Cap-and-Trade Auction Proceeds Second Investment Plan

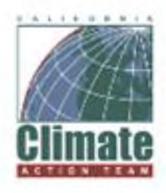
Air Resources Board Public Hearing
December 17, 2015



Climate Action Team Testimony

Matt Rodriquez

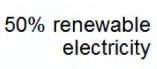
Secretary for Environmental Protection & Chair of the Climate Action Team





California's climate strategy: 2030 focus

Reduce GHG emissions to 40% below 1990 levels by 2030







50% reduction in petroleum use in vehicles

Safeguard California





Double energy efficiency savings at existing buildings

Reduce short-lived climate pollutants





Carbon sequestration in the land base

Investments support climate objectives

- California is a leader in climate action
- ~\$2.4 billion appropriated to date, more to come
- Investments are an important part of achieving the State's broader climate goals, strategies, and legislative priorities



Statutory requirements



- Legislation calls for a three-year investment plan to guide appropriation
- Identification of GHG reduction goals, gap analyses, priority investments
 - Investments must facilitate GHG reductions
 - Funds for disadvantaged communities
 - Finance is responsible for plan, in consultation with ARB and other agencies
 - Climate Action Team (CAT) participates



Plan fundamentals

- Multi-agency (Administration) document
- Due to Legislature January 2016
- Applies to proceeds from auctions of State allowances in 2016-17 to 2018-19
- Plan recommends investment concepts by sector—does not specify dollars
- Inclusion of recommended investment does not guarantee funding



Expenditures



- Legislature allocates funds in budget
- Starting this year, 60% continuously appropriated to affordable housing & sustainable communities, transit, and High Speed Rail
- Plan focuses on remaining 40% of discretionary funding



Plan development

Legislative direction

Agency priorities

Public input

Draft Investment Plan recommendations



Investment plan goals

Reducing greenhouse gas emissions

Benefiting California's most disadvantaged communities

Increasing rural community participation

Maximizing co-benefits to health, environment, and economy

Cross-cutting approaches

Local climate action in disadvantaged communities

Efficient financing mechanisms to maximize investment



Continue/expand focus areas

Sustainable
Communities
& Clean
Transportation

Integrated Projects

Energy Efficiency & Clean Energy

Natural
Resources
& Waste
Diversion



Multi-agency team



Strategic Growth Council





CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE



CALIFORNIA STATE TRANSPORTATION AGENCY

















California Environmental Protection Agency









Agency leaders listen in LA

- Draft concept paper (Jul)
 - 7 public workshops (Aug)
 - 170+ speakers, 200+ written comments
- Draft investment plan (Oct)
 - 3 public workshops (Nov)
 - 80+ speakers, 100+ written comments
- Revised draft investment plan (Dec)



Public comments

- Continue/expand existing programs
- Enhance opportunities for schools, rural communities, and green businesses
- Assist disadvantaged communities
- Support integrated projects
- Support co-benefits (e.g., job training and development)

Sustainable Communities and Clean Transportation*

In-state production of low carbon fuels

Zero emission cars and transit buses

Electric charging and hydrogen/ renewable fuel infrastructure

Zero and

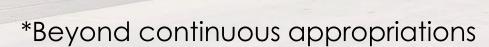
near-zero

Sustainable communities strategies

emission trucks, freight, and non-freight equipment

Passenger and freight efficiency (e.g., info tech solutions)





Energy Efficiency and Clean Energy

Renewable energy generation and storage

Low carbon water system

Residential woodsmoke reduction

Building energy efficiency



Carbon capture and sequestration

Low global warming potential refrigerants

Natural Resources and Waste Diversion

Conservation of natural and working lands

Forest resiliency and urban forestry

Land
management
and restoration
to sequester
carbon

Anaerobic digestion and composting



(from dairies, biomass, and landfills)

Waste-to-fuel

Healthy soils practices



- Public health
- Environmental
- Economic
- Safeguard Californians against the impacts of a changing climate



Staff recommendation

- Approve Board Resolution 15-49
 - Investments would facilitate GHG emission reductions and further the purposes of AB 32
 - Investment Plan was developed in accordance with State law and has satisfied public process requirements
 - Support for funding of the identified priority programs and projects