A bill to be entitled

An act relating to alternative energy; creating the distributed alternative energy generation development initiative; providing legislative findings and intent; providing definitions; authorizing certain state agencies, universities, and private sector entities to develop and operate distributed alternative energy generation pilot projects; requiring electric utilities to provide pilot projects with interconnection, net metering, transmission and distribution, and backup and standby power services; specifying requirements and fees for such services; providing for pilot projects to receive credit for certain energy generation; requiring the Public Service Commission and the Department of Environmental Protection to adopt specified rules; requiring the department to submit an annual report to the Governor and the Legislature; providing an effective date.

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

Section 1. Distributed alternative energy generation and development initiative.--

(1) LEGISLATIVE FINDINGS AND INTENT.--The Legislature finds that the state has a vital interest in the development of distributed alternative energy generation and that the development of distributed alternative energy generation can be encouraged through limited scope pilot projects between state agencies, the private sector, and certain qualifying public

research universities. It is the intent of the Legislature to promote the development of distributed alternative energy generation by encouraging innovation and investment in distributed alternative energy generation and pilot projects and allowing a transitional period in which new and emerging technologies are subject to reduced or different regulatory constraints than those applicable to traditional energy suppliers.

(2) DEFINITIONS.--As used in this section, the term:

(a) "Alternative energy" means alternatives to coal and oil as energy sources used to produce electrical power or efficiency and conservation methods that can be used to minimize the need for energy sources used to produce electrical power, that uses one or more of the following fuels, energy sources, or energy-saving mechanisms: solar water heat, solar space heat, solar thermal electric, process heat, photovoltaics, landfill gas, wind, biomass, hydroelectric, ocean, geothermal, groundwater heat exchange, carbon dioxide-free hydrogen, solid waste, combined heat and power cogeneration, coal gasification, anaerobic digestion, distributed generation technologies, combined cycle natural gas, nuclear, biofuels such as biokerosene and ethanol, demand side management, light emitting diode and natural lighting, and other energy-efficient resources.

(b) "Distributed alternative energy generation pilot project" or "pilot project" means a collaboration, partnership, or joint venture between a state agency, a research university, and a private sector entity to build and operate a distributed

alternative energy generation facility to produce energy for the use of the pilot project participants and the electric utility serving the pilot project participants.

(c) "Behind-the-meter" means the interconnection of an energy generating unit is located behind a retail customer meter on the customer side and requires no additional electric utility-owned transmission or distribution facilities for the delivery of energy.

(d) "Electric utility" means any municipal electric utility, investor-owned electric utility, or rural electric cooperative which owns, maintains, or operates an electric generation, transmission, or distribution system within the state.

(e) "Research university" means a member of the State University System that has been designated as a doctoral/research university-extensive by the Carnegie Foundation and is served by a municipal electric utility.

(3) ALTERNATIVE ENERGY PILOT PROJECTS.--State agencies and research universities that are located in the same community and served by an electric utility are authorized to enter into partnerships and other similar enterprises with private sector entities to develop and operate distributed alternative energy generation pilot projects. The following provisions shall apply to such pilot projects:

(a) Interconnection service.--An electric utility serving the community in which a pilot project is located shall provide interconnection service to the pilot project. Interconnection services shall be offered based upon the standards developed by

the Institute of Electrical and Electronic Engineers and incorporated in IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended, at a fee not to exceed the electric utility's incremental cost of providing such service. All projects classified as IEEE Standard 1547.3 Distributed Resource Class 1 power shall be behind-the-meter.

(b) Net metering service.--An electric utility serving the community in which a pilot project is located shall provide net metering service to the pilot project. The electric utility shall provide to the pilot project meters that subtract the amount of energy generated from the amount of energy consumed. The pilot project shall receive credit at the full retail rate for energy generated by the pilot project. If the pilot project generates more energy than it consumes during a billing cycle, the serving municipal utility shall pay the pilot project for the excess generation at the full avoided cost under s. 366.051.

(c) Transmission and distribution service.--An electric utility serving the community in which a pilot project is located shall provide transmission and distribution service to enable the pilot project to transmit energy to another participating pilot project facility at a fee not to exceed the serving municipal electric utility's incremental cost of providing such service.

(d) Backup and standby power service.--If a behind-the-meter arrangement is not used, the electric utility serving the community in which a pilot project is located shall provide backup and standby power service to the pilot project at a fee

not to exceed the electric utility's commercial rate for such service.

(4) RULES.--The Public Service Commission and the Department of Environmental Protection shall adopt rules to implement and administer this section, including a reporting requirement for pilot project participants.

(5) REPORT.--The Department of Environmental Protection shall submit an annual report of the activities of the pilot project to the Governor, the President of the Senate, and the Speaker of the House of Representatives by July 1 of each year, beginning on July 1, 2009.

Section 2. This act shall take effect July 1, 2008.