

MINUTES OF THE MEETING

GOVERNOR'S ACTION TEAM ON ENERGY AND CLIMATE CHANGE

Knott Building, Room 412
The Capitol Complex
Tallahassee, Florida

Wednesday, August 29, 2007

Meeting called to order by Department of Environmental Protection (DEP) Secretary Mike Sole, serving as Chairman, at 9:00 a.m.

Members Present:

Secretary Mike Sole, Chairman
Mayor Rick Baker, Vice Chairman
Senator Jeff Atwater
Senator Al Lawson
Representative Stan Mayfield
Representative Dan Gelber
Tommy Boroughs
Camille Coley
Lisa Polak Edgar
Dr. James Fenton
Manley Fuller
David Guest
Debbie Harrison
Dr. Lonnie Ingram
Mark Kaplan
Jerry Karnas
Jerry Montgomery
Armando Olivera
Charles Pattison
Kathleen Shanahan
Jack Shreve

Others Present:

Senator Lee Constantine
Chris Kise, Counsellor to the Governor
Kelly Layman, Chief of Staff, DEP
Steve Adams, Director, Office of Strategic Projects and Planning, DEP
Jeremy Susac, Director, Florida Energy Office, DEP
Andrew Collins, Senior Executive Assistant, DEP
Kelley Smith, Governmental Analyst II, DEP

Chairman Sole welcomed the Action Team members and members of the public present. Members were asked to introduce themselves and give brief remarks. All members present spoke. Secretary Sole then introduced DEP staff, who would be working with the Action Team, who are available at any point in time for questions, comments, and requests.

Virilindia Doss with the Florida Commission on Ethics presented an overview of state ethics laws. Gladys Perez, Assistant General Counsel, Executive Office of the Governor, presented the Governor's Code of Ethics. Pat Gleason, Director of Cabinet Affairs and Special Counsel for Open Government, provided an overview Government-in-the-Sunshine laws as outlined in Ch. 119, F.S.

Chairman Sole reviewed the charge of the Action Team as outlined in Executive Order 07-128 and walked members through the schedule to meet the November 1 deadline for the first report to the Governor.

Stephen Adams, Action Team Staff Director, gave a detailed presentation on the sources of Florida's emissions of greenhouse gases, projected future trends, and a primer on actions under way as a result of Executive Orders 07-126 and 07-127.

At 11:30 a.m., the meeting adjourned for lunch.

At 12:45 p.m., Chairman Sole introduced Paul Sotkiewicz, Director of Energy Studies, Public Utility Research Center at the University of Florida. Professor Sotkiewicz gave an overview of market-based tools and Florida's experience with other pollutants.

Judi Greenwald, Director of Innovative Solutions, Pew Center on Global Climate Change, presented the topic of "carbon markets in action" and key lessons and design considerations from other nations, regions, and states.

Mike Burnett, Executive Director of the Climate Trust, presented on the topic of broadening carbon markets with carbon offsets.

All four PowerPoint presentations to date in the meeting were provided in hard copy to the Action Team members. Chairman Sole reminded all present that the materials for all meetings and more reference information were available on the DEP climate change area of the agency's web site: www.dep.state.fl.us/climatechange

Chairman Sole also reminded the members that due to the compressed nature of the first organizational meeting that dedicated time for public comment would be afforded at the second, third, and fourth meetings of the Action Team. In the interim, he wanted to ensure that enough time was afforded to Action Team members for staff direction and to clarify any points of the enormity of state, national, and worldwide information from the presentations.

Chairman Sole opened the floor for a question and answer period between the members of the Action Team and the presenters.

Mr. Olivera asked about the market value of trading allowances if a cap and trade program were only to operate in Florida.

Mayor Baker asked about the EU's model or any other models that use cap and trade and whether those have estimated what they think the respective cost impacts are to consumers for electricity, and whether staff can secure any hard info on that topic.

Mark Kaplan asked about how Florida's emission targets interact with the concept of offsets. For example, does using an offset count? If an offset is economically efficient to the emitter, why wouldn't that be good enough? Is it acceptable for the emitter to provide funding for offsets, or must it come from an outside source?

Ms. Harrison asked about how Florida built-in incentives and how Florida establishes a baseline when we figure in efficiency, conservation and renewables. Specifically, how does Florida build in that scenario with emissions?

Mr. Pattison asked about whether there is any kind of methane program worth the effort. Once captured, what level of GHG emissions do you capture when you convert the methane?

Dr. Ingram asked about any advantages of setting a base price or value in the cap and trade system and whether we are focusing on carbon dioxide specifically or carbons.

Mr. Karnas asked about the analysis of the economic costs of these programs how the cost of inaction is calculated

Mr. Fuller asked for information on how the carbon cap and trade factors in the potency of different greenhouse gases.

Mayor Baker asked about what the response has been like from the power companies to the programs in the West and Northeast As programs are put together, have consumer advocates been involved in the process?

Dr. Fenton asked about the financial and behavioral incentives the Action Team would like to see the public have and what are other states experiences in this area.

Mr. Karnas asked about the national Acid Rain Program where it was predicted the cost of that program would be four times more this it was in the end. What happened within the cap and trade market that could make that happen?

Chairman Sole thanked the Action Team members for these articulate questions and said staff would analyze and synthesize information to provide in advance of the next meeting, which would focus on cap and trade and carbon capture programs.

Chairman Sole also asked staff to provide members with a framework of cap & trade and where we are at in the nation and state today on energy efficiency. He also asked staff to provide more info to the Action Team on the economics of cap and trade.

Dr. Ingram asked staff to look at the number of tourist per a resident and the effect that has on our energy efficiency. He also asked that staff look at the effects of air, space and boat travel have on our air quality

Secretary Sole asked staff to quantify the tourist effect on energy efficiency for the next meeting if possible, if not for a future meeting. (Note: Staff is continuing to assess with Visit Florida and other resources.)

Rep. Gelber asked staff to provide models by which some of these ideas are implemented in a regulated environment, focusing on what options are and an understanding of how the program would operate and who would make the cost decisions.

Mr. Kaplan asked staff to provide information on fuel diversity and greenhouse gas emissions impact on diversity and the reliability of our electric system and what would be the cost.

Mr. Boroughs made the comment that the principles of fuel diversity, affordability, reliability and efficiency would serve the Action Team well as we move forward with recommendations.

Ms. Edgar asked staff to look into how to incentivize and bring in capital to increase diversity and the use of new technology without passing on an increase cost to customers. Ms. Edgar said she would like to hear both from staff and other panel members on this particular topic.

Mr. Kise added that in addition to the principles of fuel diversity, affordability, reliability, and efficiency, that environmental impact should be an equal factor.

Mr. Pattison asked the staff to look at the possibility of improving building codes (both commercial and residential) to increase energy efficiency.

Ms. Harrison asked about a possible funding mechanism of an increase in sales taxes across the state as a way to offset costs for residences in implementing energy and climate change programs. Ms. Harrison suggested a possible statewide ballot referendum.

Ms. Coley asked to have information on diverse models of cap and trade, and taxes and models that incorporated a mix of both options.

Mr. Karnas asked that in the Action Team's final recommendation, an analysis on job creation due to energy and climate change programs be included.

Mayor Baker asked about a brief summary on the sulfur cap and trade program.

Mr. Shreve asked about information and materials on studies dealing with the cost implications if nothing is done about climate change.

Dr. Fenton said he would like to see presentations in future meetings regarding all efficiency measures that other states have done.

Mr. Olivera said models need to factor in population growth with cap and trade programs. He would like information on where Florida is ranked in relation to other states on energy efficiency.

Action Team members were advised that the next meeting will be Tuesday, September 18, where they will hear from a special speaker from the United Kingdom, where cap and trade is operational.

The third and fourth meetings necessary to prepare the Executive Order's Phase I report deadline (of November 1) will be during the weeks of October 4 and October 25, to be announced shortly.

The meeting was adjourned at 4:02 p.m.

Minutes respectfully submitted by DEP staff.