

1 S.66

2 Introduced by Senators Lyons, Ayer, Cummings, MacDonald, and  
3 McCormack

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.

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

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

1 ~~the creation of an entirely~~ a new and separate regional or national cap and trade  
2 initiative that includes a 100 percent consumer allocation system. The  
3 Secretary and the Public Service Board, in consultation with the Secretary of  
4 Transportation and the Commissioner of Public Service, shall have the  
5 authority to adopt joint rules to implement Vermont's participation in such a  
6 program.

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

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

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

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

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

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

19 (iv) The allowances may be traded.

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

1           (2) Goals; points of regulation. The cap and trade program shall enable  
2           the State to achieve the goals of subsection (a) of this section and shall allow  
3           and include a series of statewide emissions caps that support achieving those  
4           goals by declining over time. Under the program as implemented in Vermont,  
5           the point of regulation shall be:

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

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

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

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

18                  (E) For electricity generated outside Vermont, the first electric  
19                  distribution utility subject to Public Service Board jurisdiction that delivers the  
20                  electricity within Vermont.

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

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

9                   (A) The incremental emissions reduction or sequestration would not  
10                  otherwise occur.

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

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

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

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

20                   (B) Of the remaining proceeds, one-half shall be deposited into the  
21                  Home Weatherization Assistance Fund under 33 V.S.A. § 2501 and the other

1 one-half deposited into the Electric Efficiency Fund under 30 V.S.A. § 209 for  
2 delivery of thermal energy and process fuel energy efficiency services.

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

1 Wildlife and to the Senate Committees on Finance and on Natural Resources  
2 and Energy.

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

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

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

19 Sec. 2. EFFECTIVE DATE

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