



# Governor's Action Team on Energy and Climate Change

## State of Florida

### Meeting #1 Minutes – Review Draft

### Governor's Action Team on Energy and Climate Change

Tallahassee, Florida  
Friday, February 1, 2008

#### Attendance

#### Florida Energy and Climate Action Team Members:

Secretary Mike Sole, Chairman  
Mayor Rick Baker, Vice Chairman  
Senator Jeff Atwater  
Representative Stan Mayfield  
Tommy Boroughs  
Camille Coley  
Dr. James Fenton  
David Guest  
Debbie Harrison  
Dr. Lonnie Ingram  
Mark Kaplan  
Jerry Karnas

Jerry Montgomery  
Armando Olivera  
Charles Pattison  
Kathleen Shanahan  
Jack Shreve

#### Excused absences:

Senator Al Lawson  
Representative Dan Gelber  
Public Service Commission Seat  
Manley Fuller

#### Department of Environmental Protection:

Kelly Layman, Chief of Staff, DEP  
Jennifer Fitzwater, Deputy Secretary of Planning and Management, DEP  
Jack Chisholm, Deputy General Counsel, DEP  
Steve Adams, Director, Office of Strategic Projects and Planning, DEP  
James McNeil, Senior Executive Assistant, DEP  
Kelley Smith, Governmental Analyst II, DEP  
Bruce Deterding, Senior Management Analyst II, DEP  
Brenda Buchan, Senior Management Analyst II, DEP

#### Center for Climate Strategies:

Tom Peterson, Jeff Wennberg, Steve Roe, Donna Boysen.

SECRETARY SOLE welcomed the members of the Action Team, the public, and staff to the first meeting of Phase II of the Governor's Action Team on Energy and Climate Change planning process. Those members present introduced themselves, and Secretary Sole introduced the members of the DEP staff who will be assisting with the Phase II effort. Secretary Sole explained that one of the recommendations of the Phase I process was to employ a facilitated stakeholder approach for Phase II. He then introduced Tom Peterson of the Center for Climate Strategies (CCS), who has been retained to provide facilitation and technical support for Phase II. Tom introduced the CCS staff members who were present.

SECRETARY SOLE said that the DEP and the Governor's Office were in the process of expanding the Action Team by about six additional members to bring in new expertise and perspectives. The expertise being sought included fuels, banking and finance, real estate, agriculture and forestry, waste management, and municipal electric utilities.

PAT GLEASON, Director of Cabinet Affairs and Special Counsel for Open Government, then provided the Action Team and others present with a briefing on the requirements of Florida's Open Government Sunshine Law. She explained that the Action Team and the Technical Work Groups (TWGs) that were being formed were all subject to the law. This requires that all meetings must be open to the public, all meetings must be publicly noticed, and minutes must be kept. Ms. Gleason explained that any gathering of two or more members where any discussion of matters that may come before the group takes place is a public meeting and subject to the same notice and other requirements as any formal meeting of the group. Therefore, there can be no private conversations between members where the subject could be discussed except in the context of an appropriately noticed meeting. Members are also prohibited from communicating through third parties by passing messages. These restrictions apply to conversations among members of any one TWG, among members of the Action Team, and between TWG members and the Action Team members serving on the same TWG.

TOM PETERSON reviewed the agenda and provided an overview of the step-by-step process offered by the CCS to help the Action Team accomplish its tasks. For today's meeting, this would include looking at existing actions in Florida and taking a first look at what will become the substantial quantitative analysis that will underpin the Action Team's work. Mr. Peterson further explained that this analysis will be refined by the TWGs. Mr. Peterson mentioned that the schedule for this process, starting in February and ending by October 1, 2008, is more compressed than has been the case in other states in which CCS had worked. Critical tasks for today are getting an overview of the process, structure, and function of the Phase II process and the TWGs and hearing about how other states have done this work. The process provides formal opportunities for public input at every stage.

SECRETARY SOLE emphasized the opportunities and desire for public input. He mentioned the two Web sites—[www.dep.state.fl.us/climatechange](http://www.dep.state.fl.us/climatechange), which includes the listserv, and [www.flclimatechange.us](http://www.flclimatechange.us), which will be the Phase II process main site and will contain all the key documents associated with the process. Secretary Sole also mentioned the e-mail address for the process, [actionteam@dep.state.fl.us](mailto:actionteam@dep.state.fl.us).

STEPHEN ADAMS, Director of Planning and Strategic Projects for DEP, then walked through a review of the actions Florida has already taken to reduce greenhouse gas (GHG) emissions. These actions have been pursuant to the three Executive Orders (E.O.s), 07-126, 07-127 and 07-128, issued by Governor Crist last year and the Phase I recommendations of the Action Team. Mr. Adams explained that GHG reduction targets were established in E.O. 07-127 and those targets are to achieve year 2000 emission levels by 2017, year 1990 levels by 2025, and meet levels 80% below 1990 levels by 2050. Mr. Adams then gave a brief update on the status of administration initiatives set in motion by the orders:

- A GHG emissions cap for utility power generation,
- The adoption of California vehicle emissions standards,

- A diesel idling reduction standard,
- A revision of Florida’s energy codes for building construction,
- A revision to Florida’s energy conservation standards,
- Creation of renewable portfolio standards,
- New rules to reduce the cost of interconnecting renewable electricity generation, and
- New rules to standardize net metering for customer-generated power.

SECRETARY SOLE added his thanks to the Public Services Commission (PSC) for their efforts in the distributed generation and net metering rulemaking.

STEPHEN ADAMS then summarized the recommendations from the Phase I Action Team process:

- Mandatory GHG reporting through The Climate Registry,
- Creation of a Cap-and-Trade market-based GHG reduction program,
- Explore the potential for sale of Florida carbon offset credits to Regional Greenhouse Gas Initiative (RGGI),
- Explore early emission reduction incentives,
- Propose PSC incentives for renewable energy installations,
- Additional building efficiency measures,
- Additional appliance efficiency measures,
- Pursue partnerships promoting carbon capture, storage, and reuse (CCSR),
- Use integrated land-use planning to promote GHG reductions,
- Promote the use of low-carbon vehicles,
- Research and development for renewable fuels,
- Investigate a regional low-carbon fuel standard,
- State to use energy performance savings contracts,
- Support alternative fuels technology development,
- Public-private cooperation for low-carbon energy market, and
- Use a facilitated stakeholder process for Phase II.

STEVE ROE of CCS then joined Mr. Adams in presenting the draft Florida Inventory and Forecast (I&F) of GHG emissions. Mr. Roe explained that the first I&F slide (slide 20) represented a preliminary breakdown of the sector contributions to historic and projected emissions from Florida sources.

MEMBER QUESTION: Please explain the acronyms on the slide.

STEVE ROE explained that “BAU” meant “business as usual” or no changes in policies or infrastructure from the current trends, and “RCI” is the “residential, commercial, and industrial” fuel use sector, not including electricity.

MEMBER QUESTION: What is agriculture on this graph?

STEVE ROE explained that it included livestock, crop management, manure management, and fertilizer.

SECRETARY SOLE asked whether “Other” included sulfur hexafluoride (SF<sub>6</sub>) and what else in included.

STEVE ROE stated that it did include SF<sub>6</sub> but also wastewater treatment plants and other sources. [Following the meeting, CCS checked into this issue further and found that rice cultivation and waste combustion were also included in the “other” category. In the next version of the draft I&F, CCS will place these into the appropriate corresponding sectors (i.e. agriculture and waste management). Therefore, future versions of this chart will not have an “other” category.]

MEMBER QUESTION: What is the standard of measure?

STEVE ROE stated that it was million metric tons of carbon dioxide equivalent (MMtCO<sub>2e</sub>). The use of ‘equivalent’ allows the same metric to be used for all 6 GHGs.

STEPHEN ADAMS added that the numbers behind the graph represented gross emissions, that is, not including Florida’s carbon sinks which remove carbon dioxide from the atmosphere. He said that net emissions numbers would be provided in the future but were not yet available.

SECRETARY SOLE asked how the projections were done.

STEPHEN ADAMS responded that the forecast was based upon population growth projections, which show a remarkable correlation with historic emissions. He added that this was in the process of being refined.

MEMBER QUESTION: How is the different potency of the different gases handled?

STEVE ROE answered by explaining the generally accepted United Nations and U.S. Environmental Protection Agency methodology that gives conversion factors for each gas based on their 100-year global warming potential (as defined in the Intergovernmental Panel on Climate Change’s [IPCC’s] Second Assessment Report).

STEPHEN ADAMS explained the graph on slide 21 showing the relative benefits of the 07-127 Executive Order initiatives, drawing attention to the substantial reductions achieved by the cap on utility power plant emissions and those expected as a result of the California car standards. He then explained that the solid blue line represents the targets established in E.O. 07-127, and that it was the goal of the Action Team in Phase II to recommend policies that will bring future emissions equal to or below the blue line.

MEMBER QUESTION: Do the lines sum one another?

STEPHEN ADAMS said they do—that the top line is the sum of all the values of all the lines.

MEMBER QUESTION: Does the solid blue line showing the goals represent gross or net emissions?

SECRETARY SOLE stated that he believed it was a blend because some of the policy options will consider opportunities for carbon sinks.

STEVE ROE added that these were preliminary numbers and that as the data are refined, the lines will move. Mr. Roe then explained the improvements that were being sought, such as emissions associated with imported/exported electricity and improvements for transportation, industrial processes, and fossil fuel production and distribution.

MEMBER QUESTION: Where do wastewater treatment plants fit in?

STEVE ROE said that was in the waste sector. He then explained some planned improvements in the business as usual reference case forecast and refinements in the calculation of the benefits expected from recent actions.

TOM PETERSON then began a presentation of the challenge of climate change, what is being learned about opportunities for responding to the challenge and what has been learned through the efforts of other states. He began by presenting the latest thinking on what a “safe” level of climate change might be. He said there had been much progress over the last 15 years. On slide 31, the graphs indicate projected CO<sub>2</sub> growth and expected temperature increases for different levels of mitigation. Mr. Peterson pointed out on slide 32 that U.S. states are among the biggest GHG-producing economies in the world and effective state and multi-state actions can clearly have an impact. He pointed out that the data were a bit out of date and suggested that 2005 data might now be available.

MEMBER QUESTION: Where is the U.S. on the bar chart?

TOM PETERSON said we were to the left of China, but we don’t know how long that will remain the case. He pointed out on Slide 33, a map of states that have completed or are undertaking climate action plan processes and that many states were pursuing reduction programs.

MEMBER QUESTION: What are the GHG emissions numbers for the whole nation?

TOM PETERSON indicated that he was not sure as of 2000 (the date of this graph).

MEMBER QUESTION: What is the U.S. as a percent of global emissions?

TOM PETERSON said about 25% of the world total.

MEMBER QUESTION: What is the Action Plan horizon? Is it 50 years?

SECRETARY SOLE said the governor set the 2050 horizon for the process.

TOM PETERSON continued with the presentation explaining that when it comes to growth, not all states are created equal. Between 1990 and 2020, the U.S. as a whole is expected to increase GHG emissions by 50%; Florida, 90%; Pennsylvania, 15%; and Arizona, 150%. Mr. Peterson said that growth was a key issue that required each state plan to be uniquely tailored.

SECRETARY SOLE said that Florida needed to assume a leadership role because it is a high-growth state.

TOM PETERSON then explained the importance of measuring and monitoring emissions going forward and explained the difference between analyzing emissions from consumption (emissions resulting from the use of electricity) versus a production (emissions resulting from the generation of electricity) standpoint. He also explained the difference between gross (emissions-only) and net (emissions less sinks) accounting.

TOM PETERSON then reviewed targeted reduction goals of other states and the special opportunities for reductions offered to high-growth states, using the Arizona supply curve on slide 37 as an illustration.

MEMBER QUESTION: Where is new construction in the graph?

TOM PETERSON suggested that would be generally in the building codes policy, but possibly others.

MEMBER COMMENT: Arizona has done some excellent things, but has seen a big increase in the cost of electricity by the time of day. We need to be careful to make policies in this regard fit Florida.

MEMBER QUESTION: What about indirect or intangible costs or benefits, such as reduced accidents—can we quantify these?

TOM PETERSON said the process will show how the analysis can work but the quantification is principally direct effects (GHG reductions) and direct costs (those tied directly to policy implementation).

MEMBER COMMENT: I like the idea of a graph looking at costs and savings; this is how we should analyze these options.

MEMBER QUESTION: What caused Arizona's electric prices to jump?

MEMBER RESPONSE: They did it very quickly, and with a large differential, peak to off-peak.

TOM PETERSON said the time of day rates in Arizona were not a recommendation of the climate advisory group.

MEMBER QUESTION: How is this modeled relative to timeframe for implementation?

TOM PETERSON responded that Arizona completed their recommendations in late 2006, after which they were transmitted to the governor. She then had to decide what she wanted to pursue. There were administrative, rulemaking, and legislative policies on the list. The state is now sifting through them at the appropriate level. He explained that 95% of the report is technical appendixes containing the detailed economic analysis.

MEMBER QUESTION: What is a carbon intensity target?

TOM PETERSON said these are targets that are specific to particular industries.

SECRETARY SOLE stated that Florida will develop its own initiatives, which may or may not relate to Arizona's proposals.

MEMBER COMMENT: This presentation of the recommendations contains more recent data and is easier to communicate to the public.

MEMBER COMMENT: This is a great framework, but we need to be sure the recommendations are bulletproof—we need to show the economic benefits.

MEMBER QUESTION: Does this include the value of carbon credits?

TOM PETERSON said that the analysis was based on cost/ton removed and places no value on the carbon.

TOM PETERSON presented slide 38, showing that the program is expected to create 285,000 jobs in Arizona by 2025. He explained that this was a good example of a secondary impact that can be modeled through the process. Mr. Peterson then explained slide 39, which is an economy-wide supply curve indicating that a large combination of measures can reduce GHG emissions about 33% below BAU, with some policies saving money and some with net costs, but on balance there is a net savings.

MEMBER QUESTION: Is the savings typically a result of saved energy costs?

TOM PETERSON answered yes.

MEMBER COMMENT: If we package these together, we can use the savings to subsidize the positive cost options.

TOM PETERSON said many of the options are designed to work in tandem, and that the analysis takes into account these issues through an integration analysis of the policies.

MEMBER QUESTION: Will we be able to see these graphs by sector, for electricity for example?

TOM PETERSON said that each policy and sector is studied separately. Mr. Peterson continued with his presentation showing similar results from an unrelated study by the McKinsey Company, and breaking down the 'global' curve by major sector.

MEMBER QUESTION: How do you get a reduction of more than 100%?

TOM PETERSON answered that the reductions are compared to the baseline, but in certain sectors, options would include sequestration policies.

This concluded the background briefing.

SECRETARY SOLE introduced the next briefing, saying it would lay out the planning process the group was about to undertake.

TOM PETERSON introduced the process by explaining the stepwise approach that would be followed. He explained that while the Action Team would make all the decisions, the TWGs would do the lion's share of the work. He explained that the process was designed to build consensus but was not required to achieve it. He emphasized that the projections and analysis were to be fact-based, and ground-truthing the facts was one function of the members of the TWGs and the Action Team.

SECRETARY SOLE suggested that up until May, the Action Team meetings needed to be scheduled in Tallahassee but afterward could be held elsewhere (slide 59). He asked the members if they agreed. Most members agreed and there were several suggestions for alternate locations. Secretary Sole also mentioned that there may be a need to add meetings along the way.

TOM PETERSON explained that nearly all of the TWG meetings would be by teleconference, and generally there would be two calls between adjacent Action Team meetings. Mr. Peterson explained that the TWG calls would include a PowerPoint, available to the members and the public through the Web site.

SECRETARY SOLE observed that within the TWG, we need to have utilities, environmentalists, and citizens to bring information to the table and to challenge each other's thinking.

SECRETARY SOLE paused the presentation at slide 61 to point out that there was an error—the Action Team would deliver their report of recommendations directly to the governor, not through DEP. He requested that the slide be corrected before posting to the Web site.

TOM PETERSON explained that Florida had requested the configuration of TWGs as shown on slide 63, including Energy Supply and Demand; Transportation and Land Use; Agriculture, Forestry and Waste Management; Cap-and-Trade; Government Policy Coordination; and Adaptation.

SECRETARY SOLE said that the Government Policy TWG would look into opportunities for economic benefits and how those can be quantified.

MEMBER QUESTION: Will Cap-and-Trade and Energy Supply and Demand work together?

TOM PETERSON said that Cap-and-Trade will include the power sector in its design, so the two TWGs will need to work together, but other sectors might also be recommended. He said the key was to integrate the Cap-and-Trade design and analysis with the other policies and measures within each covered sector.

MEMBER QUESTION: Where is the emphasis on homes?

TOM PETERSON said it would be in the demand part of Energy Supply and Demand.

MEMBER CONCERN: I have recently attended a carbon markets conference in Miami and heard a panel express concern for the fact that these cap-and-trade programs are being developed regionally and state by state, and that what was really needed was a national program. There is concern for the value of investments made under regional programs when a national program kicks in.

TOM PETERSON responded by saying that that would be a design issue—the geographic coverage of the program. He added that states are pursuing regional joint efforts instead of single-state programs, in part, out of this concern.

MEMBER QUESTION: One rationale for doing this is national security. Is that part of this analysis?

TOM PETERSON said it would fall under the category of “externalities” and should be flagged as was the case in Arizona.

MEMBER QUESTION: What about Adaptation?

TOM PETERSON: That is a separate track that will be handled in its own group. It is a very big issue and there will be limits on what can be accomplished in the timeframe, but we need to do as much as we can do.

MEMBER COMMENT: Adaptation can work with Fish and Wildlife, which is already working on the issue, as is Miami-Dade.

TOM PETERSON reviewed the process and documents that will typically be used for each TWG call. He then continued his review of the process, stating that there was complete transparency (slide 64), full consideration of gases, sectors, implementation mechanisms, etc. He reviewed the decision criteria and the general ground rules (slide 67). Mr. Peterson then explained the policy development process from the expansion of the catalog to the selection of priority policies for development and analysis. He explained the quantitative results the analysis would produce, including estimated total GHG reduction potential over time and the cost or cost savings, expressed as single-year numbers for 2017 and 2025 and as cumulative savings over time. He also explained how the process would seek agreement on policy option designs.

MEMBER QUESTION: What is consensus?

TOM PETERSON explained the voting and reporting process. He said that results would be classified in three categories; unanimous consent, supermajority (5 or fewer objections), or simple majority (more than 5 but less than half objecting). There was a discussion on the meaning of “consensus.” Mr. Peterson explained that there was no “consensus” category for reporting votes and that the actual number of objections and the reasons for the objections would be recorded and reported. Action Team members expressed concern that the matter of voting for decision making be clearly understood from the very beginning.

SECRETARY SOLE asked if there was slide explaining the voting and reporting methods. Tom Peterson said there is one, but it is not in today’s presentation. Secretary Sole requested that the slide be provided and inserted into the presentation to reduce the potential for confusion. Tom agreed to provide the slide. [Note: This slide was provided to the Action Team following the meeting and posted to the Action Team Web site]

TOM PETERSON continued with the process presentation, explaining that each of the TWGs has a portfolio of tools available to use as implementation measures. These include codes and standards, market mechanisms, funding mechanisms, voluntary agreements, technical and

financial assistance, information and education, pilots and demonstration projects, and reporting and disclosure.

MEMBER QUESTION: The University of Florida produces some energy forecasts. Would it be possible to use them to make sure there is no argument over sources of data and assumptions?

SECRETARY SOLE asked Stephen Adams if that was the intention of staff, and Mr. Adams said that it was.

TOM PETERSON then explained the means by which the analysis aggregated and integrated the individual policy results to eliminate double counting and consider synergies where they exist.

MEMBER QUESTION: What happens to the options that are set aside?

TOM PETERSON explained that once the catalog was expanded by the Action Team, potential policies were not “deleted,” but rather set aside from those that are chosen as priorities. This is done because, in some cases, the Action Team may want to reconsider something that had been set aside, especially after the early quantification of the priority options.

MEMBER QUESTION: How do you decide agendas for TWGs?

TOM PETERSON explained that that has been worked out with the DEP through the process memo. It has been largely laid out in advance for the project.

SECRETARY SOLE said that the first task was the development of the catalog and getting the documents up on the Web site for public review.

MEMBER QUESTION: Can we get a synopsis of the recently passed federal energy legislation?

SECRETARY SOLE said that CCS was best positioned to prepare this synopsis.

MEMBER QUESTION: What about public comment? Will we have time?

SECRETARY SOLE said it had been worked out. The public will be given an opportunity for comment prior to the Action Team’s taking a vote.

MEMBER QUESTION: Will the TWGs be solely made up of Action Team members?

SECRETARY SOLE explained that about 8 to 10 additional folks would be appointed to each of the TWGs to fill out the expertise and carry some of the workload. There was a question about how these people would be selected. Secretary Sole said they would be appointed in the same manner as the Action Team members had been appointed. The relationship between the Action Team and the TWGs was then discussed. Secretary Sole emphasized that the Action Team is responsible for the recommendations, so the Action Team makes the prioritization decisions and the TWGs advise and support the Action Team.

MEMBER QUESTION: The Cap-and-Trade TWG has a lot on its plate. Will they be able to start working right away?

TOM PETERSON agreed, saying that the Cap-and-Trade TWG will have to begin policy development very soon after convening.

SECRETARY SOLE said that the Phase I Report has listed many of the issues the Cap-and-Trade TWG needs to address. Secretary Sole then announced the TWG assignments for the Action Team members, explaining that while most members got assigned to their first choices, several were assigned to their second choices for numerical and representative balance. The assignments were approved by a vote of those members present.

#### PUBLIC COMMENT

JIM MURLEY from the Center for Environmental Solutions at the Florida Atlantic University spoke about his work with Harvey Rubin on behalf of Miami Dade. He said the first report to the City Commissioners was due in March. He offered to provide whatever assistance the Action Team might need in support of their efforts. Secretary Sole thanked Mr. Murley and Harvey Rubin for their leadership. Mr. Murley explained that the University Center received funding from the national Commission on Energy Policy for work on state policy as it relates to Adaptation.

RICHARD BENSON introduced himself as a young concerned citizen. He recommended that the Action Team look at nuclear power for electric generation. He also stated that there is a big difference between inter-city and intra-city transportation. He said he believed the state had an 80% chance that it would be in a recession next year and cautioned the Action Team to remember that Florida was very much a service-based economy.

CHRIS SHORT introduced himself as having both a BS and MS in engineering and owning a small business that employs 10 people. He made a short PowerPoint presentation explaining his view that the scientific basis of the conventional climate change analysis is flawed. He said that the cause of climate change has not been linked to human activity. He argued against assessing taxes on employers and others on the basis of incorrect science. Secretary Sole explained that the Action Team is only an advisory body and has no such authority.

MEMBER COMMENT: Diverse views are positive. There are a number of public policy goals that can be served by this process beyond reducing carbon including dependence on foreign oil, national security, and saving money.

MEMBER COMMENT: Mr. Short should address his concerns to the IPCC. This should not be part of our debate. We should focus on ways to make GHG reductions affordable and marketable.

DAWN SHORE spoke next representing Clean Water Action. She asked for consideration of the June 2007 American Council for an Energy Efficient Economy, for the Action Team to examine the way utilities pass through costs and the use of the rate impact test in Florida, since it does not account for long-term cost savings from energy efficiency.

There being no further public comments, Secretary Sole thanked the members for their service and adjourned the meeting at 2:45 p.m.

Respectfully submitted by the Action Team staff.