



Cap-and-Trade Auction Proceeds

Summary of Proposed Revisions to the Draft Funding Guidelines for Agencies that Administer California Climate Investments (Greenhouse Gas Reduction Fund)

For ARB Board Hearing on September 24, 2015

September 4, 2015

Purpose of this Document. On September 4, 2015, ARB released a proposed version of its “Funding Guidelines for Agencies that Administer California Climate Investments” (i.e., “Proposed Funding Guidelines”) for consideration at ARB’s September Board Hearing. The purpose of this document is to summarize the revisions that are reflected in the “Proposed Funding Guidelines”, relative to the initial draft that was released on June 16, 2015.

The “Proposed Funding Guidelines” reflect the following changes:

Description of Revisions

1. **Supplemental Text:** Incorporated the “Supplement to the Draft Funding Guidelines” that ARB released for public discussion on July 13, 2015.

a. **Transparency:** Added a requirement that agencies must provide greater public access to information on projects and project applications submitted in response to competitive solicitations, both before and after project selection.

References:

Vol. 1: Section IV.B.1, “Transparency” (p. 1-25); V.A.7, “Public access and transparency” (p. 1-31)

b. **Maximizing benefits to disadvantaged communities:** Provided additional guidance in the following areas:

– Technical assistance and outreach

References:

Vol. 2: Section V.B.2, “Requirements for agencies having investments that may be located within or provide benefits to disadvantaged communities” (pp. 2-11, 2-12)

– Addressing community needs

References:

Vol. 1: Section VI.B.2, “Maximizing Benefits to Disadvantaged Communities” (p. 1-36); VI.B.6, “Reporting” (p. 1-39)

Vol. 2: Section V.B.3, “Guiding Principles for agencies with investments benefiting disadvantaged communities” (p. 2-13); Table 2-2, “Illustrative Examples of Common Needs of Disadvantaged Communities” (p. 2-14); Section V.C, “Recommendations for Administering Agencies to Maximize Funding to Benefit Disadvantaged Communities” (p. 2-16)

Vol. 3: Section IV.A, “Submit Project Profiles with Estimated Benefits (Phase 1)” (p. 3-8)

– Maximizing benefits and reducing burdens

References:

Vol. 1: Appendix 1.A, Element (4) (p. 1.A-12)

Vol. 2: Section V.C, Figure 2-2 “Examples of Strategies for Maximizing Benefits” (p. 2-15) ; Section V.C, “Recommendations for Administering Agencies to Maximize Funding to Benefit Disadvantaged Communities” (p. 2-16)

Summary of Revisions to the Draft Funding Guidelines for Agencies that Administer California Climate Investments

Description of Revisions (continued)	
2.	<p>Jobs/Job Training Benefits: Added text to clarify that agencies should track and report on job and job training benefits and revised the jobs reporting table to include more detailed information. Also recommended that agencies should leverage resources available through State employment agencies.</p> <p><i>Reference:</i> Vol. 1: Section IV.A.4, “Job creation” (p. 1-23); VI.B.6, “Reporting” (p. 1-39) Vol. 3: Section IV.B, “Submit End-of-Year Reports (Phase 1)” (p. 3-9); Appendix 3.A, Table 3.A-16 “Jobs and Job Training” (p. 3.A-39)</p>
3.	<p>New Appendix 1.B: Includes a new appendix with summary documents to assist agencies (glossary of terms, summary of requirements and recommendations).</p> <p><i>Reference:</i> Vol. 1: Appendix 1.B</p>
4.	<p>Public Process: Updated the description of the public process to add the eight additional workshops that occurred after release of the Draft Funding Guidelines.</p> <p><i>References:</i> Vol. 1: Section II.H, “What was the public process for developing the Funding Guidelines?” (p. 1-12)</p>
5.	<p>Climate Change Goals: Moved from Section III.B to IV.A.5 and expanded to include climate adaptation.</p> <p><i>References:</i> Vol. 1: Section IIV.A.5, “Consistency with State’s climate goals” (p. 1-23)</p>
6.	<p>Quantification Methods: Clarified process for providing guidance on quantification methods and added text to explain “Phase 1” and “Phase 2”.</p> <p><i>References:</i> Vol. 1: Section III.F, “How is ARB providing guidance on quantification methods?” (pp. 1-16 to 1-19)</p>
7.	<p>Guiding Principles: Made revisions to clarify the guiding principles.</p> <p>a. Clarified that agencies should design their programs to focus funding on projects that achieve significant GHG reductions. Also clarified that stand-alone activities (research, planning, job training, program development) cannot be funded as a GGRF project; however, they can be included as a component of a project that achieves GHG reductions.</p> <p><i>References:</i> Vol. 1: Section IV.A.1, “GHG reductions” (p. 1-22)</p> <p>b. Added text to emphasize that investments must be consistent with Assembly Bill 1532 (Chapter 807, Statutes of 2012).</p> <p><i>References:</i> Vol. 1: Section IV.A.3, “Economic, public health, and environmental co-benefits” (p. 1-22)</p> <p>c. Added text to emphasize that investments must be consistent with climate resiliency and adaptation policies that are focused on reducing climate risks and impacts.</p> <p><i>References:</i> Vol. 1: Section IV.A.5, “Consistency with State’s climate goals” (p. 1-24)</p>

**Summary of Revisions to the Draft Funding Guidelines
for Agencies that Administer California Climate Investments**

Description of Revisions (continued)	
8. Expenditure Records:	Expanded the required information on the Expenditure Record to include: estimated agency administrative costs; percentage of funding that the agency will expend for projects “located within” or “providing benefits to” disadvantaged communities; and strategies that the agency will use to maximize benefits to disadvantaged communities. Clarified that co-benefits include climate resiliency. <i>References:</i> Vol. 1: Appendix 1.A, Section VIII, “What are the required elements of an Expenditure Record?” (pp. 1.A-7, 1.A-11, 1.A-12)
9. Estimated Minimums to Benefit Disadvantaged Communities:	For Urban Forestry, increased the initial proposal estimate from 25% benefiting disadvantaged communities to 30%. This estimate is subject to change, pending the results of the FY 2015-16 budget appropriations for the Greenhouse Gas Reduction Fund. <i>References:</i> Vol. 2: Section IV.B, Table 2-1, “Estimated Minimums to Benefit Disadvantaged Communities” (p. 2-8)
10. Criteria for Evaluating Benefits for Disadvantaged Communities:	Revised the following criteria tables: a. Table 2.A-1 Low Carbon Transportation: Added a list of freight hubs and deleted reference to impacted corridors. b. Table 2.A-6 Land Preservation or Restoration: Added “Forest Health” to this table. c. Table 2.A-7 Urban Forestry and Urban Greening: Changed “majority of trees planted by the project” to “majority of the project”. <i>References:</i> Vol. 2: Appendix 2.A (pp. 2.A-7, 2.A-8, 2.A-14, 2.A-15)
11. “Phase 2” Data Collection:	Expanded discussion on “Phase 2” data collection and reporting. <i>References:</i> Vol. 3: Section IV.D, “Follow-Up Reports (Phase 2, if needed)” (pp. 3-10 to 3-13)

Additional information is available at:

<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm>