Cap-and-Trade Auction Proceeds Second Investment Plan

Air Resources Board Public Hearing
December 17, 2015

State of California
Climate Action Team Testimony

Matt Rodriguez
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% renewable electricity
- 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

Integrated Projects

- Sustainable Communities & Clean Transportation
- Energy Efficiency & Clean Energy
- Natural Resources & Waste Diversion
Multi-agency team
Public input

- 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
- Electric charging and hydrogen/renewable fuel infrastructure
- Zero emission cars and transit buses
- Sustainable communities strategies
- Passenger and freight efficiency (e.g., info tech solutions)
- Zero and near-zero emission trucks, freight, and non-freight equipment

*Beyond continuous appropriations
Energy Efficiency and Clean Energy

- Renewable energy generation and storage
- Low carbon water system
- Building energy efficiency
- Residential woodsmoke reduction
- 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
- Healthy soils practices
- Waste-to-fuel (from dairies, biomass, and landfills)
Maximizing co-benefits from investments

- 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