



House of Representatives

File No. 755

General Assembly

February Session, 2008

(Reprint of File Nos. 109 and 582)

Substitute House Bill No. 5600
As Amended by House Amendment Schedule
"A"

Approved by the Legislative Commissioner
April 30, 2008

AN ACT CONCERNING CONNECTICUT GLOBAL WARMING SOLUTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 22a-200 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 As used in sections 22a-200 to 22a-200b, inclusive, as amended by
4 this act, section 5 of this act and section 4a-67h:

5 (1) "Direct emissions" means emissions from sources that are owned
6 or operated, in whole or in part, by an entity or facility, including, but
7 not limited to, emissions from factory stacks, manufacturing processes
8 and vents, and company owned or leased motor vehicles;

9 (2) "Entity" means a person, as defined in section 22a-2, that owns or
10 operates, in whole or in part, a source of greenhouse gas emissions
11 from a generator of electricity or a commercial or industrial site, which
12 source may include, but not be limited to, a transportation fleet;

13 (3) "Facility" means a building, structure or installation located on

14 any one or more contiguous or adjacent properties of an entity;

15 (4) "Greenhouse gas" means any chemical or physical substance that
16 is emitted into the air and that the Commissioner of Environmental
17 Protection may reasonably anticipate will cause or contribute to
18 climate change, including, but not limited to, carbon dioxide, methane,
19 nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur
20 hexafluoride;

21 (5) "Indirect emissions" means emissions associated with the
22 consumption of purchased electricity, steam and heating or cooling by
23 an entity or facility.

24 Sec. 2. Section 22a-200a of the general statutes is repealed and the
25 following is substituted in lieu thereof (*Effective October 1, 2008*):

26 [(a) It shall be the goal of the state to reduce emissions of
27 greenhouse gas in order to make an appropriate contribution to
28 achieving the regional goals of reducing emissions of greenhouse gas
29 to those levels emitted in 1990, which reduction to occur not later than
30 January 1, 2010, and to levels ten per cent below the 1990 levels not
31 later than January 1, 2020. The Commissioner of Environmental
32 Protection shall consult with the Conference of New England
33 Governors and Eastern Canadian Premiers to establish a date for the
34 long-term regional goal of reducing the emissions of greenhouse gas
35 by seventy-five to eighty-five per cent below 2001 levels. If the
36 Conference of New England Governors and Eastern Canadian
37 Premiers has not established a date for such long-term regional goal by
38 January 1, 2007, the date for reaching such goal shall be 2050.

39 (b) Not later than January 1, 2005, the Governor's Steering
40 Committee on Climate Change, established in November 2002, shall
41 develop a multisector, comprehensive climate change action plan, with
42 the opportunity for public comment, which plan shall contain the
43 policies and programs necessary to achieve the state's goals for the
44 reduction of greenhouse gas emissions by 2010 and 2020. The steering
45 committee shall notify each member of the General Assembly of the

46 development of such plan and of such opportunity for public
47 comment. Not later than January 1, 2005, the steering committee shall
48 submit, in accordance with section 11-4a, such plan to the joint
49 standing committees of the General Assembly having cognizance of
50 matters relating to the environment, energy, transportation and
51 commerce. Not later than January 15, 2005, such committees shall
52 convene a joint informational public hearing for the purpose of
53 reviewing such plan. Not later than February 1, 2005, such committees
54 shall meet for the purpose of consideration of endorsement of such
55 plan. Not later than February 15, 2005, the steering committee shall
56 submit a final plan to such committees.

57 (c) Not later than January 1, 2008, the steering committee shall
58 develop an amended climate change action plan, with the opportunity
59 for public comment, for achieving the state's contribution towards
60 reaching the long-term regional goal established pursuant to
61 subsection (a) of this section. The steering committee shall submit, in
62 accordance with section 11-4a, such plan to the joint standing
63 committee of the General Assembly having cognizance of matters
64 relating to the environment.

65 (d) Not later than December 1, 2005, and annually thereafter, the
66 Commissioner of Environmental Protection, in collaboration with the
67 commissioners of other state agencies and the steering committee, shall
68 submit a report to the joint standing committee of the General
69 Assembly having cognizance of matters relating to the environment on
70 the progress made in achieving the goals established in subsection (a)
71 of this section and to evaluate the appropriateness of the climate
72 change action plans developed pursuant to subsections (b) and (c) of
73 this section in achieving such goals.]

74 (a) The state shall reduce the level of emissions of greenhouse gas:

75 (1) Not later than January 1, 2020, to a level at least ten per cent
76 below the level emitted in 1990; and

77 (2) Not later than January 1, 2050, to a level at least eighty per cent

78 below the level emitted in 2001.

79 (3) All of the levels referenced in this subsection shall be determined
80 by the Commissioner of Environmental Protection.

81 (b) On or before January 1, 2010, and biannually thereafter, the state
82 agencies that are members of the Governor's Steering Committee on
83 Climate Change shall submit a report to the Secretary of the Office of
84 Policy and Management and the Commissioner of Environmental
85 Protection. The report shall identify existing and proposed activities
86 and improvements to the facilities of such agencies that are designed
87 to meet state agency energy savings goals established by the Governor.
88 The report shall also identify policies and regulations that could be
89 adopted in the near future by such agencies to reduce greenhouse gas
90 emissions in accordance with subsection (a) of this section.

91 (c) Not later than January 1, 2012, and every three years thereafter,
92 the Commissioner of Environmental Protection shall, in consultation
93 with the Secretary of the Office of Policy and Management and the
94 Governor's Steering Committee on Climate Change, report, in
95 accordance with the provisions of section 11-4a, to the joint standing
96 committees of the General Assembly having cognizance of matters
97 relating to the environment, energy and transportation on the
98 quantifiable emissions reductions achieved pursuant to subsection (a)
99 of this section. The report shall include a schedule of proposed
100 regulations, policies and strategies designed to achieve the limits of
101 greenhouse gas emissions imposed by said subsection, an assessment
102 of the latest scientific information and relevant data regarding global
103 climate change and the status of greenhouse gas emission reduction
104 efforts in other states and countries.

105 (d) At least one year prior to the effective date of any federally
106 mandated greenhouse cap and trade program including greenhouse
107 gas emissions subject to any state cap and trade requirements adopted
108 pursuant to this section, the Commissioner of Environmental
109 Protection and the Secretary of the Office of Policy and Management

110 shall report, in accordance with the provisions of section 11-4a, to the
111 joint standing committees of the General Assembly having cognizance
112 of matters relating to the environment, energy and technology and
113 transportation. Such report shall explain the differences between such
114 federal and state requirements and shall identify any further
115 regulatory or legislative actions needed to achieve consistency with
116 such federal program.

117 Sec. 3. Section 22a-200b of the general statutes is repealed and the
118 following is substituted in lieu thereof (*Effective October 1, 2008*):

119 [(a) The Commissioner of Environmental Protection shall work to
120 establish a regional greenhouse gas registry for greenhouse gas
121 emissions and a regional reporting system in conjunction with other
122 states or a regional consortium.

123 (b) Not later than April 15, 2006, and annually thereafter, the owner
124 or operator of any facility that is required to report air emissions data
125 to the Department of Environmental Protection pursuant to Title V of
126 the federal Clean Air Act and that has stationary emissions sources
127 that emit greenhouse gases shall report to the regional registry direct
128 stack emissions of greenhouse gases from such sources. The owner or
129 operator shall report all greenhouse gas emissions in a type and format
130 that the regional registry can accommodate.

131 (c) The commissioner shall consider, on an annual basis, requiring
132 the expansion of reporting to the regional greenhouse gas registry to
133 include, but not be limited to, other facilities or sectors, greenhouse
134 gases, or direct and indirect emissions. A decision for or against an
135 expansion of reporting and an explanation of such decision shall be
136 included in the annual report required pursuant to subsection (d) of
137 section 22a-200a.

138 (d) Not later than July 1, 2006, the commissioner shall provide for
139 the voluntary reporting of emissions of greenhouse gas to the regional
140 greenhouse gas registry by entities and facilities that are not required
141 to submit information pursuant to subsections (b) and (c) of this

142 section but which do so on a voluntary basis. The greenhouse gas
143 emissions reported shall be of a type and format that the regional
144 greenhouse gas registry can accommodate.

145 (e) If a regional greenhouse gas registry is not developed and
146 implemented by April 15, 2007, the commissioner shall evaluate the
147 feasibility of establishing and administering a state-wide greenhouse
148 gas registry for the collection of emissions data pursuant to subsections
149 (b) and (c) of this section. If a regional greenhouse gas registry is
150 developed after the commissioner establishes a state-wide greenhouse
151 gas registry, the reporting requirements in subsections (b) and (c) of
152 this section shall revert to the regional greenhouse gas registry in
153 accordance with said subsections (b) and (c).

154 (f) Not later than July 1, 2006, and triennially thereafter, the
155 commissioner shall publish a state greenhouse gas emissions inventory
156 that includes comprehensive estimates of the quantity of greenhouse
157 gas emissions in the state for the last three years in which data is
158 available.]

159 (a) The Commissioner of Environmental Protection shall, with the
160 advice and assistance of a nonprofit association organized to provide
161 scientific, technical, analytical and policy support to the air quality and
162 climate programs of northeastern states: (1) Not later than December 1,
163 2009, publish an inventory of greenhouse gas emissions to establish a
164 baseline for such emissions for the state and publish a summary of
165 greenhouse gas emission reduction strategies on the Department of
166 Environmental Protection's Internet web site, (2) not later than July 1,
167 2010, publish results of various modeling scenarios concerning
168 greenhouse gas emissions, including, but not limited to, an evaluation
169 of the potential economic and environmental benefits and
170 opportunities for economic growth based on such scenarios, (3) not
171 later than July 1, 2011, analyze greenhouse gas emission reduction
172 strategies and, after an opportunity for public comment, make
173 recommendations on which such strategies will achieve the
174 greenhouse gas emission levels specified in section 22a-200a, as

175 amended by this act, and (4) not later than July 1, 2012, and every three
176 years thereafter, develop, with an opportunity for public comment, a
177 schedule of recommended regulatory actions by relevant agencies,
178 policies and other actions necessary to show reasonable further
179 progress towards achieving the greenhouse gas emission levels
180 specified in section 22a-200a, as amended by this act.

181 [(g)] (b) The commissioner may adopt regulations, in accordance
182 with the provisions of chapter 54, to implement the provisions of this
183 section. Nothing in section 4a-67h, 22a-200, as amended by this act,
184 22a-200a, as amended by this act, or this section shall limit a state
185 agency from adopting any regulation within its authority in
186 accordance with the provisions of chapter 54.

187 Sec. 4. Section 22a-200c of the 2008 supplement to the general
188 statutes is repealed and the following is substituted in lieu thereof
189 (*Effective October 1, 2008*):

190 (a) The Commissioner of Environmental Protection shall adopt
191 regulations, in accordance with chapter 54, to implement the Regional
192 Greenhouse Gas Initiative.

193 (b) The Department of Environmental Protection, in consultation
194 with the Department of Public Utility Control, shall auction all
195 emissions allowances and invest the proceeds on behalf of electric
196 ratepayers in energy conservation, load management and Class I
197 renewable energy programs. In making such investments, the
198 Commissioner of Environmental Protection shall consider strategies
199 that maximize cost effective reductions in greenhouse gas emission.
200 Allowances shall be auctioned under the oversight of the Department
201 of Public Utility Control and the Department of Environmental
202 Protection by a contractor or trustee on behalf of the electric
203 ratepayers.

204 (c) The regulations adopted pursuant to subsection (a) of this section
205 may include provisions to cover the reasonable administrative costs
206 associated with the implementation of the Regional Greenhouse Gas

207 Initiative in Connecticut and to fund assessment and planning of
208 measures to reduce emissions, [and] mitigate the impacts of climate
209 change and to cover the reasonable administrative costs of state
210 agencies associated with the adoption of regulations, plans and
211 policies in accordance with section 22a-200a, as amended by this act.
212 Such costs shall not exceed seven and one-half per cent of the total
213 projected allowance value. Such regulations may also set aside a
214 portion of the allowances to support the voluntary renewable energy
215 provisions of the Regional Greenhouse Gas Initiative model rule and
216 combined heat and power.

217 (d) Any allowances or allowance value allocated to the energy
218 conservation load management program on behalf of electric
219 ratepayers shall be incorporated into the planning and procurement
220 process in sections 16a-3a of the 2008 supplement to the general
221 statutes and 16a-3b of the 2008 supplement to the general statutes.

222 Sec. 5. (NEW) (*Effective October 1, 2008*) In order to achieve the
223 emission reduction requirements established in section 22a-200a of the
224 general statutes, as amended by this act, the state shall implement the
225 following:

226 (1) The Department of Environmental Protection shall monitor the
227 development of low-carbon fuel standards in other states or
228 jurisdictions, evaluate the potential of any such standard to achieve net
229 carbon reductions, and assess whether the analytical framework used
230 to determine the carbon benefit measures the full lifecycle of
231 greenhouse gas emissions, including direct and indirect emissions of
232 greenhouse gas caused by changes in land use or other factors. Such
233 assessment shall include, but not be limited to, the modeling tools
234 developed by the California Air Resources Board and the United States
235 Environmental Protection Agency. The analytical framework used to
236 measure actual lifecycle greenhouse gas emissions for fuel shall
237 include all stages of fuel and feedstock production, delivery and use of
238 the finished fuel to the ultimate consumer, and shall adjust the mass
239 values for all greenhouse gas emissions relative to such emissions'

240 relative global warming potential.

241 (2) The Department of Transportation shall, within available
242 appropriations, continue to investigate the potential for improvements
243 to the state's transportation system that will reduce greenhouse gas
244 emissions and coordinate with the northeastern states on regional
245 strategies to incorporate greenhouse gas emission reductions into
246 regional transportation planning, including, but not limited to, high
247 speed rail, light-rail passenger service and freight rail service within
248 the northeast region.

249 (3) The Department of Environmental Protection may work with
250 interested states and Canadian provinces to develop and implement
251 market-based compliance mechanisms to achieve the greenhouse gas
252 levels and limits established by section 22a-200a of the general statutes,
253 as amended by this act, including, but not limited to, cap and trade
254 programs.

255 Sec. 6. Section 22a-201c of the general statutes is repealed and the
256 following is substituted in lieu thereof (*Effective October 1, 2008*):

257 (a) On and after January 1, 2007, the Commissioner of Motor
258 Vehicles shall charge a fee of five dollars, in addition to any other fees
259 required for such registration, for each new motor vehicle. Said fee
260 may be identified as the "greenhouse gas reduction fee" on any
261 registration form, or combined with the fee specified by subdivision (3)
262 of subsection (k) of section 14-164c of the 2008 supplement to the
263 general statutes. All receipts from the payment of such fee shall be
264 deposited into the federal Clean Air Act account established pursuant
265 to section 14-49b.

266 (b) The Commissioner of Environmental Protection may draw upon
267 not more than sixty per cent of the funds deposited into said account
268 pursuant to subsection (a) of this section to implement the
269 requirements of section 22a-174, as amended by this act, sections 22a-
270 200a to 22a-200c, inclusive, as amended by this act, section 5 of this act,
271 and sections 22a-201a and 22a-201b, and the Commissioner of Motor

272 Vehicles may draw upon not more than forty per cent of the funds
273 deposited into said account pursuant to subsection (a) of this section to
274 implement the requirements of sections 22a-201a and 22a-201b.

275 Sec. 7. (NEW) (*Effective October 1, 2008*) (a) Not later than January 1,
276 2009, the Governor's Steering Committee on Climate Change shall
277 establish a subcommittee which may be composed of, but not be
278 limited to, members of the Governor's Steering Committee on Climate
279 Change. Such subcommittee shall (1) assess the impacts of climate
280 change on state and local infrastructure, public health and natural
281 resources and habitats in the state; (2) develop recommendations and
282 plans that, if adopted, would enable state and local government to
283 adapt to such impacts; and (3) provide technical assistance to
284 implement such recommendations and plans.

285 (b) On or before December 31, 2009, the subcommittee shall report
286 to the Governor's Steering Committee on Climate Change on its
287 assessment of current state and private programs and research
288 concerning the projected impact of climate change in the state on: (1)
289 Infrastructure, including, but not limited to, buildings, roads,
290 railroads, airports, dams, reservoirs, and sewage treatment and water
291 filtration facilities; (2) natural resources and ecological habitats,
292 including, but not limited to, coastal and inland wetlands, forests and
293 rivers; (3) public health; and (4) agriculture. The subcommittee may
294 conduct one or more public hearings regarding such assessment and
295 regarding the recommendations for further assessments of impacts on
296 the resources specified in subdivisions (1) to (4), inclusive, of this
297 subsection.

298 (c) On or before July 1, 2010, the subcommittee shall report to the
299 Governor and the General Assembly, in accordance with the
300 provisions of section 11-4a of the general statutes, containing the
301 results of its assessment in accordance with subsection (b) of this
302 section concerning its recommendations for changes to existing state
303 and municipal programs, laws or regulations to enable municipalities
304 and natural habitats to adapt to harmful climate change impacts and to

305 mitigate such impacts.

306 Sec. 8. Subsection (b) of section 22a-174 of the general statutes is
 307 repealed and the following is substituted in lieu thereof (*Effective from*
 308 *passage*):

309 (b) The commissioner shall have the power to [employ] (1) enter
 310 into contracts with technical consultants, including, but not limited to,
 311 nonprofit corporations created for the purpose of facilitating the state's
 312 implementation of multistate air pollution control programs, for
 313 special studies, advice and assistance; to consult with and advise and
 314 exchange information with other departments or agencies of the state;
 315 and (2) serve on the board of directors of a nonprofit corporation,
 316 including, but not limited to, a nonprofit corporation created for the
 317 purpose of facilitating the state's implementation of multistate air
 318 pollution control programs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	22a-200
Sec. 2	<i>October 1, 2008</i>	22a-200a
Sec. 3	<i>October 1, 2008</i>	22a-200b
Sec. 4	<i>October 1, 2008</i>	22a-200c
Sec. 5	<i>October 1, 2008</i>	New section
Sec. 6	<i>October 1, 2008</i>	22a-201c
Sec. 7	<i>October 1, 2008</i>	New section
Sec. 8	<i>from passage</i>	22a-174(b)

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: See below

Municipal Impact: See below

Explanation

Section 1 of the bill requires the Department of Environmental Protection (DEP) to determine all levels of greenhouse gas (GHG) emissions. There is no fiscal impact associated with this section.

Section 2 requires state agencies that are members of the Governor's Steering Committee on Climate Change, and DEP in consultation with the Office of Policy and Management (OPM), to submit various reports. There is no fiscal impact associated with these requirements.

Section 3 would result in a cost to DEP of \$350,000 in FY 09 and FY 10 for annual contractual services with the Northeast States for Coordinated Air Use Management (NESCAUM) to assist DEP in publishing an inventory of GHG emissions in effort to establish a baseline for these emissions. The contractor will also assist DEP in publishing a summary of strategies to reduce GHG emissions on DEP's website.

Section 3 would also result in a cost of \$120,250 in FY 09 and \$159,900 in FY 10, including fringe benefits, to DEP's EQ fund for two positions related to work with NESCAUM to accomplish these tasks. One staff planning specialist would be required to oversee and manage the NESCAUM contract and oversee climate planning efforts for the state agencies required to report to DEP and OPM under the bill as amended. Additionally, one staff position would be required to provide assistance directly to state agencies in formulating plans and

implementing strategies to make progress towards the targets as specified in the bill as amended.

Section 4 allows certain funds to cover the reasonable costs to various state agencies associated with regulations, plans, and policies related to the requirements under the bill. Since the bill does not define what is considered “reasonable”, it is uncertain what impact this will have upon the various state agencies.

Section 5: 1) requires DEP to monitor the development of low carbon fuel standards in other states, 2) requires DEP to evaluate the potential of this standard to achieve net carbon reductions, 3) requires DEP to assess the framework to determine if it fully measures the life cycle of GHG emissions, and 4) allows DEP to work with other states to develop and implement certain compliance mechanisms. There is no fiscal impact associated with these requirements since DEP currently performs much of these tasks.

Section 5 also requires the Department of Transportation (DOT) to investigate potential improvements to the state's transportation system, especially within the public transit arena that will promote the reduction of greenhouse gas emissions. DOT is also required to coordinate with other states in New England and New York on regional strategies to make GHG emission reduction a goal in regional transportation planning.

The requirement that DOT perform these tasks within available appropriations will likely result in one of three outcomes: 1) DOT will proceed with the investigation and planning, and will require a deficiency appropriation during FY 09; 2) DOT will delay the investigation and planning pending the approval of additional appropriations to meet this mandate in future fiscal years; or 3) DOT will shift administrative resources from other department priorities, thereby impacting existing departmental programs.

Section 501 allows funds from the Department of Motor Vehicles (DMV) “greenhouse gas reduction fee” to be used to cover the certain

costs required under the bill. There is currently about \$500,000 available in this account to cover certain costs.

Section 502 requires the Governor's Steering Committee on Climate Change to establish a subcommittee to perform various functions related to climate change. There is no fiscal impact associated with this requirement.

Lastly, Section 503 permits DEP to enter into contracts with nonprofit corporations that facilitate the state's implementation of multistate air pollution control programs and allows DEP membership on its board of directors. Since DEP already works with such nonprofits, there is no fiscal impact associated with this section.

House "A" removes many requirements that various state agencies adopt regulations and makes other various changes. The fiscal impacts of these changes have been noted above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. There may also be significant costs to DEP in the outyears once the majority of reporting, planning, and evaluation work is completed. There also may be costs to various state agencies in the outyears to comply with provisions of the reports, plans, and policies developed in the preliminary planning phases to reduce the GHG emissions of the state.

OLR Bill Analysis**sHB 5600 (as amended by House "A")*****AN ACT CONCERNING CONNECTICUT GLOBAL WARMING SOLUTIONS.****SUMMARY:**

This bill mandates reductions in state greenhouse gas (GHG) emissions and makes changes designed to help the state achieve these reductions.

Current law sets state GHG emission reduction goals for the years 2010, 2020, and 2050. The bill requires the state to meet its 2020 goal and a modified 2050 goal.

It requires certain state agencies to identify (a) activities and facility improvements to meet state energy saving goals and (b) policies and regulations they may adopt to help meet the emission limits. It also requires the Department of Environmental Protection (DEP) commissioner, with the help of a regional nonprofit air quality and climate organization, to publish a baseline inventory of GHG emissions and recommend strategies, regulatory actions, and policies to achieve the necessary emission reductions.

The bill requires the Governor's Steering Committee on Climate Change (steering committee) to create a subcommittee to assess the impact of climate change on the state and recommend to the governor and legislature ways the state can adapt to, and mitigate, harmful impacts. It authorizes the DEP commissioner to contract with, and serve on the board of, a nonprofit organization created to help the state implement a multi-state air pollution control program.

It allows the commissioner to use funds from the Greenhouse Gas

Reduction Fee to implement air pollution control requirements, as well as the bill's greenhouse gas reduction requirements.

It also (1) requires the Department of Transportation (DOT) to continue to investigate, within available appropriations, the potential for improving the state transportation system in ways to reduce GHG emissions; (2) requires DEP to keep abreast of low carbon fuel standards in other states and elsewhere; (3) allows proceeds from the auction of GHG emission allowances to be used to cover certain state agency administrative costs; (4) authorizes DEP to work with other states and Canadian provinces to develop market-based compliance mechanisms to achieve the GHG limits, including a cap-and-trade program; (5) changes reporting requirements, and (6) makes other changes.

*House Amendment "A" makes a number of changes in the underlying bill. Among other things, it eliminates provisions (1) requiring the DEP commissioner to establish electric industry emissions limits, (2) requiring the Office of Policy and Management (OPM) secretary to develop a model municipal smart growth code, and (3) creating more stringent building construction energy standards. It also restores existing law requiring certain major construction and renovation projects to meet green building standards; adds provisions on the steering committee subcommittee, commissioner's contracting authority, and greenhouse gas reduction fee; and makes other changes.

EFFECTIVE DATE: October 1, 2008, except the provisions concerning the DEP commissioner's contracting authority, which are effective upon passage.

SETTING GHG EMISSION LIMITS

Emission Requirements

Current law sets goals of reducing state GHG emissions to (1) 1990 levels by January 1, 2010 and (2) 10% below 1990 levels by January 1, 2020. It sets a default reduction goal of between 75% and 85% below

2001 levels by 2050. The bill eliminates the 2010 goal and instead requires the state to reduce its GHG emissions to (1) at least 10% below 1990 levels by January 1, 2020 and (2) at least 80% below 2001 levels by January 1, 2050. It requires the DEP commissioner to determine these levels.

Reporting Requirements

The bill requires, by January 1, 2010 and every other year thereafter, state agencies that are members of the steering committee to report to OPM and DEP. The report must identify (1) existing and proposed activities designed to meet state agency energy-savings goals the governor establishes, (2) improvements to agency facilities designed to meet these goals, and (3) policies and regulations agencies may adopt to meet the bill's GHG emissions limits. Steering committee members include the commissioners of DEP, DOT and the departments of Administrative Services and Public Utility Control; the chairperson of the Connecticut Clean Energy Fund; and the OPM under secretary. The departments of Revenue Services and Social Services join these agencies on the climate change coordinating committee, which staffs the steering committee.

By January 1, 2012 and every three years thereafter, the DEP commissioner, in consultation with the OPM secretary and the steering committee, must report to the Environment, Energy, and Transportation committees on the quantifiable emissions reductions achieved under the bill. The report must include a schedule of proposed regulations, policies, and strategies designed to achieve the GHG limits; an assessment of the latest scientific information and relevant data on global climate change; and the status of GHG emissions in other states and countries.

The bill requires, at least one year before the effective date of any federally mandated GHG cap and trade program that covers GHG emissions subject to state cap and trade requirements, the DEP commissioner and OPM secretary to explain the differences between the federal and state requirements in a report to the Environment,

Energy, and Transportation committees. The report must identify any further regulatory or legislative actions needed to become consistent with the federal program.

The bill eliminates a requirement that DEP, in collaboration with other state agencies and the steering committee, submit an annual progress report to the Environment Committee.

GHG Emissions Reporting

Current law requires the DEP commissioner to work with other states or a regional consortium to establish a regional GHG registry and reporting system. It requires owners and operators of certain stationary emission sources (Title V sources) to annually report their emissions to the registry. It requires the commissioner to (1) annually consider expanding the reporting requirements to other facilities and sectors and (2) to provide for voluntary reporting by these entities and facilities. It also requires her to evaluate the feasibility of establishing a statewide GHG registry, and to publish a GHG emission inventory every three years.

The bill instead requires the commissioner, with the advice and assistance of a nonprofit association organized to provide scientific, technical, analytical, and policy support to northeastern state air quality and climate programs (apparently the Northeast States for Coordinated Air Use Management, or NESCAUM) to:

1. by December 1, 2009, publish (a) an inventory of GHG emissions to establish a state GHG emissions baseline and (b) a summary of GHG emission reduction strategies on DEP's website;
2. by July 1, 2010, publish results of various modeling scenarios concerning GHG emissions, including an evaluation of potential economic and environmental benefits and economic growth opportunities based on these scenarios;
3. by July 1, 2011, analyze GHG emission reduction strategies, and after allowing for public comment, recommend strategies to

achieve the GHG emission level reductions the bill requires; and

4. by July 1, 2012, and every three years thereafter, develop, with an opportunity for public comment, a schedule of recommended regulatory actions by relevant agencies, policies, and other actions needed to show reasonable further progress towards achieving the limits.

As under current law, the commission may adopt regulations to implement the bill.

Use of Emissions Allowances

Connecticut is a member of RGGI, a multistate initiative to reduce power plant carbon dioxide emissions in the northeast. The law requires DEP to adopt regulations to implement the RGGI cap-and-trade program (see BACKGROUND), and, in consultation with DPUC, to auction all emission allowances, investing the proceeds on behalf of electric ratepayers in energy conservation, load management, and Class I renewable energy programs.

By law, DEP regulations may include provisions to (1) cover reasonable administrative costs associated with implementing RGGI, in Connecticut, (2) fund assessment and planning of emissions reduction measures, and (3) mitigate the impact of climate change. The bill authorizes these regulations to also include provisions covering the reasonable administrative costs state agencies incur in adopting regulations, plans, and policies to achieve the GHG emissions limits. By law, these costs cannot exceed 7.5% of the total projected value of the emissions allowances DEP auctions off.

LOW CARBON FUEL STANDARD

The bill requires DEP to monitor the development of low carbon fuel standards in other states and jurisdictions; evaluate the potential of these standards to achieve net carbon reductions; and assess whether the analytical framework used to determine the carbon benefit measures the full lifecycle of GHG emissions, including emissions of

GHG caused by changes in land use and other factors. (Lifecycle analysis examines the full range of environmental impact of a product or service.) The assessment must include the modeling tools developed by the California Air Resources Board and U.S. Environmental Protection Agency (EPA). This analytical framework must (1) include all stages of fuel and feedstock production, delivery to, and use of the finished fuel to the ultimate consumer, and (2) adjust the mass values for all GHG emissions relative to their global warming potential.

DOT must, within available appropriations, continue to investigate the potential of improving the state transportation system to reduce GHG emissions and coordinate with other northeastern states on regional strategies to incorporate GHG emission reductions into regional transportation planning, including high speed rail, light-rail passenger service, and freight rail services in the northeast.

CLIMATE CHANGE IMPACTS SUBCOMMITTEE

The bill requires, by January 1, 2009, the steering committee to create a subcommittee to (1) assess climate change impact on state and local infrastructure, public health, and natural resources and habitats; (2) prepare recommendations and plans to enable state and local governments to adapt to the impact; and (3) provide technical assistance to implement the recommendations and plans. Steering committee members may serve on the subcommittee. By December 31, 2009, the subcommittee must report to the steering committee on its assessment of current state and private programs and its research on the impact of climate change on state:

1. infrastructure, including buildings, roads, railroads, airports, dams, reservoirs, and sewage treatment and water filtration plants;
2. natural resources and ecological habitats, including coastal and inland wetlands, forests, and rivers;
3. public health; and

4. agriculture.

The subcommittee may hold public hearings on its assessment and on recommendations for further assessments of the impact of these resources. It must report to the governor and legislature, by July 1, 2010, on the results of its assessment and its recommendations for changes to state and municipal programs, laws, or regulations to enable municipalities and natural habitats to adapt to and mitigate harmful climate change impact.

DEP COMMISSIONER'S AUTHORITY

Current law authorizes the commissioner to employ technical consultants for special studies, advice, and assistance. The bill authorizes her to enter into contracts with these consultants, including contracts with nonprofit corporations created to help the state implement a multi-state air pollution control program. It authorizes her to also serve on the board of directors of such a nonprofit corporation. It is unclear if this would violate the state Ethics Code's prohibition against public officials engaging in any business, employment, transaction, or professional activity that substantially conflicts with the proper discharge of their duties, employment in the public interest, or responsibilities as prescribed by law (CGS § 1-84).

USE OF GREENHOUSE GAS REDUCTION FEE

By law, the Department of Motor Vehicles commissioner must charge a \$5 "greenhouse gas reduction fee" for each new motor vehicle sold on and after January 1, 2007. The fee must be deposited in the Clean Air Act account. The DEP commissioner may use up to 60% of this money to implement the requirements of the GHG labeling program for new motor vehicles and a GHG public education program. The bill allows the commissioner to also use the fee revenue to implement air pollution control requirements and the bill's greenhouse gas emission reduction, low carbon fuel standard, and DOT study requirements.

BACKGROUND

Climate Change Action Plan and Governor's Steering Committee on Climate Change

The Conference of New England Governors and Eastern Canadian Premiers, representing the six New England states and the provinces of New Brunswick, Newfoundland, Labrador, Nova Scotia, and Prince Edward Island, issued a Climate Change Action Plan in 2001 that recommended short- and long-term goals to reduce greenhouse gas emissions. The governor subsequently appointed a steering committee to organize a discussion among businesses, nonprofit organizations, state and local government agencies, and academic institutions of ways to reduce greenhouse gas emissions.

Regional Greenhouse Gas Initiative

Connecticut is a member of RGGI, a multistate initiative to design and implement a flexible, market-based, cap-and-trade program to reduce power plant carbon dioxide emissions in the northeast United States. Connecticut was one of seven states to agree in 2005 to a CO₂ cap-and-trade program for all fossil-fuel electric generating units of 25 megawatts or more. The program begins January 1, 2009.

Each state will allocate allowances up to the amount of its emission budget, with each allowance allowing a regulated source to emit one ton of CO₂. Under RGGI, instead of giving allowances directly to electric generators for free, states will sell a significant portion through a regional auction, or other means. By law, Connecticut must auction all emission allowances and invest the proceeds on behalf of electric ratepayers in energy conservation, loan management, and class I renewable energy programs. The state may use up to 7.5% of the total projected allowance value for reasonable administrative costs of implementing RGGI (CGS § 22a-200c).

Cap-and-Trade Program

Under a cap-and-trade program, states set the total amount of carbon dioxide emissions to be allowed from all sources (emissions cap). The emissions allowed under the new cap are then divided into individual permits that represent the right to emit that amount.

Companies are free to buy and sell permits in order to continue operating in the most profitable manner available to them. Thus, companies that are able to reduce emissions at a low cost can sell their extra permits to companies facing high costs (which will generally prefer to buy permits rather than make costly reductions themselves).

Title V Sources

DEP issues Title V operating permits to power plants and other major sources of air pollution subject to the federal Clean Air Act. Permittees must ensure compliance with pollution control requirements. According to DEP, about 126 Title V facilities report to it.

Legislative History

On April 3, the Public Safety Committee reported a substitute bill that eliminated (1) current law requiring certain construction and renovation projects to meet green building standards and (2) a provision prohibiting issuance of certificates of occupancy for new construction and major renovation projects that do not meet the bill's new energy standards.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute
Yea 18 Nay 6 (03/07/2008)

Public Safety and Security Committee

Joint Favorable Substitute
Yea 15 Nay 7 (04/03/2008)

Appropriations Committee

Joint Favorable
Yea 35 Nay 7 (04/18/2008)