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## GOVERNOR RITTER ANNOUNCES COLORADO CLIMATE ACTION PLAN

On November 6, 2007, Colorado Governor Bill Ritter announced his Climate Action Plan ("CAP"). He called for a 20% reduction in greenhouse gas ("GHG") emissions by 2020 (from a 2005 baseline) and an 80% reduction by 2050. To accomplish these goals, the CAP identifies six "bridge strategies" to begin reducing the state's carbon footprint immediately. The CAP also provides other climate initiatives for longer term GHG reductions – in transportation, electricity, solid waste and recycling, and other areas. Finally, Colorado will now encourage large quantity GHG emitters to voluntarily report emissions through The Climate Registry.

**Agricultural Offset Market:** The most important and significant immediate action is the development of an Agricultural Offset Market. This market would enable farmers and ranchers, who sequester carbon and reduce carbon emissions, to receive and then sell carbon credits. To achieve this goal, the Governor launched the Western Regional Agricultural Offset Program. The Colorado Department of Agriculture and the Colorado Department of Public Health and Environment (CDPHE) will develop the market mechanism for the determination and transfer of GHG offsets.

**Other Bridge Strategies:** The Governor also called for five other bridge strategies: (1) continued use of natural gas (which generates about half the CO<sub>2</sub> emitted from coal); (2) energy efficiency; (3) continued development of renewable energy sources; (4) clean coal research and development; and (5) responsible personal energy consumption and initiative to reduce individual carbon footprints.

**Transportation and Electricity Sector Initiatives:** The transportation and electricity sectors are the two largest GHG contributors in Colorado. According to Governor Ritter, Colorado will adopt GHG emission standards for passenger vehicles as California has done, though several years will pass before implementation of that proposal given the national and state issues. However, the Governor expects CDPHE to propose clean-car standards to the Air Quality Control Commission within the next 12 to 24 months.

Essential to meeting the GHG 20% reduction, the Governor will request the Public Utilities Commission to seek from each electric utility an Electric Resource Plan that shows how that utility could achieve a 20% reduction in its own CO<sub>2</sub> emissions by 2020. The Governor expects these resource plans to include the bridge strategies in more specific ways.

**Solid Waste GHG Issues:** The CAP also includes an initiative to reduce the volume of solid waste taken to landfills by encouraging local governments to examine "pay as you throw" trash rates and three waste bin collection systems, which separate landfill trash, compostable materials, and recyclables.

**Greenhouse Gas Emissions Reporting:** Colorado has joined The Climate Registry, a consortium of North American governmental entities, which is developing GHG reporting protocols and other standards to establish a common GHG registry. Over the next year, CDPHE will work with GHG emitters to encourage broad, voluntary participation in The Climate Registry. CDPHE will also propose regulations that mandate reporting by all major sources of GHG emissions, which will be phased in as standardized

quantification protocols, base data, and tools become available. Colorado will continue as an observer in the Western Climate Initiative (“WCI”), a carbon emissions trading program in the Western United States and Canada. If a federal trading program is not enacted, the Governor anticipates Colorado will join the WCI.

**A Call for Federal Action:** Governor Ritter’s CAP emphasizes that Colorado wants more aggressive federal leadership on climate change, including: a national emissions trading program; a national renewable energy portfolio standard; funding and loan guarantees to research clean coal technologies that capture CO<sub>2</sub>; a comprehensive assessment of the sequestration potential of cropland, range land, grassland, and forests to create a robust offset market on a national scale; and increased Corporate Average Fuel Economy (CAFE) standards.

**Is Your Business Ready for the New Energy Economy:** The Climate Action Plan does not impose immediate new obligations or requirements on most businesses. It unquestionably demonstrates, however, that accounting for and reporting GHG emissions is a near-term reality for many businesses. The CAP also highlights business opportunities for renewable energy sources and competitive advantages that early-adopter companies can achieve.

The Holme Roberts & Owen Climate Change Group can assist your business in the New Energy Economy. Whether you want to know your carbon footprint, are developing a wind farm, solar resource or biofuel plant, or need venture capital for your New Energy start-up, we have the experience and knowledge to guide you.

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