



Energy & Utilities Subcommittee

**Wednesday, January 25, 2012
Webster Hall
11:00 AM – 1:30 PM**

ACTION PACKET

**Dean Cannon
Speaker**

**Scott Plakon
Chair**

Committee Meeting Notice
HOUSE OF REPRESENTATIVES

Energy & Utilities Subcommittee

Start Date and Time: Wednesday, January 25, 2012 11:00 am

End Date and Time: Wednesday, January 25, 2012 01:30 pm

Location: Webster Hall (212 Knott)

Duration: 2.50 hrs

Consideration of the following proposed committee bill(s):

PCB ENUS 12-01 -- Repeal of the Florida Institute for Nuclear Detection and Security

Consideration of the following bill(s):

HB 695 Development of Oil and Gas Resources by Ford

HB 1391 Economic Development by Kreegel

Discussion of Energy Policy Issues

NOTICE FINALIZED on 01/23/2012 16:16 by Sims-Davis.Linda

COMMITTEE MEETING REPORT

Energy & Utilities Subcommittee

1/25/2012 11:00:00AM

Location: Webster Hall (212 Knott)

Summary:

Energy & Utilities Subcommittee

Wednesday January 25, 2012 11:00 am

HB 695	Favorable With Committee Substitute	Yeas: 11	Nays: 1
	Amendment 176015 Adopted Without Objection		
	Strike-all		
HB 1391	Favorable With Committee Substitute	Yeas: 12	Nays: 0
	Amendment 468071 Withdrawn		
	Strike-all #1		
	Amendment 655275 Adopted Without Objection		
	Strike-all #2		
PCB ENUS 12-01	Favorable	Yeas: 11	Nays: 1

Committee meeting was reported out: Wednesday, January 25, 2012 3:38:59PM

COMMITTEE MEETING REPORT

Energy & Utilities Subcommittee

1/25/2012 11:00:00AM

Location: Webster Hall (212 Knott)

Attendance:

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Scott Plakon (Chair)	X		
Ben Albritton	X		
Lori Berman	X		
Jeff Clemens	X		
Janet Cruz			X
Daniel Davis	X		
Shawn Harrison	X		
Clay Ingram			X
George Moraitis, Jr.	X		
Peter Nehr	X		
Kathleen Passidomo	X		
Elizabeth Porter	X		
Michelle Rehwinkel Vasilinda	X		
W. Gregory Steube	X		
Alan Williams	X		
Totals:	13	0	2

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COMMITTEE MEETING REPORT

Energy & Utilities Subcommittee

1/25/2012 11:00:00AM

Location: Webster Hall (212 Knott)

HB 695 : Development of Oil and Gas Resources

Favorable With Committee Substitute

	Yea	Nay	No Vote	Absentee Yea	Absentee Nay
Ben Albritton			X		
Lori Berman	X				
Jeff Clemens		X			
Janet Cruz			X		
Daniel Davis	X				
Shawn Harrison	X				
Clay Ingram			X		
George Moraitis, Jr.	X				
Peter Nehr	X				
Kathleen Passidomo	X				
Elizabeth Porter	X				
Michelle Rehwinkel Vasilinda	X				
W. Gregory Steube	X				
Alan Williams	X				
Scott Plakon (Chair)	X				
Total Yeas: 11		Total Nays: 1			

HB 695 Amendments

Amendment 176015

Adopted Without Objection

Appearances:

Dwayne Stewart (General Public) - Waive In Support
Fairways Exploration & Production LLC
13430 Northwest Freeway Suite 800
Houston Texas 77040
Phone: 713-622-3492

R. Dale Patchett (Lobbyist) - Proponent
Fairways Exploration and Development LLC
3069 Carlow Circle
Tallahassee Florida 32309
Phone: 850-509-9509

Jim Rathbun (Lobbyist) - Waive In Support
Associated Industries of Florida
516 N Adams St
Tallahassee Florida 32301
Phone: 850-222-1945

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COMMITTEE MEETING REPORT

Energy & Utilities Subcommittee

1/25/2012 11:00:00AM

Location: Webster Hall (212 Knott)

HB 695 : Development of Oil and Gas Resources (continued)

Appearances: (continued)

David Mica (Lobbyist) - Proponent

Florida Petroleum Council

215 S Monroe St Ste 800

Tallahassee Florida 32301

Phone: 850-561-6300

Committee meeting was reported out: Wednesday, January 25, 2012 3:38:59PM

COMMITTEE MEETING REPORT

Energy & Utilities Subcommittee

1/25/2012 11:00:00AM

Location: Webster Hall (212 Knott)

HB 1391 : Economic Development

Favorable With Committee Substitute

	Yea	Nay	No Vote	Absentee Yea	Absentee Nay
Ben Albritton			X		
Lori Berman	X				
Jeff Clemens	X				
Janet Cruz			X		
Daniel Davis	X				
Shawn Harrison	X				
Clay Ingram			X		
George Moraitis, Jr.	X				
Peter Nehr	X				
Kathleen Passidomo	X				
Elizabeth Porter	X				
Michelle Rehwinkel Vasilinda	X				
W. Gregory Steube	X				
Alan Williams	X				
Scott Plakon (Chair)	X				
Total Yeas: 12		Total Nays: 0			

HB 1391 Amendments

Amendment 468071

Withdrawn

Amendment 655275

Adopted Without Objection

Appearances:

R. Sandy Safley (Lobbyist) - Waive In Support
Kitson-Evergreen LLC d/b/a Kitson & Partners
PO Box 10570
Tallahassee Florida 32302
Phone: 850-566-7575

Jon Moyle (Lobbyist) - Opponent
Florida Industrial Powers Users Group
118 N. Gadsen Street
Tallahassee Florida 32302
Phone: 850-681-3828

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COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 1391 (2012)

Amendment No. **1st Strike All**

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> 70 </u>	(Y/N)
OTHER	<u> </u>	

1 Committee/Subcommittee hearing bill: Energy & Utilities
2 Subcommittee

3 Representative Kreegel offered the following:

4
5 **Amendment (with title amendment)**

6 Remove everything after the enacting clause and insert:

7 . This act may be cited as the "Sustainable Community
8 Demonstration Project Act."

9 Section 2. Section 288.036, Florida Statutes, is created
10 to read:

11 288.036 Sustainable Community Demonstration Project.-

12 (1) The purpose of this section is to establish the Sustainable
13 Community Demonstration Project and to certify projects that
14 demonstrate the catalytic economic, technological, and
15 environmental benefits of a prototypical community as a living
16 laboratory for accelerating economic development through
17 innovative technological infrastructure and capital investment,
18 including clean renewable energy systems and smart grid
19 technologies.

Amendment No.

20 (2) The Legislature finds that a Sustainable Community
21 Demonstration Project is in the public interest and will advance
22 state economic development goals and promote fuel diversity,
23 energy independence, and innovation in this state as expressed
24 in the legislative findings and intent in ss. 366.91 and 366.92.
25 It is the intent of the Legislature that a project certified as
26 a Sustainable Community Demonstration Project result in the
27 creation of a cluster of high-wage, high-skilled complementary
28 technology and communications industries which can become a
29 magnet for new capital investment, job creation, and innovation
30 in the region and throughout the state, and serve as a model for
31 the future development of new communities and the retrofitting
32 of existing communities.

33 (3) The Department of Economic Opportunity shall certify a
34 project as a Sustainable Community Demonstration Project if, in
35 addition to complying with any applicable law other than this
36 act, the project:

37 (a) Is comprehensive in scope by addressing the full range
38 of community infrastructure, including renewable energy systems,
39 smart grid technologies, data communications networks,
40 alternative transportation mobility systems, sources for
41 powering electric vehicles, digital learning centers, health and
42 wellness features, and storm safety.

43 (b) Has in place the permits and entitlements required for
44 primary infrastructure before securing building permits for a
45 particular phase of construction.

46 (c) Proposes to meet the majority of its electricity needs
47 from renewable sources and produce more electricity from on-site

Amendment No.

48 renewable energy generating facilities and distributed rooftop
49 renewable energy facilities than the community is projected to
50 use annually.

51 (d) Incorporates and integrates smart grid infrastructure
52 and technology as a tool for improving grid performance; manages
53 energy distribution, transmission, and consumption; maximizes
54 efficiencies; and deploys high-speed digital operating systems
55 and data transmission networks.

56 (e) Uses reasonable and customary industry practices in
57 the design and construction of proposed renewable energy systems
58 and smart grid infrastructure.

59 (f) Consists of a land area of at least 2,500 contiguous
60 acres.

61 (g) Includes an accountability plan for developing project
62 benchmarks and evaluating, measuring, and reporting project
63 results against the criteria provided in subsection (4), with
64 the involvement of members of the Florida Energy Systems
65 Consortium and research universities, and extending the
66 application of project knowledge throughout the state in
67 partnership with the State University System. The plan shall
68 provide for submission of the initial evaluation of project
69 results to the Department of Economic Opportunity no later than
70 July 1, 2014.

71 (4) A project is intended to demonstrate:

72 (a) The economic feasibility and viability of clean
73 renewable energy systems and smart grid infrastructure and
74 technologies.

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 1391 (2012)

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75 (b) The affordability and appeal of a sustainable smart
76 community to industry and residents.

77 (c) The ability to attract a cluster of complementary
78 industries and stimulate new capital investment in sustainable
79 innovation and community infrastructure.

80 (d) The efficient management of energy distribution and
81 consumption using smart grid systems to improve grid performance
82 and community design and construction features.

83 (e) The incorporation of sustainable community design
84 principles and construction features in a way that promotes
85 health and wellness and the development and use of innovative
86 alternatives in personal transportation, such as electric
87 vehicles.

88 (f) The catalytic effect of a renewable energy-centered
89 community and smart grid infrastructure system in spurring job
90 creation.

91 (g) The ability to attract companies to this state to
92 invest and create new jobs and industry.

93 (h) The stabilization of energy prices over time.

94 (i) The opportunities to enter into partnerships with the
95 State University System in conducting research in innovative
96 clean energy and smart technology communities and technologies
97 and the translation of that research into business
98 opportunities.

99 (j) The effectiveness of enhanced building techniques and
100 design criteria in providing storm safety.

101 (5) When part of a project certified under this section, a
102 provider may use customary and innovative alternatives for

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Bill No. HB 1391 (2012)

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103 financing and recovering prudent and reasonable costs in planned
104 energy infrastructure, such as renewable energy generating
105 facilities and integrated smart grid infrastructure, and may
106 initiate proceedings with the Public Service Commission pursuant
107 to s. 366.94.

108 Section 3. Section 366.94, Florida Statutes, is created to
109 read:

110 366.94 Renewable energy cost recovery as part of a
111 Sustainable Community Demonstration Project.-

112 (1) As used in this section, the term:

113 (a) "Costs" include all costs or expenses incurred by a
114 provider in siting, licensing, designing, constructing, and
115 operating a renewable energy generating facility and
116 transmission, distribution and metering systems using integrated
117 smart grid infrastructure and components. These costs include,
118 but are not limited to, construction costs, inservice capital
119 investments, engineering expenses, operation and maintenance
120 expenses, and any applicable taxes. This term does not include
121 the land on which the facility is constructed.

122 (b) "Renewable energy" has the same meaning as provided in
123 s. 366.91(2)(d).

124 (c) "Renewable energy generating facility" or "facility"
125 means a facility of less than 75 megawatt gross capacity which
126 generates renewable energy, emits zero greenhouse gases at the
127 point of generation, is constructed and operated by a provider
128 as part of a Sustainable Community Demonstration Project
129 certified under s. 288.036, and is part of the electric utility

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130 grid for this state. The term includes associated transmission
131 and distribution systems.

132 (2) To demonstrate the feasibility and viability of
133 renewable energy generating facilities and integrated smart grid
134 infrastructure and the economic benefits for this state, and as
135 an investment in renewable energy, the commission may approve
136 all reasonable and prudent costs incurred by a provider under
137 the environmental cost-recovery clause in s. 366.8255 for
138 renewable energy generating facilities and integrated smart grid
139 infrastructure, constructed and operated as part of a
140 Sustainable Community Demonstration Project certified under s.
141 288.036.

142 (a) When determining whether to approve the recovery of
143 costs, the commission shall consider, among other factors, the
144 projected long-term stabilization of energy costs and the
145 legislative findings and intent in ss. 366.91(1) and 366.92(1),
146 including, but not limited to:

147 1. Promoting this state's leadership among competitor
148 states in the development of renewable energy resources;

149 2. Diversifying the fuel mix;

150 3. Reducing the growing dependence on fuel sources which
151 results in an outflow of this state's capital;

152 4. Encouraging new investments in innovation and job
153 creation;

154 5. Protecting the economic viability of renewable energy
155 resources in this state; and

156 6. Minimizing the volatility of fuel costs.

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157 (b) For purposes of this section, costs are reasonable and
158 prudent if the provider has used reasonable and customary
159 industry practices in the design, procurement, and construction
160 of the facility and has integrated smart grid infrastructure in
161 a cost-effective manner appropriate to the location of the
162 facility.

163 (c) A provider must initiate proceedings with the
164 commission no later than January 1, 2013.

165 (d) As part of the proceedings, each provider shall report
166 its construction costs, in-service costs, operating and
167 maintenance costs, hourly energy production of the renewable
168 energy electrical generating facility, and any other information
169 deemed relevant by the commission.

170 (e) The Legislature recognizes the potential catalytic
171 effect that a demonstration project under this act will have on
172 economic growth, job creation, entrepreneurial innovation and
173 energy diversification. The Legislature also recognizes the
174 investment and knowledge necessary to position this state as a
175 hub for renewable energy and smart technology infrastructure,
176 products and expertise, while reducing the risk of price
177 instability and customer rate hikes resulting from the current
178 lack of fuel diversity. As a result, the amount of cost recovery
179 the commission may authorize for a demonstration project under
180 this act is limited to a maximum of 5 cents per month for an
181 average residential customer using 1,000 kilowatt hours per
182 month, calculated on a levelized basis over the life of a
183 facility projected to produce cost savings in a majority of
184 those years.

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185 (3) This section applies only to a facility constructed
186 and operated as part of a Sustainable Community Demonstration
187 Project certified under s. 288.036. However, this section does
188 not preclude a provider that is not a part of a Sustainable
189 Community Demonstration Project from seeking cost recovery under
190 any other applicable provision of law.

191 (4) The commission may adopt rules as necessary to
192 administer this section.

193 Section 4. This act shall take effect upon becoming a law.

196 -----
197 **T I T L E A M E N D M E N T**

198 Remove the entire title and insert:

199 An act relating to economic development; providing a short
200 title; creating s. 288.036, F.S.; establishing the Sustainable
201 Community Demonstration Project; providing a purpose; providing
202 legislative findings and intent; requiring that the Department
203 of Economic Opportunity certify projects that meet certain
204 requirements; authorizing a provider, as part of a certified
205 project, to initiate proceedings pursuant to s. 366.94, F.S.;
206 creating s. 366.94, F.S.; providing definitions; authorizing the
207 Public Service Commission to approve all reasonable and prudent
208 costs incurred by providers of certain renewable energy
209 generating facilities; requiring that the commission consider
210 certain factors when determining whether to approve the recovery
211 of costs; requiring that a provider initiate proceedings with
212 the commission by a specified date; providing requirements for

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 1391 (2012)

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213 | the proceedings; establishing a cap on the amount the commission
214 | may approve for cost recovery; providing for application;
215 | authorizing the commission to adopt rules; providing an
216 | effective date.

Table ES-2: Projected Capacity Changes and Reserve Margins for FPL

Projected Capacity Changes and Reserve Margins for FPL ⁽¹⁾					
Year	Projected Capacity Changes	Net Capacity Changes (MW)		Reserve Margin (%) After Maintenance ⁽²⁾	
		Winter ⁽³⁾	Summer ⁽⁴⁾	Winter	Summer
2011	Inactive Reserve of Existing Units - offline ⁽⁵⁾	(775)	(1,922)		
	Riviera Plant - offline for modernization	—	(565)		
	Scherer Plant Upgrade	—	26		
	St. Lucie Unit 2 Partial Uprate ⁽⁷⁾	—	17		
	St. Lucie Unit 2 Uprate Peak Outage ⁽⁷⁾	(726)	—		
	West County Unit 3 ⁽⁸⁾	—	1,219	25.7%	22.7%
2012	Changes to Existing Purchases ⁽⁵⁾	—	(100)		
	St. Lucie Unit 1 Uprates	—	122		
	Turkey Point Unit 3 Uprates	—	109		
	Inactive Reserve of Existing Units - offline ⁽⁸⁾	(394)	—		
	Inactive Reserve Unit (PE Units 3 & 4) - online	765	761		
	Manatee 2 ESP Peak Outage ⁽⁸⁾	(822)	—		
	Riviera Plant - offline for modernization	(571)	—		
	Scherer Plant upgrade	26	—		
	St. Lucie Unit 1 Uprate Peak Outage ⁽⁷⁾	(853)	—		
	St. Lucie Unit 2 Partial Uprate ⁽⁷⁾	17	—		
	St. Lucie Unit 2 Uprate Peak Outage ⁽⁷⁾	—	(731)		
	Turkey Point Unit 3 Uprate Peak Outage ⁽⁷⁾	(717)	—		
	West County Unit 3 ⁽⁸⁾	1,335	—	19.8%	23.4%
2013	Cape Canaveral Next Generation Clean Energy Center ⁽⁶⁾	—	1,210		
	St. Lucie Unit 1 Uprates	122	—		
	St. Lucie Unit 2 Uprates	110	93		
	Turkey Point Unit 3 Uprates	109	—		
	Turkey Point Unit 4 Uprates	—	109		
	Inactive Reserve Unit (PE Units 3 & 4) - offline ⁽⁸⁾	(765)	(761)		
	Manatee Unit 1 ESP Peak Outage ⁽⁸⁾	(822)	—		
	Martin Unit 1 ESP Peak Outage ⁽⁸⁾	—	(826)		
	St. Lucie Unit 2 Partial Uprate	(17)	—	24.2%	25.4%
2014	Cape Canaveral Next Generation Clean Energy Center ⁽⁶⁾	1,355	—		
	Turkey Point Unit 4 Uprates	109	—		
	Martin Unit 1 ESP Peak Outage ⁽⁸⁾	(832)	—		
	Martin Unit 2 ESP Peak Outage ⁽⁸⁾	—	(826)		
	Riviera Beach Next Generation Clean Energy Center ⁽⁶⁾	—	1,212	26.7%	24.8%
2015	Change to Existing Qualifying Facilities ⁽⁵⁾	—	90		
	Riviera Beach Next Generation Clean Energy Center ⁽⁶⁾	1,344	—	35.1%	25.9%
2016	Changes to Existing Purchases ⁽⁵⁾	(841)	(1,306)		
	Change to Existing Qualifying Facilities ⁽⁵⁾	—	—		
	Greenfield 3x1 Combined Cycle ⁽⁵⁾	—	1,191	30.1%	23.8%
2017	Changes to Existing Purchases ⁽⁵⁾	(383)	—		
	Greenfield 3x1 Combined Cycle ⁽⁵⁾	1,351	—	33.8%	22.2%
2018	—	—	—	32.7%	21.6%
2019	—	—	—	31.8%	20.0%
2020	Greenfield 3x1 Combined Cycle ⁽⁵⁾	—	1,191	30.4%	23.1%

(1) Additional information about these resulting reserve margins and capacity changes are found on Schedules 7 & 8 respectively.
(2) The Summer and Winter reserve margins reflect an additional 350 MW in summer and 550 MW in winter of units scheduled to be out during those peak periods. See Section III.C.1 in Chapter 3 for more details.
(3) Winter values are forecasted values for January of the year shown.
(4) Summer values are forecasted values for August of the year shown.
(5) These are firm capacity and energy contracts with QF, utilities, and other entities. See Table I.B.1 and Table I.B.2 for more details.
(6) All new unit additions are scheduled to be in-service in June of the year shown. All additions assumed to start in June are included in the Summer reserve margin calculation starting in that year and in the Winter reserve margin calculation starting with the next year.
(7) Outages for uprate work.
(8) Outages for ESP work.
(9) A number of existing FPL power plants have been removed from service and placed on Inactive Reserve status. See Chapter 3 for a discussion of the units on Inactive Reserves.

COMMITTEE MEETING REPORT

Energy & Utilities Subcommittee

1/25/2012 11:00:00AM

Location: Webster Hall (212 Knott)

PCB ENUS 12-01 : Repeal of the Florida Institute for Nuclear Detection and Security

Favorable

	Yea	Nay	No Vote	Absentee Yea	Absentee Nay
Ben Albritton			X		
Lori Berman			X		
Jeff Clemens	X				
Janet Cruz	X				
Daniel Davis	X				
Shawn Harrison	X				
Clay Ingram			X		
George Moraitis, Jr.	X				
Peter Nehr	X				
Kathleen Passidomo	X				
Elizabeth Porter	X				
Michelle Rehwinkel Vasilinda		X			
W. Gregory Steube	X				
Alan Williams	X				
Scott Plakon (Chair)	X				
Total Yeas: 11		Total Nays: 1			

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