

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendment of Rule 25-6.065, F.A.C., Interconnection and Net Metering of Customer-Owned Renewable Generation. | DOCKET NO. 070674-EI
| ORDER NO. PSC-07-1026-NOR-EI
| ISSUED: December 28, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
MATTHEW M. CARTER II
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF RULEMAKING

BY THE COMMISSION:

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to amend Rule 25-6.065, Florida Administrative Code, relating to Interconnection and Net Metering of Customer-Owned Renewable Generation.

The attached Notice of Rulemaking will appear in the January 4, 2008 edition of the Florida Administrative Weekly.

If timely requested, a hearing will be held at a time and place to be announced in a future notice.

Written requests for hearing and written comments or suggestions on the rule must be received by the Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than January 25, 2008.

By ORDER of the Florida Public Service Commission this 28th day of December, 2007.

/s/ Ann Cole

ANN COLE

Commission Clerk

This is an electronic transmission. A copy of the original signature is available from the Commission's website, www.floridapsc.com, or by faxing a request to the Office of Commission Clerk at 1-850-413-7118.

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Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NO: RULE TITLE

25-6.065: Interconnection and Net Metering of Customer-Owned Renewable Generation

PURPOSE AND EFFECT: The purpose of the rule amendments is to promote the development of customer-owned renewable generation. This will offset electric consumption and help diversify the types of fuel used to generate electricity in Florida, thereby decreasing Florida's dependence on fossil fuels and minimizing the volatility of fuel cost and supply. In addition, encouraging the development of customer-owned renewable generation will stimulate investment within the state and improve environmental conditions. The development of customer-owned renewable generation also effectively acts as a conservation measure by reducing the amount of electricity purchased from utilities. The rule amendments will expedite interconnection of customer-owned renewable generation and minimize costs that customers experience when attempting to interconnect to their utility. In addition, the rule amendments will permit customers to offset electric consumption through net metering, further mitigating costs associated with self-generation. Docket No. 070674-EI.

SUMMARY: The rule amendments will require investor-owned utilities (IOUs) to file for approval with the Commission, and offer customers a standard interconnection agreement for the expedited interconnection of customer-owned renewable generation systems. The rule amendments also will establish the procedures for net metering, including the treatment of net excess generation monthly and annually and identify processes for dispute resolution. Reporting requirements are applicable to all electric utilities, including municipals and electric cooperatives, for customers with interconnected renewable generation and net metered customers.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS: The rule amendments should result in no significant implementation or enforcement cost to the Commission, and will have no significant impact on Commission revenues. The additional proposed interconnection agreements and possible dispute resolution will add some additional Commission and staff time. The IOUs will have additional reporting requirement and compliance costs associated with the rule amendment. In particular, the IOUs will have additional costs related to billing modifications, processing applications, meter installation and other interconnection costs. Customers of the IOUs will be able to interconnect their qualified renewable generating systems to the electric grid and benefit by having their energy consumption offset by their own generation.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: [350.127\(2\)](#), [366.05\(1\)](#), [366.92, FS](#)

LAW IMPLEMENTED: [366.02\(2\)](#), [366.04\(2\)\(c\)](#), [\(5\)](#), [\(6\)](#), [366.041](#), [366.05\(1\)](#), [366.81](#), [366.82\(1\)](#), [\(2\)](#), [366.91\(1\)](#), [\(2\)](#), [366.92, FS](#)

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN FAW.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in such a hearing is asked to advise the agency at least 48 hours before the hearing by contacting: Office of Commission Clerk, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850 (850) 413-6770. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Mark Futrell, Division of

Economic Regulation, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850 (850) 413-6692.

THE FULL TEXT OF THE PROPOSED RULE IS:

(Substantial rewording of Rule 25-6.065 follows. See Florida Administrative Code for present text.)

25-6.065 Interconnection and Net Metering of Customer-Owned Renewable Generation

(1) Application and Scope. The purpose of this rule is to promote the development of small customer-owned renewable generation, particularly solar and wind energy systems; diversify the types of fuel used to generate electricity in Florida; lessen Florida's dependence on fossil fuels for the production of electricity; minimize the volatility of fuel costs; encourage investment in the state; improve environmental conditions; and, at the same time, minimize costs of power supply to investor-owned utilities and their customers. This rule applies to all investor-owned utilities, except as otherwise stated in subsection (10).

(2) Definitions. As used in this rule, the term

(a) "Customer-owned renewable generation" means an electric generating system located on a customer's premises that is primarily intended to offset part or all of the customer's electricity requirements with renewable energy. The term "customer-owned renewable generation" does not preclude the customer of record from contracting for the purchase, lease, operation, or maintenance of an on-site renewable generation system with a third-party under terms and conditions that do not include the retail purchase of electricity from the third party.

(b) "Gross power rating" means the total manufacturer's AC nameplate generating capacity of an on-site customer-owned renewable generation system that will be interconnected to and operate in parallel with the investor-owned utility's distribution facilities. For inverter-based systems, the AC nameplate generating capacity shall be calculated by multiplying the total installed DC nameplate generating capacity by .85 in order to account for losses during the conversion from DC to AC.

(c) "Net metering" means a metering and billing methodology whereby customer-owned renewable generation is allowed to offset the customer's electricity consumption on-site.

(d) "Renewable energy," as defined in Section 377.803, Florida Statutes, means electrical, mechanical, or thermal energy produced from a method that uses one of more of the following fuels or energy sources: hydrogen, biomass, solar energy, geothermal energy, wind energy, ocean energy, waste heat, or hydroelectric power.

(3) Standard Interconnection Agreements. Each investor-owned utility shall, within 30 days of the effective date of this rule, file for Commission approval a Standard Interconnection Agreement for expedited interconnection of customer-owned renewable generation, up to 2 MW, that complies with the following standards:

(a) IEEE 1547 (2003) Standard for Interconnecting Distributed Resources with Electric Power Systems;

(b) IEEE 1547.1 (2005) Standard Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems; and

(c) UL 1741 (2005) Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources.

(d) A copy of IEEE 1547 (2003), ISBN number 0-7381-3720-0, and IEEE 1547.1 (2005), ISBN number 0-7381-4737-0, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE), 3 Park Avenue, New York, NY, 10016-5997. A copy of UL 1741 (2005) may be obtained from COMM 2000, 1414 Brook Drive, Downers Grove, IL 60515.

(4) Customer Qualifications and Fees.

(a) To qualify for expedited interconnection under this rule, customer-owned renewable generation must have a gross power rating that:

1. does not exceed 90% of the customer's utility distribution service rating; and

2. falls within one of the following ranges:

Tier 1 - 10 kW or less;

Tier 2 – greater than 10 kW and less than or equal to 100 kW; or

Tier 3 – greater than 100 kW and less than or equal to 2 MW.

(b) Customer-owned renewable generation shall be considered certified for interconnected operation if it has been submitted by a manufacturer to a nationally recognized testing and certification laboratory, and has been tested and listed by the laboratory for continuous interactive operation with an electric distribution system in compliance with the applicable codes and standards listed in subsection (3).

(c) Customer-owned renewable generation shall include a utility-interactive inverter, or other device certified pursuant to subsection (4)(b) that performs the function of automatically isolating the customer-owned generation equipment from the electric grid in the event the electric grid loses power.

(d) For Tiers 1 and 2, provided the customer-owned renewable generation equipment complies with subsections (4)(a) and (b), the investor-owned utility shall not require further design review, testing, or additional equipment other than that provided for in subsection (6). For Tier 3, if an interconnection study is necessary, further design review, testing and additional equipment as identified in the study may be required.

(e) Tier 1 customers who request interconnection of customer-owned renewable generation shall not be charged fees in addition to those charged to other retail customers without self-generation, including application fees.

(f) Along with the Standard Interconnection Agreement filed pursuant to subsection (3), each investor-owned utility may propose for Commission approval a standard application fee for Tiers 2 and 3, including itemized cost support for each cost contained within the fee.

(g) Each investor-owned utility may also propose for Commission approval an Interconnection Study Charge for Tier 3.

(h) Each investor-owned utility shall show that their fees and charges are cost-based and reasonable. No fees or charges shall be assessed for interconnecting customer-owned renewable generation without prior Commission approval.

(5) Contents of Standard Interconnection Agreement. Each investor-owned utility's customer-owned renewable generation Standard Interconnection Agreement shall, at a minimum, contain the following:

(a) A requirement that customer-owned renewable generation must be inspected and approved by local code officials prior to its operation in parallel with the investor-owned utility to ensure compliance with applicable local codes.

(b) Provisions that permit the investor-owned utility to inspect customer-owned renewable generation and its component equipment, and the documents necessary to ensure compliance with subsections (2) through (4). The customer shall notify the investor-owned utility at least 10 days prior to initially placing customer equipment and protective apparatus in service, and the investor-owned utility shall have the right to have personnel present on the in-service date. If the customer-owned renewable generation system is subsequently modified in order to increase its gross power rating, the customer must notify the investor-owned utility by submitting a new application specifying the modifications at least 30 days prior to making the modifications.

(c) A provision that the customer is responsible for protecting the renewable generating equipment, inverters, protective devices, and other system components from damage from the normal and abnormal conditions and operations that occur on the investor-owned utility system in delivering and restoring power; and is responsible

for ensuring that customer-owned renewable generation equipment is inspected, maintained, and tested in accordance with the manufacturer's instructions to ensure that it is operating correctly and safely.

(d) A provision that the customer shall hold harmless and indemnify the investor-owned utility for all loss to third parties resulting from the operation of the customer-owned renewable generation, except when the loss occurs due to the negligent actions of the investor-owned utility. A provision that the investor-owned utility shall hold harmless and indemnify the customer for all loss to third parties resulting from the operation of the investor-owned utility's system, except when the loss occurs due to the negligent actions of the customer.

(e) A requirement for general liability insurance for personal and property damage, or sufficient guarantee and proof of self-insurance, in the amount of no more than \$1 million for Tier 2, and no more than \$2 million for Tier 3. The investor-owned utility shall not require liability insurance for Tier 1. The investor-owned utility may include in the Interconnection Agreement a recommendation that Tier 1 customers carry an appropriate level of liability insurance.

(f) Identification of any fees or charges approved pursuant to subsection (4).

(6) Manual Disconnect Switch

(a) Each investor-owned utility's customer-owned renewable generation Standard Interconnection Agreement may require customers to install, at the customer's expense, a manual disconnect switch of the visible load break type to provide a separation point between the AC power output of the customer-owned renewable generation and any customer wiring connected to the investor-owned utility's system. Inverter-based Tier 1 customer-owned renewable generation systems shall be exempt from this requirement, unless the manual disconnect switch is installed at the investor-owned utility's expense. The manual disconnect switch shall be mounted separate from, but adjacent to, the meter socket and shall be readily accessible to the investor-owned utility and capable of being locked in the open position with a single investor-owned utility padlock.

(b) The investor-owned utility may open the switch pursuant to the conditions set forth in subsection (6)(c), isolating the customer-owned renewable generation, without prior notice to the customer. To the extent practicable, however, prior notice shall be given. If prior notice is not given, the utility shall at the time of disconnection leave a door hanger notifying the customer that their customer-owned renewable generation has been disconnected, including an explanation of the condition necessitating such action. The investor-owned utility shall reconnect the customer-owned renewable generation as soon as the condition necessitating disconnection is remedied.

(c) Any of the following conditions shall be cause for the investor-owned utility to disconnect customer-owned renewable generation from its system:

1. Emergencies or maintenance requirements on the investor-owned utility's electric system;
2. Hazardous conditions existing on the investor-owned utility system due to the operation of the customer's generating or protective equipment as determined by the investor-owned utility;
3. Adverse electrical effects, such as power quality problems, on the electrical equipment of the investor-owned utility's other electric consumers caused by the customer-owned renewable generation as determined by the investor-owned utility;
4. Failure of the customer to maintain the required insurance coverage.

(7) Administrative Requirements.

(a) Each investor-owned utility shall maintain on its website a downloadable application for interconnection of customer-owned renewable generation, detailing the information necessary to execute the

Standard Interconnection Agreement. Upon request the investor-owned utility shall provide a hard copy of the application within 5 business days.

(b) Within 10 business days of receipt of the customer's application, the investor-owned utility shall provide written notice that it has received all documents required by the Standard Interconnection Agreement or indicate how the application is deficient. Within 10 business days of receipt of a completed application, the utility shall provide written notice verifying receipt of the completed application. The written notice shall also include dates for any physical inspection of the customer-owned renewable generation necessary for the investor-owned utility to confirm compliance with subsections (2) through (6), and confirmation of whether a Tier 3 interconnection study will be necessary.

(c) The Standard Interconnection Agreement shall be executed by the investor-owned utility within 30 calendar days of receipt of a completed application. If the investor-owned utility determines that an interconnection study is necessary for a Tier 3 customer, the investor-owned utility shall execute the Standard Interconnection Agreement within 90 days of a completed application.

(d) The customer must execute the Standard Interconnection Agreement and return it to the investor-owned utility at least 30 calendar days prior to beginning parallel operations and within one year after the utility executes the Agreement. All physical inspections must be completed by the utility within 30 calendar days of receipt of the customer's executed Standard Interconnection Agreement. If the inspection is delayed at the customer's request, the customer shall contact the utility to reschedule an inspection. The investor-owned utility shall reschedule the inspection within 10 business days of the customer's request.

(8) Net Metering.

(a) Each investor-owned utility shall enable each customer-owned renewable generation facility interconnected to the investor-owned utility's electrical grid pursuant to this rule to net meter.

(b) Each investor-owned utility shall install, at no additional cost to the customer, metering equipment at the point of delivery capable of measuring the difference between the electricity supplied to the customer from the investor-owned utility and the electricity generated by the customer and delivered to the investor-owned utility's electric grid.

(c) Meter readings shall be taken monthly on the same cycle as required under the otherwise applicable rate schedule.

(d) The investor-owned utility shall charge for electricity used by the customer in excess of the generation supplied by customer-owned renewable generation in accordance with normal billing practices.

(e) During any billing cycle, excess customer-owned renewable generation delivered to the investor-owned utility's electric grid shall be credited to the customer's energy consumption for the next month's billing cycle.

(f) Energy credits produced pursuant to subsection (8)(e) shall accumulate and be used to offset the customer's energy usage in subsequent months for a period of not more than twelve months. At the end of each calendar year, the investor-owned utility shall pay the customer for any unused energy credits at an average annual rate based on the investor-owned utility's COG-1, as-available energy tariff.

(g) When a customer leaves the system, that customer's unused credits for excess kWh generated shall be paid to the customer at an average annual rate based on the investor-owned utility's COG-1, as-available energy tariff.

(h) Regardless of whether excess energy is delivered to the investor-owned utility's electric grid, the customer shall continue to pay the applicable customer charge and applicable demand charge for the maximum measured demand during the billing period. The investor-owned utility shall charge for electricity used by the

customer in excess of the generation supplied by customer-owned renewable generation at the investor-owned utility's otherwise applicable rate schedule. The customer may at their sole discretion choose to take service under the investor-owned utility's standby or supplemental service rate, if available.

(9) Renewable Energy Certificates. Customers shall retain any Renewable Energy Certificates associated with the electricity produced by their customer-owned renewable generation equipment. Any additional meters necessary for measuring the total renewable electricity generated for the purposes of receiving Renewable Energy Certificates shall be installed at the customer's expense, unless otherwise determined during negotiations for the sale of the customer's Renewable Energy Certificates to the investor-owned utility.

(10) Reporting Requirements. Each electric utility, as defined in Section 366.02(2), Florida Statutes, shall file with the Commission as part of its tariff a copy of its Standard Interconnection Agreement form for customer-owned renewable generation. In addition, each electric utility shall report the following, by April 1 of each year.

(a) Total number of customer-owned renewable generation interconnections as of the end of the previous calendar year;

(b) Total kW capacity of customer-owned renewable generation interconnected as of the end of the previous calendar year;

(c) Total kWh received by interconnected customers from the electric utility, by month and by year for the previous calendar year;

(d) Total kWh of customer-owned renewable generation delivered to the electric utility, by month and by year for the previous calendar year; and

(e) Total energy payments made to interconnected customers for customer-owned renewable generation delivered to the electric utility for the previous calendar year, along with the total payments made since the implementation of this rule.

(f) For each individual customer-owned renewable generation interconnection:

1. Renewable technology utilized;

2. Gross power rating;

3. Geographic location by county; and

4. Date interconnected.

(11) Dispute Resolution. Parties may seek resolution of disputes arising out of the interpretation of this rule pursuant to Rule 25-22.032, F.A.C. Customer Complaints, or Rule 25-22.036, F.A.C., Initiation of Formal Proceedings.

Specific Authority 350.127(2), 366.05(1), 366.92, FS. Law Implemented 366.02(2), 366.04(2)(c), (5), (6), 366.041, 366.05(1), 366.81, 366.82(1),(2), 366.91(1),(2), 366.92, FS. History—New 2-11-02, Amended _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Craig Hewitt, Division of Economic Regulation, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850 (850) 413-6848

NAME OF SUPERVISOR OR PERSON WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: December 18, 2007

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: August 10, 2007