

# An Act to Reduce Energy Costs, Increase Energy Efficiency, Promote Electric System Reliability and Protect the Environment

## PART D REGIONAL GREENHOUSE GAS INITIATIVE PROGRAM CHANGES

**Sec. D-1. 38 MRSA §579, first ¶**, as amended by PL 2007, c. 608, §3, is further amended to read:

The department may participate in the regional greenhouse gas initiative as described in the climate action plan required in section 577. The commissioner ~~or the commissioner's designee~~ and the ~~members chair~~ of the Public Utilities Commission ~~or the chair's designee~~ are authorized to act as representatives for the State in the regional organization as defined in section 580-A, subsection 20, may contract with organizations and entities when such arrangements are necessary to efficiently carry out the purposes of this section and may coordinate the State's efforts with other states and jurisdictions participating in that initiative, with respect to:

**Sec. D-2. 38 MRSA §580-A, sub-§6** is amended to read:

**6. Carbon dioxide emissions offset project.** "Carbon dioxide emissions offset project" means a project that reduces or avoids loading of carbon dioxide and other greenhouse gases in the atmosphere and is demonstrated to qualify as real, additional, verifiable, enforceable and permanent as those terms are defined in rules adopted by the department. "Carbon dioxide emissions offset project" includes, but is not limited to, landfill and agricultural methane capture and destruction, reduction in emissions of sulfur hexafluoride, sequestration of carbon due to ~~afforestation~~ forestry practices and reduction or avoidance of carbon dioxide emissions from natural gas, oil or propane end-use combustion due to end-use energy efficiency and other categories established by the department by rule.

**Sec. D-3. 38 MRSA §580-A, sub-§9-A** is enacted to read:

**9-A. Cost containment reserve.** "Cost containment reserve" means an allowance or allowances that are offered for sale at an auction by the State for the purpose of containing the cost of carbon dioxide allowances. A cost containment reserve allowance offered for sale at an auction is separate from and additional to carbon dioxide allowances allocated by the department under this chapter.

**Sec. D-4. 38 MRSA §580-A, sub-§17-A** is enacted to read:

**Model Rule.** "Model Rule" means the Model Rule, as amended, referenced in the

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memorandum of understanding.

**Sec. D-5. 38 MRSA §580-B, sub-§3**, as enacted by PL 2007, c. 317, §17, is amended to read:

**3. Base annual budget.** The base annual carbon dioxide emissions budget is established at 5,948,902 tons of carbon dioxide. ~~Beginning with the year 2015, the annual carbon dioxide emissions budget must decline by 148,722 tons per year until 2018 so that the annual carbon dioxide emissions budget for 2018 is 10% below the base annual carbon dioxide emissions budget.~~ Commencing January 1, 2014, the base annual carbon dioxide emissions budget is established at ~~3,276,000~~ 3,277,250 tons of carbon dioxide. Beginning with the year 2015, the annual carbon dioxide emissions budget must decline by 2.5% each year through the year 2020.

**Sec. D-6. 38 MRSA §580-B, sub-§3-A** is enacted to read:

**3-A. Interim adjustments for banked allowances.** The 2014 base annual carbon dioxide emissions budget of 3,277,250 tons of carbon dioxide and base annual budgets for 2015-2020 shall be reduced by an amount equivalent to the quantity of banked allowances in excess of the quantity of allowances required for compliance at the end of 2013. Maine's interim adjustments for banked allowances shall be made in proportion to Maine's share of the total annual carbon dioxide emissions budget for all states participating in the Regional Greenhouse Gas Initiative.

**Sec. D-7 38 MRSA §580-B, sub-§4** is amended to read:

**4. Rules implementing the program.** The department shall adopt rules to implement the program. ~~The rules must contain~~ Rules must be consistent with Maine law and the Model Rule. The rules must include, but are not limited to:

**Sec. D-8. 38 MRSA §580-B, sub-§10** is amended to read:

**10. Annual report.** The department, the Public Utilities Commission and the trustees of the Efficiency Maine Trust established pursuant to Title 35-A, section 10103 shall submit a joint report to the joint standing committees of the Legislature having jurisdiction over natural resources matters and utilities and energy matters by March 15, 2009 and each year thereafter. The report must assess and address:

**Sec. D-9 Fuel switching offset category.** The Department of Environmental Protection and the Public Utilities Commission shall work together to develop and promote for recognition by the other states participating in the regional greenhouse gas initiative a modification of the

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existing end-use energy efficiency offset category in the Regional Greenhouse Gas Initiative Act of 2007 to provide incentives for industrial and residential consumers to switch from the use of oil and coal as fuel to fuels with lower greenhouse gas emissions. In developing the modification to the existing offset category, the department shall work toward including the following factors:

1. Eligibility of fuel switching to alternative fuels such as natural gas, biomass or other renewable fuels;
2. Calculation of the offset amounts on the basis of the net reduction in carbon dioxide equivalents from the prior fuel used;
3. Offsets for greenhouse gas emission reductions are real, additional, verifiable, enforceable and permanent; and
4. Allowing for the transfer of offset credits to a third-party which provides financial consideration which enables the fuel switching to occur.

The department and the Public Utilities Commission shall include a progress report on the development of this offset category as part of the annual report under Title 38, Section 580-B, subsection 10, paragraph D.

~~Sec. D-5. 38 MRSA §580-B, sub-§4, ¶A-1~~ is enacted to read:

~~A 1. Provisions for the establishment of a mechanism for cost containment reserve allowances;~~

~~Sec. D-6. 38 MRSA §580-B, sub-§4-A~~ is enacted to read:

~~4 A. Rules to Implement Model Rule changes. The department shall adopt any necessary rules to implement the program not inconsistent with Maine law and consistent with the updated provisions of the Regional Greenhouse Gas Initiative Model Rule of February 7, 2013.~~

~~Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.~~

~~Sec. D-7. Report. By December 31, 2014 the Commissioner of Environmental Protection, in consultation with the director of the Governor's Energy Office, shall submit to the joint standing committee of the Legislature having jurisdiction over energy, utilities and technology matters and the joint standing committee of the Legislature having jurisdiction over environment and natural resources matters a report on the effectiveness of the Maine Revised~~

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~~Statutes, Title 38, section 580-B and including recommendations for improvements.~~

~~**Sec. D-8. Forest Management Offsets.**— Title 38, Section 580 A(6) shall be amended by striking “afforestation” and inserting in its place “forestry practices.”~~

~~**Sec. D-9. Effective date.** The provisions in sections Section D-3 and D-4 of this Act ~~subchapter~~ take takes effect December 31, 2013. Other sections of this sub chapter shall take effect as duly enacted.~~

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