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**Future could be cloudy for residential solar energy in Florida**

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Solar energy is a rapidly growing renewable source of energy. According to the U.S. Department of Energy, Office of Energy Efficiency & Renewable Energy, solar power is more affordable, accessible and prevalent than ever before.

Since 2010, the average cost of solar photovoltaic panels has dropped more than 60% and the cost of a solar electric system has dropped by about 50%. This decline is happening as residential consumers are demanding more renewable energy options to power their homes, businesses are demanding renewable energy options for their stores and office buildings, and investment firms are looking for ways to invest in solar facilities to capitalize on the growing market.



The State of Florida has a solar energy-friendly regulatory climate. Indeed, section 366.92, Fla. Stat., expressly states that “(it) is the intent of the Legislature to promote the development of renewable energy; protect the economic viability of Florida’s existing renewable energy facilities; diversify the types of fuel used to generate electricity in Florida; lessen Florida’s dependence on natural gas and fuel oil for the production of electricity; minimize the volatility of fuel costs; encourage investment within the state; improve environmental conditions; and, at the same time, minimize the costs of power supply to electric utilities and their customers.

“In 1975, the Florida Legislature created the Florida Solar Energy Center (FSEC) — a research institute of the University of Central Florida (UCF) — which serves as the state’s research institute. FCES’s main responsibilities are to conduct research on issues such as energy efficiency and Florida-made energy, test and certify solar systems, and develop education programs. Additionally, Florida encourages the use of renewable energy with cost incentives, as evidenced in the Rule 25-6.065, Florida Administrative Code, which allows customers who own renewable energy equipment, such as solar panels, to use their equipment to produce energy for their personal use and thereby reduce their utility bill --- a concept called net metering.

In addition to building their own solar facilities to offset energy demand and costs, modern local governments are also facilitating customer-owned renewable generation — meaning 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. Above and beyond the benefits to using renewable energy, the concept of “net metering” is another significant benefit. Net metering is a billing mechanism that credits solar energy system owners for the electricity they add to the grid. For example, if a residential customer has a PV system on their roof, it might generate more electricity than the home uses during daylight

hours. If the home is net-metered, the electricity meter will run backward to provide a credit against what electricity is consumed at night or other periods when the home's electricity use exceeds the system's output. Customers are only billed for their "net" energy use. On average, only 20 to 40% of a solar energy system's output ever goes into the grid, and this exported solar electricity serves nearby customers' loads.

Florida's net metering rule was established in 2008, requiring IOUs to offer a standardized interconnection agreement for expedited interconnection and net metering of customer-owned renewable generation up to two megawatts. The rule's purpose 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.

In 2008, there were 577 customer-owned renewable generation interconnections. As of December 31, 2020, Florida electric utilities reported a total of 90,552 interconnections, of which 90,518 were solar; and 71,567 interconnections were for IOU customers, of which 71,541 were solar. Less than one percent of Florida's electric customers have installed renewable generation equipment as of the 2020, according to Report.40. In comparison, there were 10,504,960 electric utility customers in Florida, as of January 1, 2021.

The Sunshine State is a national leader in the generation of electricity from renewable resources, particularly solar energy. Net metering has allowed customer owned renewable generation. Notwithstanding the success of such a policy, there is an effort before the 2022 Florida Legislature that has the potential to reduce if not eliminate this practice. Interested persons, which include residential electricity customers, local governments, and the solar installation and manufacturing industry, should watch closely as this develops.

Before the 2022 Florida Legislature is a bill relating to renewable energy generation that could have a substantial chilling effect on residential and commercial customers who generate their own electricity from solar power. SB 1024 amends s. 163.04, Fla. Stat., relating to energy devices based on renewable resources, to allow governing entities with a deed restriction, covenant, declaration, or similar binding agreement affecting the alteration of residential dwellings or condominiums to prohibit the installation of solar collectors in locations outside of specifically designated parameters. The bill also amends s. 366.91, F.S., relating to renewable energy, requiring the Public Service Commission (PSC) to revise its rules on net metering of customer renewable generation.

The bill amends s. 163.04, Fla. Stat., relating to energy devices based on renewable resources, to allow governing entities with a deed restriction, covenant, declaration, or similar binding agreement affecting the alteration of residential dwellings or within the boundaries of a condominium unit to prohibit the installation of solar collectors in locations outside of specifically designated parameters.

The bill amends the legislative findings, under s. 366.91, Fla. Stat., relating to renewable energy, to state that:

- The continued development of renewable energy resources in a fair and equitable manner to all public utility customers is in the public interest.
- A net metering rule redesign is supported by the development and maturity of the industry, the decline in solar panel costs, and increased customer-owned/leased renewable generation.
- Customer owned/leased renewable generation is not available to public utility customers lacking financial resources or otherwise residing in multitenant buildings.
- The industry's growth has resulted in increased cross-subsidization of electric service costs onto the general body of ratepayers.
- The redesigned net metering rate structures must ensure that customers who own or lease renewable generation pay the full cost service.

The bill requires the PSC to propose a revised net metering rule by January 1, 2023, which must meet the following:

- Rate structures and billing must ensure that customers owning or leasing renewable generation pay the full cost of electric service and are not subsidized by the general body of ratepayers.

- Ensure that all energy delivered by the public utility is purchased at the applicable retail rate.
- Ensure that all energy delivered by customer generation to the public utility is credited to the customer at the public utility's full avoided cost.
- Net metering may include fixed charges, base facilities charges, electric grid access fees, or monthly minimum bills, to ensure that the public utility recovers the fixed costs of serving those customers and that the general body of ratepayers does not subsidize customer renewable generation.

The bill allows customers who own or lease renewable generation before January 1, 2023, to continue under the existing net metering rate design and rates for 10 years from that date. This provision also applies to customers who purchase or lease real property with renewable generation systems installed for all or part of the 10-year period.

Under the bill, the PSC must require a public utility requesting a change in base rates under s. 366.06, F.S., to report the net metering impact on the public utility's revenue and cost of service.

The draft for the bill acknowledged that there might be an indeterminate impact on the solar installation and manufacturing industry if fewer customers purchase rooftop solar as a result of the redesigned net metering rate structure.

Florida residents who are interested in continuing the practice of net metering should watch carefully the developments in the 2022 legislature as the pending bill could have a chilling effect on it. This would include residential customers, local governments, and the private solar industries. This could also curtail Florida's standing in the country as a leader in solar energy.