



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1874

Introduced 2/23/2007, by Rep. Elaine Nekritz

SYNOPSIS AS INTRODUCED:

New Act

Creates the Global Warming Response Act. Provides that the Illinois Environmental Protection Agency is the State agency charged with monitoring and regulating sources of emissions of greenhouse gases. Requires that on or before January 1, 2009, the State agency shall propose and the Pollution Control Board shall adopt rules to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with the program. Requires that by July 1, 2008, the State agency shall, after one or more public workshops, determine what the statewide greenhouse gas emissions level was in 1990 and propose to the Board a statewide greenhouse gas emission limit that is equivalent to that level, to be achieved by 2020. Provides that the Board shall consider and either revise or adopt the proposed level by January 1, 2009. Requires that the State agency shall propose and the Board shall adopt rules in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions from sources or categories of sources. Provides for the use of market-based compliance mechanisms. Provides that the State agency shall monitor compliance with and enforce any rule, order, emission limitation, emissions reduction measure, or market-based compliance mechanism adopted by the State agency pursuant to the Act. Effective immediately.

LRB095 11313 MJR 31985 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning the reduction of green house gases.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Global
5 Warming Response Act.

6 Section 5. Findings.

7 (a) The world's scientists have formed a near-unanimous
8 chorus, warning that pollution primarily caused by burning
9 fossil fuels are causing the temperature of the Earth to rise.

10 (b) Warning signs of global warming are being discovered
11 and reported throughout the world. Melting glaciers, severe
12 storms, prolonged drought, reduced mountain snow-pack, and
13 dying coral reefs are among the signs that global warming is
14 underway.

15 (c) Decisive action at the international, national, state,
16 and local levels to address the threat of global warming is
17 necessary to meet the challenge posed by global warming.

18 (d) Illinois business and industry will benefit from
19 proactive policies that will ensure that we remain competitive
20 as the world's economy shifts from high-carbon to low-carbon
21 energy technologies.

22 (e) By exercising a global leadership role, Illinois will
23 also position its economy, technology centers, financial

1 institutions, and businesses to benefit from national and
2 international efforts to reduce emissions of greenhouse gases.

3 (f) Many of the clean energy policies that reduce global
4 warming pollution also provide economic and quality of life
5 benefits such as reduced energy bills, green space
6 preservation, air quality improvements, reduced traffic
7 congestion, improved transportation choices, and economic
8 development and job creation through energy conservation and
9 new energy technologies.

10 (g) In the absence of a federal policy, states and cities
11 are establishing their own plans to reduce carbon dioxide
12 emissions. For example, the New England Governors and Eastern
13 Canadian Premiers have set a goal of returning to 1990 emission
14 levels by 2010 and reducing levels to 10% below 1990 levels by
15 2020. New Mexico has set a goal of returning emissions to 2000
16 levels by the year 2012, 10% below 2000 levels by 2020, and 75%
17 below 2000 levels by 2050. Eight states have set emission caps
18 for their electric power industry to reduce levels by 10% by
19 2019. California has set a goal of 2000 levels by 2010, 1990
20 levels by 2020, and 80% below 1990 levels by 2050. Eleven
21 states have adopted automobile standards for global warming
22 pollution.

23 (h) The mayors of more than 376 U.S. cities, including
24 Richard M. Daley of Chicago, Ross Ferraro of Carol Stream,
25 Michael Belsky of Highland Park, Al Larson of Schaumburg, and
26 Richard Hyde of Waukegan have signed the U.S. Mayors Climate

1 Protection Agreement, pledging, among other things, that they
2 will meet the Kyoto goal of reducing greenhouse emissions in
3 their own cities to 1990 levels by 2012.

4 (i) It is the intent of the Legislature that the Illinois
5 Environmental Protection Agency, in consultation with State
6 agencies and stakeholders, including the environmental justice
7 community, industry sectors, business groups, academic
8 institutions, environmental organizations, and others,
9 implement the global warming pollution reduction targets in
10 this Act in the manner that minimizes costs and maximizes
11 benefits for Illinois's economy, improves and modernizes
12 Illinois's energy infrastructure and maintains electric system
13 reliability, maximizes additional environmental and economic
14 co-benefits for Illinois, and complements the State's efforts
15 to improve air quality.

16 Section 10. Definitions.

17 "Allowance" means an authorization to emit, during a
18 specified year, up to one ton of carbon dioxide equivalent.

19 "Alternative compliance mechanism" means an action
20 undertaken by a greenhouse gas emission source that achieves
21 the equivalent reduction of greenhouse gas emissions over the
22 same time period as a direct emission reduction and that is
23 approved by the Illinois Environmental Protection Agency.

24 "Board" means the Illinois Pollution Control Board.

25 "Carbon dioxide equivalent" means the amount of carbon

1 dioxide by weight that would produce the same global warming
2 impact as a given weight of another greenhouse gas, based on
3 the best available science, including that from the
4 Intergovernmental Panel on Climate Change.

5 "Cost-effective" or "cost-effectiveness" means the cost
6 per unit of reduced emissions of greenhouse gases adjusted for
7 its global warming potential.

8 "Direct emission reduction" means a greenhouse gas
9 emission reduction action made by a greenhouse gas emission
10 source at that source.

11 "Emissions reduction measure" means programs, measures,
12 standards, and alternative compliance mechanisms authorized
13 pursuant to this Act, applicable to sources or categories of
14 sources, that are designed to reduce emissions of greenhouse
15 gases.

16 "Greenhouse gas" or "greenhouse gases" includes all of the
17 following gases: carbon dioxide, methane, nitrous oxide,
18 hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

19 "Greenhouse gas emission limit" means an authorization,
20 during a specified year, to emit up to a level of greenhouse
21 gases specified by the Illinois Environmental Protection
22 Agency, expressed in tons of carbon dioxide equivalents.

23 "Greenhouse gas emission source" or "source" means any
24 source or category of sources of greenhouse gas emissions whose
25 emissions are at a level of significance as determined by the
26 Illinois Environmental Protection Agency that its

1 participation in this program will enable the State to
2 effectively reduce greenhouse gas emissions and monitor
3 compliance with the statewide greenhouse gas emissions limit.

4 "Leakage" means a reduction in emissions of greenhouse
5 gases within the State that is offset by an increase in
6 emissions of greenhouse gases outside the State.

7 "Market-based compliance mechanism" means either of the
8 following:

9 (1) A system of market-based, declining, annual
10 aggregate emissions limitations for sources or categories
11 of sources that emit greenhouse gases.

12 (2) Greenhouse gas emissions exchanges, banking,
13 credits, and other transactions, governed by rules and
14 protocols established by the Illinois Environmental
15 Protection Agency, that result in the same greenhouse gas
16 emission reduction over the same time period as direct
17 compliance with a greenhouse gas emission limit or emission
18 reduction measure adopted by the State agency pursuant to
19 this division.

20 "State agency" means the Illinois Environmental Protection
21 Agency.

22 "Statewide greenhouse gas emissions" means the total
23 annual emissions of greenhouse gases in the State. Statewide
24 emissions shall be expressed in tons of carbon dioxide
25 equivalents.

26 "Statewide greenhouse gas emissions limit" means the

1 maximum allowable level of statewide greenhouse gas emissions
2 in 2020, as determined by the State agency.

3 Section 15. Monitoring and regulating sources of emissions
4 of greenhouse gases. The Illinois Environmental Protection
5 Agency is the State agency charged with monitoring and
6 regulating sources of emissions of greenhouse gases that cause
7 global warming in order to reduce emissions of greenhouse
8 gases.

9 Section 20. Mandatory greenhouse gas emissions reporting.

10 (a) On or before January 1, 2009, the State agency shall
11 propose and the Board shall adopt rules to require the
12 reporting and verification of statewide greenhouse gas
13 emissions and to monitor and enforce compliance with this
14 program.

15 (b) The rules shall do all of the following:

16 (1) Require the monitoring and annual reporting of
17 greenhouse gas emissions from greenhouse gas emission
18 sources beginning with the sources or categories of sources
19 that contribute the most to statewide emissions.

20 (2) Account for greenhouse gas emissions from all
21 electricity consumed in the State, including transmission
22 and distribution line losses from electricity generated
23 within the State or imported from outside the State.

24 (3) Ensure the rigorous and consistent accounting of

1 emissions and provide reporting tools and formats to ensure
2 collection of necessary data.

3 (4) Ensure that greenhouse gas emission sources
4 maintain comprehensive records of all reported greenhouse
5 gas emissions.

6 (c) The State agency shall do both of the following:

7 (1) Periodically review and update its emission
8 reporting requirements, as necessary.

9 (2) Review existing and proposed international,
10 federal, and state greenhouse gas emission reporting
11 programs, make reasonable efforts to promote consistency
12 among the programs established pursuant to this Act and
13 other programs, and streamline reporting requirements on
14 greenhouse gas emission sources.

15 Section 25. Statewide greenhouse gas emissions limit.

16 (a) By July 1, 2008, the State agency shall, after one or
17 more public workshops, with public notice and an opportunity to
18 comment, determine what the statewide greenhouse gas emissions
19 level was in 1990 and propose to the Board a statewide
20 greenhouse gas emission limit that is equivalent to that level,
21 to be achieved by 2020. The Board shall consider and either
22 revise or adopt the proposed level by January 1, 2009. In order
23 to ensure the most accurate determination feasible, the State
24 agency shall evaluate the best available scientific,
25 technological, and economic information on greenhouse gas

1 emissions to determine the 1990 level of greenhouse gas
2 emissions.

3 (b) The statewide greenhouse gas emissions limit shall
4 remain in effect unless otherwise amended or repealed.

5 (c) It is the intent of the General Assembly that the
6 statewide greenhouse gas emissions limit continue in existence
7 and be used to maintain and continue reductions in emissions of
8 greenhouse gases beyond 2020.

9 (d) The State agency shall make recommendations to the
10 Governor and the Legislature on how to continue reductions of
11 greenhouse gas emissions beyond 2020.

12 Section 30. Greenhouse gas emissions reductions.

13 (a) The State agency shall propose and the Board shall
14 adopt rules in an open public process to achieve the maximum
15 technologically feasible and cost-effective greenhouse gas
16 emission reductions from sources or categories of sources,
17 subject to the criteria and schedules set forth in this
18 Section.

19 (b) Early action reduction measures.

20 (1) On or before June 30, 2008, the State agency shall
21 publish and make available to the public a list of discrete
22 early action greenhouse gas emission reduction measures
23 that can be implemented prior to the measures and limits
24 adopted pursuant to subsection (d) of this Section.

25 (2) On or before January 1, 2009, the State agency

1 shall propose and the Board shall adopt rules to implement
2 the measures identified on the list published pursuant to
3 subsection (b) (1) of this Section.

4 (3) The rules adopted pursuant to this Section shall
5 achieve the maximum technologically feasible and
6 cost-effective reductions in greenhouse gas emissions from
7 those sources or categories of sources, in furtherance of
8 achieving the statewide greenhouse gas emissions limit.

9 (4) The rules adopted pursuant to this Section shall be
10 enforceable no later than January 1, 2011.

11 (c) On or before January 1, 2010, the State agency shall
12 prepare and approve a plan for achieving the maximum
13 technologically feasible and cost-effective reductions in
14 greenhouse gas emissions from sources or categories of sources
15 of greenhouse gases by 2020 under this Act. The State agency
16 shall consult with all relevant State agencies with
17 jurisdiction over sources of greenhouse gases on all elements
18 of its plan that pertain to energy related matters, including,
19 but not limited to, electrical generation, load
20 based-standards or requirements, the provision of reliable and
21 affordable electrical service, petroleum refining, and
22 statewide fuel supplies to ensure the greenhouse gas emissions
23 reduction activities to be adopted and implemented by the State
24 agency are complementary and non-duplicative and can be
25 implemented in an efficient and cost-effective manner.

26 The plan shall identify and make recommendations on direct

1 emission reduction measures, alternative compliance
2 mechanisms, market-based compliance mechanisms, and potential
3 monetary and non-monetary incentives for sources and
4 categories of sources that the State agency finds are necessary
5 or desirable to facilitate the achievement of the maximum
6 feasible and cost-effective reductions of greenhouse gas
7 emissions by 2020.

8 In making the determinations required by this subsection
9 (c), the State agency shall consider all relevant information
10 pertaining to greenhouse gas emissions reduction programs in
11 other states, localities, and nations.

12 The State agency shall evaluate the total potential costs
13 and total potential economic and non-economic benefits of the
14 plan for reducing greenhouse gases to Illinois's economy,
15 environment, and public health, using the best available
16 economic models, emission estimation techniques, and other
17 scientific methods.

18 In developing its plan, the State agency shall take into
19 account the relative contribution of each source or source
20 category to statewide greenhouse gas emissions and the
21 potential for adverse effects on small businesses and shall
22 recommend a de minimis threshold of greenhouse gas emissions
23 below which emission reduction requirements will not apply.

24 In developing its plan, the State agency shall identify
25 opportunities for emission reductions measures from all
26 verifiable and enforceable voluntary actions, including, but

1 not limited to, carbon sequestration projects and best
2 management practices.

3 The State agency shall conduct a series of public workshops
4 to give interested parties an opportunity to comment on the
5 plan.

6 The State agency shall update its plan for achieving the
7 maximum technologically feasible and cost-effective reductions
8 of greenhouse gas emissions at least once every 5 years.

9 (d) On or before January 1, 2012, the State agency shall
10 propose and the Board shall adopt source specific greenhouse
11 gas emission limits and emission reduction measures by rule to
12 achieve the maximum technologically feasible and
13 cost-effective reductions in greenhouse gas emissions in
14 furtherance of achieving the statewide greenhouse gas
15 emissions limit, to become operative beginning on January 1,
16 2013.

17 In developing rules pursuant to this Section and Section 35
18 of this Act to the extent feasible and in furtherance of
19 achieving the statewide greenhouse gas emission limit, the
20 State agency shall do all of the following:

21 (1) Design the rules, including distribution of
22 emissions allowances where appropriate, in a manner that is
23 equitable, seeks to minimize costs and maximize the total
24 benefits to Illinois, and encourages early action to reduce
25 greenhouse gas emissions.

26 (2) Ensure that activities undertaken to comply with

1 the rules do not disproportionately impact low-income
2 communities.

3 (3) Ensure that entities that have voluntarily reduced
4 their greenhouse gas emissions prior to the implementation
5 of this Section receive appropriate credit for early
6 voluntary reductions.

7 (4) Ensure that activities undertaken pursuant to the
8 rules complement and do not interfere with efforts to
9 achieve and maintain federal and State ambient air quality
10 standards and to reduce toxic air contaminant emissions.

11 (5) Consider cost-effectiveness of these rules.

12 (6) Consider overall societal benefits, including
13 reductions in other air pollutants, diversification of
14 energy sources, and other benefits to the economy,
15 environment, and public health.

16 (7) Minimize the administrative burden of implementing
17 and complying with these rules.

18 (8) Minimize leakage.

19 (9) Consider the significance of the contribution of
20 each source or category of sources to statewide emissions
21 of greenhouse gases.

22 In furtherance of achieving the statewide greenhouse gas
23 emissions limit, by January 1, 2012 the State agency may
24 propose and the Board may adopt a rule that establishes a
25 system of market-based, declining, annual aggregate emission
26 limits for sources or categories of sources that emit

1 greenhouse gas emissions, applicable from January 1, 2013 to
2 December 31, 2020.

3 Any rule adopted by the board pursuant to this Act shall
4 ensure all of the following:

5 (1) The greenhouse gas emission reductions achieved
6 are real, permanent, quantifiable, verifiable, and
7 enforceable by the State agency.

8 (2) For rules pursuant to Section 35 of this Act, the
9 reduction is in addition to any greenhouse gas emission
10 reduction otherwise required by law or rule and any other
11 greenhouse gas emission reduction that otherwise would
12 occur.

13 (3) If applicable, the greenhouse gas emission
14 reduction occurs over the same time period and is
15 equivalent in amount to any direct emission reduction
16 required pursuant to this Act.

17 The State agency shall rely upon the best available
18 economic and scientific information and its assessment of
19 existing and projected technological capabilities when
20 proposing the rules required by this Section.

21 The State agency shall consult with the Illinois Commerce
22 Commission in the development of the rules as they affect
23 electricity and natural gas providers in order to minimize
24 duplicative or inconsistent regulatory requirements.

25 After January 1, 2012, the State agency may revise rules
26 adopted pursuant to this Section and adopt additional rules to

1 further the provisions of this Act.

2 Section 35. Market-based compliance mechanisms.

3 (a) The State agency may include in the rules adopted
4 pursuant to Section 30 of this Act the use of market-based
5 compliance mechanisms to comply with the rules.

6 (b) Prior to the inclusion of any market-based compliance
7 mechanism in the rules, to the extent feasible and in
8 furtherance of achieving the statewide goal, the Board shall do
9 all of the following:

10 (1) Consider the potential for direct, indirect, and
11 cumulative emission impacts from these mechanisms,
12 including localized impacts in communities that are
13 already adversely impacted by air pollution.

14 (2) Design any market-based compliance mechanism to
15 prevent any increase in the emissions of toxic air
16 contaminants or criteria air pollutants.

17 (c) The State agency shall adopt rules governing how
18 market-based compliance mechanisms may be used by regulated
19 entities subject to greenhouse gas emission limits and
20 mandatory emission reporting requirements to achieve
21 compliance with their greenhouse gas emissions limits.

22 Section 40. Enforcement. The State agency shall monitor
23 compliance with and enforce any rule, order, emission
24 limitation, emissions reduction measure, or market-based

1 compliance mechanism adopted by the State agency pursuant to
2 this Act.

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.