



Cap-and-Trade Technical Working Group

Florida Cap-and-Trade TWG Survey Summary
(July 2008)

Purpose: This survey was used to poll the TWG members on the key cap-and-trade program design questions. Survey results were combined and with this summary are being reported back to the TWG. The survey is intended to inform the TWG's deliberations on these questions and is not a decisional instrument. All TWG recommendations on these and other questions will be the result of TWG discussion, debate and as much as possible, agreement.

1. Goals and caps

Q: What emissions reduction goal (cap-and-trade "cap") should the program achieve?

- A:**
- 5 The Florida economy-wide goal set by Governor Crist
 - 1 A new goal, different from the one set by Governor Crist but supportive of it
 - 7 A goal consistent with a regional cap-and-trade program design (RGGI, WCI, etc.) as needed for Florida to participate in that regional program
 - 3 I am not prepared to answer this question at this time

Comment:

2. Sector and source coverage

Q: What sectors of the economy should Florida seek to include in the cap-and-trade program from the start?

- A:**
- | | |
|---|--|
| 13 <input type="checkbox"/> Electricity sector | 6 <input type="checkbox"/> Industrial (stationary) sources |
| 7 <input type="checkbox"/> Transportation fuels | 5 <input type="checkbox"/> Residential and commercial fuel use |
| 3 <input type="checkbox"/> Agriculture | 3 <input type="checkbox"/> Forestry |
| 4 <input type="checkbox"/> Waste management | 7 <input type="checkbox"/> Energy extraction, processing and transport |

I am not prepared to answer this question at this time

Comment:

Q: What sectors of the economy should Florida seek to phase-in to the cap-and-trade program over time?

- A:**
- | | |
|---|--|
| 1 <input type="checkbox"/> Electricity sector | 4 <input type="checkbox"/> Industrial (stationary) sources |
| 4 <input type="checkbox"/> Transportation fuels | 5 <input type="checkbox"/> Residential and commercial fuel use |
| 4 <input type="checkbox"/> Agriculture | 4 <input type="checkbox"/> Forestry |
| 4 <input type="checkbox"/> Waste management | 4 <input type="checkbox"/> Energy extraction, processing and transport |
| 2 <input type="checkbox"/> None | |
| 3 <input type="checkbox"/> I am not prepared to answer this question at this time | |

Comment:

Q: Should there be a de minimis exemption for small sources within the capped sectors?

- A:**
- 6 Yes, sources below a standard emissions threshold should be exempt from regulation under the cap-and-trade program
- 7 Yes, there should be a de minimis exemption but it should vary by sector
- No, all sources should be regulated regardless of size
- Other
- 3 I am not prepared to answer this question at this time

Comment:

3. Allowance value and distribution

Q: What are the four most important purposes to which 'allowance value' should be applied? (select up to four)

- A:**
- 10 Promoting energy efficiency investments
 - 8 Mitigating impacts on ratepayers/consumers
 - 8 Protecting regulated emitters from competitive disadvantage
 - 8 Promoting renewable or non-carbon technologies
 - 7 Stimulating or rewarding investment in carbon emissions abatement technologies
 - 4 Protecting regulated emitters from economic disadvantage
 - 3 Mitigating impacts of climate change, i.e., fund adaptation strategies
 - 4 Mitigating impacts on low-income or disadvantaged consumers or communities
 - 2 Funding program administration
 - Supplementing general revenues to the state
 - 1 Other Maintain financial integrity of regulated sources.
 - 1 I am not prepared to answer this question at this time

Comment:

Q: How should allowances be distributed?

- A:**
- 4 Free of charge directly to regulated sources according to a formula based upon historical emissions, benchmarking or some other basis
 - Free of charge to sources or non-regulated entities so that the allowance value supports the purposes selected above
 - 2 Through an auction, with the state using the revenue for the purposes selected above
 - 3 Through a mix of free allocation and auction so that their value supports the purposes selected above
 - 3 Through a mix of free allocation and auction that changes over time
 - 1 Through a mix of free allocation and auction that varies based upon sector

1 Other

2 I am not prepared to answer this question at this time

Comment:

4. Offsets

Q: What is the most important function offsets should serve in the Florida program?

A: 9 Mitigate allowance prices

3 Encourage emissions reductions outside the capped sectors

8 Create a market for innovative mitigation and sequestration projects

2 None; the Florida program should not allow the use of offsets

Other

I am not prepared to answer this question at this time

Comment:

Q: To what degree should the use of offsets be limited?

A: 8 No limits; regulated sources should be able to meet up to 100% of their compliance obligation with certified offsets

4 Some limits; regulated sources should be at least partially required to surrender allowances or directly reduce their emissions

2 Strict limits; regulated sources should be allowed very limited access to offsets

1 No offsets; regulated sources should not be allowed to use offsets

Other

I am not prepared to answer this question at this time

Comment:

5. Allowance price mitigation measures

Q: To what degree should sources be allowed to 'bank' or hold allowances for future sale or use?

A: 9 Banking should be allowed without limitation

5 Banking should be allowed but banked allowances should be limited either in the quantity or the number of years they may be held

1 Banking should not be allowed

Other

I am not prepared to answer this question at this time

Comment:

Q: To what degree should sources be allowed to 'borrow' or use allowances that will be issued for future compliance periods to meet current obligations?

5 Borrowing should be allowed without limitation

3 Borrowing should be allowed 'with interest', meaning the use of 1 'future' allowance today will require the surrender of more than 1 allowance (interest) in the future

4 Borrowing should be allowed but borrowed allowances should be limited either in the quantity or the number of years into the future from which they can be drawn

2 Borrowing should not be allowed

Other

1 I am not prepared to answer this question at this time

Comment:

Q: Should there be an allowance price limit, or 'safety valve,' above which allowances will be issued to meet the demand notwithstanding the cap?

A: 8 Yes, an allowance price safety valve should be part of the program design

2 No, there should not be a price safety valve

4 There should be a mechanism to mitigate high allowance prices based upon a price trigger (such as the RGGI offsets expansion mechanism), but not a price limit that violates the cap

Other

I am not prepared to answer this question at this time

Comment:

6. Reporting

Q: What sources should be required to report emissions?

A: 2 Only sources regulated by the cap-and-trade program

9 Regulated sources plus comparable sources in unregulated sectors

2 Regulated sources plus unregulated sources from the capped sectors (de minimus or exempt sources)

Other

I am not prepared to answer this question at this time

Comment:

7. Leakage

Q: How should 'leakage,' or creating an unintended incentive for increasing imports of unregulated electricity from non-participating states, be addressed?

A: 6 Through program design, regulate emissions from both Florida-generated electricity and electricity consumed in Florida but imported from out of state

6 Leakage does not need to be addressed through initial program design but it should be monitored and reconsidered if it proves to be a problem

1 Leakage does not need to be addressed or monitored

Other

1 I am not prepared to answer this question at this time

Comment:

8. Trial period

Q: Should the Florida program include a learning phase or trial period at the beginning?

A: 6 Yes, the state and regulated sources need a period of several years to try out the system before binding compliance obligations begin

6 Binding compliance obligations should commence with the start of the program for first phase sectors, but special rules should apply for the first few years to allow greater flexibility through the transition

3 No, the program should commence without a trial period or less stringent transitional rules

Other

I am not prepared to answer this question at this time

Comment:

9. Regional programs

Q: Assuming modeling supports *all* options, should Florida join a regional program, seek to start a southeastern regional program, or pursue a Florida-only approach?

A: 9 Florida should join one or more existing or planned regional program(s)

4 Florida should attempt to initiate a new southeastern regional cap-and-trade program

Florida should create a one-state, Florida-only program

1 Other

1 I am not prepared to answer this question at this time

Comment:

10. Federal program

Q: What actions should Florida take now to maximize the benefits from the establishment of a national market based program to reduce GHG emissions?

A: Comment: