

The background image shows the Long Beach Convention Center, a large, modern building with a prominent tower featuring blue panels. The building is situated behind a line of palm trees. In the foreground, there is a body of water, likely the harbor, with a rocky breakwater and some industrial structures visible. The sky is clear and blue.

AB 23 Cap and Trade Funds

Budget Oversight Committee Meeting

August 20, 2019

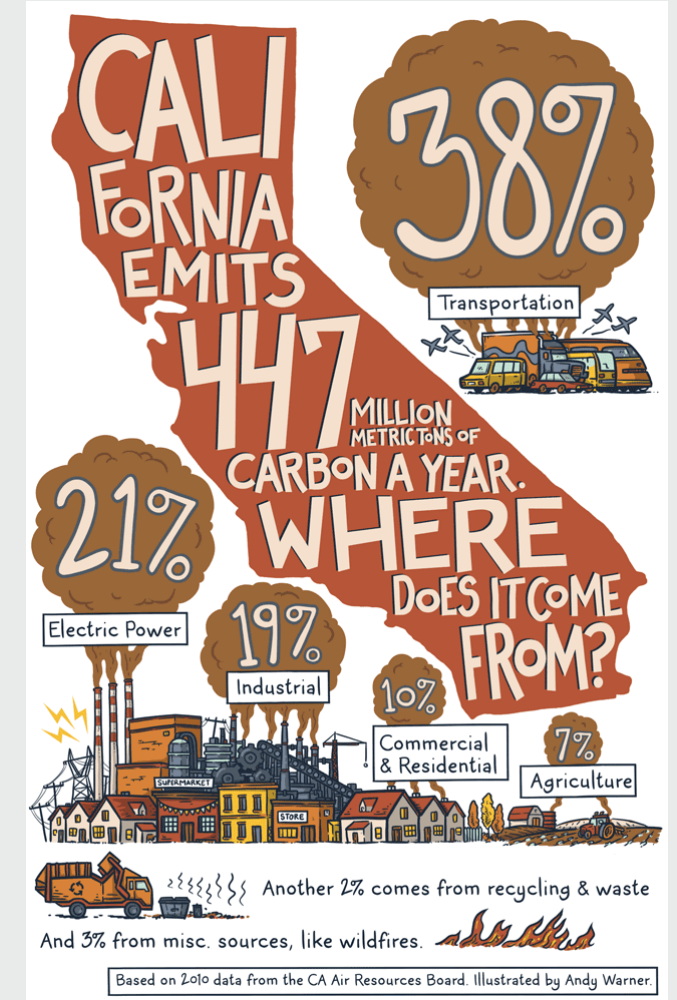
State AB 32 Program

- Assembly Bill 32 requires California to return to 1990 levels of greenhouse gas emissions by 2020.
- To do this, AB 32 established the State's Cap and Trade program, which is a market-based compliance mechanism.
- The State's Cap and Trade Program "caps" greenhouse gas (GHG) emissions from major emission sources, one of which includes utilities, beginning 2013.
- Using market-based compliance mechanisms, the State's Cap and Trade Program compels GHG emitting sources to reduce emissions with the goal of returning to 1990 levels by 2020.

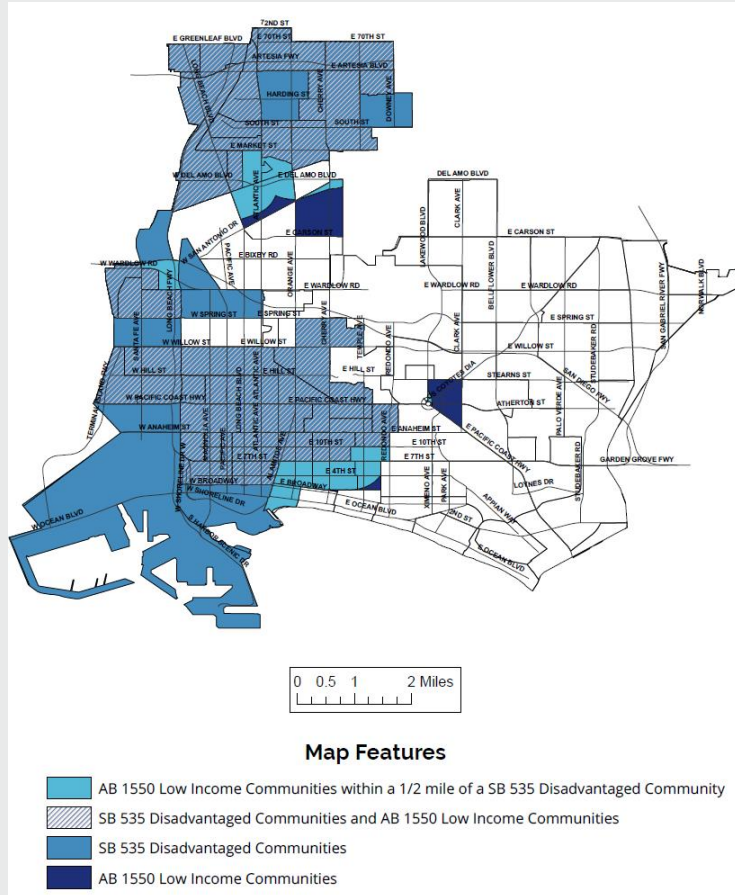
Background

The City is a natural gas supplier

- Utilities in California are required to reduce GHG emissions.
- As a natural gas supplier, the City receives AB 32 carbon credits to offset potential ratepayer increases.
- Every year, these credits decrease, but in the meantime, we are required to sell a certain percentage of our allocated credits on the market.
- Revenues from the sale of carbon credits must benefit natural gas ratepayers, reduce greenhouse gas emissions, and be invested in disadvantaged communities and low-income communities, as defined by State law.



Disadvantaged and Low-Income Communities



- A minimum of 25% of revenues must be invested in projects located in and benefiting people living in **disadvantaged communities**.
- An additional minimum of 5% of funding shall be invested in projects within and that benefit individuals living in **low-income communities**.
- An additional minimum 5% of funding shall be invested in projects that are located in and benefiting low-income households or low-income communities that are **within half-mile of a disadvantaged community**.

State of California: Allowable Uses

- Residential California Climate Credit
 - Bi-annual bill credit given to residential customers
- Emissions-Intensive and Trade-Exposed (EITE) Industry Assistance
 - Annual bill credit to prevent industry leakage
- Small Business California Climate Credit
 - Bill credits partially off-set increased costs to small businesses
- Clean Energy and Energy Efficiency Projects
 - Greenhouse gas emission reduction projects benefitting ratepayers in the service area, which are otherwise not funded through the State

AB 32: Clean Energy and Energy Efficiency Projects

Long Beach FY 20 Proposed Projects

Program	Dollar Amount
Development Services Residential Direct Installation Program for Disadvantaged Communities and Low-Income Communities	\$762,747
Financial Management Fleet Vehicles Electrification Program	\$250,000
Public Works City Facility Energy Efficiency Projects	\$1 million
Public Works City Solar Projects	\$1 million
Public Works Energy Efficiency Projects at The Armory	\$438,000

Direct Install Program: Homeowner Energy Efficiency Upgrades

Eligible ratepayer/homeowners benefits

- 1. Assessment:** A trained efficiency specialist will audit the home, identify efficiency opportunities, and recommend improvements. The residents will receive a customized energy report with specific recommendations on improvements.
- 2. Installation:** The highest return on investment energy savings services and products will be installed, up to a predetermined per household funding cap. A report of additional upgrades that residents can pursue, including supporting links to financing resources, will be provided.

Direct Install Program: Homeowner Energy Efficiency Upgrades

PURPOSE: Assist ratepayers in Disadvantaged Communities (DACs) and Low-Income Communities with energy efficiency to reduce greenhouse gas emissions

Interventions:

- Onsite energy evaluations;
- Home performance tests;
- Result reports; and
- Direct installation of energy saving products at no cost to single-family residents located in DACs.

Disadvantaged Communities will:

- Overcome barriers to energy efficiency, including time, resources, and expertise;
- Support citywide energy efficiency and greenhouse gas reduction;
- Learn about energy efficiency; and
- Make improved energy decisions to get the best return on investment.

California Air Resources Board (CARB)

- Annual reports to CARB detailing City programs and projects:
 - Nature and purpose of the use of AB 32 proceeds
 - Revenues expended
 - Project description, including itemizing administrative and outreach costs
 - Description of the types of ratepayers who benefit
 - Quantify greenhouse gas emission reductions achieved, uses with uncertain outcomes may not meet the requirements of the Cap-and-Trade Regulation
 - Project locations

Opportunities

- Using State market-based funds:
 - Reduce greenhouse gas emissions in Long Beach
 - Support natural gas ratepayers with energy efficiency projects
 - Demonstrate City's ability to lead quality greenhouse gas emission reduction programs and projects



Thank you

DIANA C. TANG

*Manager of Government Affairs and
Communications*

562.570.6506 | diana.tang@longbeach.gov