



Sustainability Solutions. Valuable Results.  
Updates & Trends in State-Level Climate Action

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*Presented on March 19, 2024, at NACW*



## ESG ADVISORY

- + Strategy Development
- + Risk Management
- + Impact Assessment
- + Voluntary Disclosure
- + Regulatory Optimization
- + Renewable Energy Strategy



## PROJECT DEVELOPMENT

- + Carbon Credit & Other Environmental Commodity Creation
- + Project Finance
- + Project Implementation & Operation
- + Quantitative Methodology Development

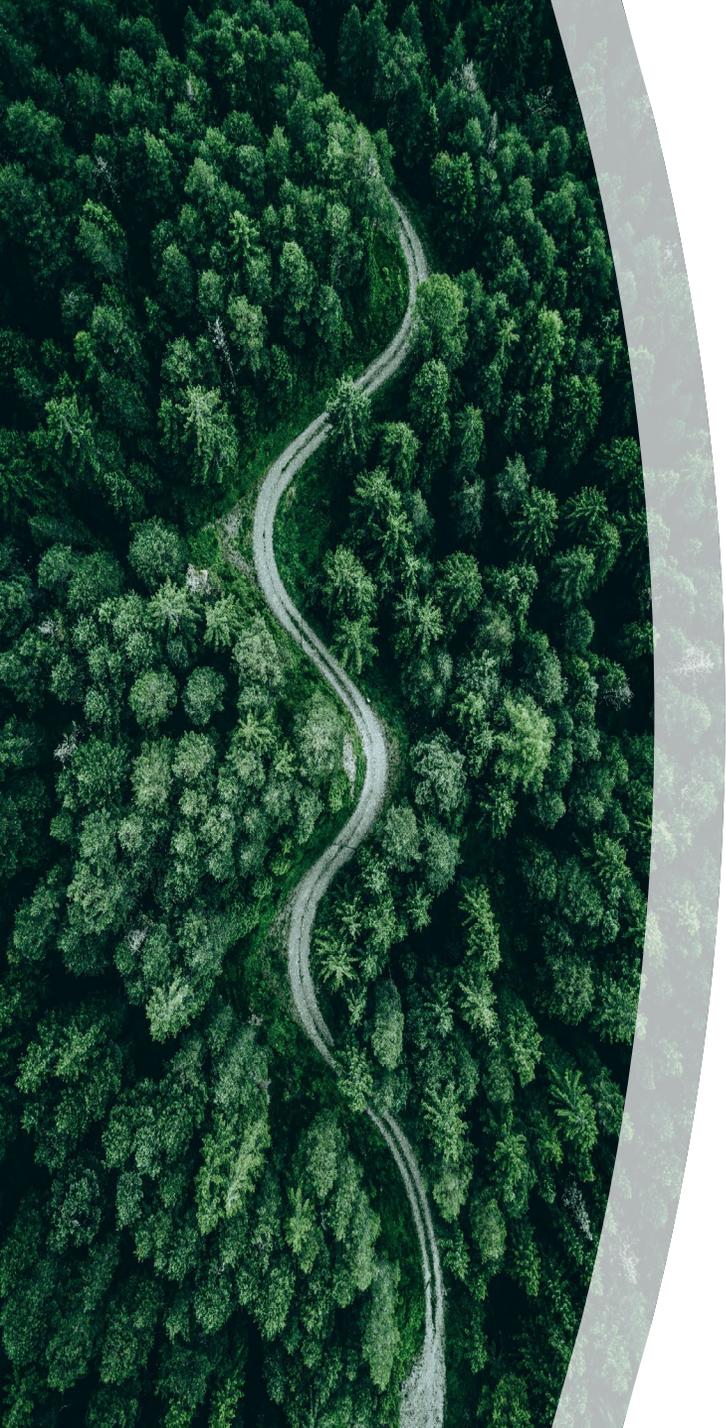


## ENVIRONMENTAL CREDITS

- + Environmental Commodity Sourcing & Marketing
- + Carbon and Renewable Energy Credits
- + Hedge Strategy Optimization
- + Management Process Development

## About ClimeCo Our Solutions

ClimeCo is an award-winning provider of vertically-integrated sustainability solutions. Our team of experts support global clients with their climate goals.



# Agenda

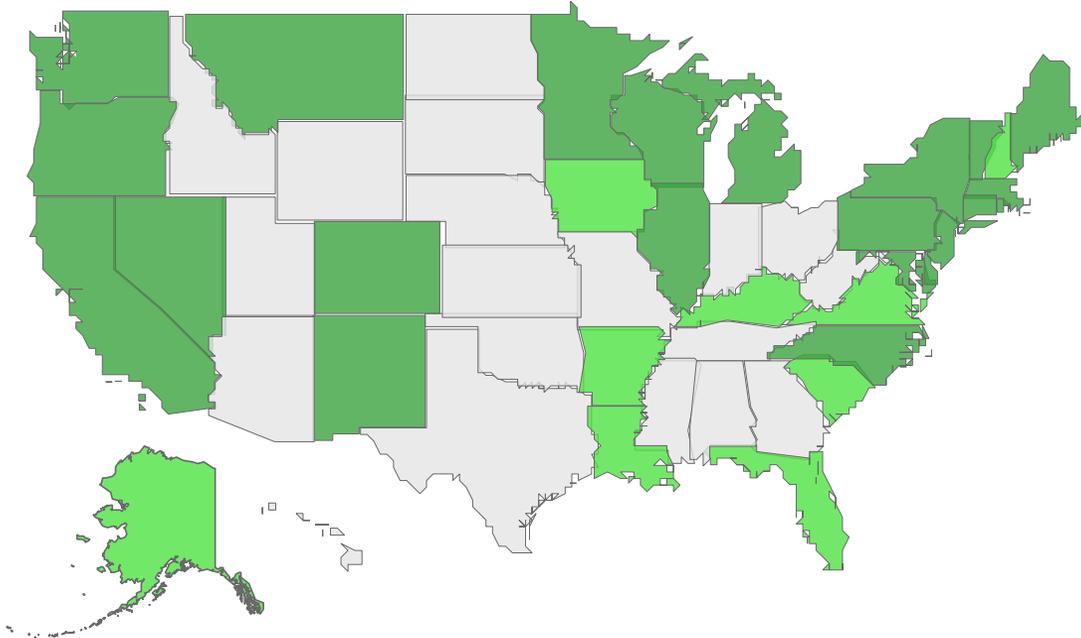
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- 1** **State Climate Action Plans - *Then***  
*Looking back 3 years*
- 2** **The Climate Policy Pivot**  
*Key events*
- 3** **State Climate Action Plans - *Now***  
*Where are we now?*
- 4** **Climate Policy Hot Spots**  
*What we are seeing*
- 5** **State Climate Policy Themes**  
*Where you should be looking*



# 2021 State Climate Action Overview

# 2021 - States with Climate Action Plans (CAP)



- Had a CAP or CAP in development by 2021
- Had a CAP before 2021 but it was old/expired and not updated
- No CAP

**22** Had existing CAP or were developing one in 2021

**9** CAP existed prior to 2021 but was not active

A CAP is a comprehensive framework for planning, measuring, and reducing greenhouse gas emissions while adopting climate adaptation measures

- + Emission reduction target
- + Reduction pathways
- + Carrot v. stick

### Early Actors Examples

- + Louisiana and California



# The Climate Policy Pivot

# The Climate Policy Pivot:

**IRA**  
**INFLATION REDUCTION ACT PROVISIONS**

Qualifying Advanced Energy Project Credit \$48C Program

30% An investment tax credit of up to 30% of qualified **INVESTMENTS** for certified projects.

**ROUND 1:** The §48C Program allocates approx. **\$4 BILLION** to projects that expand clean energy manufacturing and recycling + critical materials refining, processing and recycling, and for projects that **reduce greenhouse gas emissions** at industrial facilities.

The §48C Program sets aside 40% of funds for projects in designated communities with closed coal plants or mines — approximately \$1.6 Billion in round 1.

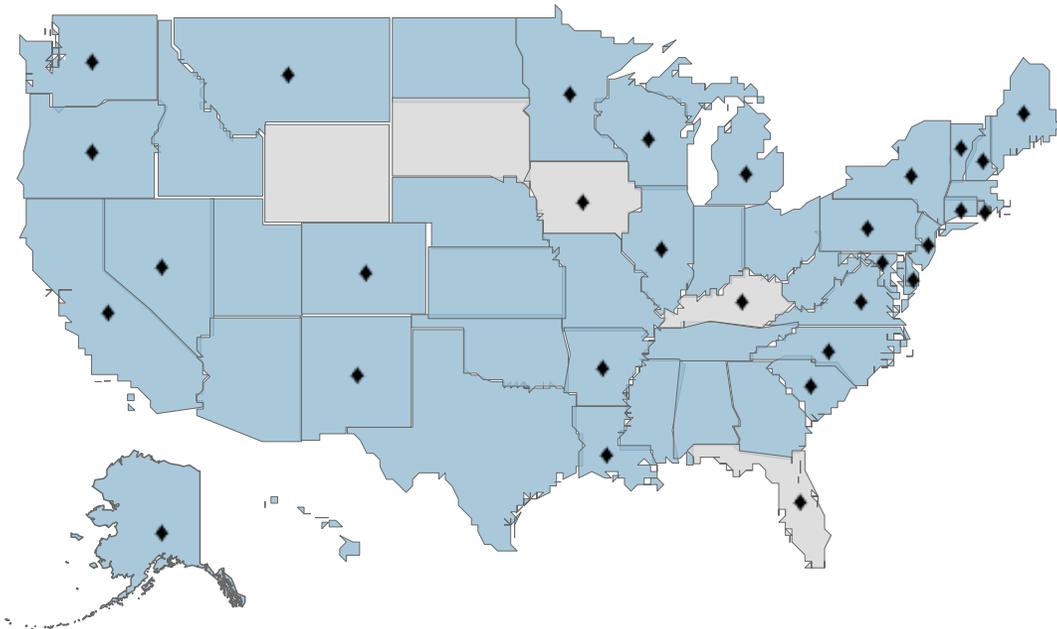
## Recent State-level Action – Key Considerations

- + Biden Administration push for climate legislation
  - *Emphasis on climate change*
  - *Pressure States to take action absent of comprehensive federal legislation*
- + Implications of West Virginia v. EPA Ruling
  - *Federal limitations on national carbon pricing empower states to assume greater responsibility for climate action*
- + Federal Legislative Response:
  - Infrastructure Investment and Jobs Act (IIJA)  
*E.g., Carbon Reduction Program in transportation – \$6.4B*
  - Inflation Reduction Act (IRA)  
*E.g., Domestic Manufacturing Conversion Grants – \$2B*
- + EPA Climate Pollution Reduction Grant (CPRG) Program



# State Climate Action Plan – 2024

# 2024 State Climate Action Plan Update



- Received CPRG funding
- Did not receive CPRG funding
- Has previously developed a CAP

## Climate Pollution Reduction Grant (CPRG)

\$5 billion program guided by the Inflation Reduction Act to support states, municipalities, and more in developing and implementing greenhouse gas reduction strategies

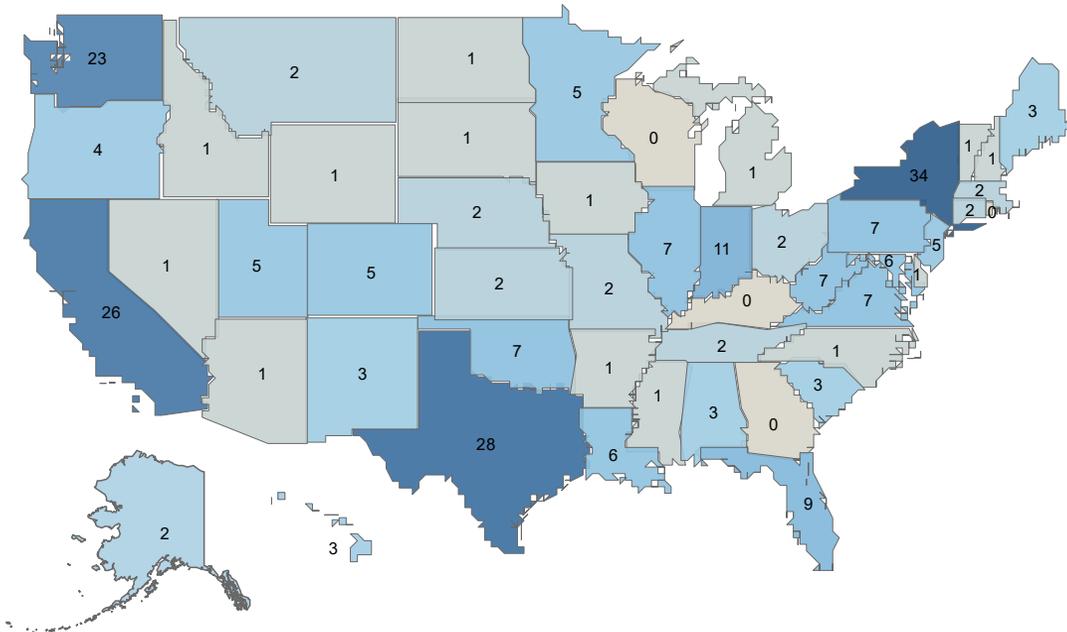
- + All State governments applied and received funding except Florida, Iowa, Kentucky, South Dakota, and Wyoming
  - 45 States accepted CPRG funding
  - Each State's CAP developed will be unique to their economy



# Climate Policy Hot Spots

WHAT WE ARE SEEING

# State Climate Policy Action – 2023 Full Session & 2024 Start



Number of climate-related bills tracked by state

+ Focus on Hard-to-Decarbonize sectors



**249** Total policies tracked

**47** passed climate-related bills, in **25** states

**142** Bills introduced since start of 2024 session

The analysis reviewed state climate policies from 2023 to present

- + *Legislative session outcomes from 2023*
- + *Legislation introduced during 2024 legislative session*

***Maryland as example of legislative trends***

NOTABLE MENTIONS

# State Spotlight: Leading the Charge in Climate Policy

## Climate Policy – Example of Active States

<p>California</p> 	<ul style="list-style-type: none"><li>+ Number of Bills tracked: 26</li><li>+ Number of active Bills: 2</li><li>+ Number of Bills passed: 11</li></ul>	<p><b>Example –</b> <b>AB 2446: Bill to reduce GHG emissions of building materials (Passed)</b></p> <ul style="list-style-type: none"><li>+ Requires state board to develop a framework for measuring and reducing average carbon intensity of building materials by July 1, 2025</li><li>+ The bill sets reduction target for building materials of 20% by 2030 and 40% no later than 2035.</li></ul>
<p>New York</p> 	<ul style="list-style-type: none"><li>+ Number of Bills tracked: 34</li><li>+ Number of active Bills: 23</li><li>+ Number of Bills passed: 2</li></ul>	<p><b>Example –</b> <b>S00897: Climate Corporate Accountability Act (In Committee)</b></p> <ul style="list-style-type: none"><li>+ Requires businesses with revenues in excess of \$1 billion to report on their scope 1, 2, and 3 emissions.</li><li>+ Scope 3 emissions are to be calculated using the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard developed by the World Resources Institute</li></ul>
<p>Washington</p> 	<ul style="list-style-type: none"><li>+ Number of Bills tracked: 23</li><li>+ Number of active Bills: 19</li><li>+ Number of Bills passed: 2</li></ul>	<p><b>Example –</b> <b>Washington Initiative 2117, Prohibit Carbon Tax Credit Trading and Repeal Carbon Cap-and-Invest Program Measure (Certified for Ballot)</b></p> <ul style="list-style-type: none"><li>+ Would prohibit state agencies from imposing any type of carbon tax credit trading, and repeal legislation establishing a cap and invest program to reduce greenhouse gas emissions.</li></ul>

Other notable states: LA, MD, PA, OR, CO, NJ



# State Climate Policy Themes

# State Policy Theme Overview

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01

Carbon,  
Capture,  
Utilization and  
Storage

02

Carbon  
Markets

03

Climate  
Disclosure

04

Sustainable  
Infrastructure

05

Incentives

# Carbon, Capture, Utilization and Storage

21 active bills

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States are actively addressing the deployment of CCUS technologies through regulatory frameworks tailored to their economy. The establishment of regulations signals a concerted effort to facilitate CCUS deployment whilst driving decarbonization goals.

## Legislators are enacting the following rules and regulations

- + Class VI well permitting authority primacy from the U.S. EPA
- + Pore space ownership and liability
- + New studies on the quality of carbon sinks available within the state
- + Expanding grant and market-based programs to support CCUS deployment costs
  - *E.g., incentives and integration into state emission reduction schemes*

## Regulatory willingness and access to capital

- + States leading regulatory efforts for CCUS are likely to receive federal grants and tax credits under the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)



Senate Bill 16 – Greenhouse Gas  
Emission Reduction Measures



Senate Bill 200 – Oklahoma Carbon Capture and  
Geologic Sequestration Act

# Carbon Markets

12 active bills, 1 ballot initiative

Market-based carbon pricing programs are increasingly viewed as an effective policy mechanism for incentivizing GHG emission reductions. Cap-and-invest has become the preferred carbon pricing program in recent years for policymakers.

## Key Features of a market-based approach

- + Clear emission reduction targets – Regulatory certainty
- + Market flexibility and cost-effectiveness – Buy and sell compliance instruments (*E.g., allowances and offsets*)
- + Bespoke programming – Robust protection for Emissions-Intensive, Trade-Exposed" sectors
- + Access to incentives through program fund recycling mechanisms
- + Potential for interstate and international linkage (*E.g., WCI*)

## Recent Examples

- + Washington      + Maryland      + Colorado
- + New York        + Oregon



Washington

House Bill 2201 – Facilitating Linkage of  
Washington's Carbon Market

# Climate Disclosure

8 active bills

## The Enhancement and Standardization of Climate-Related Disclosures: Final Rules



### Final Rules adopted by SEC March 6, 2024

- + Requires larger publicly traded companies to report on scope 1 and 2 emissions
- + Requires publicly traded companies to report on climate-related risks and management of those risks

## State-level action on the rise – Climate Disclosure Rules

- + Activities are in parallel with federal efforts
  - *E.g., SEC Ruling*
- + State-level efforts establish a precedent and may signal other jurisdictions to follow suit
- + Climate disclosure legislation will specify which businesses must report and what information they must provide
  - Revenue thresholds for businesses to report
    - *E.g., California Climate Corporate Data Accountability Act – \$1 billion in revenues in a calendar year must report emissions*
  - Scope 1, 2, and/or 3 emissions



### Senate Bill 253 – Climate Corporate Data Accountability Act

California

# Sustainable Infrastructure

5 active bills, 1 executive order



## State Initiatives Promoting Low-Carbon Construction Materials

### + Changing standards

- Ingredient-based vs. performance-based standards

*Low-carbon products with different raw material inputs can have similar strength codes*

- Acknowledges that not all infrastructure require the same strength codes
- Increasing flexibility in material selection

### + State-level Buy Clean procurement programs to incent low-carbon products

- State purchasing power to drive demand and innovation
- Establish separate funding pools for low-carbon products; or
- Procurement bidding process to integrate low-carbon considerations

*Allows bids for low-carbon products to have a slightly higher cost within a reasonable threshold of the lowest bid – preference given to low-carbon product*



Assembly Bill 43 – Low Carbon Product  
Standard Act

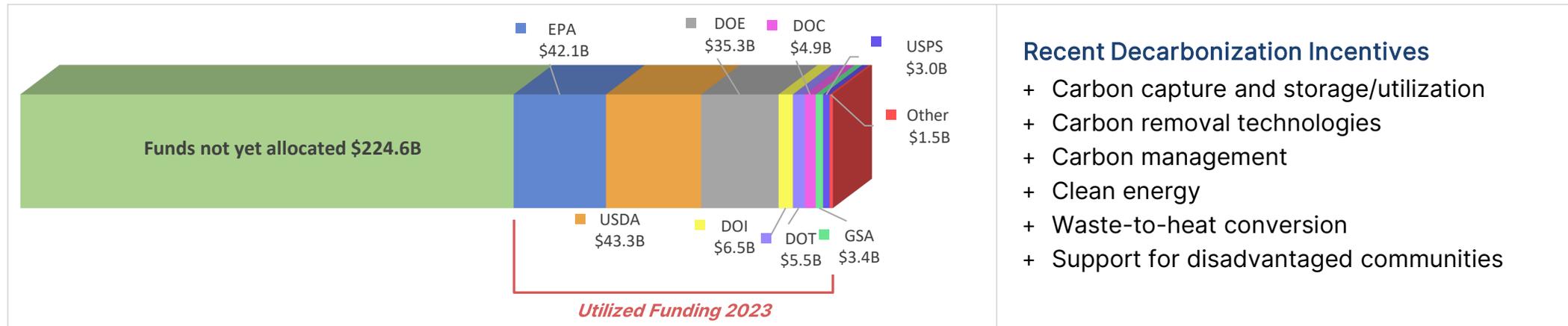


House Bill 261 –  
Buy Clean Maryland Act

# Incentives

## Incentivizing Decarbonization – Key Observations

- + States and industry leveraging federal opportunities to drive decarbonization  
*E.g., IRA and IIJA*
- + Climate Pollution Reduction Grant signals widespread commitment to climate action at the State-level  
*45 states have completed the grant process*
- + Increasing emergence of environment focused tax credits, grants, and loan programs  
*Driven by Economic Development and other State Agencies*



# Looking Forward

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## The Trends

- + Growing regulatory pressures and uncertainty
  - *45 States developing new Climate Action Plan*
- + Increasingly stringent regulatory environment
  - *Climate disclosure and carbon pricing bills*
- + Environmental Justice
- + Increasingly available incentives to reduce emissions
- + Increased demand for low-carbon product

## Your Stakeholders

- + Growing political willingness
- + Market expectations and consumer demand
- + Rising investor interest
- + Supplier Chain Resilience
- + Increasing industry commitments to sustainability goals

SOMETHING TO LEAVE YOU WITH

# Questions for consideration

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What is going on in your state(s)?

1

What are you doing to take advantage of incentives?

2

Are you engaged in the policy development process?

3



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