By the Committee on Communications and Public Utilities; and Senator Constantine

579-2264-06

A bill to be entitled

An act relating to energy; creating the Florida Energy Commission, which is located within the Office of Legislative Services for administrative purposes; providing for the membership of the commission; providing for appointment, terms of office, and qualifications of members; providing for voting members to be reimbursed for per diem and travel expenses; providing for meetings of the commission; authorizing the commission to employ staff; requiring that the commission develop policy recommendations concerning specified issues which are based on specified guidelines; requiring an annual report to the Governor, Cabinet, and Legislature; requiring a report to the Governor, the Cabinet, and the Legislature regarding the reduction of greenhouse gasses in the state; transferring all powers, functions, records, personnel, property, and unexpended balances of appropriations of the state energy program within the Department of Environmental Protection to the Florida Energy Commission; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Florida Energy Commission.--

(1) The Florida Energy Commission is created and shall be located within the Office of Legislative Services for

administrative purposes. The commission shall be comprised of a total of 19 members, of whom nine shall be voting members and ten shall be nonvoting members, as follows:

(a) The voting members shall be appointed as follows: three shall be appointed by the Governor, three shall be appointed by the President of the Senate in consultation with the minority leader, and three shall be appointed by the Speaker of the House of Representatives in consultation with the minority leader. Voting members shall be appointed to 4-year terms; however, in order to establish staggered terms, for the initial appointments each appointing official shall appoint one member to a 2-year term, one member to a 3-year term, and one member to a 4-year term. Voting members must meet the following qualifications and restrictions:

1. A voting member must be an expert in one or more of the following fields: energy, natural resource conservation, economics, engineering, finance, law, consumer protection, state energy policy, or another field substantially related to the duties and functions of the commission. The commission shall fairly represent the fields specified in this subparagraph.

2. A voting member may not, at the time of appointment or during his or her term of office:

a. Have 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 profit by the policy recommendations developed by the commission.

b. Be employed by or 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 profit by the policy recommendations developed by the commission.

(b) The nonvoting members shall include:

1. The chair of the Florida Public Service Commission;

2. The Public Counsel;

3. The Commissioner of Agriculture;

4. The Secretary of Environmental Protection;

5. The Secretary of Community Affairs;

6. The Secretary of Transportation;

7. The Secretary of Health;

8. The director of the Office of Insurance Regulation;

9. The chair of the State Board of Education; and

10. The director of the Florida Solar Energy Center.

(2) Voting members shall serve without compensation, but are entitled to reimbursement for per diem and travel expenses as provided by s. 112.061, Florida Statutes. Nonvoting members shall serve at the expense of the entity they represent.

(3) The Governor shall select the chair. Meetings of the commission shall be held in various locations around the state and at the call of the chair; however, the commission must meet at least twice each year.

(4)(a) The commission may employ staff to assist in the performance of its duties, including an executive director, an attorney, a communications person, and an executive assistant.

(b) Agencies whose heads serve as nonvoting members shall supply staff and resources as necessary to provide information needed by the commission.

(c) The commission may appoint focus groups to consider specific issues.

(5) The commission shall develop recommendations for legislation to establish a state energy policy, giving consideration to the issues set forth in subsections (8) and (9). The recommendations of the commission shall be based on the guiding principles of reliability, efficiency, affordability, and diversity as provided in subsection (7). The commission shall continually review the state energy policy and shall recommend to the Legislature any additional necessary changes or improvements. The commission shall also perform other duties as set forth in general law.

(6) The commission shall report by December 31 of each year to the Governor, the Cabinet, the President of the Senate, and the Speaker of the House of Representatives on its progress and recommendations, including draft legislation. The commission's initial report must identify incentives for research, development, or deployment projects involving the goals and issues set forth in this section; set forth recommendations for improvements to the electricity transmission and distribution system, including recommended incentives to encourage electric utilities and local governments to work together in good faith on issues of underground utilities; set forth the appropriate test for the Florida Public Service Commission to use in determining which energy efficiency programs are cost-effective and should be implemented, together with the rationale in selecting the test; and set forth a plan of action, together with a timetable, for addressing the remaining issues.

(7) In developing its recommendations, the commission shall be guided by the principles of reliability, efficiency, affordability, and diversity, and more specifically as follows:

(a) The state should have a reliable electric supply, with adequate reserves.

(b) The transmission and delivery of electricity should be reliable.

(c) The generation, transmission, and delivery of electricity should be accomplished with the least detriment to the environment and public health.

(d) The generation, transmission, and delivery of electricity should be accomplished compatibly with the goals for growth management.

(e) Electricity generation, transmission, and delivery facilities should be reasonably secure from damage, taking all factors into consideration, and recovery from damage should be prompt.

(f) Electric rates should be affordable, as to base rates and all recovery-clause additions, with sufficient incentives for utilities to achieve this goal.

(g) This state should have a reliable supply of motor vehicle fuels, both under normal circumstances and during hurricanes and other emergency situations.

(h) In-state research, development, and deployment of alternative energy technologies and alternative motor vehicle fuels should be encouraged.

(i) When possible, the resources of this state should be used in achieving these goals.

(j) Consumers of energy should be encouraged and given incentives to be more efficient in their use of energy.

In choosing between conflicting or competing goals, the commission shall balance the projected benefits of affordable, reliable energy supplies against detrimental cost and

environmental impacts and recommend the best solution, with a complete and detailed explanation of the factors considered and the rationale for the decision.

(8) The commission shall develop policy recommendations concerning the following issues relating to electric energy:

(a) Are the current projections for growth in population and electricity demand and corresponding projected increases in capacity sufficient to meet needs?

(b) With respect to fossil fuels:

1. What are the projections for the availability and the cost of fossil fuels used to generate electricity?

2. Can and should this state reduce its reliance on domestic or foreign petroleum products?

3. What, if anything, should be done to improve fuel supplies during normal conditions and in emergencies?

4. What, if anything, should be done to encourage additional methods and routes of fuel delivery?

5. Should this state seek redundant natural gas pipelines in order to have a safety net?

6. What other improvements, if any, should be made to methods of fuel delivery?

7. What, if anything, should be done to increase in-state storage of coal and natural gas?

8. Would additional coal plants be beneficial, and if so, what should be done to encourage the construction of such plants?

(c) With respect to fuel diversity and alternative energy technology:

1. What role does fuel diversity play in maximizing reliability and minimizing costs?

2. Would additional nuclear plants be beneficial, and if so, what should be done to encourage the construction of such plants?

3. What alternative energy technologies are available and technically and economically feasible in this state and what, if anything, should be done to encourage the use of these resources?

(d) With respect to the environmental effects of fossil fuels, alternative fuels, and alternative technologies:

1. What types and levels of pollution are involved with each type of fuel and technology?

2. Can the pollution be avoided or reduced, and if so, what are the costs?

3. Should the Legislature enact pollution standards, and if so, should they be fuel-specific or a more general pollution-portfolio standard that applies to all types of fuels and technologies?

4. What, if anything, should the state do to reduce carbon emissions, taking into consideration what the federal government and other states are doing?

5. How do these issues affect fuel and generation choices?

(e) With respect to demand-side management and efficiency:

1. What role, if any, should demand-side management and efficiency play in meeting electric needs?

2. What, if anything, should be done to improve demand-side management and efficiency of electricity?

3. What state entity should be involved in encouraging and monitoring demand-side management and efficiency?

4. What technology, if any, should be used to encourage advanced metering systems and innovative price signals?

5. What can the state do as a consumer of energy to decrease its use of energy and to be more efficient in its use of energy?

6. What is the appropriate test for the Florida Public Service Commission to use in determining which energy efficiency programs are cost-effective and should be implemented?

(f) With respect to transmission and distribution facilities:

1. What, if anything, should be done to generally improve the siting of transmission and distribution lines?

2. What technology, if any, should be used to make transmission and distribution more efficient?

3. Should multiple electric lines be located together to minimize the effect on property or located separately to increase reliability?

4. What are the projections for hurricanes?

5. What, if anything, should be done to strengthen or harden transmission facilities or otherwise improve their security and reliability?

6. How do fuel and technology choices affect planning for and recovering from hurricanes?

7. Should distributed generation be considered as part of the solution for reliability or for the purpose of avoiding additional transmission or generation?

8. What types of threats to the electric system, other than hurricanes, should be taken into consideration in this planning?

(g) With respect to energy and growth management:

1. How can the state best provide adequate energy facilities for existing populations?

2. How can the state best provide for compatible goals and laws for future energy and growth-management needs?

3. How should issues of restoring energy supplies after a hurricane or other emergency affect growth management and local government goals and laws?

4. What changes, if any, should be made to where energy generation, transmission, and distribution facilities are sited, and what changes, if any, should be made to how strategic or essential service facilities are sited relative to those energy supplies?

(h) In making all these choices, what, if anything, should be done to avoid or minimize price increases in base rates or recovery clauses for consumers?

(i) With respect to research, development, and deployment of new or alternative energy technologies:

1. What, if anything, should be done to encourage in-state energy research, both public and private?

2. If encouragement of research is appropriate, what types of research should be encouraged?

3. What, if anything, should be done to encourage universities, other state entities, and the private sector to work together in the research, development, and deployment of alternative energy technology, without creating an economic disincentive for any entity?

4. What, if anything, should be done in terms of recruiting companies operating in the energy fields to relocate to this state?

5. What, if anything, should be done to provide funding or assist in obtaining funding for research or for energy companies in order to further in-state research and the development of energy technologies?

6. What state entities should be involved in these functions?

7. What are the potential effects of these issues and choices on tourism, agriculture, small businesses, and industry in the state?

(9) The commission shall develop policy recommendations concerning the following issues relating to motor vehicle fuels:

(a) With respect to fossil fuels:

1. What are the projections for the availability and cost of motor vehicle fossil fuel?

2. What, if anything, should be done to increase the availability of motor vehicle fossil fuels in this state during normal circumstances and during hurricanes or other emergencies?

3. What, if anything, should be done to improve the delivery of fuel into the state?

4. What, if anything, should be done relative to ports? What, if anything, should be done to improve port deliveries? What, if anything, should be done to improve the capacity and service at existing ports or to open more ports?

5. What, if anything, should be done to encourage pipelines?

6. What, if anything, should be done to improve the security of and access to in-state supplies?

7. What improvements, if any, should be made relating to the in-state storage of motor vehicle fuels?

8. What else, if anything, should be done to avoid or ameliorate shortages and price increases?

(b) With respect to alternatives to fossil fuels for motor vehicles:

1. What, if anything, should be done to encourage the use of alternative fuels?

2. What, if anything, should be done to produce fuels within this state and to maximize the state's resources?

3. What facilities for fuel distribution and sales would be necessary, and what, if anything, should be done to encourage the development of these facilities?

4. What effect would these alternatives have on the recovery from hurricanes or other emergencies?

5. What can the state do as a consumer of motor vehicle fuels to decrease its use of such fuels and to be more efficient in its use of fuels?

(c) What can be done to maximize the compatibility of any system changes and growth-management goals and laws?

(d) With respect to the research, development, and deployment of alternative fuels:

1. What, if anything, should be done to encourage in-state research, both public and private?

2. What, if anything, should be done to encourage universities to work together, with other state entities, and with the private sector in the research, development, and deployment of alternative fuels, without creating any disincentive for any entity?

3. What, if anything, should be done to recruit or encourage companies working with alternative fuels to locate in this state?

4. What, if anything, should be done to provide funding or assist in obtaining funding for universities, state entities, or the private sector in order to encourage in-state research and development of energy technologies relating to motor vehicles?

5. What state entities should be involved in these functions?

6. What are the potential effects of these issues and choices on tourism, agriculture, small business, and industry in the state?

(10)(a) The commission shall, by December 31, 2007, submit a report to the Governor, the Cabinet, the President of the Senate, and the Speaker of the House of Representatives which recommends consensus-based public-involvement processes to reduce greenhouse gas emissions in this state and to make such reductions and related economic, energy, and environmental co-benefits a state priority.

(b) The report must include recommended steps and a schedule for the development of a comprehensive state climate action plan with statewide greenhouse-gas-reduction goals and a range of specific policy options for all economic sectors to be developed through a public-involvement process, including transportation and land use; power generation; residential, commercial, and industrial activities; waste management; agriculture and forestry; emissions-reporting systems; and public education.

(c) The climate action plan must include:

1. Recommendations for the development of an annual greenhouse-gas-emissions inventory by the Department of Environmental Protection, recommendations for the development of a current comprehensive inventory of state greenhouse gas

emissions since 1990 and a similar forecast of state greenhouse gas emissions from the present to the year 2020 or later.

2. Recommended steps to identify areas where specific greenhouse-gas-reduction policies are feasible; the costs and benefits of each recommendation; methods for helping individuals, institutions, and businesses reduce emissions; an implementation schedule; and identification of funding requirements for the development and implementation of strategies.

3. Consideration of the feasibility of establishing by law a greenhouse-gas-reduction target to lower greenhouse gas emissions in the state below the forecasted levels of emissions growth in the future at maximum achievable levels.

(d) The commission may appoint technical advisory committees and technical assistance providers to provide recommendations to assist with the intent of this subsection.

Section 2. The state energy program, as authorized and governed by ss. 377.701 and 377.703, Florida Statutes, including all statutory powers, duties, functions, rules, records, personnel, property, and unexpended balances of appropriations, allocations, and other funds associated with the program, is transferred intact by a type two transfer, as defined in s. 20.06(2), Florida Statutes, from the Department of Environmental Protection to the Florida Energy Commission.

Section 3. This act shall take effect upon becoming a law.

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR SB 890

The Committee Substitute for Senate Bill 890:

-creates the Florida Energy Commission and requires that the Commission develop recommendations for a statewide energy policy based on stated guidelines and considerations; and

-transfers the Energy Office from the Department of Environmental Protection to the Commission.