



July 26, 2023

Jacob A. Williams
General Manager and CEO

To: Select Florida Federal Delegation and State Policy Makers

This week the Florida Municipal Power Agency (FMPA) filed the attached comments on the U.S. EPA proposed CO2 emissions rule for power generation, which fundamentally transforms the bulk power system in just 8 years. Under this rule Florida would be one of the most impacted states in the country.

FMPA is owned by the 33 Florida municipal electric utilities. Our mission is to provide low cost, reliable, and clean power to our members, who together serve over 4.2 million Floridians or 19% of the state. FMPA is concerned about the extraordinary economic hardship the EPA proposal would pose. As you know, Florida is uniquely dependent on affordable, reliable natural gas generation. Florida families use twice as much electricity as families in California or New York, due to the heat and high levels of humidity in the state. In addition, Florida has the largest percentage of senior citizens in the country; simply put, Floridians have little disposable income to pay for increased power costs.

We believe the EPA proposal could dramatically raise the cost of power and put the reliability of Florida's power supply at great risk. For example, the proposal effectively retires all remaining coal generation in the U.S. and, more importantly to Florida, dramatically impacts natural gas generation, which provides 75% of our electricity. Florida is by far the most dependent state in the U.S. on natural gas generation.

In an attempt to soften the blow, EPA proposes the use of "green" hydrogen technology to fuel many natural gas plants by 2032. Unfortunately, this technology is not commercially viable today--nor do we expect it to be available by 2032 for use around the country. FMPA's preliminary analysis shows the EPA's rule to use "green" hydrogen generation would increase power costs 100-200%, well above EPA's own estimate of 1-2% annual increases. This is a particular hardship for FMPA's membership--nearly half of our 33 member communities have average incomes that are 50% or less of the U.S. average.

Last week the Florida Reliability Coordinating Council (FRCC) submitted comments to EPA, saying the proposed rule could compromise the electricity reliability in the state. FMPA agrees. Florida is a uniquely situated peninsula, heavily reliant on natural gas, and has limited access to power from other states. It is unlikely Florida could meet the 2032 "green" hydrogen requirement for the large natural gas power plants. As a result, Florida would have to reduce generation levels by 20-40% for the low-cost, low emitting natural gas units and the remaining higher cost plants could not make up the difference. This presents a serious challenge for Florida--FRCC estimates that in 2032 the EPA rule could require the replacement of 23 million MWh of power to serve load. But this causes a shortfall of about 8 percent of FRCC's own projected needs, the equivalent to blacking out about 1.8 million residential customers for the entire year.

FMPA urges you to direct U.S. EPA to consult the appropriate federal agencies--FERC, NERC, and DOE--on the economic and power reliability impacts of the EPA proposed rule to families and businesses throughout the U.S., but especially the unique concerns of Florida. We look forward to working with you on this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Jacob A. Williams".
Jacob A. Williams
GM and CEO, Florida Municipal Power Agency