1	H.372
2	Introduced by Representatives Ellis of Waterbury, Chesnut-Tangerman of
3	Middletown Springs, Potter of Clarendon, Bissonnette of
4	Winooski, Burke of Brattleboro, Eastman of Orwell,
5	McCormack of Burlington, and Russell of Rutland City
6	Referred to Committee on
7	Date:
8	Subject: Conservation and development; commerce and trade; forests, parks
9	and recreation; carbon offsets
10	Statement of purpose of bill as introduced: This bill proposes to enable the
11	Department of Forests, Parks and Recreation to sell carbon offsets from State
12	lands in regulatory carbon programs that place a limit on the amount of total
13	greenhouse gas emissions produced by the regulated industry, if the results of a
14	feasibility study demonstrate a positive net return from participating in such a
15	program.
16 17	An act relating to allowing the selling of carbon offsets from State land in regulatory carbon markets
18	It is hereby enacted by the General Assembly of the State of Vermont:

1	Sec. 1. 10 V.S.A. § 2606c is added to read:
2	§ 2606c. CARBON SEQUESTRATION; SALE OF CARBON OFFSETS;
3	ENROLLMENT OF STATE LANDS IN COMPLIANCE CARBON
4	<u>MARKETS</u>
5	(a) Definitions. As used in this section:
6	(1) "Compliance carbon market" means a market for the creation and
7	trading of carbon offsets to meet a regulatory program at the State, regional, or
8	national level that places a limit on the amount of total greenhouse gas
9	emissions produced by the regulated industry, such as the California
10	Cap-and-Trade Program and the Regional Greenhouse Gas Initiative described
11	<u>in 30 V.S.A. § 255.</u>
12	(2) "Feasibility study" means the study required under subsection (b) of
13	this section.
14	(3) "Study area" means the portion of land, not to exceed two
15	state-owned parcels of land, used to conduct the feasibility study.
16	(4) "Voluntary market" means the creation, trading, and retirement of
17	carbon offsets that occur outside compliance markets.
18	(b) Feasibility study. The Department shall conduct a feasibility study to
19	determine whether enrolling State lands in compliance carbon markets is a
20	prudent investment of funds from the Electric Efficiency Fund established

1	under 30 V.S.A. § 209(d)(3) and will further Vermont's greenhouse gas
2	emission reduction goals stated in section 578 of this title.
3	(1) Authorization of funds. The Department may use a sum not to
4	exceed \$100,000.00 from the sale of carbon credits under 30 V.S.A. § 255 to
5	develop and implement the feasibility study and pay the listing fee to list the
6	study area in a compliance carbon market.
7	(2) Scope. The Department shall complete the feasibility study within
8	two years of the effective date of this act. The study shall include:
9	(A) an inventory of the current carbon stock within the study area;
10	(B) estimates of potential revenues that would result from the
11	enrollment of the study area in a compliance market;
12	(C) estimates of the value of carbon offsets from the study area;
13	(D) an evaluation of the compatibility of carbon offset development
14	and sales with timber harvesting;
15	(E) potential regulatory risks; and
16	(F) a comparison of the benefits and risks associated with
17	participating in voluntary markets in addition to or in lieu of compliance
18	markets.
19	(c) Study of additional offset projects. In addition to the feasibility study,
20	the Department shall explore the following potential offset projects:

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1	(1) Aggregation of private lands. The Department shall investigate the
2	role it could play in aggregating private lands for the purpose of creating
3	carbon offsets to further the preservation and establishment of riparian buffer
4	zones on land held by private landowners.
5	(2) Coordination with Use Value Program. The Department shall
6	investigate methods of coordinating the Agricultural and Managed Forest Land
7	Use Value Program established under 32 V.S.A. chapter 124, subchapter 1
8	with the creation and sale of carbon offsets.
9	(d) Enrollment of State lands in compliance markets. The Commissioner
10	may sell carbon offsets generated by State lands in compliance carbon markets
11	and may enroll State lands in these markets if the Department demonstrates
12	through the feasibility study under subsection (b) of this section that
13	enrollment in a compliance market will result in a net financial benefit to the
14	Electric Efficiency Fund and is a prudent investment.
15	Sec. 2. 30 V.S.A. § 209(e) is amended to read:
16	(e) Thermal energy and process fuel efficiency funding.
17	(1) Each of the following shall be used to deliver thermal energy and
18	process fuel energy efficiency services in accordance with this section for
19	unregulated fuels to Vermont consumers of such fuels.

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1	(B) Net revenues above costs from the sale of carbon credits under
2	the cap and trade program established under section 255 of this title and costs
3	from the feasibility study for enrolling carbon offsets in compliance carbon
4	markets under 10 V.S.A. § 2606c, which shall be deposited into the Electric
5	Efficiency Fund established by this section.
6	* * *
7	Sec. 3. 30 V.S.A. § 255 is amended to read:
8	§ 255. REGIONAL COORDINATION TO REDUCE GREENHOUSE
9	GASES
10	* * *
11	(d) Appointment of consumer trustees. The Public Service Board, by rule,
12	order, or competitive solicitation, may appoint one or more consumer trustees
13	to receive, hold, bank, and sell tradable carbon credits created under this
14	program. Trustees may include Vermont electric distribution utilities, the
15	fiscal agent collecting and disbursing funds to support the statewide efficiency
16	utility, or a financial institution or other entity with the expertise and financial
17	resources to manage a portfolio of carbon credits for the long-term benefit of
18	Vermont energy consumers. The Board shall make up to \$100,000.00 from the
19	sale of carbon credits available to implement the feasibility study and
20	enrollment of State lands in compliance carbon markets under 10 V.S.A.

§ 2606c. The net proceeds above costs from the sale of carbon credits and

1	costs from the feasibility study for enrolling carbon offsets in compliance
2	carbon markets shall be deposited into the Electric Efficiency Fund established
3	under subdivision 209(d)(3) of this title. These funds shall be used by the
4	entity or entities appointed under subdivision 209(d)(2)(B) of this title to help
5	meet the building efficiency goals established under 10 V.S.A. § 581 by
6	delivering heating and process-fuel energy efficiency services to Vermont
7	consumers who use such fuel.
8	* * *
9	Sec. 4. EFFECTIVE DATE
10	This act shall take effect on passage.