HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7185 PCB ENRC 07-05 Florida Climate Action Partnership
SPONSOR(S): Environment & Natural Resources Council
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Environment & Natural Resources Council	13 Y, 0 N	Kliner	Hamby
1) Policy & Budget Council	(W/D)		
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

The bill establishes a commission entitled the Florida Climate Action Partnership (FCAP) that will host a series of meetings to develop recommendations for how the state addresses the topic of global warming. The FCAP will invite interested parties from local government, business, environmental groups and academia to participate in discussions relating to the mitigation of greenhouse gases, alternative energy technologies, and other market-based opportunities to address carbon reduction.

The partnership is to be staffed by the Executive Office of the Governor. The FCAP will deliver a report of policy recommendations to the Florida Legislature on or before February 1, 2008, and will deliver a final report to the Florida Legislature no later than October 1, 2008. The FCAP will dissolve on December 31, 2008, unless the Legislature renews the commission.

Fiscal: Partnership members serve without compensation, but are entitled to reimbursement for per diem and travel expenses. The expenses of the Governor's representatives and non-legislative members shall be borne by the Executive Office of the Governor.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Limited Government: The bill increases staffing and/or duties of present staff of the Executive Office of the Governor to provide administrative and support services for the Partnership.

B. EFFECT OF PROPOSED CHANGES:

Background

Climate Change

According to United States Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), U.S. and global annual temperatures are now approximately 1.0 degrees Fahrenheit warmer than at the start of the 20th century, and the rate of warming has accelerated over the past 30 years, increasing globally since the mid-1970s at a rate approximately three times faster than the century-scale trend. The past nine years have all been among the 25 warmest years on record for the contiguous U.S., a streak which is unprecedented in the historical record.

In a report issued in February, 2007, the Intergovernmental Panel on Climate Change (IPCC) issued a 21-page report for policymakers, in which the group of climate experts unanimously linked -- with "90 percent" certainty -- the increase of average global temperatures since the mid-20th century to the increase of manmade greenhouse gases in the atmosphere.

Fossil fuels like methane and carbon dioxide trap heat near the surface, a process known as the greenhouse effect. The greenhouse effect is a natural phenomenon, however, human activities, like the burning of fossil fuels, can pour enormous volumes of these gases into the atmosphere, raising the planet's temperature and destabilizing the climate. The report found it was "likely" -- "more likely than not" in some cases -- that manmade greenhouse gases have contributed to hotter days and nights, more heat waves, heavier rainfall more often, major droughts in more regions, stronger and more frequent cyclones and "increased incidence" of extremely high sea levels.

According to a briefing paper which is part of a series entitled *Climate Change 101: Understanding and Responding to Global Climate Change (*published by the Pew Center on Global Climate Change[1] and the Pew Center on the States[2]), 28 U.S. states have adopted climate action plans detailing the steps their states can take to reduce their contributions to climate change. In addition, 12 states have statewide emission targets.

Emission Targets

California and New Mexico are among the states that have adopted proactive and far-reaching targets to reduce their emissions:

- In a 2005 executive order, California Governor Arnold Schwarzenegger committed his state to greenhouse gas reduction targets equivalent to reaching 2000 emissions levels by 2010 and 1990 levels by 2020. By 2050, emissions would be 80 percent below current levels. In 2006, the California legislature made the 2020 target enforceable under state law.

[1] The Pew Center on Global Climate Change is a non-profit, nonpartisan, independent organization dedicated to providing credible information, straight answers, and innovative solutions in the effort to address global climate change. www.pewclimate.org
[2] The Pew Center on the States, a division of the Pew Charitable Trusts, identifies critical issues facing states, examines diverse policy approaches, and shines a spotlight on nonpartisan, pragmatic solutions. www.pewcenteronthestates.org

- An executive order signed in 2005 by Governor Bill Richardson of New Mexico commits that state to reduce emissions to 2000 levels by 2012, 10 percent below 2000 levels by 2020, and 75 percent below 2000 levels by 2050. New Mexico is the first major coal, oil and gas-producing state to set targets for cutting its emissions.

For both states, these targets supplement existing climate friendly policies, including renewable portfolio standards, renewable energy tax credits, and energy efficiency goals.

Florida does not currently have a state action plan for reducing carbon emissions. However, the 2006 Legislature passed Ch. 2006-230, Laws of Florida, which created the Florida Energy Commission and charged it with developing recommendations for legislation on a state energy policy. The Florida Energy Commission held its first meeting on February 9, 2007. The law also directed the Florida Energy Commission to file an initial report by December 31, 2007, that

- identifies incentives for research, development, or deployment projects; makes policy recommendations for conservation of all forms of energy; and provides a plan of action and a timetable for addressing additional issues;
- recommends consensus-based, public-involvement processes that evaluate greenhouse gas emissions in this state and make recommendations regarding related economic, energy, and environmental benefits; and
- includes recommended steps and a schedule for the development of a comprehensive state climate action plan with greenhouse gas reduction through a public-involvement process, including transportation and land use; power generation; residential, commercial, and industrial activities; waste management; agriculture and forestry; emissions-reporting systems; and public education.[3]

Climate Action Plans.

The process of developing a climate action plan can help state decision-makers identify cost effective opportunities to reduce greenhouse gas emissions in ways that are most appropriate for their states. According to Pew, North Carolina is the first state to begin the process of developing a climate action plan. The state's Legislative Commission on Global Climate Change was created to address the threats posed to North Carolina by global warming, determine the costs and benefits of various strategies for addressing the problem, and assess the potential economic opportunities for North Carolina in emerging markets for carbon trading. According to Pew, many other states are initiating or revising climate plans, including Alaska, Arizona, Montana, New Mexico, Pennsylvania, Utah, and Florida.

Regional Initiatives.

The Northeast Regional Greenhouse Gas Initiative (RGGI).

In December 2005, the governors of seven Northeastern and Mid-Atlantic states agreed to a "cap-and-trade" system aimed at reducing carbon dioxide emissions from power plants in the region. Such a system requires emissions reductions while allowing companies to trade emission allowances so they can achieve their reductions as cost-effectively as possible. RGGI offers added flexibility for companies by providing credits for emissions reductions achieved outside the electricity sector. RGGI sets the stage for other states to join the effort or to form their own regional cap-and-trade systems. In addition, the program could be expanded to cover other greenhouse gases and other sectors. The seven RGGI states—along with Pennsylvania, Massachusetts and Rhode Island—also are developing a greenhouse gas registry, and the Eastern Climate Registry, to allow companies and states to register and record their emissions and the reductions they achieve. Reliable registries are important to implementing effective climate change policies.

[3] Memorandum dated February 28, 2007, from the Office of Program Policy Analysis and Government Accountability to the Florida Legislature.

The Lake Michigan Air Directors Consortium (LADCO) is developing a registry for a group of Midwestern states.

Western Governors' Association.

The Clean and Diversified Energy Initiative launched by the Western Governors' Association (WGA) has developed and recommended a set of strategies to increase energy efficiency, expand the use of renewable energy sources in the region, and to provide incentives for carbon capture and sequestration. Additionally, the WGA and the California Energy Commission are creating the Western Renewable Energy Generation Information System (WREGIS). This voluntary system is designed to provide data about renewable energy generation across 11 western states in order to support trading in renewable energy credits, as well as other state and regional policies aimed at expanding the use of renewable power.

Southwest Climate Change Initiative.

The governors of Arizona and New Mexico signed an agreement in February 2006 to create the Southwest Climate Change Initiative. Under the agreement, the two states will collaborate to reduce greenhouse gas emissions and address the impacts of climate change in the Southwest.

West Coast Governors' Global Warming Initiative.

The West Coast states—Washington, Oregon and California—are cooperating on their own strategy to reduce emissions. Among the governors' plans: adopting comprehensive state and regional goals for reducing emissions; and expanding markets for renewable energy, energy efficiency, and alternative fuels.

New England Governors and Eastern Canadian Premiers.

In 2001, six New England states agreed to the New England Governors and Eastern Canadian Premiers (NEG-ECP) climate action plan, which includes short- and long-term goals for reducing greenhouse gas emissions in the region.

Powering the Plains.

Launched in 2002, Powering the Plains is a regional effort involving participants from the Dakotas, Minnesota, Iowa, Wisconsin and the Canadian Province of Manitoba. This initiative aims to develop strategies, policies and demonstration projects for alternative energy sources including coal gasification, hydrogen, and biomass.

Low carbon electricity
With the generation of electricity accounting for 30 percent of all U.S. greenhouse gas emissions (and 38 percent of carbon dioxide emissions), states can therefore play a crucial role in reducing the power sector's climate impacts and promoting low-carbon energy solutions. State actions to promote low-carbon electricity include incentives and mandates for renewable energy and energy efficiency, as well as limits on power plant greenhouse gas emissions.

United States Climate Action Partnership
In an effort to address global warming as it is exacerbated specifically by carbon emissions, and to utilize a market-based system to reduce the "carbon footprint" of individuals and businesses, the United States Climate Action Partnership (USCAP) formed an alliance in 2006 of major businesses and leading climate and environmental groups to call on the federal government to enact legislation requiring significant reductions of greenhouse gas emissions.

The group produced a set of principles and recommendations to guide the formulation of a regulated economy-wide, market-driven approach to climate protection. This unique alliance includes a number of major corporations: Alcoa, BP America, Caterpillar Inc., Duke Energy, DuPont, FPL Group, General Electric, Lehman Brothers, PG&E Corporation and PNM Resources; and four non-governmental organizations including: Environmental Defense, Natural Resources Defense Council, Pew Center on Global Climate Change and World Resources Institute.

Effect of Proposed Changes

The bill establishes a Commission entitled the Florida Climate Action Partnership (FCAP). The FCAP shall be composed of twenty-five members:

- The Governor, or designee, who shall serve as the chair;
- The President of the Senate, or designee;
- The Speaker of the House of Representatives, or designee;
- The Commissioner of Agriculture and Consumer Services, or designee;
- The Chief Financial Office, or designee;
- Eight members appointed by the governor;
- Five members appointed by the President of the Florida Senate, one of whom shall be the Chair of the Senate Committee on Environmental Preservation;
- Five members appointed by the Speaker of the House of Representatives, one of whom shall be the Chair of the House Committee on Environmental Protection;
- Two additional members appointed by the Commissioner of Agricultural and Consumer Services.

The mission of the FCAP is generally described in the bill as:

- Addressing climate change, including the mitigation of greenhouse gas emissions;
- Identifying a range of opportunities to reduce emissions and create offsets for energy savings in all sectors of Florida's economy;
- Seeking partners in all sectors of Florida's economy, academia and government at all levels to be part of this effort;
- Identifying incentives for technology innovation; and
- Seeking private sector solutions and market based mechanisms to help resolve these problems.

The FCAP is directed to seek partners in all sectors of Florida's economy, conservation community, academia, and government at all levels, and to identify a range of opportunities to reduce emissions and create offsets for energy savings in all sectors of Florida's economy. Those sectors would include, without limitation, the following: residential users, commercial users, industry and manufacturing, the tourism and hospitality industries, agriculture, the transportation industry, the construction industry, marine industries, ports and the shipping industry and others.

The FCAP and its partners shall develop principles and recommendations to guide the formulation of a regulated economy-wide, market-driven approach to climate protection for all economic sectors of the state as well as short-term and long-term greenhouse gas reductions goals. Over the course of the public meetings the FCAP and its partners shall consider and address the following list of topics:

- Policy recommendations for clean energy supplies and power generation technologies;
- Policy recommendations for energy efficiency;
- Policy recommendations for energy supply, energy efficiency and conservation for the state, building design, and community planning;
- Policy recommendations for waste management, recovery and recycling;
- Policy recommendations for agriculture, forestry, waste management and industrial users;
- Policy recommendations for the management of, and alternatives to, high global warming potential refrigerants and the identification and sequestration of high global warming potential gases in industrial processes;

- Policy recommendations which anticipate a time when the United States government or the State of Florida may choose to limit by law the amount of carbon emitted into the atmosphere in order to reduce the build up of greenhouse gases which produce climate change;
- Policy recommendations for the use of market mechanisms including a cap and trade system and other means to reduce the build up of greenhouse gases, and
- Policy recommendations to respond to climate change that have a positive effect on the price and availability of property and casualty insurance.

C. SECTION DIRECTORY:

The bill provides a series of introductory clauses that recognize the following: climate changes affect Florida generally, as well as specifically, given its geographic location, past and current land uses, its population and its economy; recent state governmental actions to address energy policies; recent federal actions in the executive and legislative branches regarding climate change; and, a procedure to encourage innovations and incentives to reduce carbon usage through a market-based, stakeholder process.

<u>Section 1:</u> establishes the Florida Climate Action Partnership (FCAP) and defines a broad mission statement, and further establishes membership of the FCAP composed of twenty-five members. Members shall serve without compensation, except that members are entitled to per diem and travel expenses, pursuant to s. 112.061, F.S., incurred in the performance of their duties.

This section provides that the FCAP shall hold a minimum of four public meetings during the year 2007 and in 2008, in locations within the state to be determined by the Chairman for the purpose of taking public testimony and seeking input from affected parties. FCAP shall consider an enumerated list of topics in order to build a comprehensive, stakeholder driven climate action plan.

FCAP shall produce a list of policy recommendations in a report to be filed no later than February 1, 2008, to the President of the Florida Senate and the Speaker of the Florida House of Representatives for the consideration of the Florida Legislature during the 2008 Regular Session. A Final Report shall be delivered on or before October 1, 2008. The Executive Office of the Governor shall provide staff necessary to assist the partnership in performing its duties.

Unless renewed by the legislature, the FCAP shall be dissolved December 31, 2008.

<u>Section 2:</u> provides that the bill shall become effective upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None

2. Expenditures:

   See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There are no immediate private sector impacts. Long term economic impacts, if any, are contingent upon the recommendations provided in the Partnership's report to the Legislature and actions, if any, by the Legislature.

D. FISCAL COMMENTS:

The Executive Office of the Governor is responsible for staffing the partnership and supporting the expenses of the Governor's appointees and other non-legislative members. The bill does not provide for an appropriation, however, to fund the program activities it is estimated that it may cost approximately $80,000.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None provided.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

N/A

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None