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CHAMBER ACTION

Senate

House

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Floor: 1/AD/2R
4/16/2008 3:00 PM

Senator Saunders moved the following amendment:

Senate Amendment (with directory and title amendments)

Delete line(s) 3324-3385

and insert:

403.44 Florida Climate Protection Act.--

(1) The Legislature finds it is in the best interest of this state to document, to the greatest extent practicable, greenhouse gas (GHG) emissions and to pursue a market-based emissions abatement program, such as cap-and-trade, to address GHG emissions reductions.

(2) As used in this section, the term:

(a) "Allowance" means a credit issued by the department through allotments or auction which represents an authorization to emit specific amounts of greenhouse gases, as further defined in department rule.



146394

17 (b) "Cap-and-trade" or "emissions trading" means an
18 administrative approach used to control pollution by providing a
19 limit on total allowable emissions, providing for allowances to
20 emit pollutants, and providing for the transfer of the allowances
21 among pollutant sources as a means of compliance with emission
22 limits.

23 (c) "Greenhouse gas" means carbon dioxide, methane, nitrous
24 oxide, and fluorinated gases such as hydrofluorocarbons,
25 perfluorocarbons, and sulfur hexafluoride.

26 (d) "Leakage" means the offset of emission abatement that is
27 achieved in one location subject to emission control regulation
28 by increased emissions in unregulated locations.

29 (e) "Major emitter" means an electric utility regulated under
30 this chapter.

31 (3) A major emitter must use The Climate Registry for purposes of
32 emission registration and reporting.

33 (4) The Department of Environmental Protection shall establish
34 the methodologies, reporting periods, and reporting systems that
35 must be used when major emitters report to The Climate Registry.
36 The department may require the use of quality assured data from
37 continuous emissions-monitoring systems.

38 (5) The department may adopt rules for a cap-and-trade regulatory
39 program to reduce greenhouse gas emissions from major emitters.
40 When developing the rules, the department shall consult with the
41 Florida Energy and Climate Commission and the Public Service
42 Commission, and may consult with the Governor's Action Team for
43 Energy and Climate Change. The department shall not adopt rules
44 until after January 1, 2010. The rules shall not become effective
45 until ratified by the Legislature.

Bill No. CS for CS for CS for SB 1544



146394

- 46 6) The rules of the cap-and-trade regulatory program shall
47 include, but are not limited to:
- 48 (a) A statewide limit or cap on the amount of GHG emissions
49 emitted by major emitters.
- 50 (b) Methods, requirements, and conditions for allocating the cap
51 among major emitters.
- 52 (c) Methods, requirements, and conditions for emissions
53 allowances and the process for issuing emissions allowances.
- 54 (d) The relationship between allowances and the specific amounts
55 of greenhouse gases they represent.
- 56 (e) The length of allowance periods and the time over which
57 entities must account for emissions and surrender allowances
58 equal to emissions.
- 59 (f) The time path of allowances from the initiation of the
60 program through to 2050.
- 61 (g) A process for the trade of allowances between major emitters,
62 including a registry, tracking, or accounting system for such
63 trades.
- 64 (h) Cost containment mechanisms to reduce price and cost risks
65 associated with the electric generation market in this state.
66 Cost containment mechanisms to be considered for inclusion in the
67 rule include, but are not limited to:
- 68 1. Allowing major emitters to borrow allowances from
69 future time periods to meet their emission limit.
- 70 2. Allowing major emitters to bank emission reductions in the
71 current year to be used to meet emission limits in future years.
- 72 3. Allowing major emitters to purchase emissions offsets from
73 other entities who produce verifiable reductions in unregulated
74 greenhouse gas emissions or who produce verifiable reductions in
75 greenhouse gases through voluntary practices that capture and

Bill No. CS for CS for CS for SB 1544



146394

76 store greenhouse gases that otherwise would be released into the
77 atmosphere. In considering this cost containment mechanism, the
78 department shall identify sectors and activities outside of the
79 capped sectors, including other state or international
80 activities, and the conditions under which reductions there can
81 be credited against emissions of capped entities in place of
82 allowances issued by the department. The department shall also
83 consider potential methods, and their effectiveness, to avoid
84 double-incentivizing such activities.

85 4. Providing a safety valve mechanism to ensure that the market
86 prices for allowances or offsets do not surpass a predetermined
87 level compatible with the affordability of electric utility rates
88 and the well being of the state's economy. In considering this
89 cost containment mechanism, the department shall evaluate
90 different price levels for the safety valve and methods to change
91 the price level over time to reflect changing state, federal and
92 international markets, regulatory environments, and technological
93 advancements.

94 In considering cost containment mechanisms for inclusion in the
95 rule, the department shall evaluate the anticipated overall
96 effect of each mechanism on the abatement of greenhouse gas
97 emissions, electricity rate payers, and the benefits and costs of
98 each to the state's economy, and shall also consider the
99 interrelationships between the mechanisms under consideration.

100 (i) A process to allow the department to exercise its authority
101 to discourage leakage of GHG emissions to neighboring states
102 attributable to the implementation of this program.

103 (j) Provisions for a trial period on the trading of allowances
104 before full implementation of a trading system.



146394

- 105 (7) In recommending and evaluating proposed features of the cap
106 and trade system, the following factors shall be considered:
107 (a) The overall cost-effectiveness of the cap and trade system in
108 combination with other policies and measures in meeting statewide
109 targets.
110 (b) Minimizing the administrative burden to the state of
111 implementing, monitoring and enforcing the program.
112 (c) Minimizing the administrative burden on entities covered
113 under the cap.
114 (d) The impacts on electricity prices for consumers.
115 (e) The specific benefits to Florida's economy for early adoption
116 of a cap-and-trade system for greenhouse gases in the context of
117 a federal climate change legislation and the development of
118 international compacts.
119 (f) The specific benefits to Florida's economy associated with
120 the creation and sale of emissions offsets from economic sectors
121 outside of the emissions cap.
122 (g) The potential effects of leakage if economic activity
123 relocates out of the state.
124 (h) The effectiveness of the combination of measures in meeting
125 identified targets.
126 (i) The implications for near-term periods of long run targets
127 specified in the overall policy.
128 (j) The overall costs and benefits of a cap-and-trade system to
129 the economy of this state.
130 (k) How to moderate impacts on low income consumers that result
131 from energy price increases.
132 (l) Consistency of the program with other state and possible
133 Federal efforts.



146394

134 (m) The feasibility and const-effectiveness of extending the
135 program scope as broadly as possible among emitting activities
136 and sinks in Florida.

137 (n) Evaluation of the conditions under which Florida should
138 consider linking its trading system to other states' or other
139 countries' systems, and how that might be affected by the
140 potential inclusion in the rule of safety valve.

141 (8) Recognizing that the international, national, neighboring
142 state policies and the science of climate change will evolve,
143 prior to submitting the proposed rules to the Legislature for its
144 consideration, the department shall submit the proposed rules to
145 the Florida Energy and Climate Commission, which shall review the
146 proposed rule and submit a report to the Governor, the President
147 of the Florida Senate, the Speaker of the Florida House of
148 Representatives, and the department. The report shall address:

149 (a) The overall cost-effectiveness of the proposed cap and trade
150 system in combination with other policies and measures in meeting
151 statewide targets.

152 (b) The administrative burden to the state of implementing,
153 monitoring and enforcing the program.

154 (c) The administrative burden on entities covered under the cap.

155 (d) The impacts on electricity prices for consumers.

156 (e) The specific benefits to Florida's economy for early adoption
157 of a cap-and-trade system for greenhouse gases in the context of
158 federal climate change legislation and development of new
159 international compacts.

160 (f) The specific benefits to Florida's economy associated with
161 the creation and sale of emissions offsets from economic sectors
162 outside the emissions cap.

Bill No. CS for CS for CS for SB 1544



146394

- 163 (g) The potential effects on leakage if economic activity
164 relocates out of the state.
- 165 (h) The effectiveness of the combination of measures in meeting
166 identified targets.
- 167 (i) The economic implications for near-term periods of short-term
168 and long-term targets specified in the overall policy.
- 169 (j) The overall costs and benefits of a cap-and-trade system to
170 the economy of this state.
- 171 (k) The impacts on low income consumers that result from energy
172 price increases.
- 173 (l) The consistency of the program with other states and possible
174 Federal efforts.
- 175 (m) The evaluation of the conditions under which Florida should
176 consider linking its trading system to other states' or other
177 countries' systems, and how that might be affected by the
178 potential inclusion in the rule of a safety valve.
- 179 (n) The timing and changes in the external environment, such as
180 proposals by other states or implementation of a Federal program
181 that would spur reevaluation of the Florida program.
- 182 (o) The conditions and options for eliminating the Florida
183 program if a Federal program were to supplant it.
- 184 (p) The need for a regular re-evaluation of the progress of other
185 emitting regions of the country and of the world, and whether
186 other regions are abating emissions in a commensurate manner.
- 187 (o) The desirability of and possibilities of broadening the scope
188 of Florida's cap and trade system at a later date to include more
189 emitting activities as well as sinks in Florida, and the
190 conditions that would need to be met to do so, as well as how the
191 program would encourage these conditions to be met such as
192 developing monitoring and measuring techniques for land use

Bill No. CS for CS for CS for SB 1544



146394

193 | emissions and sinks, regulating sources up stream, and other
194 | considerations.

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