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A bill to be entitled
 An act relating to renewable energy cost recovery;
 amending s. 366.91, F.S.; revising the types of
 contracts which are eligible for cost recovery by a
 public utility under certain circumstances;
 authorizing a public utility to recover prudently
 incurred renewable natural gas and hydrogen fuel
 infrastructure project costs approved by the Public
 Service Commission; establishing terms for cost
 recovery; specifying eligible renewable natural gas
 and hydrogen fuel infrastructure projects; requiring
 an annual report; providing for repeal on June 30,
 2028, unless reviewed and saved from repeal by the
 Legislature; providing an effective date.

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

Section 1. Subsection (9) of section 366.91, Florida
 Statutes, is amended, and subsection (10) is added to that
 section, to read:

366.91 Renewable energy.—

(9) ~~A~~ ~~The commission may approve cost recovery by a gas~~
 public utility contract ~~for contracts~~ for the purchase of
 renewable natural gas or hydrogen fuel in which the pricing
 provisions exceed the current market price of natural gas is

26 eligible for cost recovery, but only if ~~which are otherwise~~
27 ~~deemed reasonable and prudent by the commission~~ finds that the
28 contract provides net benefits to the public utility and its
29 customers and is therefore in the public interest. In making
30 this determination, the commission may consider the contract's
31 impact on the overall diversity of the public utility's natural
32 gas commodity supply or other fuel supply, the potential to
33 reduce the impact of volatility in the natural gas commodity
34 market upon the public utility and its customers, any
35 reliability benefits associated with the in-state production of
36 these fuel supplies, and the public utility's cost of fuel.

37 (10) (a) A public utility may petition the commission for
38 approval to recover costs prudently incurred for a renewable
39 natural gas or hydrogen fuel infrastructure project at a
40 location in this state for use in providing utility service
41 within this state.

42 (b) In its review of a petition filed pursuant to this
43 subsection, the commission shall consider:

44 1. The estimated volume and reliability of renewable
45 natural gas or hydrogen fuel that the project will produce for
46 use by the public utility, and the comparative cost of the same
47 volume of natural gas purchases;

48 2. The estimated rate impact of the project over time,
49 including estimated savings, if any, to the public utility and
50 its customers;

51 3. The service and reliability benefits to be derived from
52 the project;

53 4. The proposed mechanism for recovery of project costs;

54 5. The impact of the project on fuel diversity in this
55 state and fuel cost volatility; and

56 6. Any other matter deemed relevant by the commission.

57 (c)1. Upon consideration of all matters specified in
58 paragraph (b), the commission shall determine whether, and the
59 extent to which, approval for recovery of project costs from the
60 public utility's ratepayers provides net benefits to this state
61 and is therefore in the public interest.

62 2. If the commission approves recovery of project costs,
63 in whole or in part, the commission shall determine the
64 appropriate mechanism for recovery of such costs. Appropriate
65 mechanisms may include an existing cost recovery mechanism, not
66 excluding base rates, or a new cost recovery mechanism
67 established by the commission.

68 3. Costs approved by the commission are not subject to
69 disallowance or further prudence review except for fraud,
70 perjury, or intentional withholding of material information by
71 the public utility.

72 (d) Costs of renewable natural gas and hydrogen fuel
73 infrastructure projects that are eligible for recovery under
74 this subsection include:

75 1. Capital investment in projects necessary to prepare or

76 produce renewable natural gas or hydrogen fuel for pipeline
77 distribution and usage;

78 2. Capital investment in facilities, including pipelines,
79 necessary to inject into pipelines, and deliver for utility use,
80 renewable natural gas or hydrogen fuel throughout this state;

81 3. Renewable natural gas and hydrogen fuel storage
82 facilities;

83 4. Operation and maintenance expenses associated with such
84 renewable natural gas and hydrogen fuel infrastructure projects;
85 and

86 5. An appropriate return on investment consistent with the
87 utility's authorized return on investment for other utility
88 plants used to provide service to customers.

89 (e) Recovery of costs incurred by a public utility for a
90 renewable natural gas or hydrogen fuel infrastructure project
91 approved for cost recovery under this section may not be allowed
92 until such facility is placed in service. Upon approval of cost
93 recovery by the commission, costs incurred before the facility
94 is placed in service may be deferred on the public utility's
95 books for recovery once the facility is in service. This does
96 not preclude application of any other appropriate regulatory
97 accounting rules that are otherwise deemed appropriate,
98 including, but not limited to, normal recovery of costs for
99 construction work in progress.

100 (f) Beginning January 1, 2025, the commission must

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101 annually submit a report to the Governor, the President of the
102 Senate, and the Speaker of the House of Representatives
103 indicating, for the 12-month reporting period and cumulatively,
104 the investment made in such infrastructure projects; the
105 eligible costs incurred and the amount of such costs recovered;
106 the volume of renewable natural gas or hydrogen fuel used to
107 provide utility service; and an analysis of the price of
108 renewable natural gas or hydrogen fuel used to provide utility
109 service as compared to the market cost of gas, including actual
110 rate impacts of such projects.

111 (g) This subsection is repealed on June 30, 2028, unless
112 reviewed and saved from repeal by the Legislature. A public
113 utility may continue to recover eligible costs of renewable
114 natural gas or hydrogen fuel infrastructure projects approved
115 before June 30, 2028, under this subsection as being in the
116 public interest.

117 (h) The commission may adopt rules to implement and
118 administer this section.

119 Section 2. This act shall take effect July 1, 2023.