

AMENDED

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE SENATE

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SUBJECT: Strike everything amendment to S.B. 1007, relating to state implementation plans; carbon emissions

Purpose

Establishes the Joint Legislative Review Committee on State Implementation Plans Relating to Carbon Dioxide Emissions from Existing Power Plants (Committee) to develop factors that may be considered in reviewing the State Implementation Plan (SIP) prior to submittal of the SIP by the Arizona Department of Environmental Quality (ADEQ) Director to the U.S. Environmental Protection Agency (EPA) Administrator.

Background

Federal air quality standards are set by the EPA Administrator for criteria pollutants considered harmful to the public health and environment. The Clean Air Act (Act) requires the EPA to develop regulations for sources of air pollution that may endanger public health or welfare. Section 111(d) of the Act requires states to develop plans, commonly known as SIPs, for existing sources of noncriteria pollutants (i.e., a pollutant for which there is no national ambient air quality standard) whenever EPA promulgates a standard for a new source (Section 111, 42 U.S.C. §7411).

On June 2, 2014, the EPA established the Clean Power Plan Proposed Rule which aims to reduce nationwide carbon emissions by 30 percent from the 2005 levels. The proposal establishes an interim goal states must meet for average carbon dioxide emission levels from 2020-2029 and a final goal that must be met by 2030. The EPA has outlined four sets of measures – or “building blocks” – to achieve reduction requirements: 1) make fossil fuel power plants more efficient; 2) use more low-emitting power sources; 3) use more zero- and low-emitting power sources; and 4) use electricity more efficiently. States are required to develop SIPs to reduce carbon dioxide from existing fossil fuel fired power plants. States have until June 2016 to submit a SIP, although the EPA may extend the deadline to June 2017 if legislative approval is necessary and June 2018 for states undertaking a multistate approach for achieving compliance. Arizona has the second highest goal in the nation, next to Washington, at 52 percent reduction (www.epa.gov).

Laws 2010, Chapter 152, prohibits state agencies from adopting or enforcing a state or regional program to regulate greenhouse gas emissions without acquiring express legislative approval.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Establishes the Committee consisting of the following members:
 - a) the chairperson of the Senate Water and Energy Committee or its successor committee, to serve as the chairperson;
 - b) the chairperson of the House of Representatives Energy, Environment and Natural resources Committee or its successor committee;
 - c) two members of the Senate who are appointed by the President of the Senate (President) and who are members of different political parties; and
 - d) two members of the House of Representatives who are appointed by the Speaker of the House of Representatives (Speaker) and who are members of different political parties.
2. Requires the ADEQ Director, not less than 90 days before submitting a SIP to the EPA Administrator to transmit the plan to the Committee.
3. Requires the Committee to review the SIP within 60 days of receiving the SIP from the ADEQ Director.
4. Requires the ADEQ Director, in consultation with the Arizona Corporation Commission (ACC), the governing bodies of affected public power entities, electric utilities regulated by the ACC and independently owned electric generating units to develop a SIP to regulate the emissions of carbon dioxide from existing electric generation units in compliance with the rules adopted by the EPA Administrator.
5. Allows the ADEQ Director to submit the SIP to the EPA Administrator after review and comment by the Committee or if the Committee fails to act in a timely manner as prescribed.
6. Requires the Committee to review the SIP based on factors developed by the Committee, take public comment and consider whether submission of the SIP is in the public interest.
7. Stipulates that the review must include adoption of comments by the Committee by a vote of a majority of a quorum of members.
8. Requires the Committee to meet to develop factors that may be considered in reviewing the SIP.
9. Stipulates that the factors must include the following:
 - a) the security of the electrical power grid in Arizona and the region;
 - b) the availability of and access to natural gas infrastructure in Arizona;
 - c) the effects of improved technologies and efficiencies in power generation for Arizona;
 - d) the effects of exempting existing electric generating plans from further measures;
 - e) the effects of stranded costs on the operation of existing or new electric generating plants;
 - f) the effects on the local and the economy of Arizona, including impacts on new and existing jobs, housing affordability and income and employment levels;
 - g) the impact of Arizona's ability to attract capital investment and new businesses and to develop and expand existing businesses;

- h) the relative costs and benefits of the plan;
 - i) the unique challenges faced by small utilities and electric cooperative associations;
 - j) the effects on local ratepayers;
 - k) the effects on the customs, culture, history and heritage of Arizona and its communities; and
 - l) any other factors the Committee deems appropriate.
10. Prohibits the ADEQ Director from transmitting the SIP to the Committee until the EPA Administrator adopts rules under Section 111(d) of the Act.
 11. Declares that submission of a SIP does not impair the abilities of any affected state entity to challenge the lawfulness of the federal regulation of carbon dioxide emissions from existing electric generating units and does not constitute a waiver of any claims.
 12. Allows the Committee to meet before receiving the SIP for the purpose of obtaining information regarding the development of the SIP.
 13. Requires the Committee to meet as often as the members deem necessary.
 14. Stipulates that a majority of the members constitutes a quorum for the transaction of business.
 15. Stipulates that the Legislature must provide staff assistance to the Committee as directed by the President and Speaker.
 16. Terminates the Committee on July 1, 2018.
 17. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Adopted the strike-everything amendment.
2. Stipulates that the appointed Committee members must be of different political parties.
3. Adds housing affordability as a factor that must be considered by the Committee.

Senate Action

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