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July 24, 2014

The Honorable Art Graham
Chair
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Florida Energy Policy - Promote Energy Efficiency to Benefit Consumers

Dear Chairman Graham:

Thank you for the opportunity to share my concerns regarding the request by Florida investor-owned utilities that the Public Service Commission (“PSC”) diminish the commitment to consumers under the state energy efficiency and conservation goals. Florida utilities are proposing to slash their annual energy savings goals from an already anemic 2,012 gigawatt hours (GWh) from 2009-2013 to 263 GWh for the period of 2015 through 2019. In fact, the largest electric utility in Florida, comprising nearly half the entire state’s electricity sales, is proposing annual energy savings of 100 times less for 2015 than what it achieved in 2013. Drastically reducing energy savings will diminish the potential to decrease carbon pollution which is the main contributor to climate change and its devastating impacts. I urge you not to reduce Florida’s very modest energy efficiency initiatives and instead side with Florida consumers and businesses and *increase* the state’s commitment to cost-effective energy efficiency and demand-side renewable energy.

The timing of the PSC’s action could not be worse. It is clear that Florida will have to make a major shift to reducing carbon pollution in the coming years. Energy efficiency will be one of the primary tools our state will need to meet carbon pollution reduction goals. If you reduce the state’s modest energy efficiency initiatives, you are making the road ahead much more difficult and likely much more expensive for Floridians.

It costs less to save energy than to produce energy. Yet, under Florida’s electric utility regulatory scheme, utilities have incentives to build large operating power plants and sell as

much energy as possible. The business model is outdated and fails to meet the modern challenges of Florida's future and protect Florida consumers.

As a member of the U.S. House Energy and Commerce Committee, I have watched other states outperform Florida on energy efficiency and clean energy. Florida is far behind other states that have been innovative in helping consumers save money. When a consumer or business saves money on their electric bill, they have more resources to invest in other goods and services. Energy efficiency also boosts job creation in construction, weatherization, retrofits, manufacturing and installation of energy-efficiency equipment. According to the American Council for an Energy-Efficient Economy (ACEEE), a more aggressive commitment to energy efficiency would yield significant economic benefits. By 2050, ACEEE estimates that significant investments in energy efficiency at the state and federal level could benefit all parts of the economy including residential, commercial, industrial and transportation sectors. These efficiency investments would result in a net gain of almost 2 million jobs and save consumers an average of \$400 billion per year (about \$2,600 per household).

Just imagine what the ratepayers on the west coast of Florida could have done with the \$3 billion they spent on the broken Crystal River nuclear power plant or the jettisoned Levy County plant? They are on the hook for \$3 billion that did not produce a single kilowatt hour of energy. With \$3 billion we could have provided energy-efficient appliances, air-conditioning systems, weatherized homes, insulation, smart meters to many Floridians and businesses - and create thousands of jobs doing so.

I understand that the electric utilities argue that they are concerned about the costs of energy efficiency and clean energy. The greater financial concerns for Floridians are the huge costs of the changing climate such as dealing with extreme weather events, flood insurance, homeowners insurance, beach renourishment, and property taxes for local infrastructure repairs. Add in costly health impacts like asthma and the PSC and State simply cannot shirk its responsibility to the citizens of Florida.

In addition, a recent Standard & Poor's report highlighted the economic danger of not acting to reduce carbon pollution: "climate change is likely to be one of the global mega-trends impacting sovereign creditworthiness, in most cases negatively." Climate change will impact credit ratings in several ways. First, economic performance will be reduced as agricultural yields decrease because of "repeated and prolonged droughts, heat waves and wildfires, or floods" and health effects reduce worker productivity. The report states that "extreme weather events, especially floods, can be expected to increasingly take a toll on a country's infrastructure and thus productivity." Second, fiscal performance will decline as government budgets come under increased stress from climate-induced emergency support and infrastructure reconstruction costs.

According to S&P, “[n]ational budgets would invariably come under additional strains, potentially putting downward pressure on sovereign ratings and debts and deficits mount.”

In the face of these challenges, Florida must dramatically *improve* its commitment to energy efficiency and clean energy – not go backward. The PSC will harm Florida consumers and businesses if it keeps our state stuck in the last century. Plus, the state will find it impossible to meet its carbon pollution reduction goals unless it reworks its incentives for fossil fuel energy consumption and modernizes its energy policies now. Many other states have a much more robust commitment to conservation, efficiency, solar and other clean sources of energy. It is embarrassing that states like Georgia and New Jersey produce more solar energy than the Sunshine State.

For all of these reasons and with an eye to the future of our great state, I respectfully urge you to reject any weakening of Florida’s energy efficiency standards.

Sincerely,



Kathy Castor
U.S. Representative – Florida
District 14