

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2014

Bill Number: H.557 Name of Bill: An act relating to greenhouse gas emission limits

Agency/ Dept: Public Service Author of Bill Review: Asa Hopkins

Date of Bill Review: Jan 7, 2014 Status of Bill: (check one):

☒ Upon Introduction ☐ As passed by 1st body ☐ As passed by both bodies ☐ Fiscal

Recommended Position:

☐ Support ☐ Oppose ☐ Remain Neutral ☒ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

The bill intends to strengthen the state's GHG emission reduction goals into "limits" and instruct all state agencies to implement those limits through their actions, including regulatory actions. It does not include any funding or changes to Agencies' statutory authorities.

It changes the emission levels for 2028 and 2050 from overall emissions to just emission related to energy use (thus removing waste, agriculture, and industrial chemicals from consideration). It removes the "if practicable using reasonable efforts" caveat from the 2050 greenhouse gas reduction goal.

Regarding implementation, the bill removes reference to the Vermont climate collaborative (which is effectively defunct) and expands the authority of the Secretary of ANR to "coordinate the implementation by State agencies" of the GHG emission limits.

2. Is there a need for this bill? *Please explain why or why not.*

The likely purpose of this bill is to foster dialogue and discussion within the legislature and general public regarding the seriousness of the state's commitment to GHG emission reductions from energy. To that end, there is a need for the bill.

Is there a need for this bill to be enacted into law? Suitably modified, such a law could serve a useful purpose by directing additional state agency efforts toward a consistent push to reduce the state's GHG emissions. Much more substantial legislative changes would be required in order for the State to achieve either the 2028 or 2050 emission reduction levels.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

If enacted, this bill would likely require the PSD to approach regulatory matters before the Public Service Board differently than the PSD might under current law. It would have the effect of raising the status of the GHG

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emissions criterion in our evaluation of section 248 proceedings and could impact how we evaluate prudence in rate cases.

Operationally, the relationship between the PSD and the Secretary of ANR would be changed, with the Secretary having a greater role in shaping the PSD's actions that have GHG emission implications through her/his coordinating role for GHG emission limit implementation.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

Fiscal and programmatic implications for BGS, PSB, AOT, ANR, ACCD, and AAFM, each of which would likely need to substantially amend either regulatory or operational choices in order to bring all actions into compliance with achievement of GHG emission reductions. The 50% reduction by 2028 limit is likely to be of particular consequence for agency implementation given the dramatic reduction in emissions from transportation, building heating, and industrial processes likely to be necessary to achieve that limit. ANR and the PSB would be bound to work within RGGI to significantly reduce the expected emissions cap for the electric sector and/or expand RGGI to cover other sectors. AOT might need to design and construct different infrastructure or significantly change support for modes of travel other than single-occupancy vehicles. BGS would need to amend plans for the construction, retrofit, and operation of state buildings and vehicle fleets. Each of these agencies could resist the change in priorities that would be represented by this bill, but each (through the Climate Cabinet) has also already begun taking compatible actions.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

The bill does not require direct actions by entities outside of State government. However, energy retailers (regulated or not) are likely to be significantly impacted by resulting state agency actions, and large energy users would likely see increases in energy prices. (Whether they would see increases in energy *bills* depends on their rate of efficiency implementation.) Private developers and businesses would likely chafe at stronger state regulatory and programmatic direction. Sellers of renewable energy and energy efficiency products and services would likely see an increased demand.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

Environmental advocacy organizations (CLF, VPRIG, VNRC) and renewable energy and efficiency firms and advocates (REV; All Earth Renewables and other solar developers; VEIC; weatherization firms)

6.2 Who else is likely to oppose the proposal and why?

Business lobby organizations (chambers of commerce; AIV)

7. Rationale for recommendation: *Justify recommendation stated above.*

The bill, if suitably amended as below, would advance and make more concrete the state's position with respect to GHG emissions, including "putting our actions where our words have been." Amendments are necessary in
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order to establish shared Legislative responsibility for action, identify resources necessary (financial and otherwise), and clarify Agency roles.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

- Broaden GHG emission coverage from energy-related to all emissions
- Establish the Climate Cabinet as the convener and reporter of agency actions to implement GHG emission limits (rather than providing the Secretary of ANR with coordination authority)
- Establish annual reporting requirement regarding progress toward emission reduction goals, also requiring the report to contain recommendations for Legislative or Agency actions sufficient to reduce emissions to hit the GHG emission targets.
 - Authorize a position to support this annual analysis and reporting process
 - Look to MA and CA laws for examples for structures requiring regular reporting of Agency GHG mitigation actions.
- Insert (or simply don't remove) a "wherever practicable" into the direction to state agencies to implement the limits. This would respect the fact that the Agencies may have conflicting missions or the best path forward may require Legislative rather than Agency action.

Secretary/Commissioner has reviewed this document: _____

Date: 1/27/14

