



Environmental Sustainability & Climate Action Task Force REPORT

BACKGROUND

Businesses across Colorado are highly invested in a clean environment and healthy economy for their communities and the future of our great state. We believe that working together, we can protect our environment without sacrificing economic growth. That's why in March of 2023, the Colorado Chamber created the Environmental Sustainability and Climate Action Task Force to lead a collaborative effort to establish climate and sustainability policies that balance a healthy environment with a healthy economy. The Chamber is committed to ensuring Colorado is a leader in sustainability by paving the way for collaboration resulting in predictable and responsible policies and actions to mitigate emissions and adapt to a changing climate.

THE CHALLENGE

The business community has begun the work of decarbonizing our economy and is committed to working with the state government and other stakeholders to achieve the targets set forth in the Colorado's Greenhouse Gas Pollution Reduction Roadmap. We believe Colorado must be a leader in decarbonizing our economy by creating a conducive environment for the investment in research, innovation and infrastructure. State policy will be an important tool in creating an inviting environment for public and private sector action. However, if the policy environment proves too unpredictable or does not consider necessary investments or feasibility of timelines, we run the risk of businesses leaving Colorado.

Further, we need a shared, cross-sector understanding of the infrastructure needed to support how transitions will occur without creating detrimental impacts to our communities. And while these principles are focused on climate strategies, solutions also will require addressing water quality and availability, air pollution, and needed infrastructure and other environmental aspects of adapting to climate change.

GUIDING PRINCIPLES



As such, our agenda is based upon the following principles:

1. A reasonable and predictable regulatory environment will attract and retain private-sector investment in decarbonization strategies.
2. Market-based solutions will enable cross-sector collaboration that will balance carbon removal and sequestration and will capitalize on the benefits of transitioning to closed-loop systems.
3. Targets and goals based on best available science and quality data provide the most realistic action plan for achieving targets. Lowest-cost options must be identified and pursued.
4. Solutions must be able to scale regionally and nationally.
5. A policy and economic environment that fosters innovation and public and private-sector investment will allow for study and identification of new solutions in areas where targets cannot yet be feasibly met, either because of cost or technology.



POLICY RECOMMENDATIONS

RECOMMENDATION 1

Recognizing that there are many undetermined aspects of how the state will reach its emissions-reduction targets, it is vital to create a stakeholder group of diverse industry leaders to advise the legislature and governor on policy changes that may be needed. The state could find that its goals and targets are ahead of schedule, or it could determine those targets to be too aggressive under current realities, requiring a need to shift as implementation occurs. The group can provide supportive measures that the state can use to help all stakeholders make meaningful progress toward its targets.

ACTION:

The Chamber will lead the Roundtable for Environmental Sustainability and Climate Urgency (RESCU) that will include a diverse group of industry leaders and members of the environmental community to review progress on the roadmap and identify actions and policies that will help meet the state's targets. State agencies will be invited to help convene discussions and participate in an ex-officio capacity.

- The RESCU will provide more information to the legislature on how current rules and regulations are working and offer recommendations on which agencies need to implement existing regulations.
- It can also help agencies calculate the greenhouse-gas emissions reductions that can be achieved through any proposed new rules.
- It will build off the Chamber's research and assessments of costs and effectiveness, as well as agency capacity to implement recently passed regulations aimed at addressing GHG reductions and related efforts.

RECOMMENDATION 2

The existing permitting system for infrastructure and new technologies serves as a barrier to meeting the state's emissions-reduction targets. Reforming the permitting system and investing in greater infrastructure planning will help facilitate Colorado becoming a leader in innovative technologies that can improve the environment. Taking such action also will help to attract the investments needed to develop new technologies in energy production and carbon removal.

ACTION:

The Chamber will create a subgroup within the RESCU to address permitting. That subgroup will work with the governor's office and state agencies to determine the best ways to

streamline and clarify the multiple permitting processes so that Colorado can attract investment and boost technologies that will assist in decarbonization. It will address the following issues, among others:

- Requiring agency accountability to ensure timely and efficient permitting;
- Defining clear jurisdictional lines and consulting mechanisms across agencies;
- Encouraging permit writers to conduct actual or virtual site visits to address issues that might arise during the permitting process;
- Creating an environment that supports innovation in sustainability — for example, providing less regimented permitting processes for decarbonization pilot projects;
- Giving research-and-development facilities more flexibility in their permitting in order to allow this work to be cost-effective and increase the likelihood that firms will bring new emissions-cutting products to market;
- Prioritizing approval of current applications and adhering to set timeframes to demonstrate that Colorado is open for business;
- Defining permitting renewal pathways more clearly, as companies sometimes struggle where to go to renew permits and are unaware of the expiration dates of permits;
- Strengthening the permit shield defense process for new permits and renewals and including ozone as a precedent; and,
- Modeling future needs so that new investment has clear pathways through permitting processes.

RECOMMENDATION 3

Colorado must continue to be a leader in innovative solutions and technologies. Carbon capture and storage, direct air capture, manufacturing of hydrogen energy and other innovations will be necessary to meet the emission-reduction targets. Colorado must provide not just a clear regulatory structure but incentives and investments to promote these technologies and establish itself as a leader in energy innovation.

ACTION

The Colorado Chamber and other partners will work with the Colorado Department of Natural Resources and other agencies as appropriate to pass enabling legislation that will:

- Advance new technologies safely and efficiently; and,
- Establish clear jurisdiction over permitting essential decarbonization infrastructure such as pipelines and storage in coordination with federal and local governments.

RECOMMENDATION 4

State agencies must account for the concept of leakage in rulemakings and must expand its definition of Energy Intensive Trade Exposed Industries (EITEs) in order to do so.

ACTION

RESCU will provide additional education to state leaders to help them expand the definition of EITEs to be more inclusive of industries beyond just concrete and steel.

RECOMMENDATION 5

In order to bring about the high-cost retrofits of large commercial buildings that are necessary to meet significant emissions-reductions goals in this sector, the state will need to offer significant additional incentives to building owners. And it will need to consider whether intensity-based performance standards will be most effective in supporting this move toward greater structural energy efficiency.

ACTION

The building community will partner with the state to draft potential legislation to address any changes needed to the recently adopted Building Standards regulations and to measure the efficacy of initial rules.

RECOMMENDATION 6

A regional carbon market may be able to facilitate quicker adoption of known strategies for emissions reduction, particularly as harder-to-decarbonize sectors of the economy work on longer-term strategies.

ACTION

The Chamber, industry leaders and state officials should explore partnerships with neighboring states and/or the Western Governors' Association on how Colorado companies can participate in regional carbon markets. They also should test the possibility of creating a memorandum of understanding with the WGA to explore a regional market, including market incentives for both reducing carbon intensity and reducing overall greenhouse gas emissions.

RECOMMENDATION 7

Workforce development will continue to be an important pillar to any decarbonization strategy and should be coordinated with the states' existing workforce-development programs. Skills-based training and certifications will be important to build the workforce necessary to build, install and maintain the infrastructure needed for a lower-emissions future.

ACTION

Building on the Education to Employment Alliance report that The Chamber developed through its partnership with other education and business organizations, it will continue to work toward innovative solutions to boost the pipeline of workers into the energy industry.



**SPECIAL THANK YOU TO OUR
TASK FORCE MEMBERS**

Amazon

American Council of Engineering Companies of Colorado

Black Hills Energy

Boeing

Boulder Economic Council

Building Owners and Managers Association

Chevron

Climax Molybdenum

Colorado Farm Bureau

Colorado Oil and Gas Association

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