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 Committee on Communications, Energy, and Public Utilities

BILL:	SB 456
INTRODUCER:	Senator Rodriguez
SUBJECT:	Public Utilities
DATE:	March 27, 2017
REVISED:	

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	**Pre-meeting**
2.			CA	
3.			RC	

I. Summary:

SB 456 amends the definition of "public utility" to exclude an entity that produces and provides or sells energy to users located on the property of a renewable energy production facility that uses a solar-based source of renewable energy and has a capacity of 2.5 megawatts or less.

The exclusion of an entity "that produces and provides or sells energy to" users located on the property of a renewable energy production facility does not appear to require that the energy sold be produced using the renewable energy production facility. Thus, an entity with one solar panel and one gas-fueled power plant scaled to be profitable within the uncertain property size limitations could be exempt from regulation. Property identification and any related size limitation are uncertain because the language relating to the property is unclear.

The bill takes effect July 1, 2017.

II. Present Situation:

Public Utility

Statute

Chapter 366, F.S., provides for regulation of electric utilities by the Public Service Commission (PSC). Section 366.02, F.S., defines "public utility" as every person supplying electricity to or for the public within this state; but the term does not include either a cooperative or a municipality. All public utilities are subject to full PSC economic and reliability regulation.

Case Law / PW Ventures

In the 1980s, a company sought to build and operate a cogeneration facility[1] and sell the output directly to another entity.[2] PW Ventures[3] signed a letter of intent with Pratt and Whitney (Pratt) to provide electric and thermal energy at Pratt's industrial complex in Palm Beach County. PW Ventures proposed to construct, own, and operate a cogeneration project on land leased from Pratt and to sell its output to Pratt under a long-term contract.[4] Before proceeding with construction of the facility, PW Ventures sought a declaratory statement from the PSC that it would not be a public utility subject to PSC regulation. After a hearing, the PSC ruled that PW Ventures' proposed transaction with Pratt fell within its regulatory jurisdiction. PW Ventures appealed this ruling to the Florida Supreme Court.

On appeal, PW Ventures argued that it would be selling electricity to a single customer and that the phrase "to the public" means to the general public and was not meant to apply to a bargained-for transaction between two businesses; the PSC, in contrast, argued that the phrase means "to any member of the public." The Court addressed the issue of whether the sale of electricity to a single customer makes the provider a public utility.

The Court based its ruling, in part, on the consistency of the PSC's interpretation with "the legislative scheme of chapter 366," which "necessarily contemplates the granting of monopolies in the public interest" and directs the PSC to exercise its powers to avoid "uneconomic duplication of generation, transmission, and distribution facilities."[5] The Court wrote:

> If the proposed sale of electricity by PW Ventures is outside of PSC jurisdiction, the duplication of facilities could occur. What PW Ventures proposes is to go into an area served by a utility and take one of its major customers. Under PW Ventures' interpretation, other ventures could enter into similar contracts with other high use industrial complexes on a one-to-one basis and drastically change the regulatory scheme in this state. The effect of this practice would be that revenue that otherwise would have gone to the regulated utilities which serve the affected areas would be diverted to unregulated producers. This revenue would have to be made up by the remaining customers of the regulated utilities since the fixed costs of the regulated systems would not have been reduced.[6]

[1] Cogeneration is the sequential production of thermal energy and electrical or mechanical energy. Florida Public Service Commission, *Florida's Electric Utilities: A Reference Guide*, 188 (1994 edition).
[2] *PW Ventures, Inc. v. Nichols*, 533 So.2d 281 (1988).
[3] PW Ventures was a Florida corporation originally owned by FPL Energy Services, Inc. (a wholly owned subsidiary of FPL Group, Inc.) and Impell Corporation (a wholly owned subsidiary of Combustion Engineering, Inc.). After the entry of the PSC order, FPL Energy Services, Inc. transferred its 50% interest to Combustion Engineering, Inc. *PW Ventures*, footnote 1.
[4] The electricity was to have been used by Pratt and several affiliated corporate entities and by the Federal Aircraft Credit Union, which was also located on the property. *PW Ventures*, 282.
[5] *PW Ventures*, 283.
[6] *PW Ventures*, 283.

The Court affirmed the decision of the Public Service Commission.[7] In doing so, it noted that the statutory protection of the public interest requires only limiting competition in the sale of electric service, not a prohibition against self-generation.[8]

Thus, current law allows non-utilities to produce electricity for their own use and sell any excess to a utility,[9] but prohibits all non-utility sales of electricity to anyone other than a utility.

Regulatory Policy and Economic Regulation

Economic regulation is used when market forces of supply and demand do not function effectively and efficiently to establish prices and supply levels. This occurs when an industry is a "natural monopoly," which frequently involves an essential product or service for which there are few or no alternative products or services, resulting in inelasticity in demand.

In a natural monopoly, due to economies of scale, one company can produce a product at a lower cost to society than multiple companies can. Additionally, there are high capital costs and a situation in which redundant or duplicative systems, such as power plants and transmission lines, are wasteful or undesirable. The economic concept of a natural monopoly has been described as follows.

> The term does not refer to the actual number of sellers in a market but to the relationship between demand and the technology of supply. If the entire demand within a relevant market can be satisfied at lowest cost by one firm rather than by two or more, the market is a natural monopoly, whatever the actual number of firms in it. If such a market contains more than one firm, either the firms will quickly shake down to one through mergers or failures, or production will continue to consume more resources than necessary. In the first case, competition is short-lived and in the second it produces inefficient results. Competition is thus not a viable regulatory mechanism under conditions of natural monopoly. Hence, it is said, direct controls are necessary to ensure satisfactory performance: controls over profits, specific rates, quality of service, extensions and abandonments of service and plant, even permission whether to enter the business at all.[10]

The electric industry has long been deemed a natural monopoly, and its product deemed a necessity in the public interest with no substitutes, so it has long been subjected to economic regulation to ensure a reliable supply and delivery system, to keep prices competitive, and to

[7] *PW Ventures*, 284.
[8] *Id*.
[9] A non-utility electricity producer can sell excess electricity to a utility in three ways: as a cogenerator or small power producer under s. 366.051, F.S.; as a renewable energy producer selling pursuant to a purchase contract under s. 366.91(3) and (4), F.S.; or as a renewable energy producer under a net-metering program under s. 366.91(5) and (6), F.S., and PSC rule 25-6.065 Interconnection of Small Photovoltaic Systems. In all cases, the prices paid is the purchasing utility's "full avoided costs," the incremental costs to the utility of the electric energy or capacity, or both, which, but for the purchase the utility would generate itself or purchase from another source.
[10] Richard A. Posner, Natural Monopoly and its Regulation, 1 (CATO Institute, Washington, D.C., 1999). See, Richard J. Pierce, Jr. and Ernest Gellhorn, Regulated Industries (West Group, St. Paul, Minnesota, 1999), 48-54, and Tomain and Cudahy, 120-122.

avoid waste.[11] At the heart of economic regulation is the "regulatory compact," an implied contract balancing rights and obligations of a utility and its ratepayers. The regulatory compact has been described as follows.

> The utility business represents a compact of sorts; a monopoly on service in a particular geographic area (coupled with state-conferred rights of eminent domain or condemnation) is granted the utility in exchange for a regime of intensive regulation, including price regulation, quite alien to free market. . . . Each party to the compact gets something in the bargain. As a general rule, utility investors are provided a level of stability in earnings and value less likely to be attained in the unregulated or moderately regulated sector; in turn, ratepayers are afforded universal, non-discriminatory service and protection from monopoly profits through political control over an economic enterprise.[12]

In other words, under the regulatory compact, a utility is granted:
- A protected monopoly within a defined service territory;
- Recovery of all prudent and reasonable costs; and
- The ability to earn a profit within a regulator-determined range of levels of return on investment.

In return, the utility's ratepayers get:
- The utility's obligation to serve, that is the obligation to provide reliable electric service to all paying customers within that service territory;
- Imposition and enforcement of quality of utility service and reliability standards; and
- Fair and reasonable rates.

Regulation in Florida

In Florida, the PSC regulates the electricity industry.[13] Each public utility is required to furnish reasonably sufficient, adequate, and efficient service upon terms as required by the commission to each person applying therefor, and all rates and charges must be fair and reasonable.[14]

The utility's obligation to serve is codified in a statute requiring each public utility to furnish to each person applying therefore reasonably sufficient, adequate, and efficient service, upon terms as required by the commission.[15] This statute means each utility must have generation facilities that are sufficient in quantity and quality to produce enough electricity to meet all levels of demand at all times. This, in turn, requires a reserve margin, an excess of generation facilities to meet peak demand even when a generation plant is out of service or down for maintenance.

[11] Joseph P. Tomain and Richard D. Cudahy, Energy Law, 268 (Thomson West, 2004).
[12] Tomain and Cudahy, 121-122, quoting from *Jersey Cent. Power and Light Co. v. F.E.R.C.*, 810 F.2d 1168 (D.C. Cir. 1987).
[13] Chapter 366, F.S.
[14] Sections 366.03, 366.041, 366.06(2), and 366.81, F.S.
[15] Section 366.03, F.S.

The statutes require rates that are just, reasonable, compensatory, and nondiscriminatory.[16] Compensatory means the utility is entitled to recover all prudently incurred costs plus a fair rate of return for its investors.[17] This also protects customers as it ensures the utility remains fiscally sound enough to continue to provide reliable generation and delivery service, and to obtain capital financing on good terms.

Third Party Sales

General Background

Under economic regulation, each utility:

- Is vertically integrated, owning and operating all the facilities for the entire process of producing, selling, and delivering the electricity to the end-use customer;
- Has a protected monopoly within a defined service territory;
- Is authorized to recover all prudent and reasonable costs and to earn a profit within a regulator-determined range of levels of return on investment; and
- Is required, in return, to provide reliable electric service at all times to all paying customers within that service territory at fair and reasonable rates.

The overarching issue with any proposal to allow third party retail sales of electricity is how to fit these sales into the existing systems of regulation and vertically-integrated utilities while maintaining cost recovery and reliability.

While other states do allow third party sales, most do so in a deregulated market, which may drastically alter many of the conditions and issues.[18] For example, deregulation allows an opportunity for recovery of the costs at issue through recovery of stranded costs, which are the incumbent utility's investments in existing infrastructure, which may become redundant in a competitive environment.

Cost Recovery

To recap the current Florida law, non-utility renewable energy producers can use the electricity produced and sell any excess only to a utility, and the price in each sale is the purchasing utility's full avoided cost, which is the cost the utility would have incurred to produce that amount of electricity if not for the purchase. As such, these transactions do not adversely affect a utility's cost recovery or its ratepayers' rates.

Third party retail sales, on the other hand, necessarily involves the loss to the utility of some amount of revenue, and therefore recovery of costs, with the remaining customers left to pay the continuing costs of existing infrastructure without these lost customers.[19]

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[16] Section 366.041(1), F.S.
[17] Tomain and Cudahy, 126.
[18] As of 2015, least 24 states allow third party sales of renewable energy: Oregon, Texas, Illinois, Michigan, Ohio, Pennsylvania, New York, New Hampshire, Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, and Maryland all had active deregulation; California, Nevada, Arizona, New Mexico, and Virginia had deregulated but suspended deregulation; and Utah, Colorado, Hawaii, Iowa, and Vermont had allowed third party sales in a regulated market.
[19] While some interest groups dispute this point, the Florida Supreme Court held that it is accurate in the *PW Ventures* decision discussed above.

The ratemaking process involves two steps: determining the revenue requirement and designing rates to recover this requirement. A utility's revenue requirement is the total amount of money it must collect from all customers to recover all capital and operating costs, plus a rate of return. It is, in effect, the company's cost of providing service.[20] Rate design, for these purposes, is the setting of rates for different customer classes and differently situated customers within a class to allow the utility to recover its revenue requirement, but no more than that. A rate is designed for each customer class based upon that customer class' total number of customers, projected total usage, and percentage of total revenue requirement allocated to that class. To oversimplify for purposes of illustration, the total revenue from each customer class is equal to the average amount of electricity used by those customers multiplied by the number of customers multiplied by the rate per kilowatt hour for that class, and the total revenue from all customer classes is equal to the revenue requirement. Therefore, the loss of a significant number of smaller-usage customers, or of any major commercial or industrial customer (as in *PW Ventures*), will result in revenue loss and an inability to recover all costs and profits.[21] In such circumstances, as noted by the Florida Supreme Court, the recovery of the cost is spread over fewer remaining customers, meaning costs increase for each of them.[22] Put another way, the remaining customers subsidize some portion of the costs attributable to the renewable energy customers.

Another potential cause of utility losses is uneconomic dispatch. Economic dispatch is based on the cost to produce a unit of electricity.[23] Speaking generally, the cost to produce one megawatt hour of electricity is a factor of how much the fuel costs, how much energy it contains, and how efficient the plant is. With economic dispatch, the fuel with the lowest cost gets dispatched first, then the next, and so on. When production of utility plants is decreased due to excess solar generation and net metering, the idled utility plants may have produced the electricity at a lower cost than the solar resources did, resulting in uneconomic dispatch and costs to the utility and its ratepayers.

The final potential cause of losses is under-used or idle generation facilities. If demand loss reaches significant levels, a utility will have generation plant capacity it is not using but is still recovering sunken costs for, so remaining customers would pay an increased share of these costs, while possibly receiving no benefit from the plant at that point.

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[20] Florida Public Service Commission, *Florida's Electric Utilities: A Reference Guide*, 181 (1994 edition). The formula for determining the revenue requirement is R = (B x r) + E + d + T, or Revenue requirement = (Rate Base x Rate of Return) +Expenses + Depreciation Expense + Taxes. Rate base is the accumulated capital costs of facilities purchased or installed to serve the utility's customers and on which the utility is allowed to earn a return. (168) Rate of return is the amount of money earned by a regulated utility on its capital investments, expressed as a percentage of those investments. (172) Expenses are the utility's variable costs, including such costs as fuel, purchased power, administrative expenses, and cost of compliance with environmental laws.

[21] A significant decrease in sales while maintaining the same number of customers will have the same result. Thus, revenue and cost recovery losses can occur from loss of customers, increased efficiency and conservation, or economic downturn.

[22] When a state deregulates, they refer to costs incurred but not yet fully recovered under regulation as "stranded costs." Typically the state provides some mechanism to continue to ensure recovery of these costs because they were incurred with the regulatory compact's guaranty of recovery. Here, with what is in essence a partial deregulation, the utility's remaining customers will bear a disproportionate cost burden without some mechanism to continue cost recovery from customers of third party renewable energy producers.

[23] For a good, if somewhat dated, discussion of economic dispatch, see Florida Energy 2020 Study Commission, *Florida …. EnergyWise!: A Strategy for Florida's Energy Future*, pages 28-29 (December 2001).

Obligation to Serve and System Reliability

The obligation to serve requires regulated utilities to construct and maintain sufficient generation infrastructure to meet all needs at all times. Maintaining this obligation to serve while allowing third party sales necessarily requires duplicative infrastructure, while making it difficult to recover the costs from the cost causer, the renewable energy producers and their customers.

Additionally, part of operating a reliable electric grid, the system of transmission and distribution power lines that deliver the electricity, is constantly balancing the amount of electricity put onto the grid with the amount taken off and used. Currently, the utilities work with the Florida Reliability Coordinating Council (FRCC), which continuously monitors the electric grid to ensure this balance. This raises two issues: how to coordinate third party sales with the obligation to serve, and how to incorporate unregulated, intermittent power producers into a continuously-balanced and reliable grid.

Issues in Allowing Third Party Sales[24]

The outcome of allowing third party sales depends on what changes are made to current policy and regulation to minimize adverse impacts. These potential changes involve a variety of issues, including the following.

- Should remaining utility customers be protected from increased rates? If so, how?
- Third-party-sales customers likely will continue to purchase some amount of electricity and other services from the utility, which creates an opportunity for continued cost recovery from these customers. If cost recovery is to be authorized, should it be:
  - a fee charged to each customer that also purchases renewable energy from a third party in the amount of that customer's share of previously incurred capital costs;
  - a fee charged each customer that also purchases renewable energy from a third party equal to the actual costs of maintaining generation assets ready to serve that customer;[25]
  - an increased customer charge or minimum monthly charge for all customers, accompanied by a corresponding reduction in the general rates;[26]
  - a demand component charged to all customers; or
  - a price for utility electricity and services negotiated by the utility and the customer that is adequate to recover all costs for all utility services received by customers.
- Another option for addressing cost recovery is through a reduction in the credit for net-metering electricity placed on the grid. However, this could penalize those producing electricity solely for their own use while failing to recover the full amount of revenue lost.

[24] For a fuller discussion of these issues, see The Florida Senate Committee on Communications, Energy, and Public Utilities, *Issues Involved in Providing an Economic Incentive to Enable Expansion of Renewable Energy*, Issue Brief 2010-308 (October 2009) http://archive.flsenate.gov/data/Publications/2010/Senate/reports/interim_reports/pdf/2010-308cu.pdf and The Florida Senate Committee on Communications, Energy, and Public Utilities, *Review of Potential Methods of Encouraging Renewable Energy that Minimize the Economic Impact on Utility Ratepayers*, Issue Brief 2011-109 (October 2010) http://archive.flsenate.gov/data/Publications/2011/Senate/reports/interim_reports/pdf/2011-109cu.pdf.

[25] Florida Power and Light currently has in place a standby charge for both residential and commercial net-metering customers. Solar Outreach Partnership, *Rethinking Standby & Fixed Cost Charges: Regulatory & Rate Design Pathways to Deeper Solar PV Cost Reductions*, 44 (August 2014).

[26] According to PSC staff, this has been done before in circumstances where the utility was concerned that some capital costs relating to distribution lines in an area with a lot of vacation or transient electricity users may not be fully recovered by fees based upon usage amounts.

- Should a third party seller of renewable energy be permitted to participate in a net metering program and sell excess electricity to a regulated utility at the expense of further reducing that utility's cost recovery?
- Should policy and law apportion the obligations to a renewable energy customer among the utility and the third party renewable energy producer? If so, how? Should a third party seller have an obligation to serve similar to a regulated utility? If a third party seller stops producing renewable energy, should it have any responsibilities and liabilities or should the obligations remain with the utility?
- If there is a dispute between the third party seller and a customer, how should the dispute be resolved, through the PSC based on regulatory law or the courts based on contract law?
- What changes are necessary to protect grid reliability? Should third party sellers be required to meet applicable grid requirements, such as communicating and cooperating with the utilities and the FRCC to ensure grid integrity? If so, what mechanism should be created to facilitate this? What more might be necessary to fully and reliably integrate these intermittent sources into the grid?

Timing, Costs, and Benefits

In recent years, several states have addressed changes to their net metering law based on differing claims as to the effect of increase in solar energy for use onsite. The actions taken by these states varied tremendously.

- Some seemed to focus on the impact of the increased use of solar energy on cost recovery: abolishing net metering, lowering the net metering payment, reducing the utilities' purchase requirement, increasing a minimum charge or creating a new customer class, creating or expanding standby or capacity fees, or taking initial steps toward a fixed grid charge.
- Others seemed to focus on the perceived benefits of the solar energy: increasing the amount of the net metering payment or taking steps to institute a systematic reward for the value of those benefits.
- Others either did nothing or ordered a study of costs and benefits.

It appears that the action taken depended, in part, on the decision-maker's viewpoint in examining solar energy's impact, as a current snapshot or as ongoing implementation of changes over time. In states that focused on the cost impact, the viewpoint seemed to be on current effects. In states that focused on a transition and preparing for what was to come, the focus seemed to be on future benefits. In states that took no action or decided to study the issue, the focus seemed to be on the transition, with no assumptions on cost or benefit.

While these state activities did not involve third-party sales, they do seem to suggest some possible effects of a transition to greater use of renewable energy, with third-party sales speeding the appearance and magnitude of the effects.

- In the earliest period of renewable energy use, the losses and benefits to the entire system and customer base are very hard to identify or quantify.
- As use increases, revenue losses become apparent first. Third-party sales will increase both the speed with which this happens and the resulting impact because the third-party sellers most probably will focus on large purchasers first. With the loss of large customers, utilities may have underused or idle plants, the costs of which must still be recovered while the associated customer base and revenue stream are decreasing. As the Florida Supreme Court

found in *PW Ventures*, the utility's only recourse is to charge its remaining customers higher rates.

- As renewable energy becomes more commonplace, benefits may begin to appear. Claimed benefits include avoidance of line loss, peak shaving, avoidance of additional power plants, and externalities.
  - Line loss is electric energy lost because of the transmission of electricity, much of which is due to the current heating the line wires.[27] One factor in line loss is distance traveled, and distributed generation can help by adding electricity at various points; however, the actual effect depends on the location of the additional generation.
  - Real peak shaving does not actually occur with solar energy. The peak in solar output is mid-afternoon, while the peak in summer use is in early evening. Winter peak load is during the very early morning hours.
  - When solar energy use reaches significant levels, or if significant energy storage becomes viable, the need for a new power plant may be avoided, but this effect does not occur until later in increased solar usage.
  - Externalities include claimed benefits such as improvements in human health, decreases in health care and insurance costs, and environmental benefits. These claimed benefits have never been fully identified or quantified. They will remain obscure at this stage.
- As solar energy use increases further, the cost impacts increase and actual benefits will appear and can begin to be quantified.
- At some point, the underused or idle power plants will be retired. The generation fleet will be smaller. All issues of energy production responsibility will be resolved. The benefits will be achieved and will have produced quantifiable results, which may be addressed by further legislative changes. Costs of redundant, retired generation will have been fully recovered, and the system will achieve economic balance and functional reliability.
- However, the actual costs and benefits of getting to this final stage depend greatly on the issues and related policy decisions discussed below.

III. Effect of Proposed Changes:

The bill amends the definition of "public utility" to exclude an entity that produces and provides or sells energy to users located on the property of a renewable energy production facility that uses a solar-based source of renewable energy as defined in s. 377.803(4), F.S.,[28] provided that such facility has a capacity of 2.5 megawatts[29] or less.

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[27] https://definedterm.com/a/definition/6436.

[28] Section 377.803(4), F.S., defines "renewable energy" to mean electrical, mechanical, or thermal energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen, biomass, as defined in s. 366.91, F.S., solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power. Section 366.91(2)(a), F.S., defines "biomass" to mean a power source that is comprised of, but not limited to, combustible residues or gases from forest products manufacturing, waste, byproducts, or products from agricultural and orchard crops, waste or coproducts from livestock and poultry operations, waste or byproducts from food processing, urban wood waste, municipal solid waste, municipal liquid waste treatment operations, and landfill gas.

[29] According to PSC staff, the best match for a single-user maximum need to the maximum production of a 2.5 megawatt solar photovoltaic system would be a large hospital with a lot of equipment. A super Walmart's maximum need could be served by the maximum output of a less than 1 megawatt photovoltaic system. The bill appears to be aimed at sales to multiple large customers. However, a 1 megawatt photovoltaic system requires approximately 7 acres of space, accordingly 2.5 would require 17.5 acres.

This language is unclear. There must be a renewable energy production facility using a solar-based source of renewable energy, and this facility must have a capacity of 2.5 megawatts or less.[30] The energy purchasers must be "located on the property of a renewable energy production facility." The quoted phrase, however, is unclear, so the property identification and any related size limitation are uncertain. Also, the excluded entity is one "that produces and provides or sells energy to" these users or purchasers. The bill does not require that the energy sold be produced by the renewable energy production facility, so it could exempt an entity with one solar panel and one gas-fueled power plant scaled to be profitable within the uncertain property size limitations.

The bill takes effect July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

It appears that third party sellers of renewable energy would not be subject to taxes on those sales, including:

- A sales tax of 4.35 percent;[31]
- A gross receipts tax of 2.6 percent;[32] and
- A discretionary municipal tax on purchases of electricity within the municipality, not to exceed 10 percent of the payments received by the seller from the purchaser for the purchase of such service.[33]

B. Private Sector Impact:

Non-utility, third party renewable energy producers and sellers will benefit, as will their customers, who presumably buy the renewable energy for a lower price and thereby reduce their purchases from the utility, additionally avoiding paying at least some portion

[30] This capacity limitation means that the solar energy must be electrical, not thermal.
[31] Section 212.05(1)(e)1.c., F.S.
[32] Section 203.01(1)(a)4., F.S.
[33] Section 166.231(1)(a), F.S.

of the utility's costs incurred to serve those customers. Remaining utility customers will pay more of the cost recovery, in effect subsidizing the renewable energy customers.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 366.02 of the Florida Statutes.

IX. Additional Information:

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

None.

B. Amendments:

None.