

ASSEMBLY, No. 4559

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED NOVEMBER 19, 2007

Sponsored by:

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District 17 (Middlesex and Somerset)

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SYNOPSIS

The “New Jersey Regional Greenhouse Gas Initiative Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/20/2007)

1 AN ACT concerning the reduction of carbon dioxide emissions, and
2 supplementing Title 26 of the Revised Statutes.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. This act shall be known and may be cited as the “New Jersey
8 Regional Greenhouse Gas Initiative Act.”

9

10 2. As used in this act:

11 “Allowance” means the number of carbon dioxide emissions
12 allowances to be credited to a carbon dioxide budget unit or to the
13 general account of the sponsor of an approved carbon dioxide
14 emissions offset project.

15 “Carbon dioxide budget unit” means a fossil fuel fired electrical
16 generating unit that serves a generator with a nameplate capacity
17 equal to or greater than 25 megawatts of electrical output.

18 “Carbon dioxide budget unit compliance obligation account”
19 means the account established by rules and regulations to be
20 adopted by the department pursuant to section 4 of this act wherein
21 carbon dioxide budget units deposit carbon dioxide emissions
22 allowances.

23 “Carbon dioxide emissions allowance” means a limited
24 authorization by the department for the emission of up to one ton of
25 carbon dioxide.

26 “Carbon dioxide emissions budget” means the total amount of
27 carbon dioxide emissions allowances allocated by the State on an
28 annual basis.

29 “Carbon dioxide emissions offset project” means a project that
30 reduces or avoids loading of carbon dioxide and other greenhouse
31 gases in the atmosphere and is demonstrated to qualify as real,
32 additional, verifiable, enforceable and permanent as those terms are
33 defined in rules and regulations to be adopted by the department.

34 “Carbon dioxide offset project allowance” means a carbon
35 dioxide emissions allowance awarded to the sponsor of a carbon
36 dioxide emissions offset project.

37 “Department” means the Department of Environmental
38 Protection.

39 “Fossil fuel fired” means combustion of fossil fuel when the
40 fossil fuel combusted constitutes, or is projected to constitute, more
41 than 50 percent of the annual heat input on a British Thermal Unit
42 basis.

43 “Generator” means a device that produces electricity and is
44 required to be reported as a generating unit pursuant to the United
45 States Department of Energy Form 860.

46 “Greenhouse gas” means that term as defined in section 3 of
47 P.L.2007, c.112 (C.26:2C-39).

1 “Gross electrical generation” means the electrical output in
2 megawatts at the terminals of a generator.

3 “Nameplate capacity” means the maximum electrical generating
4 output, expressed in megawatts, that a generator can sustain over a
5 specified period of time when not restricted by seasonal or other
6 deratings.

7 “Regional Greenhouse Gas Initiative” means the cooperative
8 effort to reduce carbon dioxide emissions entered into by the
9 governors of nine states through a Memorandum of Understanding
10 signed on December 20, 2005.

11

12 3. a. There is established in the department a carbon dioxide
13 cap-and-trade program for the purpose of reducing carbon dioxide
14 emissions in the State in accordance with the provisions of the
15 “Global Warming Response Act,” P.L.2007, c.112 (C.26:2C-37 et
16 seq.). Any carbon dioxide budget unit shall be subject to the cap-
17 and-trade program, except that a carbon dioxide budget unit shall be
18 exempt from the program if:

19 1) it is incapable of producing enough energy to generate 25
20 megawatts or more of electrical output;

21 2) its sale of electricity to any power distribution system is less
22 than 10 percent of its gross electrical generation on an annual basis.
23 In calculating this percentage, all electricity transmitted to the
24 regional grid over the facilities of a transmission and distribution
25 utility as a result of verifiable conservation and demand-side
26 management initiatives or any emergency mandate of the regional
27 transmission organization or lawful order of a governmental
28 authority shall not be included in the calculation of annual sales; or

29 3) 50 percent or more of its annual heat input comes from the
30 combustion of fuels other than fossil fuels.

31 b. In implementing the program established pursuant to this
32 section, the department shall allocate 100 percent of the annual
33 carbon dioxide emissions allowances for public benefit to produce
34 funds for carbon reduction, energy conservation, as well as other
35 projects that benefit electric users.

36

37 4. a. No later than January 1, 2009, the department, in
38 consultation with the Board of Public Utilities, shall adopt, pursuant
39 to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-
40 1 et seq.), any rules and regulations necessary to implement the cap-
41 and-trade program established pursuant to section 3 of this act.

42 b. The rules and regulations to be adopted by the department
43 pursuant to subsection a. of this section shall include but need not
44 be limited to:

45 (1) the establishment of a system for the annual assignment, sale,
46 and distribution of carbon dioxide emissions allowances consistent
47 with the carbon dioxide emissions budget;

- 1 (2) the establishment of carbon dioxide budget unit compliance
2 obligation accounts;
- 3 (3) the establishment of carbon dioxide offset project allowance
4 categories and requirements;
- 5 (4) the implementation of a licensing process for carbon dioxide
6 budget units;
- 7 (5) the establishment of a carbon dioxide emissions allowance
8 tracking program; and
- 9 (6) the management of the carbon dioxide allowance auction
10 developed in coordination with other states and jurisdictions in the
11 Regional Greenhouse Gas Initiative.

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13 5. This act shall take effect immediately.

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STATEMENT

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18 This bill would establish in the Department of Environmental
19 Protection (DEP) a carbon dioxide cap-and-trade program for the
20 purpose of reducing carbon dioxide emissions in the State in
21 accordance with the provisions of the "Global Warming Response
22 Act," P.L.2007, c.112. In implementing the program, the DEP
23 would allocate 100 percent of the annual carbon dioxide emissions
24 allowances for public benefit to produce funds for carbon reduction,
25 energy conservation, as well as other projects that benefit electric
26 users.

27 The bill would require the DEP, no later than January 1, 2009, to
28 adopt rules and regulations to implement the cap-and-trade
29 program. The rules and regulations would include but need not be
30 limited to (1) the establishment of a system for the annual
31 assignment, sale, and distribution of carbon dioxide emissions
32 allowances consistent with the carbon dioxide emissions budget; (2)
33 the establishment of carbon dioxide budget unit compliance
34 obligation accounts; (3) the establishment of carbon dioxide offset
35 project allowance categories and requirements; (4) the
36 implementation of a licensing process for carbon dioxide budget
37 units; (5) the establishment of a carbon dioxide emissions
38 allowance tracking program; and (6) the management of the carbon
39 dioxide allowance auction developed in coordination with other
40 states and jurisdictions in the Regional Greenhouse Gas Initiative.

41 New Jersey recently enacted the "Global Warming Response
42 Act," which establishes that by January 1, 2020, the level of
43 greenhouse gas emissions in the State shall be reduced to the 1990
44 level of emissions or below, and that by January 1, 2050, the
45 greenhouse gas emissions shall not exceed 80 percent of the 2006
46 level of emissions. The act further requires the DEP to establish, on
47 or before January 1, 2009, a greenhouse gas emissions monitoring

- 1 and reporting program to monitor and report on Statewide
- 2 greenhouse gas emissions levels.