

1 S.75

2 Introduced by Senators Lyons and McCormack

3 Referred to Committee on

4 Date:

5 Subject: Conservation and development; air pollution; climate change; energy;  
6 greenhouse gases; cap and trade

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (iv) The allowances may be traded.

19 (C) "Point of regulation" means the person or facility with the  
20 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 Utility Commission jurisdiction that  
20                  delivers the 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 Utility Commission 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, 2020, the Secretary in consultation with  
4 the Public Utility Commission 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 Utility Commission shall submit to the standing committees a  
11 written report detailing the implementation and operation of the cap and trade  
12 program required by this subsection and the revenues collected and the  
13 expenditures made under the subsection. The provisions of 2 V.S.A. § 20(d)  
14 (expiration of required reports) shall not apply to the report to be made under  
15 this 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 Utility  
18 Commission pursuant to its authority under Title 30.

19 Sec. 2. EFFECTIVE DATE

20 This act shall take effect on July 1, 2020.