HOUSE BILL 737

M3, C5

By: Delegate Hubbard
Introduced and read first time: February 8, 2007
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Regional Greenhouse Gas Initiative – Carbon Allowances

FOR the purpose of requiring carbon dioxide emission allowances allocated to the State under the cap and trade mechanism of the Regional Greenhouse Gas Initiative to be sold in an auction open to the public; requiring the Department of the Environment to adopt regulations to establish a certain auction system; requiring certain regulations to include certain information; requiring the proceeds from a certain auction to be used for certain purposes; requiring the Department and the Maryland Energy Administration to work in consultation with each other regarding certain proceeds and a certain fund; requiring proceeds from a certain auction to be deposited into a certain fund; establishing the Energy Efficiency Utility Fund; providing for the administration and funding sources of the Fund; and generally relating to carbon allowances under the cap and trade system of the Regional Greenhouse Gas Initiative.

BY repealing and reenacting, without amendments,
Article – Environment
Section 2–1002(g)
Annotated Code of Maryland
(1996 Replacement Volume and 2006 Supplement)

BY adding to
Article – Environment
Section 2–1002.1
Annotated Code of Maryland
(1996 Replacement Volume and 2006 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
2–1002.

(g) (1) Not later than June 30, 2007, the Governor shall include the State as a full participant in the Regional Greenhouse Gas Initiative among Mid-Atlantic and Northeast states.

(2) The State may withdraw from the Initiative, as provided in the December 20, 2005 memorandum of understanding of the Initiative, at any time after January 1, 2009.

(3) If the Regional Greenhouse Gas Initiative expires and there is a successor organization with the same purposes and goals, the Governor is encouraged to join the State in the successor organization.

(4) If the State’s participation in the Regional Greenhouse Gas Initiative ceases for any reason, the Governor shall report to the General Assembly, in accordance with § 2–1246 of the State Government Article, regarding:

(i) Why participation ceased; and

(ii) A plan to reduce carbon dioxide emissions from power plants in the State that considers the use of Maryland grown, native, warm season grasses as a possible method of reducing carbon emissions.

2–1002.1.

(A) ANY CARBON ALLOWANCES THAT ARE ALLOCATED TO THE STATE AS PART OF THE CAP AND TRADE SYSTEM UNDER THE REGIONAL GREENHOUSE GAS INITIATIVE SHALL BE SOLD BY THE DEPARTMENT THROUGH AN AUCTION OPEN TO THE PUBLIC.
(B) (1) On or before January 1, 2008, the Department shall adopt regulations that establish an auction system for the carbon dioxide emission allowances allocated to the State under the Regional Greenhouse Gas Initiative.

(2) Regulations adopted under paragraph (1) of this subsection shall include:

   (I) A description of the design of how the auction system will function;

   (II) A determination of which entity shall oversee and manage the auction; and

   (III) A determination of the way proceeds shall be proportioned, in accordance with subsection (C)(2) of this section.

(C) (1) The proceeds recovered from the carbon allowance auction shall be used for consumer benefit, in a manner that balances short-term and long-term benefits.

(2) The proceeds may be used only for the following purposes, in a proportion to be determined by the Department, in consultation with the Maryland Energy Administration:

   (I) Promote energy efficiency and conservation;

   (II) Directly mitigate electricity ratepayer impacts; and

   (III) Promote renewable noncarbon emitting energy technologies.

(D) Proceeds from the carbon allowance auction system established under this section shall be deposited into the Energy Efficiency Utility Fund established under § 9–2009 of the State Government Article.
(A) IN THIS SECTION, “FUND” MEANS THE ENERGY EFFICIENCY UTILITY FUND.

(B) THERE IS AN ENERGY EFFICIENCY UTILITY FUND.

(C) THE ADMINISTRATION SHALL ADMINISTER THE FUND IN CONSULTATION WITH THE DEPARTMENT OF THE ENVIRONMENT.

(D) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(E) THE FUND SHALL:

(1) BE SELF–SUSTAINING; AND

(2) CONSIST OF PROCEEDS DEPOSITED FROM THE CARBON ALLOWANCE AUCTION ESTABLISHED UNDER § 2–1002.1 OF THE ENVIRONMENT ARTICLE.

(F) MONEYS IN THE FUND MAY NOT REVERT OR BE TRANSFERRED TO THE GENERAL FUND OF THE STATE.

(G) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE FUND SHALL BE USED ONLY FOR THE PURPOSES DESCRIBED UNDER § 2–1002.1(C) OF THE ENVIRONMENT ARTICLE.

(2) THE ADMINISTRATION MAY USE MONEYS IN THE FUND FOR ADMINISTRATIVE COSTS RELATED TO MANAGEMENT OF THE FUND, BUT MAY NOT SPEND MORE THAN 7 PERCENT OF THE MONEYS IN THE FUND FOR ADMINISTRATIVE EXPENSES.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2007.