



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 2025

PRINTERS NO. 3907

PRIME SPONSOR: Struzzi

### COST / (SAVINGS)

| FUND         | FY 2020/21        | FY 2021/22        |
|--------------|-------------------|-------------------|
| General Fund | See Fiscal Impact | See Fiscal Impact |

**SUMMARY:** House Bill 2025, Printer's Number 3907, creates the Pennsylvania Carbon Dioxide Cap and Trade Authorization Act to clarify that the Department of Environmental Protection does not have authority to join the Regional Greenhouse Gas Initiative or similar State or regional greenhouse gas cap-and-trade programs unless authorized by the General Assembly.

**ANALYSIS:** This bill establishes the Pennsylvania Carbon Dioxide Cap and Trade Authorization Act. Unless required by federal law, the Department of Environmental Protection (DEP) is prohibited from taking any action to join or participate in the Regional Greenhouse Gas Initiative or similar State or regional greenhouse gas cap-and-trade programs unless authorized by the General Assembly.

If the DEP proposes action or participation in a regional program, the bill requires the department to submit a proposed measure or action to the General Assembly. Prior to submitting the proposal, the department shall do the following:

1. The proposed measure will be submitted to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin in the form of draft legislation with a public comment period of no less than 180 days.
2. DEP will hold at least four public hearings to include locations that would be directly economically affected by the proposal.
3. Following the public comment period, DEP shall compile a report that will be submitted to the House and Senate Environmental Resources and Energy committees. The report is to have the following information:
  - i. A list of all facilities by county that would be subject to the proposal.
    - A. The amount of carbon dioxide emitted by each facility.
    - B. The estimated cost that would be incurred to comply for each.
    - C. The effect on price of electricity generated by the facility.
    - D. A list of facilities that would be likely to close due to the measure.
    - E. For the other facilities an assessment as to how likely the facility would continue to operate once the measures were fully implemented.
    - F. An assessment of the decrease of electricity generated after the measures are fully implemented.
    - G. An assessment of the contribution to the Pennsylvania electric generation fleet from each affected facility and the impacts upon the resilience and diversity in case any or all of the facilities were forced to close.

- ii. A summary of the impacts on any industry that commented or submitted testimony during the public comment period.
- iii. An estimate of the CO2 emission reductions the proposed measure would induce within the PJM Interconnection region.
- iv. A summary and justification of any specific measure to address leakage.
- v. A description of the economic impacts of the measure to include:
  - A. Direct and indirect costs to Pennsylvania and its political subdivisions and its private sector.
  - B. The impact on the cost of electricity on electricity consumers, to include residential, commercial, industrial and transportation.
  - C. Effects on prices of goods and services, productivity or competition.
  - D. Estimated administrative costs to comply with the measures.
  - E. Nature and estimated cost of legal, consulting or accounting services that the public or private sector would likely be incurred.
  - F. An estimate of the impact it would have on the public interest to exempt individuals, employers or facilities from compliance or to comply with less stringent standards when feasible.
- vi. Whether a less costly or less intrusive alternative method has been considered for an employer or facility that would otherwise be subject to the proposed measure.

The department shall also submit the measure in legislative form to the standing committees and request that a member of the standing committees introduce the legislation. If the legislation is introduced, it shall follow the standard legislative process and may be considered by a standing committee if referred.

This legislation would take effect immediately upon enactment.

**FISCAL IMPACT:** Enactment of this legislation will result in additional administrative and operational costs for the DEP if it proposes the Commonwealth participate in a State or regional greenhouse gas cap-and-trade program. These additional agency requirements would include drafting the legislative proposal, preparing impact analysis reports for the General Assembly and holding public comment periods.

It is projected these additional costs will be covered under existing agency operations similar to its current regulatory staff and duties. DEP staff already conduct such activities as part of the regulatory review process which mandates public participation and similar reports as provided through the Environmental Quality Board.

**PREPARED BY:** Jeffrey Clukey  
House Appropriations Committee (R)

**DATE:** July 8, 2020

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*