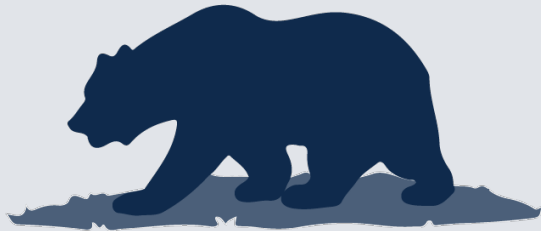


Cap-and-Trade and the Greenhouse Gas Reduction Fund



Presented to:

**CARB Environmental Justice Advisory
Committee**

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Sarah Cornett (they/them)

Legislative Analyst's Office

Cap-and-Trade and the 2022 Scoping Plan

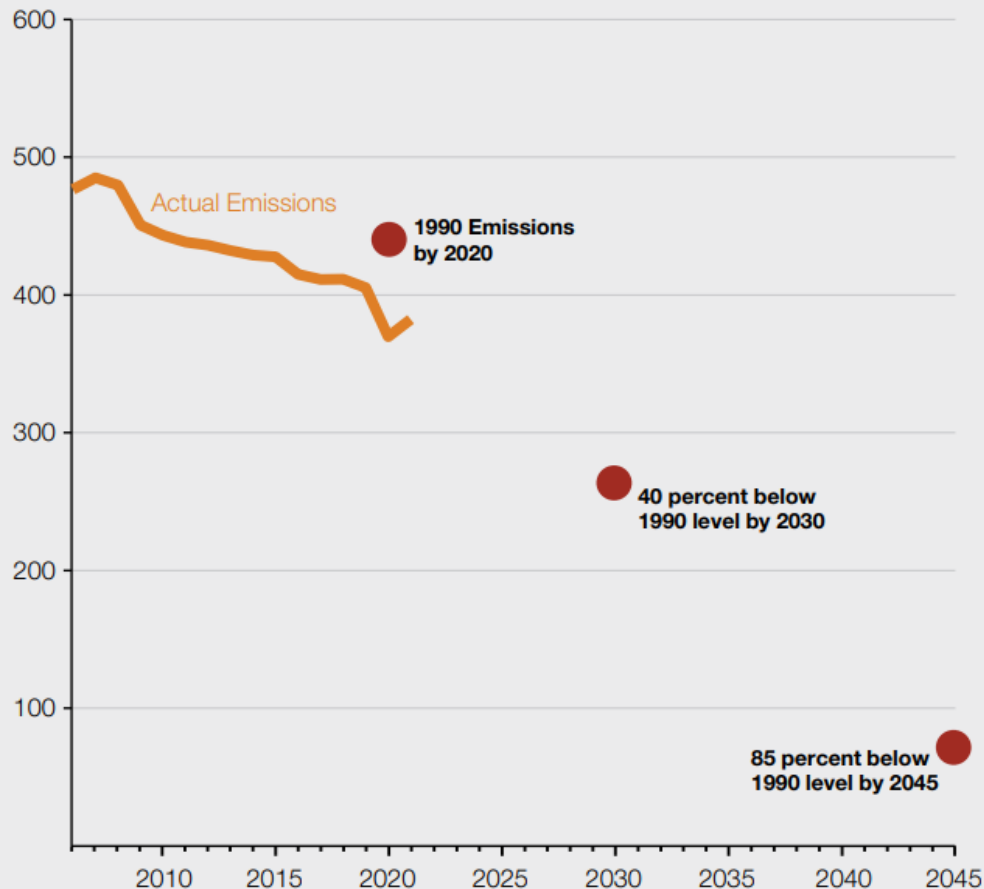
LAO Assessment: Cap-and-trade is not currently stringent enough to support meeting state GHG goals.

- **2022 Scoping Plan lacked clear strategy for meeting 2030 GHG emissions goal.**
- **Cap-and-trade not currently positioned to close 2030 emissions gap.**

Achieved First Target Early, but Future Goals More Ambitious

Summary of Statewide GHG Targets

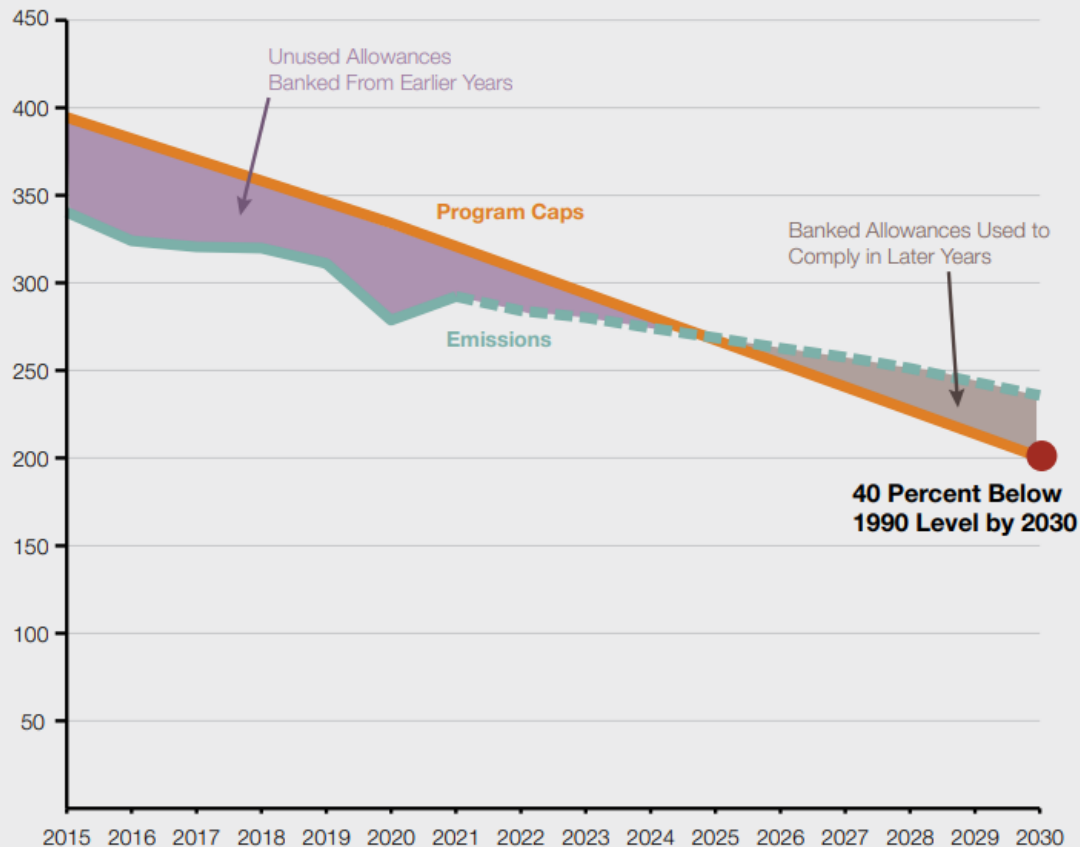
Millions of Metric Tons of Carbon Dioxide Equivalent



Cap-and-Trade Not Currently Positioned to Close 2030 Emissions Gap

Example of How Cap-and-Trade Allowances Banked in Earlier Years Can Be Used in Later Years

Millions of Metric Tons of Carbon Dioxide Equivalent



Greenhouse Gas Reduction Fund

- **GGRF is the fund in which the proceeds from the sale of cap-and-trade allowances are deposited.**
- **In recent years, these auctions have raised between \$3 billion and more than \$5 billion.**
- **Difficult to forecast GGRF revenues.**

GGRF Appropriations

- **65 percent of GGRF is continuously appropriated (pre-established spending in set amounts).**
 - High Speed Rail (25 percent)
 - Affordable Housing (20 percent)
 - Transit and Intercity Rail (10 percent)
 - Low Carbon Transit (5 percent)
 - Safe & Affordable Drinking Water (\$130 million “off the top”)
 - Forest Health (\$200 million “off the top”)

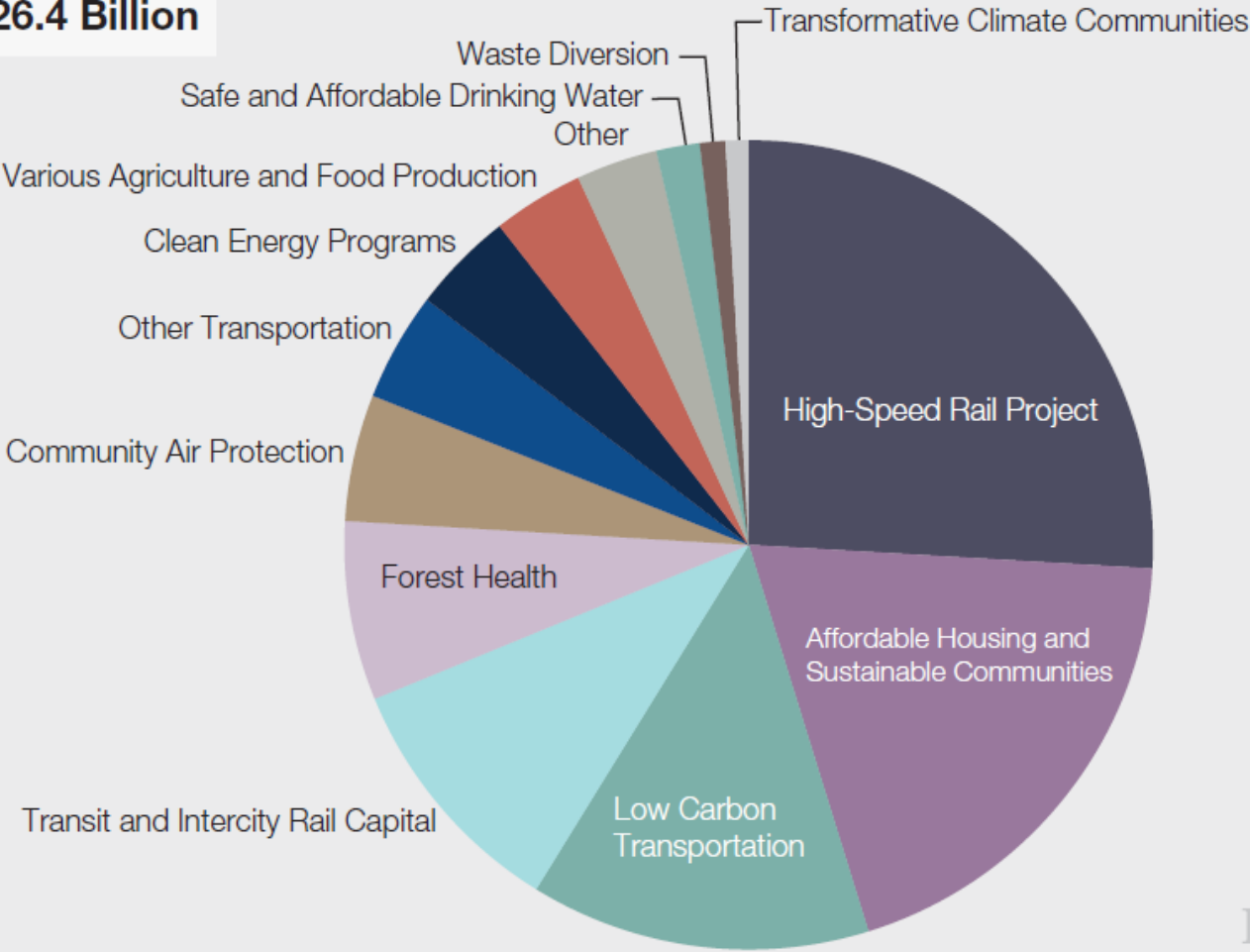
GGRF Appropriations

- **The remaining revenue (about 35 percent) is available for discretionary spending.**
 - Most spending has concentrated on climate and environmental activities.
 - Largest categories of discretionary spending include:
 - Low carbon transportation
 - AB 617
 - Agriculture programs
- **According to CARB, 74 percent of GGRF spending thus far has benefited “priority populations.”**

Cumulative Cap-and-Trade Spending by Area

2013 Through 2023

Total: **\$26.4 Billion**



Key GGRF Considerations

- **What are the highest spending priorities for revenues?**
- **Revenues could be used to mitigate consumer cost impacts of the program (particularly on lower-income Californians).**

Thank you!

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