

1 H.273

2 Introduced by Representatives Burke of Brattleboro and Sullivan of

3 Burlington

4 Referred to Committee on

5 Date:

6 Subject: Conservation and development; air pollution; climate change; energy;

7 greenhouse gases; cap and trade

8 Statement of purpose of bill as introduced: This bill proposes to enable  
9 Vermont to participate in a multijurisdictional cap and trade program for  
10 greenhouse gas emissions caused by transportation, heating, cooling, and  
11 ventilation.

12 An act relating to a cap and trade program for greenhouse gas emissions  
13 caused by transportation, heating, and other energy use

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. 10 V.S.A. § 578 is amended to read:

16 § 578. GREENHOUSE GAS REDUCTION ~~GOALS~~

17 (a) General goal of greenhouse gas reduction. It is the goal of the ~~state~~  
18 State to reduce emissions of greenhouse gases from within the geographical  
19 boundaries of the ~~state~~ State and those emissions outside the boundaries of the  
20 ~~state~~ State that are caused by the use of energy in Vermont in order to make an

1 appropriate contribution to achieving the regional goals of reducing emissions  
2 of greenhouse gases from the 1990 baseline by:

3 (1) 25 percent ~~by~~ on or before January 1, 2012;

4 (2) 50 percent ~~by~~ on or before January 1, 2028; and

5 (3) ~~if practicable using reasonable efforts,~~ 75 percent ~~by~~ on or before  
6 January 1, 2050.

7 (b) Vermont climate collaborative. The ~~secretary~~ Secretary will participate  
8 in the Vermont climate collaborative, a collaboration between ~~state~~ State  
9 government and Vermont's higher education, business, agricultural, labor, and  
10 environmental communities. Wherever possible, members of the collaborative  
11 shall be included among the membership of the program development working  
12 groups established by the ~~climate change oversight committee~~ Climate Change  
13 Oversight Committee created under ~~this act~~ 2008 Acts and Resolves No. 209,  
14 Sec. 14. State entities shall cooperate with the ~~climate change oversight~~  
15 ~~committee~~ Climate Change Oversight Committee in pursuing the priorities  
16 identified by the ~~committee~~ Committee. The ~~secretary~~ Secretary shall notify  
17 the general public that the collaborative is developing greenhouse gas  
18 reduction programs and shall provide meaningful opportunity for public  
19 comment on program development. Programs shall be developed in a manner  
20 that implements ~~state~~ State energy policy, as specified in 30 V.S.A. § 202a.

21 (c) Implementation of ~~state~~ State programs to reduce greenhouse gas  
22 emissions. ~~In order to~~ To facilitate the ~~state's~~ State's compliance with the

1 goals established in this section, all ~~state~~ State agencies shall consider,  
2 whenever practicable, any increase or decrease in greenhouse gas emissions in  
3 their decision-making procedures with respect to the purchase and use of  
4 equipment and goods; the siting, construction, and maintenance of buildings;  
5 the assignment of personnel; and the planning, design, and operation of  
6 programs, services, and infrastructure.

7 (d) ~~Advocacy for cap~~ Cap and trade program for greenhouse gases,  
8 including those caused by transportation, heating, cooling, and ventilation. In  
9 order to increase the likelihood of the ~~state~~ State's meeting the goals  
10 established under this section, the ~~public service board, the secretary of natural~~  
11 ~~resources, and the commissioner of public service shall advocate before~~  
12 ~~appropriate regional or national entities and working groups in favor of the~~  
13 ~~establishment of~~ Governor shall have authority to approve Vermont's  
14 participation in a regional multijurisdictional or national cap and trade program  
15 for greenhouse gas emissions, including those caused by transportation,  
16 heating, cooling, and ventilation, that meets the requirements of this  
17 subsection. This program may take the form of an expansion of the ~~existing~~  
18 ~~regional greenhouse gas initiative~~ Regional Greenhouse Gas Initiative (RGGI),  
19 in which Vermont participates pursuant to 30 V.S.A. § 255, the Western  
20 Climate Initiative, or ~~it may entail the creation of an entirely a~~ new and  
21 separate regional or national cap and trade initiative that includes a 100 percent  
22 consumer allocation system. The Secretary and the Public Service Board, in

1 consultation with the Secretary of Transportation and the Commissioner of  
2 Public Service, shall have the authority to adopt joint rules to implement  
3 Vermont's participation in such a program.

4 (1) Definitions. As used in this subsection:

5 (A) "Allowance" means an authorization to emit up to one ton of  
6 greenhouse gases.

7 (B) "Cap and trade program" means a program in which a  
8 government entity sets, for a geographic area, a cap or maximum amount of  
9 emissions for an air contaminant. Under such a program:

10 (i) Emission allowances are auctioned or otherwise sold to persons  
11 and facilities with the obligation to comply with the program.

12 (ii) The total amount of emission allowances is equal to the cap.

13 (iii) A person or facility with the compliance obligation may emit  
14 no more of the air contaminant than the total amount permitted by its  
15 allowances.

16 (iv) The allowances may be traded.

17 (C) "Point of regulation" means the person or facility with the  
18 obligation to comply with the cap and trade program.

19 (2) Goals; points of regulation. The cap and trade program shall enable  
20 the State to achieve the goals of subsection (a) of this section and shall allow  
21 and include a series of statewide emissions caps that support achieving those

1 goals by declining over time. Under the program as implemented in Vermont,  
2 the point of regulation shall be:

3 (A) For transportation fuel combustion, where the fuel first enters  
4 commerce in the State, such as at a terminal rack, final blender, or distributor.

5 (B) For residential and commercial fuel combustion, and industrial  
6 fuel consumption with emissions below the threshold under subdivision (3) of  
7 this subsection, where the fuel first enters commerce in the State, such as at a  
8 distributor.

9 (C) For industrial sources, both process and combustion, with  
10 emissions at or above the threshold under subdivision (3) of this subsection, at  
11 the point of emission.

12 (D) For electricity generated in Vermont, at the generation facility.  
13 An in-state generation facility that is subject to and in compliance with RGGI  
14 shall be considered to comply with the requirements of this subsection.

15 (E) For electricity generated outside Vermont, at the first electric  
16 distribution utility subject to Public Service Board jurisdiction that delivers the  
17 electricity within Vermont.

18 (3) Emission thresholds. The rules shall state the emissions threshold at  
19 and above which the obligation to comply with the program applies to a person  
20 or facility. The emissions threshold may vary by category of facility and may  
21 change over time.

1           (4) Offsets. The rules may allow a person or facility with the  
2           compliance obligation to offset greenhouse gas emissions through procuring  
3           greenhouse gas emissions reductions or carbon sequestration by a person or  
4           facility not subject to the obligation, provided that each of the following is met:

5                   (A) The incremental emissions reduction or sequestration would not  
6                   otherwise occur.

7                   (B) The offset can be verified, audited, and enforced.

8                   (C) The total amount of offsets does not at any time exceed 49  
9                   percent of the cap, in order to ensure that the majority of emission reductions  
10                  occur in Vermont.

11           (5) Auctions; proceeds. Under the program, the State of Vermont  
12           periodically shall sell allowances at auction. The Vermont proceeds shall be  
13           allocated as follows:

14                   (A) Up to \$300,000.00 each fiscal year shall be allocated to program  
15                   administration and enforcement.

16                   (B) Of the remaining proceeds:

17                           (i) one-quarter shall be deposited into the Home Weatherization  
18                   Assistance Fund under 33 V.S.A. § 2501;

19                           (ii) one-quarter shall be deposited into the Electric Efficiency  
20                   Fund under 30 V.S.A. § 209 for delivery of thermal energy and process fuel  
21                   energy efficiency services; and

1                   (iii) one-half shall be deposited into the Vermont Sustainable  
2                   Transportation Fund established under 19 V.S.A. § 2801.

3                   (6) Public process. This subdivision applies to the first rulemaking  
4                   under this subsection. Before filing proposed rules with the Secretary of State,  
5                   the Secretary and the Public Service Board jointly shall conduct a public  
6                   process on the development of the proposed rules that includes the following  
7                   elements:

8                   (A) an opportunity for potentially affected persons and members of  
9                   the public to submit comments and recommendations on the design and  
10                  implementation of the cap and trade program, both in writing and at one or  
11                  more public meetings held for the purpose;

12                  (B) after providing the opportunity described in subdivision (1) of  
13                  this subsection, publication of a draft rule; and

14                  (C) an opportunity for potentially affected persons and members of  
15                  the public to submit comments and recommendations on the draft rule issued  
16                  pursuant to subdivision (2) of this subsection, both in writing and at one or  
17                  more public meetings held for the purpose.

18                  (7) Reports.

19                  (A) In this subdivision, “standing committees” refers to the House  
20                  Committees on Energy and Technology and on Natural Resources, Fish and  
21                  Wildlife and to the Senate Committees on Finance and on Natural Resources  
22                  and Energy.

1           (B) On or before January 15, 2019, the Secretary, in consultation  
2           with the Public Service Board, shall submit a written report to the standing  
3           committees detailing the efforts undertaken to accomplish Vermont's entry  
4           into a cap and trade program pursuant to this subsection and the status of  
5           Vermont's participation in such a program.

6           (C) On or before January 15 of each year following the year in which  
7           rules are first adopted under this subsection, the Secretary, in consultation with  
8           the Public Service Board, shall submit to the standing committees a written  
9           report detailing the implementation and operation of the cap and trade program  
10          required by this subsection and the revenues collected and the expenditures  
11          made under the subsection. The provisions of 2 V.S.A. § 20(d) (expiration of  
12          required reports) shall not apply to the report to be made under this  
13          subdivision.

14          (8) Enforcement. Rules adopted under this subsection may be enforced  
15          pursuant to chapters 201 and 211 of this title or by the Public Service Board  
16          pursuant to its authority under Title 30.

17          Sec. 2. 19 V.S.A. chapter 28 is added to read:

18                   CHAPTER 28. SUSTAINABLE TRANSPORTATION FUND

19                   § 2801. PURPOSE; CREATION

20           (a) The Vermont Sustainable Transportation Fund is established to receive  
21           the monies allocated to the Fund from the cap and trade program when adopted



1 pursuant to 10 V.S.A. § 578 and such other monies as may be appropriated or  
2 deposited into the Fund.

3 (b) The purpose of the Fund is to invest in infrastructure and programs to  
4 help reduce Vermont's dependence on fossil fuels for transportation and the  
5 associated greenhouse gas emissions.

6 (c) Balances in the Fund shall be used solely for the purposes set forth in  
7 this chapter and shall not be used for the general obligations of government.  
8 All balances in the Fund at the end of any fiscal year shall be carried forward  
9 and remain part of the Fund. Interest earned by the Fund shall be deposited in  
10 the Fund. This Fund is established in the State Treasury pursuant to 32 V.S.A.  
11 chapter 7, subchapter 5.

12 § 2802. EXPENDITURES

13 (a) The Secretary shall expend monies from the Fund to incent or finance  
14 programs and measures related to the movement of people and goods that, on a  
15 life-cycle basis, will result in a net reduction in the consumption of fossil fuels  
16 and in greenhouse gas emissions. These measures may include public  
17 transportation, car sharing infrastructure, pedestrian and bicycle infrastructure,  
18 electric vehicles and associated charging stations, and motor vehicles that are  
19 more energy-efficient than the typical new vehicle in their class.

20 (b) Annually after adoption of the cap and trade program, the Secretary  
21 shall solicit proposals and make awards from the Fund through a competitive

1 process. The Secretary shall consult with the Secretary of Natural Resources  
2 and the Commissioner of Public Service in making these awards.

3 (c) Commencing with the first calendar year after adoption of the cap and  
4 trade program, the Secretary shall adopt a five-year strategic plan and an  
5 annual program plan for the Fund, both of which shall be developed with input  
6 from the Secretary of Natural Resources and the Commissioner of Public  
7 Service and a public stakeholder process and shall be consistent with this  
8 section and State energy and transportation planning principles.

9 (d) The Secretary shall implement this chapter separately from the annual  
10 transportation planning and prioritization process.

11 § 2803. REPORT

12 By September 15 of each year, commencing with the second year after  
13 adoption of the cap and trade program, the Secretary shall provide to the House  
14 Committee on Energy and Technology, the Senate Committee on Natural  
15 Resources and Energy, and the House and Senate Committees on  
16 Transportation a report for the fiscal year ending the preceding June 30,  
17 detailing the activities undertaken, the revenues collected, and the expenditures  
18 made under this chapter. The provisions of 2 V.S.A. § 20(d)(expiration of  
19 required reports) shall not apply to the report to be made under this section.

20 Sec. 3. EFFECTIVE DATE

21 This act shall take effect on July 1, 2017.