

16104660D

## 1 SENATE BILL NO. 21

## 2 AMENDMENT IN THE NATURE OF A SUBSTITUTE

3 (Proposed by the Senate Committee on Agriculture, Conservation and Natural Resources  
4 on January 21, 2016)

5 (Patrons Prior to Substitute—Senators Chafin and Obenshain)

6 A BILL to require the Department of Environmental Quality to receive approval from the General  
7 Assembly for a state plan to regulate carbon dioxide emissions from existing stationary sources prior  
8 to submitting the state plan to the U.S. Environmental Protection Agency for approval.

## 9 Be it enacted by the General Assembly of Virginia:

## 10 1. § 1. As used in this act:

11 "Covered electric generating unit" means an existing fossil fuel-fired electric generating unit within  
12 the Commonwealth that is subject to regulation under the federal emission guidelines.

13 "DEQ" means the Department of Environmental Quality.

14 "EPA" means the U.S. Environmental Protection Agency or its administrator.  
15 "Federal emission guidelines" means any final rules, regulations, guidelines, or other requirements  
16 that the EPA may adopt for regulating carbon dioxide emissions from covered electric generating units  
17 under § 111(d) of the federal Clean Air Act.18 "State plan" means any plan to establish and enforce carbon dioxide emission control measures that  
19 DEQ may prepare in order to implement the obligations of the Commonwealth under the federal  
20 emission guidelines.21 § 2. In its development of any state plan for regulating carbon dioxide emissions from covered  
22 electric generating units, DEQ, in conjunction with the State Corporation Commission, shall:

23 a. Prepare a report that assesses the effects of the state plan on:

24 (1) The electric power sector, including:

25 (a) The ability of the Commonwealth to provide affordable electricity through diversified sources of  
26 electricity generation;27 (b) The type and amount of electric generating capacity within the Commonwealth that is likely to  
28 retire or switch to another fuel;

29 (c) Stranded investment in electric generating capacity and other infrastructure;

30 (d) The amount of investment necessary to offset retirements of electric generating capacity and  
31 maintain generation reserve margins;32 (e) Potential risks to electric reliability, including resource adequacy risks and transmission  
33 constraints; and

34 (f) The amount by which retail electricity prices within the Commonwealth are forecast to increase;

35 (2) Electricity customers within the Commonwealth, including any disproportionate effects of  
36 electricity and other energy price increases on middle-income and lower-income households;37 (3) Employment within the Commonwealth, including direct and indirect employment effects and jobs  
38 lost within affected sectors of the Commonwealth's economy;39 (4) Economic development within the Commonwealth, including effects on manufacturing,  
40 commercial, and other sectors of the Commonwealth's economy;41 (5) The competitive position of the Commonwealth relative to neighboring states and other economic  
42 competitors;43 (6) State and local governments, including potential effects resulting from changes in tax revenues;  
44 and

45 (7) State law, including any new laws necessary to implement the state plan;

46 b. Consider all of the following in the development of the state plan:

47 (1) The findings of the report prepared pursuant to subdivision a;

48 (2) Whether to rely on measures the EPA used to calculate the carbon dioxide reduction goal, as  
49 well as other measures that were not part of the EPA goal-setting process;50 (3) Whether the Commonwealth should participate in multistate programs that already exist or  
51 whether a new multistate carbon dioxide reduction program should be created;52 (4) Whether the Commonwealth should invest in energy efficiency programs during the compliance  
53 period to assist in meeting the EPA's goal;

54 (5) Whether the Commonwealth should work in partnership with other states;

55 (6) When individual power plants must make reductions;

56 (7) The expansion of nonemitting sources, such as nuclear power;

57 (8) Market-based trading programs;

58 (9) Other energy conservation programs; and

59 (10) How best to avoid stranded investments in existing affected power plants;

SENATE SUBSTITUTE

SB21S1

60       c. Prioritize the components of the state plan based on a least-cost compliance approach to benefit  
61 consumers of electricity; and

62       d. Take into consideration the necessity and value of having a diverse generation fleet to ensure  
63 electric reliability in the Commonwealth.

64       § 3. Not later than 15 days following the completion of DEQ's development of a state plan, DEQ  
65 shall transmit to the Senate and the House of Delegates a copy of the state plan and the accompanying  
66 report developed in accordance with subdivision a of § 2. Upon receiving the state plan and  
67 accompanying report, the Senate and the House of Delegates shall vote on a resolution to approve the  
68 state plan after sufficient time has been provided to assess the state plan and accompanying report. The  
69 resolution shall be deemed approved by the Senate and the House of Delegates if each chamber casts a  
70 majority of votes in favor of the resolution.

71       § 4. If either the Senate or the House of Delegates fails to approve a state plan under § 3, DEQ may  
72 submit a revised version of the state plan, with an accompanying revised report, to the Senate and the  
73 House of Delegates for approval in accordance with the procedures specified under § 3.

74       § 5. DEQ shall not submit to the EPA any state plan until both the Senate and the House of  
75 Delegates have adopted resolutions that approve the state plan in accordance with this act.