



ASSOCIATED INDUSTRIES OF FLORIDA

The Voice of Florida Business Since 1920



2009 SESSION PRIORITIES

Energy & Environment

Affordable and reliable energy is essential to the long-term health of Florida's economy and the prosperity of our employees. AIF supports the development of markets that provide competitively priced energy resources, with a minimum of government intervention, and promotes an economically balanced and varied mix of energy sources consistent with prudent environmental policies. Furthermore, we fully endorse any and all energy **conservation** efforts. During these recessionary times, we must ensure that employers in Florida do not incur unwarranted future increases in the production and delivery costs of energy. While the cost of fuel has seen a dramatic and welcomed decrease in price, policymakers in Florida are poised to make some important decisions on a number of proposed rules (**California Lower Emission Vehicle Standards, Cap-and-Trade, and Renewable Portfolio Standards**), which have the potential to drive up the cost of energy and consumer goods. As the global recession takes a hold of markets, we are beginning to see some reluctance to participate in these types of climate change reduction programs by governments and the private sector because of the higher costs associated with them.

While investing in new energy sources and continuing to boost efficiency gains will play a critical role in meeting our country's energy demands in the future, America must increase its access to **domestic sources** of reliable energy. Florida has the potential to play a critical role in this endeavor, thanks to its geographic proximity to the Gulf of Mexico. Additionally, clean coal technology should not be abandoned as a reliable and affordable source of energy. According to the U.S. Department of Energy, "Clean Coal Technologies — the products of research and development conducted over the past 20 years — have resulted in more than 20 new, lower-cost, more efficient and environmentally compatible technologies for electric utilities, steel mills, cement plants and other industries." While the demand for electricity will continue to grow sharply over the next years, a sustainable and common-sense energy mix will be critical for the success of Florida's business community. **All sources of energy — nuclear, clean coal, natural gas and oil, as well as renewable varieties, should be supported.** The one guiding principle for evaluating these sources must continue to be **affordability and reliability.**

The following are AIF's official positions on the most vital energy and environmental issues to be considered by the 2009 Legislature:

Proposed Energy and Climate Change Rule

CA-LEV: AIF OPPOSES any attempt to adopt California's lower emission vehicle standards. Florida employers and consumers are facing the real possibility of the increased costs associated with this proposal should the Legislature approve this rule. Not only would CA-LEV increase the cost and lower the availability of vehicles, it would mark an unprecedented and historical move by elected officials in Florida to allow an un-elected board from another state to set policy in Florida. Additionally, the cost of California-style fuel will increase costs for consumers and businesses at a time when Floridians cannot afford it. This fact alone is worrisome for the business community since California is by no means a good example to follow. Instead, lawmakers would be wise to wait for the enactment of federal emission standards, which are just as effective and provide a uniform and predictable nationwide standard.

Cap-and-trade AIF OPPOSES the establishment of programs for the reduction of greenhouse gas emissions. AIF's concern with the development of any "cap-and-trade" program in Florida is its effect on the ability for companies and manufacturers to compete with their regional partners. Instead, the Florida Legislature should consider climate change policies at the regional, national, or international level so as to minimize the negative effects of prematurely embarking on these questionable programs. Furthermore, enactment of such emission reduction programs has the potential to cost consumers across Florida more money in the form of increased energy costs and increased consumer goods prices. In fact, according to a recent study by the Heritage Foundation, the typical household would pay a total of \$8,000 more for energy between 2012 and 2030 under these types of emission reduction programs.

Renewable Portfolio Standard (RPS): AIF recommends that the Legislature take a very deliberate approach when considering implementation of an RPS standard. In conjunction with the previous two rules, the Public Service Commission has been working over the past few months to develop a proposed RPS rule for consideration by the Legislature. This new RPS should



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be available for consideration in February 2009. Legislators should undertake a careful study of this proposed RPS as it will certainly have a direct impact on Florida's energy policy for years to come. AIF has serious concerns about any mandate. Approval of a state RPS should only be considered after a thorough cost-benefit analysis is completed so as to minimize the costs on consumers and employers and insure that the reliability of Florida's generation and distribution of energy is not compromised. One alternative to a new RPS could be the development of a Clean Portfolio Standard or CPS, which could include nuclear energy in the state's mix of energy sources.

Offshore Exploration and Production of Oil and Natural Gas

AIF SUPPORTS the passage of a Memorial to Congress encouraging increased exploration and production of oil and natural gas in the Eastern Gulf of Mexico. As discussions regarding domestic exploration for oil and natural gas off Florida's coast grip the nation's attention, recent polling commissioned by AIF continues to demonstrate a significant increase in the percent of Floridians in favor of drilling off the state's coast over the percent of those in favor this time last year. AIF was the first business association in the state to endorse more exploration and production of oil and natural gas in the Eastern Gulf of Mexico. According to the federal Minerals Management Service (MMS), there are currently approximately 86 billion barrels of oil and 420 trillion cubic feet of natural gas technically recoverable from all federal offshore areas; that is equivalent to three times the oil resources of Canada and Mexico combined and almost 6 times the natural gas resources of these two countries. Allowing environmentally-sensitive access to these resources is not only in our national interest as a means of improving energy security, diversifying

supply, and enhancing economic development; it also can serve as an important and much needed method for generating new revenues for the state of Florida.

Conservation and Energy Efficiency

AIF SUPPORTS any efforts by the Legislature to increase incentives for energy efficiency and conservation. Continued support of the existing incentive programs such as the solar energy rebate program, the renewable energy grant, and tax credits for renewable fuels, are an essential component of Florida's energy policy mix. AIF will also continue to support any legislation aimed at encouraging consumers to buy energy efficient appliances through sales tax holidays or other incentives.

Beverage Container Deposits

AIF OPPOSES efforts to enact legislation in Florida implementing a beverage container deposit program that places a mandatory refundable deposit on beer and soft drink containers. Last year's omnibus energy bill (HB 7135) included language establishing a 75% statewide recycling goal by 2020. Although this goal was meant to be aspirational rather than regulatory, it will likely lead to local and state efforts to reach this goal that may not be in the best interest of consumers or the business community. Most of the states that have advanced deposit laws enacted these programs in the 1970s, before the establishment of comprehensive solid waste management programs. Since then, very few states have passed what are known as "bottle bills."

Deposit-refund programs run counter to the comprehensive solid waste programs currently in place in Florida. Establishing a duplicate recycling system for beverage containers alongside existing community recycling programs is an economic and a strategic mistake. A deposit-refund system is a much less efficient way to handle recyclables than a comprehensive recycling program accepting many materials. The cost per ton of material recycled is typically three times higher in a deposit system than in a comprehensive curbside program.

AIF Lobby Team Members Assigned to the Area of Energy & Environment:

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