

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [CS/HB 1239](#)

TITLE: Energy Infrastructure Investment

SPONSOR(S): Kincart Jonsson

COMPANION BILL: [CS/SB 1574](#) (DiCeglie)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Economic Infrastructure](#)

15 Y, 1 N



[Commerce](#)

25 Y, 0 N, As CS

SUMMARY

Effect of the Bill:

The bill requires the Public Service Commission to create an experimental cost recovery mechanism to facilitate investment in certain gas infrastructure projects that collect, prepare, clean, process, transport, or inject gas as a transportation fuel or for pipeline distribution. For purposes of the bill, “gas” is defined as anaerobically generated biogas, landfill gas, or wastewater treatment gas produced and collected in Florida and refined to a methane content of 90 percent or greater – commonly referred to as renewable natural gas – which may be used as a transportation fuel or for pipeline distribution.

Fiscal or Economic Impact:

None

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ANALYSIS

EFFECT OF THE BILL:

The bill provides that the Public Service Commission (PSC), under its [rate setting](#) authority, must establish an experimental mechanism to facilitate energy infrastructure investments in gas consistent with the structure set forth in s. 366.99(2)-(6), F.S.,¹ and the intent of [s. 366.91, F.S.](#)² The bill provides that these investments may include only projects that collect, prepare, clean, process, transport, or inject gas as a [transportation fuel](#) or for pipeline distribution.

For purposes of this experimental mechanism, the bill defines “gas” is defined as anaerobically generated biogas, landfill gas, or wastewater treatment gas produced and collected in Florida and refined to a methane content of 90 percent or greater – commonly referred to as [renewable natural gas](#)³ – which may be used as a transportation fuel or for pipeline distribution.

The bill requires the PSC to adopt rules to implement and administer the provisions of the bill and requires the PSC to propose such rules for adoption no later than January 1, 2026. Under the bill, such rules adopted by the PSC must provide for the allocation to public utility customers of the benefit of any tradeable energy credits and tax savings associated with gas infrastructure investments made pursuant to the provisions of the bill and must

¹ This statutory provision establishes a mechanism by which an investor-owned natural gas utility may recover, through a charge separate and apart from base rates, its prudently incurred natural gas facilities relocation costs. This mechanism requires an annual proceeding to determine the prudently incurred costs.

² This provision provides this legislative finding: “[I]t is in the public interest to promote the development of renewable energy resources in this state. Renewable energy resources have the potential to help diversify fuel types to meet Florida’s growing dependency on natural gas for electric production, minimize the volatility of fuel costs, encourage investment within the state, improve environmental conditions, and make Florida a leader in new and innovative technologies.”

³ See [s. 366.91\(f\), F.S.](#)

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address the treatment of revenues from sales of gas from such investments for transportation purposes. (Section [1.](#))

The bill has an effective date of July 1, 2025. (Section [2.](#))

RULEMAKING:

The bill requires the PSC to adopt rules to implement and administer the provisions of the bill and requires the PSC to propose such rules for adoption no later than January 1, 2026.

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[Rate Setting for Public Utilities](#)

The Public Service Commission (PSC) has broad jurisdiction over the rates and service of public (investor-owned) electric and natural gas utilities in Florida.⁴ Under this broad grant of authority, and through more specific grants of authority in chapter 366, F.S., the PSC sets rates for such utilities through various mechanisms, each of which is established in a separate administrative proceeding, typically a formal evidentiary hearing.

For natural gas utilities, the largest portions of these rates are comprised of base rates, which cover most of a utility's operations and maintenance expenses, recovery of its capital investment through depreciation expense, and a return on that investment, plus charges that reflect the utility's cost to procure natural gas. Base rates are adjusted as needed through general rate cases, while "purchased gas" charges are adjusted annually through a "cost recovery clause" proceeding. A smaller portion of natural gas utility rates reflects the costs of energy conservation and efficiency programs and the costs of relocating facilities to accommodate public right-of-way improvements.⁵

Similarly, the largest portions of electric utility rates are comprised of base rates plus annually adjusted "fuel and purchased power" charges that reflect the utility's costs to procure power plant fuel and to purchase wholesale electricity. Other portions of electric utility rates reflects the costs to comply with government-mandated environmental standards,⁶ energy efficiency and conservation program costs,⁷ storm protection plan costs,⁸ and, on occasion, storm recovery costs. Each of these charges is set in an annual proceeding.

The PSC is also authorized to establish certain experimental rates.⁹

[Renewable Natural Gas](#)

Florida law provides that it is in the public interest to promote the development of renewable energy resources to help diversify fuel types for electric production, minimize the volatility of fuel costs, encourage investment within the state, improve environmental conditions, and make Florida a leader in new and innovative technologies.¹⁰

⁴ See, e.g., ss. 366.01, 366.04(1), 366.041, 366.05(1), and [366.06, F.S.](#)

⁵ Ss. [366.82](#) and [366.99, F.S.](#)

⁶ S. [366.8255, F.S.](#)

⁷ S. [366.82, F.S.](#)

⁸ S. [366.96, F.S.](#)

⁹ S. [366.075, F.S.](#)

¹⁰ S. [366.91\(1\), F.S.](#)

Renewable natural gas (RNG) is the gaseous product of the decomposition of organic matter, processed into a pipeline-quality gas that is fully interchangeable with conventional natural gas. Primary sources of RNG include landfills, livestock operations, and wastewater treatment facilities.¹¹

In 2021, the Legislature added the term “renewable natural gas” to Florida law and defined it as “anaerobically generated biogas, landfill gas, or wastewater treatment gas refined to a methane content of 90 percent or greater which may be used as a transportation fuel or for electric generation or is of a quality capable of being injected into a natural gas pipeline.” The legislation authorized the PSC to approve cost recovery for the purchase of RNG by natural gas public utilities, even if pricing exceeds the current market price of natural gas, if the PSC deems the purchase to be reasonable and prudent.¹²

Renewable Fuel Standard Program

Created as part of the Energy Policy Act of 2005, the Renewable Fuel Standard (RFS) program is a national program that requires a certain volume of renewable fuel to be used to replace or reduce the quantity of fossil fuel in [transportation fuel](#), home heating oil, or jet fuel.¹³ The program is administered by the U.S. Environmental Protection Agency (EPA). Refiners or importers of gasoline or diesel fuel are obligated under the RFS program to obtain and retire enough credits representing renewable fuel sufficient to meet annual volume targets established by formula.¹⁴ These credits can be generated by renewable fuel producers, including renewable natural gas producers, and may be purchased by obligated refiners and importers to achieve compliance with the RFS program.¹⁵

Under the RFS program, a producer of renewable natural gas may generate credits reflecting the volume of such gas used as a transportation fuel and sell those credits to refiners and importers of gasoline or diesel fuel obligated to comply with the program.

RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2024	CS/SB 480	Yeager	DiCeglie	Passed the Senate, but died in the House.
2023	CS/CS/SB 1162	Yeager	DiCeglie	Passed the Senate, but died in the House.

¹¹ Office of Energy Efficiency & Renewable Energy, *Alternative Fuels Data Center – Renewable Natural Gas Production*, U.S. Department of Energy, https://afdc.energy.gov/fuels/natural_gas_renewable.html (last visited Mar. 21, 2025).

¹² Ch. 2021-178, Laws of Fla., codified at s. 366.91(2)(f) and (9), F.S.

¹³ See U.S. Environmental Protection Agency, *Overview of the Renewable Fuel Standard Program*, <https://www.epa.gov/renewable-fuel-standard-program/overview-renewable-fuel-standard-program> (last visited Mar. 21, 2025).

¹⁴ *Id.*

¹⁵ *Id.*

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Economic Infrastructure Subcommittee	15 Y, 1 N	3/25/2025	Keating	Bauldree
Commerce Committee	25 Y, 0 N, As CS	4/22/2025	Hamon	Bauldree

THE CHANGES ADOPTED BY THE
COMMITTEE:

- Required the PSC to establish the experimental mechanism contemplated in the bill.
- Clarified the definition of “gas” to specify gas produced and collected in Florida.
- Required the rules implemented by the PSC to provide for the allocation to public utility customers of the benefit of any tradeable energy credits and tax savings associated with the investments contemplated in the bill and to address the treatment of revenues from the sales of gas from such investments for transportation purposes.

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.
