

A bill for an act
relating to the environment; enacting the Global Warming Preparedness
Act; requiring Pollution Control Agency to adopt rules to require reporting
and verification of statewide greenhouse gas emissions and monitor and
enforce compliance with this program; providing for carbon dioxide pipeline
rights-of-way; providing for phase-out of coal-fired power plants.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **TITLE.**

This act may be cited as the "Global Warming Preparedness Act of 2007."

Sec. 2. **FINDINGS.**

The legislature finds that:

(1) the state has a vital interest in preparing Minnesota's economy to respond
cost-effectively to limits or taxes on greenhouse gas emissions that may be imposed by the
federal government in order to ensure that federal limits do not materially disrupt the state
economy, result in state dependence on foreign sources of natural gas, or cause relocation
of Minnesota industry to jurisdictions that do not similarly limit emissions, and in funding
critical research and development of technologies that will allow the state, the nation, and
other countries to reduce emissions of carbon dioxide from fossil fuels;

(2) the state has a long tradition of leadership in environmental stewardship and
innovation and the programs established by this act will continue this tradition, while
recognizing that national and international actions are necessary to address the issue
of global warming; and

(3) by exercising this leadership role, the state will position its economy, industry,
and educational institutions to foster the goal of increased in-state energy production

2.1 and capture benefits and minimize the costs associated with federal or global initiatives
2.2 to reduce emissions of greenhouse gases.

2.3 Sec. 3. **GREENHOUSE GAS EMISSION REPORTING.**

2.4 Subdivision 1. **Definitions.** For the purpose of this section and section 4, the terms
2.5 defined in this subdivision have the meanings given them.

2.6 (a) "Greenhouse gases" includes all of the following gases: carbon dioxide, methane,
2.7 nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

2.8 (b) "Major emitting sources" includes all electric utilities, as to all electricity
2.9 consumed in the state; natural gas utilities, as to the carbon dioxide equivalent of all
2.10 natural gas sold; any source for which a permit to emit any air pollutant is required from
2.11 the agency; wholesale providers of fuel oil, petroleum, and other transportation fuels
2.12 to Minnesota retailers, as to the carbon dioxide equivalent of the fuel sold; and any
2.13 other source that manufactures, sells, or emits greenhouse gases with a carbon dioxide
2.14 equivalent of 10,000 tons per year or more.

2.15 (c) "Carbon dioxide equivalent" means, for each covered fuel, the quantity of carbon
2.16 dioxide that would be emitted into the atmosphere as a result of complete combustion of a
2.17 unit of the covered fuel, as determined by the agency, and for each greenhouse gas other
2.18 than carbon dioxide, the quantity of carbon dioxide that would have an effect on global
2.19 warming equal to the effect of a unit of the greenhouse gas, as determined by the agency,
2.20 taking into consideration global warming potentials.

2.21 Subd. 2. **Monitoring.** The Pollution Control Agency shall monitor sources of
2.22 emissions of greenhouse gases that are associated with global warming to develop a full
2.23 inventory of sources of greenhouse gases in the state and the most promising sources
2.24 of reductions of those emissions or other means, including terrestrial and geologic
2.25 sequestration, to offset those emissions.

2.26 Subd. 3. **Initial reports by major emitting source.** All major emitting sources shall
2.27 file with the agency, no later than March 31, 2008, a good-faith estimate of the greenhouse
2.28 gas emissions emitted or contributed by such source during each year beginning in 1990
2.29 and ending in 2006, based upon all available information. "Contributed" means, in the
2.30 case of wholesale suppliers of fuel, the carbon dioxide equivalent of all fuel sold for
2.31 resale in Minnesota.

2.32 Subd. 4. **Reporting and verification of emissions.** On or before January 1,
2.33 2008, the agency shall adopt rules to require the reporting and verification of statewide
2.34 greenhouse gas emissions by all emitting sources. The rules shall:

(1) require the monitoring and annual reporting of greenhouse gas emissions from all major emitting sources;

(2) ensure rigorous and consistent accounting of emissions and provide reporting tools and formats to ensure collection of necessary data; and

(3) require that major emitting sources maintain comprehensive records of all reported greenhouse gas emissions.

Sec. 4. DETERMINATION OF STATEWIDE EMISSIONS, EVALUATION OF COSTS OF GREENHOUSE GAS EMISSIONS LIMITS, SOURCES OF REDUCTIONS, AND RESEARCH AND INVESTMENT OPPORTUNITIES.

Subdivision 1. **Report.** On or before July 1, 2008, the Pollution Control Agency shall, after conducting a structured, broadly inclusive stakeholder-based review, with public notice and an opportunity for all interested parties to comment, and with the assistance of a nationally recognized independent expert entity, provide a report to the governor and the legislature that:

(1) calculates, after taking into account the information provided by all major emitting sources, total statewide greenhouse gas emissions for each calendar year beginning in 1990 and ending in 2006;

(2) identifies and calculates likely new sources of emissions in the state between 2007 and 2022;

(3) evaluates the total potential costs and benefits to Minnesota's economy, environment, and public health of the various proposals before the federal government for reducing greenhouse gases, including cap and trade mechanisms, carbon or similar taxes, and mandatory reduction requirements for industry, transportation, and other sectors of the economy using the best available economic models, emission estimation techniques, and other scientific methods, and identifies the means available to the state and its citizens to meet such requirements;

(4) identifies, taking into account statewide transportation and industrial fuel consumption, electrical generation needs, the provision of reliable and affordable electrical service, fuel needs for home heating, emissions from ethanol and biofuel production, and nonenergy sources of greenhouse gases, how Minnesota can achieve the most technologically feasible and cost-effective greenhouse gas emission reductions from sources or categories of sources, identifying opportunities for emission reduction measures from all verifiable sources across all economic sectors and regions, including, but not limited to, conservation, agricultural, terrestrial and geologic carbon sequestration

projects, best management practices, and state policy initiatives, including standards relating to plug-in and hybrid cars, and green building standards;

(5) calculates the emission reductions that are likely to be achieved by state renewable energy requirements, and the costs associated with those reductions, the likely timetable for various levels of renewable energy implementation, and the feasibility and cost associated with transmission and ancillary services necessary to support new renewable generation;

(6) adopts methodologies for the quantification of greenhouse gas emission reductions; and

(7) recommends for approval by the legislature a panel of appointees to an economic and technology advancement advisory committee to advise the agency on:

(i) activities that will facilitate investment in and implementation of technological research and development opportunities, including, but not limited to, identifying new technologies, research, demonstration projects, and funding opportunities; developing state, national, and international partnerships and technology transfer opportunities; and identifying and assessing research and advanced technology investment and incentive opportunities for Minnesota's research and educational institutions that will assist in the development of clean technologies or the reduction of greenhouse gas emissions; and

(ii) state, regional, national, and international economic and technological developments related to greenhouse gas emission reductions.

The agency shall consider all relevant information pertaining to greenhouse gas emissions reduction programs in other states, localities, and nations, including the northeastern states of the United States, California, Canada, and the European Union.

Subd. 2. **Agency duties; fund.** The agency shall:

(1) periodically review and update its emission reporting requirements, as necessary;

(2) review existing and proposed international, federal, and state greenhouse gas emission reporting programs and make reasonable efforts to promote consistency among the programs established in state law and other programs, and to streamline reporting requirements on greenhouse gas emission sources; and

(3) adopt by rule, after public comment, a schedule of fees to be paid by major emitting sources.

The revenues collected under this section shall be deposited into the greenhouse gas reduction fund and are available, upon appropriation by the legislature, for purposes of carrying out this act.

Sec. 5. CARBON DIOXIDE PIPELINE RIGHTS-OF-WAY.

5.1 The Public Utilities Commission shall have the responsibility for approving the
5.2 Minnesota portion of the routing of all proposed pipelines to transport carbon dioxide
5.3 to sequestration sites within or outside the state. To the extent reasonably practicable,
5.4 pipelines shall be located on existing rights-of-way and the Minnesota Department of
5.5 Transportation and all electric and gas utilities shall make any and all of their rights-of-way
5.6 available for the carbon dioxide pipelines with compensation solely to cover actual
5.7 out-of-pocket costs incurred.

5.8 Sec. 6. **COAL PLANTS.**

5.9 The owner of each existing coal-fired power plant located in Minnesota or serving
5.10 Minnesota customers shall develop a plan for the orderly phase-out and decommissioning
5.11 of each such plant and submit the plan for approval by the Public Utilities Commission by
5.12 June 30, 2008. This requirement does not apply to any plant as to which the commission
5.13 has made a finding that such plant is reasonably likely to be able to capture or reduce at
5.14 least 20 percent of its carbon dioxide emissions by 2015 in order to contribute to the
5.15 significant statewide greenhouse gas emission reductions that will be required to meet
5.16 likely future federal requirements. The plan may include required gradual reductions in
5.17 the annual hours of dispatch of coal plants covered by this section. Prior to approval of the
5.18 plan and notwithstanding any law to the contrary, no utility shall be granted cost recovery
5.19 for any additional investments in existing coal plants.