



ENVIRONMENTAL DEFENSE FUND

finding the ways that work

Endorsement of Florida Renewable Production-based Energy Incentives

Environmental Defense Fund is pushing hard in Congress to pass comprehensive cap and trade climate legislation. We believe the United States is one to two years away from joining the world community in the fight against global warming. States and countries that are energy efficient and have a thriving market for renewables will fair far better under such a system than those who do not. It is imperative that Florida examine policies that, when paired with cap and trade, significantly reduce greenhouse gas emissions and rapidly and substantially increase the production of renewable energy. We have reviewed various renewable energy policies and incentive programs existing today within the U.S. and in countries outside of North America. We have further concluded that the most cost-effective policy tool to prepare Florida for a national cap and trade system is electricity feed-in payments, also known as production-based incentives. These incentives deliver a rapid deployment of renewable energy while ensuring healthy and sustainable industry in Florida.

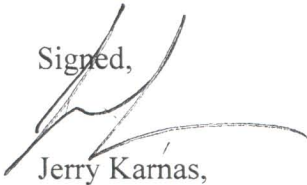
We believe the opportunity exists today to develop a vibrant renewable energy industry that will create jobs and wealth within Florida utilizing Florida's abundant domestic resources. These policies will improve Florida's energy security by lessening the reliance on imported fossil fuels, potentially allow the state to become a net exporter of electricity, increase grid stability, help the state achieve its longer term environmental objectives to reduce greenhouse gas emissions and achieve the 20% renewable portfolio standard goal as set out in Governor Crist's Executive Orders. Feed-in payment policies have proven to be the world's most successful tool for delivering large quantities of renewable generation quickly. Under these policies, Floridians who want to generate their own energy from renewable sources are guaranteed connection to the grid, plus a long-term contract to purchase the green energy at a premium rate by their utility provider. The energy and connection costs of feed-in payment policies are recovered by allowing the utility to pass direct costs through the normal rate base recovery mechanism and by spreading additional costs throughout the electric customer base. It engenders competition by allowing everyone to participate by becoming a renewable energy producer. The long-term nature of the purchase contracts also encourages significant amounts of low-cost debt financing that reduces overall investment costs.

Investment in renewable energy will create new wealth for Floridians. The investments will directly benefit the manufacturing, engineering and construction industries, as well as farming

and financial services. Most importantly, these policies do not require any state tax support or upfront subsidies from the state.

We believe the Florida Legislature, PSC and other energy agencies should consider feed-in payment policies immediately to a create a cleaner and wealthier future for the state”

Signed,

A handwritten signature in black ink, appearing to read 'Jerry Karnas', with a long horizontal flourish extending to the right.

Jerry Karnas,

Florida Climate Project Director

Environmental Defense Fund