



Governor's Action Team on Energy and Climate Change

State of Florida

Meeting #3 Meeting Summary

Governor's Action Team on Energy and Climate Change

Tallahassee, Florida
Thursday, May 29 – Friday, May 30, 2008

Florida Energy and Climate Action Team Members Attendees:

Secretary Michael Sole, Chairman	Jerry Karnas (absent on 5/30)
Mayor Rick Baker, Vice Chairman	R. David McConnell
Senator Jeff Atwater	Kathy Baughman McLeod
Representative Dan Gelber	Jerry Montgomery
Tommy Boroughs	Charles Pattison
Mike Branch	Kathleen Shanahan (absent on 5/30)
Chairman Matthew Carter	Jack Shreve
Dr. Camille Coley (absent on 5/30)	Kathy Viehe
Dr. Jim Fenton	
Manley Fuller (absent on 5/29)	Excused Absences:
Debbie Harrison	Senator Al Lawson
Tim Hernandez	Representative Stan Mayfield
Robert "Buzz" Hoover	David Guest
Dr. Lonnie Ingram	Chris Kise, Ex Officio Member
Mark Kaplan	Armando Olivera

Department of Environmental Protection (DEP):

Steve Adams, Staff Director, DEP
Brenda Buchan, Senior Management Analyst II, DEP
Bruce Deterding, Senior Management Analyst II, DEP (absent on 5/29)
James McNeil, Senior Executive Assistant, DEP
Kelley Smith, Governmental Analyst II, DEP

Center for Climate Strategies (CCS):

Donna Boysen, Tom Peterson, Steve Roe, Linda Schade, Joel Smith, and Jeff Wennberg.

SECRETARY SOLE welcomed the members of the Action Team, the public, and staff to the third meeting of Phase II of the Governor's Action Team on Energy and Climate Change planning process and thanked the Technical Work Groups (TWGs) for their work since the last Action Team meeting.

SECRETARY SOLE led the Action Team through the meeting agenda and after inviting comments he considered the agenda final.

SECRETARY SOLE invited any changes or corrections to the meeting summary from Action Meeting 2. The summary was approved unanimously as presented.

SECRETARY SOLE then introduced Steve Adams, Director of the Office of Strategic Projects and Planning for DEP and lauded his hard work in the passage of the recent Energy Bill legislation. He then introduced the bill and described it as a significant piece of legislation which will protect the people, economy and environment of Florida. He noted the leadership of Governor Crist, the Speaker and Senate President in making the legislation happen. Senator Saunders was a significant player and in the House Stan Mayfield was instrumental in pushing the bill forward.

STEVE ADAMS presented features of HB 7135 including the removal of market barriers to renewable fuels, new rulemaking guidance to the Public Service Commission (PSC) to take up the Renewable Portfolio Standard (RPS), and directs the PSC to allow full cost recovery for up to 110MW of zero GHG renewable generation in the state. The bill provides tax relief for property owners in order to eliminate any penalties for installing solar hot water and other renewable systems. The new legislation puts into law the key provision of net metering; and there were significant provisions for energy efficiency to be considered across the full grid. The bill puts forward an aggressive improvement in building standards; there are now targets that require a 50% efficiency improvement. The PSC was directed to review rate structures to remove barriers and the bill supports moving forward on considering cap-and-trade for the state. The bill requires mandatory reporting of emissions including Florida utilities. The bill centralizes some of the energy and climate change policymaking into the Florida Energy and Climate Commission – a nine member body the members of which will be selected through the PSC process. The results of this Phase Two Action Team process will be taken up by this Commission.

SECRETARY SOLE invited questions on the bill. In response to a question about the Centers of Excellence, Steve Adams explained that it takes advantage of existing work being done in universities - including Dr. Fenton's work and others - such that the research objectives mirror the directives of state climate policy.

MEMBER asked a question on provisions for local fuel production in the HB 7135. Cellulosic fuel will be analyzed and the bill directs the commission to look at a range of bio-fuels for the state.

TOM PETERSON: My understanding is that a summary of the legislation was provided to each of the TWGs to prepare for this meeting today. DEP has worked very quickly to provide that information.

SECRETARY SOLE: Next on the agenda is a review of the Inventory and Forecast (I&F) of greenhouse gas emissions (GHG). There will also be time for public comment. Secretary Sole reminded people they could access documents at www.flclimatechange.us.

Review of Inventory and Forecast

STEVE ROE of CCS stepped up to the podium to present the Emissions Inventory and Forecast (I&F). Standard EPA methods and guidelines were used to generate the I&F. MR. ROE encouraged the Action Team to ask questions to ensure full transparency and documentation so everyone can be confident in understanding the methods and data underlying the I&F results. The I&F focused on the most significant GHG sources for Florida. There is a preference to use

Florida or regional data where it is obtainable. The I&F Business as Usual (BAU) and growth assumptions come from state population, the US Census, and the US Energy Information Administration.

STEVE ROE reviewed charts for **Florida & US Gross Emissions By Sector, 2005, Florida's Gross Emissions** by GHG for 2005, Per Capita and GSP/GDP Gross GHG Emissions, 1990-2005 (Slides 12 to 16).

MEMBER QUESTION: Are the impacts of the different gases the same? There is an Appendix devoted to the different impacts of the gases.

MEMBER QUESTION: (Regarding the Per Capita and GSP/GDP Gross GHG Emissions, 1990-2005 chart): Why are the lines flat from 1990 to 2005? All the data says emissions are rising. STEVE ROE agreed that a closer look should be taken at the data on this.

MEMBER COMMENT: Looking at these charts, it seems like it would make sense to focus on transportation and the big ticket items first.

MEMBER QUESTION: What population growth rate was used? It would be helpful to have those annotations on the bottom to help us understand what we are looking at. MR. ROE noted that the data is not population based. The member requested that the charts be amended to be clearer and thus more meaningful to the public. The member stated that part of our mission is to educate the public and that each chart should stand alone.

Florida Gross Emissions Growth (MMtCO₂e, Consumption Based) (Slide 16)

Transportation and Electricity are the largest emitting sectors.

The I&F is now using a growth rate in Vehicle Miles Traveled (VMT) from Department of Transportation (DOT) to apply to the forecast years.

MEMBER QUESTION: What numbers were used for fuel efficiency? U.S. Department of Energy (U.S. DOE) forecasts and the VMT numbers come from Florida DOT. Is the assumption 20 mpg or are we factoring in improvements in mpg? DOE accounts for some efficiency improvements for increased hybrid purchases but has not yet included the new California Clean Car standards.

Recent Florida Actions – Preliminary GHG Reductions (Slide 21)

STEVE ROE explained that this chart presents Business as Usual (BAU) and Florida existing emission reduction actions but does not yet include the new state legislation. We'll want to go back to the TWGs and input the new legislation and see how close we can get to the blue line on the graph.

MEMBER QUESTION: What is the basis for the building code changes? It was from the Governor's Executive Order? HB 7135 pushed building codes even further, for future construction.

TOM PETERSON: There is also a new federal farm bill that we will need to include in the I&F as well.

COMMENT: Looking at the chart, it looks like building efficiency does not create reductions. We have 8.3 million existing homes and a significant number of new homes. We should be careful not to imply that this deals with existing buildings. The wrong message could come from how we say those words. I would do the same for vehicle efficiency; existing vehicles last for 10 years. SECRETARY SOLE recommended an edit to the chart specifying that it applies to NEW buildings.

STEVE ROE then reviewed emissions by sector, beginning with electricity.

QUESTION: What is the capacity of each of the energy sources? We don't have any information on this.

MEMBER (Commenting on Electricity Chart on Slide 17): Where does the combustion of bio-mass show up? TOM PETERSON explained that bio-mass combustion shows up separately in the details of the forestry assessment which estimates the amount of bio-mass which goes into state numbers. In Maine, 25% of their energy is generated from bio-mass and CCS took that unique situation into account in that state's I&F. That can be done for Florida, if appropriate.

MEMBER COMMENT: However, sequestered carbon is accurately represented as zero net, and out-of-state bio-mass is not included.

MEMBER: But the chart implies that bio-mass creates no emissions which would lead us to think we should do 100% bio-mass. The charts need to show the math so accurate interpretations are made.

TOM PETERSON: Perhaps we should have a table showing conversion factors for different fuel types?

MEMBER: The state definitely needs BTU information. Then we can go to the next stage of identifying the best policy solutions based on that information. Am I right that today we are merely trying to get an accurate accounting of Florida emissions with this I&F? TOM PETERSON said this was correct.

SECRETARY SOLE: We are asking the TWGs in their next steps to go back and look at this data closely. This is the first presentation and the comments received today will be extremely helpful as they refine the forecast.

Residential, Commercial and Industrial Sector charts were next presented.

MEMBER QUESTION: Where is propane gas in these charts? It is included in petroleum. But if we assumed that by 2020, Florida's power would be 100% nuclear, the charts give that impression. Are we seeing an increase in electrical use per capita? Where does the drop in 'Industrial' emissions between 2000 and 2005 come from? MR. ROE responded that it is common to see a post-911 economic contraction.

MEMBER: I think it is also that Florida is becoming more of an information-based economy rather than industrial.

Fossil Fuel Industry was the next set of charts presented (Slide 29).

MEMBER: Where is Liquid Natural Gas (LNG) in the chart? There may be LNG facilities in the future. Thus we do not have that currently in the forecast. Where is transportation by trucks and boats? That will be in the Transportation sector.

Transportation and Land Use Sector charts were next presented.

LEWISON LEM of CCS presented and pointed out that the largest item is on-road transportation. Boats and ships travelling up to 200 miles from shore are included so all of the state's waters are covered in this policy.

MEMBER: Are those results influenced by elasticity of demand models such as a \$5 a gallon fuel price? MR. LEM: It is based on VMT growth and fuel economy but we have not captured fuel prices. The TWG has not gotten to that point yet. Federal data does have price information but the data presented here does not capture the recent up tick in fuel prices.

MEMBER questioned the upward trend as extrapolation. MR. LEM clarified that the DOE data is not extrapolation but actual macro-economic data.

SECRETARY SOLE: Every gallon of fuel that comes into our state is accounted for by federal data.

MEMBER: Please add as a key uncertainty – on road diesel vs. gasoline, given China's growth in diesel use.

MEMBER: Is population used in these? Some sub-sectors do use population growth but in most cases we prefer to tie it to economic growth.

Agriculture, Forestry and Waste Management charts were next presented.

STEVE ROE pointed out that in the agriculture sector there remained many uncertainties about emissions and sinks.

MEMBER commented that landfills should be broken out into three categories and that best management practices for GHG emission controls or capture and reuse be set by size.

STEVE ROE said that the flat forecast shown on slide 50 was being challenged. He added that more data was being gathered to verify this. A member commented that the 1990 data looked wrong and Steve Roe said it should be +.96 rather than -.96.

MEMBER asked whether the forecast for forest fires was too small. TOM PETERSON said the calculation was for NOx emissions only, not carbon.

TOM PETERSON: Climate change itself is now becoming a factor in wildfires after 2020, and in the west that is starting to be documented.

MEMBER: Are emissions taking into account the different carbon output between petroleum and bio-mass? Yes, we have detailed conversion factors for these.

MEMBER: It is forecasted that there will be no increase in rail but I think that is something we should consider, making recommendations for light rail.

LUNCH BREAK

TOM PETERSON: This stage of the process is the narrowing down of the 300 list of priorities that will ultimately be quantified. Through a balloting process, each TWG is presenting its top ten recommendations. There is a top-tier set and a second-tier set of recommendations.

Energy Supply and Demand (ESD) Priorities for Analysis

DONNA BOYSEN of CCS presented noting that the ESD TWG deals with two sectors: supply *and* demand. MS. BOYSEN presented Supply policies at this time. TOM PETERSON clarified that today the Action Team was being asked to approve the list of policies, not the policies themselves. There is no need to lock down details of policy design or other elements of the policy template today.

ES-1 Technology Research & Development with Near-term Commercial Opportunities

A question was asked about why ES-2 was in the top tier with only a few votes. MS. BOYSEN explained: ‘ES-1 generated significant discussion in the TWG. ES-2 was originally bundled with ES-1 but with more discussion it was decided to include ES-2 in the top-tier independently. Another option is to list them as ‘ES-1 a and b.’

A TWG MEMBER spoke in support of including the recommendation in the top-tier given that the excellent discussion took precedence over the balloting process.

TOM PETERSON added that the rankings are fairly subjective at this stage and we don’t have the empirical data in yet.

ACTION: Keep both ES-1 and ES-2. A member requested to add ocean energy explicitly to ES-1 and ES-2.

ES-2 Technology Research & Development with Longer-term Commercial Opportunities

A member requested to add ocean energy explicitly to ES-1 and ES-2.

ES-3 Renewable Energy Incentives and Barrier Removal

MEMBER (on ES-6.3 now bundled under ES-3): Since this issue has been addressed by the PSC perhaps it should be taken off. Other MEMBER: We should see if it goes far enough and push the envelope.

COMMENT: It seems we want to develop a renewable energy market.

SECRETARY SOLE: To comment on whether ‘interconnection’ and ‘net metering’ go far enough, yes, the technical standard has been adopted but regarding net metering, Florida’s is the most progressive net metering policy in the nation. So, I don’t think we need to revisit this in the Action Team process.

COMMENT: I think we should still study ways to improve it – ‘time-of-use rate’ is an example.

COMMENT: I think we still need more data and to see it in use.

MR. PETERSON: The benefits of implementing net metering need to be figured in as an existing action.

MS. BOYSEN: We can take all these comments back to the TWG and continue to refine the list. We will double check the level of recent actions for items in this option for example PDC net metering requirements and whether these could be augmented with time-of-use pricing

MR. PETERSON summarized: ES-3 will need to be scored out as a baseline issue, including the extent and the timing (6.3). Third party ownership needs to be considered also.

ES-4 Electricity Transmission and Distribution Improvements

COMMENT: We need to incorporate a security aspect here. These improvements were incorporated in HB 7135 but I think this could still use further analysis to make it even better.

ACTION: Is it appropriate to consider an energy security component for transmission that could be achieved by moving lines underground? Check HB 7135 and note significant baseline issues.

ES-5 Renewable and/or Environmental Portfolio Standard

COMMENT: In HB 71351 we have a separate study for Renewable Portfolio Standard (RPS) and Environmental Portfolio Standard (EPS). Create an ES-5 a and b out of this.

SECRETARY SOLE: In Florida we use Efficiency (not Environmental) and Renewable PS. I recommend keeping it in two parts.

ACTION: Split RPS from EPS – 5a=RPS, 5b=EPS; RPS provision is contained in HB 7135. Re-label.

ES-6 Promotion of Safe & Environmentally Sound Nuclear Power

MS. BOYSEN: Note that ‘promotion’ is a marketing term and the TWG doesn’t intend that but the document was in production. Also the TWG will need to include what is already under way because it is significant in this policy.

ACTION: ES-6 option retained but across the board re-labeling and text should be pro-active.

ES-7 Integrated Resource Planning

No comments. ES-7 needs to build on existing actions in Florida.

ES-8 Promotion of Combined Heat and Power Systems

MS. BOYSEN noted again that the TWG does not intend to use the word ‘promotion’ so expects to remove this word in the next draft.

No comments.

ES-9 Power Plant Efficiency Improvements and Repowering

No comments.

ACTION: Check existing provisions of HB 7135.

ES-10 Grace Period for Replacement of Carbon-Intensive Units

COMMENT: What does cleaner technology mean? It may be better strategy in the long run to have investment toward a cleaner technology coming online.

TWG will clarify what ‘cleaner technology’ includes, and provide lead times.

SECRETARY SOLE: I understand why this recommendation is here (and we don’t have a carbon tax in Florida) but how would this interact with a cap and trade system?

ACTION: The Action Team agreed to move ES-10 to Cap-and-Trade TWG. Change emphasis in the 3.10 description to remove reference to “nuclear” generation and broaden to “clean” generation. TWG should consider the implications of the grace period with potential cap-and-trade and carbon tax programs.

MR. PETERSON invited final TWG member comments on Energy Supply Recommended Priorities. None were offered. He then invited clarifying questions.

MEMBER: There is \$50 million in funding for university consortium so I think that should stay as a consideration.

MR. PETERSON: Each policy has a section called Related Policies and Actions. I think this is where this should go.

ACTION: Add new ES-11 Expand Waste-to-Energy Systems

COMMENT: There is a lot going on in gasification and with sewer systems and methane. Several members supported making (6.6) Expand Waste to Energy Systems a Tier 1 option. A TWG member added that they didn’t prioritize it since it would be handled in AFW. MR. PETERSON encouraged including it here as a top-tier and explaining that redundancies will be eliminated later.

There was a discussion on the importance of gasification which noted that Florida is the state that could most benefit from this.

TWG COMMENT: The TWG didn’t look just at Distributed Generation (DG) which impacts transmission lines. Take note that DG impacts a lot of these recommendations; renewables should be under DG. It’s a DG issue, not how electrons get generated. Waste-to-energy needs to be separated out.

COMMENT: Again I want to raise the issue of making this accessible to real people. They wouldn’t have understood a word of this conversation.

COMMENT: Yes but there is a real person down the street who owns the waste company. We should explore how to recycle these products rather than burning them.

COMMENT: We can do much better in recycling and still take advantage of a bio-mass source that is currently being dumped in the ground. Maybe we should amend it to further Florida's recycling efforts.

COMMENT: We've got to look at the lifecycle of everything.

MR. PETERSON: Should this be cast then as DG that would include Waste-to-Energy that will have a part a and b?

COMMENT: There needs to be more focus on DG.

ACTION: Add ES-11 including both DG and moving Waste-to-Energy (6.6) up to top-tier. Amend to maximize the use of waste especially Waste-to-Energy and to useful products.

Add a waste to energy expansion option which will include policy and design, i.e., lifecycle and of baseline issues and also factor in alternatives for recycling, and finally an option for DG and the definition of eligible practices.

COMMENT: I like the use of Florida bio-mass and electrons better than electrons from somewhere else. TOM PETERSON: Geography can be dealt with at a later stage. Yes, but how do we encourage local production?

COMMENT: Let's make sure we look at the impact on rate payers.

COMMENT: On ES-6 I like and prefer the word 'promotion'.

COMMENT: Where is ocean energy in these policies? Also Florida is looking at putting turbines in the water as soon as possible. Add ocean energy explicitly in ES-1 and ES-2.

ES Catalog adopted as amended.

NOTE: ES-3, 4, 5, 6, 8 and 9 are impacted by the new legislation HB 7135.

PUBLIC COMMENT

None were offered.

Transportation and Land Use (TLU) Priorities for Analysis

LEWISON LEM presented with TIFFANY BATAK. MR. LEM thanked TWG members for their excellent work in identifying six priorities and pointed out that the best bundling for priorities has yet to be determined so encouraged TWG members to offer guidance on that as well.

TLU-1 Develop and Expand Low-GHG and Alternative Fuels

Measures related to fuels which make sense for Florida. TLU-1 might end up being an existing action.

COMMENT: Might we make this stronger since 1.4.9 has been dealt with in HB 7135, and some states are considering a 20% in their mandate. SECRETARY SOLE: is that covered by 1.4.8?

QUESTION: Should we deal with water consumption in bio-fuels issues? Sometimes there is significant water used to create energy. MR. PETERSON: This touches on the life-cycle analysis question and net energy balance and this is what we call ancillary/co-benefits and there is a place for this in the policy template. It is critical that we identify these and there are significant water impacts for a number of the options before us.

COMMENT: Let's be careful about the word 'mandate'.

COMMENT: I'd like to support the water comments above and include that water also be carefully considered in bio-fuels use/production.

MR. LEM: On the production side of the source stocks, there is the AFW TWG where those issues come up as well. We can coordinate with them.

COMMENT: It seems like we are missing something – we need to capture the expansion due to building larger homes, and incorporate smart growth (expansion of existing business and homes and GHG impacts). In 2.1.3? Other COMMENT: Or in TLU-6? Yes.

ACTIONS: TLU-1.49 will be moved to baseline with explanation. TLU-1.4.3: Add electricity as an option under this.

TLU-2 Increased Fuel Economy and GHG Emissions Standards for New Vehicles

TLU-2 is related to new car standards.

QUESTION: Is tire inflation included here?

There was a Motion to add on technologies for existing vehicles as well as new vehicles.

SECRETARY SOLE (regarding TLU-1.1.1): We are bridled as a state; there are two options – the federal or the California Clean Car standard. Florida has chosen California. I don't understand how Florida can implement 1.1.1 given the federal restrictions. TLU-1.1.5 could encourage the federal regulators to take stronger action which would not preclude the state taking its own actions.

COMMENT: Florida is pursuing the California standard through the courts.

MR. LEM: TLU-1.1.5 is in our baseline.

COMMENT: In some states they moved past this debate, both the new and the CAFÉ are beneath the standards in other countries.

TLU-2a. is an affirmation of existing state clean car standards and promotion of federal standards. For TLU-b. pursue add-on technologies and edit option name. Vehicles should include new and existing. Note that the wording of the policy needs to be tweaked.

COMMENT: We can still give customers incentives for fuel efficient vehicle purchase.

TLU-3 Smart Growth Planning

COMMENT: Development has been channeled to places that are not developed, creating sprawl, which makes transit infeasible in much of the state, undermines downtowns, and increases VMT. This will undermine everything we are doing here. We cannot allow extension of urban boundaries. And we can't treat those who do the right thing and those who do wrong the same way.

COMMENT: I'd like to see some mention of the public health aspect and there is a link. This is the first time this century life expectancy is going down.

MR. LEM noted that some are spending 25% of income on transport.

COMMENT (on 2.1.26): What are the enforcements mechanisms? Is Florida willing to say that unless people put these designs in place, they will receive proportional state response? Should impact fees be based on VMT and/or GHG impact fees (building activity)? Two members support this.

COMMENT: I like VMT because it is easy to quantify but how does GHG work in a local zoning code? Could a local planner implement it? Anything that you do that would deter redevelopment is bad.

MR. LEM will take back to the TWG Action Team feedback that 2.1.26 should apply to existing development, expansion of existing development, and new development and should create impact fees to be based upon emissions, VMT and/or other ways to incentivize.

COMMENT: I'd rather say if it is within a mile of transit, no impact fees.

COMMENT: I'd like to propose specific language such as: Applying smart growth principles or something that gets obesity in there.'

COMMENT: Certainly pedestrian and biking activities are in here but my concern is that if we stray from GHG emissions are we expanding the focus of our mission?

COMMENT: 1 in 5 is obese. 1 in 3 is overweight. If none of us were overweight our carbon footprint would be less. I'm trying to make the link between health and emissions.

MR. LEM agreed to look for incentives that work such as impact fee waivers or rebates. He will ask the TWG to work on addressing carbon footprint and noted that TLU-2.1.5 could apply smart growth principles that increases physical activity, and reduces obesity.

COMMENT: We keep building more roads. There is funding that gets earmarks so it can't be spent on other things like smart growth. I think we need to study that process to see how to change this perhaps in TLU-6.

MR. PETERSON: There is a homework assignment here. First step is the 'what you do' piece. Step 2 is implementation or how you do it.

TLU-4 Improving Transportation System Management

No comments.

TLU-5 Increasing Choices in Modes of Transportation

COMMENT: CMAQ is a grant that is available to develop alternative transit. We're building a large bicycle system which will improve our air quality - Tampa/ St Petersburg - and then our CMAC funds were taken away. It seems like that should be different.

COMMENT: Can we change it to rail rather than a specific type of rail?

MR. LEM noted that the TWG would explore funding for climate friendly infrastructure perhaps, high speed rail.

COMMENT: I want to throw out a dream. The Governor recently asked how many of you walked to school. (Most Action Team attendees raised hands.) How many of your kids walk to school? (Almost no one raised their hand.) I want to change this equation. I want to ban busing within two miles of a school.

MR. LEM noted the TWG could consider addressing school location in the smart growth policy section.

TLU-6 Factoring GHG Emissions into Transportation and Land Use Planning Processes

TLU-6 is a carbon footprint analysis for transit infrastructure and for land use.

COMMENT: I support a carbon footprint analysis. If you do infill development you'll have a zero footprint.

QUESTION: Is fast track permitting something we would see in this? SECRETARY SOLE: Yes.

COMMENT: I could see eliminating the fleet part.

ADD TLU-7 Move Incentive Program for Increased Vehicle Efficiency up to Tier 1 but include rental cars. Strike the word fleet.

ADD TLU-8 Freight Movement as possible to move to Tier 1.

COMMENT: We used to be all train transport and we have a long way to go to get back in that business.

ACTION: ADD TLU-9

Discussion of Consider Transportation System Pricing Options:

COMMENT: This is not Shanghai or London. I don't see any reason for congestion pricing in Florida. A downtown business owner isn't going to like making it harder for customers to get to the business. Rather, it should cost people who live outside of town; we should penalize sprawl.

MR. LEM: There are different options that can be considered. For example, toll roads are a familiar and common pricing mechanism.

COMMENT: Let's amend TLU-9. Parking initiatives seem to be at the bottom. Let's also add parking somewhere to look at rather than leave it off the table.

SECRETARY SOLE thanked everyone for the discussion, asked for last questions and invited public comment.

ACTION: Add generic parking mechanisms.

TLU Catalog adopted as amended.

Public Comment:

You've heard in the media that not all fuels are created equal. There is a strong need for us to harmonize how we measure them. If we are going to be using alternative fuels for transportation we need to harmonize/normalize our units of measurement. I'm an engineer and want to recommend that fuels be listed in CO2 equivalents. We also have methane - a cleaner fuel than gasoline - and my favorite is hydrogen. This gives the fuel provider opportunities to market their product as clean and green.

Agriculture, Forestry and Waste (AFW) Priorities for Analysis

STEVE ROE presented AFW priority options.

AFW-1 Forest Retention— Reduced Conversion of Forested to Non-forested Land Uses

There were questions and discussion but no changes to AFW-1.

AFW-2 Afforestation and/or Restoration of Non-forested Lands

COMMENT: Does this apply to urban centers? We do also have an urban forestry policy.

OTHER: In our city we've planted 15,000 trees. There could be adjustments to state policy to help fund that.

ACTION: Amend AFW-2 to include Part a) Forest Landscape and Part b) Urban Forestry.

AFW-3 Forest Management for Carbon Sequestration

AFW-3 can include insect, fire protection or other programs.

No comments.

AFW-4 Land Use Management that Promotes Conversion from Annual Crops to Perennial Cover

Amendments to title and policy sections:

AFW-4 Expanded Use of Forestry, Agriculture and Waste Management Biomass Feedstocks for Electricity, Heat and Steam Production

- Long-Rotation Forests
- Short-Rotation Forests
- Other Energy Crops

- MSW Biomass
- Agriculture and Forestry Residues

Discussion which led to amended policy:

COMMENT: Tie AFW-4 with local food production. This is an opportunity to look at areas that are being annually cropped to see if they can be used in a more climate-friendly way. Iowa is looking at this.

QUESTION: Which kind of crop do people eat? Row crops are vegetables which are annuals.

SECRETARY SOLE: I'm concerned about saying that Florida's policy is encouraging perennials over annuals i.e. away from food crops.

COMMENT: I see a lot of things that can be combined and I'd rather not put items in Tier 1 which are going to become carbon credits in a C&T system anyway.

COMMENT: Use the term: under-utilized. You're talking about carbon sinks.

MR. PETERSON: How about adding text that captures short term vs. long term?

AFW-5 Expanded Use of Forestry, Agriculture, and Waste Management Biomass Feedstocks for Electricity, Heat and Steam Production

Amendments:

Promotion of Farming Practices that Achieve GHG Benefits:

- Soil Carbon Management
- Land Use Management that Promotes Permanent Cover
- Nutrient Management
- Improved Harvesting Methods to Achieve GHG Benefits

Discussion points which led to amended policy:

- sustainable but aggressive harvest rate
- managed like a state forest
- long term rotation forest
- solid waste fiber

COMMENT: We should still include energy crops in there and find a place in here for incentives to overcome the risk to farmers of shifting to grow energy crops.

COMMENT: Why are we restricting forest bio-mass? Is AFW-5 oriented toward stationary as well as mobile?

COMMENT: Our future energy stocks will come from bio-mass; it is a useful chemical for products like fertilizers. It's not just energy and carbon sinks; other products can be made.

There was a deliberate change from permanent to perennial.

AFW-6 Reduce the Rate of Agricultural Land and Open Space Conversion to Development

AFW-6 forces smarter development around the urban fringe. It is more difficult to quantify the benefits compared to other options, as agricultural lands it is not as easy.

COMMENT: Let's include the urban aspect. Yes that is what the Open Space refers to. We'll be sure to consider that.

MR. PETERSON: The targeting of open space can have a significant impact on VMT and you want to avoid encouraging sprawl, hopscotch development.

QUESTION: Should it be 'open green space'? OK.

QUESTION: Do brownfields go under here? Maybe it has chemicals on it and can't be a school but trees could be planted on it. MR. ROE will add consideration of brownfields. This is also dealt with in TLU.

COMMENT: Does this include Florida Forever Program? Its sounds related.

AFW-7 In-state Liquid/Gaseous Biofuels Production

Amendments:

- Long-Rotation Forests
- Short-Rotation Forests
- Other Energy Crops
- MSW Biomass
- Agriculture and Forestry Residues

ACTION: It was agreed to add short rotation trees, energy crops, municipal, industrial and agricultural residues as part of AFW-5 and AFW-8 (which is now AFW-7).

AFW-8 Amend Title to: 'Promotion of Advanced Municipal Solid Waste Management Technologies (including Bioreactor Technology)'

COMMENT: I look at this as methane capture in a GHG reducing manner.

COMMENT: You could make fertilizer out of some of this material. Our traditional goal was to get rid of it. I'm trying to encourage creativity.

COMMENT: Why limit it to 'bioreactor'?

Amendments:

- Manure Digestion/Other Waste Energy Utilization
- WWTP Biosolids Energy Production
- Other Biomass Conversion Technologies
- Bio-Products Technologies & Use

Additional AFW Options:

ACTION: Add AFW-9 (formerly AFW-6.4) Improved Commercialization of Biomass Conversion Technologies

Discussion of 11.1 Wastewater Treatment Plant biosolids for Energy Production.

ACTION: Add 11.1 to new AFW-9.

COMMENT: We support measures that would help us compete in a national carbon market, and projects that have synergy with our state's highest priorities like saving Lake Okeechobee. I'd like to see this in Tier 1.

COMMENT: AFW-3 does cover forests but 'farming practices that promote GHG benefits' and AFW-4 seems overly specific as well.

ACTION: Broaden AFW-6 to include GHG Reducing Farming Methods and put Soil Carbon Management under that with improved harvesting methods, nutrient management.

COMMENT: You start seeing these externalities and we are going to see some sweet spots and like restore the lake and get GHG reductions. It would add an incentive to landowners around the lake and the everglades to participate.

ACTION: Add manure digesters in the right hand column of AFW-9.

MR. PETERSON: You'll follow up on the C&T side? The Member agreed to follow up.

MR. ROE: I tend to divide crops and livestock. Manure digestion projects are out there but they need incentives.

SECRETARY SOLE: I think there is a role for the State of Florida in commercializing technologies and that is my passionate plea for AFW-10.

MEMBER: We have one digester in Florida but in California they have one with ten farms feeding in and I'd like to see that happen here.

COMMENT: Let's remember impact on water.

COMMENT: Let's put urban forestry in.

SECRETARY SOLE: We've moved AFW-4 to AFW-6.

ACTION: Add AFW-10 Programs to Support Local Farming/Buy Local

Add locally grown food as a Tier 1 option and include water analysis.

AFW catalog approved as amended.

Public Comment

Robert “Buzz” Hoover, from Gates Biofuel (paraphrasing):

“In the wastewater business, we are making big changes to our plants. Take into account, for example with regard to 11.2 – that moving water around is very energy intensive.”

Dave X (paraphrasing):

“I’d like to re-emphasize the importance of fuel units to make impacts of purchases clear to consumers.”

SECRETARY SOLE then closed the first day of the Action Team Meeting #3 and informed all present that Day Two will be held in room 412.

Friday, May 30, 2008 (Day 2)

Energy Demand (ED) Priorities for Analysis

DONNA BOYSEN presented ED priorities.

ED-1 Demand-Side Management/Energy Efficiency Programs, Funds, or Goals for Electricity

ED-1: Targeted electricity user categories should include residential, commercial and public sectors, particularly in light of electricity consumption from municipal street lighting; check new FECCA provisions of HB 7135.

ED-2 Promotion and Incentives for Improved Design and Construction (e.g., LEED and “beyond LEED” green buildings) in the Private Sector

There was a discussion about the interconnections between LEED, HB 7135 and balancing where Florida needs to go on these issues in the future. One Member asked the Action Team to ‘consider ED-2 the daughter of this year’s energy bill, i.e. where things need to go next.

ED-2:

- Change emphasis to address both new and existing buildings.
- Retain both versions of 8.9 so that low income concerns are expressly addressed
- Also consider equity issues for retirees on fixed incomes – EE improvements can lead to higher property taxes
- Incentives for rental properties/landlords/tenants
- Check provisions in newly passed legislation: 50% improvement in EE in new buildings by 2019.
- Discuss other programs in addition to LEED, such as Green Globe, Florida Green Building Coalition, HERS.
- Develop this option so that it can directly inform/shape the next round of legislation.
- Develop menu of options that can inform consumers.

ED-3 Improved Building Codes for Energy Efficiency (EE)

ED-3: Existing legislation (HB 7135) includes provision for EE improvements in new homes annually through 2019; this option could expressly target existing homes as well.

ED-4 Training and Education for Builders and Contractors

ED-4: Professor Fenton’s group currently provides certification/accreditation.

ED-5 More Stringent Appliance/Equipment Efficiency Standards

ED-5: Regarding ED-9.1, existing legislation targets new Florida standards for pool pumps and heaters.

ED-6 Consumer Education Program

COMMENT: New construction is covered in building standards but existing buildings, many with low-income residents, really need to be incentivized. Free energy audits and free CFL bulbs can

be effective. We should keep it voluntary because we don't know what they need to go through to feed their families.

COMMENT: I feel strongly that the needs of low income families have not been addressed.

SECRETARY SOLE: HB 7135 has language to avoid tax penalties solar investments but we might want to expand that.

COMMENT: Most low income people are renters so we need to incentivize landlords. And, with two jobs and children, they may be hard pressed to respond.

ACTION: Check current Department of Environmental Protection commitments to education and outreach.

ED-7 Incentives to Promote Implementation of Renewable Energy Systems

ED-7: Change title to clarify that the target is Customer-Sited renewable energy systems. Florida's new legislation includes a provision for this that this policy option would have to build-upon.

ED-8 Energy Efficiency Financing & Alternative Business Models

COMMENT: We need to find creative ways to finance these improvements and it may be cheaper to pay for the caulking or CFLs up front (or to mortgage it out) than to pay for the energy.

COMMENT: Has anyone looked at where this revenue might come from? The legislature and the Governor have been looking for ideas for revenue streams.

COMMENT: Property tax relief is a good idea – but local governments are already hard pressed and they may not be supportive of proposals that will undermine their revenues.

COMMENT: TWG hoped that a Wall Street person could come in and show how investors might have an interest in these kinds of programs.

SECRETARY SOLE: The Warner-Lieberman bill is being debated on Monday and one of the benefits of that bill to the State of Florida is that there may be potential revenue from it. The state's bill this year has put Florida in a position to receive federal funds.

MS. BOYSEN noted that the TWG should consider barriers from the lender perspective; and respond to concern about revenue sources – ask Wall Street and possibly the Legislature.

ED-9 Rate structures and Technologies to Promote Reduced GHG Emissions

COMMENT: We do have an inverted rate for our electric use.

COMMENT: But there are other items like time-of-use rates that are of use under this option. Most/all electricity providers in Florida have inverted block rates.

ED-10 Demand-Side Management/Energy Efficiency

COMMENT: Waste water treatment is an energy intensive affair and I don't see it captured in any of our options.

COMMENT: Perhaps we can use equipment more efficiently.

SECRETARY SOLE: Let's be clear in this option that we are looking at commercial and residential.

COMMENT: Streetlights use a tremendous amount of electricity. We spend 2 million a year.

MS. BOYSEN We can clarify public as well using street lights as an example.

ED-10: Include residential and commercial users to include water and fuel use.

ED-11: Decoupling (new policy)

COMMENT: How about decoupling? Yes add decoupling in a new ED-11.

Public Comment:

Susan Glickman, The Climate Group (paraphrasing):

“I'm excited to talk about the linkages between water and climate; that seems to be the new thing and it is incredibly important.”

Government Policy Priorities for Analysis

Jeff Wennberg of CCS presented. As a quick overview – the organizational approach offered by WG member R.E. LeMon has been used. Many of these policies are covered by the legislation. However, the TWG looked at the 2025 planning horizon and thought there was value in thinking about where Florida would go after the bill is implemented.

GP-1 GHG Emissions Targets, Reporting and Accountability Measures

This is a mechanism for periodically reviewing and updating emission goals over time. Now these functions will have a home in the new Commission.

SECRETARY SOLE: We have so much of GP-1 in the new bill. I propose we include those provisions in the baseline. The benefit of that is the Action Team can focus on additional things that can be accomplished to further the Governor's goals of reducing emissions.

COMMENT: I think that is wise. I think that may apply also to GP-3.

COMMENT: The Secretary's point is well taken especially given that the new Commission will take up this work where the Action Team leaves off.

SECRETARY SOLE: Good – let's consider that adopted.

COMMENT: It may be helpful if staff go through that process to the help TWG.

GP-2 Public Awareness and Education

COMMENT: If we can change the choices made by the next generation, it will be a powerful accomplishment.

GP-3 Inter-government and Inter-sector Planning Coordination and Assistance

This is the planning group with a strong emphasis on local governments.

COMMENT: This would be coordinated with TLU?

MR. PETERSON: To what extent would this cover ‘Lead-by-Example’ initiatives be dealt with as line items, such as street lights? It’s covered in the new legislation in a general sense.

GP-4 “Green” Business Development Policies

This is a focus of major event in late June. Workforce training was thought to be an important aspect by the TWG. Also note the Climate and Energy Finance Fund to create financing for these initiatives.

TWG Member: Our thinking was we wanted to keep these as very high level signposts where we can get greater levels of specificity. We don’t want to duplicate the bill but we want to take it further. We understand that you can’t just set something out and expect it to go. You need to keep pushing and implementing things.

SECRETARY SOLE: Can you explain why some of the Tier Two options which received significant votes didn’t make it into Tier 1?

MR. WENBERG: The TWG took the four major buckets as the priority areas and the remaining Tier Two items did not fit neatly into those large areas.

COMMENT: There are three Tier 2 items which I’d like to see moved into Tier 1, GP-3. These are GP-3.12, GP-2.2 and GP-3.5.

Discussion of adding 2.2 Amend the PSC Charter

COMMENT: I think we can get there under our current charter. I don’t feel it’s necessary to amend the charter. There are so many things we are doing and actors we are working with. I think it’s a subset of what we already do.

COMMENT: I think it is great that you are already doing that but I think that if the state is going to address GHG’s as aggressively as we are, I think for future commissioners we must be clear about what PSC’s mission is on these issues. I think it is important that as we move forward that we articulate in the strongest form possible what our – reference specifically our attempt to reduce GHG emissions.

SECRETARY SOLE: I think this may be a worthwhile policy to look at but I do agree with the Chairman Carter that the PSC is largely doing this.

COMMENT: Maybe we can add these concepts to our public education that the PSC is doing these things.

SECRETARY SOLE: I'd like to do more research on this.

Discussion of adding **3.12: Introduce Core Competencies into on Climate Change**

COMMENT: I think there is something in ESD. MS. BOYSEN stated that the TWG would find a place for it.

ACTION: Add 3.12 to top-tier policies.

Discussion of **3.5 Including GHG emissions in Environmental Impact Statements.**

COMMENT: In TLU, we've got something related and I was planning to add something which has a piece of what you are trying to do. We can look at state and local permitting programs to do that. It is the carbon footprint for development option.

SECRETARY SOLE: Environmental Impact Statements is established under federal law and I think that is beyond our scope.

COMMENT (GP-4): What we want to develop – feedstock – is grown and produced in Florida. Is this definition of business development broad enough to include the farming community?

SECRETARY SOLE: It may be represented In the AFW section.

MR. WENBERG: We can coordinate with the other TWGs and we will want to make sure that nothing falls through the cracks.

SECRETARY SOLE: I am concerned that there need to be more emphasis in this policy on the need for better government coordination. One of the charges in this Exec Order is that we move forward in a way that is coordinated. Secretary Sole read the Order and asked, 'Action Team, have we captured the duties the Governor's charge?'

MR. WENBERG: I failed to point out that the TWG plans to get into this through the use of the "Plans and Planners" document created by Bruce Deterding and reviewed and commented on by a wide array of state and regional agencies. This is the template for rethinking the roles of these agencies as they relate to GHG reduction actions by all levels and agencies in Florida government.

COMMENT: At the back of the packet you included a letter regarding the Distributed Generation policy.

MR. WENBERG: Yes the GP TWG is very interested in Distributed Generation; the TWG understands that this is better analyzed and developed in ESD but wanted to convey their support for Distributed Generation, which the Action Team endorsed as a priority in your decisions yesterday. Jeff invited further direction and also pointed out the broad language in GP-3.

TWG MEMBER COMMENT: We have to build on what we've already got. We didn't have HB 7135 when we did these policies.

Public Comment

LARRY PETERSON:

“I’m here today as a former university Dean; I worked on the Florida Design Institute to increase the competencies of the design professionals, speaking to 3.12 to address the training and re-licensing which is required in Florida. This would be a good place to address this and it would address the construction center as well. I wanted to add this in support of Commissioner Harrison.”

ANDRA CORNELIUS, Business Outreach for Workforce Florida:

“Appointed by Governor Crist. We’ve been looking at the issues facing investor owned utilities and power generation from a workforce perspective including nuclear training. I just wanted to thank the Action Team for their work.”

SECRETARY SOLE: I think 3.12 is worth looking at for elevation to Tier 1 that Commissioner Harrison raised. Are there any objections? (There were none).

GP-3.12: Introduce Core Competencies into on Climate Change

GP priority policies approved for further development.

Adaptation Technical Working Group: Framework, Policy Framing Template, Criteria, and Sample Catalog

JOEL SMITH presented the proposed Catalogue Framework, noting that the Adaptation TWG had come to consensus on this framework. It covers 15 topics and is meant to be comprehensive although some of the topics overlap.

COMMENT: Under ADP-4, add environmental restoration.

COMMENT: In ADP-13, add “and federal” after “state.”

COMMENT: Is there a legal angle on property rights in Florida law? What about other states?

COMMENT: How do we educate the K-12 children? Is there a place for education of society in there? What will classrooms in the future look like? Make sure this is in the Public Education ADP-15.

COMMENT: How do we get our arms around this by cataloging adaptation? We need to integrate with the other committees. ADP’s 12, 13, and 15 should be sent to the Government Policy TWG. Property rights may go into ADP-5. What is ADP-11? There does not seem to be a stand-alone spot for it. Member prefers stopping at ADP-10 and shifting the remaining ADP’s to other working groups.

TOM PETERSON: This gets to the expectations of work products for this work group. The TWG will provide a framework and a catalog underneath each ADP, and criteria for how they are actually structured.

SECRETARY SOLE stated that this is a monumental task and we won't solve adaptation issues for Florida by October 1. The catalog is not as developed as policy options for example in Energy Supply. We will be dealing with adaptation for the next century. Creating a framework is one of the best things that can do. We need to develop a strong framework that we can give to Florida Energy and Climate Commission.

STEVE ADAMS said that developing a framework is the objective. The Adaptation TWG would like to propose some potential early actions, but not as many as other TWGs.

COMMENT: That is comforting to hear. If this is a stepping off point that very much clarifies for me that we do not need to be as encompassing.

SECRETARY SOLE said he wants to put emphasis on what Steve said. It would be helpful if there are early actions that can be developed by the TWG.

COMMENT: Recommendations should be integrated into other sectors.

SECRETARY SOLE said that all 15 ADP categories make sense. This group (on adaptation) should never go out of existence.

TOM PETERSON pointed out that the TWG should make organizational suggestions.

JOEL SMITH presented the draft Policy Framing Template, gave examples from the Catalogue of Adaptations, and presented a list of potential evaluation criteria. There were no questions or suggestions for changes on these items.

Public Comment

None offered.

Cap and Trade (C&T) Priorities for Analysis

JEFF WENBERG presented the results of balloting for priority policy recommendations. He explained that the members had followed a different process due to the limited number of policies. Each member had the opportunity to recommend or not recommend each policy. Four of the five were voted on since C&T was already a priority from Phase I. Three of the four received strong majority support; only the Carbon Tax, C&T-2 failed to receive majority support. During the call the TWG decided to recommend C&T-2 on two conditions: first, that it be viewed not as a stand-alone policy but as a complement to the C&T-1 (Cap and Trade) if the cap and trade was not applied to all sectors and the TWG believed that a carbon tax would be an appropriate mechanism for those uncovered sectors; and second, that the carbon tax only be considered as a revenue neutral tax, that is, 100% of the revenues would be used to offset other existing revenues.

C&T-1 Cap and Trade

SECRETARY SOLE: This is covered in HB 7135 which lays out specific provisions that we have to address. Here is where I want to empower the Action Team to help develop this information. Our rule making will be complete by December 2010. We'll take that information and present it to the Commission and they'll take a look at the economics, and then present it to the legislature.

From my perspective I do want to see recommendations on C&T – we are already into rulemaking on setting caps, statewide limits, methods for setting the caps, emissions allowances, allowance periods, timeline of allowances, a process of trading allowances, cost containment analysis, and leakage issues. Also I need help on how we borrow allowances from the future. How do we bank reductions, purchase emissions and offsets from entities like RGGI, should there be safety valves (the reality is how do we deal with unexpected conditions)? But, I need the TWG to develop further recommendations under those scenarios.

TWG MEMBER: I went to a financial markets meeting, and the topic was about the enormous money which is going to be made in carbon trade. My goal as a TWG member is to look at the areas where Florida is going to have to make major investments to continue to enjoy the life that we do. We are going to have to figure out how to finance the changes we need to make. We have to take every opportunity to be able to deal with the impacts – and Florida must be financially prepared to make the necessary investments.

SECRETARY SOLE: Florida's efforts in developing this rule are going to be significant. It will not be simple. We must be careful and smart. Sincerely I need your help. If you only did C&T-1, you will be doing Florida a great service, and I say this knowing this is a strong statement. The last comment is completely pertinent.

TOM PETERSON: The charge to the TWG is to respond to the stated issues like policy integration, and the others. The value added by this group developing recommendations that consider Florida conditions would be extremely valuable.

COMMENT: This is perhaps the most important and the most complicated thing we will face.

MR. WENBERG: The rule in Vermont that makes it possible for that state to participate in RGGI is longer than all the other air pollution control rules in the state.

SECRETARY SOLE: I'd like to ask the TWG to flesh out especially those aspects in the legislation.

MR. WENBERG: I think the TWG will benefit from the constraints from Phase 1 and HB 7135.

C&T-2 Carbon Tax

This did not receive majority support – 6 for, 10 against – but the TWG agreed to present it with the conditions as noted earlier. Any consideration of the carbon tax would be that it would be revenue neutral – i.e. revenues would be returned dollar-for-dollar so that it would not be a revenue-generating policy but a market mechanism.

In British Columbia it will be operational on July 1, 2008 as a revenue neutral policy.

COMMENT: Does that mean we could not create incentives?

The C&T proposal (C&T-1) itself will generate potentially significant revenues which would be governed by any directives of the government or group of regional governments signed on. Typically these include incentives, energy efficiency programs and other mitigation and adaptation measures as the government sees fit. As discussed in the TWG, the carbon tax (C&T-

2) would follow the British Columbia plan and have all its revenue used to reduce other taxes. In BC two-thirds of the carbon tax revenue is paid by businesses and one third by households. But two thirds of the tax cuts accrue to households and one third accrues to businesses.

COMMENT: Congress is likely to pass a C&T bill next year. What is the purpose of our TWG?

SECRETARY SOLE: Let me respond first to why Florida is doing a cap and trade. It is to develop our policies and to take into account Florida's economy and energy mix, and just because there is potential federal action, if Florida were NOT to act, we might miss opportunities – but if we are ready we'll be able to lobby and present what is best for Florida at the national level. So whether or not there is federal action, Florida is in a better position if we've laid this groundwork including specific actions that we believe are pertinent to a federal system.

LUNCH

C&T-4 Carbon Offset Program

MR. WENBERG: This can work in tandem with other C&T programs. If you are looking for a program that would allow Florida project developers to participate in European or RGGI carbon markets, they all have qualifying processes, so the rules are partially driven by the entity or program. The state would have to agree to some standards and have to agree to do certain things in order to qualify. But Florida would not have to become part of the RGGI program.

All this is in the bill.

SECRETARY SOLE: I'm going to recommend Mayor Baker's idea to modify Tier 1 list and call it Cap and Trade to reflect Phase 1 and HB 7135. HB 7135 requires us to look at the economic affects and recommend a whole list of program features. This should be the priority list for this TWG.

COMMENT: I think since we started considering cap and trade the price of oil has gone up three-fold. Does that price affect cap and trade? Yes, definitely. RGGI is doing an auction in September and the program begins January 1 next year. That will be the best indicator of how the market is valuing those things. The market price will eventually be the marginal cost of the next ton of reductions.

Do you have numbers of how the price has changed in Europe? They are in phase two. They went through a learning period in which the price went down to zero in phase one. Now it is about 30 Euros a ton, and has stabilized.

QUESTION: I'm confused because all these options are names C&T or are part of C&T. I go back to our recommendation as we discussed. I think each will be items that require a lot of work and that they will be enough.

QUESTION: Does this intend to cover all sectors?

SECRETARY SOLE: It will cover energy at first but with the expectation that it will be expanded.

COMMENT: In our calls we talked about all sectors which is why C&T-2 is there.

I propose to modify the Tier 1 list to call it Cap and Trade to reflect Phase 1 and HB 7135.

COMMENT: I think that makes sense.

SECRETARY SOLE: Are there any objections to this amendment to modify Tier 1 list to call it Cap and Trade to reflect Phase 1 and new bill? Done.

Any other direction from the Action Team on Tier 1? Kathy are you comfortable with taking C&T-2 off the list? Yes I am, given that we are not dealing with any other sectors.

C&T approved as amended.

Public Comment

No comments were offered.

Next Steps

- Continue Cap and Trade design and analysis
- Continue adaptation framing, priority development
- Review GHG Inventory and Forecast for Florida

TOM PETERSON reviewed that next steps for the TWGs will be to draft and propose Straw Policy Options so basic parameters are set in order to proceed with quantifying the actions and filling in the other critical elements of the policy template. He also described the quantification memo which lays out the approach to technical and quantification guidelines. This will be discussed in the TWGs which do quantification. Each TWG will have a common assumptions memo specific for that work group such as TLU, including items such as fuel prices, growth rates, etc. We expect your feedback on these so you should anticipate that this will be a participatory exercise.

TOM PETERSON especially wanted to draw attention to this given the timeline as the pace of this process will start moving very quickly. Another point of reminder is that the Florida I&F will be turned over for review and suggestions. It is important that by the end of the process the TWGs are able to ensure the best numbers possible are being used.

A corner has been turned in the process. We've been working with a long list of potential and now we have a short list of priority actions. Each will have its own home in a policy template. Ultimately the TWG members are going to be drafting the final report. This will be a joint drafting process, a joint policy process so you are strongly encouraged to make contributions to the text. It will be important to review the documents before the meeting. Doing the homework in advance it will make a real difference in terms of progress.

QUESTION: Will we look at cost per ton later in the process? Yes.

QUESTION: How does energy security get quantified? Part of it is automatically quantified e.g. determining the petroleum reduction effect of a given TLU policy. Going beyond that to other

energy security dimensions, the policy templates include a section on other issues which will reflect security issues as well as others.

SECRETARY SOLE: We do have a short time line. I do want to thank those working on the TWGs. Because there is so much work to do, because the timeline is so short, these meetings will be more important than ever. Today I've been thrilled with our progress and we have much still ahead.

Next Meetings

July 9-10, 2008 in Tallahassee

August 6-7, 2008 in Orlando's Orange County Convention Center

August 22, 2008 one day meeting in St. Petersburg

COMMENT: Note that the Governor's Summit will occur at the end of June before we meet again.

Public Comment

Debbie Harrison of World Wildlife Fund (paraphrasing):

"I'm here before you representing the 27,000 members of the WWF and the children and the grandchildren of Florida. It is my honor to serve on this Commission. I have served on many commissions and in every one we have been fortunate to have high levels of representation and attendance in those charges that we've been given. It is unsettling to me that attendance at this commission is so sparse. IN all the work I've done in my career this is the most important. It is even more unsettling that when we have a Gov to have meaningful participation and so few of my colleagues are here. So I am speaking to the choir but there are people here and in the state of Florida and I know that there are others who sought to be on this Commission and we are sitting in those seats."

SECRETARY SOLE: Thank you and I do appreciate your comments and that people are taking their roles so seriously. I have in my hand comments that people who could not attend have emailed in.

Manley Fuller: In Washington I think we are in a historically important time. Next week Congress will take up the Lieberman-Warner Climate Security Act. In Florida, there is a signatory and Martinez is considering his position. There will be an effort to bring this to the floor and Inhofe will probably attempt to filibuster but there may be enough votes to override the filibuster. I've provided you with a memo with some insider baseball as it includes some Florida Wildlife Fund priorities. Patterson asked how are we going to pay for this? There are monumental funds that may come out of this to protect wildlife, fisheries, new technologies and other options to take under this legislation in the next 40 years. I will be there next week. Our work here in Florida will be affected by what comes out in Washington as there are incentives for communities, for more energy efficiency projects, and there are block grants.

Would it be appropriate to let our Congressional delegation know that the kinds of issues and funding in this bill are of interest to Florida?

SECRETARY SOLE: Absolutely.

There being no further public comment SECRETARY SOLE asked for and received a motion to adjourn the meeting, and the meeting was adjourned.