



**Florida House of Representatives**  
*Representative Lawrence McClure*  
District 58

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May 22<sup>nd</sup>, 2020

The Honorable Gary Clark  
Chairman  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399

Dear Chairman Clark:

I recently read a January 2020 report from Energy Fairness entitled Net Metering-Costs, Customers, and a Smarter Way Forward for Florida. Based on the report, I requested our Florida Investor Owned Utilities provide me with data that quantifies=d the following for each of their companies:

- The number of net metering customers as of December 31,2019
- The cost to serve a typical residential customer and the components that are embedded in those costs (i.e., energy, transmission, distribution)
- The cost to serve a typical residential customer who also has rooftop solar or other forms of net metered renewable energy
- The amount of cross-subsidy or cost shifting being borne by the general electric customer population to support full cost recovery from rooftop solar residential customers who engage in net metering

It is clear to me from the Energy Fairness report and data presented by the IOUs that there are two likely scenarios facing Florida consumers today. First, it is highly probable low and middle-income families are paying more on their electricity bills than they should so their



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wealthy neighbors can have solar panels on their rooftops. The exponential growth of solar panels since 2008 would not be possible without lower income families subsidizing the electricity costs of wealthier families who can afford them. Second, I believe this exponential growth also could not occur without unscrupulous installers preying on families who cannot afford solar with promises of dramatically lower electric bills or even \$0 monthly bills. It has been relayed to me such practices routinely occur in the sunshine State from anecdotal instances I have heard.

The data I received from IOUs is revealing.

As I expected, those that have solar installed have larger homes and are therefore presumed to be wealthier households. According to FPL and Gulf Power, their typical residential customer uses approximately 1,000 kWh per month, but customers capable of installing rooftop solar tend to have larger than average homes and consume an average of 1,700 to 1,750 kWh per month. Additionally, the monthly fixed cost to serve these customers is \$132 to \$163.

Duke Energy advises that as of December 31, 2019, they provided net meter service to a total of 21,200 metered customers. The total represents a 7,000% increase in net metered customers in the last decade, with a 75% annual increase for net metering interconnections.

It is obvious that solar offsets some of the fuel costs that a utility would have to purchase to supply a customer with a solar installation. However, as Tampa Electric explained in describing its energy charges, utilities must also recover the costs of building and operating power plants, as well as transmitting and distributing electricity. Since the energy charges are based on customer use of electricity than others, they do not pay their fair share of the costs to provide reliable service to the entire system.



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Taken together, FPL, Gulf Power, TECO and Duke residential customers without solar are paying approximately \$40 million in annual subsidies to cover the fix costs of serving those customers with solar installations. This subsidy is projected to grow far beyond \$50 million annually within the next five years.

It has been more than 10 years since the Florida Public Service Commission and the Florida Legislature took action on the regulatory framework concerning customer-owned renewable energy. As Lisa Edgar, one the report's co-authors and former Florida PSC Chair noted, "during public discussion, the Commission noted it was trying to reach a balance with the information then available, and that '...there will be opportunities to revisit some of these issues at a future point.'"

I believe the tie for that review is long overdue. When Florida's net metering rules were established in 2008, they were designed to foster growth in this emerging market. Immediate past PSC Chairman Art Graham said it best in July 2019 press release, "after a decade of use, our interconnection rules have more than proven their effectiveness at 'priming the pump' for growing customer-owned rooftop solar."

With the mission of 'priming the pump' accomplished, it is now time to inject more fairness and consumer protection in the market.

I am asking the that the Florida Public Service Commission immediately begin an in-depth and thorough review of applicable rules and appropriate regulatory policies related to customer-owned renewable energy facilities, including the coast arising from net metering that are shifted to the general body of customers and the associated retail rate credit. It is imperative that we ensure that all consumers of electricity in Florida are treated fairly and that the costs are not shifted from the "haves to the have nots." Consumers in states such as California where regressive rate structures and net metering policies have been left unchecked for too long are now experiencing significant operational issues along with



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sustaining long-term economic damage through the payment of hundreds of millions of dollars per year in extra costs.

I fully support Florida consumers with rooftop solar that deliver electricity to the state's electric grid. They should be treated fairly and have the right to install these systems on property they own. I also want economically viable renewable energy systems to continue to grow in Florida. However, I want to ensure that electricity consumers who choose to use rooftop solar do not add additional costs to non-net metering consumers. I trust you share this view.

I share in PSC's mission "to facilitate the efficient provision of safe and reliable utility services at fair prices." With many of my constituents and consumers around the state suffering real economic hardship, it is imperative to eliminate costly subsidies that burden Florida's low and middle-income families. This is an important opportunity for the PSC to protect Floridians from regressive and unfair electric policies, and bad actors in the marketplace taking advantage of our families. I strongly urge you to act in the best interest of all Floridians and address the issues of fairness I have put forth.

Your cooperation is sincerely appreciated. Please do not hesitate to contact me or my office with any questions. I look forward to your response and action.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lawrence McClure".



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Lawrence McClure  
*State Representative, District 58*

Cc: The Honorable Julie Brown  
The Honorable Andrew Fay  
The Honorable Art Graham  
The Honorable Donald Polmann