STATE OF COLORADO

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Bill Ritter, Jr.
Governor

D 004 08

EXECUTIVE ORDER

Reducing Greenhouse Gas Emissions in Colorado

Pursuant to Article IV, Section 2 of the Colorado Constitution and the authority vested in the Office of the Governor of the State of Colorado, I, Bill Ritter, Jr., Governor of the State of Colorado, hereby issue this Executive Order declaring the state's greenhouse gas reduction goals, directing the Colorado Department of Public Health and Environment ("CDPHE") to develop regulations mandating the reporting of greenhouse gas emissions for major emitters, requesting the Public Utilities Commission to require utilities to submit electric resource plans for meeting greenhouse gas reduction goals, and directing CDPHE to propose, after a full vetting process and within 24 months, regulations requiring reduced greenhouse gas emissions from passenger motor vehicles.

1. Background and Need

Scientists tell us that to head off disruptions to our economy, environment and society by the second half of this century, we must reduce greenhouse gas emissions by at least 80% below 2005 levels by 2050. Many sectors of Colorado's economy, including agriculture, recreation, skiing, and tourism, could experience significant changes and impacts if emissions are not reduced. Because long term planning to address climate change is essential, this Executive Order establishes a goal of achieving an 80% reduction from 2005 levels by 2050. To meet this long term goal, we must first strive toward an interim goal, and this Executive Order establishes a goal of a 20% reduction from 2005 levels by 2020.

To achieve even our interim goal as efficiently as possible, we must have accurate data regarding the sources of greenhouse gas emissions within the state. Colorado, together with 38 other states, seven Canadian provinces, six Mexican states, and three tribal nations, has joined The Climate Registry, a voluntary greenhouse gas emissions reporting system. This voluntary registry provides a mechanism through which businesses, state agencies, local governments, and others can measure and report their greenhouse gas emissions. This voluntary system, however, will not provide the comprehensive data necessary to enable policy makers and business leaders to determine how best to meet our state's emissions reduction goal. This Executive Order directs CDPHE to draft, within 18-24 months, regulations to mandate reporting of greenhouse gas emissions from major sources.

In 2005, emissions from electricity production accounted for 36% of carbon dioxide emissions in Colorado. We must work with utilities, which provide a vital service to the state, to reduce their greenhouse gas emissions. The Public Utilities Commission ("PUC") requires the state's investor-owned utilities to periodically file an electric resource plan ("ERP") that shows how they will meet their customers' energy needs well into the future. This Executive Order requests the PUC to seek from each utility within its jurisdiction an ERP that includes an analysis that shows how the utility could achieve a 20% reduction in its greenhouse gas emissions from 2005 levels by the year 2020. We recognize that large utilities will have to weigh many approaches to achieve a 20% cut in emissions, including significant expansion of renewable energy sources and energy efficiency, investments in new clean coal technologies, retirement of old, inefficient coal-fired generating stations, purchases of carbon credits to offset emissions, and other strategies. The benefits to the state from such reductions include reduced air pollution, new jobs, as well as a more diverse, and therefore less volatile, energy supply portfolio.

To ensure that such plans can be achieved in the most efficient manner, this Executive Order also directs the Governor's Energy Office ("GEO") to work with the Department of Regulatory Agencies and other relevant agencies to identify regulatory and legislative changes that may be needed to provide investor-owned utilities with the appropriate incentives to invest in renewable energy sources, energy efficiency, carbon credits, and clean coal technologies.

Whether to allow the construction of new, conventional pulverized coal plants is an important decision that requires careful study and outreach to many key stakeholders. This Executive Order directs CDPHE and GEO to evaluate alternatives for addressing greenhouse gas emissions from new coal-fired power plants in consultation with affected parties and to make a recommendation within 12 months.

Emissions in the transportation sector account for 23% of greenhouse gas emissions in Colorado. In the absence of federal action, state governments are taking direct action to ensure that automakers reduce emissions of both greenhouse gases and pollutants that cause high ozone levels. These standards must be thoughtfully and deliberately examined to determine if they make sense for Colorado. This Executive Order directs CDPHE to propose regulations, after a full vetting process and within the next 24 months, to the Air Quality Control Commission that will achieve maximum feasible and cost effective reductions of greenhouse gas emissions from passenger motor vehicles. This timeframe will allow CDPHE to engage in a stakeholder process to analyze issues associated with consumer choice, vehicle costs, driving performance at high altitude, and other issues that arise during the stakeholder process.

2. Declaration and Directive

A. State of Colorado Greenhouse Reduction Goal

1. I hereby declare that it shall be the goal of the State of Colorado to achieve the following greenhouse gas emissions reduction goals:
    i. By 2020, to reduce greenhouse gas emissions in Colorado to 20% below its 2005 levels.

ii. By 2050, to reduce greenhouse gas emissions in Colorado to 80% below its 2005 levels.

2. State agencies are directed to join in a statewide effort, coordinated by CDPHE, the Department of Natural Resources, the Department of Agriculture, GEO, and the Governor's Office of Policy and Initiatives, to achieve these goals. This effort should consider, and where appropriate coordinate with, greenhouse gas reduction efforts occurring within local governments.

B. Reporting of Greenhouse Gas Emissions and State Inventory

1. I hereby direct CDPHE to develop and propose regulations, by no later than 24 months from the date of this Executive Order, to the Air Quality Control Commission mandating reporting of greenhouse gas emissions for all major sources. The reporting requirements should be phased in as standardized quantification protocols, baseline data, and other tools become available.
2. CDPHE is directed to plan for performing updates to the state's greenhouse gas emissions inventory, with the first update scheduled to be completed no later than 2012 and repeated every five years thereafter.

C. Greenhouse Gas Emissions from the Utility Sector

1. I hereby request that the PUC require from each utility within its jurisdiction an ERP for achieving a 20% reduction in its greenhouse gas emissions from 2005 levels by 2020.
2. I hereby direct GEO and the Department of Regulatory Agencies to identify regulatory and legislative changes that may be needed to provide investor-owned utilities with the appropriate incentives to reduce greenhouse gas emissions, and to reduce financial barriers to investments in renewable energy sources, energy efficiency, carbon credits, and clean coal technologies. The Executive Directors of these agencies will provide their suggestions to my office within 12 months of the date of this Executive Order.
3. I hereby direct CDPHE and GEO to evaluate policy options to address future demand for new coal-fired power plants. This effort shall consider, at a minimum, development of alternate sources of energy and options for reducing or mitigating greenhouse gas emissions from new plants. CDPHE and GEO shall evaluate these options in consultation with affected parties and make a recommendation to my office within 12 months of the date of this Executive Order.

D. Greenhouse Gas Emissions from the Transportation Sector

1. I hereby direct CDPHE to develop and implement a process for identifying and evaluating the benefits as well as potential impediments to measures designed to reduce tailpipe emissions of greenhouse gases from passenger cars and light duty trucks, including protection of consumer choice, vehicle costs, driving performance at high altitude, the utility and availability of alternative-fuel vehicles (including positive and negative effects on air quality), projected reduction in gasoline demand and consumption, and potential short- and long-term cost savings for consumers. As part of this effort, CDPHE shall develop a process for seeking the participation of all affected stakeholders and for periodically briefing the Air Quality Control Commission on these matters.
2. I further direct CDPHE, upon the completion of this process but in no case longer than 24 months from the date of this Executive Order, to propose to the Air Quality Control Commission a comprehensive proposal for reducing net emissions of greenhouse gases from the state's transportation sector, including measures to achieve the maximum feasible and cost-effective reductions of greenhouse gases from passenger cars and light duty trucks. This proposal should reflect the evaluation of costs and benefits achieved through the process outlined in D.1 and be tailored to the specific needs of Colorado.

3. Duration

This Executive Order shall remain in force until modified or rescinded by a subsequent Executive Order.

Given under my hand and the Executive Seal of the State of Colorado this 22nd day of April, 2008.

Bill Ritter, Jr.
Governor