



Governor’s Action Team on Energy and Climate Change

State of Florida

Cap-and-Trade Technical Work Group

Summary List of Recommended Priority Policy Questions

Rulemaking Issue Number	Rules for the Cap-and-Trade Proposal shall include	Key TWG Recommendations
C&T-1	Set a statewide limit or cap on the amount of greenhouse gases emitted by major emitters.	<ul style="list-style-type: none"> - What is the geographic scope of the program? - What sectors are covered by the program? - What sources within the covered sectors are included in the program? - What is the term of the program? (Starting date, reduction goal date, etc.) - What reductions goal is the program expected to achieve? - What is the electric sector basis for calculating emissions? (Production? Consumption? Other?) - What reporting requirements will be imposed on regulated sources? Will reporting requirements be imposed on non-regulated sources? How much reporting data must be received before the program can begin?
C&T-2	Establish methods, requirements, and conditions for allocating the cap among major emitters.	<ul style="list-style-type: none"> - How should allowances be distributed? (Free based on historical emissions? Free based on benchmarking? Auctioned? Other?)
C&T-3	Establish methods, requirements, and conditions for emissions allowances and the process for issuing emissions allowances.	

C&T-4	Establish the relationship between allowances and the specific amounts of greenhouse gas emissions they represent.	<ul style="list-style-type: none"> - What is the face value of an allowance?
C&T-5	Set the length of allowance periods and the time over which entities must account for emissions and surrender allowances equal to emissions.	<ul style="list-style-type: none"> - What is the length of a compliance period?
C&T-6	Set the timeline of allowances from the initiation of the program through to 2050.	<ul style="list-style-type: none"> - When does the program start? What is the cap for year 1? What is the cap for 2025? What is the cap for 2050?
C&T-7	Establish a process for the trade of allowances between major emitters, including a registry, tracking, or accounting system for such trades.	<ul style="list-style-type: none"> - The Energy Bill requires all major emitters participate in The Climate Registry. How does The Climate Registry tie into a cap-and-trade trading program? How will allowances be tracked from issuance to surrender?
C&T-8	Establish cost containment mechanisms to reduce price and cost risks associated with the electric generation market in Florida.	<ul style="list-style-type: none"> - Should major emitters be permitted to borrow allowances from future time periods to meet their current greenhouse gas compliance obligation? - Should major emitters be permitted to bank allowances in the current year to be used to meet obligations in future years? If so is there a time limit on allowance banking? - Should major emitters be permitted to purchase certified offsets from other entities that produce verifiable reductions in unregulated greenhouse gas emissions or that produce verifiable reductions in greenhouse gas emissions through voluntary practices that capture and store greenhouse gases that otherwise would be released into the atmosphere? - Should a safety valve mechanism be established to ensure that the market prices for allowances do not surpass a predetermined level compatible with the affordability of electric utility rates and the well-being of the state's economy?

C&T-9	Establish a process to allow DEP to exercise its authority to discourage leakage of GHG emissions to neighboring states attributable to the implementation of this program.	- Will leakage be addressed in the program design?
C&T-10	Establish a trial period on the trading of allowances before full implementation of a trading system.	- Will there be a trial period? If so, for how long? Will allowances issued in the trial period be honored by the program after the trial period?
C&T-11	Position Florida to anticipate and influence the development of a national program	- What actions can Florida take now to maximize the benefits to Florida from the establishment of a national market based program to reduce GHG emissions?