

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 Communications, Energy, and Public Utilities Committee

BILL: CS/SB 1380

INTRODUCER: Communications, Energy and Public Utilities Committee and Senator King

SUBJECT: Solar Energy

DATE: March 17, 2009

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	FAV/CS
2.			EP	
3.			GA	
4.			RC	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|--|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill directs the Solar Energy Center to increase its fees to an amount that will cover its testing costs. It also deletes the requirement that solar systems manufactured or sold in Florida be certified as meeting Florida's standards.

The bill also provides that the manufacture, sale, training, and installation of a solar system do not require a separate license if the person discloses that he or she is not acting as a licensed contractor and retains a licensed contractor to install the products or system.

The bill substantially amends section 377.705 of the Florida Statutes.

II. Present Situation:

Florida Solar Energy Center

The Florida Solar Energy Center (center) is an energy research institute of the University of Central Florida. It was created in by the Legislature in 1976 by s. 377.705, F.S. Under this

statute, the center is required to encourage the development of solar energy by setting standards for such systems. The center is to:

- develop and promulgate standards for solar energy systems manufactured or sold in this state;
- establish criteria for testing performance of solar energy systems and maintain the necessary capability for testing or evaluating performance of solar energy systems; and
- be entitled to receive a testing fee sufficient to cover the costs of such testing.

All testing fees are to be transmitted by the center to the Chief Financial Officer to be deposited in the Solar Energy Center Testing Trust Fund within the State Treasury. Trust fund moneys are to be disbursed for the payment of expenses incurred in testing solar energy systems.

The section also requires that all solar energy systems manufactured or sold in the state meet the standards established by the center and display accepted results of approved performance tests in a manner prescribed by the center.

Office of Program Policy Analysis and Governmental Accountability Review

The Office of Program Policy Analysis and Governmental Accountability (OPPAGA) did a review of the center during the 2008-09 interim. OPPAGA reported that in addition to testing solar systems manufactured or sold in Florida, the center also tests systems for manufacturers throughout the nation under a contract with the Solar Rating and Certification Corporation (corporation), which is partially funded by the U.S. Department of Energy to develop national standards for solar thermal systems. The standards used for these two groups of tests are similar. Most of the testing is done relating to national standards; in Fiscal Year 2007-08, the center reports that it certified 12 solar systems to Florida standards and 80 solar systems to national standards.

The center faces two problems in testing and certifying solar systems. The first problem is that the testing process is lengthy, taking an average of 227 days, resulting in a backlog of 32 testing requests that will take two years to eliminate. This has impacts on both manufacturers and consumers because certification is necessary for manufacturers to legally sell solar thermal systems and for purchasers of solar thermal systems to qualify for federal tax credits, and the center is the only accredited solar thermal testing laboratory in the United States.

The second problem is that, although the statute authorizes the center to charge fees in an amount sufficient to cover its costs, the fee actually charged is insufficient, covering only 30 percent of these costs. Payment of the shortfall comes from state education and general university funds allocated to the University of Central Florida, \$256,255 in Fiscal Year 2007-08. Thus, Florida taxpayers largely subsidize the testing and certification costs of manufacturers who sell products nationally.

OPPAGA suggested three options to address these problems:

- Direct the center to develop and submit to the University of Central Florida and the Board of Governors a plan that specifies strategies, timeframes, and costs for eliminating the certification backlog;

- Direct the center to increase its fees to an amount that will cover all costs and eliminate the subsidy; or,
- Eliminate the statutory requirement that solar systems be certified against Florida-specific standards.

Solar Contractor Licensing

Solar contractors are regulated pursuant to chapter 489, F.S. Paragraph 489.105(3)(o), F.S., defines the term “solar contractor” to mean “a contractor whose services consist of the installation, alteration, repair, maintenance, relocation, or replacement of solar panels for potable solar water heating systems, swimming pool solar heating systems, and photovoltaic systems and any appurtenances, apparatus, or equipment used in connection therewith, whether public, private, or otherwise, regardless of use. A contractor, certified or registered pursuant to the provisions of this chapter, is not required to become a certified or registered solar contractor or to contract with a solar contractor in order to provide any services enumerated in this paragraph that are within the scope of the services such contractors may render under this part.”

III. Effect of Proposed Changes:

The bill addresses two of the three OPPAGA recommendations. First, it directs the Solar Energy Center to increase its fees to an amount that will cover its testing costs. Second, it deletes the requirement that solar systems manufactured or sold in Florida be certified as meeting Florida’s standards. The third recommendation, development of a plan to address the backlog and improve the testing and certification process, is to be done without legislative direction.

The bill also provides that the manufacture, sale, training, and installation of a solar system do not require a separate license if the person discloses that he or she is not acting as a licensed contractor and retains a licensed contractor to install the products or system.

The bill takes effect July 1, 2009.

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:**

None.

B. Private Sector Impact:

Manufacturers of solar systems will be required to pay a higher fee to cover all of the center's testing and certification costs.

C. Government Sector Impact:

The center will recoup all of its testing and certification costs and the University of Central Florida will no longer be required to make up any shortfall.

VI. Technical Deficiencies:

None.

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.)

The bill:

- directs the Solar Energy Center to increase its fees to an amount that will cover its testing costs;
- deletes the requirement that solar systems manufactured or sold in Florida be certified as meeting Florida's standards; and
- provides that the manufacture, sale, training, and installation of a solar system do not require a separate license if the person discloses that he or she is not acting as a licensed contractor and retains a licensed contractor to install the products or system.

B. Amendments:

None.