

# SENATE BILL 309

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SB 409/07 – EHE

8lr1163  
CF 8lr1418

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

Introduced and read first time: January 28, 2008

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Global Warming Solutions – Reductions in Greenhouse Gases**

3 FOR the purpose of authorizing a certain fee and certain fines to be paid into the  
4 Maryland Clean Air Fund; expanding the permissible uses of the Maryland  
5 Clean Air Fund; prohibiting all moneys in the Maryland Clean Air Fund from  
6 reverting or being transferred to the General Fund; stating the intent of the  
7 General Assembly; requiring the Department of the Environment to adopt  
8 regulations to require certain reductions in greenhouse gas emissions by certain  
9 years; requiring the Department to publish certain lists of certain greenhouse  
10 gas reduction measures and to adopt regulations in order to implement these  
11 measures; requiring the Department to consult with the Public Service  
12 Commission, the Maryland Energy Administration, and the Power Plant  
13 Research Program on greenhouse gas reduction measures that relate to energy  
14 matters; requiring the Department to publish and implement certain  
15 greenhouse gas emissions reduction measures in accordance with certain  
16 requirements; requiring the Department to prepare and publish a certain plan;  
17 requiring the Department to adopt the plan by regulation in accordance with  
18 certain requirements; requiring the Department to adopt methodologies for the  
19 quantification of voluntary greenhouse gas emissions reductions; requiring the  
20 Department to adopt regulations that enable the State to monitor and verify  
21 voluntary greenhouse gas emissions reductions; requiring the Department to  
22 adopt regulations, in accordance with certain requirements, that establish a cap  
23 and trade system for sources that emit greenhouse gas emissions; requiring the  
24 State, to the extent practicable, to engage other states that have certain cap and  
25 trade systems for the purpose of establishing a regional cap and trade system;  
26 authorizing the Department to adopt regulations that establish certain offset  
27 allowances; requiring the Department to adopt regulations, in accordance with  
28 certain requirements, to require the reporting and verification of greenhouse  
29 gas emissions and to monitor and enforce compliance; providing that certain

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 proceeds should be used to implement the provisions of this Act; authorizing the  
 2 Department to establish a Greenhouse Gas Emissions Fee under certain  
 3 circumstances; authorizing the Department to exempt certain de minimus  
 4 sources of greenhouse gas emissions from paying the fee; providing for the  
 5 administration and collection of the fee; requiring the fees to be deposited in the  
 6 Maryland Clean Air Fund; creating the Office of Climate Change within the  
 7 Department; requiring the Office to administer the provisions of this Act;  
 8 authorizing the Department to create certain committees; authorizing the  
 9 Governor to alter certain deadlines under certain circumstances; declaring the  
 10 legislative intent and findings of the General Assembly as they relate to global  
 11 warming solutions; defining certain terms; making the provisions of this Act  
 12 severable; and generally relating to the reduction of greenhouse gas emissions.

13 BY repealing and reenacting, with amendments,  
 14 Article – Environment  
 15 Section 2–107  
 16 Annotated Code of Maryland  
 17 (2007 Replacement Volume and 2007 Supplement)

18 BY adding to  
 19 Article – Environment  
 20 Section 2–1201 through 2–1210 to be under the new subtitle “Subtitle 12.  
 21 Greenhouse Gas Emissions Reductions”  
 22 Annotated Code of Maryland  
 23 (2007 Replacement Volume and 2007 Supplement)

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

26 **Article – Environment**

27 2–107.

28 (a) There is a Maryland Clean Air Fund.

29 (b) (1) All application fees, permit fees, renewal fees, and funds collected  
 30 by the Department under this title or Title 6, Subtitle 4 of this article, including any  
 31 civil or administrative penalty or any fine imposed by a court under these provisions,  
 32 shall be paid into the Maryland Clean Air Fund.

33 (2) **A GREENHOUSE GAS EMISSIONS FEE COLLECTED UNDER §**  
 34 **2–1208 OF THIS TITLE SHALL BE PAID INTO THE MARYLAND CLEAN AIR FUND.**

35 (c) (1) Subject to the appropriation process in the annual operating  
 36 budget, the Department shall use the Maryland Clean Air Fund for:

1 (i) Activities conducted under this title that are related to  
2 identifying, monitoring, and regulating air pollution in this State, including program  
3 development of these activities as provided in the State budget; [and]

4 (ii) Providing grants to local governments to supplement  
5 funding for programs conducted by local governments that are consistent with this  
6 title and the State program;

7 (III) **REDUCING GREENHOUSE GAS EMISSIONS IN THE**  
8 **STATE;**

9 (IV) **REDUCING ENERGY BILLS FOR LOW-INCOME**  
10 **HOUSEHOLDS;**

11 (V) **IMPLEMENTING THE PROVISIONS OF SUBTITLE 12 OF**  
12 **THIS TITLE;**

13 (VI) **FUNDING THE OFFICE OF CLIMATE CHANGE; AND**

14 (VII) **PROVIDING GRANTS FOR INVESTMENTS IN CLEAN**  
15 **ENERGY AND RENEWABLE NEW TECHNOLOGIES.**

16 (2) Subject to Title 10, Subtitle 1 of the State Government Article  
17 (Administrative Procedure Act – Regulations), the Department shall adopt rules and  
18 regulations for the management and use of the money in the Fund.

19 (3) At the end of the fiscal year, the Department shall prepare an  
20 annual report on the Maryland Clean Air Fund that includes an accounting of all  
21 financial receipts and expenditures to and from the Fund and shall:

22 (i) Provide a copy of the report to the General Assembly, as  
23 provided under § 2–1246 of the State Government Article; and

24 (ii) Upon request, make the report available to permit holders  
25 under this title.

26 (4) [When the Fund equals or exceeds a maximum limit of \$750,000,  
27 additional moneys received for the Fund by the Department shall be deposited to the  
28 General Fund.] **MONEYS IN THE FUND MAY NOT REVERT OR BE TRANSFERRED**  
29 **TO THE GENERAL FUND OF THE STATE.**

30 **SUBTITLE 12. GREENHOUSE GAS EMISSIONS REDUCTIONS.**

31 **2–1201.**

32 **THE GENERAL ASSEMBLY FINDS THAT:**

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

4           **(2) GLOBAL WARMING POSES A SERIOUS THREAT TO THE STATE'S**  
5 **FUTURE HEALTH, WELL-BEING, AND PROSPERITY;**

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

10           **(4) THE STATE HAS THE TECHNOLOGY AND INGENUITY TO**  
11 **REDUCE THE THREAT OF GLOBAL WARMING AND MAKE GLOBAL WARMING**  
12 **SOLUTIONS A PART OF THE STATE'S FUTURE BY ACHIEVING A MANDATED 25%**  
13 **REDUCTION IN GREENHOUSE GAS EMISSIONS FROM 2006 LEVELS BY 2020 AND A**  
14 **MANDATED 90% REDUCTION IN GREENHOUSE GAS EMISSIONS FROM 2006**  
15 **LEVELS BY 2050;**

16           **(5) IN ADDITION TO ACHIEVING THE MANDATED REDUCTIONS IN §**  
17 **2-1203 OF THIS SUBTITLE, IT IS IN THE BEST INTERESTS OF THE STATE TO ACT**  
18 **EARLY AND AGGRESSIVELY TO ACHIEVE THE COMMISSION ON CLIMATE**  
19 **CHANGE'S RECOMMENDED GOALS OF REDUCING GREENHOUSE GAS EMISSIONS**  
20 **BY 10% FROM 2006 LEVELS BY 2012 AND BY 15% FROM 2006 LEVELS BY 2015;**

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

26           **(7) IT IS NECESSARY TO PROTECT THE PUBLIC HEALTH,**  
27 **ECONOMIC WELL-BEING, AND NATURAL TREASURES OF THE STATE BY**  
28 **REDUCING HARMFUL AIR POLLUTANTS SUCH AS GREENHOUSE GAS EMISSIONS**  
29 **BY USING PRACTICAL SOLUTIONS THAT ARE ALREADY AT THE STATE'S**  
30 **DISPOSAL.**

31 **2-1202.**

32           **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
33 **INDICATED.**

1           **(B) “ALTERNATIVE COMPLIANCE MECHANISM” MEANS AN ACTION**  
2 **UNDERTAKEN BY A GREENHOUSE GAS EMISSIONS SOURCE THAT ACHIEVES THE**  
3 **EQUIVALENT REDUCTION OF GREENHOUSE GAS EMISSIONS OVER THE SAME**  
4 **PERIOD AS A DIRECT EMISSIONS REDUCTION.**

5           **(C) “CARBON ALLOWANCE” MEANS 1 TON OF CARBON DIOXIDE**  
6 **EQUIVALENT THAT MAY BE EMITTED DURING 1 CALENDAR YEAR.**

7           **(D) “CARBON DIOXIDE EQUIVALENT” MEANS THE MEASUREMENT OF A**  
8 **GIVEN WEIGHT OF A GREENHOUSE GAS THAT HAS THE SAME GLOBAL WARMING**  
9 **POTENTIAL, MEASURED OVER A SPECIFIED TIMESCALE, AS A GIVEN WEIGHT OF**  
10 **CARBON DIOXIDE.**

11           **(E) “COST-EFFECTIVE” MEANS THE COST PER UNIT OF REDUCING**  
12 **EMISSIONS OF GREENHOUSE GASES ADJUSTED FOR ITS GLOBAL WARMING**  
13 **POTENTIAL WHERE THE BENEFITS OF THE ACTION EXCEED ITS COSTS, AS**  
14 **CALCULATED ON A LIFE-CYCLE COST BASIS.**

15           **(F) “DIRECT EMISSIONS REDUCTION” MEANS A GREENHOUSE GAS**  
16 **EMISSIONS REDUCTION ACTION MADE BY A GREENHOUSE GAS EMISSIONS**  
17 **SOURCE AT THAT SOURCE.**

18           **(G) “GREENHOUSE GAS” INCLUDES CARBON DIOXIDE, METHANE,**  
19 **NITROUS OXIDE, HYDROFLUOROCARBONS, PERFLUOROCARBONS, AND SULFUR**  
20 **HEXAFLUORIDE.**

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

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

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

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

29                           **(I) LABELING REQUIREMENTS;**

30                           **(II) LIABILITY MEASURES;**

31                           **(III) PRODUCER RESPONSIBILITY REQUIREMENTS; OR**

1                                   **(IV) PROGRAMS COMMONLY KNOWN AS FEEBATES.**

2           **(J) "SOURCE" MEANS A SOURCE OR CATEGORY OF SOURCES OF**  
3 **GREENHOUSE GAS EMISSIONS THAT HAVE EMISSIONS OF GREENHOUSE GASES**  
4 **THAT ARE SUBJECT TO THE PROVISIONS OF THIS SUBTITLE, AS DETERMINED BY**  
5 **THE DEPARTMENT.**

6           **(K) "STATEWIDE GREENHOUSE GAS EMISSIONS" MEANS THE TOTAL**  
7 **ANNUAL EMISSIONS OF GREENHOUSE GASES IN THE STATE, MEASURED IN TONS**  
8 **OF CARBON DIOXIDE EQUIVALENTS, INCLUDING ALL EMISSIONS OF**  
9 **GREENHOUSE GASES FROM THE GENERATION OF ELECTRICITY DELIVERED TO**  
10 **AND CONSUMED IN THE STATE, ACCOUNTING FOR TRANSMISSION AND**  
11 **DISTRIBUTION LINE LOSSES, WHETHER THE ELECTRICITY IS GENERATED**  
12 **IN-STATE OR IMPORTED.**

13 **2-1203.**

14           **(A) THE DEPARTMENT SHALL ADOPT REGULATIONS TO REDUCE**  
15 **GREENHOUSE GAS EMISSIONS BY A MINIMUM OF:**

16                   **(1) 25% FROM 2006 LEVELS BY 2020; AND**

17                   **(2) 90% FROM 2006 LEVELS BY 2050.**

18           **(B) (1) ON OR BEFORE SEPTEMBER 1, 2008, THE DEPARTMENT**  
19 **SHALL PUBLISH AND MAKE AVAILABLE TO THE PUBLIC A LIST OF PHASE I**  
20 **IMMEDIATE ACTION GREENHOUSE GAS EMISSIONS REDUCTION MEASURES.**

21                   **(2) ON OR BEFORE SEPTEMBER 1, 2009, THE DEPARTMENT**  
22 **SHALL ADOPT REGULATIONS TO IMPLEMENT THE PHASE I IMMEDIATE ACTION**  
23 **GREENHOUSE GAS EMISSIONS REDUCTION MEASURES ESTABLISHED UNDER**  
24 **PARAGRAPH (1) OF THIS SUBSECTION.**

25           **(C) (1) ON OR BEFORE JUNE 1, 2009, THE DEPARTMENT SHALL**  
26 **PREPARE AND PUBLISH A LIST OF PHASE II INTERMEDIATE GREENHOUSE GAS**  
27 **EMISSIONS REDUCTION MEASURES.**

28                   **(2) ON OR BEFORE JUNE 1, 2010, THE DEPARTMENT SHALL**  
29 **ADOPT REGULATIONS TO IMPLEMENT THE PHASE II INTERMEDIATE**  
30 **GREENHOUSE GAS EMISSIONS REDUCTION MEASURES ESTABLISHED UNDER**  
31 **PARAGRAPH (1) OF THIS SUBSECTION.**

32           **(D) (1) ON OR BEFORE JANUARY 1, 2010, THE DEPARTMENT SHALL**  
33 **PREPARE AND PUBLISH:**

1                   (I) A LIST OF PHASE III GREENHOUSE GAS EMISSIONS  
2 REDUCTION MEASURES; AND

3                   (II) A FINAL PLAN FOR ACHIEVING THE REQUIRED  
4 REDUCTIONS IN GREENHOUSE GAS EMISSIONS ESTABLISHED UNDER  
5 SUBSECTION (A) OF THIS SECTION.

6                   (2) ON OR BEFORE JUNE 1, 2011, THE DEPARTMENT SHALL  
7 ADOPT REGULATIONS TO IMPLEMENT THE PHASE III GREENHOUSE GAS  
8 EMISSIONS REDUCTION MEASURES AND FINAL PLAN ESTABLISHED UNDER  
9 PARAGRAPH (1) OF THIS SUBSECTION.

10                  (E) WITH RESPECT TO ADOPTING REGULATIONS IN ACCORDANCE WITH  
11 SUBSECTION (D) OF THIS SECTION, THE DEPARTMENT SHALL:

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

15                   (2) 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                   (3) 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                   (4) CONSIDER THE COST-EFFECTIVENESS OF THE REGULATIONS;

23                   (5) 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                   (6) ENSURE THAT MEASURES TAKEN IN ACCORDANCE WITH THIS  
28 SUBTITLE ARE DESIGNED TO MINIMIZE LEAKAGE;

29                   (7) CONSIDER THE SIGNIFICANCE OF THE CONTRIBUTION OF  
30 EACH SOURCE TO THE STATEWIDE EMISSIONS OF GREENHOUSE GASES;

31                   (8) ENSURE THAT THE GREENHOUSE GAS EMISSIONS REDUCTION  
32 MEASURES ARE ENFORCEABLE BY THE STATE;

1           **(9) ENSURE THAT EMISSIONS REDUCTIONS ARE IN ADDITION TO**  
2 **ANY GREENHOUSE GAS EMISSIONS REDUCTIONS OTHERWISE REQUIRED BY LAW;**

3           **(10) RELY ON THE BEST AVAILABLE ECONOMIC AND SCIENTIFIC**  
4 **INFORMATION IN THE ASSESSMENT OF EXISTING AND PROJECTED**  
5 **TECHNOLOGICAL CAPABILITIES;**

6           **(11) CONSULT WITH THE PUBLIC SERVICE COMMISSION TO**  
7 **EVALUATE HOW THE REGULATIONS AFFECT ELECTRICITY AND NATURAL GAS**  
8 **PROVIDERS IN ORDER TO MINIMIZE DUPLICATIVE OR INCONSISTENT**  
9 **REGULATORY REQUIREMENTS; AND**

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

16           **(F) THE PHASE I, PHASE II, AND PHASE III EMISSIONS REDUCTION**  
17 **MEASURES DEVELOPED UNDER THIS SECTION SHALL INCLUDE:**

18           **(1) DIRECT EMISSIONS REDUCTION MEASURES;**

19           **(2) ALTERNATIVE COMPLIANCE MECHANISMS; AND**

20           **(3) POTENTIAL INCENTIVES FOR SOURCES THAT THE**  
21 **DEPARTMENT DETERMINES ARE NECESSARY OR DESIRABLE TO FACILITATE**  
22 **THE ACHIEVEMENT OF THE REQUIRED REDUCTIONS IN GREENHOUSE GAS**  
23 **EMISSIONS ESTABLISHED UNDER SUBSECTION (A) OF THIS SECTION THROUGH**  
24 **THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND COST-EFFECTIVE MEANS.**

25           **(G) THE DEPARTMENT SHALL CONSULT WITH THE PUBLIC SERVICE**  
26 **COMMISSION, THE MARYLAND ENERGY ADMINISTRATION, AND THE POWER**  
27 **PLANT RESEARCH PROGRAM WITHIN THE DEPARTMENT OF NATURAL**  
28 **RESOURCES ON THE PHASE I, PHASE II, AND PHASE III GREENHOUSE GAS**  
29 **EMISSIONS REDUCTION MEASURES THAT RELATE TO ENERGY-RELATED**  
30 **MATTERS, INCLUDING:**

31           **(1) ELECTRICAL GENERATION;**

32           **(2) LOAD-BASED STANDARDS OR REQUIREMENTS;**



1           **(3) PROVIDING RELIABLE AND AFFORDABLE ELECTRICAL**  
2 **SERVICE; AND**

3           **(4) STATEWIDE FUEL SUPPLIES.**

4           **(H) IN PUBLISHING AND IMPLEMENTING THE PHASE I, PHASE II, AND**  
5 **PHASE III EMISSIONS REDUCTION MEASURES REQUIRED UNDER THIS SECTION,**  
6 **THE DEPARTMENT SHALL:**

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

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

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

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

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

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

25           **(I) (1) THE DEPARTMENT SHALL ADOPT METHODOLOGIES FOR THE**  
26 **QUANTIFICATION OF VOLUNTARY GREENHOUSE GAS EMISSIONS REDUCTIONS.**

27           **(2) THE DEPARTMENT SHALL ADOPT REGULATIONS THAT**  
28 **ENABLE THE STATE TO MONITOR AND VERIFY VOLUNTARY GREENHOUSE GAS**  
29 **EMISSIONS REDUCTIONS.**

30 **2-1204.**

1           (A) (1) ON OR BEFORE JUNE 1, 2011, THE DEPARTMENT SHALL  
2 ADOPT REGULATIONS THAT ESTABLISH A CAP AND TRADE SYSTEM FOR  
3 SOURCES THAT EMIT GREENHOUSE GAS EMISSIONS.

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

6                   (I) BE EFFECTIVE BEGINNING JANUARY 1, 2012;

7                   (II) BE DESIGNED TO ACHIEVE REDUCTIONS IN  
8 GREENHOUSE GAS EMISSIONS IN THE AGGREGATE FROM SOURCES IN THE  
9 STATE THROUGH THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND  
10 COST-EFFECTIVE MEANS;

11                   (III) DISTRIBUTE ALLOWANCES VIA PUBLIC AUCTION; AND

12                   (IV) BE COMPLEMENTARY WITH THE STATE'S ONGOING  
13 PARTICIPATION IN THE REGIONAL GREENHOUSE GAS INITIATIVE (RGGI).

14           (3) REVENUE GENERATED AS A RESULT OF THE AUCTION SHALL  
15 BE DEPOSITED INTO THE MARYLAND CLEAN AIR FUND UNDER § 2-107 OF THIS  
16 TITLE AND SHALL BE USED FOR PROGRAMS TO:

17                   (I) REDUCE GREENHOUSE GAS EMISSIONS IN THE STATE,  
18 INCLUDING TRANSIT SYSTEM IMPROVEMENTS AND OTHER MEASURES TO  
19 REDUCE VEHICLE MILES TRAVELED; AND

20                   (II) REDUCE ENERGY BILLS FOR LOW-INCOME  
21 HOUSEHOLDS.

22           (B) BEFORE THE DEPARTMENT ADOPTS REGULATIONS FOR A CAP AND  
23 TRADE SYSTEM, THE DEPARTMENT SHALL:

24                   (1) CONSIDER THE POTENTIAL FOR DIRECT, INDIRECT, AND  
25 CUMULATIVE EMISSIONS IMPACTS FROM THESE MECHANISMS, INCLUDING  
26 LOCALIZED IMPACTS IN COMMUNITIES THAT ARE ALREADY ADVERSELY  
27 AFFECTED BY AIR POLLUTION;

28                   (2) DESIGN THE MECHANISMS TO PREVENT AN INCREASE IN THE  
29 EMISSIONS OF TOXIC AIR CONTAMINANTS OR OTHER AIR POLLUTANTS THAT  
30 ARE REGULATED UNDER THIS TITLE; AND

31                   (3) MAXIMIZE ADDITIONAL ENVIRONMENTAL AND ECONOMIC  
32 BENEFITS FOR THE STATE, AS FEASIBLE AND APPROPRIATE.

1           **(C) TO THE EXTENT PRACTICABLE, THE STATE SHALL ENGAGE OTHER**  
2 **STATES THAT HAVE EFFECTIVE, ESTABLISHED CAP AND TRADE SYSTEMS FOR**  
3 **THE REDUCTION OF GREENHOUSE GAS EMISSIONS FOR THE PURPOSE OF**  
4 **ESTABLISHING A REGIONAL CAP AND TRADE SYSTEM FOR THE REDUCTION OF**  
5 **GREENHOUSE GAS EMISSIONS.**

6 **2-1205.**

7           **(A) (1) ON OR BEFORE JANUARY 1, 2012, THE DEPARTMENT MAY**  
8 **ADOPT REGULATIONS THAT ESTABLISH OFFSET ALLOWANCES THROUGH**  
9 **ALTERNATIVE COMPLIANCE MECHANISMS, INCLUDING CARBON**  
10 **SEQUESTRATION PROJECTS.**

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

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

14                   **(II) BE DESIGNED TO ACHIEVE REDUCTIONS IN**  
15 **GREENHOUSE GAS EMISSIONS IN THE AGGREGATE FROM SOURCES IN THE**  
16 **STATE THROUGH THE MAXIMUM TECHNOLOGICALLY FEASIBLE AND**  
17 **COST-EFFECTIVE MEANS.**

18           **(B) OFFSET ALLOWANCES ESTABLISHED UNDER THIS SECTION MAY**  
19 **NOT BE:**

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

22                   **(2) AWARDED TO A SOURCE IF THE SOURCE HAS RECEIVED**  
23 **CREDITS OR ALLOWANCES FOR THE SAME PROJECT UNDER ANY OTHER**  
24 **MANDATORY OR VOLUNTARY GREENHOUSE GAS EMISSIONS REDUCTION**  
25 **PROGRAM.**

26           **(C) AN OFFSET ALLOWANCE ESTABLISHED UNDER THIS SECTION SHALL**  
27 **BE REAL, PERMANENT, QUANTIFIABLE, VERIFIABLE, AND ENFORCEABLE BY THE**  
28 **STATE.**

29           **(D) ANY ALTERNATIVE COMPLIANCE MECHANISMS ESTABLISHED**  
30 **UNDER THIS SECTION, SUCH AS CARBON SEQUESTRATION PROJECTS, MUST BE**  
31 **EXECUTED WITHIN THE STATE.**

32 **2-1206.**

1           (A) (1) ON OR BEFORE JUNE 1, 2009, THE DEPARTMENT SHALL  
2 ADOPT REGULATIONS TO REQUIRE THE REPORTING AND VERIFICATION OF  
3 STATEWIDE GREENHOUSE GAS EMISSIONS AND TO MONITOR AND ENFORCE  
4 COMPLIANCE WITH THE PROVISIONS UNDER THIS SUBTITLE.

5           (2) THE DEPARTMENT SHALL ESTABLISH A GREENHOUSE GAS  
6 EMISSIONS THRESHOLD FOR SOURCES BELOW WHICH THE REQUIREMENTS IN  
7 PARAGRAPH (1) OF THIS SUBSECTION DO NOT APPLY.

8           (B) THE REGULATIONS REQUIRED UNDER SUBSECTION (A) OF THIS  
9 SECTION SHALL:

10           (1) REQUIRE REAL-TIME CONTINUOUS AND PUBLICLY  
11 AVAILABLE MONITORING AND ANNUAL REPORTING OF GREENHOUSE GAS  
12 EMISSIONS FROM SOURCES BEGINNING WITH THE SOURCES THAT CONTRIBUTE  
13 THE MOST TO STATEWIDE EMISSIONS;

14           (2) REQUIRE ELECTRIC COMPANIES, AS DEFINED IN § 1-101 OF  
15 THE PUBLIC UTILITY COMPANIES ARTICLE, TO ACCOUNT FOR GREENHOUSE  
16 GAS EMISSIONS FROM ALL ELECTRICITY CONSUMED IN THE STATE, INCLUDING  
17 TRANSMISSION AND DISTRIBUTION LINE LOSSES FROM ELECTRICITY  
18 GENERATED WITHIN THE STATE AND IMPORTED FROM OUTSIDE THE STATE;

19           (3) ENSURE RIGOROUS AND CONSISTENT ACCOUNTING OF  
20 EMISSIONS;

21           (4) PROVIDE REPORTING TOOLS AND FORMATS TO ENSURE  
22 COLLECTION OF NECESSARY INFORMATION; AND

23           (5) ENSURE THAT THE GREENHOUSE GAS EMISSIONS SOURCES  
24 MAINTAIN COMPREHENSIVE RECORDS OF THE REPORTED GREENHOUSE GAS  
25 EMISSIONS.

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

28           (2) WITH RESPECT TO THE REVIEW OF REPORTING  
29 REQUIREMENTS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE  
30 DEPARTMENT SHALL REVIEW EXISTING AND PROPOSED OTHER STATE,  
31 FEDERAL, AND INTERNATIONAL GREENHOUSE GAS EMISSIONS REPORTING  
32 PROGRAMS AND MAKE REASONABLE EFFORTS TO PROMOTE CONSISTENCY AND  
33 STREAMLINE REPORTING REQUIREMENTS.

1 **2-1207.**

2 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
3 SUBSECTION, AUCTION PROCEEDS FROM THE REGIONAL GREENHOUSE GAS  
4 INITIATIVE SHALL BE USED TO IMPLEMENT THE REQUIREMENTS OF THIS  
5 SUBTITLE.

6 (2) IF, IN THE DEPARTMENT'S DISCRETION, AUCTION PROCEEDS  
7 FROM THE REGIONAL GREENHOUSE GAS INITIATIVE ARE INADEQUATE TO  
8 FUND THE NECESSARY ADMINISTRATIVE AND TECHNICAL COSTS OF  
9 IMPLEMENTING THIS SUBTITLE, THE DEPARTMENT MAY ESTABLISH A  
10 GREENHOUSE GAS EMISSIONS FEE OF NO MORE THAN 4 CENTS PER TON OF  
11 CARBON DIOXIDE EQUIVALENT EMITTED TO BE PAID BY A SOURCE OF  
12 GREENHOUSE GAS EMISSIONS IN THE STATE.

13 (3) DE MINIMUS SOURCES OF GREENHOUSE GAS EMISSIONS, AS  
14 DETERMINED BY THE DEPARTMENT, MAY BE EXEMPTED FROM THE FEE THAT  
15 MAY BE ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

16 (B) THE STATE CENTRAL COLLECTION UNIT MAY COLLECT  
17 DELINQUENT ACCOUNTS UNDER THIS SECTION IN ACCORDANCE WITH § 3-302  
18 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

19 (C) THE DEPARTMENT SHALL COLLECT AND DEPOSIT THE FEES IN THE  
20 MARYLAND CLEAN AIR FUND ESTABLISHED UNDER § 2-107 OF THIS TITLE.

21 **2-1208.**

22 (A) IN THIS SECTION, "OFFICE" MEANS THE OFFICE OF CLIMATE  
23 CHANGE.

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

25 (C) THE SECRETARY SHALL APPOINT A DIRECTOR AND SUFFICIENT  
26 STAFF TO PERFORM THE FUNCTIONS OF THE OFFICE.

27 (D) THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THE  
28 PROVISIONS OF THIS SECTION.

29 (E) THE OFFICE SHALL:

30 (1) ADMINISTER THE PROVISIONS UNDER THIS SUBTITLE;

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

3                   **(I) ACTING AS LIAISON BETWEEN THE DEPARTMENT AND**  
4 **OTHER STATE AGENCIES;**

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

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

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

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

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

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

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

30           **(8) PROMOTE EMPLOYMENT OPPORTUNITIES IN GREEN**  
31 **BUSINESS AND CLEAN ENERGY INDUSTRIES IN THE STATE.**

32 **2-1209.**

1           (A) THE DEPARTMENT MAY CREATE AND APPOINT ADVISORY  
2 COMMITTEES AS IT DETERMINES NECESSARY, INCLUDING COMMITTEES TO  
3 FOCUS ON ENVIRONMENTAL JUSTICE AND ECONOMIC AND TECHNOLOGY  
4 ISSUES.

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

8                       (2) STAKEHOLDERS THAT MAY BE INCLUDED IN ACCORDANCE  
9 WITH PARAGRAPH (1) OF THIS SUBSECTION, AS DETERMINED BY THE  
10 DEPARTMENT ARE:

11                               (I) NONPROFIT ORGANIZATIONS THAT REPRESENT THE  
12 COMMUNITIES OR INTERESTS OF THE PARTIES;

13                               (II) LOCAL COMMUNITY GROUPS OR AFFILIATIONS;

14                               (III) INDUSTRY AND BUSINESS REPRESENTATIVES; AND

15                               (IV) LOCAL GOVERNMENTS THAT HAVE THE AFFECTED  
16 COMMUNITIES IN THEIR JURISDICTIONS.

17 **2-1210.**

18           (A) (1) IN THE EVENT OF EXTRAORDINARY CIRCUMSTANCES OR  
19 CATASTROPHIC EVENTS, THE GOVERNOR MAY ADJUST THE APPLICABLE  
20 DEADLINES FOR REGULATIONS THAT ARE ADOPTED IN ACCORDANCE WITH THIS  
21 SUBTITLE TO THE EARLIEST FEASIBLE DATE AFTER THAT DEADLINE.

22                       (2) A DEADLINE ADJUSTMENT UNDER PARAGRAPH (1) OF THIS  
23 SUBSECTION MAY NOT EXCEED 1 CALENDAR YEAR.

24           (B) IF THE GOVERNOR DECLARES AN ENERGY EMERGENCY IN  
25 ACCORDANCE WITH § 14-304 OF THE PUBLIC SAFETY ARTICLE, THE  
26 GOVERNOR MAY ADJUST THE DEADLINES FOR INDIVIDUAL REGULATIONS  
27 UNDER THIS SUBTITLE, BUT THE ADJUSTMENT PERIOD MAY NOT EXCEED 1  
28 CALENDAR YEAR.

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

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

7           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 June 1, 2008.