

**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.)

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Prepared By: The Professional Staff of the Committee on Appropriations

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BILL: CS/CS/SB 1044

INTRODUCER: Agriculture Committee; Communications, Energy, and Public Utilities Committee; and Senator Simpson

SUBJECT: Energy Policies

DATE: April 21, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wiehle</u>	<u>Caldwell</u>	<u>CU</u>	<u>Fav/CS</u>
2.	<u>Weidenbenner</u>	<u>Becker</u>	<u>AG</u>	<u>Fav/CS</u>
3.	<u>Blizzard</u>	<u>Kynoch</u>	<u>AP</u>	<u>Pre-meeting</u>

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/CS/SB 1044 revises the statutes for the energy-related duties, powers, and functions of the Department of Agriculture and Consumer Services (DACS or department). Specifically the bill:

- Authorizes the department to promote all forms of renewable energy, not simply solar;
- Authorizes the Florida Energy Systems Consortium to participate with the department and other entities in aiding and promoting the commercialization of renewable energy;
- Authorizes the Commissioner of Agriculture to appoint a member of the Southern States Energy Board (SSEB);
- Repeals obsolete statutes creating the rebates for solar energy systems and energy efficient appliances, together with making conforming changes;
- Authorizes the department to post information on its website relating to alternative fueling stations and electric vehicle charging stations that are available to the public; and
- Adds a representative of the Office of Energy within the department to the Florida Building Commission.

The bill does not appear to have a fiscal impact on state revenues or expenditures.

## II. Present Situation:

### Office of Energy

The Office of Energy is the state entity primarily responsible for non-regulatory energy matters, including coordinating with federal entities on energy issues, administering federal energy programs delegated to the state, and administering state energy rebate programs. The Office of Energy, currently located in the DACS, has been located in the Executive Office of the Governor, the Department of Community Affairs, and the Department of Environmental Protection.

Section 377.6015, F.S., provides the department's primary powers and duties relating to energy resources, including:

- Administering the Florida Renewable Energy and Energy-Efficient Technologies Grants Program;
- Developing policy for requiring grantees to provide royalty-sharing or licensing agreements with state government for commercialized products developed under a state grant;
- Administering the Florida Green Government Grants Act and setting annual priorities for grants;
- Administering specified information gathering and reporting functions;
- Administering the provisions of the Florida Energy and Climate Protection Act;
- Advocating for energy and climate change issues and provide educational outreach and technical assistance in cooperation with the state's academic institutions;
- Participating in the Public Service Commission's Florida Energy Efficiency and Conservation Act proceedings to adopt goals; and
- Adopting rules in order to implement these powers and duties.

Section 377.703, F.S., sets forth the following additional functions of the DACS relating to energy:

- Submission of an annual report to the Governor and Legislature reflecting its activities, which must include recommendations for energy conservation programs for the state;
- Promoting the development and use of renewable energy resources by:
  - Establishing goals and strategies for increasing the use of solar energy in this state;
  - Aiding and promoting the commercialization of solar energy technology, in cooperation with the Florida Solar Energy Center and other agencies;
  - Identifying barriers to greater use of solar energy systems in this state; and
  - In cooperation with specified entities, investigating opportunities for solar electric vehicles and other solar energy manufacturing, distribution, installation, and financing efforts which will enhance this state's position as the leader in solar energy research, development, and use; and
- Promoting energy conservation in all energy use sectors throughout the state.

### Southern States Energy Compact

Section 377.711, F.S., establishes Florida as a member of the Southern States Energy Compact. The compact is performed by the Southern States Energy Board (SSEB or board). The SSEB is a non-profit interstate compact organization created by state law in 1960 and consented to by

Congress<sup>1</sup> with a broad mandate to contribute to the economic and community well-being of the southern region.<sup>2</sup> Its mission is to enhance economic development and the quality of life through innovations in energy and environmental policies, programs, and technologies. The board's membership includes sixteen southern states and two territories: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, U.S. Virgin Islands, Virginia, and West Virginia. Each jurisdiction is represented by the Governor and a legislator from the House and Senate. A Governor serves as the chair and legislators serve as vice-chair and treasurer. Ex-officio non-voting board members include a federal representative appointed by the President of the United States, the Southern Legislative Conference Energy and Environment Committee Chair, and the SSEB's executive director, who serves as secretary.

The SSEB pursues its mission through the creation of programs in the fields of energy and environmental policy research, development and implementation, science and technology exploration, and related areas of concern. The SSEB serves its members directly by providing assistance designed to develop effective energy and environmental policies and programs and represents its members before governmental agencies at all levels. The board's long-term goals are to:

- Perform essential services that provide direct scientific and technical assistance to state governments;
- Develop, promote, and recommend policies and programs on energy, environment, and economic development that encourage sustainable development;
- Provide technical assistance to executive and legislative policy-makers and the private sector in order to achieve synthesis of energy, environment, and economic issues that ensure energy security and supply;
- Facilitate the implementation of energy and environmental policies between federal, state, and local governments and the private sector;
- Sustain business development throughout the region by eliminating barriers to the use of efficient energy and environmental technologies; and
- Support improved energy efficient technologies that pollute less and contribute to a clean global environment while protecting indigenous natural resources for future generations.

Core funding for the board comes from the appropriations of its eighteen member jurisdictions. Each member's share of support is determined by a formula written into the original compact. The SSEB also is authorized to accept funds from any state, federal agency, interstate agency, institution, person, firm, or corporation provided those funds are used for the board's purposes and functions. In addition, the SSEB maintains an associate members program comprised of industry partners who provide an annual contribution to the board.

Section 377.712, F.S., provides for Florida's participation on the SSEB, including requiring the Governor, President of the Senate, and Speaker of the House of Representatives to each appoint one member to the SSEB.<sup>3</sup> The section also authorizes departments, agencies, and officers of the

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<sup>1</sup> Public Laws 87-563 and 92-440.

<sup>2</sup> <http://www.sseb.org/about/> last accessed 2/20/2014.

<sup>3</sup> Currently the Florida members are Governor Rick Scott, Senator Anitere Flores, and Representative Jose Felix Diaz.

state and its subdivisions to cooperate with the SSEB if the activities have been approved by either the Governor or the Florida Department of Health.

### **Rebate Programs**

Section 377.802, F.S., provides the purpose of the Florida Energy and Climate Protection Act. Among these purposes is providing incentives for the purchase of energy-efficient appliances and rebates for solar energy equipment installations for residential and commercial buildings.

Section 377.806, F.S., creates the Solar Energy System Incentives Program. The program was created in 2006 and was administered by the Florida Energy Office within the Florida Energy and Climate Commission (FECC). The purpose of the program was to provide financial incentives (rebates on a portion of the purchase price) for the purchase and installation of solar energy systems that meet specified requirements. Rebates were available for both solar photovoltaic systems that produce electricity and solar thermal systems that produce heat. The amounts of the rebates were as follows:

- For a photovoltaic system, the rebate amount was \$4 per watt based on the total wattage rating of the system, with the maximum amount per system installation of:
  - \$20,000 for a residence and
  - \$100,000 for a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization, including condominiums or apartment buildings.
- For a solar thermal system:
  - \$500 for a residence and
  - \$15 per 1,000 Btu up to a maximum of \$5,000 for a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization, including condominiums or apartment buildings.
- For a solar thermal pool heater, the rebate amount was \$100 per installation.

The rebate was available only for the purchase and installation between July 1, 2006, and June 30, 2010, for new solar energy systems of two kilowatts or larger for a solar photovoltaic system. A photovoltaic system is a solar energy system that provides at least 50 percent of a building's hot water consumption for a solar thermal system, or a solar thermal pool heater. Application for a rebate had to be made within 120 days after the purchase of the solar energy equipment.

The FECC was to determine and publish the amount of rebate funds remaining in each fiscal year. The total dollar amount of all rebates issued was subject to the appropriations in any fiscal year for this program.

The Legislature provided annual funding for the program, as follows:

- FY 2006-07           \$2.5 million in general revenue
- FY 2007-08           \$3.5 million in general revenue
- FY 2008-09           \$5.0 million in general revenue
- FY 2009-10           \$14.4 million in federal American Recovery and Reinvestment Act (ARRA) 2009 funds

The program was more popular than anticipated. Additionally, the FECC did not announce that funds for the program had been depleted until several months after the fact. These factors contributed to a backlog of over 12,000 applications and approximately \$49 million of rebate applications had accumulated as of October 2010. The rebate applications dated as far back as June 2009.<sup>4</sup>

Section 377.807, F.S., authorized the FECC to develop and administer a consumer rebate program for residential energy-efficient appliances consistent with federal law.<sup>5</sup> The Office of Energy applied for federal funds for this rebate program and received a U.S. Department of Energy (USDOE) ARRA Stimulus Grant of \$17,585,000 to be used exclusively for ENERGY STAR appliance rebate programs. The rebate program consisted of two phases designed to focus on replacing appliances that provided savings in energy and water. In phase one, customers received a rebate for 20 percent of the value of their appliance. In addition, a bonus of \$75 was provided to customers to recycle old appliances. At the conclusion of phase one, \$2,531,143 million remained from the original grant. The USDOE suggested the Office of Energy use these funds and State Energy Program Grant funds to create a rebate program for air conditioning appliances. Phase two focused on residential central air conditioners and heat pumps. Customers received \$1,500 for a combination of replacing appliances and having a home duct test completed.<sup>6</sup>

### **Florida Building Commission**

Section 553.74, F.S., creates the Florida Building Commission (commission), which develops the Florida Building Code, including the Energy Efficiency Code for Building Construction. The commission approves products for statewide acceptance and administers the Building Code Training Program. The commission is composed of 26 members, appointed by the Governor subject to confirmation by the Senate. The membership must be composed of:

- One architect registered to practice in this state and actively engaged in the profession;
- One structural engineer registered to practice in this state and actively engaged in the profession;
- One air-conditioning or mechanical contractor certified to do business in this state and actively engaged in the profession;
- One electrical contractor certified to do business in this state and actively engaged in the profession;
- One member from fire protection engineering or technology who is actively engaged in the profession;
- One general contractor certified to do business in this state and actively engaged in the profession;
- One plumbing contractor licensed to do business in this state and actively engaged in the profession;
- One roofing or sheet metal contractor certified to do business in this state and actively engaged in the profession;

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<sup>4</sup> See [http://freshfromflorida.s3.amazonaws.com/Office\\_of\\_Energy\\_Annual\\_Report\\_2011.pdf](http://freshfromflorida.s3.amazonaws.com/Office_of_Energy_Annual_Report_2011.pdf). (last visited Mar. 27, 2014).

<sup>5</sup> Chapter 2009-36, Laws of Florida.

<sup>6</sup> [http://freshfromflorida.s3.amazonaws.com/Office\\_of\\_Energy\\_Annual\\_Report\\_2011.pdf](http://freshfromflorida.s3.amazonaws.com/Office_of_Energy_Annual_Report_2011.pdf), pages 19-20, last accessed 2/21/1014.

- One residential contractor licensed to do business in this state and actively engaged in the profession;
- Three members who are municipal or district codes enforcement officials, one of whom is also a fire official;
- One member who represents the Department of Financial Services;
- One member who is a county codes enforcement official;
- One member of a Florida-based organization of persons with disabilities or a nationally chartered organization of persons with disabilities with chapters in this state;
- One member of the manufactured buildings industry who is licensed to do business in this state and is actively engaged in the industry;
- One mechanical or electrical engineer registered to practice in this state and actively engaged in the profession;
- One member who is a representative of a municipality or a charter county;
- One member of the building products manufacturing industry who is authorized to do business in this state and is actively engaged in the industry;
- One member who is a representative of the building owners and managers industry who is actively engaged in commercial building ownership or management;
- One member who is a representative of the insurance industry;
- One member who is a representative of public education;
- One member who is a swimming pool contractor licensed to do business in this state and actively engaged in the profession;
- One member who is a representative of the green building industry and who is a third-party commission agent, a Florida board member of the United States Green Building Council or Green Building Initiative, a professional who is accredited under the International Green Construction Code (IGCC), or a professional who is accredited under Leadership in Energy and Environmental Design (LEED);
- One member who is a representative of a natural gas distribution system and who is actively engaged in the distribution of natural gas in this state; and
- One member who shall be the chair.

### **Florida Energy Systems Consortium**

Section 1004.648, F.S., creates the Florida Energy Systems Consortium (FESC or consortium) to promote collaboration among experts in the State University System for the purposes of sharing energy-related expertise and assisting in the development and implementation of a comprehensive, long-term, environmentally compatible, sustainable, and efficient energy strategic plan for the state. The FESC is to focus on the research and development of innovative energy systems that will lead to alternative energy strategies, improved energy efficiencies, and expanded economic development for the state.

The FESC consists of all of the state universities and is administered by a director appointed by the president of the University of Florida. The director reports to the DACS. The consortium has an oversight board consisting of the vice president for research or other appropriate representative appointed by the university president of each member of the consortium. The oversight board is responsible for the technical performance and financial management of the FESC.

The goal of the FESC is to become a world leader in energy research, education, technology, and energy systems analysis through collaborative research and development across the State University System and the industry. In so doing, the FESC is to:

- Coordinate and initiate increased collaborative interdisciplinary energy research among the universities and the energy industry;
- Assist in the creation and development of a Florida-based energy technology industry through efforts that will expedite commercialization of innovative energy technologies by taking advantage of the energy expertise within the state university system, high-technology incubators, industrial parks, and industry-driven research centers;
- Provide a state resource for objective energy systems analysis;
- Develop education and outreach programs to prepare a qualified energy workforce and informed public; and
- Solicit and leverage state, federal, and private funds for the purpose of conducting education, research, and development in the area of sustainable energy.

The statute creates a steering committee that is responsible for ensuring the success of the consortium's mission. The steering committee consists of the university representatives included in the Centers of Excellence proposals for the FESC and the Center of Excellence in Ocean Energy Technology-Phase II; a university representative appointed by the president of Florida International University; and a representative of the DACS.

The FESC must, by November 1 of each year, submit an annual report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the DACS regarding its activities, including, but not limited to, education and research related to, and the development and deployment of, alternative energy technologies.

### III. Effect of Proposed Changes:

**Section 1** amends s. 377.6015, F.S., to remove language stating that the DACS is to represent Florida in the Southern Energy Compact.

**Section 2** amends s. 377.703, F.S., regarding the additional duties of the DACS relating to energy by:

- Adding a requirement that the department's annual report to the Governor and the Legislature contain recommendations on energy efficiency as well as the current recommendations on energy conservation;
- Changing the requirements relating to the department's duties to promote solar energy to the promotion of renewable energy; and
- Adding the Florida Energy Systems Consortium to the list of entities the DACS is to cooperate with, in aiding and promoting the commercialization of renewable energy.

**Section 3** amends s. 377.712, F.S., to authorize the Commissioner of Agriculture to appoint a member of the Southern States Energy Board, increasing the Florida membership to a total of four.

**Section 4** amends s. 377.801, F.S., to change the designated sections of the statute that may be cited as the “Florida Energy and Climate Protection Act,” conforming to the repeal of some sections previously included as part of that act.

**Section 5** amends s. 377.802, F.S., to repeal the existing statutes creating the rebates for solar energy systems and energy efficient appliances.

**Section 6** amends s. 377.803, F.S., to delete definitions contained in the Florida Energy and Climate Protection Act for the terms: “solar energy system,” “solar photovoltaic system,” and “solar thermal system.”

**Section 7** creates s. 377.815, F.S., to authorize the DACS to post information on its website relating to alternative fueling stations and electric vehicle charging stations that are available to the public.

**Section 8** amends s. 553.74, F.S., to add one member to the Florida Building Commission who is a representative of the department’s Office of Energy. The bill specifies the additional member be appointed by the Governor, from a list of three nominees provided by the Commissioner of Agriculture.

**Section 9** provides that this bill takes effect July 1, 2014.

#### **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:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 377.6015, 377.703, 377.712, 377.801, 377.802, 377.803, and 553.74.

This bill creates section 377.815 of the Florida Statutes.

This bill repeals the following sections of the Florida Statutes: 377.806 and 377.807.

**IX. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS/CS by Agriculture on March 31, 2014:**

A section of the CS made certain duties of the Florida Solar Energy Center permissive instead of mandatory and it removed the requirement that all solar systems manufactured or sold in Florida must be certified by the Florida Solar Energy Center. The CS/CS removes those provisions of the bill which will keep the present law “as is.”

**CS by Communications, Energy, and Public Utilities on March 11, 2014:**

Corrects technical deficiencies identified in the pre-meeting bill analysis on the original bill and makes other technical changes.

**B. Amendments:**

None.