

AMENDMENTS TO HOUSE BILL NO. 2025

Sponsor: SENATOR MUTH

Printer's No. 3907

1 Amend Bill, page 1, lines 1 through 5, by striking out all of
2 said lines and inserting

3 Establishing the CO2 Budget Trading Program; providing for
4 powers and duties of department; establishing the Energy
5 Transition Fund; providing for revenue from sale of carbon
6 allowances; establishing the Energy Transition Board; and
7 providing for energy transition plan.

8 Amend Bill, page 1, lines 8 through 15; pages 2 through 7,
9 lines 1 through 30; page 8, lines 1 through 3; by striking out
10 all of said lines on said pages and inserting

11 Section 1. Short title.

12 This act shall be known and may be cited as the Energy
13 Transition and Recovery Act.

14 Section 2. Findings and declarations.

15 The General Assembly finds and declares as follows:

16 (1) This Commonwealth's electric power sector is
17 experiencing a rapid and unprecedented transition. Until
18 recently, this Commonwealth produced nearly all of its
19 electricity from coal-fired and nuclear power plants.
20 However, since 2011, low natural gas prices and wholesale
21 electricity market rules that favor gas have driven a massive
22 increase in gas-fired generation.

23 (2) Over the last decade, the replacement of coal plants
24 with gas plants has led to lower carbon dioxide emissions
25 from this Commonwealth's electric power sector, which is
26 responsible for approximately one-third of this
27 Commonwealth's overall greenhouse gas emissions and is the
28 largest source of carbon pollution in this Commonwealth.
29 However, gas plants are currently threatening to replace this
30 Commonwealth's nuclear plants and lock in high pollution
31 levels for decades.

32 (3) Emissions of carbon dioxide and other greenhouse
33 gases pose a significant threat to the health and well-being
34 of the residents of this Commonwealth and to this
35 Commonwealth's economy. The most comprehensive scientific

1 analysis has determined that to avoid the worst impacts of
2 climate change, the United States must reduce its greenhouse
3 gas emissions from all sectors of its economy to a net zero
4 by the year 2050. To achieve the reductions, this
5 Commonwealth must ensure that greenhouse gas emissions are
6 eliminated from its electric power sector before the year
7 2050.

8 (4) To ensure continuing reductions of carbon pollution,
9 this Commonwealth needs to regulate carbon pollution, as well
10 as drive investments in energy efficiency, renewable energy,
11 battery storage and other clean energy technologies.

12 (5) In accordance with the Executive Order, the
13 department has developed a proposed rulemaking under the act
14 of January 8, 1960 (1959 P.L.2119, No.787), known as the Air
15 Pollution Control Act, that would establish a CO2 Budget
16 Trading Program to reduce carbon pollution from the electric
17 power sector through the year 2030 and enable this
18 Commonwealth to participate in the Regional Greenhouse Gas
19 Initiative beginning in the year 2022.

20 (6) Consistent with the department's existing statutory
21 authority, the proceeds from carbon allowances sold at
22 auction through the Regional Greenhouse Gas Initiative would
23 be deposited into the Clean Air Fund administered by the
24 department for use in the elimination of air pollution.

25 (7) This act deposits one-fourth of the proceeds from
26 carbon allowances sold at auction through the Regional
27 Greenhouse Gas Initiative into the Clean Air Fund and
28 deposits three-fourths of the proceeds into a newly
29 established fund.

30 (8) The fund serves a broader set of social and economic
31 purposes than the Clean Air Fund, including electricity bill
32 reductions for low-income residents of this Commonwealth,
33 additional investments in environmental justice communities
34 and transition assistance for workers and communities
35 affected by the closure of power plants and other energy
36 infrastructure.

37 (9) Enhanced investments in these areas are critical to
38 reduce air pollution as this Commonwealth addresses the
39 impacts of the COVID-19 pandemic, the ongoing transition of
40 this Commonwealth's electric power sector and climate change.

41 (10) Furthermore, this act requires that carbon dioxide
42 emissions from this Commonwealth's power sector be reduced to
43 zero before the year 2050.

44 Section 3. Definitions.

45 The following words and phrases when used in this act shall
46 have the meanings given to them in this section unless the
47 context clearly indicates otherwise:

48 "Air Pollution Control Act." The act of January 8, 1960
49 (1959 P.L.2119, No.787), known as the Air Pollution Control Act.

50 "Board." The Environmental Quality Board of the
51 Commonwealth.

1 "Climate change action plan." The plan required under
2 section 7 of the act of July 9, 2008 (P.L.935, No.70), known as
3 the Pennsylvania Climate Change Act.

4 "Commission." The Pennsylvania Public Utility Commission.

5 "Department." The Department of Environmental Protection of
6 the Commonwealth.

7 "Electric power sector." The generation of electricity from
8 power plants in this Commonwealth with nameplate capacity of 15
9 megawatts or greater.

10 "Emissions leakage." Incremental carbon dioxide emissions
11 that result from the shift of power generation from this
12 Commonwealth to a jurisdiction that has no limits on carbon
13 dioxide emissions or that has limits less stringent than the
14 limits adopted by regulation.

15 "Energy transition agencies." All of the following:

16 (1) The department.

17 (2) The Department of Community and Economic
18 Development.

19 (3) The Department of Human Services.

20 (4) The Department of Labor and Industry.

21 (5) The commission.

22 "Environmental justice community." A census block group in
23 which minorities represent at least 30% of the population or in
24 which 20% of the residents are at or below the Federal poverty
25 level according to the most recent Federal decennial census.

26 "Executive Order." Executive Order No. 2019-07 issued by
27 Governor Tom Wolf on October 3, 2019.

28 "Fund." The Energy Transition Fund established under section
29 6.

30 "Greenhouse gas." Carbon dioxide and other gases that absorb
31 and re-emit infrared radiation when in the earth's atmosphere.

32 "Low-income residential customers." A residential electric
33 utility customer with a household income below 150% of the
34 Federal poverty level.

35 "Moderate-income residential customers." A residential
36 electric utility customer with a household income between 151%
37 and 250% of the Federal poverty level.

38 "PJM." The regional transmission organization, or its
39 successor, that coordinates the movement of wholesale
40 electricity in a multistate region that includes this
41 Commonwealth.

42 Section 4. CO2 Budget Trading Program.

43 (a) Emissions reduction.--In accordance with the Executive
44 Order, the board shall promulgate a regulation to establish a
45 CO2 Budget Trading Program for the electric power sector. The
46 regulation shall include an annually declining carbon budget and
47 shall enable this Commonwealth to participate in the Regional
48 Greenhouse Gas Initiative beginning January 1, 2022. The
49 regulation may include measures that mitigate emissions leakage
50 to other jurisdictions.

51 (b) Review.--Implementation of the regulation promulgated

1 under subsection (a) shall be evaluated by the department on a
2 triennial basis in the climate change action plan. The
3 department's review shall include, but may not be limited to:

4 (1) An assessment of the electric power sector's
5 progress toward the emission reduction required under
6 subsection (a).

7 (2) An analysis of whether the regulation has resulted
8 in emissions leakage.

9 (3) A determination of what revisions to the regulation
10 are necessary to reduce emissions from the electric power
11 sector to net zero by the year 2050.

12 (4) An assessment of the impacts of the regulation on
13 environmental justice communities.

14 (c) Revision.--The department's review under subsection (b)
15 shall propose any changes necessary to ensure that the
16 regulation reduces emissions in the electric power sector to
17 zero no later than the year 2050. If the department's review
18 under subsection (b) determines that the regulation has resulted
19 in emissions leakage or any negative economic or environmental
20 impacts on environmental justice communities, low-income
21 residential customers or moderate-income residential customers,
22 the department shall recommend and propose changes to the
23 regulation to fully mitigate the identified negative impacts.

24 Section 5. Powers and duties of the department.

25 The following apply:

26 (1) The department shall have the power and duty to
27 implement and enforce regulations promulgated by the board
28 under this act.

29 (2) The department may delegate the implementation and
30 administrative support functions for any CO2 allowance
31 auction conducted under the CO2 Budget Trading Program to an
32 individual qualified to conduct auctions, including a
33 regional entity, if the individual performs all functions
34 under the direction and oversight of the department.

35 Section 6. Energy Transition Fund.

36 The Energy Transition Fund is established as a special
37 nonlapsing fund in the State Treasury to support energy
38 affordability, energy efficiency, renewable energy and a just
39 and equitable transition to a decarbonized economy for
40 environmental justice communities and workers and communities
41 affected by the closure of power plants and other energy
42 facilities. The fund shall be administered as a trust for the
43 purposes specified under this section.

44 Section 7. Revenue from sale of carbon allowances.

45 (a) Energy Transition Fund.--Three-fourths of the revenue
46 from the sale, allocation, exchange or conveyance of carbon
47 allowances under this act shall be deposited into the fund.

48 (b) Clean Air Fund.--One-fourth of the revenue from the
49 sale, allocation, exchange or conveyance of carbon allowances
50 under this act shall be deposited into the Clean Air Fund and
51 shall be disbursed in accordance with the Air Pollution Control

1 Act.

2 Section 8. Energy Transition Board.

3 The Energy Transition Board is established and shall consist
4 of the following members:

5 (1) The Secretary of the department.

6 (2) The Secretary of Community and Economic Development.

7 (3) The Secretary of Human Services.

8 (4) The Secretary of Labor and Industry.

9 (5) The chair of the commission.

10 (6) The Director of the Office of Environmental Justice
11 within the department.

12 (7) One member appointed by the President pro tempore of
13 the Senate.

14 (8) One member appointed by the Speaker of the House of
15 Representatives.

16 (9) One member appointed by the Minority Leader of the
17 Senate.

18 (10) One member appointed by the Minority Leader of the
19 House of Representatives.

20 (11) Seven members appointed by the Governor, who shall
21 be representatives of each of the following:

22 (i) Environmental justice communities.

23 (ii) Labor organizations.

24 (iii) Renewable energy companies.

25 (iv) Energy efficiency companies.

26 (v) Environmental organizations.

27 (vi) Energy-intensive industries.

28 (vii) Organizations representing low-income
29 Pennsylvanians.

30 Section 9. Disbursements from fund.

31 (a) Disbursement.--Money in the fund shall be disbursed
32 annually by the State Treasurer in accordance with an energy
33 transition plan developed by the energy transition agencies and
34 approved by the Energy Transition Board. After the payment of
35 administrative costs as authorized under subsection (b)(2), the
36 money in the fund shall be used as follows:

37 (1) Fifteen percent of the money in the fund shall be
38 used to provide electricity bill assistance to low-income
39 residential customers. The money used under this paragraph
40 shall be in addition to any existing funding for electricity
41 bill assistance programs.

42 (2) Twenty percent of the money in the fund and any
43 unexpended money under paragraph (1) at the end of each
44 fiscal year shall be used to supplement Federal funding for
45 the Weatherization Assistance Program.

46 (3) Thirty percent of the money in the fund shall be
47 invested in distributed solar generation programs, energy
48 demand reduction programs and projects and energy efficiency
49 programs and projects, not including the Weatherization
50 Assistance Program, with a priority given directly to benefit
51 environmental justice communities, low-income residential

1 customers and moderate-income residential customers.

2 (4) Thirty-five percent of the money in the fund shall
3 be used for programs and projects that support workers and
4 communities impacted by the closure of energy facilities or
5 support environmental justice communities.

6 (b) Administrative costs.--

7 (1) Administrative costs incurred by the department
8 shall be paid from the Clean Air Fund.

9 (2) Administrative costs incurred by the State Treasurer
10 and the energy transition agencies under this act shall be
11 paid from the fund and capped at 2.5% of the available
12 proceeds in the fund as determined on an annual basis.

13 Section 10. Energy transition plan.

14 (a) Development.--An energy transition plan shall be
15 developed through a Statewide public input process conducted by
16 the energy transition agencies. The energy transition agencies
17 shall jointly transmit a draft energy transition plan and the
18 final energy transition plan to the Legislative Reference Bureau
19 for publication in the Pennsylvania Bulletin and post the draft
20 energy transition plan and final energy transition plan on the
21 publicly accessible Internet websites of the energy transition
22 agencies. The Statewide public input process shall include all
23 of the following:

24 (1) At least five public hearings in the fossil fuel
25 producing regions of this Commonwealth.

26 (2) At least five public hearings in environmental
27 justice communities.

28 (3) The opportunity for public comment after the draft
29 plan is made available in the Pennsylvania Bulletin and on
30 the publicly accessible Internet websites of the energy
31 transition agencies.

32 (b) Public input.--During the Statewide public input process
33 under subsection (a), the energy transition agencies shall
34 specifically seek input from organized labor, environmental
35 justice organizations, local elected officials, local and
36 regional economic development organizations and educational and
37 workforce development service providers.

38 (c) Criteria.--The energy transition agencies shall
39 establish criteria for the purpose of identifying the
40 communities impacted by the closure of energy facilities under
41 section 9(a)(4), including, but not limited to, the following:

42 (1) If a community experienced the closure of a power
43 plant in the last 15 years.

44 (2) If a community experienced the loss of other major
45 fossil fuel infrastructure in the last 15 years.

46 (d) Existing structures.--The energy transition agencies
47 shall design the energy transition plan to maximize
48 disbursements to existing State and local agency programs that
49 serve the purposes of the fund.

50 Section 11. Regional cooperation.

51 The commission and the department shall do all of the

1 following:

2 (1) Consult with PJM to maximize regional cooperation
3 and consistency throughout the PJM region with respect to
4 greenhouse gas emissions reduction goals, mitigation of
5 emissions leakage, grid modernization and resiliency,
6 deployment of renewable energy generation and storage and
7 consumer costs.

8 (2) Request that PJM work with the Commonwealth and
9 other states served by PJM to reduce greenhouse gas
10 emissions, including adopting market mechanisms or frameworks
11 as may be necessary to avoid market distortions and minimize
12 emissions leakage during the implementation of this act.

13 (3) Request from PJM any information that may be
14 necessary or useful to the commission and the department in
15 implementing this act and minimizing emissions leakage.

16 Section 12. Prohibition.

17 Revenue from the sale, allocation, exchange or conveyance of
18 carbon allowances may not be used or disbursed except as
19 provided under this act.

20 Section 13. Effective date.

21 This act shall take effect in 60 days.