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March 19, 2007

The Honorable John Dingell  
Chairman  
House Energy and Commerce Committee  
2125 Rayburn  
Washington, DC 20515

The Honorable Richard Boucher  
Chairman  
Subcommittee on Energy and Air Quality  
House Energy and Commerce Committee  
2125 Rayburn  
Washington, DC 20515

Dear Chairmen Dingell and Boucher:

The Florida Municipal Electric Association appreciates the opportunity to provide our thoughts related to the important questions that were raised in your letter of February 27<sup>th</sup>, 2007. FMEA represents the state and federal legislative interest of 33 community-owned electric utilities in Florida, serving nearly 3 million Floridians. For power supply, our members primarily use coal, oil and gas-fired along with some nuclear generation to supply their customers. Ninety five percent of our coal-fired generation capacity has sulfur dioxide scrubbers. Two of our members, JEA (Jacksonville) and the Orlando Utilities Commission, are participating in DOE "Clean Coal" demonstration projects.

We appreciate that your Committee and Subcommittee have begun the difficult process of determining how to best reduce the growth of greenhouse gas concentrations in the atmosphere without jeopardizing our national energy security objectives. FMEA has developed key principals addressing five areas that we feel should be the basis of any new federal legislative program to address global climate change.

#### Climate Science

- Funding of basic climate change science should be continued, leading to a full understanding of the impact of human actions affecting global climate, as well as identifying the uncertainties. All perspectives must be considered.
- Cost-effective GHG-control and sequestration technologies do not yet exist. Research and development must be expanded significantly to develop cost-effective technologies to capture, sequester and/or reduce GHG emissions.

### Incentives

- Incentives, if necessary to promote GHG-control, sequestration and reduction technologies, should apply to all GHG emission sources, including electric utilities and the transportation and industrial sectors.
- Investor-owned utilities and public power municipal utilities must be offered comparable incentives to develop and deploy additional renewable energy resources, efficiency resources where applicable, and GHG-control, sequestration and reduction technologies.

### Strategies for Control

- Energy efficiency, renewable energy and nuclear power are recognized as important components of a comprehensive GHG emissions reduction strategy.
- Consideration must be given to the costs and benefits of a technology-driven GHG-intensity control approach as compared to a cap-and-trade or fossil fuel tax approach.
- Before a cap-and-trade system can be considered a viable alternative to control CO<sub>2</sub> emissions, affordable, reliable and commercially available control technologies must be developed.

### Economy, Jobs and U.S. Energy Security

- Unless global economic impacts are considered, U.S. jobs will move overseas to less-developed countries with higher GHG emissions per unit of production. Therefore, the U.S. must not undertake a unilateral GHG reduction policy. Our country's economic interests will be imperiled if emerging industrialized nations, including China and India, do not adopt and implement GHG policies that yield results similar to the policies adopted and implemented by the United States.
- GHG policy must be complimentary to U.S. energy security objectives and clearly recognize that coal is a key source of secure, stable and affordable electricity supply.
- Controlling and sequestering carbon emissions will likely increase the cost and resource consumption required to meet our energy needs. Therefore, actions taken to achieve any goals or targets for reduced U.S. carbon intensity should consider both costs and effectiveness.
- Maintaining the viability of the U.S. Economy must be a major component of any GHG policy. All efforts to reduce GHG emissions, including CO<sub>2</sub>, should be considered on an economy-wide basis and apply to all GHG emissions sources.

We understand that there is a great interest by many in Congress in using an “Acid Rain” type cap and trade approach to address reduction of GHGs in the atmosphere. FMEA was active in the legislative process that led to the Clean Air Act Amendments of 1990. One of the most important factors associated with the success of the Title VI, the Acid Rain program, was the commercial availability of cost-effective SO<sub>2</sub> removal equipment. In fact, 95% of FMEA’s coal-fired electric generating capacity had SO<sub>2</sub> scrubbers in operation many years prior to 1990. It is doubtful that an effective cap-and-trade program can be developed without cost-effective and commercially available carbon dioxide removal technology.

We appreciate the opportunity to provide our thoughts on this important policy issue.

Sincerely,

A handwritten signature in black ink that reads "Barry Moline". The signature is written in a cursive, flowing style.

Barry Moline  
Executive Director