Governor's Action Team on Energy and Climate Change
State of Florida

MEETING SUMMARY

FLORIDA ENERGY and CLIMATE ACTION TEAM
Energy Supply & Demand (ESD) Technical Work Group (TWG)
Teleconference Meeting, Call #10
June 18th, 2008
1:30 pm – 3:30 pm EDT

Attendance:

1. ESD TWG Members: Charlie Beck, Office of the Public Counsel; Ben Crisp, Progress Energy Florida; Eric Draper, Audubon of Florida; Phillip Fairey, Florida Solar Energy Center; Jack Glenn, Florida Home Builders Association; Alisa Coe for David Guest, Earthjustice; David McCullough, Gulf Power Company; Thomas Hernandez, Tampa Electric Company; Jack Shreve, Office of the Governor; Eric Silagy, Florida Power & Light; Leon Jacobs, National Resources Defense Council; Pierce Jones, University of Florida; John Wilson for Stephen Smith, Southern Alliance for Clean Energy; Jennifer Szaro, Orlando Utilities Commission
2. FL DEP: Matt Stamaroff for Jeremy Susac, Florida Energy Office
3. CCS staff: Donna Boysen, Judith Barry

Background documents: (all posted at http://www.flclimatechange.us)

1. Meeting #10 Notice and Agenda
2. PowerPoint for Teleconference #10
3. Meeting Summary of Teleconference #9
4. ESD Straw Proposal draft

Discussion items and key issues:

1. This was the tenth conference call of the FL ESD TWG.

2. Donna Boysen of CCS called the roll and reviewed the agenda and documents for the call, referencing the fact that the documents for the call are available on FL CCS website.

3. Donna asked if there were any corrections or additions to the summary of the prior meeting. There were none.

4. Donna provided an overview of the presentation of the call, including goals of today's discussion. It was noted that this call would continue the process of discussing the policy descriptions and policy designs that will be assigned to each policy option. The TWG was reminded that the goal of these discussions was to, whenever possible, develop quantifiable policy designs.

5. The first policy option considered was ESD-4; Electricity Transmission and Distribution Improvements. Phillip Fairey asked if this policy option would include demand response/ smart grid initiatives. Hal Nelson pointed out that in the past the CCS process has treated T&D reductions as a stand alone policy. Ben Crisp posited that a smart grid strategy probably should be included in a Demand Side Management option, but that aspects smart grids are applicable to T&D. It was mentioned that one way to include smart grid practices into this policy option would be to omit the word 'line' from the phrase 'transmission and distribution line losses' so that the policy focuses on a wider variety of practices to reduce T&D losses than just improving line efficiency. The TWG moved on to a discussion of the 5% placeholder policy goal value inserted by CCS. There was some concern at first that this policy was not practical. However, with Donna reminding the TWG that this value is easily changed the TWG decided to move ahead with the draft language as stated. A similar discussion ensued regarding time frame with the CCS draft language once again being retained.

6. Eric Draper brought up a point regarding distributed generation (DG) as a mechanism to reduce line losses. Eric argued that if power generation is located closer to end-use then there is less opportunity for line loss, and hence an improvement in the T&D system. Donna Boysen pointed out that ESD-18 addressed DG directly and that we should look to see if Eric's point might be captured there. Eric reiterated that he thinks that the effects of DG need to be reflected in ESD-4. Ben Crisp pointed out the type of DG would need to be considered in order to determine GHG effects. He also suggested that the Florida Energy and Climate Commission be added to the parties involved. The TWG would re-engage in this discussion later in the call (*point 9 on this summary*)

7. Donna Boysen moved the conversation on DG ahead to the next relevant option ESD-18; Incentives to Promote Implementation of Customer-Sited Renewable Energy Systems. Phillip Fairey questioned including biomass into this policy since often times these systems are at best carbon neutral. Donna suggested that it might be a better idea to limit the biomass considered under the policy to only waste biomass. The members of the TWG agreed to this idea and assented to its inclusion in the policy design. Donna also noted in reference to the earlier conversation on ESD-4 that ESD-18 does reference the potential positive effects of DG on the T&D system. Phillip wanted to add a bullet point to the policy description that would call for independent, 3rd party, renewable power producers to be included in net metering programs. The TWG agreed to table the discussion of this item until the discussion of implementation mechanisms.

8. John Wilson started the examination of ESD-18's policy goals by stating that he doesn't like using MWs as the policy's metric. He pointed out that capacity factors vary widely across different forms of DG and that it would be better to express goals in terms of energy. Phillip suggested specifying a MW number at a given capacity factor that all DG production systems would need to reach. Tom Hernandez agreed with expressing goals in terms of energy is the way to move forward with this policy option. He pointed out thinking in terms of energy displacement is more appropriate for reducing GHG emissions. He also suggested a 20-25% capacity factor would be appropriate for most DG systems in Florida, with the key exception being biomass DG.

9. In light of the TWG's conversation about ESD-18 Donna moved the TWG back to ESD-4 to settle the unresolved relationship between T&D and DG in the policy option document. Eric Draper observed that ESD-18 focuses on customer DG. He noted that other forms of DG might produce enough power to run entire cities and that it was the mandate of the TWG to think beyond traditional power generating strategies. Tom Hernandez pointed out that even in this sort of large scale DG world there would still be line losses to consider, just not as much line in which losses can occur. Hal Nelson expressed concern about spreading DG over too many policy options; he noted that ESD-8 (a CHP option) already dealt extensively with DG. Phillip felt that for the purpose of keeping the policy proposals transparent it would be best to leave T&D gains from DG with ESD-18. Eric requested that we at least leave placeholder DG language on ESD-4. Tom Hernandez agreed that it was an important point, but felt that it was best addressed in ESD-18.

10. At the request of members of the TWG Donna moved the discussion on to ESD-13; Incentives for Improved Building Design, Construction, and Operation in the Private Sector. Donna noted that Pierce Jones had split this program into four parts: Existing Residential, New Residential, New Master Planned Residential Communities and Energy Efficiency for New and Existing Low Income Units. Pierce began his explanation of why this option was split into different parts by stating his feeling that the principles of what needs to be addressed to improve efficiency in each type of structure are the same. The reason why we need different strategies is because how you accomplish those principles varies depending on the category of structure. He stated his feeling that the policy should establish different baselines for the different types of structures from which all incentives are to be based. Performance reviews of the structures would be measured against these baselines. The ultimate goal would to have these performance reviews be sophisticated enough to be able to document avoided CO2 emissions. These avoided emissions would be saleable and their proceeds would feed back in to conservation programs. Pierce stated that in the near future he would be able to provide some data that would help inform the goals and timeline of this policy

11. Phillip Fairey asked why 13a does not define the baseline as the condition of an existing home. Pierce stated that further research and discussion is needed to

determine what appropriate baselines would be for this program. Phillip suggested that the subcategories of this option could be reduced from four to three. He felt that 13d, dealing with low income units, could be folded into the other three sub-categories. Pierce agreed that this was a reasonable idea. Phillip also voiced his concern that measuring performance over the course of a year is a disincentive to participation in an energy efficiency program. He suggested more powerful short term incentives that are linked to projected energy savings. Leon Jacobs had questions concerning how well this policy addressed issues like commercial split incentives. Pierce agreed that incentives would have to be developed in one policy or another for commercial structures.

12. The next policy option considered was ESD-14; Improved Building Codes for Energy Efficiency. Phillip Fairey suggested adding three bullet points to this discussion. These points were:

    a. Require energy efficiency labeling for houses at the time of sale

    b. Cost effectiveness calculations for new homes should be calculated from 30 year mortgage based analyses

    c. Some mention should be made of overcoming government barriers to energy efficient building.

    Jack Glenn was concerned that the second point may not be appropriate and that cost effectiveness calculations should be done from a component based approach. Phillip noted that the second point was taken from recent G-8 language signed onto by the US. Donna suggested tabling this discussion for a later call. Jack and Phillip agreed to leave the second bullet point as a provisional point until the next call. No objection was raised to the other two bullet points provided by Phillip.

13. Phillip raised an objection to using energy use per square feet of floorspace as the metric for ESD-14. He felt that this might encourage building larger homes. In addition, Phillip did not like this metric because current building codes only captures a little less than 50% of a building's energy use. He feels that making the Home Energy Rating System (HERS) the default metric from which to establish code goals beyond recently passed legislation. Donna Boysen asked the TWG if they had any suggestion for the timeline of this policy option. No member expressed a desire to change the timeline from the CCS placeholder language already included.

14. Donna moved the discussion of ESD-14 towards consideration of how this policy might address improved energy efficiency in commercial structures. Phillip suggested that the policy should address the split-incentive barrier to efficiency improvements in commercial buildings. Leon Jacobs noted that incentives for building owners would need to be put in place to encourage energy efficiency improvements in the commercial sector. He suggested that part ownership of renewable energy credits might be one such mechanism. Phillip added on to this

discussion by suggesting that encouraging commissioning of commercial buildings might be a mechanism through which energy efficiency improvements beyond the recently passed legislation might be made.

Next Steps:

1. Continue reviewing draft policy option descriptions on the next call. The date for call #12 is Wednesday, July 16th, 2008, at 1:30 pm to 3:30 pm EDT.

2. Donna also noted that future calls might be extended to last 3 hours.

Public Comment:

1. Bob Krasowski, Florida Alliance for a Clean Environment. Bob made the following points:

    a. There are a large number of people with a solid knowledge of waste to energy issues who work in municipal solid waste.

    b. He felt that the process was very politically based and that any progress would have to move beyond politics.

    c. He suggested that when waste to energy is reviewed in a future call an expert might be brought in to better inform the TWG

    d. Bob mentioned his dislike of TWG members sending proxies to the call or not attending altogether

    e. Would be interested in seeing a comparison of the benefits of offshore gas and oil drilling as compared to nuclear power usage.