



Energy & Utilities Policy Committee

Wednesday, March 3, 2010

2:00 PM – 5:00 PM

Morris Hall

ACTION PACKET

**Larry Cretul
Speaker**

**Stephen Precourt
Chair**

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Energy & Utilities Policy Committee

Start Date and Time: Wednesday, March 03, 2010 02:00 pm
End Date and Time: Wednesday, March 03, 2010 05:00 pm
Location: Morris Hall (17 HOB)
Duration: 3.00 hrs

Consideration of the following bill(s):

HB 691 Underground Facility Damage Prevention & Safety by Murzin

Workshop on the following:

HJR 293 Public Service Commission by Anderson
HB 533 Testimony Before the Public Service Commission by Pafford
HB 565 Public Service Commission by Legg

Testimony Regarding Strategies and Tools to Achieve Energy Goals

NOTICE FINALIZED on 03/01/2010 16:21 by SIMS-DAVIS.LINDA

COMMITTEE MEETING REPORT
Energy & Utilities Policy Committee

3/3/2010 2:00:00PM

Location: Morris Hall (17 HOB)

Summary:

Energy & Utilities Policy Committee

Wednesday March 03, 2010 02:00 pm

HB 691 Favorable With Committee Substitute

Yeas: 13 Nays: 0

Committee meeting was reported out: Wednesday, March 03, 2010 7:12:01PM

COMMITTEE MEETING REPORT
Energy & Utilities Policy Committee

3/3/2010 2:00:00PM

Location: Morris Hall (17 HOB)

Attendance:

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Stephen Precourt (Chair)	X		
Esteban Bovo, Jr.	X		
Jennifer Carroll	X		
Clay Ford	X		
Joseph Gibbons	X		
Mike Horner	X		
Matt Hudson	X		
Seth McKeel	X		
Dave Murzin	X		
Maria Sachs	X		
Robert Schenck	X		
Darren Soto	X		
Charles Van Zant	X		
Alan Williams	X		
Totals:	14	0	0

Committee meeting was reported out: Wednesday, March 03, 2010 7:12:01PM

COMMITTEE MEETING REPORT

Energy & Utilities Policy Committee

3/3/2010 2:00:00PM

Location: Morris Hall (17 HOB)

HB 691 : Underground Facility Damage Prevention & Safety

Favorable With Committee Substitute

	Yea	Nay	No Vote	Absentee Yea	Absentee Nay
Esteban Bovo, Jr.	X				
Jennifer Carroll	X				
Clay Ford	X				
Joseph Gibbons	X				
Mike Horner	X				
Matt Hudson			X		
Seth McKeel	X				
Dave Murzin	X				
Maria Sachs	X				
Robert Schenck	X				
Darren Soto	X				
Charles Van Zant	X				
Alan Williams	X				
Stephen Precourt (Chair)	X				
Total Yeas: 13		Total Nays: 0			

Appearances:

Underground Facility Damage Prevention & Safety

Kraig Conn (Lobbyist) - Information Only

Florida League of Cities

301 South Bronough

Tallahassee Florida 32301

Phone: 850-222-9684

Underground Facility Damage Prevention & Safety

Mark Sweet - Information Only

Sunshine State One Call of Florida

11 Plantation road

De Bary Florida 32713

Phone: 386-801-3279

Committee meeting was reported out: Wednesday, March 03, 2010 7:12:01PM

COMMITTEE MEETING REPORT
Energy & Utilities Policy Committee

3/3/2010 2:00:00PM

Location: Morris Hall (17 HOB)

Workshop

HB 533:

Appearances:

Curt Kiser (Lobbyist) (State Employee) - Information Only

FL Public Service Commission

2540 Shumard Oak

Tallahassee Florida 32399-0850

Phone:850-413-6189

Katherine Pennington (Lobbyist) (State Employee) - Information Only

FL Public Service Commission

2540 Shumard Oak

Tallahassee Florida 32399-0850

Phone:850-413-6189

HB 565:

Appearances:

Curt Kiser (Lobbyist) (State Employee) - Information Only

FL Public Service Commission

2540 Shumard Oak Blvd.

Tallahassee Florida 32399-0850

Phone:850-413-6189

John T. Mitchell (State Employee) - Proponent

Public Service Commission

Executive Office of the Governor

The Capitol

Tallahassee Florida 32399

Phone:850-488-5551

Katherine Pennington (Lobbyist) (State Employee) - Information Only

FL Public Service Commission

2540 Sumard Oak Blvd.

Tallahassee Florida 32399-0850

Leslie Spencer (Lobbyist) - Proponent

Public Service Commission

AARP-State Director for Advocacy

200 West College Avenue

Tallahassee Florida 32301

Phone:850-577-5165

HJR 293:

Appearances:

Committee meeting was reported out: Wednesday, March 03, 2010 7:12:01PM

COMMITTEE MEETING REPORT
Energy & Utilities Policy Committee

3/3/2010 2:00:00PM

Location: Morris Hall (17 HOB)

Curt Kiser (Lobbyist) (State Employee) - Information Only

FL Public Service Commission

2540 Shumard Oak Blvd.

Tallahassee Florida 32399-0850

Phone:850-413-6189

Katherine Pennington (Lobbyist) (State Employee) - Information Only

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Committee meeting was reported out: Wednesday, March 03, 2010 7:12:01PM

COMMITTEE MEETING REPORT
Energy & Utilities Policy Committee

3/3/2010 2:00:00PM

Location: Morris Hall (17 HOB)

Other Business Appearance:

Testimony Regarding Strategies and Tools to Achieve Energy Goals

Michael Dobson - Information Only

Florida Renewable Energy Producers Association

522 East Park Ave. Suite 101

Tallahassee Florida 32301

Phone: 850-443-3477

Testimony Regarding Strategies and Tools to Achieve Energy Goals

Dr. Stephen Smith - Information Only

Southern Alliance for Clean Energy

Post Office Box 1842

Knoxville Tennessee 37901

Phone: 865-637-6055

Testimony Regarding Strategies and Tools to Achieve Energy Goals

John Ellis (At Request Of Chair) - Information Only

IPS Avon Park Corporation

1560 Gulf Blvd, #701

Clearwater Florida 33767

Phone: 727-641-7140

Testimony Regarding Strategies and Tools to Achieve Energy Goals

Jon Moyle (Lobbyist) - Information Only

Keefe Anchors Gordon Moyle Law Firm, representing the Florida Biomass Group

118 N Gadsden Street

Tallahassee Florida 32301

Phone: 850-681-3828

Testimony Regarding Strategies and Tools to Achieve Energy Goals

Bruce Kershner (Lobbyist) (At Request Of Chair) - Proponent

Florida Solar Energy Industries Association

231 West Bay Avenue

Longwood Florida 32750

Phone: 407-339-2010

Committee meeting was reported out: Wednesday, March 03, 2010 7:12:01PM



Committee on _____

Date _____

Action _____

HOUSE AMENDMENT FOR DRAFTING PURPOSES ONLY

(may be used in Committee, but not on House Floor)

Amendment No. _____

Bill No. HB 691

(For filing with the Clerk, Committee and Member Amendments **must** be prepared on computer)

Representative(s)/The Committee on Rep. Marzin

offered the following amendment:

Amendment to the strike all Amendment

on page 10, line 267-268, delete said lines and insert:

(8) Any liability of the state, its agencies, or its subdivisions which arises out of this chapter is

This is a technical amendment correcting a drafting error

VISION FOR FLORIDA'S ENERGY POLICY

Overall Statement of Legislative Intent

It is the intent of the Legislature to provide a framework that ensures an adequate and reliable supply of energy for Florida in a manner that promotes the health and welfare of the public, promotes sustainable economic growth, and minimizes and mitigates adverse impacts. The Legislature also intends that governance of energy policy within Florida be efficiently directed toward achieving this vision.

In furtherance of this vision, consideration shall be given to the following:

- Ensuring an affordable energy supply;
- Ensuring adequate supply and capacity;
- Ensuring a secure and reliable energy supply;
- Minimizing energy cost volatility;
- Minimizing negative impacts of energy production on Florida's environment, social fabric, and the public health and welfare;
- Maximizing economic synergies for Florida associated with energy policy;
- Reducing the net export of energy expenditures; and
- Providing effective, efficient, and certain governance of energy policy.

Additional goals suggested by members at the February 17, 2010, Committee meeting:

- **Reduce energy consumption and increase energy efficiency**
 - ❖ This may also be considered as a strategy for addressing many of the items set forth above.
- **Diversify portfolio of energy resources with all technologies considered**
 - ❖ This may also be considered as a strategy for addressing many of the items set forth above.
- **Pursue export of Florida energy resources**
 - ❖ This may also be considered as a strategy for maximizing economic synergies and reducing the net export of energy expenditures.
- **Ensure Florida is a Center of Excellence for renewable energy**
 - ❖ This may also be considered as a strategy for addressing some of the items set forth above.

CURRENT AND PROPOSED STRATEGIES TO ADDRESS FLORIDA ENERGY POLICY VISION

Strategies from Working Document

(Presented at February 3, 2010, Committee meeting, based on existing statutory provisions and presentations made at previous Committee meetings)

- Promote investment in energy system infrastructure
- Diversify energy/fuel sources
 - Develop in-state energy resources, including renewables
 - Promote development of nuclear baseload generation and “clean coal” technologies
 - Reduce dependence on foreign oil
 - Reduce dependence on natural gas
- Reduce growth in energy consumption
 - Increase energy conservation measures
 - Increase energy efficiency measures
- Promote use of “smart technologies” and new rate designs
- Reduce use of fossil fuels
 - Increase energy efficiency and conservation measures
 - Increase use of low carbon-emitting fuel resources
 - Implement a carbon cap-and-trade program
- Promote development of alternative energy sources
- Establish workforce for new industry

Clean Energy LLC
Clearwater, Florida

Project Location:
Hardee County, Florida

- Experienced developers in Florida
- Combined heat and power (CHP) system producing electricity and steam
 - 500 MW's of electricity generated
 - Co-located with a cellulosic ethanol plant producing 36 million gallons per year of renewable fuel using waste steam from CHP system
- Twelve states have provided similar benefits for combined heat and power systems
- Capital cost of this project is approximately \$800 million
- Job Creation:
 - Approximately 250-300 jobs during construction (30-36 months)
 - Approximately 200 permanent jobs
- Property taxes: preliminary estimate of \$8-\$12 million per year based on current configuration
- No negative impact on ratepayers; project will provide electricity at or below utility's avoided costs
- Farm approximately 20,000+ acres of phosphate and adjacent land
- Produce carbon credits for CO₂ reduction from growth of energy crops
- No state funds required for CHP; private equity will be used
- The ethanol technology was developed at the University of Florida
- Keeps tens of millions of dollars per year in Central Florida

Needed: Legislation that will enable steam sales from CHP to qualify for Renewable Energy Credits (RECs) when used in association with the production of biofuel (e.g., ethanol) and associated co-products. *(This particular project would be eligible for 65 RECs per hour, which is less than 2% of the required RECs in 2016.)*

**Presentation to Florida House
Energy and Utilities Policy
Committee**

**Stephen A. Smith, DVM
Executive Director
Southern Alliance for Clean Energy
March 3, 2010**

Why Advance Renewable Energy in Florida

- **Maximize economic synergies for Florida associated with energy policy**
 - Maximize economic development opportunities from the energy sector
- **Diversify overall energy mix, thereby:**
 - Ensuring an affordable energy supply
 - Ensuring adequate energy supply and capacity
 - Ensuring a secure and reliable energy supply
 - Minimizing energy cost volatility
- **Reduce net export of energy expenditures**
- **Minimize negative impacts of energy production on Florida's environment, social fabric and public health and welfare**

Why Advance Renewable Energy in Florida

- **Maximize economic synergies for Florida associated with energy policy**
 - Maximize economic development opportunities from the energy sector

Renewable Energy Job Potential

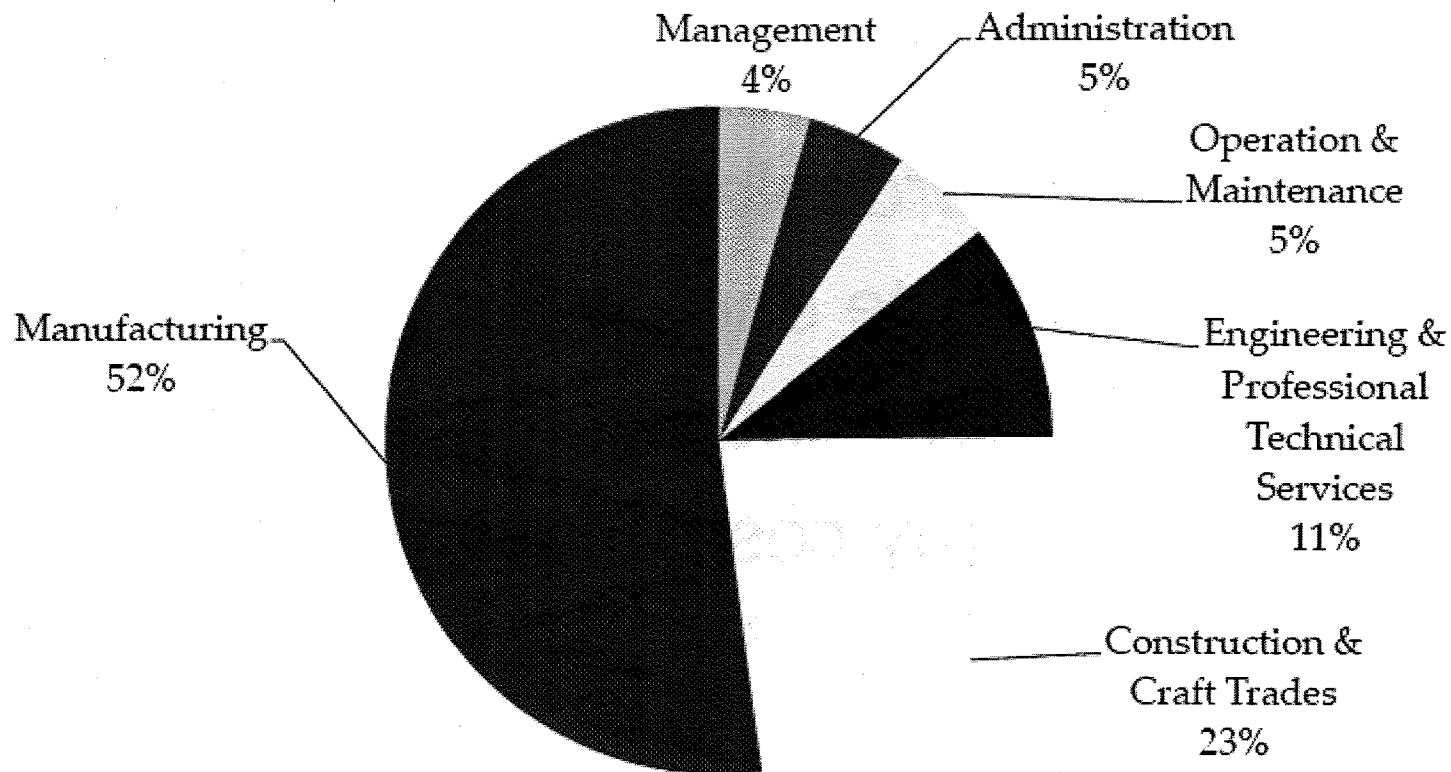
- Jobs per Megawatt (MW)
 - Solar: 15-30
 - Biomass: 9

By contrast, conventional: less than 1

- Up to 50,000 renewable energy jobs could be created over the next ten years under the proposed PSC Renewable Energy Standard

Types of Renewable Jobs

Distribution of Direct Jobs in the Renewable Electricity Industry: 2009 – 2025^{1,2}



Why Renewable Energy in Florida

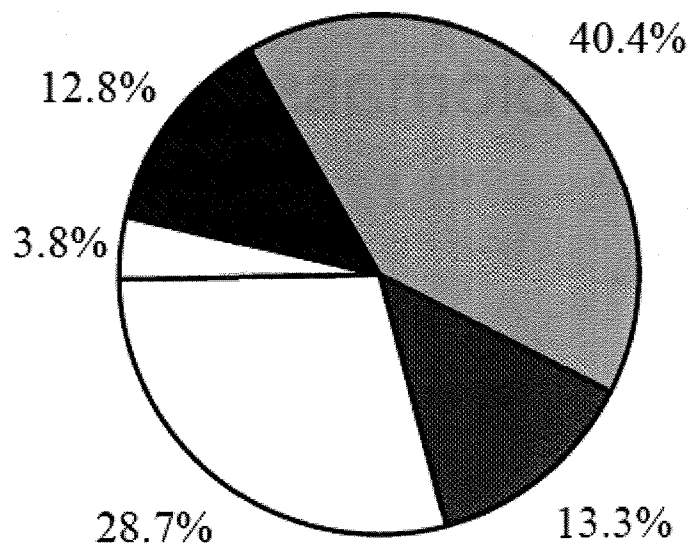
- **Diversify overall energy mix, thereby:**
 - Ensuring an affordable energy supply
 - Ensuring adequate energy supply and capacity
 - Ensuring a secure and reliable energy supply
 - Minimizing energy cost volatility

Florida's Energy Mix Heading in Wrong Direction

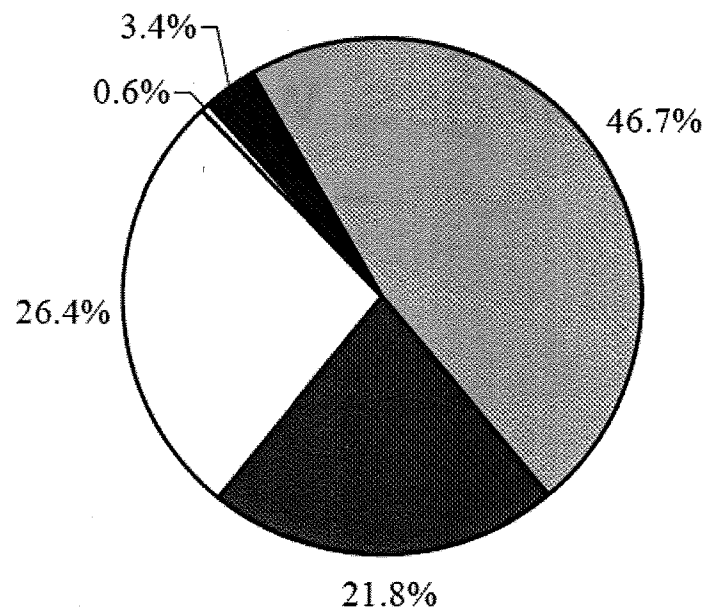
Source: Public Service Commission, Review of 2009 Ten Year Site Plans, Oct. 2009

■ Natural Gas ■ Nuclear □ Coal □ Oil ■ Other

2008



2018



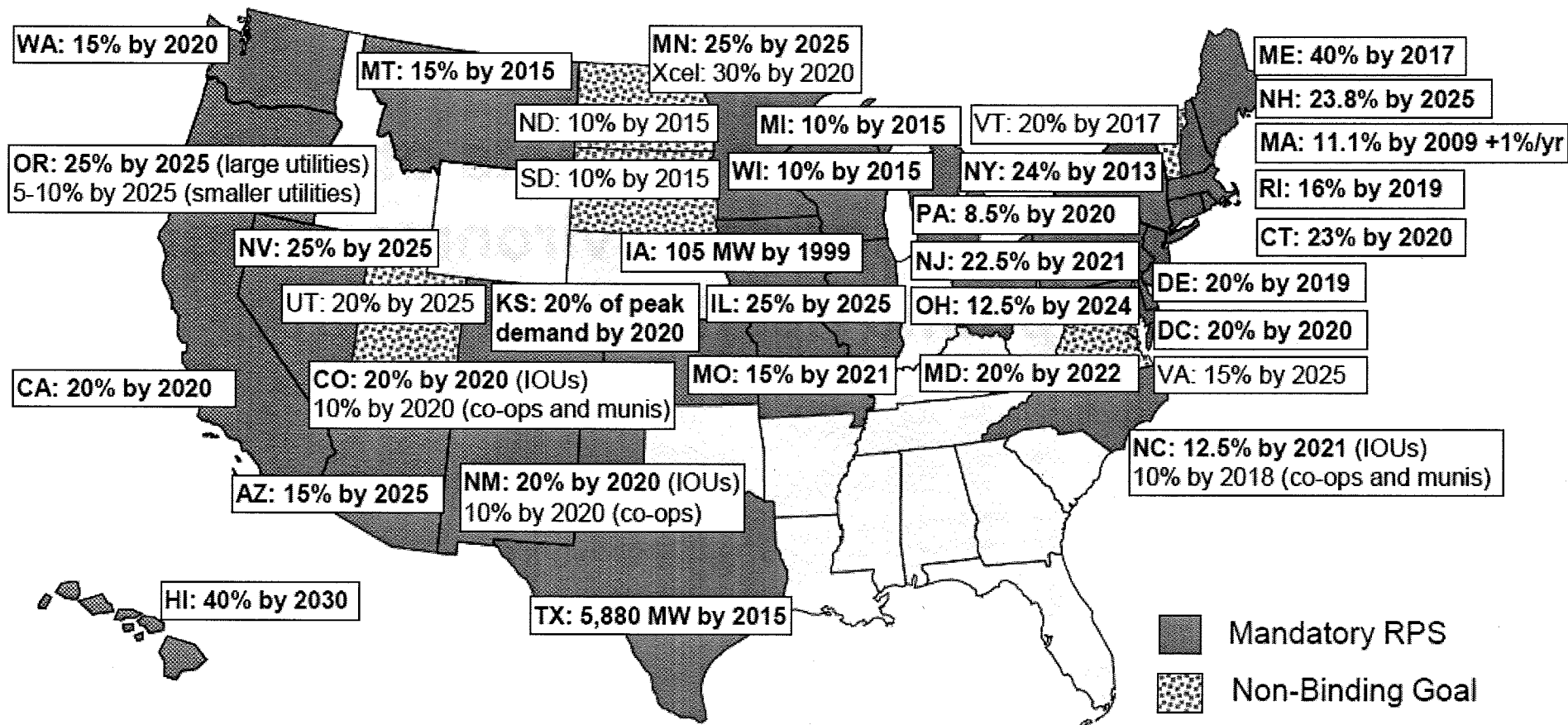
Why Advance Renewable Energy in Florida

- **Reducing the net export of energy expenditure**
 - Florida has been called the *Saudi Arabia of biomass*, with 7% of national biomass resources
 - Charles Bronson

Why Advance Renewable Energy in Florida

- **To minimize negative impacts of energy production on Florida environment, social fabric and public health and welfare.**

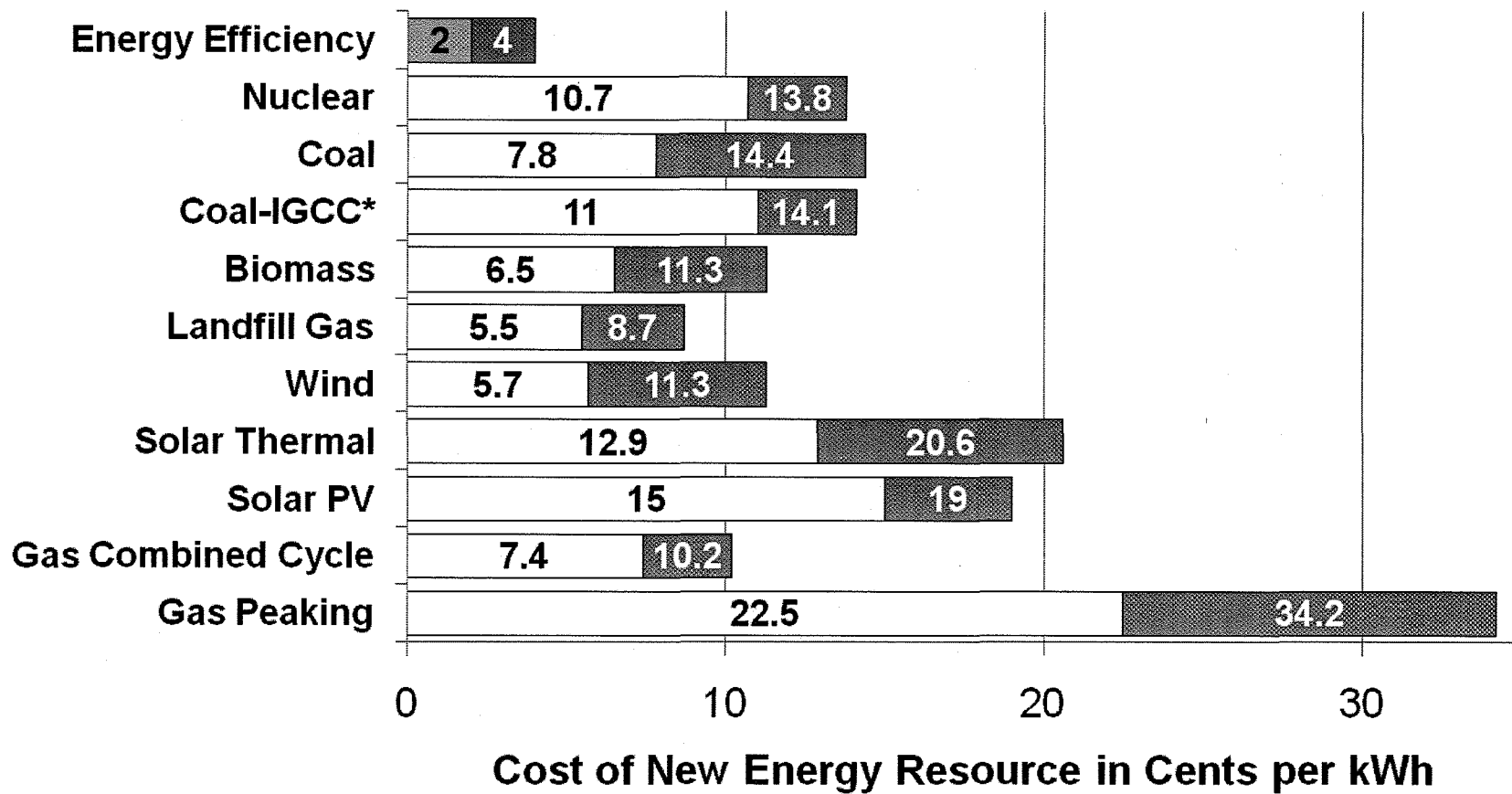
RPS as Market Mechanism



Source: Berkeley Lab

Energy Efficiency

First Fuel of Choice



Source: Lazard, *Levelized Cost of Energy Analysis – Version 3.0*, February, 2009.

* Coal and IGCC: Integrated Gas Combined Cycle

Rates vs. Cost

2008 State Data- EIA	Electricity Price- ¢/kWh	Residential Usage- kWh	Consumer Monthly Bill	ACEEE EE Rank
California	13.81	587	81.10	1
Florida	11.65	1120	130.52	23
USA	11.26	920	103.67	-

Expanding Efficiency Opportunities

- **By definition, cost-effective energy efficiency (EE) always less costly than next supply-side option in meeting electricity demand.**
- **PSC right to approve TRC test, adopting EE measures that cost less than new generation.**
- **2-year payback scheme should be eliminated – to make EE measures more widely available to all customers.**
- **17 leading states have set goals to capture at least 1% annual savings per year – can't be done in Florida if most cost-effective measures to consumers are eliminated.**

Efficiency Potential Eliminated by 2-year Payback Scheme

Source: Florida Public Service Commission Staff Recommendation, Review of Numeric Conservation Goals, Docket Nos: 080407-13, October 2009 (technical potential of measures eliminated that provided a simple of 2 years of less to utility customers)

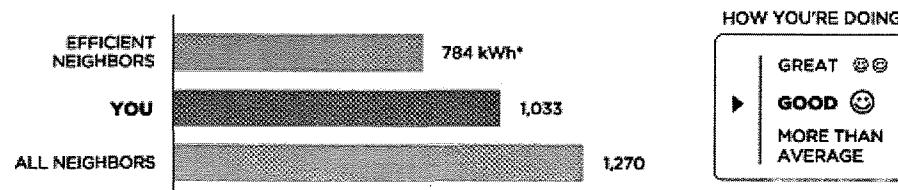
FPL –	82 %
PEF –	66.2%
TECO -	84 %
Gulf –	80.4%
FPUC -	87.1%
JEA –	84.6%
OUC –	78.2%

- **Eliminated measures include CFL light bulbs; water heater blankets, low-flow showerheads, faucet aerators, etc.**
- **Fixed & lower-income community left at a disadvantage because of barriers to efficiency.**

Program that “Fails” Utility-Preferred Cost-Effectiveness Test: Home Energy Comparison Report

- Almost immediate bill savings of 2.5% for the average customer
- Cost is 3 cents per kWh
- No financial incentive to customer
- Payback is TOO FAST for utility cost-effectiveness test

Last 3 Months Neighbor Comparison | You used **32% MORE** than your efficient neighbors.



* kWh: A 100-Watt bulb burning for 10 hours uses 1 kilowatt-hour.

Recommended Action Steps | Selected for you based on your home's profile

Stay cool, stay smart

In the summer, cooling accounts for the largest portion of energy use. You can stay comfortable while saving money if you take these action steps.

Set your thermostat for comfort and savings

By setting your thermostat appropriately, you can be comfortable while saving energy and money.

Set the thermostat to 78 degrees or higher when you're home during the day. Set it to 85 degrees (or off) when sleeping or away.

Keep up the good work!
You already do this.

Tools to remember
Put a sign on your front door reminding you to turn down thermostat before you leave.

Save up to **\$50_{yr}**

#1 most popular tip

Clean or replace AC filters regularly

Replacing or cleaning your air conditioner filter is one of the easiest and cheapest ways to reduce summer energy consumption.

Dirty air filters block the flow of air which forces your air conditioner to work harder. This means higher electric bills and also more wear-and-tear on the air conditioner.

Reminder
You indicated you intend to do this.

Recycling incentive
Recycle your old filters for free at Japa facilities - visit www.japa.org

Save up to **\$50_{yr}**

Run appliances off peak

Running appliances generates heat in your home, adding to your cooling load.

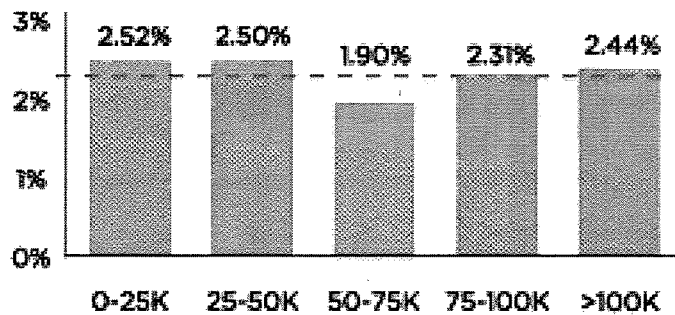
By running your dishwasher, clothes washer and dryer at night, you'll reduce your cooling costs.

Incentive
Check out federal incentives on appliances at energy.gov

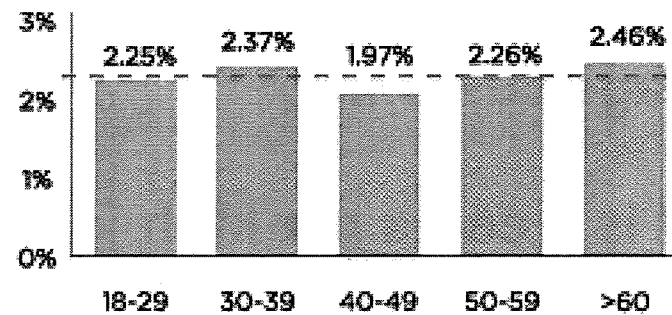
Save up to **\$50_{yr}**

Home Energy Comparison Report: Savings for Everyone at 3 cents per kWh

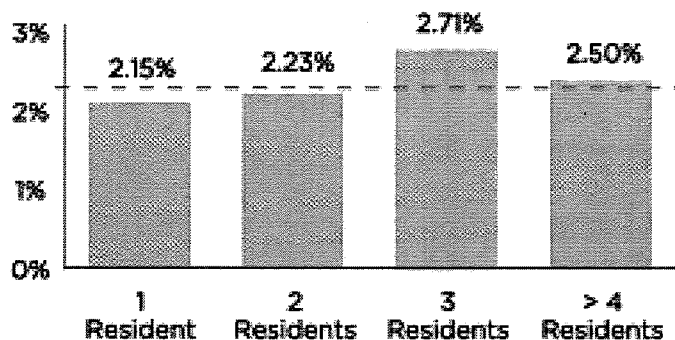
Energy Savings by Income



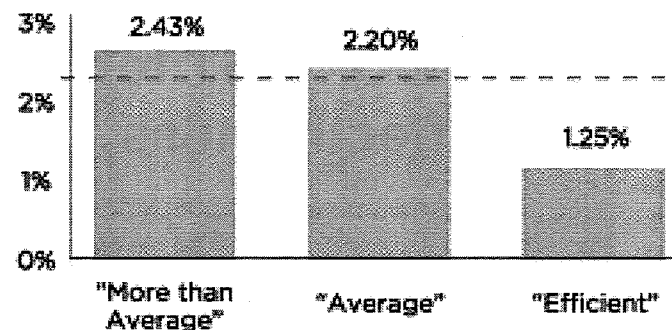
Energy Savings by Age



**Energy Savings by
Number of Residents**



**Energy Savings by
Household Efficiency**



Energy resource rate and bill impacts on customers

- **Robust Energy Efficiency**
 - less than 1% rate impact by capturing 1% annual energy savings through 2020 (PSC Staff Expert Witness Spellman)
- **Renewable energy impacts of RPS policy**
 - less than 1% rate impact in 2008 (Lawrence Berkeley National Laboratory)
- **Upward pressure on rates and bills from conventional energy**
 - Progress Energy announced a customer bill increase of 31% in 2008 for nuclear and escalating fossil fuel costs
 - FPL and Progress Energy both requested base rate increases of about 30% in 2009 to support fossil fuel operations

Recommendations

- Adopt a Renewable Portfolio Standard
- Short term: Capture all cost-effective energy efficiency – Set TRC test into law and eliminate 2-year payback screen
- Mid-term: Improve utility planning process by coordinating supply-side and demand-side decisions in FEECA
- Address artificially low avoided-cost benchmark