

SENATE BILL 409

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By: **Senators Pinsky, Britt, Brochin, Conway, Currie, Della, Forehand, Frosh, Garagiola, Gladden, Jones, Kelley, Lenett, Madaleno, McFadden, Muse, Peters, Pugh, Raskin, Robey, Rosapepe, Stone, and Zirkin**

Introduced and read first time: February 2, 2007

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Global Warming Solutions – Reductions in Greenhouse Gas Emissions**

3 FOR the purpose of establishing certain limits on emissions of greenhouse gases;
4 requiring the Department of the Environment to determine the statewide
5 greenhouse gas emissions level from a certain year and establish a statewide
6 greenhouse gas emissions limit based on that level; requiring the Department to
7 provide public notice and opportunity for public comment on certain
8 determinations; requiring the Department to identify and evaluate certain
9 technologies; requiring the Department to publish a list of certain available
10 early action measures and adopt regulations in order to implement these
11 measures; requiring the Department to prepare a certain plan that identifies
12 and recommends certain measures after consulting with certain agencies;
13 requiring certain public workshops to include certain communities to discuss
14 the proposed plan; requiring the Department to adopt regulations, in
15 accordance with certain requirements, on or before a certain date to implement
16 the emissions limits and reduction measures; requiring the reduction measures
17 to be verifiable and enforceable; authorizing the Department to develop a
18 certain trading system for emissions limits; authorizing the Department to
19 establish certain allowances that meet certain requirements; requiring the
20 Department to adopt regulations for certain reporting and monitoring
21 requirements; establishing the Greenhouse Gas Emissions Reduction Fund;
22 providing for the administration and funding sources of the Fund; requiring
23 sources of greenhouse gas emissions to pay a certain fee and establishing that
24 the revenue from a certain fee be deposited into a certain fund; providing for

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain penalties for certain violations; creating the Office of Climate Change
 2 within the Department; requiring the Office to administer the provisions of this
 3 Act; authorizing the Department to create certain committees; authorizing the
 4 Governor to alter certain deadlines under certain circumstances; declaring the
 5 legislative intent and findings of the General Assembly as they relate to global
 6 warming solutions; defining certain terms; making the provisions of this Act
 7 severable; and generally relating to the reduction of greenhouse gas emissions.

8 BY adding to

9 Article – Environment

10 Section 2–1101 through 2–1113 to be under the new subtitle “Subtitle 11.
 11 Greenhouse Gas Emissions Reductions”

12 Annotated Code of Maryland

13 (1996 Replacement Volume and 2006 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – Environment**

17 **SUBTITLE 11. GREENHOUSE GAS EMISSIONS REDUCTIONS.**

18 **2–1101.**

19 **THE GENERAL ASSEMBLY FINDS THAT:**

20 (1) **GREENHOUSE GASES ARE AIR POLLUTANTS THAT THREATEN**
 21 **TO ENDANGER THE PUBLIC HEALTH AND WELFARE OF THE PEOPLE OF**
 22 **MARYLAND;**

23 (2) **GLOBAL WARMING POSES A SERIOUS THREAT TO THE STATE’S**
 24 **FUTURE HEALTH, WELL-BEING, AND PROSPERITY;**

25 (3) **WITH 3,100 MILES OF TIDALLY INFLUENCED SHORELINE,**
 26 **MARYLAND IS VULNERABLE TO THE THREAT POSED BY GLOBAL WARMING AND**
 27 **SUSCEPTIBLE TO RISING SEA LEVELS AND FLOODING, WHICH WOULD HAVE**
 28 **DETRIMENTAL AND COSTLY EFFECTS;**

29 (4) **THE STATE HAS THE TECHNOLOGY AND INGENUITY TO**
 30 **REDUCE THE THREAT OF GLOBAL WARMING AND MAKE GLOBAL WARMING**

1 SOLUTIONS A PART OF THE STATE'S FUTURE BY REDUCING GREENHOUSE GAS
2 EMISSIONS;

3 (5) WHILE REDUCTIONS OF HARMFUL GREENHOUSE GAS
4 EMISSIONS ARE ONE PART OF THE SOLUTION, THE STATE SHOULD FOCUS ON
5 DEVELOPING AND UTILIZING CLEAN ENERGIES THAT PROVIDE GREATER
6 ENERGY EFFICIENCY AND CONSERVATION SUCH AS RENEWABLE ENERGY FROM
7 WIND, SOLAR, GEOTHERMAL, AND BIOENERGY SOURCES; AND

8 (6) IT IS NECESSARY TO PROTECT THE PUBLIC HEALTH,
9 ECONOMIC WELL-BEING, AND NATURAL TREASURES OF THE STATE BY
10 REDUCING HARMFUL AIR POLLUTANTS SUCH AS GREENHOUSE GAS EMISSIONS
11 BY USING PRACTICAL SOLUTIONS THAT ARE ALREADY AT THE STATE'S
12 DISPOSAL.

13 **2-1102.**

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
15 INDICATED.

16 (B) "ALTERNATIVE COMPLIANCE MECHANISM" MEANS AN ACTION
17 UNDERTAKEN BY A GREENHOUSE GAS EMISSIONS SOURCE THAT ACHIEVES THE
18 EQUIVALENT REDUCTION OF GREENHOUSE GAS EMISSIONS OVER THE SAME
19 PERIOD AS A DIRECT EMISSIONS REDUCTION.

20 (C) "CARBON ALLOWANCE" MEANS 1 TON OF CARBON DIOXIDE
21 EQUIVALENT THAT MAY BE EMITTED DURING 1 CALENDAR YEAR.

22 (D) "CARBON DIOXIDE EQUIVALENT" MEANS THE MEASUREMENT OF A
23 GIVEN WEIGHT OF A GREENHOUSE GAS THAT HAS THE SAME GLOBAL WARMING
24 POTENTIAL, MEASURED OVER A SPECIFIED TIMESCALE, AS A GIVEN WEIGHT OF
25 CARBON DIOXIDE.

26 (E) "COST-EFFECTIVE" MEANS THE COST PER UNIT OF REDUCING
27 EMISSIONS OF GREENHOUSE GASES ADJUSTED FOR ITS GLOBAL WARMING
28 POTENTIAL WHERE THE BENEFITS OF THE ACTION EXCEEDS ITS COSTS, AS
29 CALCULATED ON A LIFE-CYCLE COST BASIS.

1 **(F) “DIRECT EMISSIONS REDUCTION” MEANS A GREENHOUSE GAS**
2 **EMISSIONS REDUCTION ACTION MADE BY A GREENHOUSE GAS EMISSIONS**
3 **SOURCE AT THAT SOURCE.**

4 **(G) “GREENHOUSE GAS” INCLUDES CARBON DIOXIDE, METHANE,**
5 **NITROUS OXIDE, HYDROFLUOROCARBONS, PERFLUOROCARBONS, AND SULFUR**
6 **HEXAFLUORIDE.**

7 **(H) “LEAKAGE” MEANS A REDUCTION IN EMISSIONS OF GREENHOUSE**
8 **GASES WITHIN THE STATE THAT IS OFFSET BY AN INCREASE IN EMISSIONS OF**
9 **GREENHOUSE GASES OUTSIDE THE STATE.**

10 **(I) “MARKET-BASED COMPLIANCE MECHANISM” INCLUDES:**

11 **(1) A CAP AND TRADE SYSTEM THAT SETS DECLINING ANNUAL**
12 **EMISSIONS LIMITS AND ALLOWS EMISSIONS TRADING WITHIN A SYSTEM THAT IS**
13 **GOVERNED BY RULES AND PROTOCOLS ESTABLISHED BY THE DEPARTMENT; OR**

14 **(2) NONTRADING POLICIES AND MEASURES, INCLUDING:**

15 **(I) TAXES ON EMISSIONS;**

16 **(II) LABELING REQUIREMENTS;**

17 **(III) LIABILITY MEASURES;**

18 **(IV) PRODUCER RESPONSIBILITY REQUIREMENTS; OR**

19 **(V) PROGRAMS COMMONLY KNOWN AS FEEBATES.**

20 **(J) “SOURCE” MEANS A SOURCE OR CATEGORY OF SOURCES OF**
21 **GREENHOUSE GAS EMISSIONS THAT HAVE EMISSIONS OF GREENHOUSE GASES**
22 **THAT ARE SUBJECT TO THE PROVISIONS OF THIS SUBTITLE, AS DETERMINED BY**
23 **THE DEPARTMENT.**

24 **(K) “STATEWIDE GREENHOUSE GAS EMISSIONS” MEANS THE TOTAL**
25 **ANNUAL EMISSIONS OF GREENHOUSE GASES IN THE STATE, MEASURED IN TONS**
26 **OF CARBON DIOXIDE EQUIVALENTS, INCLUDING ALL EMISSIONS OF**
27 **GREENHOUSE GASES FROM THE GENERATION OF ELECTRICITY DELIVERED TO**

1 AND CONSUMED IN THE STATE, ACCOUNTING FOR TRANSMISSION AND
2 DISTRIBUTION LINE LOSSES, WHETHER THE ELECTRICITY IS GENERATED
3 IN-STATE OR IMPORTED.

4 (L) "STATEWIDE GREENHOUSE GAS EMISSIONS LIMIT" MEANS THE
5 MAXIMUM ALLOWABLE LEVEL OF STATEWIDE GREENHOUSE GAS EMISSIONS IN
6 2020, AS DETERMINED BY THE DEPARTMENT IN ACCORDANCE WITH THIS
7 SUBTITLE.

8 **2-1103.**

9 (A) (1) ON OR BEFORE JANUARY 1, 2009, THE DEPARTMENT SHALL
10 DETERMINE WHAT THE STATEWIDE GREENHOUSE GAS EMISSIONS LEVEL WAS IN
11 1990.

12 (2) (I) USING THE 1990 STATEWIDE GREENHOUSE GAS
13 EMISSIONS LEVEL DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION,
14 THE DEPARTMENT SHALL SET A STATEWIDE GREENHOUSE GAS EMISSIONS
15 LIMIT THAT IS EQUIVALENT TO THE 1990 LEVEL.

16 (II) THE STATEWIDE GREENHOUSE GAS EMISSIONS LIMIT
17 ESTABLISHED UNDER THIS SUBSECTION SHALL BE ACHIEVED BY 2020.

18 (3) THE DEPARTMENT SHALL PROVIDE PUBLIC NOTICE AND AN
19 OPPORTUNITY FOR A PUBLIC HEARING FOR ALL INTERESTED PARTIES TO
20 COMMENT ON THE 1990 STATEWIDE GAS EMISSIONS LEVEL BEFORE MAKING ITS
21 DETERMINATIONS UNDER THIS SUBSECTION.

22 (B) (1) THE DEPARTMENT SHALL IDENTIFY AND EVALUATE THE
23 TECHNOLOGICAL EFFECTIVENESS AND ECONOMIC COST OF TECHNOLOGIES IN
24 ORDER FOR THE STATE TO ACHIEVE GREENHOUSE GAS EMISSIONS REDUCTIONS
25 THROUGH THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND COST-EFFECTIVE
26 MEANS.

27 (2) ON OR BEFORE JUNE 30, 2008, THE DEPARTMENT SHALL
28 PUBLISH AND MAKE AVAILABLE TO THE PUBLIC A LIST OF EARLY ACTION
29 GREENHOUSE GAS EMISSIONS REDUCTION MEASURES THAT MAY BE
30 IMPLEMENTED BY A SOURCE TO RECEIVE CREDIT FOR REDUCTIONS BEFORE
31 THE OTHER MEASURES AND LIMITS ARE IMPLEMENTED UNDER THIS SUBTITLE.

1 **(3) ON OR BEFORE JUNE 30, 2009, THE DEPARTMENT SHALL**
2 **ADOPT REGULATIONS TO IMPLEMENT THE EARLY ACTION MEASURE IN**
3 **ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION.**

4 **(c) (1) ON OR BEFORE JANUARY 1, 2010, THE DEPARTMENT SHALL**
5 **PREPARE AND PUBLISH A PLAN FOR ACHIEVING GREENHOUSE GAS EMISSIONS**
6 **REDUCTIONS TO REACH THE STATEWIDE GREENHOUSE GAS EMISSIONS LEVEL**
7 **ESTABLISHED UNDER SUBSECTION (A) OF THIS SECTION BY 2020, THROUGH**
8 **THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND COST-EFFECTIVE MEANS.**

9 **(2) THE DEPARTMENT SHALL CONSULT WITH THE PUBLIC**
10 **SERVICE COMMISSION, THE MARYLAND ENERGY ADMINISTRATION, AND THE**
11 **POWER PLANT RESEARCH PROGRAM WITHIN THE DEPARTMENT OF NATURAL**
12 **RESOURCES ON ALL ELEMENTS OF THE PLAN THAT RELATE TO ENERGY**
13 **RELATED MATTERS, INCLUDING:**

14 **(I) ELECTRICAL GENERATION;**

15 **(II) LOAD-BASED STANDARDS OR REQUIREMENTS;**

16 **(III) PROVIDING RELIABLE AND AFFORDABLE ELECTRICAL**
17 **SERVICE;**

18 **(IV) FUEL REFINING; AND**

19 **(V) STATEWIDE FUEL SUPPLIES.**

20 **(3) THE PLAN DEVELOPED IN ACCORDANCE WITH PARAGRAPH (1)**
21 **OF THIS SUBSECTION SHALL IDENTIFY AND MAKE RECOMMENDATIONS ON:**

22 **(I) DIRECT EMISSIONS REDUCTION MEASURES;**

23 **(II) ALTERNATIVE COMPLIANCE MECHANISMS;**

24 **(III) MARKET-BASED COMPLIANCE MECHANISMS; AND**

25 **(IV) POTENTIAL INCENTIVES FOR SOURCES THAT THE**
26 **DEPARTMENT DETERMINES ARE NECESSARY OR DESIRABLE TO FACILITATE**

1 THE ACHIEVEMENT OF REDUCTIONS OF GREENHOUSE GAS EMISSIONS BY 2020
2 THROUGH THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND COST-EFFECTIVE
3 MEANS.

4 (D) IN MAKING THE DETERMINATIONS FOR THE PLAN REQUIRED UNDER
5 SUBSECTION (C) OF THIS SECTION, THE DEPARTMENT SHALL:

6 (1) CONSIDER ALL RELEVANT INFORMATION RELATING TO
7 GREENHOUSE GAS EMISSIONS REDUCTION PROGRAMS IN OTHER STATES,
8 LOCALITIES, AND NATIONS, INCLUDING THE UNITED STATES, CANADA, AND
9 THE EUROPEAN UNION;

10 (2) EVALUATE THE POTENTIAL COSTS, ECONOMIC BENEFITS, AND
11 OTHER BENEFITS TO THE STATE'S ECONOMY, ENVIRONMENT, AND PUBLIC
12 HEALTH;

13 (3) USE THE BEST AVAILABLE ECONOMIC MODELS, EMISSIONS
14 ESTIMATION TECHNIQUES, AND OTHER SCIENTIFIC METHODS;

15 (4) TAKE INTO ACCOUNT THE RELATIVE CONTRIBUTION OF EACH
16 SOURCE TO STATEWIDE GREENHOUSE GAS EMISSIONS AND THE POTENTIAL
17 ADVERSE EFFECTS ON SMALL BUSINESSES;

18 (5) RECOMMEND A THRESHOLD OF GREENHOUSE GAS EMISSIONS
19 BELOW WHICH EMISSIONS REDUCTION REQUIREMENTS DO NOT APPLY; AND

20 (6) IDENTIFY OPPORTUNITIES FOR ALTERNATIVE COMPLIANCE
21 MECHANISMS FOR EMISSIONS REDUCTION MEASURES FROM VERIFIABLE AND
22 ENFORCEABLE VOLUNTARY ACTIONS, INCLUDING CARBON SEQUESTRATION
23 PROJECTS AND BEST MANAGEMENT PRACTICES.

24 (E) (1) BEFORE PUBLISHING THE PLAN IN ACCORDANCE WITH
25 SUBSECTION (C) OF THIS SECTION, THE DEPARTMENT SHALL CONDUCT A
26 SERIES OF PUBLIC WORKSHOPS TO PROVIDE AN OPPORTUNITY FOR PUBLIC
27 COMMENT ON THE PLAN.

28 (2) THE PUBLIC WORKSHOPS PROVIDED UNDER PARAGRAPH (1)
29 OF THIS SUBSECTION SHALL BE CONDUCTED IN ALL REGIONS OF THE STATE.

1 **(F) THE DEPARTMENT SHALL UPDATE THE PLAN IT DEVELOPS UNDER**
2 **SUBSECTION (C) OF THIS SECTION AT LEAST ONCE EVERY 5 YEARS.**

3 **2-1104.**

4 **(A) ON OR BEFORE JANUARY 1, 2012, THE DEPARTMENT SHALL ADOPT**
5 **REGULATIONS FOR GREENHOUSE GAS EMISSIONS LIMITS AND EMISSIONS**
6 **REDUCTION MEASURES THAT WILL HELP ACHIEVE THE STATEWIDE**
7 **GREENHOUSE GAS EMISSIONS LIMIT.**

8 **(B) WITH RESPECT TO ADOPTING REGULATIONS IN ACCORDANCE WITH**
9 **SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT SHALL:**

10 **(1) MAKE THE REGULATIONS EFFECTIVE BEGINNING ON**
11 **JANUARY 1, 2013;**

12 **(2) ENSURE THAT ACTIVITIES UNDERTAKEN TO COMPLY WITH**
13 **THE REGULATIONS DO NOT DISPROPORTIONATELY IMPACT LOW-INCOME OR**
14 **MINORITY COMMUNITIES;**

15 **(3) ENSURE THAT A SOURCE THAT VOLUNTARILY REDUCES ITS**
16 **GREENHOUSE GAS EMISSIONS BEFORE THE IMPLEMENTATION OF THIS**
17 **SUBTITLE SHALL RECEIVE APPROPRIATE CREDIT FOR ITS EARLY VOLUNTARY**
18 **REDUCTIONS;**

19 **(4) ENSURE THAT ACTIVITIES UNDERTAKEN UNDER THE**
20 **REGULATIONS DO NOT INTERFERE WITH THE STATE'S EFFORTS TO ACHIEVE**
21 **AND MAINTAIN FEDERAL AND STATE AMBIENT AIR QUALITY STANDARDS;**

22 **(5) CONSIDER THE COST-EFFECTIVENESS OF THE REGULATIONS;**

23 **(6) CONSIDER OVERALL SOCIETAL BENEFITS, INCLUDING**
24 **REDUCTIONS IN OTHER AIR POLLUTANTS, DIVERSIFICATION OF ENERGY**
25 **SOURCES, AND OTHER POTENTIAL BENEFITS TO THE STATE'S ECONOMY,**
26 **ENVIRONMENT, AND PUBLIC HEALTH;**

27 **(7) ENSURE MEASURES TAKEN IN ACCORDANCE WITH THIS**
28 **SUBTITLE ARE DESIGNED TO MINIMIZE LEAKAGE;**

1 **(8) CONSIDER THE SIGNIFICANCE OF THE CONTRIBUTION OF**
2 **EACH SOURCE TO THE STATEWIDE EMISSIONS OF GREENHOUSE GASES;**

3 **(9) ENSURE THE GREENHOUSE GAS EMISSIONS REDUCTIONS**
4 **ACHIEVED ARE REAL, PERMANENT, QUANTIFIABLE, VERIFIABLE, AND**
5 **ENFORCEABLE BY THE STATE;**

6 **(10) ENSURE EMISSIONS REDUCTIONS ARE IN ADDITION TO ANY**
7 **GREENHOUSE GAS EMISSIONS REDUCTIONS OTHERWISE REQUIRED BY LAW;**

8 **(11) RELY ON THE BEST AVAILABLE ECONOMIC AND SCIENTIFIC**
9 **INFORMATION IN THE ASSESSMENT OF EXISTING AND PROJECTED**
10 **TECHNOLOGICAL CAPABILITIES;**

11 **(12) CONSULT WITH THE PUBLIC SERVICE COMMISSION TO**
12 **EVALUATE HOW THE REGULATIONS SHALL AFFECT ELECTRICITY AND NATURAL**
13 **GAS PROVIDERS IN ORDER TO MINIMIZE DUPLICATIVE OR INCONSISTENT**
14 **REGULATORY REQUIREMENTS; AND**

15 **(13) CONSULT WITH OTHER STATES, THE FEDERAL GOVERNMENT,**
16 **AND OTHER NATIONS TO IDENTIFY THE MOST EFFECTIVE STRATEGIES AND**
17 **METHODS TO REDUCE GREENHOUSE GASES, MANAGE THE GREENHOUSE GAS**
18 **CONTROL PROGRAM, AND FACILITATE THE DEVELOPMENT OF INTEGRATED AND**
19 **COST-EFFECTIVE REGIONAL, NATIONAL, AND INTERNATIONAL GREENHOUSE**
20 **GAS EMISSIONS REDUCTION PROGRAMS.**

21 **(C) THE DEPARTMENT SHALL ADOPT METHODOLOGIES FOR THE**
22 **QUANTIFICATION OF VOLUNTARY GREENHOUSE GAS EMISSIONS REDUCTIONS.**

23 **(D) THE DEPARTMENT SHALL ADOPT REGULATIONS THAT ENABLE THE**
24 **STATE TO MONITOR AND VERIFY VOLUNTARY GREENHOUSE GAS EMISSIONS**
25 **REDUCTIONS.**

26 **2-1105.**

27 **(A) (1) ON OR BEFORE JANUARY 1, 2012, THE DEPARTMENT MAY**
28 **ADOPT REGULATIONS THAT ESTABLISH A CAP AND TRADE SYSTEM FOR**
29 **SOURCES THAT EMIT GREENHOUSE GAS EMISSIONS.**

1 **(2) A SYSTEM ADOPTED IN ACCORDANCE WITH PARAGRAPH (1)**
2 **OF THIS SUBSECTION SHALL:**

3 **(I) BE EFFECTIVE BEGINNING ON JANUARY 1, 2013; AND**

4 **(II) BE DESIGNED TO ACHIEVE REDUCTIONS IN**
5 **GREENHOUSE GAS EMISSIONS IN THE AGGREGATE FROM SOURCES IN THE**
6 **STATE THROUGH THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND**
7 **COST-EFFECTIVE MEANS.**

8 **(B) BEFORE THE DEPARTMENT ADOPTS REGULATIONS THAT INCLUDE**
9 **MARKET-BASED COMPLIANCE MECHANISMS THE DEPARTMENT SHALL:**

10 **(1) CONSIDER THE POTENTIAL FOR DIRECT, INDIRECT, AND**
11 **CUMULATIVE EMISSIONS IMPACTS FROM THESE MECHANISMS, INCLUDING**
12 **LOCALIZED IMPACTS IN COMMUNITIES THAT ARE ALREADY ADVERSELY**
13 **AFFECTED BY AIR POLLUTION;**

14 **(2) DESIGN THE MECHANISMS TO PREVENT AN INCREASE IN THE**
15 **EMISSIONS OF TOXIC AIR CONTAMINANTS OR OTHER AIR POLLUTANTS THAT**
16 **ARE REGULATED UNDER THIS TITLE; AND**

17 **(3) MAXIMIZE ADDITIONAL ENVIRONMENTAL AND ECONOMIC**
18 **BENEFITS FOR THE STATE, AS FEASIBLE AND APPROPRIATE.**

19 **(C) THE DEPARTMENT SHALL ADOPT REGULATIONS GOVERNING**
20 **MARKET-BASED COMPLIANCE MECHANISMS.**

21 **2-1106.**

22 **(A) (1) ON OR BEFORE JANUARY 1, 2012, THE DEPARTMENT MAY**
23 **ADOPT REGULATIONS THAT ESTABLISH OFFSET ALLOWANCES THROUGH**
24 **ALTERNATIVE COMPLIANCE MECHANISMS, INCLUDING CARBON**
25 **SEQUESTRATION PROJECTS OR THE USAGE OF END-USE ENERGY EFFICIENCY**
26 **TECHNOLOGY.**

27 **(2) OFFSET ALLOWANCES ADOPTED IN ACCORDANCE WITH**
28 **PARAGRAPH (1) OF THIS SUBSECTION SHALL:**

1 (I) BE EFFECTIVE BEGINNING ON JANUARY 1, 2013; AND

2 (II) BE DESIGNED TO ACHIEVE REDUCTIONS IN
3 GREENHOUSE GAS EMISSIONS IN THE AGGREGATE FROM SOURCES IN THE
4 STATE THROUGH THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND COST
5 EFFECTIVE MEANS.

6 (B) OFFSET ALLOWANCES ESTABLISHED UNDER THIS SECTION MAY
7 NOT BE:

8 (1) USED BY A SOURCE TO MEET THE REQUIREMENTS OF ANY
9 OTHER STATE, LOCAL, OR FEDERAL LAW, REGULATION, OR ORDER; OR

10 (2) AWARDED TO A SOURCE IF THE SOURCE HAS RECEIVED
11 CREDITS OR ALLOWANCES FOR THE SAME PROJECT UNDER ANY OTHER
12 MANDATORY OR VOLUNTARY GREENHOUSE GAS EMISSIONS REDUCTION
13 PROGRAM.

14 (C) AN OFFSET ALLOWANCE ESTABLISHED UNDER THIS SECTION SHALL
15 BE REAL, PERMANENT, QUANTIFIABLE, VERIFIABLE, AND ENFORCEABLE BY THE
16 STATE;

17 (D) ANY ALTERNATIVE COMPLIANCE MECHANISMS ESTABLISHED
18 UNDER THIS SECTION, SUCH AS CARBON SEQUESTRATION PROJECTS OR THE
19 USAGE OF ENERGY EFFICIENT TECHNOLOGY, MUST BE EXECUTED WITHIN THE
20 STATE.

21 **2-1107.**

22 (A) ON OR BEFORE JANUARY 1, 2009, THE DEPARTMENT SHALL ADOPT
23 REGULATIONS TO REQUIRE THE REPORTING AND VERIFICATION OF STATEWIDE
24 GREENHOUSE GAS EMISSIONS AND TO MONITOR AND ENFORCE COMPLIANCE
25 WITH THE PROVISIONS UNDER THIS SUBTITLE.

26 (B) THE REGULATIONS REQUIRED UNDER SUBSECTION (A) OF THIS
27 SECTION SHALL:

28 (1) REQUIRE REAL-TIME CONTINUOUS AND PUBLICLY
29 AVAILABLE MONITORING AND ANNUAL REPORTING OF GREENHOUSE GAS

1 EMISSIONS FROM SOURCES BEGINNING WITH THE SOURCES THAT CONTRIBUTE
2 THE MOST TO STATEWIDE EMISSIONS;

3 (2) REQUIRE ELECTRIC COMPANIES, AS DEFINED IN § 1-101 OF
4 THE PUBLIC UTILITIES COMPANIES ARTICLE, TO ACCOUNT FOR GREENHOUSE
5 GAS EMISSIONS FROM ALL ELECTRICITY CONSUMED IN THE STATE, INCLUDING
6 TRANSMISSION AND DISTRIBUTION LINE LOSSES FROM ELECTRICITY
7 GENERATED WITHIN THE STATE AND IMPORTED FROM OUTSIDE THE STATE;

8 (3) ENSURE RIGOROUS AND CONSISTENT ACCOUNTING OF
9 EMISSIONS;

10 (4) PROVIDE REPORTING TOOLS AND FORMATS TO ENSURE
11 COLLECTION OF NECESSARY INFORMATION; AND

12 (5) ENSURE THAT THE GREENHOUSE GAS EMISSIONS SOURCES
13 MAINTAIN COMPREHENSIVE RECORDS OF THE REPORTED GREENHOUSE GAS
14 EMISSIONS.

15 (C) (1) THE DEPARTMENT SHALL REVIEW AND UPDATE ITS
16 EMISSIONS REPORTING REQUIREMENTS AS NECESSARY.

17 (2) WITH RESPECT TO THE REVIEW OF REPORTING
18 REQUIREMENTS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE
19 DEPARTMENT SHALL REVIEW EXISTING AND PROPOSED INTERNATIONAL,
20 FEDERAL, AND OTHER STATE GREENHOUSE GAS EMISSIONS REPORTING
21 PROGRAMS AND MAKE REASONABLE EFFORTS TO PROMOTE CONSISTENCY AND
22 STREAMLINE REPORTING REQUIREMENTS.

23 **2-1108.**

24 (A) THERE IS A GREENHOUSE GAS EMISSIONS FEE TO BE PAID BY A
25 SOURCE OF GREENHOUSE GAS EMISSIONS.

26 (B) (1) THE GREENHOUSE GAS EMISSIONS FEE SHALL BEGIN
27 JANUARY 1, 2013, FOR A SOURCE THAT IS REGULATED IN ACCORDANCE WITH
28 THIS SUBTITLE.

1 **(2) (I) BEFORE JANUARY 1, 2013, THE DEPARTMENT SHALL**
2 **ADOPT REGULATIONS TO ESTABLISH A SCHEDULE OF FEES TO BE PAID BY**
3 **SOURCES OF GREENHOUSE GAS EMISSIONS UNDER THIS SECTION.**

4 **(II) A FEE ESTABLISHED UNDER THIS SECTION MAY NOT**
5 **EXCEED 10 CENTS PER TON OF GREENHOUSE GASES EMITTED PER YEAR.**

6 **(3) BEFORE ESTABLISHING THE FEES UNDER THIS SECTION, THE**
7 **DEPARTMENT SHALL PROVIDE ADEQUATE PUBLIC NOTICE AND HOLD A PUBLIC**
8 **HEARING ON THE PROPOSED FEES.**

9 **(C) THE STATE CENTRAL COLLECTION UNIT MAY COLLECT**
10 **DELINQUENT ACCOUNTS UNDER THIS SECTION IN ACCORDANCE WITH § 3-302**
11 **OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

12 **(D) (1) THE DEPARTMENT SHALL COLLECT AND DEPOSIT THE FEES**
13 **IN THE GREENHOUSE GAS EMISSIONS REDUCTION FUND ESTABLISHED UNDER**
14 **THIS SUBTITLE.**

15 **(2) BY OR BEFORE DECEMBER 31 OF EACH YEAR, ONCE THE FEE**
16 **IS COLLECTED, THE DEPARTMENT SHALL:**

17 **(I) PREPARE AN ANNUAL REPORT ON THE GREENHOUSE**
18 **GAS EMISSIONS REDUCTION FUND THAT INCLUDES AN ACCOUNTING OF ALL**
19 **FINANCIAL RECEIPTS AND EXPENDITURES TO AND FROM THE FUND; AND**

20 **(II) SUBMIT A COPY OF THE REPORT TO THE GENERAL**
21 **ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT**
22 **ARTICLE.**

23 **2-1109.**

24 **(A) THE DEPARTMENT SHALL MONITOR COMPLIANCE WITH ANY**
25 **PROVISION OF THIS SUBTITLE OR ANY RULE, REGULATION, OR ORDER ADOPTED**
26 **OR ISSUED UNDER THIS SUBTITLE.**

27 **(B) THE PENALTY PROVISIONS OF THIS SECTION ARE IN ADDITION TO**
28 **THE ADMINISTRATIVE AND CIVIL PENALTY PROVISIONS PROVIDED UNDER §§**
29 **2-604, 2-609, 2-610, AND 2-610.1 OF THIS TITLE.**

1 (C) **EACH VIOLATION OF AN EMISSIONS LIMIT ESTABLISHED UNDER**
2 **THIS SUBTITLE SHALL BE A SEPARATE VIOLATION UNDER §§ 2-610 AND 2-610.1**
3 **OF THIS TITLE.**

4 (D) **A KNOWING VIOLATION OF ANY RULE, REGULATION, ORDER,**
5 **EMISSIONS LIMIT, OR EMISSIONS REDUCTION MEASURE ADOPTED OR ISSUED**
6 **UNDER THIS SUBTITLE SHALL BE CONSIDERED A VIOLATION UNDER § 2-609.1**
7 **OF THIS TITLE.**

8 (E) **THE DEPARTMENT SHALL ADOPT REGULATIONS THAT ESTABLISH A**
9 **SCHEDULE THAT CONVERTS A VIOLATION OF ANY OF THE PROVISIONS OF THIS**
10 **SUBTITLE INTO THE NUMBER OF DAYS IN VIOLATION FOR THE PURPOSE OF**
11 **APPLYING THE APPLICABLE PENALTY PROVISIONS UNDER THIS TITLE.**

12 (F) **FINES COLLECTED UNDER THIS SECTION SHALL BE SUBMITTED TO**
13 **THE COMPTROLLER FOR DEPOSIT INTO THE GREENHOUSE GAS EMISSIONS**
14 **REDUCTION FUND ESTABLISHED UNDER § 2-1111 OF THIS SUBTITLE.**

15 **2-1110.**

16 (A) **IN THIS SECTION, “OFFICE” MEANS THE OFFICE OF CLIMATE**
17 **CHANGE.**

18 (B) **THERE IS AN OFFICE OF CLIMATE CHANGE IN THE DEPARTMENT.**

19 (C) **THE SECRETARY SHALL APPOINT A DIRECTOR AND SUFFICIENT**
20 **STAFF TO PERFORM THE FUNCTIONS OF THE OFFICE.**

21 (D) **THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THE**
22 **PROVISIONS OF THIS SECTION.**

23 (E) **THE OFFICE SHALL:**

24 (1) **ADMINISTER THE PROVISIONS UNDER THIS SUBTITLE;**

25 (2) **COORDINATE THE EFFORTS OF THE STATE TO FACILITATE**
26 **THE IMPLEMENTATION OF THE PROVISIONS OF THIS SUBTITLE, INCLUDING:**

1 (I) **ACTING AS LIAISON BETWEEN THE DEPARTMENT AND**
2 **OTHER STATE AGENCIES;**

3 (II) **ACTING AS LIAISON ON BEHALF OF THE STATE WITH**
4 **OTHER STATES, LOCALITIES, AND NATIONS IN ORDER TO CONSULT REGARDING**
5 **GREENHOUSE GAS EMISSIONS REDUCTIONS, IN ACCORDANCE WITH THE**
6 **PROVISIONS OF THIS SUBTITLE; AND**

7 (III) **PROVIDING PUBLIC RELATIONS AND COMMUNICATIONS**
8 **REGARDING GREENHOUSE GAS EMISSIONS REDUCTION ACTIVITIES;**

9 (3) **RESEARCH AND EVALUATE CURRENT METHODS AND**
10 **TECHNOLOGIES THAT IMPROVE THE EFFICIENCY AND EFFICACY OF**
11 **GREENHOUSE GAS EMISSIONS REDUCTION PROGRAMS;**

12 (4) **WORK WITH INDUSTRY SECTORS, BUSINESS GROUPS,**
13 **NONPROFIT ORGANIZATIONS, ACADEMIC INSTITUTIONS, AND OTHER**
14 **STAKEHOLDERS TO DETERMINE BEST AVAILABLE INFORMATION, TECHNOLOGY,**
15 **AND PROCESSES FOR IMPLEMENTING THE PROVISIONS OF THIS SUBTITLE;**

16 (5) **RESEARCH AND DEVELOP THE PROTOCOLS FOR A CAP AND**
17 **TRADE SYSTEM THAT WILL RESULT IN THE SAME OR MORE GREENHOUSE GAS**
18 **EMISSIONS REDUCTIONS OVER THE SAME TIME PERIOD AS THE DIRECT**
19 **COMPLIANCE BY A SOURCE;**

20 (6) **ENSURE THAT THE GREENHOUSE GAS EMISSIONS REDUCTION**
21 **ACTIVITIES ADOPTED UNDER THIS SUBTITLE HELP DIRECT PUBLIC AND**
22 **PRIVATE INVESTMENT TOWARD INVESTMENT IN RENEWABLE ENERGY SUCH AS**
23 **WIND, SOLAR, GEOTHERMAL, AND BIOENERGY;**

24 (7) **PROMOTE GLOBAL WARMING SOLUTIONS BY DIRECTING**
25 **FOCUS ON GREATER ENERGY EFFICIENCY AND CONSERVATION THROUGHOUT**
26 **THE STATE AND THE DEVELOPMENT AND USE OF CLEAN ENERGIES AND AN**
27 **INCREASED MARKET FOR RENEWABLE NEW TECHNOLOGIES; AND**

28 (8) **OVERSEE, DEVELOP, AND AWARD GRANTS FOR INVESTMENTS**
29 **IN CLEAN ENERGIES USING FUNDS IN ACCORDANCE WITH § 2-1111 OF THIS**
30 **SUBTITLE.**

1 **2-1111.**

2 (A) IN THIS SECTION, "FUND" MEANS THE GREENHOUSE GAS
3 EMISSIONS REDUCTION FUND.

4 (B) THERE IS A GREENHOUSE GAS EMISSIONS REDUCTION FUND.

5 (C) THE FUND SHALL CONSIST OF:

6 (1) THE GREENHOUSE GAS EMISSIONS FEE COLLECTED UNDER §
7 2-1108 OF THIS SUBTITLE;

8 (2) MONEYS APPROPRIATED IN THE STATE BUDGET TO THE
9 FUND;

10 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED
11 FOR THE BENEFIT OF THE FUND;

12 (4) FINES COLLECTED UNDER § 2-1109 OF THIS SUBTITLE; AND

13 (5) ANY INVESTMENT EARNINGS OF THE FUND.

14 (D) (1) THE STATE SHALL APPROPRIATE MONEYS FROM THE
15 GENERAL FUND OF THE STATE FOR THE FUND BEGINNING JULY 1, 2007.

16 (2) ONCE THE GREENHOUSE GAS EMISSIONS FEE IS CHARGED
17 AND COLLECTED IN ACCORDANCE WITH § 2-1108 OF THIS SUBTITLE, THE STATE
18 MAY REDUCE THE GENERAL FUND MONEYS APPROPRIATED FOR THE FUND,
19 BUT SHALL APPROPRIATE MONEYS FROM THE SPECIAL FUND AS NECESSARY.

20 (E) THE DIRECTOR OF THE OFFICE OF CLIMATE CHANGE SHALL
21 ADMINISTER THE FUND, WITH THE APPROVAL OF THE SECRETARY.

22 (F) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
23 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

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

1 **(G) (1) THE FUND SHALL BE USED FOR IMPLEMENTING THE**
2 **PROVISIONS OF THIS SUBTITLE AND FOR FUNDING THE OFFICE OF CLIMATE**
3 **CHANGE.**

4 **(2) AFTER ADMINISTRATIVE AND PROGRAMMATIC COSTS UNDER**
5 **PARAGRAPH (1) OF THIS SUBSECTION ARE PAID, REMAINING MONEYS MAY BE**
6 **USED FOR GRANTS FOR INVESTMENTS IN CLEAN ENERGY AND RENEWABLE NEW**
7 **TECHNOLOGIES.**

8 **2-1112.**

9 **(A) THE DEPARTMENT MAY CREATE AND APPOINT ADVISORY**
10 **COMMITTEES AS IT DETERMINES NECESSARY, INCLUDING COMMITTEES TO**
11 **FOCUS ON ENVIRONMENTAL JUSTICE AND ECONOMIC AND TECHNOLOGY**
12 **ISSUES.**

13 **(B) (1) IF THE DEPARTMENT CREATES AN ADVISORY COMMITTEE**
14 **UNDER SUBSECTION (A) OF THIS SECTION, IT SHALL INCLUDE STAKEHOLDERS**
15 **FROM THE APPLICABLE COMMUNITIES AND INDUSTRY SECTORS.**

16 **(2) STAKEHOLDERS THAT SHOULD BE INCLUDED IN**
17 **ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, AS DETERMINED BY**
18 **THE DEPARTMENT ARE:**

19 **(I) NONPROFIT ORGANIZATIONS THAT REPRESENT THE**
20 **COMMUNITIES OR INTERESTS OF THE PARTIES;**

21 **(II) LOCAL COMMUNITY GROUPS OR AFFILIATIONS;**

22 **(III) INDUSTRY AND BUSINESS REPRESENTATIVES; AND**

23 **(IV) LOCAL GOVERNMENTS THAT HAVE THE AFFECTED**
24 **COMMUNITIES IN THEIR JURISDICTIONS.**

25 **2-1113.**

26 **(A) (1) IN THE EVENT OF EXTRAORDINARY CIRCUMSTANCES OR**
27 **CATASTROPHIC EVENTS, THE GOVERNOR MAY ADJUST THE APPLICABLE**

1 **DEADLINES FOR REGULATIONS THAT ARE ADOPTED IN ACCORDANCE WITH THIS**
2 **SUBTITLE TO THE EARLIEST FEASIBLE DATE AFTER THAT DEADLINE.**

3 **(2) A DEADLINE ADJUSTMENT UNDER PARAGRAPH (1) OF THIS**
4 **SUBSECTION MAY NOT EXCEED 1 CALENDAR YEAR.**

5 **(B) IF THE GOVERNOR DECLARES AN ENERGY EMERGENCY IN**
6 **ACCORDANCE WITH § 14-304 OF THE PUBLIC SAFETY ARTICLE, THE**
7 **GOVERNOR MAY ADJUST THE DEADLINES FOR INDIVIDUAL REGULATIONS**
8 **UNDER THIS SUBTITLE, BUT THE ADJUSTMENT PERIOD MAY NOT EXCEED 1**
9 **CALENDAR YEAR.**

10 **(C) WITHIN 5 CALENDAR DAYS AFTER INVOKING THE PROVISIONS**
11 **UNDER SUBSECTIONS (A) AND (B) OF THIS SECTION, THE GOVERNOR SHALL**
12 **SEND WRITTEN NOTICE TO THE JOINT COMMITTEE ON ADMINISTRATIVE,**
13 **EXECUTIVE, AND LEGISLATIVE REVIEW AND TO THE GENERAL ASSEMBLY.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That if any provision of this
15 Act or the application thereof to any person or circumstance is held invalid for any
16 reason in a court of competent jurisdiction, the invalidity does not affect other
17 provisions or any other application of this Act which can be given effect without the
18 invalid provision or application, and for this purpose the provisions of this Act are
19 declared severable.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2007.