



## Governor's Action Team on Energy and Climate Change Consensus Concepts for Action Team Consideration September 28, 2007

### STRAW FINDINGS AND RECOMMENDATIONS

The purpose of this document is to provide a set of "consensus concepts" for consideration, alteration as needed, and ratification by the Governor's Action Team on Energy and Climate Change at the October 5, 2007, meeting in order to provide direction to staff in drafting the final recommendations document due to Governor Crist on November 1, 2007.

This document contains options for final report findings and recommendations as prepared by the staff of the Action Team. The straw findings and recommendations for items addressed to date by the Action Team are organized under the appropriate component of the charge to the Action Team contained in Executive Order 07-128.

1. Strategies and mechanisms for the consolidation and coordination of energy policy in Florida;
  - a. TBD
2. **Additional greenhouse gas emission reduction strategies beyond those directed in Executive Order 07-127, as well as an overall blueprint for development of actions;**
  - a. Finding: The Action Team finds that numerous other states and nations have developed comprehensive greenhouse gas emission reduction strategies through a facilitated stakeholder process resulting in a Climate Action Plan.
  - b. Finding: The Action Team finds the development of such a Florida Climate Action Plan, as directed by Governor Crist in Executive Order 07-128, to be prudent in anticipation of further state climate change policy initiatives as well as possible federal legislation addressing climate change which will likely require state level planning.
  - c. Recommendation: The Action Team recommends that the balance of its charge under Executive Order 07-128, in addition to specific future analytical endeavors specified in this document, be addressed within such a facilitated stakeholder process during 2008 to result in the Florida Climate Action Plan due to the Governor on October 1, 2008.
3. **Policies to enhance energy efficiency and conservation, including statewide targets;**
  - a. Finding: The Action Team finds that energy conservation and energy efficiency are critical in enabling Florida to reach specific greenhouse gas emission reduction targets.
  - b. Finding: The Action Team finds that several energy efficiency technologies available in the marketplace today are cost effective beyond the degree to which they are utilized by Floridians, and thus represent emission reduction opportunities available at a net benefit to consumers.
  - c. Finding: The Action Team finds that the current regulatory structure for the electric utility sector within Florida may pose disincentives for investments yielding greater energy efficiency and thus reducing utility sales.
  - d. Recommendation: The Action Team recommends further examination of the issue of statewide energy conservation and efficiency targets as a component of the facilitated process recommended under 2(c) above.

- e. Recommendation: The Action Team recommends legislative authority for the Public Service Commission to develop a pilot program in which investments in residential and commercial solar hot water systems could be incorporated into the rate base.
  - f. Recommendation: To build upon the 15% increase in energy performance of new construction by 2009 as directed by Governor Crist in Executive Order 07-127, the Action Team recommends stepwise improvements in building efficiency targets beyond 2009.
  - g. Recommendation: To build upon the 15% increase in appliance efficiency standards directed by Governor Crist in Executive Order 07-127, the Action Team recommends expanded legislative authority to incorporate additional residential appliances and commercial appliances not subject to federal preemption.
4. **Market-based regulatory mechanisms, such as cap and trade programs, for use in efficiently reducing greenhouse gas emissions;**
- a. Finding: The Action Team finds that the use of market-based mechanisms are likely to reduce greenhouse gas emissions in Florida with greater flexibility and with less net cost than would be the case with traditional regulatory emissions caps alone.
  - b. Finding: The Action Team finds that the two principal options (cap and trade vs. carbon fees) each have specific positive and negative considerations, and that each tool has specific applications for which it is best suited.
  - c. Finding: The Action Team finds that, given the diversity of sources for greenhouse gas emissions, the use of one or more market-based mechanisms to address specific sectors may be warranted over time.
  - d. Recommendation: The Action Team recommends that Florida pursue a market-based policy of “cap and trade” by creating tradable emissions allowances as the preferable means meeting the utility sector emissions cap and the statewide emission reduction targets directed by Governor Crist in Executive Order 07-127.
  - e. Recommendation: The Action Team recommends a market design process for Florida’s tradable allowances market as a vital component of the Florida Climate Change Action Plan development process recommended under 2(c) above. This design process should result in final recommendations for:
    - an allowance allocation process,
    - economic and emergency safety valves,
    - the creation and use of emission offset credits,
    - a “leakage” strategy regarding the migration of emissions into surrounding states,
    - trial periods, and
    - timeframes for full implementation.Consistent with recommendation 11 (d) below, the design process should consider linking a Florida-based allowances trading market with other regional or international markets.
5. **Strategies to diversify Florida’s electric generation fuels to reduce greenhouse gas emissions and protect Florida’s consumers from fuel price volatility;**
- a. Finding: The Action Team finds that fuel diversity within Florida’s portfolio of electric generation fuels must be managed and further diversified.
  - b. Finding: The Action Team finds that increasing the share of renewable energy technologies, as currently under consideration by the Public Service Commission’s investigation into a renewable portfolio standard, would be beneficial to Florida’s fuel diversity.

- c. Finding: The Action Team finds that nuclear power is beneficial for energy security objectives as well as greenhouse gas emission reduction objectives.
6. **Policies for emission reporting and registry that measure and document emission reductions;**
  - a. Finding: The Action Team finds that quality emissions data from across Florida's economy is critical for the effective design and implementation of any future market-based mechanism.
  - b. Finding: The Action Team finds that Florida's participation in The Climate Registry – which now numbers 39 of the nation's 50 states, 1 Mexican state, and 2 Canadian provinces with the balance of provinces having committed to joining – efficiently incorporates common reporting protocols for companies doing business in multiple states, including Florida, and establishes an equivalent reporting environment for Florida-based businesses that wish to participate.
  - c. Finding: The Action Team finds that in advance of a federal greenhouse gas program, it is in Florida's best interest to document emissions of greenhouse gases from as many sources within the state as possible using nationally recognized reporting protocols.
  - d. Recommendation: The Action Team recommends compulsory greenhouse gas emission reporting from large emitters using The Climate Registry reporting protocols.
7. Strategies for reducing greenhouse gas emissions from automobiles;
  - a. TBD
8. Strategies for increasing the amount of renewable transportation fuels and for reducing the carbon content of fuels, such as a low carbon fuel standard;
  - a. TBD
9. Policies to reduce greenhouse gas emissions from state and local governments not addressed in Executive Order 07-126;
  - a. TBD
10. **Policies to reward early emission reductions in advance of statewide or national greenhouse gas regulatory programs;**
  - a. Finding: The Action Team finds that verified emission reductions by sources in Florida in advance of any state, national, or international program are in the State of Florida's best interest.
  - b. Finding: Further, the Action Team finds that verified emissions baselines are in the best interest of those companies with a reasonable expectation of future greenhouse gas regulation.
  - c. Recommendation: The Action Team recommends that an early reductions incentive policy be incorporated in the market design process recommended under 4(e) above.
11. **Other policies for efficiently reducing emissions in Florida in conjunction with, or independent of, regional, national or international agreements.**
  - a. Finding: The Action Team finds that the emerging global carbon market presents Florida with opportunities for reducing the cost of reducing emissions to stated targets.
  - b. Finding: Further, the Action Team finds that linkages with other markets creates economic development opportunities and external sources of capital to fund greenhouse gas offset projects located in Florida.
  - c. Recommendation: The Action Team recommends that Florida pursue a Memorandum of Understanding with the Regional Greenhouse Gas Initiative (RGGI) compact states enabling the sales of credits into the compact from emission offset projects developed in Florida.

- d. Recommendation: The Action Team recommends a formal exploration of linkages to other emerging markets domestically and abroad as a feature of the market design process recommended under 4(e) above.