

Senate Bill 1070

Sponsored by Senators DEMBROW, BEYER, Representative HELM, Senators PROZANSKI, TAYLOR, Representatives HOLVEY, LININGER, LIVELY, MARSH, POWER; Senators FREDERICK, GELSER, MANNING JR, RILEY, ROBLAN, STEINER HAYWARD, Representatives BARNHART, DOHERTY, FAHEY, GORSEK, GREENLICK, HERNANDEZ, KENY-GUYER, MALSTROM, MCLAIN, NATHANSON, NOSSE, PILUSO, RAYFIELD, REARDON, SANCHEZ, SMITH WARNER, SOLLMAN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor’s brief statement of the essential features of the measure **as introduced**.

Requires Environmental Quality Commission to adopt carbon pollution market by rule. Requires commission to consult with certain interested persons and be advised by advisory committee in adopting rules. Establishes Greenhouse Gas Cap and Investment Program Oversight Committee. Provides for minimum requirements of carbon pollution market. Declares legislative purposes of carbon pollution market.

Establishes Climate Investments Account within State Highway Fund. Requires that certain auction proceeds be deposited in account for purpose of funding programs consistent with legislative purposes of carbon pollution market.

Establishes Oregon Climate Investments Fund. Requires that certain auction proceeds be deposited in fund, to be distributed through Climate Investments Grant Program adopted by Environmental Quality Commission by rule.

Creates Climate Investments in Impacted Communities Advisory Committee. Requires committee to advise on distributions of certain auction proceeds.

Establishes Just Transition Fund. Requires that certain auction proceeds be deposited in fund, to be distributed through Just Transition Grant Program adopted by Oregon Business Development Department by rule.

Makes all provisions related to carbon pollution market and distribution of auction proceeds operative January 1, 2021. Authorizes Environmental Quality Commission, Public Utility Commission, Department of Transportation and Oregon Business Development Department to adopt rules prior to operative date.

Repeals greenhouse gas emissions goals and requires Environmental Quality Commission to adopt by rule statewide greenhouse gas emissions goal for 2025, and limits for years 2035 and 2050.

Defines “greenhouse gas” for purposes of air pollution laws.

Requires registration and reporting by certain sources of greenhouse gas emissions. Requires certain sources to pay annual fee to Department of Environmental Quality to pay costs of department and Environmental Quality Commission in developing and preparing for implementation of carbon pollution market required by Act.

Make provisions related to greenhouse gas definition, emissions limits and registration and reporting operative January 1, 2018.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to greenhouse gas emissions; creating new provisions; amending ORS 184.889, 468A.005, 468A.050, 468A.210, 468A.235, 468A.240, 468A.250, 468A.260, 468A.270, 468A.275, 468A.280 and 757.528 and section 9, chapter 751, Oregon Laws 2009, and section 20, chapter 28, Oregon Laws 2016; repealing ORS 468A.205; and declaring an emergency.

Whereas climate change and ocean acidification caused by greenhouse gas emissions threaten to have significant detrimental effects on public health and the economic vitality, natural resources and environment of this state; and

Whereas the diverse impacts of climate change and ocean acidification include the exacerbation of air quality problems, a reduction in the quantity and quality of water available to this state from mountain snowpack, a rise in sea levels resulting in the displacement of thousands of coastal businesses and residences, damage to marine ecosystems and food sources, the degradation of the na-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 tural environment from increased severity of forest fires and pest infestations of stressed land-based
 2 ecosystems, extreme weather events and an increase in the incidences of infectious diseases, asthma
 3 and other human health-related problems; and

4 Whereas climate change and ocean acidification will have detrimental effects on some of this
 5 state's most important industries, including agriculture, forestry, commercial fishing, recreation and
 6 tourism; and

7 Whereas climate change will strain the electricity and domestic water supplies that are neces-
 8 sary for economic stability and the most basic levels of human well-being and survival in this state;
 9 and

10 Whereas national and international actions are necessary to fully address climate change and
 11 ocean acidification; and

12 Whereas national actions in the United States are emerging too slowly to address the scope,
 13 magnitude and urgency of climate change and ocean acidification; and

14 Whereas many greenhouse gases persist in the atmosphere for millennia, meaning that the costs
 15 of early policy inaction will be severe; and

16 Whereas in the absence of effective national engagement, it is the responsibility of the individ-
 17 ual states, deemed to be the laboratories of process, to take immediate leadership actions to address
 18 climate change and ocean acidification; and

19 Whereas by exercising a leadership role in addressing climate change and ocean acidification,
 20 the State of Oregon will position its economy, technology centers, financial institutions and busi-
 21 nesses to benefit from the national and international efforts that must occur to reduce greenhouse
 22 gas emissions; and

23 Whereas by joining together with other leadership jurisdictions similarly resolved to address
 24 climate change and ocean acidification, Oregon will help encourage more states, the federal gov-
 25 ernment and the international community to act; and

26 Whereas global climate change has a disproportionate effect on impacted communities, which
 27 typically have fewer resources to adapt to climate change and are therefore the most vulnerable to
 28 displacement, adverse health effects, job loss, property damage and other effects of climate change;
 29 and

30 Whereas climate change policies can be designed to protect impacted communities, rural com-
 31 munities and workers from economic costs and can provide co-benefits to and within these commu-
 32 nities that include, but are not limited to, opportunities for job creation and training, investments
 33 in infrastructure, affordable housing investment, economic development, air quality improvements,
 34 energy savings and conservation and increased utilization of clean energy technologies; and

35 Whereas any climate policy should address leakage to ensure a level playing field between in-
 36 state and out-of-state companies to prevent jobs from leaving this state; and

37 Whereas the climate crisis is pressing; and

38 Whereas it is the intent of the Legislative Assembly to obtain reductions in greenhouse gas
 39 emissions through legally binding market-based mechanisms; now, therefore,

40 **Be It Enacted by the People of the State of Oregon:**

41
 42 **GREENHOUSE GAS DEFINITION**

43
 44 **SECTION 1.** ORS 468A.005 is amended to read:

45 468A.005. As used in ORS chapters 468, 468A and 468B, unless the context requires otherwise:

1 (1) “Air-cleaning device” means any method, process or equipment which removes, reduces or
 2 renders less noxious air contaminants prior to their discharge in the atmosphere.

3 (2) “Air contaminant” means a dust, fume, gas, mist, odor, smoke, vapor, pollen, soot, carbon,
 4 acid or particulate matter or any combination thereof.

5 (3) “Air contamination” means the presence in the outdoor atmosphere of one or more air con-
 6 taminants which contribute to a condition of air pollution.

7 (4) “Air contamination source” means any source at, from, or by reason of which there is emit-
 8 ted into the atmosphere any air contaminant, regardless of who the person may be who owns or
 9 operates the building, premises or other property in, at or on which such source is located, or the
 10 facility, equipment or other property by which the emission is caused or from which the emission
 11 comes.

12 (5) “Air pollution” means the presence in the outdoor atmosphere of one or more air contam-
 13 inants, or any combination thereof, in sufficient quantities and of such characteristics and of a du-
 14 ration as are or are likely to be injurious to public welfare, to the health of human, plant or animal
 15 life or to property or to interfere unreasonably with enjoyment of life and property throughout such
 16 area of the state as shall be affected thereby.

17 (6) “Area of the state” means any city or county or portion thereof or other geographical area
 18 of the state as may be designated by the Environmental Quality Commission.

19 (7) “Greenhouse gas” includes, but is not limited to, carbon dioxide, methane, nitrous
 20 oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride.

21
 22 **STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS**

23
 24 **SECTION 2. ORS 468A.205 is repealed.**

25 **SECTION 3. Section 4 of this 2017 Act is added to and made a part of ORS chapter 468A.**

26 **SECTION 4. (1) As used in this section, “statewide greenhouse gas emissions” means:**

27 **(a) The total annual emissions of greenhouse gases in this state; and**

28 **(b) All emissions of greenhouse gases from outside this state that are attributable to the**
 29 **generation of electricity that is delivered to and consumed in this state, accounting for**
 30 **transmission and distribution line losses.**

31 **(2) The Environmental Quality Commission shall adopt by rule:**

32 **(a) A statewide greenhouse gas emissions goal for the year 2025 to limit greenhouse gas**
 33 **emissions to levels that are at least 20 percent below 1990 levels;**

34 **(b) A statewide greenhouse gas emissions limit for the year 2035 that limits greenhouse**
 35 **gas emissions to levels that are at least 45 percent below 1990 levels; and**

36 **(c) A statewide greenhouse gas emissions limit for the year 2050 that limits greenhouse**
 37 **gas emissions to levels that are at least 80 percent below 1990 levels.**

38
 39 **GREENHOUSE GAS CAP AND INVESTMENT PROGRAM**

40 **(Statement of Purposes)**

41
 42 **SECTION 5. Sections 6 to 12, 15 and 16 of this 2017 Act and ORS 468A.200 to 468A.260 are**
 43 **added to and made a part of ORS chapter 468A.**

44 **SECTION 6. (1) The Legislative Assembly finds and declares that the purposes of sections**
 45 **6 to 20 of this 2017 Act are to reduce greenhouse gas emissions consistent with the statewide**

1 **greenhouse gas emissions levels established under section 4 of this 2017 Act and to promote**
 2 **adaptation and resilience by this state’s communities and economy in the face of climate**
 3 **change.**

4 **(2) Sections 6 to 20 of this 2017 Act and the rules adopted pursuant to sections 6 to 20**
 5 **of this 2017 Act:**

6 **(a) May not be interpreted to limit the authority of any state agency to adopt and im-**
 7 **plement measures to reduce greenhouse gas emissions; and**

8 **(b) Shall be interpreted in a manner consistent with federal law.**

9
 10 **(Rules Adoption and Implementation**
 11 **Oversight Advisory Committees)**

12
 13 **SECTION 7. (1) In adopting rules as required by sections 10, 11, 12 and 16 of this 2017**
 14 **Act, the Environmental Quality Commission shall consult with the Environmental Justice**
 15 **Task Force, Indian tribes, the Public Utility Commission, the State Department of Energy,**
 16 **the Department of Transportation and other interested state and federal agencies, and shall**
 17 **be advised by an advisory committee appointed by the Governor.**

18 **(2) The advisory committee required by subsection (1) of this section shall be composed**
 19 **of:**

20 **(a) One member appointed by the Commission on Asian and Pacific Islander Affairs;**

21 **(b) One member appointed by the Commission on Black Affairs;**

22 **(c) One member appointed by the Commission on Hispanic Affairs;**

23 **(d) One member appointed by the Commission on Indian Services; and**

24 **(e) Five members appointed by the Governor who reflect the geographic and demographic**
 25 **diversity of this state, and who have the qualifications deemed necessary by the Governor**
 26 **to advise the Environmental Quality Commission on the diversity of interests relating to**
 27 **efforts by the state to limit greenhouse gas emissions consistent with section 4 of this 2017**
 28 **Act, with a preference in making appointments given to individuals who can represent the**
 29 **interests of multiple constituencies.**

30 **SECTION 8. (1) The Greenhouse Gas Cap and Investment Program Oversight Committee**
 31 **is created. The committee consists of nine members as follows:**

32 **(a) The President of the Senate shall appoint one member from among the members of**
 33 **the Senate.**

34 **(b) The Speaker of the House of Representatives shall appoint one member from among**
 35 **the members of the House of Representatives.**

36 **(c) The Governor shall appoint:**

37 **(A) One member who represents the office of the Governor;**

38 **(B) One member who represents impacted communities;**

39 **(C) One member who represents the interests of labor organizations;**

40 **(D) One member who represents environmental organizations;**

41 **(E) One member who represents covered entities;**

42 **(F) One member with expertise in climate science; and**

43 **(G) One member who represents the interests of business sectors impacted by climate**
 44 **change.**

45 **(2) The term of a legislative member of the committee shall be two years. If a person**

1 appointed by the President of the Senate or by the Speaker of the House ceases to be a
 2 Senator or Representative during the person's term on the committee, the person may con-
 3 tinue to serve as a member of the committee for the balance of the member's term on the
 4 committee. The term of all other appointed members shall be four years. Appointed members
 5 of the committee may be reappointed. If a vacancy occurs in one of the appointed positions
 6 for any reason during the term of membership, the official who appointed the member to the
 7 vacated position shall appoint a new member to serve the remainder of the term. An ap-
 8 pointed member of the committee may be removed from the committee at any time by the
 9 official who appointed the member.

10 (3)(a) The members of the committee shall select from among themselves a chairperson
 11 and a vice chairperson.

12 (b) The committee shall meet at such times and places as determined by the chairperson.

13 (4) Notwithstanding ORS 171.072, members of the committee who are members of the
 14 Legislative Assembly are not entitled to mileage expenses or a per diem and serve as volun-
 15 teers on the committee. Other members of the committee are not entitled to compensation
 16 or reimbursement for expenses and serve as volunteers on the committee.

17 (5) The committee shall:

18 (a) Study the implementation of sections 6 to 20 of this 2017 Act, with particular focus
 19 on:

20 (A) How moneys received by the state as auction proceeds pursuant to section 11 of this
 21 2017 Act are spent;

22 (B) The greenhouse gas reductions that have resulted from the state's expenditure of
 23 auction proceeds;

24 (C) The geographic distribution of activities that have benefited from the expenditure of
 25 auction proceeds; and

26 (D) How impacted communities and economically distressed areas have benefited from
 27 the expenditure of auction proceeds;

28 (b) Make any recommendations to the Environmental Quality Commission, the Governor
 29 and the Legislative Assembly that the committee deems necessary to increase the effective-
 30 ness of the implementation of sections 6 to 20 of this 2017 Act;

31 (c) Make any recommendations for additional legislation governing the adoption and im-
 32 plementation of the carbon pollution market; and

33 (d) Conduct such other studies as necessary to provide oversight to the implementation
 34 of sections 6 to 20 of this 2017 Act.

35 (6) The Department of Environmental Quality shall provide the committee with staff,
 36 subject to availability of funding for that purpose.

37
 38 (Definitions)

39
 40 **SECTION 9.** As used in ORS 468A.200 to 468A.260 and sections 6 to 20 of this 2017 Act:

41 (1) "Allowance" means a tradable authorization to emit up to:

42 (a) One metric ton of carbon dioxide; or

43 (b) One unit of carbon dioxide equivalent.

44 (2) "Annual allowance budget" means the total number of allowances allocated by the
 45 Environmental Quality Commission for auction or distribution in one calendar year.

1 (3) “Carbon dioxide equivalent” means the amount of carbon dioxide by weight that would
2 produce the same global warming impact as a given weight of another greenhouse gas, based
3 on the best available science, including from the Intergovernmental Panel on Climate
4 Change.

5 (4) “Carbon pollution market” means the system for regulating greenhouse gas emissions
6 established by the Environmental Quality Commission by rule under section 10 of this 2017
7 Act.

8 (5) “Compliance instrument” means an allowance or an offset credit that may be used
9 to fulfill a compliance obligation, such that one compliance instrument is equal to one metric
10 ton of carbon dioxide or carbon dioxide equivalent.

11 (6) “Compliance obligation” means the quantity of verified reported emissions or assigned
12 emissions for which a covered entity must submit compliance instruments to the Depart-
13 ment of Environmental Quality during a compliance period under the carbon pollution mar-
14 ket.

15 (7) “Covered entity” means a source that is required by the Environmental Quality
16 Commission to participate in the carbon pollution market.

17 (8) “Economically distressed area” means an area designated as distressed by the Oregon
18 Business Development Department under ORS 285A.020 and 285A.075.

19 (9) “Electric company” has the meaning given that term in ORS 757.600.

20 (10) “General market participant” means a person that:

21 (a) Is a registered entity;

22 (b) Is not a covered entity or an opt-in entity; and

23 (c) Intends to purchase, hold, sell or voluntarily retire compliance instruments in the
24 carbon pollution market.

25 (11) “High road agreement” means an agreement among multiple stakeholders that
26 specifies goals for a project or program that are related to the quality and accessibility of
27 economic opportunities provided by that project or program, and that includes:

28 (a) Strategies for advancing the specified goals based on metrics that may include but
29 are not limited to:

30 (A) Requirements for wages and benefits;

31 (B) Workforce and business diversity;

32 (C) Training and career development; and

33 (D) Environmental benefits;

34 (b) A mechanism for implementing the agreement; and

35 (c) A process for evaluating the progress of a project or program toward achieving the
36 goals specified in the agreement.

37 (12) “Impacted communities” includes, but is not limited to, the following communities
38 most at risk of being disproportionately impacted by climate change:

39 (a) Communities with a high percentage of people of color, low-income households, im-
40 migrants or refugees relative to other communities;

41 (b) Linguistically isolated communities;

42 (c) Communities with high exposures to pollution or toxics relative to other communities;
43 and

44 (d) Rural communities with unemployment rates that are above this state’s mean state-
45 wide unemployment rate.

1 (13) "Leakage" means a reduction in greenhouse gas emissions within this state that is
 2 offset by an increase in greenhouse gas emissions outside this state.

3 (14) "Natural gas utility" means a natural gas utility regulated by the Public Utility
 4 Commission under ORS chapter 757.

5 (15) "Offset credit" means a tradable compliance instrument that is generated by an
 6 offset project, such that one offset credit is equal to an authorization to emit one metric ton
 7 of carbon dioxide or carbon dioxide equivalent.

8 (16) "Offset project" means a project, implemented by a person that is not a covered
 9 entity, that reduces or removes greenhouse gas emissions that are attributable to persons
 10 that are not covered entities.

11 (17) "Opt-in entity" means a source that is not required to participate in the carbon
 12 pollution market and that voluntarily chooses to participate in the carbon pollution market
 13 as if it were a covered entity.

14 (18) "Project labor agreement" means a collective bargaining agreement with one or
 15 more labor organizations that establishes the terms and conditions of employment for a
 16 specific construction project and that, at a minimum:

17 (a) Binds all contractors and subcontractors on the construction project through the
 18 inclusion of appropriate specifications in all relevant solicitation provisions and contract
 19 documents;

20 (b) Allows all contractors and subcontractors to compete for contracts and subcontracts
 21 without regard to whether they are parties to any other collective bargaining agreement;

22 (c) Contains guarantees against strikes, lockouts and similar job disruptions; and

23 (d) Sets forth effective, prompt and mutually binding procedures for resolving labor dis-
 24 putes that arise during the term of the project labor agreement.

25 (19) "Registered entity" means a covered entity, opt-in entity, or general market partic-
 26 ipant that has successfully registered to participate in the carbon pollution market.

27 (20) "Retire" means to permanently remove a compliance instrument from the carbon
 28 pollution market such that the compliance instrument may not be sold, traded or otherwise
 29 used again.

30 (21) "Source" means:

31 (a) An air contamination source as defined in ORS 468A.005;

32 (b) Any person that imports, sells, allocates or distributes for use in this state electricity,
 33 the generation of which emits greenhouse gases; or

34 (c) Any person that imports, sells or distributes for use in this state fossil fuel that
 35 generates greenhouse gases when combusted.

36 (22) "Surrender" means to transfer a compliance instrument to the Department of En-
 37 vironmental Quality:

38 (a) To meet a compliance obligation;

39 (b) To satisfy a penalty imposed; or

40 (c) On a voluntary basis.

41
 42 (Carbon Pollution Market)

43
 44 **SECTION 10.** (1) The Environmental Quality Commission shall adopt a carbon pollution
 45 market by rule. Rules adopted under this subsection must, at a minimum:

1 (a) Identify sources subject to the carbon pollution market. In adopting rules under this
2 subsection, the commission may not require a source to be subject to the carbon pollution
3 market unless or until the annual verified greenhouse gas emissions reported under ORS
4 468A.050 or 468A.280 attributable to that source meet or exceed 25,000 metric tons of carbon
5 dioxide or carbon dioxide equivalent.

6 (b) Set a cap on the total combined greenhouse gas emissions allowed from covered en-
7 tities during the calendar year 2021, and a schedule for the cap to decrease by a predeter-
8 mined amount each calendar year until 2050. The cap and schedule shall reflect the total
9 greenhouse gas emissions from covered entities, as a proportionate share of statewide
10 greenhouse gas emissions as defined in section 4 of this 2017 Act, that must be reduced in
11 order to prevent exceedance of the statewide greenhouse gas emissions levels established by
12 section 4 of this 2017 Act.

13 (c) Establish an annual allowance budget for the calendar year 2021, and a schedule for
14 the annual allowance budget to decrease by a predetermined amount each calendar year until
15 2050, consistent with the cap set under paragraph (b) of this subsection and taking into ac-
16 count the effect of offset projects.

17 (d) Establish a market for allowances and criteria for the distribution of allowances ei-
18 ther directly at no cost or through an auction administered by the Department of Environ-
19 mental Quality pursuant to section 11 of this 2017 Act. In distributing allowances, the
20 department:

21 (A) Shall place a certain percentage of allowances, as determined necessary by the com-
22 mission by rule, directly in an allowance price containment reserve designed to assist in
23 containing compliance costs for covered entities in the event of unanticipated high costs for
24 compliance instruments;

25 (B) Shall distribute to electric companies and natural gas utilities, directly and free of
26 charge, allowances to be consigned to the state for auction under section 11 of this 2017 Act;

27 (C) May distribute to consumer-owned utilities, directly and free of charge, allowances
28 to be consigned to the state for auction under section 11 of this 2017 Act;

29 (D) Shall, in order to address leakage and as determined necessary by the commission
30 pursuant to subsection (2) of this section, distribute allowances directly and free of charge
31 to covered entities that include, but are not limited to, covered entities that are part of an
32 emissions-intensive, trade-exposed industry; and

33 (E) Shall allocate all remaining allowances to an auction holding account to be auctioned
34 pursuant to section 11 of this 2017 Act and associated rules.

35 (e) Allow for the trading of compliance instruments.

36 (f) Establish three-year compliance periods, standards for calculating covered entities'
37 compliance obligations relative to the annual allowance budgets applicable during each com-
38 pliance period and, subject to section 12 of this 2017 Act, procedures by which covered en-
39 tities shall meet their compliance obligations.

40 (g) Allow opt-in entities and general market participants to participate in the carbon
41 pollution market.

42 (2) The commission shall hire or contract with a third party organization to provide data
43 and analysis identifying leakage risk from specific covered entities including, but not limited
44 to, covered entities that are part of an emissions-intensive, trade-exposed industry. The
45 commission shall use the data and analysis provided by a third party organization under this

1 section to determine the number of allowances to be distributed directly and free of charge
 2 under subsection (1)(d) of this section. No less than once every five years, the commission
 3 shall:

4 (a) Require that any data and analysis provided under this subsection be updated by the
 5 third party organization.

6 (b) Adjust the number of allowances distributed directly and free of charge under sub-
 7 section (1)(d) of this section as necessary to reflect the updated data and analysis.

8 (3)(a) The commission shall adopt by rule standards for offset projects that may generate
 9 offset credits and standards for covered entities to use offset credits in meeting their com-
 10 pliance obligations under the carbon pollution market.

11 (b) Offset projects:

12 (A) Must be located in the United States or a country with which the commission has
 13 entered into a linkage agreement for administration of the carbon pollution market;

14 (B) Must not be otherwise required by law; and

15 (C) Must result in greenhouse gas emissions reductions or removals that:

16 (i) Are real, permanent, quantifiable, verifiable and enforceable;

17 (ii) Are in addition to greenhouse gas emissions reductions or removals otherwise re-
 18 quired by law; and

19 (iii) Would not otherwise have occurred if the emissions reduction or removal activity
 20 had not been implemented as part of the offset project.

21 (c) Standards adopted under this subsection must require that offset credits constitute
 22 a quantity that may be no more than eight percent of the total quantity of compliance in-
 23 struments submitted by a covered entity to meet the entity's compliance obligation for a
 24 compliance period. Standards adopted under this subsection may place additional restrictions
 25 on the number of offset credits that may be used by a covered entity that is an air contam-
 26 ination source as defined in ORS 468A.005 if the building, premises or other property in, at
 27 or on which the air contamination source is located, or the facility, equipment or other
 28 property by which greenhouse gas emissions are caused or from which the greenhouse gas
 29 emissions come, is geographically located in an impacted community.

30 (d) In adopting standards under this subsection, the commission shall:

31 (A) Take into consideration any standards for offset projects and offset credits estab-
 32 lished by other states and countries with comparable carbon pollution markets; and

33 (B) Develop the standards in a manner that allows for the department to explore and
 34 encourage opportunities for the development of offset projects in this state that may gener-
 35 ate offset credits for use by covered entities in meeting their compliance obligations under
 36 the carbon pollution market.

37 (4) All covered entities, opt-in entities and general market participants must register as
 38 registered entities to participate in the carbon pollution market. The commission shall adopt
 39 by rule registration requirements and any additional requirements necessary for registered
 40 entities to participate in auctions administered by the department under section 11 of this
 41 2017 Act. The commission may adopt a schedule of fees for registration under this sub-
 42 section. Fees shall be reasonably calculated not to exceed the costs to the department in
 43 administering the carbon pollution market.

44 (5) The commission and the department shall develop and administer the carbon pollution
 45 market under this section in a manner necessary to enable this state to pursue linkage

1 agreements with market-based programs in other states or countries.

2 **SECTION 11. (1) Except as provided in subsection (2) of this section, auctions of allow-**
3 **ances under the carbon pollution market shall be open to registered entities. The Environ-**
4 **mental Quality Commission shall adopt rules necessary for the Department of Environmental**
5 **Quality to administer the auctions. Rules adopted under this subsection must, at a minimum:**

6 (a) Require the department to hold a maximum of four auctions annually. An auction
7 may include allowances from the annual allowance budget of the current year and allowances
8 from the annual allowance budgets from prior years that remained unsold at previous auc-
9 tions. The department may auction allowances from future annual allowance budgets sepa-
10 rately from allowances from current and previous annual allowance budgets.

11 (b) Require the department to engage:

12 (A) A qualified, independent contractor to run the auctions; and

13 (B) A qualified financial services administrator to hold bid guarantees, evaluate bid
14 guarantees and inform the department of the value of bid guarantees once the bids are ac-
15 cepted.

16 (c) Require the department to issue notice for an upcoming auction at least 90 days prior
17 to the auction. The auction must consist of a single round of sealed bids submitted during
18 a three-hour open window and must be conducted through a secure online system.

19 (d) Set an auction floor price and a schedule for the floor price to increase by a prede-
20 termined amount each calendar year as necessary for proper functioning of the carbon pol-
21 lution market. The department may not sell allowances at bids lower than the auction floor
22 price.

23 (e) Specify, as holding limits, the maximum number of allowances that may be held for
24 use or trade by a registered entity at any one time.

25 (f) Require that allowances distributed free of charge to an electric company, natural gas
26 utility or consumer-owned utility must be consigned to the state for auction and may not
27 be surrendered under section 12 of this 2017 Act to meet the utility's or company's compli-
28 ance obligation. Proceeds from the sale of allowances consigned to the state for auction un-
29 der this paragraph may be used by an electric company or natural gas utility only as
30 provided in section 13 of this 2017 Act. The department shall adopt rules governing the use
31 of proceeds from the sale of allowances consigned to the state for auction under this para-
32 graph by consumer-owned utilities.

33 (g) Require a registered entity intending to participate in an auction to submit an appli-
34 cation to participate at least 30 days prior to the auction.

35 (h) Include provisions to guard against bidder collusion and minimize the potential for
36 market manipulation.

37 (2)(a) The department shall conduct reserve auctions of allowances from the allowance
38 price containment reserve once each calendar quarter, separate from the auction of other
39 allowances. Allowances unsold at a reserve auction must be made available again at future
40 reserve auctions.

41 (b) Only covered entities may participate in reserve auctions.

42 (c) The department shall follow the procedures for auctions adopted by rule under sub-
43 section (1) of this section for reserve auctions, except that the department may choose to
44 establish multiple price tiers for the allowances from the allowance price containment re-
45 serve.

1 (a) Bill assistance for low-income residential customers;

2 (b) Bill assistance for energy intensive industrial customers that, at the time the bill
3 assistance is received, are not covered entities receiving allowances distributed directly and
4 free of charge to address leakage as allowed under section 10 of this 2017 Act;

5 (c) Nonvolumetric, on-bill climate credits applied annually or semiannually to residential
6 customers or small business customers with 50 employees or less; or

7 (d) Other weatherization and energy efficiency programs.

8 (2) The Public Utility Commission shall adopt rules necessary to implement this section.
9 In adopting rules under this section, the commission shall:

10 (a) Consult with the advisory committee established under section 7 of this 2017 Act; and

11 (b) Develop rules that prioritize uses of the proceeds that benefit low-income residential
12 customers.

13 **SECTION 14.** (1) The Climate Investments Account is established within the State High-
14 way Fund. Interest earned by the Climate Investments Account shall be credited to the ac-
15 count. Moneys in the account are continuously appropriated to the Department of
16 Transportation to be used only for activities that further the purposes of sections 6 to 20 of
17 this 2017 Act as stated in section 6 of this 2017 Act.

18 (2) The Climate Investments Account shall consist of moneys deposited in the account
19 under section 11 (3)(b) of this 2017 Act.

20 (3)(a) Of the moneys deposited in the account each biennium:

21 (A) At least 20 percent must be used to support projects that are geographically located
22 in impacted communities; and

23 (B) At least 20 percent must be used to support projects that otherwise benefit impacted
24 communities.

25 (b) For purposes of this section, the Department of Transportation shall designate im-
26 pacted communities using the methodology adopted by the Environmental Quality Commis-
27 sion by rule under section 16 of this 2017 Act.

28 (4) In distributing moneys in the account, the Department of Transportation shall:

29 (a) Consult with the Climate Investments in Impacted Communities Advisory Committee
30 created under section 17 of this 2017 Act;

31 (b) Follow a methodology, as developed by the Department of Transportation, for ensur-
32 ing that a meaningful share of the moneys distributed under this section is used to fund
33 projects that involve the participation of businesses owned by women and members of mi-
34 nority groups; and

35 (c) To the maximum extent feasible and practicable, give funding preference to projects
36 that will result in the greatest greenhouse gas emissions reductions.

37 (5) If a construction project is funded in whole or in part by moneys from the account,
38 the primary contractor participating in the construction project:

39 (a) Must participate in an apprenticeship program registered with the State Appren-
40 ticeship and Training Council;

41 (b) May not be a contractor listed by the Commissioner of the Bureau of Labor and In-
42 dustries under ORS 279C.860 as ineligible to receive a contract or subcontract for public
43 works;

44 (c) Must demonstrate a history of compliance with the rules and other requirements of
45 the Construction Contractors Board and of the Workers' Compensation Division and the

1 Occupational Safety and Health Division of the Department of Consumer and Business Ser-
2 vices; and

3 (d) Must demonstrate a history of compliance with federal and state wage and hour laws.

4 (6) If a construction project is funded in whole or in part by moneys from the account,
5 the Department of Transportation may, on a project-by-project basis, require the use of a
6 high road agreement or a project labor agreement if the use of either type of agreement
7 would advance the public interest and be consistent with law.

8 **SECTION 15.** (1) The Oregon Climate Investments Fund is established in the State
9 Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Cli-
10 mate Investments Fund shall be credited to the fund. Moneys in the fund are continuously
11 appropriated to the Department of Environmental Quality to be distributed pursuant to the
12 Climate Investments Grant Program adopted under section 16 of this 2017 Act.

13 (2) The Oregon Climate Investments Fund shall consist of moneys deposited in the fund
14 under section 11 (3)(c)(A) of this 2017 Act.

15 (3) Moneys in the fund may be used only for activities that further the purposes of
16 sections 6 to 20 of this 2017 Act as stated in section 6 of this 2017 Act.

17 (4) The department may perform activities as necessary to ensure that recipients of
18 grants from the Oregon Climate Investments Fund comply with applicable requirements. If
19 the department determines that a recipient has not complied with applicable requirements,
20 it may order the recipient to refund all grant moneys and may impose penalties pursuant to
21 ORS 468.140.

22 **SECTION 16.** (1) The Environmental Quality Commission shall adopt by rule a Climate
23 Investments Grant Program for distributing moneys in the Oregon Climate Investments
24 Fund. The grant program must carry out the purposes of sections 6 to 20 of this 2017 Act
25 as stated in section 6 of this 2017 Act.

26 (2)(a) Moneys must be distributed through the grant program developed under this sec-
27 tion such that, of the moneys deposited in or credited to the Oregon Climate Investments
28 Fund each biennium:

29 (A) At least 50 percent of the moneys are distributed to projects or programs that are
30 geographically located in impacted communities; and

31 (B) At least 40 percent of the moneys are distributed to projects or programs that are
32 geographically located in economically distressed areas, with an emphasis placed on projects
33 or programs that support job creation and job education and training opportunities.

34 (b) Impacted communities and economically distressed areas may be, but need not be,
35 considered mutually exclusive for purposes of this subsection.

36 (c) The commission shall consult with the Environmental Justice Task Force, the Oregon
37 Health Authority, other state agencies, local agencies and local officials in adopting by rule
38 a methodology for designating impacted communities for purposes of this subsection.

39 (3) The grant program shall include the appointment of a grant committee. Members of
40 the grant committee shall be appointed by the Governor. The appointment of members of the
41 grant committee is subject to confirmation by the Senate in the manner prescribed in ORS
42 171.562 and 171.565. The grant committee may be composed of any number of individuals that
43 the Governor determines necessary. However, in making appointments to the grant com-
44 mittee under this section, the Governor shall:

45 (a) Appoint only members who are residents of this state and ensure that at least one

1 member is appointed from each congressional district in this state;

2 (b) Appoint members with experience in administering state grant programs;

3 (c) Appoint members who reflect the racial, ethnic and economic diversity of experience
4 and background necessary to support successful implementation of the grant program and
5 who have a demonstrated interest in reducing greenhouse gas emissions and taking other
6 actions to promote adaptation and resilience by this state's communities and economy in the
7 face of climate change; and

8 (d) Ensure that members of the grant committee have expertise in the following fields:

9 (A) Residential or commercial renewable energy;

10 (B) Promotion of civil rights or racial equality;

11 (C) Weatherization, energy efficiency and climate resilience for low-income residents;

12 (D) Water conservation;

13 (E) Financing tools for making renewable energy, energy efficiency and climate resilience
14 strategies available to a broad spectrum of the public;

15 (F) Job training and contracting with businesses owned by women and members of mi-
16 nority groups;

17 (G) Climate justice or environmental justice; and

18 (H) Climate science, with particular expertise in quantifying greenhouse gas emissions
19 reductions.

20 (4) The commission shall determine the form and method of applying for grants from the
21 grant program, the eligibility requirements for grant applicants and general terms and con-
22 ditions of the grants.

23 (5) The rules adopted by the commission under this section shall provide that the grant
24 committee consult with the Climate Investments in Impacted Communities Advisory Com-
25 mittee created under section 17 of this 2017 Act in reviewing grant applications and making
26 determinations of funding based on a scoring system developed by the commission. The
27 scoring system shall give funding preference to projects and programs that:

28 (a) Maximize multiple benefits in this state, including but not limited to environmental,
29 social and economic benefits;

30 (b) Result in greenhouse gas emissions reductions that are cost effective or that are the
31 product of business and research development interests in this state;

32 (c) Constitute investments in, and facilitate the development of, clean energy
33 infrastructure and technologies in this state;

34 (d) Complement efforts to achieve and maintain federal and state air quality standards;

35 (e) Protect impacted communities and economically distressed areas from economic un-
36 certainties associated with climate change or climate change policies;

37 (f) Make use of domestically produced products to the maximum extent feasible; or

38 (g) Promote job creation.

39 (6) The grant program adopted under this section may:

40 (a) To the extent feasible, require that a grant applicant provide matching funds for
41 completion of the project or program for which a grant is awarded.

42 (b) Allow an applicant to appeal to the commission for reevaluation of any determination
43 of grant funding.

44 (c) Allow for the provision of technical assistance during the grant application process
45 to applicants that are businesses owned by women or members of minority groups.

1 (7) If a construction project is funded in whole or in part by a grant awarded under the
 2 grant program, the grant agreement shall require that the primary contractor participating
 3 in the construction project:

4 (a) Must participate in an apprenticeship program registered with the State Apprentice-
 5 ship and Training Council;

6 (b) May not be a contractor listed by the Commissioner of the Bureau of Labor and In-
 7 dustries under ORS 279C.860 as ineligible to receive a contract or subcontract for public
 8 works;

9 (c) Must demonstrate a history of compliance with the rules and other requirements of
 10 the Construction Contractors Board and of the Workers' Compensation Division and the
 11 Occupational Safety and Health Division of the Department of Consumer and Business Ser-
 12 vices; and

13 (d) Must demonstrate a history of compliance with federal and state wage and hour laws.

14 (8) If a construction project is funded in whole or in part by a grant awarded under the
 15 grant program, the Department of Environmental Quality may, on a project-by-project basis,
 16 require the use of a high road agreement or a project labor agreement if the use of either
 17 type of agreement would advance the public interest and be consistent with law.

18 (9) Subject to the rules adopted by the commission, and subject to reevaluation by the
 19 commission on appeal, the grant committee has the responsibility to review grant applica-
 20 tions and make funding determinations under the grant program adopted pursuant to this
 21 section.

22 **SECTION 17.** (1) There is created a Climate Investments in Impacted Communities Ad-
 23 visory Committee consisting of 17 members appointed by the Governor, with at least one
 24 member from each congressional district in this state. The Governor shall appoint members
 25 to the advisory committee as follows:

26 (a) Eight members must be recommended by the Environmental Justice Task Force and
 27 have experience in working to support environmental justice in impacted communities;

28 (b) Three members must represent labor interests;

29 (c) Three members must have experience in sustainable development;

30 (d) One member must represent the interests of cities;

31 (e) One member must represent the interests of counties; and

32 (f) One member must represent the interests of business.

33 (2) The advisory committee shall consult with and make recommendations to the follow-
 34 ing public bodies regarding the investment of funds in projects and programs that are ge-
 35 ographically located in impacted communities or that otherwise directly benefit households
 36 located in impacted communities:

37 (a) The Department of Transportation with relation to the use of moneys in the Climate
 38 Investments Account; and

39 (b) The grant committee appointed by the Governor under section 16 of this 2017 Act with
 40 relation to the award of grants under the Climate Investments Grant Program.

41 (3) A majority of the members of the advisory committee constitutes a quorum for the
 42 transaction of business.

43 (4) The advisory committee shall elect one of its members to serve as chairperson.

44 (5) The term of a member of the advisory committee shall be four years. Members of the
 45 advisory committee may be reappointed. If there is a vacancy for any cause, the Governor

1 shall make an appointment to become immediately effective.

2 (6) The advisory committee shall meet at times and places specified by the call of the
3 chairperson or of a majority of the members of the advisory committee.

4 **SECTION 18.** Notwithstanding the term of office specified by section 17 of this 2017 Act,
5 of the members first appointed to the Climate Investments in Impacted Communities Advi-
6 sory Committee:

7 (1) Four shall serve for a term ending January 1, 2022.

8 (2) Four shall serve for a term ending January 1, 2023.

9 (3) Four shall serve for a term ending January 1, 2024.

10 (4) Five shall serve for a term ending January 1, 2025.

11 **SECTION 19.** (1) The Just Transition Fund is established in the State Treasury, separate
12 and distinct from the General Fund. Interest earned by the Just Transition Fund shall be
13 credited to the fund. Moneys in the fund are continuously appropriated to the Oregon Busi-
14 ness Development Department to be distributed pursuant to the Just Transition Grant Pro-
15 gram developed under section 20 of this 2017 Act.

16 (2) The Just Transition Fund shall consist of moneys deposited in the fund under section
17 11 (3)(c)(B) of this 2017 Act.

18 (3) Moneys in the fund may be used only for activities that further the purposes of
19 sections 6 to 20 of this 2017 Act as stated in section 6 of this 2017 Act.

20 **SECTION 20.** (1) The Oregon Business Development Department shall adopt by rule a
21 Just Transition Grant Program for the disbursement of moneys in the Just Transition Fund.
22 In developing the grant program, the department shall consult with the advisory committee
23 created under section 7 of this 2017 Act. The purpose of the grant program shall be to sup-
24 port economic diversification, job creation, job training and other employment and mental
25 health services for workers and communities in this state that are adversely affected by
26 climate change or climate change policies.

27 (2) The grant program shall include the appointment of a grant committee. Members of
28 the grant committee shall be appointed by the Governor, subject to confirmation by the
29 Senate in the manner provided in ORS 171.562 and 171.565. The grant committee may be
30 composed of any number of individuals with qualifications that the Governor determines
31 necessary and that represent the demographic and geographic diversity in this state. How-
32 ever, the Governor shall include on the grant committee:

33 (a) Individuals who have experience in administering state grant programs;

34 (b) Individuals recommended by the Environmental Justice Task Force who have experi-
35 ence in working to support environmental justice in impacted communities;

36 (c) Representatives of labor organizations;

37 (d) Individuals with energy and climate policy expertise;

38 (e) At least one individual from each congressional district in this state; and

39 (f) Representatives of industries impacted by climate change.

40 (3) Subject to the rules adopted by the department, and subject to reevaluation by the
41 department on appeal, the grant committee has the responsibility to review grant applica-
42 tions and make funding determinations under the grant program adopted pursuant to this
43 section.

44 (4) The department shall determine the form and method of applying for grants from the
45 grant program, the eligibility requirements for grant applicants and general terms and con-

1 **ditions of the grants.**

2 **(5) The grant program adopted under this section may:**

3 **(a) Require that a grant applicant provide matching funds for completion of the project**
 4 **or program for which a grant is awarded; and**

5 **(b) Allow an applicant to appeal to the department for reevaluation of any determination**
 6 **of grant funding.**

7
 8 **GREENHOUSE GAS EMISSIONS REGISTRATION AND REPORTING**

9
 10 **SECTION 21.** ORS 468A.050 is amended to read:

11 468A.050. (1) By rule the Environmental Quality Commission may classify air contamination
 12 sources according to levels and types of emissions and other characteristics [*which*] **that** cause or
 13 tend to cause or contribute to air pollution and may require registration or reporting or both for
 14 any such class or classes.

15 (2) Any person in control of an air contamination source of any class for which registration and
 16 reporting is required under subsection (1) of this section shall register with the Department of En-
 17 vironmental Quality and make reports containing such information as the commission by rule may
 18 require concerning location, size and height of air contaminant outlets, processes employed, fuels
 19 used and the amounts, nature and duration of air contaminant emissions and such other information
 20 as is relevant to air pollution.

21 **(3)(a) In addition to any other registration or reporting required under subsection (1) of**
 22 **this section, the commission shall by rule require registration and reporting of greenhouse**
 23 **gas emissions by air contamination sources classified pursuant to subsection (1) of this sec-**
 24 **tion. Rules adopted under this subsection must support implementation of the carbon pol-**
 25 **lution market developed under section 10 of this 2017 Act.**

26 **(b) If an air contamination source that has a compliance obligation under the carbon**
 27 **pollution market developed under section 10 of this 2017 Act fails to submit a report under**
 28 **this section, the department shall develop an assigned emissions level for that air contam-**
 29 **ination source for purposes of participation in the carbon pollution market.**

30 [(3)] (4) By rule the commission may establish a schedule of fees for the registration of any class
 31 of air contamination sources classified pursuant to subsection (1) of this section for which a person
 32 is required to obtain a permit under ORS 468A.040 or 468A.155 but chooses instead to register if
 33 allowed by the commission by rule. The commission shall base the fees on the anticipated cost of
 34 developing and implementing programs related to the different classes, including but not limited to
 35 the cost of processing registrations, compliance inspections and enforcement. A registration must
 36 be accompanied by any fee specified by the commission by rule, and a subsequent annual registra-
 37 tion fee is payable as prescribed by rule of the commission.

38 [(4)(a)] (5)(a) By rule the commission may establish a schedule of fees for reporting of any class
 39 of air contamination sources classified pursuant to subsection (1) of this section for which a person
 40 is required to obtain permits under ORS 468A.040 or 468A.155 or is subject to the federal operating
 41 permit program pursuant to ORS 468A.310.

42 (b) Before establishing fees pursuant to this subsection, the commission shall consider the total
 43 fees for each class of sources subject to reporting under this subsection and for which permits are
 44 required under ORS 468A.040 or 468A.155 or the federal operating permit program under ORS
 45 468A.315.

1 (c) The commission shall limit the fees established under this subsection to the anticipated cost
2 of developing and implementing reporting programs. Any fees collected under this subsection for any
3 air contamination source issued a permit under ORS 468A.040 or 468A.155 or sources subject to the
4 federal operating permit program under ORS 468A.310 must be collected as part of the fee for that
5 specific permit.

6 **SECTION 22.** ORS 468A.280 is amended to read:

7 468A.280. (1) In addition to any registration and reporting that may be required under ORS
8 468A.050, the Environmental Quality Commission by rule may require registration and reporting by:

9 (a) Any person who imports, sells, allocates or distributes for use in this state electricity, the
10 generation of which emits greenhouse gases.

11 (b) Any person who imports, sells or distributes for use in this state fossil fuel that generates
12 greenhouse gases when combusted.

13 (2) Rules adopted by the commission under this section for electricity that is imported, sold, al-
14 located or distributed for use in this state may require reporting of information necessary to deter-
15 mine greenhouse gas emissions from generating facilities used to produce the electricity and related
16 electricity transmission line losses.

17 (3)(a) The commission shall allow consumer-owned utilities, as defined in ORS 757.270, to comply
18 with reporting requirements imposed under this section by the submission of a report prepared by
19 a third party. A report submitted under this paragraph may include information for more than one
20 consumer-owned utility, but must include all information required by the commission for each indi-
21 vidual utility.

22 (b) For the purpose of determining greenhouse gas emissions related to electricity purchased
23 from the Bonneville Power Administration by a consumer-owned utility, as defined in ORS 757.270,
24 the commission may require only that the utility report:

25 (A) The number of megawatt-hours of electricity purchased by the utility from the Bonneville
26 Power Administration, segregated by the types of contracts entered into by the utility with the
27 Bonneville Power Administration; and

28 (B) The percentage of each fuel or energy type used to produce electricity purchased under each
29 type of contract.

30 (4)(a) Rules adopted by the commission pursuant to this section for electricity that is purchased,
31 imported, sold, allocated or distributed for use in this state by an electric company, as defined in
32 ORS 757.600, must be limited to the reporting of:

33 (A) Greenhouse gas emissions emitted from generating facilities owned or operated by the elec-
34 tric company;

35 (B) Greenhouse gas emissions emitted from transmission equipment owned or operated by the
36 electric company;

37 (C) The number of megawatt-hours of electricity purchased by the electric company for use in
38 this state, including information, if known, on:

39 (i) The seller of the electricity to the electric company; and

40 (ii) The original generating facility fuel type or types; and

41 (D) An estimate of the amount of greenhouse gas emissions, using default greenhouse gas emis-
42 sions factors established by the commission by rule, attributable to:

43 (i) Electricity purchases made by a particular seller to the electric company;

44 (ii) Electricity purchases from an unknown origin or from a seller who is unable to identify the
45 original generating facility fuel type or types;

1 (iii) Electricity purchases for which a renewable energy certificate under ORS 469A.130 has
2 been issued but subsequently transferred or sold to a person other than the electric company;

3 (iv) Electricity transmitted for others by the electric company; and

4 (v) Total energy losses from electricity transmission and distribution equipment owned or oper-
5 ated by the electric company.

6 (b) Pursuant to paragraph (a) of this subsection, a multijurisdictional electric company may rely
7 upon a cost allocation methodology approved by the Public Utility Commission for reporting emis-
8 sions allocated in this state.

9 (5) Rules adopted by the commission under this section for fossil fuel that is imported, sold or
10 distributed for use in this state may require reporting of the type and quantity of the fuel and any
11 additional information necessary to determine the carbon content of the fuel. For the purpose of
12 determining greenhouse gas emissions related to liquefied petroleum gas, the commission shall allow
13 reporting using publications or submission of data by the American Petroleum Institute but may
14 require reporting of such other information necessary to achieve the purposes of the rules adopted
15 by the commission under this section.

16 (6) To an extent that is consistent with the purposes of the rules adopted by the commission
17 under this section, the commission shall minimize the burden of the reporting required under this
18 section by:

19 (a) Allowing concurrent reporting of information that is also reported to another state agency;

20 (b) Allowing electronic reporting;

21 (c) Allowing use of good engineering practice calculations in reports, or of emission factors
22 published by the United States Environmental Protection Agency;

23 (d) Establishing thresholds for the amount of specific greenhouse gases that may be emitted or
24 generated without reporting;

25 (e) Requiring reporting by the fewest number of persons in a fuel distribution system that will
26 allow the commission to acquire the information needed by the commission; or

27 (f) Other appropriate means and procedures determined by the commission.

28 **(7)(a) Rules adopted under this section must support implementation of the carbon pol-
29 lution market developed under section 10 of this 2017 Act.**

30 **(b) If a person that has a compliance obligation under the carbon pollution market de-
31 veloped under section 10 of this 2017 Act fails to submit a report under this section, the de-
32 partment shall develop an assigned greenhouse gas emissions level for that person for
33 purposes of participation in the carbon pollution market.**

34 *[(7) As used in this section, "greenhouse gas" has the meaning given that term in ORS
35 468A.210.]*

36 **SECTION 23. (1) The Department of Environmental Quality shall study the feasibility of
37 requiring greenhouse gas emissions reported under ORS 468A.050 and 468A.280 to be quanti-
38 fied and reported in a manner that meets:**

39 **(a) The standards established by the International Organization for Standardization un-
40 der ISO 14064; or**

41 **(b) Other standards that meet criteria identified by the department for calculating
42 emissions on a complete life cycle basis, including the emissions attributable to the ex-
43 traction, production, storage, transportation, delivery and final use combustion of a
44 greenhouse gas and fugitive losses, expressed in carbon dioxide equivalents.**

45 **(2) If the department determines that it is feasible, pursuant to the study required by**

1 subsection (1) of this section, the Environmental Quality Commission may require
 2 greenhouse gas emissions to be quantified and reported under ORS 468A.050 and 468A.280 in
 3 a manner that meets the standards specified in subsection (1)(a) or (b) of this section.

4
 5 **GREENHOUSE GAS CAP AND INVESTMENT PROGRAM**
 6 **DEVELOPMENT FEE**
 7

8 **SECTION 24.** Section 25 of this 2017 Act is added to and made a part of ORS chapter
 9 468A.

10 **SECTION 25.** (1) As used in this section, “source” means:

11 (a) An air contamination source as defined in ORS 468A.005;

12 (b) Any person that imports, sells, allocates or distributes for use in this state electricity,
 13 the generation of which emits greenhouse gases; or

14 (c) Any person that imports, sells or distributes for use in this state fossil fuel that
 15 generates greenhouse gases when combusted.

16 (2) In addition to and not in lieu of any other fee required by law, and subject to sub-
 17 section (3) of this section, a source shall pay to the Department of Environmental Quality
 18 an annual supplemental fee of \$_____.

19 (3) This section applies any source required to register and report greenhouse gas emis-
 20 sions to the department under ORS 468A.050 or 468A.280 that, for the year prior to the year
 21 in which the fee is assessed, reported annual greenhouse gas emissions attributable to that
 22 source that equal or exceed 25,000 metric tons of carbon dioxide or carbon dioxide equivalent.

23 (4) Fees collected under this section shall be deposited into the State Treasury to the
 24 credit of an account of the Department of Environmental Quality. Moneys deposited under
 25 this subsection are continuously appropriated to the department for the payment of expenses
 26 of the department and the Environmental Quality Commission in developing and preparing
 27 for implementation the carbon pollution market required by sections 6 to 20 of this 2017 Act.

28 (3) A source shall pay to the department the fee required under this section no later than
 29 30 days after the date of the invoice issued by the department for the fee.

30 (4) The department may adopt rules necessary to implement the provisions of this sec-
 31 tion, including but not limited to rules requiring an additional fee for failure to pay, sub-
 32 stantial underpayment of or late payment of the fee required by this section.

33 **SECTION 26.** Section 25 of this 2017 Act is repealed on January 2, 2021.

34
 35 **CONFORMING AMENDMENTS, OPERATIVE JANUARY 1, 2018**
 36

37 **SECTION 27.** ORS 184.889 is amended to read:

38 184.889. (1) The Oregon Transportation Commission, after consultation with and in cooperation
 39 with metropolitan planning organizations, other state agencies, local governments and stakeholders,
 40 as a part of the state transportation policy developed and maintained under ORS 184.618, shall adopt
 41 a statewide transportation strategy on greenhouse gas emissions to aid in achieving the greenhouse
 42 gas emissions reduction goals set forth in ORS 468A.205 (2017). The commission shall focus on re-
 43 ducing greenhouse gas emissions resulting from transportation. In developing the strategy, the
 44 commission shall take into account state and federal programs, policies and incentives related to
 45 reducing greenhouse gas emissions.

1 (2) The commission shall actively solicit public review and comment in the development of the
2 strategy.

3 **(3) The commission shall periodically assess, update and modify the strategy as necessary**
4 **to prevent exceedance of the greenhouse gas emissions levels established by section 4 of this**
5 **2017 Act.**

6 **SECTION 28.** ORS 468A.210 is amended to read:

7 468A.210. As used in ORS 352.823 and 468A.200 to 468A.260[:],

8 [(1)] “global warming” means an increase in the average temperature of the earth’s atmosphere
9 that is associated with the release of greenhouse gases.

10 [(2)] “Greenhouse gas” means any gas that contributes to anthropogenic global warming including,
11 but not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and
12 sulfur hexafluoride.]

13 [(3)] “Greenhouse gas cap-and-trade system” means a system that:]

14 [(a)] Establishes a total cap on greenhouse gas emissions from an identified group of emitters;]

15 [(b)] Establishes a market for allowances that represent emissions; and]

16 [(c)] Allows trading of allowances among greenhouse gas emitters.]

17 **SECTION 29.** ORS 468A.235 is amended to read:

18 468A.235. The Oregon Global Warming Commission shall recommend ways to coordinate state
19 and local efforts to reduce greenhouse gas emissions in Oregon consistent with the **levels of**
20 greenhouse gas emissions [*reduction goals*] established by [ORS 468A.205] **section 4 of this 2017**
21 **Act** and shall recommend efforts to help Oregon prepare for the effects of global warming. The Of-
22 fice of the Governor and state agencies working on multistate and regional efforts to reduce
23 greenhouse gas emissions shall inform the commission about these efforts and shall consider input
24 from the commission for such efforts.

25 **SECTION 30.** ORS 468A.240 is amended to read:

26 468A.240. (1) In furtherance of **preventing exceedance of the levels of** greenhouse gas emis-
27 sions [*reduction goals*] established by [ORS 468A.205] **section 4 of this 2017 Act**, the Oregon Global
28 Warming Commission may recommend statutory and administrative changes, policy measures and
29 other recommendations to be carried out by state and local governments, businesses, nonprofit or-
30 ganizations or residents. In developing its recommendations, the commission shall consider eco-
31 nomic, environmental, health and social costs, and the risks and benefits of alternative strategies,
32 including least-cost options. The commission shall solicit and consider public comment relating to
33 statutory, administrative or policy recommendations.

34 [(2)] *The commission shall examine greenhouse gas cap-and-trade systems, including a statewide*
35 *and multistate carbon cap-and-trade system and market-based mechanisms, as a means of achieving the*
36 *greenhouse gas emissions reduction goals established by ORS 468A.205.]*

37 [(3)] **(2)** The commission shall examine possible funding mechanisms to obtain low-cost
38 greenhouse gas emissions reductions and energy efficiency enhancements, including but not limited
39 to those in the natural gas industry.

40 **SECTION 31.** ORS 468A.250 is amended to read:

41 468A.250. (1) The Oregon Global Warming Commission shall track and evaluate:

42 (a) Economic, environmental, health and social assessments of global warming impacts on
43 Oregon and the Pacific Northwest;

44 (b) Existing greenhouse gas emissions reduction policies and measures;

45 (c) Economic, environmental, health and social costs, and the risks and benefits of alternative

1 strategies, including least-cost options;

2 (d) The physical science of global warming;

3 (e) Progress toward **preventing exceedance of** the greenhouse gas emissions [*reduction goals*]
4 **levels** established by [ORS 468A.205] **section 4 of this 2017 Act**;

5 (f) Greenhouse gases emitted by various sectors of the state economy, including but not limited
6 to industrial, transportation and utility sectors;

7 (g) Technological progress on sources of energy the use of which generates no or low
8 greenhouse gas emissions and methods for carbon sequestration;

9 (h) Efforts to identify the greenhouse gas emissions attributable to the residential and commer-
10 cial building sectors;

11 (i) The carbon sequestration potential of Oregon's forests, alternative methods of forest man-
12 agement that can increase carbon sequestration and reduce the loss of carbon sequestration to
13 wildfire, changes in the mortality and distribution of tree and other plant species and the extent to
14 which carbon is stored in tree-based building materials;

15 (j) The advancement of regional, national and international policies to reduce greenhouse gas
16 emissions;

17 (k) Local and regional efforts to prepare for the effects of global warming; and

18 (L) Any other information, policies or analyses that the commission determines will aid in [*the*
19 *achievement of the greenhouse gas emissions reduction goals established by ORS 468A.205*] **preventing**
20 **exceedance of the greenhouse gas emissions levels established by section 4 of this 2017 Act.**

21 (2) The commission shall:

22 (a) Work with the State Department of Energy and the Department of Environmental Quality
23 to evaluate all gases with the potential to be greenhouse gases and to determine a carbon dioxide
24 equivalency for those gases; and

25 (b) Use regional and national baseline studies of building performance to identify incremental
26 targets for the reduction of greenhouse gas emissions attributable to residential and commercial
27 building construction and operations.

28 **SECTION 32.** ORS 468A.260 is amended to read:

29 468A.260. The Oregon Global Warming Commission shall submit a report to the Legislative As-
30 sembly, in the manner provided by ORS 192.245, by [*March 31 of each odd-numbered year*] **Septem-**
31 **ber 15 of each even-numbered year** that describes Oregon's progress toward [*achievement of the*
32 *greenhouse gas emissions reduction goals established by ORS 468A.205*] **preventing exceedance of**
33 **the greenhouse gas emissions levels established by section 4 of this 2017 Act.** The report may
34 include relevant issues and trends of significance, including trends of greenhouse gas emissions,
35 emerging public policy and technological advances. The report also may discuss measures the state
36 may adopt to mitigate the impacts of global warming on the environment, the economy and the
37 residents of Oregon and to prepare for those impacts.

38 **SECTION 33.** ORS 468A.270 is amended to read:

39 468A.270. (1) As used in this section[:]

40 [(a) "*Greenhouse gas*" has the meaning given that term in ORS 468A.210.]

41 [(b)], "motor vehicle" has the meaning given that term in ORS 801.360.

42 (2) The Environmental Quality Commission may adopt by rule standards and requirements de-
43 scribed in this section to reduce greenhouse gas emissions.

44 (3)(a) The commission may adopt requirements to prevent the tampering, alteration and modifi-
45 cation of the original design or performance of motor vehicle pollution control systems.

1 (b) Before adopting requirements under this section, the commission shall consider the anti-
2 tampering requirements and exemptions of the State of California.

3 (4) The commission may adopt requirements for motor vehicle service providers to check and
4 inflate tire pressure according to the tire manufacturer's or motor vehicle manufacturer's recom-
5 mended specifications, provided that the requirements:

6 (a) Do not apply when the primary purpose of the motor vehicle service is fueling vehicles; and

7 (b) Do not require motor vehicle service providers to purchase equipment to check and inflate
8 tire pressure.

9 (5) The commission may adopt restrictions on engine use by commercial ships while at port, and
10 requirements that ports provide alternatives to engine use such as electric power, provided that:

11 (a) Engine use shall be allowed when necessary to power mechanical or electrical operations if
12 alternatives are not reasonably available;

13 (b) Engine use shall be allowed when necessary for reasonable periods due to emergencies and
14 other considerations as determined by the commission; and

15 (c) The requirements must be developed in consultation with representatives of Oregon ports
16 and take into account operational considerations, operational agreements, international protocols
17 and limitations, the ability to fund the purchase and use of electric power equipment and the po-
18 tential effect of the requirements on competition with other ports.

19 (6) In adopting rules under this section, the commission shall evaluate:

20 (a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;

21 (b) Potential adverse impacts to public health and the environment, including but not limited to
22 air quality, water quality and the generation and disposal of waste in this state;

23 (c) Flexible implementation approaches to minimize compliance costs; and

24 (d) Technical and economic studies of comparable greenhouse gas emissions reduction measures
25 implemented in other states and any other studies as determined by the commission.

26 (7) The provisions of this section do not apply to:

27 (a) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

28 (b) Farm tractors, as defined in ORS 801.265.

29 (c) Implements of husbandry, as defined in ORS 801.310.

30 (d) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

31 **SECTION 34.** ORS 468A.275 is amended to read:

32 468A.275. (1) As used in this section:

33 [(a) "Greenhouse gas" has the meaning given that term in ORS 468A.210.]

34 [(b)] (a) "Low carbon fuel standards" means standards for the reduction of greenhouse gas
35 emissions, on average, per unit of fuel energy.

36 [(c)] (b) "Motor vehicle" has the meaning given that term in ORS 801.360.

37 (2)(a) The Environmental Quality Commission shall adopt by rule low carbon fuel standards for
38 gasoline, diesel and fuels used as substitutes for gasoline or diesel.

39 (b) The commission may adopt the following related to the standards, including but not limited
40 to:

41 (A) A schedule to phase in implementation of the standards in a manner that reduces the aver-
42 age amount of greenhouse gas emissions per unit of fuel energy of the fuels by 10 percent below 2010
43 levels by the year 2025 or by a later date if the commission determines that an extension is appro-
44 priate to implement the standards;

45 (B) Standards for greenhouse gas emissions attributable to the fuels throughout their lifecycles,

1 including but not limited to emissions from the production, storage, transportation and combustion
2 of the fuels and from changes in land use associated with the fuels;

3 (C) Provisions allowing the use of all types of low carbon fuels to meet the low carbon fuel
4 standards, including but not limited to biofuels, biogas, natural gas, liquefied petroleum gas, gaso-
5 line, diesel, hydrogen and electricity;

6 (D) Standards for the issuance of deferrals, established with adequate lead time, as necessary
7 to ensure adequate fuel supplies;

8 (E) Exemptions for fuels that are used in volumes below thresholds established by the commis-
9 sion;

10 (F) Standards, specifications, testing requirements and other measures as needed to ensure the
11 quality of fuels produced in accordance with the low carbon fuel standards, including but not limited
12 to the requirements of ORS 646.910 to 646.923 and administrative rules adopted by the State De-
13 partment of Agriculture for motor fuel quality; and

14 (G) Adjustments to the amounts of greenhouse gas emissions per unit of fuel energy assigned to
15 fuels for combustion and drive train efficiency.

16 (c) Before adopting standards under this section, the commission shall consider the low carbon
17 fuel standards of other states, including but not limited to Washington, for the purpose of deter-
18 mining schedules and goals for the reduction of the average amount of greenhouse gas emissions per
19 unit of fuel energy and the default values for these reductions for applicable fuels.

20 (d) The commission shall adopt by rule provisions for managing and containing the costs of
21 compliance with the standards, including but not limited to provisions to facilitate compliance with
22 the standards by ensuring that persons may obtain credits for fuels used as substitutes for gasoline
23 or diesel and by creating opportunities for persons to trade credits.

24 (e) The commission shall exempt from the standards any person who imports in a calendar year
25 less than 500,000 gallons of gasoline and diesel fuel, in total. Any fuel imported by persons that are
26 related or share common ownership or control shall be aggregated together to determine whether
27 a person is exempt under this paragraph.

28 (f)(A) The commission by rule shall prohibit fuels that contain biodiesel from being considered
29 an alternative fuel under these standards unless the fuel meets the following standards:

30 (i) Fuel that consists entirely of biodiesel, designated as B100, shall comply with ASTM D 6751
31 and shall have an oxidation stability induction period of not less than eight hours as determined by
32 the test method described in European standard EN 15751; and

33 (ii) Fuel that consists of a blend of diesel fuel and between 6 and 20 volume percent biodiesel,
34 and designated as biodiesel blends B6 to B20, shall comply with ASTM D 7467 and shall have an
35 oxidation stability induction period of not less than 20 hours as determined by the test method de-
36 scribed in European standard EN 15751.

37 (B) The commission may adopt rules different from those required under subparagraph (A) of
38 this paragraph if an ASTM or EN standard applicable to biodiesel is approved or amended after
39 March 12, 2015, or if the commission finds that different rules are necessary due to changes in
40 technology or fuel testing or production methods.

41 (C) As used in this subsection, "biodiesel" means a motor vehicle fuel consisting of mono-alkyl
42 esters of long chain fatty acids derived from vegetable oils, animal fats or other nonpetroleum re-
43 sources, not including palm oil.

44 (3) In adopting rules under this section, the Environmental Quality Commission shall evaluate:

45 (a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;

1 (b) Potential adverse impacts to public health and the environment, including but not limited to
2 air quality, water quality and the generation and disposal of waste in this state;

3 (c) Flexible implementation approaches to minimize compliance costs; and

4 (d) Technical and economic studies of comparable greenhouse gas emissions reduction measures
5 implemented in other states and any other studies as determined by the commission.

6 (4)(a) The provisions of this section do not apply to fuel that is demonstrated to have been used
7 in any of the following:

8 (A) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

9 (B) Farm tractors, as defined in ORS 801.265.

10 (C) Implements of husbandry, as defined in ORS 801.310.

11 (D) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

12 (E) Motor vehicles that are not designed primarily to transport persons or property, that are
13 operated on highways only incidentally, and that are used primarily for construction work.

14 (F) Watercraft.

15 (G) Railroad locomotives.

16 (b) The Environmental Quality Commission shall by rule adopt standards for persons to qualify
17 for the exemptions provided in this subsection.

18 **SECTION 35.** Section 9, chapter 751, Oregon Laws 2009, is amended to read:

19 **Sec. 9.** (1) The Public Utility Commission shall develop estimates of the rate impacts for electric
20 companies and natural gas companies to meet the following alternative greenhouse gas emission
21 reduction goals for 2020:

22 (a) Ten percent below 1990 levels[, *as specified in ORS 468A.205*]; and

23 (b) Fifteen percent below 2005 levels.

24 (2) The commission shall submit a report presenting the estimates and explaining the analysis
25 used to develop the estimates to the appropriate interim committee of the Legislative Assembly prior
26 to November 1 of each even-numbered year.

27 **SECTION 36.** Section 20, chapter 28, Oregon Laws 2016, is amended to read:

28 **Sec. 20.** (1) As used in this section:

29 (a) "Electric company" has the meaning given that term in ORS 757.600.

30 (b) "Transportation electrification" means:

31 (A) The use of electricity from external sources to provide power to all or part of a vehicle;

32 (B) Programs related to developing the use of electricity for the purpose described in subpara-
33 graph (A) of this paragraph; and

34 (C) Infrastructure investments related to developing the use of electricity for the purpose de-
35 scribed in subparagraph (A) of this paragraph.

36 (c) "Vehicle" means a vehicle, vessel, train, boat or any other equipment that is mobile.

37 (2) The Legislative Assembly finds and declares that:

38 (a) Transportation electrification is necessary to reduce petroleum use, achieve optimum levels
39 of energy efficiency and carbon reduction, meet federal and state air quality standards, [*meet this*
40 *state's greenhouse gas emissions reduction goals described in ORS 468A.205*] **prevent exceedance**
41 **of the greenhouse gas emissions levels established by section 4 of this 2017 Act** and improve
42 the public health and safety;

43 (b) Widespread transportation electrification requires that electric companies increase access to
44 the use of electricity as a transportation fuel;

45 (c) Widespread transportation electrification requires that electric companies increase access to

1 the use of electricity as a transportation fuel in low and moderate income communities;

2 (d) Widespread transportation electrification should stimulate innovation and competition, pro-
3 vide consumers with increased options in the use of charging equipment and in procuring services
4 from suppliers of electricity, attract private capital investments and create high quality jobs in this
5 state;

6 (e) Transportation electrification and the purchase and use of electric vehicles should assist in
7 managing the electrical grid, integrating generation from renewable energy resources and improving
8 electric system efficiency and operational flexibility, including the ability of an electric company to
9 integrate variable generating resources;

10 (f) Deploying transportation electrification and electric vehicles creates the opportunity for an
11 electric company to propose, to the Public Utility Commission, that a net benefit for the customers
12 of the electric company is attainable; and

13 (g) Charging electric vehicles in a manner that provides benefits to electrical grid management
14 affords fuel cost savings for vehicle drivers.

15 (3) The Public Utility Commission shall direct each electric company to file applications, in a
16 form and manner prescribed by the commission, for programs to accelerate transportation
17 electrification. A program proposed by an electric company may include prudent investments in or
18 customer rebates for electric vehicle charging and related infrastructure.

19 (4) When considering a transportation electrification program and determining cost recovery for
20 investments and other expenditures related to a program proposed by an electric company under
21 subsection (3) of this section, the commission shall consider whether the investments and other
22 expenditures:

23 (a) Are within the service territory of the electric company;

24 (b) Are prudent as determined by the commission;

25 (c) Are reasonably expected to be used and useful as determined by the commission;

26 (d) Are reasonably expected to enable the electric company to support the electric company's
27 electrical system;

28 (e) Are reasonably expected to improve the electric company's electrical system efficiency and
29 operational flexibility, including the ability of the electric company to integrate variable generating
30 resources; and

31 (f) Are reasonably expected to stimulate innovation, competition and customer choice in electric
32 vehicle charging and related infrastructure and services.

33 (5)(a) Tariff schedules and rates allowed pursuant to subsection (3) of this section:

34 (A) May allow a return of and a return on an investment made by an electric company under
35 subsection (3) of this section; and

36 (B) Shall be recovered from all customers of an electric company in a manner that is similar to
37 the recovery of distribution system investments.

38 (b) A return on investment allowed under this subsection may be earned for a period of time
39 that does not exceed the depreciation schedule of the investment approved by the commission. When
40 an electric company's investment is fully depreciated, the commission may authorize the electric
41 company to donate the electric vehicle charging infrastructure to the owner of the property on
42 which the infrastructure is located.

43 (6) For purposes of ORS 757.355, electric vehicle charging infrastructure provides utility service
44 to the customers of an electric company.

45 (7) In authorizing programs described in subsection (3) of this section, the commission shall re-

1 view data concerning current and future adoption of electric vehicles and utilization of electric ve-
 2 hicle charging infrastructure. If market barriers unrelated to the investment made by an electric
 3 company prevent electric vehicles from adequately utilizing available electric vehicle charging
 4 infrastructure, the commission may not permit additional investments in transportation
 5 electrification without a reasonable showing that the investments would not result in long-term
 6 stranded costs recoverable from the customers of electric companies.

7 **SECTION 37.** ORS 757.528 is amended to read:

8 757.528. (1) Unless modified by rule by the State Department of Energy as provided in this sec-
 9 tion, the greenhouse gas emissions standard that applies to consumer-owned utilities is 1,100 pounds
 10 of greenhouse gases per megawatt-hour for a generating facility.

11 (2) Unless modified pursuant to subsection (4) of this section, the greenhouse gas emissions
 12 standard includes only carbon dioxide emissions.

13 (3) For purposes of applying the emissions standard to cogeneration facilities, the department
 14 shall establish an output-based methodology to ensure that the calculation of emissions of
 15 greenhouse gases for cogeneration facilities recognizes the total usable energy output of the process
 16 and includes all greenhouse gases emitted by the facility in the production of both electrical and
 17 thermal energy.

18 (4) The department shall review the greenhouse gas emissions standard established under this
 19 section no more than once every three years. After public notice and hearing, and consultation with
 20 the Public Utility Commission, the department may:

21 (a) Modify the emissions standard to include other greenhouse gases as defined in [ORS
 22 468A.210] **ORS 468A.005**, with the other greenhouse gases expressed as their carbon dioxide equiv-
 23 alent; and

24 (b) Modify the emissions standard based upon (b) current information on the rate of greenhouse gas
 25 emissions from a commercially available combined-cycle natural gas generating facility that:

26 (A) Employs a combination of one or more gas turbines and one or more steam turbines and
 27 produces electricity in the steam turbines from waste heat produced by the gas turbines;

28 (B) Has a heat rate at high elevation within the boundaries of the Western Electricity Coordi-
 29 nating Council; and

30 (C) Has a heat rate at ambient temperatures when operating during the hottest day of the year.

31 (5) In modifying the greenhouse gas emissions standard, the department shall:

32 (a) Use an output-based methodology to ensure that the calculation of greenhouse gas emissions
 33 through cogeneration recognizes the total usable energy output of the process and includes all
 34 greenhouse gases emitted by the generating facility in the production of both electrical and thermal
 35 energy; and

36 (b) Consider the effects of the emissions standard on system reliability and overall costs to
 37 electricity consumers.

38 (6) If upon a review conducted pursuant to subsection (4) of this section, the department deter-
 39 mines that a mandatory greenhouse gas emissions limit has been established pursuant to state or
 40 federal law, the department shall issue a report to the appropriate legislative committees of the
 41 Legislative Assembly stating which portions, if any, of the greenhouse gas emissions standard are
 42 no longer necessary as a matter of state law.

43
 44 **OPERATIVE DATES**
 45

