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HOUSE BILL NO. 1152

Offered January 8, 2020

Prefiled January 7, 2020

A *BILL to amend the Code of Virginia by adding a section numbered 10.1-1322.3:1, relating to the establishment of a carbon dioxide cap and trade program; membership in the Regional Greenhouse Gas Initiative; deposit and distribution of proceeds of allowance auctions; Energy Efficiency Fund established.*

 Patron—Lopez

 Referred to Committee on Agriculture, Chesapeake and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 10.1-1322.3:1 as follows:
§ 10.1-1322.3:1. Regional Greenhouse Gas Initiative; Energy Efficiency Fund.

A. As used in this section:

"Allowance" means an authorization to emit a fixed amount of carbon dioxide.

"Allowance auction" means an auction in which the Department or its agent offers allowances for sale.

"DMME" means the Department of Mines, Minerals and Energy.

"Energy efficiency program" has the same meaning as provided in § 56-576.

"Fund" means the Energy Efficiency Fund created pursuant to this section.

"Regional Greenhouse Gas Initiative" or "RGGI" means the program to implement the memorandum of understanding between signatory states dated December 20, 2005, as it may be amended, and the corresponding model rule that established a regional carbon dioxide electric power sector cap and trade program.

"Secretary" means the Secretary of Natural Resources.

B. The Department shall implement the final carbon trading regulation as approved by the Board on April 19, 2019, providing for the establishment of a carbon dioxide cap and trade program that limits and reduces the total carbon dioxide emissions released by electric generation facilities. The Commonwealth shall take such action as is required to become a member of the Regional Greenhouse Gas Initiative. Pursuant to the Commonwealth's participation in the RGGI program, the Department shall seek to sell 100 percent of all allowances issued each year through the allowance auction, unless the Department finds that doing so will have a negative impact on the value of such allowances and result in a net loss of consumer benefit or that such allowance auction is otherwise inconsistent with the RGGI program. The Director is hereby authorized to establish, implement, and manage an auction program to sell allowances into a market-based trading program consistent with the RGGI program and this section.

C. There is hereby created in the state treasury a special fund to be known as the Energy Efficiency Fund. The Fund shall be established on the books of the Comptroller. All proceeds received from the sale of allowances conducted through the RGGI program shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall revert to the general fund as provided in subdivision 3. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Secretary. Moneys in the Fund shall be used solely as follows:

1. Not less than 50 percent of the proceeds received from the sale of allowances, as determined by the Secretary, shall be credited to an account established through the VirginiaSAVES program administered by DMME to support energy efficiency programs, with at least 20 percent of the proceeds being directed to low-income energy efficiency programs. DMME shall review and approve all funding proposals for energy efficiency programs;

2. Not more than three percent of the proceeds received from the sale of allowances shall be used to cover reasonable administrative expenses of the Department and DMME in the administration of this act; and

3. The balance of moneys remaining in the Fund at the end of each fiscal year shall revert to the general fund.

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