

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

April 18, 2024
Date

Committee on Energy & Environment.

After consideration on the merits, the Committee recommends the following:

HB24-1339 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

- 1 Amend printed bill, strike everything below the enacting clause and
2 substitute:
- 3 "SECTION 1. In Colorado Revised Statutes, 25-7-114.4, amend
4 (5)(a), (5)(b)(I), (5)(b)(II)(A), and (5)(d) as follows:
- 5 **25-7-114.4. Permit applications - contents - rules - definitions.**
6 **(5) Provisions for permits for sources that affect disproportionately**
7 **impacted communities.** (a) **Rules.** (I) No later than June 1, 2023 2025,
8 the commission shall adopt, AND THE DIVISION SHALL IMPLEMENT, rules
9 to implement the requirements of this subsection (5).
- 10 (II) The commission may set thresholds of affected pollutants
11 below which the requirements of this section do not apply; EXCEPT THAT
12 THE THRESHOLDS MUST NOT BE HIGHER THAN THE FOLLOWING, WHERE
13 APPLICABLE:
- 14 (A) FOR NEW SOURCES, EMISSIONS OF AN AFFECTED POLLUTANT,
15 OTHER THAN A HAZARDOUS AIR POLLUTANT, THAT ARE EQUAL TO THE
16 RATE OF EMISSIONS THAT WOULD QUALIFY AS SIGNIFICANT UNDER THE
17 COMMISSION'S MAJOR NEW SOURCE REVIEW RULES; AND
- 18 (B) FOR MODIFICATIONS TO A MAJOR SOURCE, EMISSIONS OF AN
19 AFFECTED POLLUTANT THAT ARE EQUAL TO THE LEVEL SUCH THAT A
20 CONSTRUCTION PERMIT WOULD BE REQUIRED FOR A NEW SOURCE UNDER
21 THE COMMISSION'S RULES.
- 22 (III) ~~In adopting rules to implement this subsection (5), the~~
23 ~~commission shall identify disproportionately impacted communities~~ IN
24 ADOPTING RULES TO IMPLEMENT THIS SUBSECTION (5), ALL PROVISIONS OF
25 THE RULES MUST APPLY TO ALL AREAS OF ALL DISPROPORTIONATELY
26 IMPACTED COMMUNITIES.
- 27 (IV) The commission shall periodically, but not less often than
28 every three years, revisit its ~~identification of disproportionately impacted~~

1 ~~communities~~ and determinations of affected pollutants.

2 (b) **Applicability and requirements.** (I) The requirements of this
3 subsection (5)(b) apply to permits for sources of affected pollutants in
4 ALL AREAS OF ALL disproportionately impacted communities.

5 (II) (A) TO IMPROVE THE RELIABILITY OF DATA ON EMISSIONS
6 FROM AIR POLLUTION SOURCES AND TO EVALUATE THE IMPACT OF AN AIR
7 POLLUTION SOURCE'S EMISSIONS ON SURROUNDING COMMUNITIES, the
8 commission's rules must provide for enhanced modeling and monitoring
9 requirements for new and modified sources of affected pollutants in
10 disproportionately impacted communities that are identified or approved
11 at the time of permit application. In adopting the rules, the commission
12 shall also consider requiring enhanced monitoring for existing sources of
13 affected pollutants.

14 (d) **Definitions.** As used in this subsection (5), unless the context
15 otherwise requires:

16 (I) "Affected pollutants" means those air pollutants as determined
17 by the commission ~~with~~ TO HAVE the potential to cause or contribute to
18 significant health or environmental impacts. The term includes:

19 (A) Volatile organic compounds;
20 (B) Oxides of nitrogen;
21 (C) Hazardous air pollutants, as identified by the commission,
22 including, AT A MINIMUM, benzene, toluene, ethylbenzene, and xylene;
23 ANY PRIORITY TOXIC AIR CONTAMINANTS THAT THE COMMISSION
24 IDENTIFIES PURSUANT TO SECTION 25-7-109.5 (6); AND ANY HAZARDOUS
25 AIR POLLUTANTS USED IN THE AIR TOXICS EMISSIONS INDICATOR OF THE
26 COLORADO ENVIROSCREEN, DEFINED IN SECTION 25-8-1001 (2); and
27 (D) Particulate matter that is two and one-half microns or smaller.

28 (I.5) "ENHANCED MONITORING" MEANS SOURCE-SPECIFIC
29 MONITORING OF THE SOURCE'S EMISSIONS OF AN AFFECTED POLLUTANT.

30 (II) "Source of affected pollutants" means a stationary source that
31 emits any affected pollutant in an amount such that a construction permit
32 is required under commission rules.

33 **SECTION 2.** In Colorado Revised Statutes, 25-7-105, **amend**
34 (1)(e)(XIII)(A) and (1)(f)(I)(A); and **add** (1)(e)(XIII)(C), (1)(e)(XIII)(D),
35 (1)(e)(XIII)(E), and (1)(e)(XIII)(F) as follows:

36 **25-7-105. Duties of commission - technical secretary - rules -**
37 **report - legislative declaration - definitions - repeal.** (1) Except as
38 provided in sections 25-7-130 and 25-7-131, the commission shall
39 promulgate rules that are consistent with the legislative declaration set
40 forth in section 25-7-102 and necessary for the proper implementation
41 and administration of this article 7, including:

42 (e) (XIII) In implementing this subsection (1)(e), the commission
43 shall adopt rules to reduce statewide greenhouse gas emissions from the

1 industrial and manufacturing sector in the state by at least twenty percent
2 by 2030 below the 2015 baseline established pursuant to section 25-7-140
3 (2)(a)(II), taking into account the factors set out in subsections (1)(e)(II)
4 to (1)(e)(VI) of this section. The rules must include protections for
5 disproportionately impacted communities and prioritize emission
6 reductions that will reduce emissions of co-pollutants that adversely
7 affect disproportionately impacted communities, be designed to accelerate
8 near-term reductions, and secure meaningful emission reductions from
9 this sector to be realized beginning no later than September 30, 2024. The
10 rules must:

11 (A) Be consistent with the requirements of subsection (1)(e)(IX)
12 of this section; ~~and~~

13 (C) ON AND AFTER JANUARY 1, 2025, PROHIBIT GREENHOUSE GAS
14 EMISSIONS FROM THE SECTOR FROM INCREASING IN THE NEAR TERM AND
15 REQUIRE THAT SECTOR-WIDE EMISSIONS DECLINE OVER TIME SUCH THAT
16 THOSE EMISSIONS DO NOT EXCEED NINETY-SEVEN MILLION METRIC TONS
17 OF TOTAL CARBON DIOXIDE EQUIVALENT CUMULATIVELY BETWEEN 2025
18 AND 2030, INCLUSIVE;

19 (D) ON AND AFTER JANUARY 1, 2025, PROHIBIT ANY SOURCE OF
20 GREENHOUSE GAS EMISSIONS IN THE SECTOR FROM MEETING ITS
21 COMPLIANCE OBLIGATIONS UNDER THE RULES BY MAKING A PAYMENT,
22 UNLESS THE PAYMENT IS MADE IN EXCHANGE FOR A GHG CREDIT, AS
23 DEFINED IN SUBSECTION (1)(f)(I) OF THIS SECTION, THAT IS SURRENDERED
24 FOR COMPLIANCE AS PART OF A TRADING PROGRAM, AS DEFINED IN
25 SUBSECTION (1)(f)(I) OF THIS SECTION, AND THE COMMISSION HAS FIRST
26 ESTABLISHED, BY RULE, A DECLINING LIMIT ON THE GREENHOUSE GAS
27 EMISSIONS FROM ALL SOURCES THAT PARTICIPATE IN THE TRADING
28 PROGRAM;

29 (E) FOR ANY SOURCE OF GREENHOUSE GAS EMISSIONS IN THE
30 SECTOR THAT HAS ADVERSELY AFFECTED A DISPROPORTIONATELY
31 IMPACTED COMMUNITY, ESTABLISH A SOURCE-SPECIFIC EMISSION
32 REDUCTION REQUIREMENT THAT MUST BE MET THROUGH DIRECT
33 REDUCTIONS IN THE SOURCE'S GREENHOUSE GAS EMISSIONS; AND

34 (F) THE AMENDMENTS MADE TO THIS SUBSECTION (1)(e)(XIII)
35 THROUGH HOUSE BILL 24-1339, ENACTED IN 2024, DO NOT ALTER THE
36 REQUIREMENTS OF SUBSECTION (1)(e)(IX) OF THIS SECTION.

37 (f) (I) **Definitions.** The definitions in subsection (1)(e)(XI) of this
38 section apply to this subsection (1)(f). As used in this subsection (1)(f),
39 unless the context requires otherwise:

40 (A) "GHG credit" means a tradeable compliance instrument in a
41 physical or electronic format, the use of which is authorized pursuant to
42 a regulatory program adopted by the commission that represents the
43 reduction of one metric ton of carbon dioxide equivalent of greenhouse

1 gas by a regulated source. "GHG CREDIT" INCLUDES AN ALLOWANCE TO
2 EMIT ONE METRIC TON OF CARBON DIOXIDE EQUIVALENT OF GREENHOUSE
3 GAS BY A REGULATED SOURCE.

4 **SECTION 3. Safety clause.** The general assembly finds,
5 determines, and declares that this act is necessary for the immediate
6 preservation of the public peace, health, or safety or for appropriations for
7 the support and maintenance of the departments of the state and state
8 institutions."

9 Page 1, line 101, strike "MEASURES TO BE TAKEN" and substitute
10 "RULE-MAKING".

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