

Energy

Affordable and reliable energy is essential to the long-term health of Florida's economy, the prosperity of our employees and the creation of jobs. AIF was the first business group to engage in the energy debate, supporting the development of markets that provide competitively-priced energy resources, with a minimum of government intervention, and promoting 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 energy has largely held steady, policymakers in Florida are poised to consider a number of important issues (**Public Service Commission reform, cap-and-trade, energy exploration**), which have the potential to affect the cost of energy and consumer goods and the delivery of energy to customers. As the global recession continues its hold on 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 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 the Eastern Gulf of Mexico.
- Additionally, **clean coal technology** should not be abandoned as a readily available, 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 few 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, oil and **research for renewable varieties** — and encouraged.

- For example, conversations are taking place at the highest levels regarding the potential of developing a **solar energy industry cluster** at Cape Canaveral. To date, no state in the Southeastern U.S. has encouraged the creation of this industry cluster. The first state to do so will win this industry. This proposal has the potential to create jobs for aerospace workers who need to transition due to the phase-out of the Space Shuttle program.

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The following are AIF's official positions on the most vital energy issues to be considered by the 2010 Legislature:

Offshore Exploration and Production of Oil and Natural Gas

AIF SUPPORTS the passage of legislation that establishes a process by which the state of Florida can begin considering proposals for offshore drilling in state territorial waters. As discussions regarding domestic exploration for oil and natural gas off Florida's coast grip the nation's attention, recent polling com-

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missioned by AIF continues to demonstrate a significant increase in the percent of Floridians who favor drilling off the state's coast over the percent of those in favor this time last year. According to the federal Minerals Management Service (MMS), there are 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 six times the natural gas resources of these two countries. In Florida waters (3-10 miles offshore) experts believe there to be 3 billion barrels of oil. 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 and jobs for the state of Florida. With regard to the issue of military training in state waters, there is no conflict because no training is conducted within these waters where people engage in fishing, recreational boating and sailing.

Proposed Energy and Climate Change Rules

Cap-and-Trade: AIF OPPOSES the establishment of a "cap-and-trade" program for the reduction of greenhouse gas emissions. AIF's concern with the development of any "cap-and-trade" program in Florida is its affect 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 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

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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. During this critical time in Florida's economic history, government must do everything in its power to keep the costs for businesses down, thereby fostering a favorable climate for rebuilding our job market.

Renewable Portfolio Standard (RPS): AIF recommends that the Legislature take a very deliberate approach when considering implementation of a RPS standard. Legislators should undertake a careful study of the 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 unilaterally, state-mandated RPS. Approval of a state RPS should only be considered after a thorough cost-benefit analysis is completed in order to minimize the costs on consumers and employers and ensure 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. However, this alternative must still undergo a cost-benefit analysis.

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, the Farm-to-Fuel program, 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.



AIF Lobby Team Member Assigned to the Area of Energy:

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