SB 290

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 290 (Senator Pinsky, *et al.*)

Education, Health, and Environmental Affairs Economic Matters

Regional Greenhouse Gas Initiative - Withdrawal - Legislative Approval Required (Regional Greenhouse Gas Initiative Extension Act)

This bill restricts the State's ability to withdraw from the Regional Greenhouse Gas Initiative (RGGI) by requiring statutory approval from the General Assembly prior to withdrawing.

Fiscal Summary

State Effect: Because there are no immediate plans to withdraw from RGGI, the bill is not expected to materially affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: In 2007, Maryland joined RGGI, as required under the Healthy Air Act of 2006 (Chapters 23 and 301). RGGI is a cap-and-trade program established in conjunction with a number of other northeastern and Mid-Atlantic states in an effort to reduce greenhouse gas emissions from the power sector. There are no current statutory restrictions to prevent the Governor from withdrawing Maryland from RGGI. Under the 2007 formalized Memorandum of Understanding that established RGGI, a member state may withdraw from RGGI upon a 30-day written notice.

Nine states currently participate in RGGI: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont. In January 2018, the Governor of New Jersey signed an Executive Order requiring the state to rejoin RGGI after withdrawing in 2012. Additionally, RGGI Inc. issued a press release in November 2017 indicating that Virginia may soon join RGGI.

In order to reduce carbon dioxide (CO_2) emissions from the power sector, each participating state limits CO_2 emissions from electric power plants, issues CO_2 allowances, and establishes participation in CO_2 allowance auctions. A single CO_2 allowance represents a limited authorization to emit one ton of CO_2. Total allowances in the Maryland program are 19.1 million in 2017, which decreases over time to 17.7 million by 2020. In August 2017, the participating states agreed to further reduce the program's carbon pollution cap by another 30% from 2020 to 2030.

In Maryland, revenues from the sale of RGGI allowances are allocated according to statute to various energy bill assistance, energy efficiency/conservation, and renewable/clean energy programs. The Governor's proposed fiscal 2019 budget allocates nearly $46 million in anticipated RGGI proceeds to these programs.

Additional Information

Prior Introductions: None.

Cross File: HB 230 (Delegate Korman, *et al.*) - Economic Matters.

Information Source(s): Maryland Department of the Environment; Maryland Energy Administration; Public Service Commission; State of New Jersey; RGGI, Inc.; Department of Legislative Services

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