

HOUSE RESEARCH

Bill Summary

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1 Findings; citation. [216H.001.] Lists findings regarding the state's vital interest in preventing or reducing negative impacts of global warming and the need to plan future carbon dioxide emissions from Minnesota sources.

States that this chapter may be referred to as the Global Warming Mitigation Act of 2007.

2 Definitions. [216H.01.]

3 Greenhouse gas emissions-reduction goals. [216H.02.] Establishes goals to reduce statewide greenhouse gas emissions from a 2005 baseline. The goals are to reach 15 percent below that level by 2015; 30 percent below by 2025; and 80 percent below by 2050.

4 Greenhouse gas emissions-reduction plan. [216H.04.]

Subd. 1. Plan for achieving reductions. Requires the commissioners of the Pollution Control Agency and the Department of Commerce to submit a plan to the chairs of the energy and transportation committees in the house and senate by February 1, 2008, containing recommendations on how best to meet the goals established in section 216H.02, as well as a reduction of emissions 45 percent below the 2005 base by 2025. The plan must:

- estimate emissions in the 2005 base year and project emissions in 2015, 2025 and 2050;
- estimate emissions reductions expected from current state policies;
- include a cap and trade system, described in subdivision 3;

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- recommend a reporting system for emissions; and
- evaluate exempting a project from the prohibition in section 5 against constructing or importing energy from a new large energy facility prior to the implementation of a cap and trade system if a fee is paid per ton of carbon dioxide emitted that is used to fund offset projects.

The commissioners are to consider the broadest possible set of policy tools to reduce emissions, including expanding the cap and trade system beyond electric generating plants, including gases other than carbon dioxide, imposing greenhouse gas taxes; establishing financial incentives to promote emissions reductions, and others.

Subd. 2. Planning process. Requires the plan to be developed through an inclusive stakeholder process administered by a nationally recognized independent expert.

Subd. 3. Cap and trade system. Requires the plan's recommended cap and trade system to incorporate statewide power sector carbon dioxide emissions and:

- set the initial cap at a level to prevent significant emissions increases, with a schedule for lowering the cap;
- evaluate whether credit should be given for offsetting emissions through sequestration or reducing emissions at facilities not subject to the cap;
- maximize the state's ability to enter into allowance trading relationships with other states;
- suggest ways to award credit to facilities that have voluntarily reduced emissions prior to the implementation of the cap and trade system; and
- recommend ways to minimize impacts on energy consumers.

Subd. 4. Regional activities. Requires the commissioner of commerce to coordinate the state's efforts to develop a regional approach to reducing emissions, and to report to the legislature on those efforts by February 1 of 2008 and 2009.

5 No long-term increase from power plants. [216H.05.]

Subd. 1. Long-term increased emissions from power plants prohibited. Prohibits the following action until a cap and trade system is fully implemented:

- constructing a new large energy facility (an electric generation plant with a capacity of 50,000 kilowatts or greater) that would contribute to statewide power sector emissions;
- import or commit to import electricity from a new large energy facility that would contribute to statewide power sector emissions; or
- enter into a power-purchase agreement to purchase 50 megawatts or more over a term of five years or longer that would contribute to statewide power sector emissions. Agreements in effect on January 1, 2007, or renewals of such agreements, are exempt from this prohibition.

Subd. 2. Exceptions for facilities that offset emissions. Specifies that the prohibitions in subdivision 1 do not apply if a proposer of an offset project convinces the Public Utilities Commission that the offset is at least as large as the new

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contribution to emissions and the project reduces emissions from an existing facility or is a purchase of allowances from a state with a mandatory carbon dioxide cap and trade system. In order to approve an offset project, the commission must find that a project produces offsets that are quantifiable, verifiable, enforceable, and would not have occurred otherwise.

Subd. 3. Enforcement. Provides that the commission or department may refer a violation or expected violation to the attorney general for appropriate legal action. The attorney general may enforce this chapter by seeking an injunction or a civil penalty in a court.

- 6 **Greenhouse gas emissions consideration in resource planning.** [216H.06] Requires the Public Utilities Commission, by January 1, 2008, to establish a likely range of the costs of carbon dioxide regulation on electricity generation, which estimate must be used in all electricity generation resource acquisition proceedings before the commission.
- 7 **Enforceability.** [216H.07.] Provides that, in addition to other remedies provided by law, failure to carry out a requirement of this chapter will be treated as a violation of an environmental standard and is enforceable under chapter 116B, which allows a citizen to bring a civil action in district court.
- 8 **Appropriation.** Appropriates \$..... from the general fund to the commissioner of the Pollution Control Agency through June 30, 2009, for the purposes of this chapter.