

Florida Commission Approves Net Metering and Interconnection Rule

The ruling is considered a big boost to the Florida solar community

April 2008

Florida's Public Service Commission (PSC) has passed a net metering and interconnection rule for investor-owned utilities that is intended to promote the development and interconnection of customer-owned renewable generation. The rule will minimize costs for customers who connect to the grid.

"This rule is expected to increase the development of renewable generation in Florida, which will enhance fuel diversity and reliability. Customer-owned renewable generation also effectively acts as a conservation measure by reducing the amount of electricity purchased from utilities."

- Matthew M. Carter II, Public Service Commission Chairman

To encourage renewable generation development, the rule:

- a.. Expands the size of eligible systems from 10 kilowatts (kW) to 2 megawatts (MW)
- b.. Expanding the type of eligible systems from solely photovoltaic to all renewable technologies.
- c.. Expedites the interconnection of customer-owned renewable generation.
- d.. Allows customers to offset consumption through net metering.

Florida's interconnection rules include provisions for three tiers of renewable energy systems:

- a.. Tier 1: 10 kW or smaller.
- b.. Tier 2: Larger than 10 kW, but no larger than 100 kW.
- c.. Tier 3: Larger than 100 kW, but no larger than 2 MW.

The U.S. Department of Energy provided funds to the Interstate Renewable Energy Council (IREC) for participating in the rulemaking process and providing information to the PSC on best practices.

Interconnection Standards

Incentive Type: Interconnection

Eligible Renewable/Other Technologies:

Solar Thermal Electric, Photovoltaic's, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, CHP/Cogeneration, Anaerobic Digestion, Small Hydroelectric, Tidal Energy, Wave Energy, Ocean Thermal

Applicable Sectors:

Commercial, Industrial, Residential, General Public/Consumer, Nonprofit, Schools, Local Government, State Government, Tribal Government, Fed. Government, Agricultural, Institutional

Limit on System Size/Overall Enrollment:

2 MW

Standard Interconnection Agreement?

Yes

Additional Insurance Requirements?

Tier 1 systems: no

Tier 2 and Tier 3 systems: yes

External Disconnect Required?

Tier 1 systems: no

Tier 2 and Tier 3 systems: yes

Rules for Non-Net-Metered DG?

Yes

Authority 1:

25-6.065, F.A.C.

Date Enacted:

3/4/2008

Effective Date:

3/4/2008

Authority 2:

HB 7135 of 2008

Date Enacted:

6/25/2008

Effective Date:

7/1/2008

Summary:

In March 2008, the Florida Public Service Commission (PSC) adopted interconnection rules for renewable-energy systems up to two megawatts (MW) in capacity. The PSC rules apply only to the state's investor-owned utilities; the rules do not apply to electric cooperatives or municipal utilities.

Florida's interconnection rules include provisions for three tiers of renewable-energy systems:

- a.. Tier 1: 10 kilowatts (kW) or less
- b.. Tier 2: Larger than 10 kW, but not larger than 100 kW
- c.. Tier 3: Larger than 100 kW, but not larger than 2 MW

To qualify for interconnection under the PSC rules, the customer-owned renewable generation must have a gross power rating that does not exceed 90% of the customer's utility distribution service rating. Tier 1 applicants are not subject to application fees, interconnection studies or

liability insurance. Utilities may require that applicants have proof of general liability insurance of \$1 million for Tier 2 and \$2 million for Tier 3 customers.

An external disconnect switch is not required for inverter-based Tier 1 systems, but a utility may choose to install a disconnect switch for a Tier 1 system at the utility's expense. Utilities are authorized to require customers with Tier 2 and Tier 3 systems to install a disconnect switch at the customer's expense. The PSC rules also include a mutual indemnification provision.

Utilities must offer customers a standard interconnection agreement for the expedited interconnection of renewable generation systems. All systems must meet all applicable safety and performance standards established by the National Electric Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), and Underwriters Laboratories (UL), including the IEEE 1547, IEEE 1547.1 and UL 1741 standards. In addition, systems must be inspected and approved by local code officials prior to interconnection to ensure compliance with applicable local codes.

In June 2008, Florida enacted legislation (H.B. 7135) requiring investor-owned utilities to "develop a standardized interconnection agreement and net metering program for customer-owned renewable generation" by January 1, 2009. The PSC must establish requirements related to interconnection and net metering for investor-owned utilities, and the commission is authorized to adopt rules addressing these issues. In addition, H.B. 7135 requires municipal utilities and electric cooperatives to "develop a standardized interconnection agreement and net metering program for customer-owned renewable generation" by July 1, 2009. Municipal utilities and electric cooperatives must file an annual report with the PSC detailing customer participation.

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NEWS RELEASE

3/4/2008 Contact: 850-413-6482

Florida Public Service Commission Approves Net Metering and Interconnection Rule

TALLAHASSEE - Florida's Public Service Commission (PSC) today ratified its December 18, 2007 decision on a rule addressing net metering and expedited interconnection standards. The Commission considered comments received from participants in the rulemaking proceeding but made no changes to the rule.

The net metering rule is intended to promote the development and interconnection of customer-owned renewable generation, and minimize costs for customers attempting to interconnect to their utility. It encourages the development of renewable generation by: (1) expanding the size of eligible systems from 10 kW to 2 MW; (2) expanding the type of eligible systems from solely photovoltaic to all renewable technologies; (3) expediting the interconnection of customer-owned renewable generation; and (4) allowing customers to offset consumption through net metering.

"This rule is expected to increase the development of renewable generation in Florida, which will enhance fuel diversity and reliability," said PSC Chairman Matthew M. Carter II. "Customer-owned renewable generation also effectively acts as a conservation measure by reducing the amount of electricity purchased from utilities."

The PSC is committed to making sure that Florida's consumers receive their electric, natural gas, telephone, water, and wastewater services in a safe, affordable, and reliable manner. The PSC exercises regulatory authority over utilities in the areas of rate base/economic regulation; competitive market oversight; and monitors safety, reliability, and service.

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