

Senate, No. 2422

The Commonwealth of Massachusetts



IN THE YEAR OF TWO THOUSAND AND SEVEN

AN ACT TO REDUCE CARBON DIOXIDE EMISSIONS THROUGH PARTICIPATION IN
THE REGIONAL GREENHOUSE GAS INITIATIVE

*Be it enacted by the Senate and House of Representatives in General Court assembled,
And by the authority of the same, as follows:*

1 SECTION 1. Whereas, scientific findings indicate that the increase in greenhouse gas
2 emissions, including carbon dioxide, is accelerating the natural greenhouse effect resulting in
3 changes in the Earth's climate;

4 Whereas, such climate changes pose serious health risks to humans, as well as danger to
5 ecosystems worldwide;

6 Whereas, this act creates a strong incentive for the creation, development, and deployment of
7 more efficient fuel burning technologies and processes, energy efficiency and renewable energy
8 supplies which will lead to less dependence on the import of fossil fuels;

9 It is hereby resolved that the Commonwealth shall enter into and fully comply with the Regional
10 Greenhouse Gas Initiative.

11 SECTION 2. Chapter 111 of the General Laws, as appearing in the 2004 Official
12 Edition, is hereby amended, by inserting after section 142O the following section:-

13 Section 142P. Greenhouse Gas Emission; Definitions; Regional Greenhouse Gas Initiative.

14 (a) As used in this section, the following words shall have the following meanings:

15 “Allowance”, an authorization to emit a fixed amount of carbon dioxide.

16 “Cap and trade program”, a policy approach for controlling emissions from a group of emitting
17 sources, such as electric generating stations, at a total cost that is expected to be lower than if
18 sources were regulated individually by setting an overall cap, or maximum amount of emissions
19 from all regulated sources per compliance period, that will achieve the desired environmental
20 effects. A certain number of authorizations to emit in the form of emissions allowances are
21 created, issued and made available to various persons, companies, organizations or other entities
22 through a sale by auction or direct allocation. The total number of allowances made available in
23 any compliance period cannot exceed the cap.

24 “Department”, department of environmental protection.

25 “Division”, division of energy resources.

26 “Office”, executive office of energy and environmental affairs.

27 “Regional Greenhouse Gas Initiative” or “RGGI”, Memorandum of Understanding dated
28 December 20, 2005, as may be amended, and corresponding Model Rule, as may be amended,
29 that establishes a cap and trade program within the northeast region of the United States and
30 other regions to the extent that the Memorandum of Understanding is amended.

31 “Secretary”, the secretary of the executive office of energy and environmental affairs.

32 (b) The department shall, in consultation with the division, through rules and regulations,
33 establish a carbon dioxide cap and trade program that will limit and then reduce the total carbon
34 dioxide emissions released by electric generating stations that generate electric power in the
35 Commonwealth. The department’s rules and regulations establishing a carbon dioxide cap and
36 trade program shall be designed so as to fully comply with the Regional Greenhouse Gas
37 Initiative (RGGI) and permit the holders of carbon dioxide allowances to trade them in a
38 regional market to be established through the RGGI.

39 (c) There shall be established and set up on the books of the commonwealth a separate trust
40 fund to be known as the “RGGI Auction Trust Fund” (the “Fund”), consisting of amounts
41 credited to the fund in accordance with this chapter. The fund shall be administered in
42 accordance with the provisions of this chapter by the division of energy resources, acting by and
43 through its commissioner and subject to the approval of the secretary, and shall be held in trust
44 exclusively for the purposes described herein. The fund shall be an expendable trust fund and
45 shall not be subject to appropriation or allotment by the commonwealth, and the division shall
46 report monthly by source all amounts credited to such fund and all expenditures by subsidiary
47 made from such fund on the Massachusetts management and accounting reporting system.
48 Money remaining in the fund at the end of a fiscal year shall not revert to the general fund.

49 (d) The department shall provide in its regulations that one hundred percent of all allowances,
50 issued under the program in the Commonwealth shall be sold by auction.

51 The proceeds recovered from the allowance auctions shall be deposited in the Fund. The
52 proceeds shall be used without further appropriation and only for the following purposes, in a
53 proportion to be determined by the division with the approval of the secretary:

54 (1) to promote energy efficiency, conservation, and demand response;

55 Notwithstanding the provisions of this section, the department may set aside up to one percent
56 of the state's annual allocation of allowances to support the voluntary green power market,
57 which enables electricity consumers to support the development of renewable resources; and
58 may withhold from auction such allowances of vintage years 2009 through 2012 as are
59 necessary to provide a transition to RGGI from the program established pursuant to 310 CMR
60 7.29.

61 (e) The division shall promulgate regulations governing the auction of allowances.

62 The division may engage an independent contractor determined by the office to be qualified to
63 conduct the auction in a manner that assures the efficiency of the auction, or may provide for
64 participation in a regional auction.

65 (f) The responsibilities created by establishing a carbon dioxide cap and trade program shall be
66 in addition to all other responsibilities imposed by any other general or special law or rule or
67 regulation and shall not diminish or reduce any power or authority of the department including
68 the authority to adopt standards and regulations necessary for the Commonwealth to join and

69 fully participate in any multi-state program, at any stage in the development and implementation
70 of such a program, intended to control emissions of carbon dioxide and/or other substances that
71 are determined by the department to be damaging and/or altering the climate.

72 (g) Notwithstanding any general or special law or regulation to the contrary, the state
73 comptroller shall grant a permanent waiver or exemption from any and all applicable charges or
74 assessments made against the proceeds from the auction of allowances pursuant to this section
75 by the office of the comptroller pursuant to its authority under sections 5D of chapter 29 of the
76 General Laws.

77 SECTION 3. On or before March 1, 2008, the department and the division shall
78 promulgate regulations implementing section 142P of chapter 111.