail Sales Incentive Program.
- Created a Biofuel Production Incentive Program.
- Required the Florida Building Commission to convene a workgroup to develop a model residential energy efficiency ordinance.
- Required the Florida Building Commission to revisit the analysis of cost-effective means to improve energy efficiency in commercial buildings. The commission must report with a standard which may be adopted for the construction of all new residential, commercial, and government buildings to the Legislature.
- Required the Florida Building Commission to develop and implement a public awareness campaign that promotes energy efficiency and the benefits of building green.
- Provided that all county, municipal, and public community college buildings shall be constructed to meet certain green building standards.
- Provided minimum purchase requirements for biodiesel for use by state and school district fleets, subject to availability.
- Subject to appropriation, created within the Executive Office of the Governor, a Energy Aerospace, and Technology Fund to encourage a state partnership with the Federal Government and the private sector to identify business and investment opportunities and target performance goals for those investments in the areas of alternative energy development and production infrastructure.
- Provided for the construction of a multifaceted Research and Demonstration Cellulosic Ethanol Plant.
- Required studies and reports on: an appropriate Renewable Portfolio Standard; an energy efficiency and solar energy incentive; and Florida Energy Efficiency and Conservation Act measures.
- Created the Green Schools Pilot Project.

Executive Orders

On July 13, 2007, the Governor signed a set of Executive Orders during the Serve to Preserve Florida Summit on Global Climate Change that put into place a new direction for Florida's

energy future. The three Executive Orders represent the Governor's commitment to addressing global climate change, reducing Florida's greenhouse gases, increasing our energy efficiency and pursuing more renewable energy sources, such as solar and wind technologies, as well as alternative energy, such as ethanol and hydrogen.[1]

Executive Order 07-126 provided for immediate actions to reduce greenhouse gas emissions by Florida state government. The order directs the state to reduce emissions by 10 percent by 2012, 25 percent by 2017, and 40 percent by 2025. To achieve these goals, state buildings constructed in the future will be energy efficient. Office spaced leased will also have to be in energy – efficient buildings as well. In addition, all vehicles should be fuel efficient and use alternative fuels.

Executive Order 07-127 provided for immediate actions to reduce greenhouse gas emissions within Florida and set certain target levels. The target levels seek to reduce emissions to 2000 levels by 2017, to 1990 levels by 2025, and to 80 percent of 1990 levels by 2050. The order also directs that the state adopt the California motor vehicle emission standards provided the U.S. EPA approved them. (The EPA ruled against California and legal proceedings are now underway.)

Executive Order 07-128 established the Florida Energy and Climate Action Plan Team to develop a comprehensive Energy and Climate Change Action Plan to achieve or surpass the targets for statewide greenhouse gas reductions specified in Executive Order 07-127.

The Energy and Climate Action Team, formed pursuant to Executive Order 07-128, issued its Phase I report on November 1, 2007. The Phase II report is due by October 1, 2008.

Florida Energy Commission

Pursuant to s. 377.901, F.S., the Florida Energy Commission is required to develop recommendations for legislation to establish a state energy policy. The recommendations of the commission are to be based on the guiding principles of reliability, efficiency, affordability, and diversity. Each year by December 31 the commission must report to the President of the Senate and the Speaker of the House of Representatives on its progress and recommendations, including draft legislation. The initial report of the commission was submitted in December 2007. The commission formed four advisory groups to facilitate its hearings and develop its recommendations. In its 2007 report, the commission grouped its many recommendations into the following categories.

- State governance
- Climate change
- Energy efficiency and conservation
- Renewable energy resources
- Energy supply and delivery
- Education, research and development

[1] http://www.dep.state.fl.us/climatechange

Florida Energy Office

The Florida Energy Office in the DEP is the state's primary center for energy[2] and siting coordination for electrical power plants, electrical transmission lines, natural gas pipelines, and hazardous waste facilities. In addition to implementing Florida's energy policy, the energy office currently coordinates all federal energy programs delegated to the state, including energy supply, demand, conservation and allocation. The office also promotes advanced clean energy sources, such as hydrogen power, solar energy, bio-based fuels, and clean vehicles, as well as conservation and efficiency measures, and coordinates fuel supplies and electricity recovery during emergencies.

III. Effect of Proposed Changes:

The bill addresses a variety of energy and energy-related issues.

Section 1 amends s. 74.052, F.S., to provide that if a defendant requests a hearing and the petitioner is an electric utility that is seeking to appropriate property necessary for an electric generation plant, an associated facility of such plant, an electric substation, or a power line, the court shall conduct the hearing no more than 120 days after the petition is filed. The court shall issue its final judgment no more than 30 days after the hearing.

Section 2 creates s. 112.219, F.S., to create a public employee telecommuting program. Each public employing entity shall establish the public employee telecommuting program for its own employees, appoint an organization-wide telecommuting coordinator, and provide technical assistance within the entity. Each public employing entity must develop a telecommuting plan that must contain certain specified elements.

Section 3 amends s. 163.04, F.S., to provide that a deed restriction, covenant, declaration, or similar binding agreement may not prohibit solar collectors or other energy devices based on renewable resources from being installed on buildings covered by the deed restriction, covenant, declaration, or binding agreement. This provision includes condominiums.

Section 4 amends s. 163.3177, F.S., to provide that the future land use element of the local comprehensive plan must provide for the discouragement of urban sprawl and encourage energy-efficient land use patterns. The traffic circulation element of the comprehensive plan shall incorporate transportation strategies to address reduction in greenhouse gas emissions from the transportation sector.

Section 5 amends s. 186.007, F.S., to provide that the state comprehensive plan may include energy and global climate change goals.

Section 6 amends s. 187.201, F.S., to include greenhouse gas considerations in the air quality, energy goal, and land use policies of the state comprehensive plan.

[2] s. 20.255(8), F.S.

Section 7 amends s. 193.804, F.S., to provide that if a taxpayer adds any solar energy device to his or her homestead, the value of the solar energy device shall not be added to the assessed value of the property for purposes of property taxes. If a question arises from the property appraiser regarding the solar energy device assessment, the DEP shall make the determination. The DEP is authorized to adopt rules to administer the solar energy device assessment provisions.

Section 8 amends s. 196.012, F.S., to delete a definition using obsolete renewable energy device criteria for property tax assessment purposes.

Section 9 amends s. 206.43, F.S., to include in the report to DOR from motor vehicle fuel entities the number of gallons that do and do not meet ethanol standards.

Section 10 amends s. 212.08, F.S., to transfer non-DOR administrative duties relating to sales tax exemptions for energy-related products from the DEP to the Florida Energy and Climate Commission. It also redefines "ethanol" to mean an anhydrous denatured alcohol produced by the conversion of carbohydrates instead of the fermentation of plant sugars. "Wind energy" or "wind turbines" is defined to mean rotary mechanical equipment that uses wind to produce at least 10kW of electrical energy. The sale or use of wind turbines is exempt from the sale and use tax up to a limit of $1 million in tax each state fiscal year for all taxpayers.

The exemption from the sales and use tax for certain items such as wind turbines is only available to a purchaser through a refund of previously paid taxes. Only the initial purchase of an eligible item from the manufacturer is subject to refund.

The commission may adopt by rules the form for the application for a tax exemption certificate regarding the sales tax exemption for certain items such as hydrogen-powered vehicles, materials used in distribution of biodiesel, and wind turbines.

Section 11 amends s. 220.192, F.S., to transfer non-DOR administrative duties relating to sales tax exemptions for energy-related products from the DEP to the Florida Energy and Climate Commission. It provides a definition of the term corporation. It also increases the eligible costs relating to renewable energy technologies investment tax credit. Currently, 75 percent of all capital costs, operation and maintenance costs, and research and development costs incurred between July 1, 2006, and June 30, 2010, up to a limit of $6.5 million per state fiscal year for all taxpayers may be claimed as a corporate income tax credit. The bill increases the limit to $14 million.

The terms "wind energy" or "wind turbine" are defined.

The bill provides for transferability of the renewable energy technologies investment tax credits. For tax years beginning on or after January 1, 2009, any corporation or subsequent transferee allowed a tax credit under this section may transfer the credit, in whole or in part, to any taxpayer by written agreement without transferring any ownership interest in the property generating the credit or any interest in the entity owning such property. The transferee is entitled to apply the credits against the tax with the same effect as if the transferee had incurred the eligible costs. To perfect the transfer, the transferor must provide the department with a written transfer statement

notifying the department of the transferor's intent to transfer the tax credits to the transferee; the date the transfer is effective; the transferee's name, address, and federal taxpayer identification number; the tax period; and the amount of tax credits to be transferred. The department must, upon receipt of a transfer statement conforming to the requirements of this paragraph, provide the transferee with a certificate reflecting the tax credit amounts transferred. A copy of the certificate must be attached to each tax return for which the transferee seeks to apply such tax credits. A tax credit authorized under this section which is held by a corporation and not transferred under this subsection must be passed through to the taxpayers designated as partners, members, or owners, respectively, in the manner agreed to by such persons whether or not such partners, members, or owners are allocated or allowed any portion of the federal energy tax credit for the eligible costs.

Section 12 amends s. 220.193, F.S., to define “sale” or “sold,” and “taxpayer.” The definition of the terms sale and sold change the focus of the statute. Currently the section provides “an annual credit against the tax imposed by this section shall be allowed to a taxpayer, based on the taxpayer's production and sale of electricity from a new or expanded Florida renewable energy facility.” This gives a renewable energy producer a tax credit for qualifying electricity sold onto the grid to a retail utility. The amendment allows a tax credit for qualifying electricity produced and used on site by the producer, not sold onto the grid.

The bill provides that when an entity is treated as a partnership or disregarded entity, the credit is to pass through in the same manner as items of income and expense pass through for federal income tax purposes.

It provides that these revisions are retroactive.

It authorizes the Department of Revenue to adopt rules and guidelines relating to this proportional ownership interest.

Section 13 amends s. 253.02, F.S., to provide that the Board of Trustees of the Internal Improvement Trust Fund (board of trustees) may delegate to the Secretary of the DEP the authority to grant easements for rights-of-way over, across, and upon lands of the state for the construction and operation of natural gas pipeline transmission and linear facilities, including electric transmission and distribution facilities under certain conditions..

Section 14 amends s. 253.034, F.S., to provide that a public utility, regional transmission organization, or natural gas company may be granted fee simple title, easements, or other interests in non-sovereignty state-owned lands title to which is vested in the board of trustees, a water management district, or any other agency in the state for the following under certain conditions:

- Electric transmission and distribution lines;
- Natural gas pipelines; or
- Other linear facilities for which the PSC has determined a need exists or the Federal Energy Regulatory Commission has issued a Certificate of Public Convenience and Necessity.

In exchange for less than a fee simple interest, the grantee shall pay an amount equal to the fair market value of the interest acquired. Also, for the initial grant of such interests only, the grantee shall vest in the grantor a fee simple interest to other available land that is 1.5 times the size of the land acquired by the grantee.

In exchange for a fee simple interest, the grantee shall pay an amount equal to the fair market value of the interest acquired. Also, for the initial grant of such interests only, the grantee shall also vest in the grantor a fee simple title to other available land that is 2 times the size of the land acquired by the grantee.

As an alternative to the less than fee simple and fee simple interests, the grantee may, subject to the grantor's approval, pay the fair market value of the state-owned land plus one-half of the cost differential between the cost of constructing the facility on state-owned land and the cost of avoiding state-owned lands, up to a maximum of twice the fair market value of the land acquired by the grantee. The grantor may use these moneys to acquire fee simple or less than fee simple interest in other available land.

Section 15 amends s. 255.249, F.S., to require each state agency provide annually to the DMS information regarding telecommuting plans of the agency.

Section 16 amends s. 255.251, F.S., to rename the Energy Conservation in Buildings Act as the Energy Conservation and Sustainable Buildings Act.

Section 17 amends s. 255. 252, F.S., provide legislative intent regarding energy-efficient state-owned buildings that meet environmental standards. It is the policy of the state that buildings constructed and financed by the state be designed and constructed to meet United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) rating system, the Green Building Initiative's Green Globes rating system, or the Florida Green Building Coalition standards, or a nationally recognized high- performance green building rating system as approved by the department. It is further the policy of this state that the renovation of existing state facilities be in accordance with the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, the Green Building Initiative's Green Globes rating system, the Florida Green Building Coalition standards, or a nationally recognized high-performance green building rating system as approved by the department.

Each state agency in buildings owned or managed by the DMS must identify and compile a list of projects suitable for a guaranteed energy, water, and wastewater performance savings contract pursuant to s. 489.145, F.S. The list of projects shall be developed from the list of state-owned facilities greater than 5,000 square feet and for which the state agency is responsible for paying the expenses of utilities and other operating expenses as they relate to energy use. By July 1, 2009, the DMS shall prioritize the projects based on certain specified factors.

Section 18 amends s. 255.253, F.S., to define the terms "sustainable building," and "sustainable building rating."

Section 19 amends s. 255.254, F.S., to provide that a state agency may not lease, construct, or have constructed a facility without having secured from the DMS an evaluation of life-cycle costs based on sustainable building ratings. Further, the construction shall proceed only upon disclosing, among other requirements, its sustainable building rating goal. The life-cycle costs and the sustainable building rating goal are primary considerations in the selection of a building design. For leased buildings of at least 5,000 square feet an energy performance analysis shall be performed. Any building leased by the state from a private-sector vendor must include, as a part of the lease, provisions for monthly energy-use data to be collected and submitted monthly to the DMS by the owner of the building.

Section 20 amends s. 255.255, F.S., to require the DMS to adopt rules and procedures, including energy conservation performance guidelines, based on sustainable building ratings for conducting a life-cycle analysis of certain building designs and alternative major items of energy-consuming equipment to be retrofitted in existing state-owned or leased facilities.

Section 21 amends s. 255.257, F.S., to provide that certain energy and cost data be reported to the DMS annually. Each state agency shall appoint a coordinator to advise the head of state agency on certain energy consumption matters. The coordinators shall assist the DMS in the development of the State Energy Management Plan.

All state agencies shall adopt the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, the Green Building Initiative's Green Globes rating system, or the Florida Green Building Coalition standards.

A state agency may not enter into new leasing agreements for office space that does not meet Energy Star building standards unless the appropriate state government entity executive determines that no other viable or cost-effective alternative exists.

All state agencies shall develop energy-conservation measures and guidelines for new and existing office space where state agencies occupy more than 5,000 square feet. These conservation measures shall focus on programs that may reduce energy consumption and, when established, will provide a net reduction in occupancy costs.

Section 22 amends s. 286.275, F.S., to require the DMS to develop a Florida Climate Friendly Preferred Products List. When procuring products from state term contracts, agencies must first consult the Florida Climate Friendly Preferred Products List and procure such products if the price is comparable.

Effective July 1, 2008, state agencies shall contract for meeting and conference space only with hotels or conference facilities that have received the “Green Lodging” designation from the Department of Environmental Protection for best practices in water, energy, and waste-efficiency standards, unless the responsible state agency's chief executive officer makes a determination that no other viable alternative exists. The Department of Environmental Protection is authorized to adopt rules to implement the “Green Lodging” program.

The Department of Environmental Protection may establish voluntary technical assistance programs in accordance with s. 403.074, F.S. Such programs may include the Clean Marinas,

Clean Boatyards, Clean Retailers, Clean Boaters, and Green Yards Programs. The programs may include certifications, designations, or other forms of recognition. The department may implement some or all of these programs through rulemaking; however, the rules may not impose requirements on a person who does not wish to participate in a program. Each state agency shall patronize businesses that have received such certifications or designations to the greatest extent practicable.

Each state agency shall assure that all maintained vehicles meet minimum maintenance schedules shown to reduce fuel consumption, which include ensuring appropriate tire pressures and tread depth, replacing fuel filters and emission filters at recommended intervals, using proper motor oils, and performing timely motor maintenance. Each state agency shall measure and report compliance to the Department of Management Services through the Equipment Management Information System database.

Each state agency shall ensure that all maintained vehicles meet certain minimum maintenance schedules. When procuring a new vehicle, each state agency shall first define the intended purpose for the vehicle and determine which of the specified use classes for which the vehicle is being procured. Vehicles must be selected for the greatest fuel efficiency available for a given use class when fuel-economy data are available, with specified exceptions.

All state agencies shall use ethanol and biodiesel-blended fuels when available.

Section 23 amends s. 287.063, F.S., to provide that the payment term for a deferred-payment commodity contract may not exceed the useful life of the equipment unless the contract provides for the replacement or the extension of the useful life of the equipment during the term of the loan.

Sections 24 amends s. 287.064, F.S., to provide that a master equipment financing agreement may finance the cost of energy, water, or wastewater efficiency and conservation measures, excluding the costs of training, operation, and maintenance, for a term of repayment that may exceed 5 years but not more than 20 years. The guaranteed energy, water, and wastewater savings contractor shall provide for the replacement or the extension of the useful life of the equipment during the term of the contract.

Section 25 amends s. 287.16, F.S., to allow the DMS to conduct, in coordination with DOT, an analysis of ethanol and biodiesel use by DOT through its central fueling facilities. The DMS shall encourage other state agencies to analyze transportation fuel usage and report such information to the DMS.

Section 26 amends s. 288.1089, F.S., to define “alternative and renewable energy” and allow an alternative and renewable energy project to be eligible for an innovation incentive grant from the Office of Tourism, Trade and Economic Development. The alternative and renewable energy project must meet certain criteria. The project must:

- Demonstrate a plan for significant collaboration with an institution of higher education.
- Provide the state, at a minimum, a break-even return on investment within a 20-year period.

- Include matching funds provided by the applicant or other available sources. This requirement may be waived under certain circumstances.
- The business project is located in this state.
- The jobs created by the business project pay an estimated annual average wage that equals at least 130 percent of the average private sector wage. This requirement may be waived under certain circumstances.
- The business project meets one of eight specified requirements.

Section 27 amends s. 337.401, F.S., to provide that DOT's rules shall provide for the placement of and access to certain electric utility transmission lines within the right-of-way of any DOT-controlled public roads, including longitudinally within limited access facilities to the greatest extent allowed by federal law if compliance with the standards established by the rules is achieved. DOT's rules must include certain considerations.

Section 28 amends s. 339.175, F.S., to encourage each metropolitan planning organization (MPO) to consider strategies that integrate transportation and land use planning to provide for sustainable development and reduce greenhouse gas emissions. Each MPO must annually prepare a list of project priorities. The list of project priorities must be based on project selection criteria that considers among other things sustainable growth and reduction of greenhouse gas emissions.

Section 29 amends s. 366.82, F.S., which provides for definitions, goals, plans, reports and audits under the Florida Energy Efficiency and Conservation Act (FEECA), sections 366.80-366.85 and 403.519, F.S. The bill does three things. First, it requires the PSC to publish a notice of rulemaking no later than July 1, 2009, requiring electric utilities to offset 20 percent of their annual load-growth through energy efficiency and conservation measures thereby constituting an energy-efficiency portfolio standard (EEPS). (The definition of "utility" in current subsection (1) of this statute includes those utilities subject to economic regulation by the PSC plus the Orlando and Jacksonville municipal utilities.) Efficiency investments may be made across generation, transmission, and distribution, as well as efficiencies within the user base. As part of the implementation rules, the PSC must create an in-state market for tradable credits so that utilities that exceed the standard can sell credits to those that cannot meet the standard for a given year. The PSC is required to review and reevaluate the efficiency standard on a regional and statewide approach every three years. The EEPS is separate from and exclusive of the renewable portfolio standard that requires electricity providers to obtain a minimum percentage of their power from renewable energy resources. The EEPS will increase costs to ratepayers, discussed below in the economic impact section.

Additionally, the PSC is to require municipal and cooperative utilities that are exempt from FEECA (all but Orlando and Jacksonville) to submit an annual report to the PSC identifying energy efficiency and conservation goals and the actions taken to meet those goals.

The second change this section makes is to require that the PSC, in evaluating the cost-effectiveness of demand-side management programs, use methodologies that recognize the non-economic benefits associated with reduced energy demand from energy efficiency and conservation programs and that recognize the benefits associated with constructing new generation capacity.

The third and final change this section of the bill makes is to require that the PSC establish a renewable energy portfolio standard (RPS) that requires electric utilities to generate or purchase a specified percentage of their electrical power from renewable energy resources of which not less than 3 percent must be solar and located within the state. Municipal and cooperative utilities that are exempt from the FEECA (all but Orlando and Jacksonville) must submit an annual report to the PSC identifying the respective percentage of their electrical power that is generated or purchased from such renewable energy resources. The PSC may adopt rules to administer this provision. The RPS will increase costs to ratepayers as discussed in the economic impact section.

Section 30 amends s. 366.8255, F.S., to redefine "environmental compliance costs" to include two new types of costs. The first is costs or expenses prudently incurred for scientific research and geological assessments of carbon capture and storage for the purpose of reducing an electric utility's greenhouse gas emissions, but only when such costs or expenses are incurred in joint research projects with state government agencies and universities. The second type of costs is costs or expenses prudently incurred for the quantification, reporting, and verification of greenhouse gas emissions by third parties as required for participation in emission registries.

Section 31 amends s. 366.93, F.S., on advanced recovery of costs associated with a nuclear power plant. Currently, the section defines the term "nuclear power plant" by cross reference to s. 403.503(13), F.S., which provides, in part, that the term "includes associated facilities to be owned by the applicant which are physically connected to the electrical power plant site or which are directly connected to the electrical power plant site by other proposed associated facilities to be owned by the applicant, and associated transmission lines to be owned by the applicant which connect the electrical power plant to an existing transmission network or rights-of-way of which the applicant intends to connect." The bill amends the "cost" to include costs of any new, enlarged, or relocated electrical transmission lines or facilities of any size which are necessary to serve the nuclear power plant. The difference between these two provisions is subject to interpretation, but it appears that the bill expands cost recovery to include transmission line relocation and to include lines "of any size" as opposed to those necessary "to connect the electrical power plant to an existing transmission network" which may be interpreted to mean the closest available connection.

If a utility elects not to complete or is precluded from completing construction of the nuclear power plant, including any new, expanded, or relocated electrical transmission lines or facilities, the utility is allowed to recover all prudent preconstruction and construction costs incurred following the commission's issuance of a final order granting a determination of need for the nuclear power plant and electrical transmission lines and facilities.

Section 32 amends s. 377.601, F.S., to provide legislative intent regarding a single agency that has energy and climate change as its specific focus. It is the policy of the state to recognize and address the potential impacts of global climate change whenever possible and play a leading role in developing and instituting energy management programs aimed at promoting energy conservation, energy security, and the reduction of greenhouse gas emissions. Further, the state should consider, in its decision making, the social, economic, security, and environmental impacts of energy-related activities, including the whole life-cycle impacts of any potential energy use choices.

Section 33 creates s. 377.6015, F.S., to create the Florida Energy and Climate Commission. The commission is to be located within the Executive Office of the Governor. It is to be comprised of 7 members, who are be appointed by the Governor by selecting from three persons for each seat on the commission nominated by the Florida Public Service Commission Nominating Council. However, to expedite the initial appointments, the Governor is to select seven persons from a list of 21 persons provided by the council.

The Governor may fill a vacancy only after a background investigation of the selected applicant has been conducted by the Florida Department of Law Enforcement.

Members are to be appointed to 3-year terms; however, in order to establish staggered terms, for the initial appointments, the Governor shall appoint four members to 3-year terms, two members to 2-year terms, and one member to a 1-year term. Vacancies for a reason other than expiration of a term will be filled for the unexpired portion of the time in the same manner as original appointments to the commission.

The Governor will select the chair of the commission from those persons appointed to the commission.

After the initial appointments, the council is to submit the recommendations to the Governor by September 1 of those years in which the terms are to begin the following October, or within 60 days after a vacancy occurs for any reason other than the expiration of the term. If the Governor has not made an appointment within 30 consecutive calendar days after the receipt of the recommendation, the council will initiate, in accordance with this section, the nominating process within 30 days.

Each appointment to the commission is subject to confirmation by the Senate during the next regular session after the vacancy occurs. If the Senate refuses to confirm or fails to consider the Governor's appointment, the council initiates, in accordance with this section, the nominating process within 30 days.

When the Governor makes an appointment and that appointment has not been confirmed by the Senate before the appointing Governor's term ends, a successor Governor may, within 30 days after taking office, recall the appointment and, prior to the first day of the next regular session, make a replacement appointment from the list provided to the previous Governor by the council. Such an appointment is subject to confirmation by the Senate at the next regular session following the creation of the vacancy to which the appointments are being made. If the replacement appointment is not timely made, or if the appointment is not confirmed by the Senate for any reason, the council, by majority vote, shall appoint, within 30 days after the Legislature adjourns sine die, one person from the applicants previously nominated to the Governor to fill the vacancy, and this appointee is subject to confirmation by the Senate during the next regular session following the appointment.

Members must meet the following qualifications and restrictions:

- A member must be an expert in one or more of the following fields: energy, natural resource conservation, economics, engineering, finance, law, transportation and land use, consumer

protection, state energy policy, or another field substantially related to the duties and functions of the commission. The commission must fairly represent these fields.

- Each member must, at the time of appointment and at each commission meeting during his or her term of office, disclose:
  - Whether he or she has any financial interest, other than ownership of shares in a mutual fund, in any business entity that, directly or indirectly, owns or controls, or is an affiliate or subsidiary of, any business entity that may be affected by the policy recommendations developed by the commission.
  - Whether he or she is employed by or is engaged in any business activity with any business entity that, directly or indirectly, owns or controls, or is an affiliate or subsidiary of, any business entity that may be affected by the policy recommendations developed by the commission.

The chair may designate ex-officio non-voting members to provide information and advice to the Commission. The following are to serve as ex-officio non-voting members and may provide information and advice at the request of the chair:

- The chair of the Florida Public Service Commission, or designee.
- The Public Counsel, or designee.
- A representative of the Department of Agriculture and Consumer Services.
- A representative of the Department of Community Affairs.
- A representative of Department of Environmental Protection.
- A representative of Department of Transportation.
- A representative of the Department of Financial Services.
- the presidents or their designee, of the University of Florida, Florida State University, the University of South Florida, the University of Central Florida, and Florida Atlantic University).

Members shall serve without compensation but are entitled to reimbursement for per diem and travel expenses as provided in s. 112.061, F.S.

Meetings of the commission may be held in various locations around the state and at the call of the chair; however, the commission must meet at least six times each year.

The commission may employ staff and counsel as needed in the performance of its duties. The commission may prosecute and defend legal actions in its own name.

The commission may form advisory groups consisting of members of the public to provide information on specific issues.

The duties of the commission are to:

- Administer the Florida Renewable Energy and Biofuels Grant Programs authorized under ss. 377.804 and 570.957, F.S., to assure a robust grant portfolio.

- Develop policy recommendations for requiring grantees to provide royalty-sharing or licensing agreements with state government for commercialized products developed under a state grant.
- Administer the information gathering and reporting functions pursuant to ss. 377.601-377.608, F.S.
- Administer the petroleum planning and emergency contingency planning pursuant to sections 377.703 through 377.704, F.S.
- Represent Florida in the Southern States Energy Compact pursuant to ss. 377.71-377.712, F.S.
- Complete the annual assessment of the efficacy of Florida's Energy and Climate Change Action Plan, upon completion by the Governor's Action Team, pursuant to the Governor's Executive Order 2007-128, and provide specific recommendations to the Governor and the Legislature each year to improve results.
- Administer the provisions of the Florida Energy and Climate Protection Act, section 377.801-377.806, F.S.
- Advocate for energy and climate change issues and provide educational outreach and technical assistance in cooperation with Florida's academic institutions.
- Oversee the Florida Energy Systems Consortium, created in s. 1004.648, F.S.
- Adopt rules pursuant to Chapter 120 in order to implement all powers and duties described in this chapter.

Section 34 amends section 377.602, F.S., to define the term commission as the Florida Energy and Climate Commission.

Section 35 amends s. 377.603, F.S., to provide that the commission, not the DEP, is to perform the designate energy data collection.

Section 36 amends s.377.604, F.S., to provide that the commission, not the DEP, is to receive energy-related reports from designated energy entities.

Section 37 amends s. 377.605, F.S., to provide that the commission, not the DEP, is to make use of existing information from other governmental entities.

Section 38 amends s. 377.606, F.S., to provide that the confidentiality of records provision applies to the commission, not the DEP.

Section 39 amends s. 377.703, F.S., to provide that the commission, not the DEP, is to perform these duties, and to conform cross references.

Section 40 amends s. 377.803, F.S., to define the term commission as the Florida Energy and Climate Commission for purposes of grant administration. It also amends the definition of "renewable energy" to provide that the term "biomass" as used in that definition has the meaning set forth in s. 366.91.

Section 41 amends s. 377.804, F.S., to provide that the Renewable Energy *and Energy-Efficient* Technologies Grants Program is established within the commission, not the DEP, and to provide

that it includes grants for renewable energy technologies and innovative technologies that significantly increase energy efficiency for vehicles and commercial buildings. The commission may adopt rules to develop a policy requiring grantees to provide royalty-sharing or licensing agreements with the state for commercialized products developed under a state contract. Grant applications may be reviewed by a peer review process of experts, and up to five percent of the amount of all grants may be used to pay review expenses, if necessary.

Each application for a grant must be accompanied by an affidavit from the applicant attesting to the veracity of the statements contained in the application.

Section 42 repeals s. 377.804(6), F.S.

Section 43 amends s. 377.806, F.S., to provide that the commission, not the DEP, is to administer the solar energy grant program and to provide that a solar photovoltaic system qualifies for a solar photovoltaic system incentive if the system complies with the Florida Building Code.

Section 44 creates s. 377.808, F.S. The Florida Green Government Act. It provides that the Florida Energy and Climate Commission is to use funds specifically appropriated to award grants under this section to assist local governments, including municipalities, counties, and school districts in the development of programs that achieve green standards. Those standards are to be determined by the commission and must provide for cost-efficient solutions, reducing greenhouse gas emissions, improving quality of life, and strengthening this state's economy.

The commission shall adopt rules to administer the grants, with specified requirements for such rules. It may provide grants from funds specifically appropriated to local governments for the costs of achieving green standards, including necessary administrative expenses. The commission must perform adequate overview of each grant, which may include technical review, site inspections, disbursement approvals, and auditing.

Section 45 repeals s. 377.901, F.S., which creates and provides the functions of the Florida Energy Commission.

Section 46 transfers the state energy program from the DEP to the Florida Energy and Climate Commission.

Section 47 creates s. 377.921, F.S., to encourage public utilities to develop and implement programs that promote the deployment and use of qualified solar energy systems.

It creates the following definitions.

- “Qualified solar energy system” means a solar thermal water heating system installed at a customer's premises by a public utility. Once installed, ownership of the system may be retained by the utility or granted to the customer.
- “Public utility” or “utility” means a utility as defined in s. 366.02(1), F.S. (Which includes only the regulated utilities, not the municipal utilities and cooperatives.)

- "Eligible program" means a program developed by a public utility and approved by the commission under which the utility facilitates the installation of solar thermal water heating systems at a utility customer's premises.
- "Program fuel cost savings" means the total fuel cost savings that a utility is projected to achieve from all solar thermal water heating systems installed at a customer's premises over the life of the qualified solar energy system.
- "Program costs" means all costs incurred in implementing an eligible program, including, but not limited to:
  - In service capital investments, including the utility's last authorized rate of return thereon.
  - Operating and maintenance expense, including but not limited, to labor, overhead, materials, advertising, marketing, customer incentives or rebates.

Notwithstanding any provision in chapter 366 or rule to the contrary, a public utility is to be allowed to recover through the energy conservation cost recovery clause, either as period expenses or by capitalizing and amortizing, all prudent and reasonable program costs incurred in implementing an eligible program. With respect to any solar hot water heating system, the amortization period shall be 5 years. This provides for recovery from ratepayers of the utility's costs in purchasing the solar thermal systems, operating and maintaining them, advertising the program, and so forth, plus a rate of return on capital costs or profit.

The bill also provides that "Notwithstanding any provision in chapter 366 or rule to the contrary, and in addition to recovery under subsection (3), a utility shall be allowed to recover through the fuel cost recovery clause beginning in the year each solar thermal water heating system begins operation 50 percent of any such program fuel cost savings for a period not to exceed five years from the installation date. The remaining 50 percent of fuel saving shall be returned to the utility's customers through the fuel cost recovery clause." When read literally, this is unclear. "Fuel savings" are not expenses and cannot be "recover[ed]" nor "returned to the utility's customers" through a fuel cost recovery clause proceeding. This is actually a fee of 50 percent of estimated fuel savings, presumably to provide an incentive for the utility to participate in these solar thermal activities. It is also a de facto decoupling of sales and profits in advance of the PSC decoupling study required in the bill.

The bill requires the PSC to enter an order approving a public utility's qualified solar energy system program, notwithstanding any provision in chapter 366 or rule to the contrary, if the utility demonstrates in a petition that:

- The qualified solar energy systems to be installed as part of the program at minimum meet applicable Florida Solar Energy Center certification requirements.
- The qualified solar energy systems are constructed and installed in conformity with the manufacturer's specifications and all applicable codes and standards.

Upon the filing of a petition to approve a program, the PSC must, within 60 days of receiving the petition, either approve the petition or inform the utility of any deficiencies therein. If the commission informs the utility of deficiencies, the utility may correct those deficiencies and re-file its petition. This requirement appears to be more ministerial than quasi-judicial in nature.

The utility receives an additional value in that the bill provides that it owns the renewable attributes or benefits associated with the energy output of a qualified solar energy system installed pursuant to an eligible program, including any renewable energy credit or other instrument issued as a result of the utility's eligible program. This is in advance of the bill's requirement that the PSC develop of a renewable portfolio standard, which presumably would involve a decision on the creation of tradable renewable energy credits and an in-state marketplace for them.

Sections 48 and 49 amend ss. 380.23 and 403.031, F.S., to conform a cross reference.

Section 50 creates s. 403.44, F.S., the Florida Climate Protection Act. It establishes legislative findings that it is in the interest of the state to document, to the greatest extent practicable, greenhouse gas emissions and to pursue a market-based emissions-abatement program, such as cap-and-trade, to address greenhouse emissions reductions. It requires that "major emitters," the electric utilities, use the Climate Registry for purposes of emission registration and reporting. (Climate Registry is not defined.) The DEP is to establish the methodologies, reporting periods, and reporting systems to be used in this reporting. The department "may" adopt rules for a cap and trade regulatory program to reduce greenhouse gas emissions of major emitters. When developing the rules, the department is to consult with the Governor's Action Team on Energy and Climate Change, the Public Service Commission, and the Florida Energy Commission. The rules are not effective until ratified by the Legislature.

The bill includes only greenhouse gas emissions from production of electricity, not transportation, and does not include all electricity producers as it does not include renewable energy producers or cogenerators.

Section 51 amends s. 403.503, F.S., to define "alternate corridor" and to redefine "corridor."

Section 52 amends s. 403.504, F.S., to allow the DEP to determine whether an alternate corridor proposed for consideration under the Florida Electrical Power Plant Siting Act is acceptable.

Section 53 amends s. 403.506, F.S., to provide that the provisions of the Florida Electrical Power Plant Siting Act do not apply to any electrical power plant of less than 75 megawatts in gross capacity including its associated facilities unless the applicant has elected to apply for certification of such electrical power plant under the act. The provisions of the act do not apply to capacity expansions of 75 megawatts or less, in the aggregate, of an existing exothermic reaction cogeneration electrical generating facility that was exempt from the act when it was originally built.

An electric utility may obtain separate licenses, permits, and approvals for the construction of facilities necessary to construct an electrical power plant without first obtaining certification under the Power Plant Siting Act if the utility intends to construct facilities for a power plant using nuclear materials as fuel.

Section 54 amends s. 403.5064, F.S., to require an applicant to submit a statement to the DEP if the applicant opts for consideration of alternate corridors for an associated transmission line corridor and specifies the schedule the DEP must use for associated transmission lines corridors.

Section 55 amends s. 403.50665, F.S., to provide that the issue of land use and zoning consistency for any alternate intermediate electrical substation that is proposed as part of an alternate electrical transmission line corridor and that is accepted by the applicant and the DEP shall be addressed in the supplementary report prepared by the local government on the proposed alternate corridor and shall be considered as an issue at any final certification hearing.

Section 56 amends s. 403.509, F.S., to provide that any transmission line corridor certified by the siting board consisting of the Governor and the Cabinet (board) or the Secretary of Environmental Protection (secretary), if applicable, shall meet the criteria specified in this section. When more one transmission line corridor is proposed for certification, the board, or the secretary if applicable, shall certify the transmission line corridor that has the least adverse impact.

Section 57 amends s. 403.5115, F.S., to require the applicant proposing the alternate corridor to publish all notices relating to the application. Such notices must comply with certain requirements and must be published at least 45 days before the rescheduled certification hearing.

Section 58 amends s. 403.5175, F.S., to conform a cross reference.

Section 59 amends s. 403.518, F.S., to establish an application fee for proposing an alternate corridor of $750 per mile for each mile of the alternate corridor located within an existing electric transmission line right-of-way or within an existing right-of-way for a road, highway, railroad, or other aboveground linear facility, or $1,000 per mile for each mile of transmission line corridor proposed to be located outside the existing right-of-way.

Section 60 amends s. 403.519, F.S, to provide that an applicant's petition for a determination of need must include a description of and a nonbinding estimate of the cost of the nuclear power plant including any costs associated with new, enlarged, or relocated electrical transmission lines or facilities of any size that are necessary to serve the nuclear power plant.

Section 61 creates s. 403.7055, F.S., to encourage counties to form multi-county regional solutions to the capture and reuse or sale of methane gas from landfills and wastewater treatment facilities. The DEP shall provide planning guidelines and technical assistance to each county to develop and implement such multi-county efforts.

Section 62 amends s. 403.814, F.S., to provide that transmission lines and appurtenances certified under part II of ch. 403, F.S., (relating to electrical power plant and transmission line siting) are authorized by a general permit issued by the DEP.

Section 63 amends s. 489.145, F.S., to provide that energy conservation measures must reduce Btu, kW, or kWh consumption or provide long-term operating cost reductions. "Energy cost savings" is redefined to include water and wastewater cost savings.

The term "investment grade energy audit" is defined. Before the design and installation of energy conservation measures, the agency must obtain from a guaranteed energy performance savings contractor an investment grade audit. Financing for guaranteed energy performance

savings contracts may be provided under the authority of s. 287.064, F.S. The CFO shall review proposals from state agencies to ensure that the most effective financing is being used. Annually, the agency that has entered into the contract shall provide the DMS and the CFO the measurement and verification report required by the contract to validate that energy savings have occurred. The contract must require the use of straight line amortization.

The DMS shall review the investment-grade audit for each proposed project and certify that the cost savings are appropriate and sufficient for the term of the contract. The CFO shall develop model contractual and other related documents and shall, by rule, develop the contract requirements for use by state and other agencies.

A proposed contract or lease shall include supporting criteria including the specification of a benchmark cost of capital and minimum real rate of return on energy, water, or wastewater savings.

Financing of deferred payment commodity contracts by a state agency must be supported from available recurring funds appropriated to the agency which the Legislature has designated for payment or which the CFO has determined appropriate.

Sections 64, 65, 66, and 67 create ss. 526.203, 526.204, 526.205, and 526.206, F.S., to provide for a renewable fuel standard. The following terms are defined: “blender,” “exporter,” “importer,” “terminal supplier,” “wholesaler,” “fuel ethanol-blended gasoline,” and “unblended gasoline.”

On or after December 31, 2010, all gasoline sold or offered for sale in Florida at retail shall contain, at a minimum, 10 percent of an agriculturally derived, denatured ethanol fuel by volume. No terminal supplier, importer, exporter, blender, or wholesaler in this state shall sell or deliver fuel which does not meet these blending requirements. Certain exemptions are provided.

Each terminal supplier, importer, exporter, blender, and wholesaler shall include in its report to the Department of Revenue, the number of gallons of gasoline fuel meeting and not meeting the requirements of this provision sold and delivered for resale at retail or use.

The provisions relating to the renewable fuel standard shall be suspended during periods of declared emergencies.

It is unlawful to sell or distribute, or offer for sale or distribution, any gasoline which fails to meet the renewable fuel standard requirements. Upon determining that a terminal supplier, importer, exporter, blender, or wholesaler is not meeting the standard requirements, the Department of Revenue shall notify the Department of Agriculture and Consumer Services (DACS). Upon notification, DACS shall either grant an extension or enter an order imposing one or more of the following penalties:

- Issuance of a warning letter.
- Imposition of an administrative fine.
- Revocation or suspension of any registration issued by DACS.

Any terminal supplier, importer, exporter, blender, or wholesaler may apply to DACS by September 30, 2010 for an extension of time to comply with these provisions. The applicant for an extension must demonstrate that the applicant has made a good faith effort to comply.

The Department of Revenue and DACS are granted rulemaking authority.

Section 68 requires the Florida Energy Commission to conduct a study to evaluate and recommend the lifecycle greenhouse gas emissions associated with all renewable fuels, including, but not limited to, biodiesel, renewable diesel, biobutanol, ethanol derived from corn, ethanol derived from sugar, and cellulosic ethanol. In addition, the study shall evaluate and recommend a requirement that all renewable fuels introduced into commerce in the state, as a result of the Renewable Fuel Standard, shall reduce the lifecycle greenhouse gas emissions by an average percentage. The study may also evaluate and recommend any benefits associated with the creation, banking, transfer, and sale of credits among fuel refiners, blenders, and importers.

The Florida Energy Commission shall submit a report with recommendation to the President of the Senate and the Speaker of the House of Representatives no later than December 31, 2010.

Section 69 amends s. 553.77, F.S., to allow the Florida Building Commission to implement its recommendations delivered pursuant to subsection (2) of section 48 of ch. 2007-73, L.O.F., by amending the Florida Energy Efficiency Code for Building Construction. That provision in ch. 2007-73, L.O.F., required the Florida Building Commission, in consultation with the Florida Energy Commission, the Building Officials Association of Florida, the Florida Energy Office, the Florida Home Builders Association, the Association of Counties, the League of Cities, and other stakeholders, to review the Florida Energy Code for Building Construction. The Florida Building Commission was specifically required to revisit the analysis of cost-effectiveness that serves as the basis for energy efficiency levels for residential buildings, identify cost-effective means to improve energy efficiency in commercial buildings, and compare the code to the International Energy Conservation Code and the American Society of Heating Air-Conditioning and Refrigeration Engineers Standards 90.1 and 90.2. The Florida Building Commission was required to submit a report with a standard to the Legislature by March 1, 2008 that may be adopted for the construction of all new residential, commercial and government buildings.

Section 70 creates s. 553.886, F.S., to provide that the provisions of the Florida Building Code must facilitate and promote the use of cost-effective energy conservation, energy-demand management, and renewable energy technologies in buildings.

Section 71 creates s. 553.9061, F.S., to establish a schedule of required increases in the energy-efficiency performance of buildings that are subject to the requirements for energy efficiency as contained in the current edition of the Florida Building Code. The Florida Building Commission shall implement the following energy-efficiency goals using the triennial code-adoption process established for updates to the Florida Building Code. The following are percentage increases in efficiency performance of new buildings as compared to the performance achieved by the implementation of the energy-efficiency provisions contained in the 2004 edition of the Florida Building Code, as amended on May 22, 2007.

- 20 percent in the 2010 edition of the Florida Building Code.

- 30 percent in the 2013 edition of the Florida Building Code.
- 40 percent in the 2016 edition of the Florida Building Code.
- 50 percent in the 2019 edition of the Florida Building Code.

The Florida Building Commission shall identify in any code-support and compliance documentation the specific building options and elements available to meet the energy-efficiency performance requirements. Specifies what energy-efficiency performance options and elements may include.

Section 72 requires the Florida Building Commission to conduct a study to evaluate the energy-efficiency rating of new buildings and appliances. The study must include a review of the current energy-efficiency ratings and consumer labeling requirements contained in ch . 553, F.S. The commission shall submit a written report of its study to the President of the Senate and the Speaker of the House of Representatives on or before February 1, 2009, which contains recommendations regarding the strengthening and integration of energy-efficiency ratings and labeling requirements.

Section 73 requires the Florida Building Commission to conduct a study to evaluate opportunities to restructure the Florida Energy Efficiency Code for Building Construction to achieve long-range improvements to building energy performance. During the study, the commission shall address the integration of the Thermal Efficiency Code established in part V of ch. 553, F.S., and the Florida Building Energy-Efficiency Rating Act established in part VIII of ch. 553, F.S. The commission shall submit a written report of its study to the President of the Senate and the Speaker of the House of Representatives on or before February 1, 2009. These provisions expire July 1, 2009.

Section 74 requires the Department of Community Affairs, in conjunction with the Florida Energy Affordability Coalition, to identify and review issues relating to the Low-Income Home Energy Assistance Program and the Weatherization Assistance Program, and identify certain recommendations. On or before January 1, 2009, the department shall report its findings and any recommended statutory changes required to implement such findings to the President of the Senate and the Speaker of the House of Representatives.

Section 75 amends s. 553.957, F.S., to provide that the provisions of part VI of ch. 553, F.S., apply to the testing, certification, and enforcement of energy conservation standards for certain specified types of new commercial and residential products sold in the state. Added to the current list of products are:

- Electric water heaters used to heat potable water in homes or businesses.
- Electric motors used to pump water within swimming pools.
- Water heaters for swimming pools.

Section 76 amends s. 553.975, F.S., to conform a cross reference.

Section 77 requires the PSC to analyze utility revenue decoupling and provide a report and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1, 2009.

Section 78 amends s. 718.113, F.S., to allow the board of administration for a condo association to install upon or within the common elements or association property solar collectors, clotheslines, or other energy-efficient devices based on renewable resources for the benefit of the unit owners.

Section 79 creates s. 1004.648, F.S., to create the Florida Energy Systems Consortium (consortium) to promote collaboration between experts in the State University system for the purpose of developing and implementing a comprehensive, long-term, environmentally compatible, sustainable, and efficient energy strategic plan for the state. The consortium will focus on an overall broad systems approach from energy resource to consumer and for producing innovative energy systems that will lead to alternative energy strategies, improved energy efficiencies and expanded economic development for the state.

The consortium will consist of the University of Florida, Florida State University, the University of South Florida, the University of Central Florida, and Florida Atlantic University. The consortium will be administered at the University of Florida, who will report to the Florida Energy and Climate Commission. The commission will have ultimate responsibility for both the technical performance and financial management of the consortium. In performing its activities, the consortium is to collaborate with an oversight board consisting of the Vice President for Research at each of the five universities, and may also collaborate with industry and other affected parties.

The goal of the consortium is to become a world leader in energy research, education, technology, and energy systems analysis

To promote collaboration between researchers within the State University System, with industry, and other external partners, the consortium will receive input from an external, industry-dominated advisory board. The University Council, which shall consist of one member from each university designated by the corresponding Vice President for Research, will provide guidance on vision and direction to the director. The board, the chair of the Florida Energy Commission, and the council shall constitute the steering committee. The steering committee is responsible for establishing and assuring the success of the consortium's strategic plan.

A major focus of the consortium will be to expedite commercialization of innovative energy technologies by taking advantage of State University System energy expertise, high technology incubators, industrial parks, and industry-driven research centers to attract companies to establish manufacturing in the state and transition technologies in the state economy.

The consortium shall solicit and leverage state, federal, and private funds for the purpose of conducting education, research and development in the area of sustainable energy. The oversight board shall ensure that the consortium maintains accurate records of any funds received.

The consortium will develop specific programs targeted at preparing graduates with a background in energy, continuing education courses for technical and non-technical professionals, and modules, laboratories, and courses to be shared among the universities. The consortium will work with the Florida community college system using the Florida Advanced

Technological Education Center for the coordination and design of industry-specific training programs for technicians.

By November 1 of each year, the consortium shall submit an annual report to the Governor, the President of the Senate, the Speaker of the House of Representatives and the Florida Energy Commission regarding its activities including, but not limited to, education, research, development, and deployment of alternative energy technologies.

Section 80 provides that as a condition for the issuance of grants or other monetary awards to private companies for energy-related research or deployment projects, the DEP may require a negotiated or licensing agreement containing a stipulation requiring the return to the state of an agreed-upon amount or percentage of project profits resulting from commercialization of the product or process. The DEP shall conduct a study to determine how negotiated or licensing agreements may best be used in these situations in order for the state to earn a monetary return on energy-related products or processes that are ultimately prohibited upon commercialization. The DEP shall submit its study to the Governor, the President of the Senate and the Speaker of the House of Representative by February 1, 2009.

Section 81 requires the DEP, in conjunction with DACS, to conduct an economic impact analysis on the effects of granting financial incentives to energy producers who use woody biomass as fuel. The DEP must present the results of the study to the President of the Senate and the Speaker of the House of Representatives.

Section 82 provides that the long-term goal for reducing solid waste through the recycling efforts of state and local governmental entities for the state of Florida shall, by the year 2020, be a statewide average reduction of 75 percent of the amount of solid waste that was disposed of in 2007. The DEP shall, by January 1, 2010, develop a recycling program in conjunction with state and local governments which is designed to meet the reduction goal.

Section 83 provides that when the DEP submits its proposed rules pursuant to the Climate Protection Act for ratification by the Legislature, it must submit a summary report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report must describe the costs and benefits of a cap-and-trade system and must include certain other specified information.

Section 84 provides that except as otherwise expressly provided in the act, the committee substitute will become effective July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

The provision for legislative ratification of the cap and trade rules may raise constitutional issues relating to separation of powers. This rule ratification approach was used once by the Legislature in the past in s. 373.421, F.S. When the Legislature ratified that rule, it codified it in s. 373.4211, F.S. The agency, the DEP, then adopted an identical rule. (It appears that this ratification process was never challenged.) This type of ratification process blurs the distinction between statute and rule, between legislative policy making and executive rulemaking. When the Legislature "ratifies" a rule by codifying it, and the agency can no longer amend the rule as necessary to react to changes in regulatory circumstances without the Legislature amending the statute, this defeats the purpose of fluid rulemaking.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill provides for various tax incentives to promote solar, wind, and biofuels.

It exempts any solar energy device added to a homestead from assessment. Currently, the impact is indeterminate.

It exempts until July 1, 2012, up to $1 million, from sale at retail the use, consumption, distribution, and storage of wind turbines. As this is not limited to purchases for use in this state, a utility could buy wind turbines for use in another and obtain the credit in Florida.

It provides a renewable energy technologies investment tax credit between July 1, 2008, and June 30, 2012, incurred of 75 percent of all capital costs, operation and maintenance costs, and research and development costs up to $9 million per state fiscal year in connection with an investment in the production of wind energy. (This tax credit can be sold or transferred.) The other renewable energy technologies investment tax credits are limited to expenditures for technology to be used in Florida. There is no such limitation in the wind turbine provision, so the credit could be applied when the expenditures are for turbines to be used in another state.

It increases to $14 million from $6.5 million the renewable energy technologies investment tax credit for production, storage, and distribution of certain biodiesel and ethanol.

The bill also creates an application fee for an alternate transmission line corridor in the following amounts:

- $750 per mile for the corridor proposed to be located within an existing right-of-way.

- $1,000 per mile for the corridor proposed to be located outside the existing right-of-way.

B. Private Sector Impact:

Electric Utility Ratepayer Impacts

Renewable Portfolio Standard

The bill requires that the PSC adopt a renewable portfolio standard (RPS), a requirement that a specified percentage of a utility's total electricity sales be from renewable energy sources. While it is certain there will be a price increase to ratepayers, there are too many variables to project the amount of the increase.

Several factors will contribute to a potential increase in price. Utilities absorb very little costs. Like many businesses, they pass their costs on to their customers. In addition, even with rising fossil fuel costs, renewable energy costs more than that produced by conventional means using conventional fuels. Further, relatively little renewable energy is currently available for purchase. The only comprehensive study of renewable energy resources available in Florida was a joint PSC/DEP study completed in 2003. This study defined renewable very broadly to include all possible resources. It found that the total electricity from renewable resources was about 2.4 percent of the 2002 summer generating capacity of the state. Total generating capacity has increased since then. However, total renewable resources has not increased significantly, so it is possible the percentage is lower today.

Given these factors, a statutory conflict appears inevitable. In all existing statutes encouraging either renewable energy or the efficiency methods of cogeneration, the Legislature has fixed the price for the electricity produced at the purchasing utility's full avoided cost. To get any significant increase in renewable energy, the PSC likely will have to ignore these statutes and set a price in excess of full avoided costs. This would also create a conflict with existing renewable energy and cogeneration contracts. For example, reaching a 20 percent RPS would likely result in price increases significant enough to call into question compliance with the statutory requirement that electricity rates be fair and reasonable. It is clear that an RPS requirement requires a change in ratemaking, but without legislative guidance as to why the RPS is being done, what the goals of the RPS are, or what costs increases are considered acceptable in reaching these goals, there is no new guidance by which to judge the fairness or reasonableness of the resulting price increases.

Energy-efficiency Portfolio Standard

The bill requires that each utility offset 20 percent of its load growth by energy efficiency and conservation measures, an energy-efficiency portfolio standard (EEPS). It is unlikely that this requirement can be met without abandoning the test the PSC has used for approval of cost recovery for such programs in the past, the ratepayer impact measure, or RIM test, and adopting a new, unspecified test. Without knowing what the new test will

be, or what efficiency measures will be necessary to meet the EEPS requirement, specific price impacts cannot be projected. A more general estimate has been made using current demand side management information. Currently demand-side management programs that offset two percent growth in energy sales costs utilities $230 million per year. Without specific information, one estimate for 20 percent load growth for energy efficiency could cost ratepayers $2.3 billion per year.

It should be noted that one aspect of the RIM test is to avoid disparate benefits and costs among ratepayers. For example, disparate impacts could result if a utility were to install better insulation, better windows, or a solar thermal system on the property of one ratepayer, with that ratepayer receiving the direct benefits of lower electricity bills and increased property value, and the other ratepayers receiving no direct benefit but paying an increment of the costs.

Solar thermal program

The bill creates a solar thermal program to encourage utilities to install and operate solar thermal systems on ratepayers buildings. The ratepayers would pay the utility's costs of purchasing, installing, operating and maintaining the system, and of advertising the program, plus a rate of return or profit. The ratepayers would also pay the utility an amount equal to 50 percent of the avoided fuel costs. These ratepayer costs would be offset to some extent by the remainder of the avoided fuel costs. Those ratepayers upon whose property a solar thermal system is installed will probably be given ownership of the system. The net costs are indeterminable, but if the level of participation in this program is high, impacts on electric rates could be significant. It should be noted that the utility also owns the renewable attributes or benefits associated with the energy output of the system including renewable energy credits, and may be able to sell these credits in the national marketplace.

Greenhouse gas registry/cap and trade

The bill requires that utilities participate in a greenhouse gas emission registry, and provides for recovery from ratepayers of associated costs. These costs are indeterminable.

This requirement is to prepare for the creation of a cap and trade program, which will have significant cost impacts on ratepayers, the extent of which cannot be determined prior to development of the program.

Carbon capture research

The bill provides for recovery from ratepayers of costs prudently incurred for scientific research and geological assessments of carbon capture and storage when such costs are incurred in joint research with a Florida state agency or university. These costs are indeterminable.

Advance cost recovery for transmission lines

The bill provides for advance recovery of costs for transmission lines associated with a new nuclear power plant. This recovery is allowed even if the utility decides not to complete or is precluded from completing the line. This reduces the risk to the utility and avoids some interest payments the ratepayers would otherwise have to pay.

Alternate corridor filing fee

The bill creates a fee for filing a proposed alternate corridor for a transmission line. The fee is $750 per mile for the corridor proposed to be located within an existing right-of-way, and $1,000 per mile for the corridor proposed to be located outside the existing right of way. The fee could make it cost prohibitive for a third party challenging a proposed transmission line to file a proposed alternate corridor.

Decoupling

The bill requires that the PSC study decoupling and report to the Legislature. Decoupling is a method of encouraging efficiency and conservation by removing a disincentive for utilities to participate in such programs. When a utility decreases its sales, it loses profits. Decoupling disconnects sales and profits, allowing a utility to make a profit calculated on something other than sales volume. Ratepayers continue to pay for services they do not receive. There are other ways to provide an incentive for efficiency and conservation, some of which may provide better results or lower costs, and which may provide a mechanism to shield those with low incomes from the resulting price increase. It is unclear why the study is limited to one type of incentive.

Program coordination

The RPS, EEPS, and cap and trade initiative appear to share common goals, but there is no provision for coordination to avoid conflicts and to maximize benefits and minimize costs.

Long-term impacts

If the requirements set, or to be set, under this bill are met, it will be a significant step toward potentially drastically changing the current system of producing and delivering electricity. Ultimately, utilities may have fewer plants and generate less electricity than they otherwise would, relying instead on non-utility renewable energy producers and on efficiency measures which may be outside their control. This will raise important issues on the costs to ratepayers and the reliability of the system. Many of these issues have been identified and discussed already. One more which must be mentioned is the issue of adequacy and reliability of the energy supply. Regulated utilities have an obligation to serve their customers and to provide an adequate, reliable supply of electricity. As they depend more and more on non-utility power producers and efficiency measures which may be beyond their control, a concern arises as to how to preserve an adequate, reliable electricity supply? Either the non-utilities must assume an enforceable obligation to serve and to provide an adequate, reliable supply of electricity, or the utilities must build

redundant power plants, with the ratepayers to pay all costs. (These same concerns would apply to proposals to allow renewable energy producers to sell at retail directly to a defined customer base.) This must be considered before taking irrevocable steps in changing the current system.

Other Private Sector Impacts

The Innovation Incentive Program is amended to include alternative and renewable energy projects. Such projects are expected to provide a positive economic impact to the state, but actual impact projections are indeterminate.

The bill creates a Florida Renewable Fuel Standards Act requiring transportation fuels contain specified amounts of renewable fuels. The actual impact to the consumer is indeterminate due to the volatility of fossil fuel prices and the unknown prices of the renewable fuels.

The bill requires the Florida Building Commission to implement increases in thermal efficiency standards on an incremental basis. Increased initial construction and capital costs are expected to be offset by operation and maintenance costs, therefore the fiscal impact in indeterminate. However, current market and economic forces will need to adjust to this cost shift.

C. Government Sector Impact:

The bill impacts a number of state agencies, some directly and others indirectly. The agencies specifically impacted by requiring specific studies and reports include the DEP, the DMS, DOT, Department of Community Affairs, and the PSC. These additional responsibilities will generally be handled within current resources. If additional long term resources are required to implement the provisions of this bill, agencies can address these issues in their 2009-2010 Legislative Budget Requests.

The policy that buildings constructed and financed by the state be designed and constructed and to operate, maintain, and renovate existing state facilities or provide for their renovation in accordance with United States Green Building Council Leadership in energy and Environmental Design (LEED) rating system the Green building Initiative's Green Globes rating system, or the Florida Green Building Coalition standards will have an indeterminate short term and long term fiscal impact. It is anticipated that upfront construction costs will be higher and not insignificant, but long term operation and maintenance costs will be lower such that the overall costs will be less.

Each state government agency is to collect specified data and coordinate with the DMS. All state government agencies may incur an indeterminate fiscal impact to implement the administrative provisions set forth in the bill. It appears that the overall goal is to lower the long term and overall capital and operation and maintenance costs.

The Department of Management Services

There would be a fiscal impact associated with the measurement and verification of energy performance contracts. Depending on the volume, the DMS has indicated that it may require substantial resources over the life of each agency's contracts. The energy performance contract can last up to 20 years and could require a sufficient number of professional and mechanical engineers familiar with energy saving to conduct the on-going measurements and verifications.

The provisions relating to green building standards for new and renovated buildings will have a cost associated with them, but cannot be determined at this time. The costs for renovations would depend on the age and condition of each building. With over 3,800 buildings in the state-owned portfolio and weighted average age for the portfolio of 40 years, many of the buildings will require substantial, and in some cases, complete, renovations to adhere to LEED-EB standards.

The DMS has indicated that the pump price of E-10 and regular unleaded gasoline are comparable for use in state vehicles. However, E-10 use will result in reduced fuel economy. It is anticipated that the reduction would be between a 3 and 4 percent increase in fueling costs for state vehicles.

Department of Revenue

The revenue estimating conference adopted on March 14, 2008, the following estimate relating to the renewable energy source exemption from *ad valorem taxes for solar energy devices installed on real property*. The estimate assumes no change in millage rates.

	FY 2008-09 Annualized	**FY 2008-09 Cash**	**FY 2009-10 Cash**	**FY 2010-11 Cash**	**FY 2011-12 Cash**
Total Local Impact	($7.4 M)	($2.3 M)	($3.5 M)	($4.8 M)	($6.0 M)

The following is a preliminary estimate by the revenue estimating conference for the *sales tax exemption for wind turbines*. The committee substitute provides for a limit of $1 million in tax each state fiscal year for all taxpayers.

State Impact	**FY 2008-09 Annualized**	**FY 2008-09 Cash**	**FY 2009-10 Cash**	**FY 2010-11 Cash**	**FY 2011-12 Cash**
High	($1.0 M)	($0.25 M)	($1.0 M)	($1.0 M)	($1.0 M)

The following table relates to increasing the corporate tax credit for renewable energy technologies from $6.5 million to $14 million in each fiscal year. (Estimate has not been adopted by the revenue estimating conference). Includes the $1.5 million for commercial stationary hydrogen fuel cell from 7/1/06 to 6/30/10 and $9 million for production of wind energy from 7/1/08 to 6/30/12.

State Impact	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash
High	0	($16.5 M)	($16.5 M)	($9 M)	($9 M)

Public Service Commission

The PSC has indicated that it can implement most of its responsibilities under the provisions of this bill by utilizing existing resources. However, additional full-time equivalent positions may be required to implement the renewable portfolio standard provisions.

Department of Environmental Protection

The DEP has indicated that the additional costs for rulemaking under the provisions of this bill could be significant since it is anticipated that the DEP would need to use outside consultants and economists to assist in rule development and potential rule litigation. Also, the bill requires the DEP to report on impacts to the state's economy and low-income consumers when submitting its proposed rules relating to the Climate Protection Act to the Legislature for ratification. This may require the assistance of outside economists and other consultants and could have a significant cost to the agency.

Florida Building Commission

The Florida Building Commission has several study and reporting responsibilities under the provisions of this committee substitute. It is not known at this time what cost would be associated with those various studies and reports.

VI. Technical Deficiencies:

Section 68 of the bill requires that "The Florida Energy Commission shall conduct a study to evaluate and recommend the lifecycle greenhouse gas emissions associated with all renewable fuels . . . ." The bill also repeals the statute creating the commission, so it would no longer exist to conduct this study. Also, the requirement that the commission "recommend" lifecycle greenhouse gas emissions is unclear.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Communications & Public Utilities on March 27, 2008:

This committee substitute makes the following substantial changes.

- Creates the Florida Energy and Climate Commission; transfers the energy office from the DEP to the commission; assigns energy-related duties of the energy office and the DEP, other than power plant and transmission line siting and energy-related environmental permitting, to the commission; and repeals the statute creating the Florida Energy Commission.
- Includes greenhouse gas reductions in state comprehensive plan.
- Deletes a definition using obsolete renewable energy device criteria for property tax assessment purposes.
- Includes, in the report to DOR from motor vehicle fuel entities, the number of gallons that do and do not meet ethanol standards.
- Deletes the goal that state buildings constructed and financed by the state, or state buildings undergoing major renovation, meet the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) rating system Platinum level rating.
- Applies provisions on sustainable buildings act, energy management in state buildings, and climate-friendly public business apply only to state agencies.
- Requires state agencies to purchase from the Climate Friendly Preferred Products List only if the price is comparable to an unlisted product, not if it is no more than 5 percent more than an unlisted product.
- Limits DOT authority to grant easements to erect a transmission line to within established DOT rights-of-way.
- Creates the Florida Green Government Grants Act.
- Deletes provisions on pass through of the Florida renewable energy production credit for corporations and replaces it with a provision for partnerships, and provides that the renewable energy production credit revisions are retroactive.
- Increases the amount of the fee the utility charges customers from 10% to 50% of estimated program fuel costs savings; limits these charges to five years, and sunsets the provision on June 30, 2011.
- Makes technical changes.

CS by Environmental Preservation Committee on 3/19/08:

The committee substitute is a comprehensive bill dealing with a number of energy issues. Specifically the committee substitute:

- Provides for telecommuting for employees of public employing entities.
- Provides that deed restrictions, covenants, declarations, or other similar binding agreements may not prohibit solar collectors or other energy devices based on renewable resources from being installed on buildings covered by such agreements, including condominiums.
- Provides that the future land use element of local comprehensive plans must discourage urban sprawl and the transportation circulation element must address reductions in greenhouse gas emissions.
- Provides that any solar energy device added to a homestead shall not increase the taxable value of the property.

- Provides that the sale or use of wind turbines is exempt from the sales tax up to $1 million each fiscal year for all taxpayers.
- Increases the eligible costs relating to renewable energy technologies investment tax credits. Increases the limit of such tax credits per fiscal year from $6.5 million to $14 million.
- Provides that the board of trustees may delegate to the Secretary of Environmental Protection authority to grant certain easements on state lands for electric transmission and distribution lines, natural gas pipelines, or other linear facilities for which the PSC has determined a need exists or the Federal Energy Regulatory Commission has issued a Certificate of Public Convenience and Necessity.
- Provides that new and renovated state buildings strive to conform to certain green building standards.
- Clarifies the state's energy performance contracting process.
- Requires the DMS to develop a Florida Climate Friendly Preferred Products List.
- Allows the DMS to conduct an analysis of ethanol and biodiesel use by the DOT.
- Allows alternative and renewable energy projects to be eligible for innovation grants from the Office of Tourism, Trade, and Economic Development.
- Provides that DOT's rules shall provide for the placement of and access to certain electric utility transmission lines adjacent to and within the right-of-way of any DOT controlled public roads.
- Encourages each metropolitan planning organization to consider strategies that integrate transportation and land use planning to provide for sustainable development and reduce greenhouse gas emissions.
- Requires the PSC to begin rulemaking requiring electric utilities to offset 20 percent of their annual load-growth through energy efficiency and conservation measures thereby constituting an energy-efficiency portfolio standard.
- Allows public utilities to recover certain redefined environmental compliance costs.
- Provides that a public utility may recover certain costs related to the construction and preconstruction of nuclear power facilities.
- Creates a new Florida Energy Commission in the Executive Office of the Governor.
- Allows public utilities to recover certain solar energy costs.
- Provides for the establishment of a cap-and-trade program to reduce greenhouse gas emissions.
- Provides for the siting of transmission facilities on state-owned lands under certain circumstances.
- Revises certain provisions of the Transmission Line Siting Act to streamline the act.
- Provides for an application fee for alternate transmission line corridors.
- Encourages counties to form regional solutions to the capture and reuse or sale of methane gas from landfills.
- Provides that after a certain date, all gasoline sold or offered for sale in Florida must contain at least 10 percent of an agriculturally derived, denatured ethanol fuel by volume.
- Requires the Florida Energy Commission to study lifecycle greenhouse gas emissions associated with all renewable fuels.

- Requires the Florida Building Commission to implement certain changes to the Florida Energy Efficiency Code for Building Construction.
- Requires the Florida Building Commission to implement a schedule of energy-efficiency goals and update the Florida Building Code.
- Requires the Florida Building Commission to conduct a study to evaluate the energy-efficiency rating of new buildings and appliances.
- Requires the Florida Building Commission to conduct a study to evaluate opportunities to restructure the Florida Energy Efficiency Code for Building Construction to achieve long-range improvements to building energy performance.
- Requires the Department of Community Affairs to identify and review issues relating to the Low-Income Home Energy Assistance program and the Weatherization Assistance Program and identify certain recommendations.
- Requires the PSC to analyze utility revenue decoupling and provide a report and recommendations to the Governor, President of the Senate, and the Speaker of the House of Representatives.
- Allows condominium associations to install certain solar and other energy-efficient devices in the common areas.
- Creates the Florida Energy Systems Consortium within the State University System.
- Provides that as a condition for the issuance of certain grants to private companies for energy-related research, the DEP may require an agreement stipulating the return to the state of a percentage of certain proceeds or profits.
- Requires the DEP to conduct an economic impact analysis on the effects of granting financial incentives to energy producers who use woody biomass as fuel.
- Provides for a long-term solid waste recycling goal.
- Provides that when the Climate Protection Act rules are submitted to the Legislature for ratification, the DEP must also submit a summary report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the costs and benefits of a cap-and-trade system.
- Provides an effective date.

B. Amendments:

None.