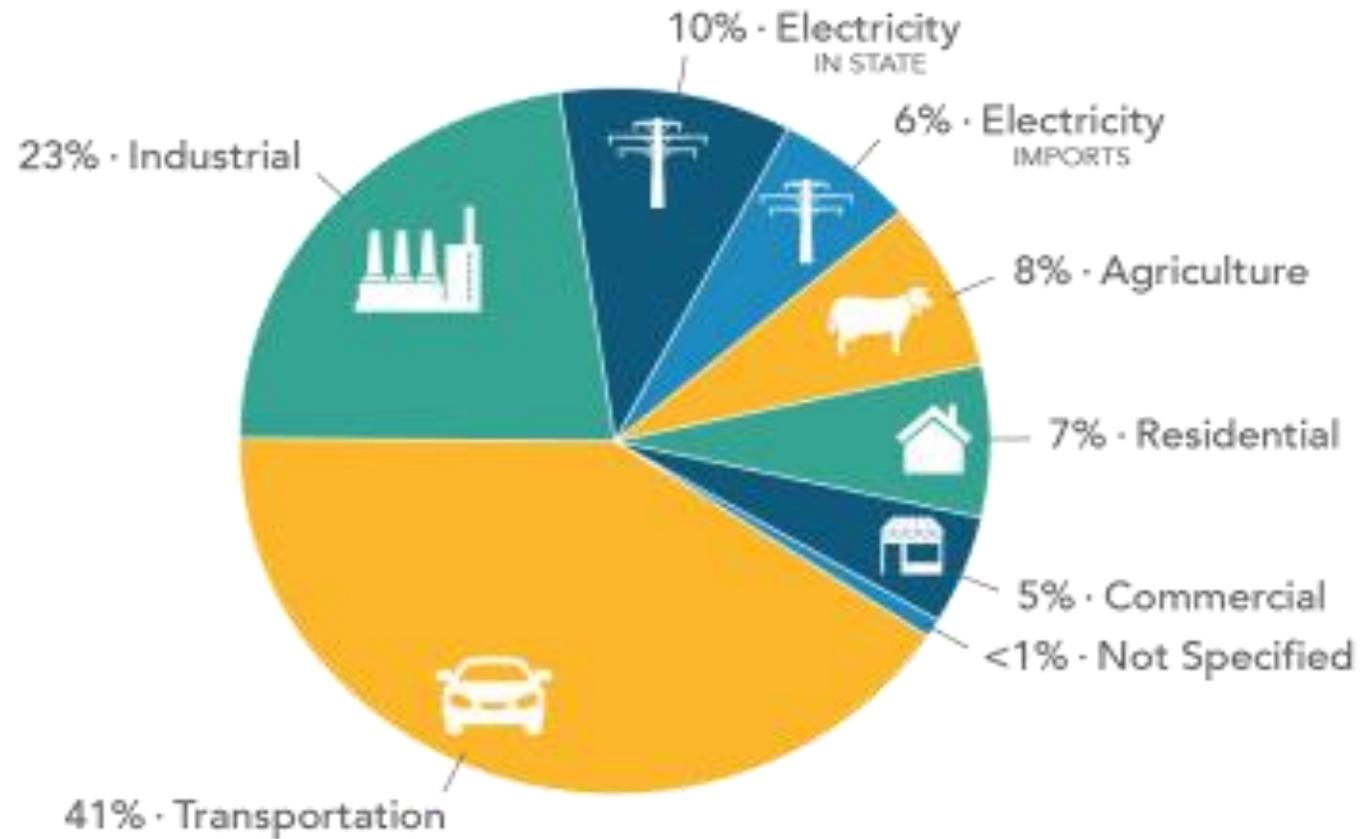




# Cap & Trade: The Promise of Tomorrow

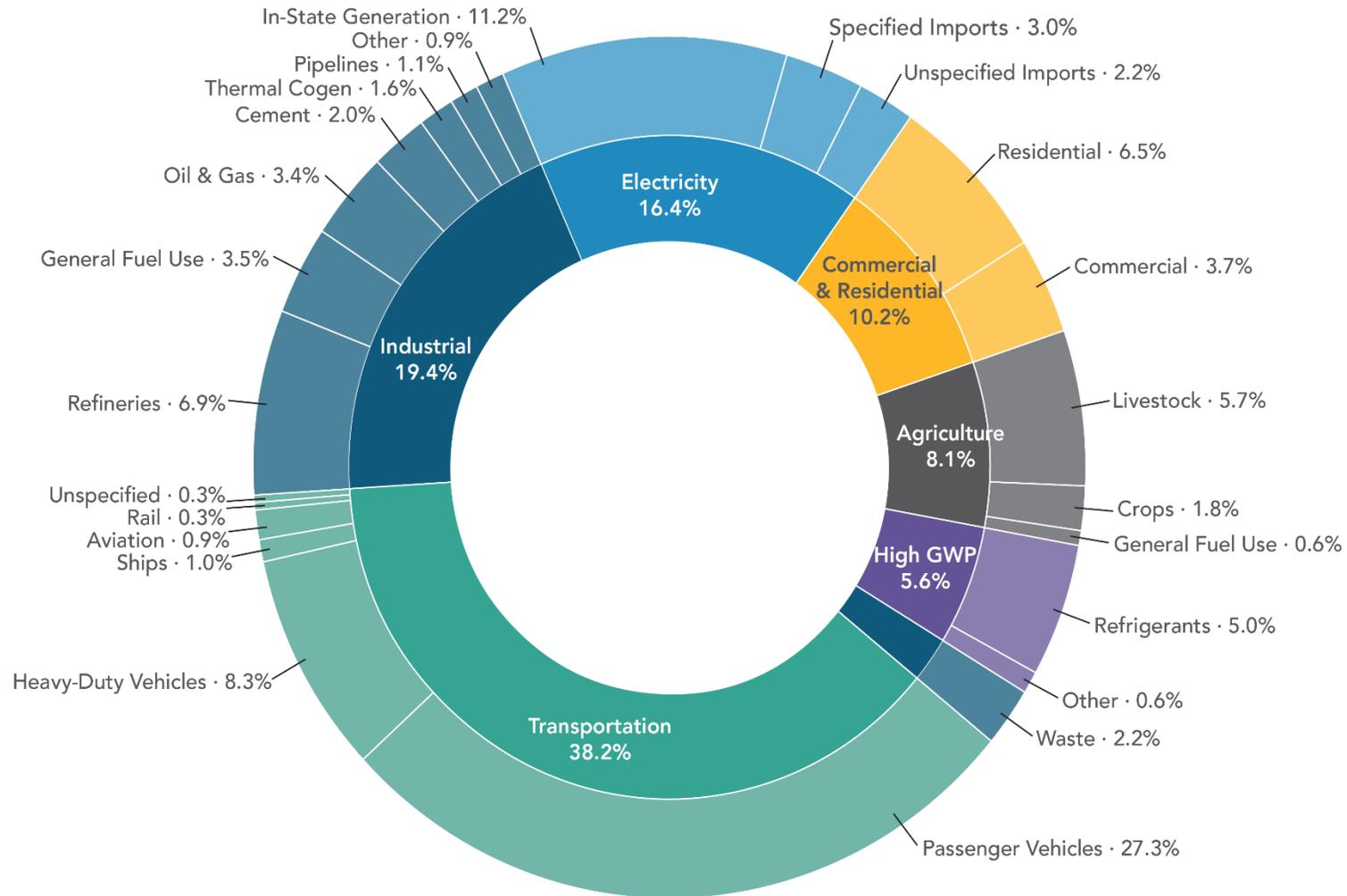
OR?

# 2016

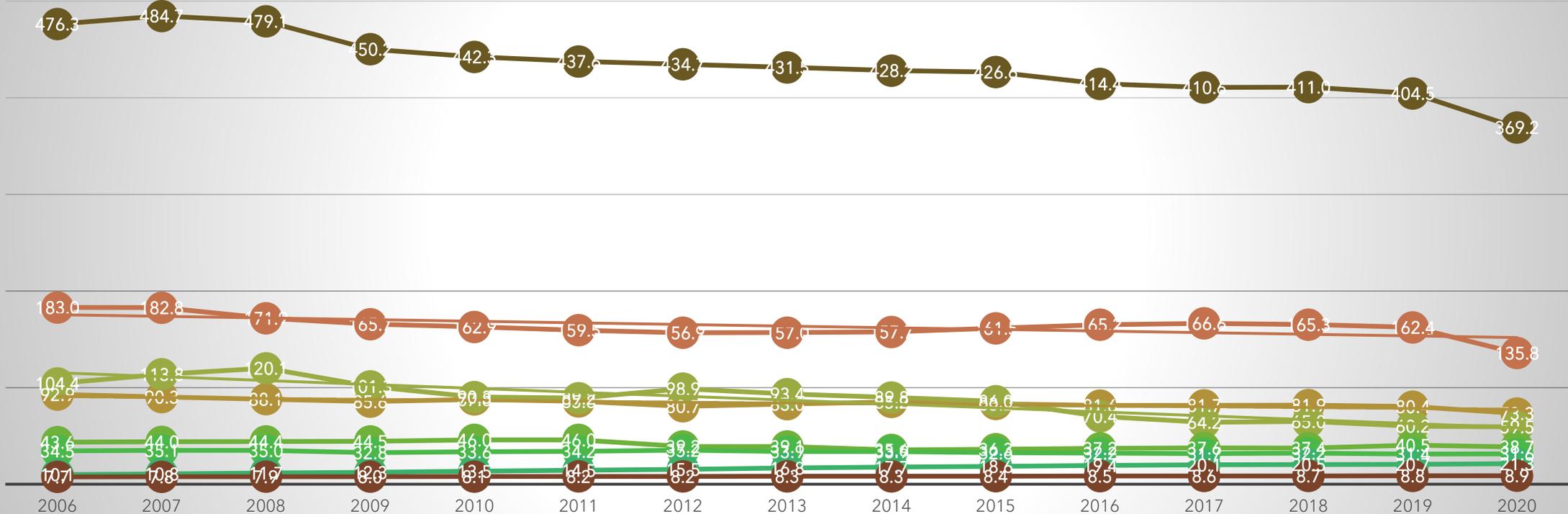


429.4 MMTCO<sub>2</sub>e  
2016 TOTAL CA EMISSIONS

# Where does all that CO<sub>2</sub> come from?

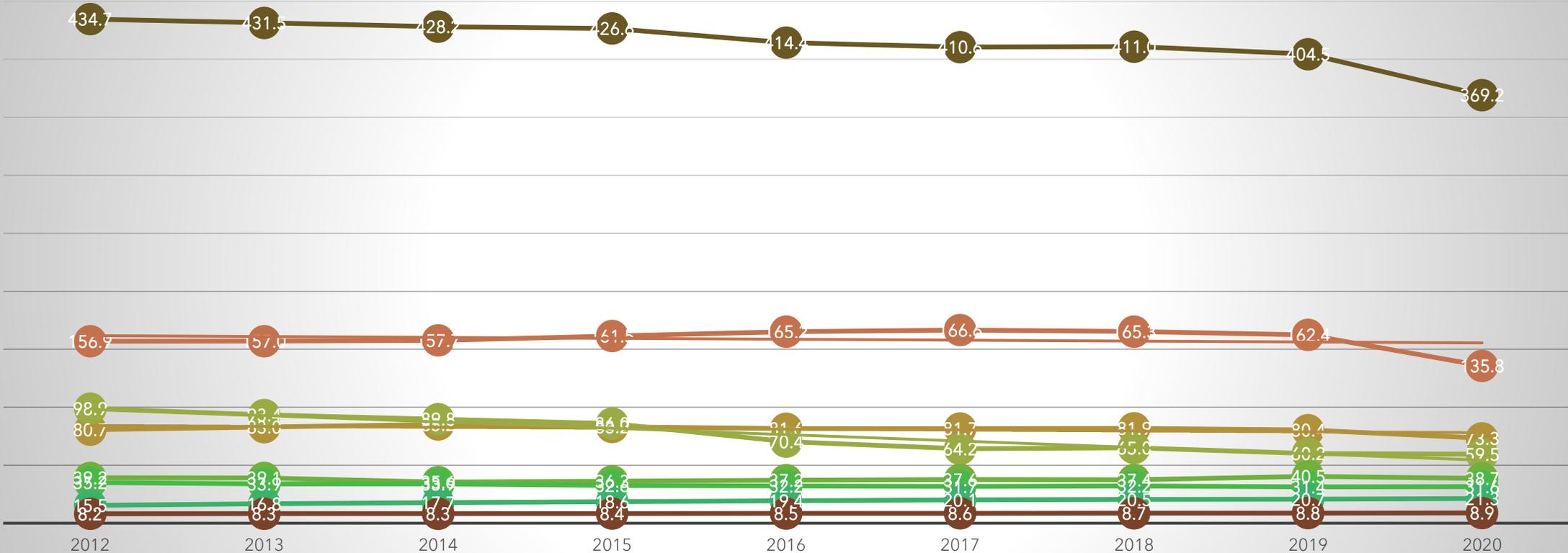


# 2006-2020



- Transportation
- Industrial
- Electric Power
- Commercial and Residential
- Agriculture
- High GWP
- Recycling and Waste
- Included Inventory Emissions
- Linear (Transportation)
- Expon. (Industrial)
- Linear (Electric Power)

# 2012-2020



- Transportation
- Industrial
- Electric Power
- Commercial and Residential
- Agriculture
- High GWP
- Recycling and Waste
- Included Inventory Emissions
- Linear (Transportation)
- Expon. (Industrial)
- Linear (Electric Power)

<b>Auction Quarter or Fiscal Year</b>	<b>Proceeds to Investor-Owned Utilities</b>	<b>Proceeds to Publicly Owned Utilities</b>	<b>Proceeds to California</b>
<b>Q1 2024 (February)</b>	\$711,253,856.16	\$107,805,444.48	\$1,301,743,788.59
<b>Q4 2023 (November)</b>	\$682,088,553.75	\$102,810,837.69	\$1,422,190,354.70
<b>Q3 2023 (August)</b>	\$621,111,532.80	\$78,657,216.00	\$1,242,442,313.72
<b>FY 2022-2023</b>	\$2,002,596,025.76	\$308,930,716.05	\$4,013,035,685.57
<b>FY 2021-2022</b>	\$2,029,484,765.75	\$294,827,803.42	\$4,500,749,613.36
<b>FY 2020-2021</b>	\$1,296,880,638.96	\$198,901,236.17	\$2,623,651,181.06
<b>FY 2019-2020</b>	\$1,221,078,537.81	\$201,478,223.67	\$2,105,810,362.62
<b>FY 2018-2019</b>	\$1,265,950,465.91	\$200,956,026.02	\$3,207,445,517.33
<b>FY 2017-2018</b>	\$988,754,233.09	\$115,427,220.20	\$2,913,174,716.32
<b>FY 2016-2017</b>	\$1,151,988,100.94	\$266,890,257.15	\$891,915,202.45
<b>FY 2015-2016</b>	\$761,712,497.92	\$140,022,932.14	\$1,829,134,502.71
<b>FY 2014-2015</b>	\$867,907,691.04	\$105,462,449.63	\$1,490,776,416.79
<b>FY 2013-2014</b>	\$601,489,503.22	\$64,114,949.50	\$477,140,441.20
<b>FY 2012-2013</b>	\$502,128,062.30	\$37,093,153.60	\$257,264,031.64

# Total Auction Proceeds...

	<b>Proceeds to Investor-Owned Utilities</b>	<b>Proceeds to Publicly Owned Utilities</b>	<b>Proceeds to California</b>
<b>TOTAL</b>	<b>\$14,704,424,465.41</b>	<b>\$2,223,378,465.72</b>	<b>\$28,276,474,128.06</b>

**Grand Total = \$45, 204,277,058.18**

# Who gets the money and who bears the cost?

## Cap-and-trade:

- Free allowances to utilities  
(many to [consumer rebates](#))
- Free allowances to industry  
(to protect against “leakage”)
- Carbon offsets to private projects
- Auctions raise money for the Greenhouse Gas Reduction Fund

## Cap-and-trade:

- Companies that emit more than 25,000 tCO<sub>2</sub>e per year  
(excluding “biogenic” CO<sub>2</sub>)
- Carbon prices affect energy prices, including electricity, natural gas, and transportation fuels  
(i.e., gasoline and diesel)

# How are costs impacts distributed and how can policy change their distribution?

## **Cap-and-trade:**

- Direct costs borne broadly by emitters subject to the program;
- Indirect cost impacts borne by all consumers of electricity, natural gas, and transportation fuels

## **Cap-and-trade:**

- Change free allocations (more rebates, more revenue)
- Change offsets policies (more revenue)
- Target GGRF spending
- Rebate GGRF funds

So, is there another way?

## CALIFORNIA CAP-AND-TRADE PROGRAM

### SUMMARY OF CALIFORNIA-ONTARIO-QUEBEC JOINT AUCTION SETTLEMENT PRICES AND RESULTS

Auction Name	Total Current Auction Allowances Offered	Total Current Auction Allowances Sold	Current Auction Settlement Price	Total Advance Auction Allowances Offered	Total Advance Auction Allowances Sold	Advance Auction Settlement Price
May 2018 Joint Auction #15	90,587,738	90,587,738	\$14.65	12,427,950	6,057,000	\$14.53
February 2018 Joint Auction #14	98,215,920	98,215,920	\$14.61	12,427,950	8,576,000	\$14.53

# Canada Carbon Rebate

- Oil and Gas passed the tax along to customers but...  
“8 out of 10 households get more money back than they spend on the fuel charge. The remaining proceeds from the federal price on pollution charged to fuel are returned to businesses, farmers and Indigenous groups in the same province or territory where it was collected.  
<https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/putting-price-on-carbon-pollution.html>
- Starting this April, a family of four will receive Canada Carbon Rebates of:
  - \$1,800 in Alberta (\$450 quarterly);
  - \$1,200 in Manitoba (\$300 quarterly);
  - \$1,120 in Ontario (\$280 quarterly);
  - \$1,504 in Saskatchewan (\$376 quarterly);
  - \$760 in New Brunswick (\$190 quarterly);
  - \$824 in Nova Scotia (\$206 quarterly);
  - \$880 in Prince Edward Island (\$220 quarterly); and,
  - \$1,192 in Newfoundland and Labrador (\$298 quarterly).

# **EJAC: “Build A Better Way Together”**

**Eliminate free allowances.** The process of allocating free allowances to prevent leakage is based on old data and assumptions about allowance prices. If free allowances are not eliminated, CARB should commit to evaluate the emissions impacts of offsets and free allowances in EJ communities and further assess the extent to which free allowances contribute to increased emissions overall. Following this, CARB should revise the framework under which industrial polluters are allocated free allowances to account for the technical analysis of leakage risk conducted in earlier rulemakings for the program.

**Eliminate offsets.** If this recommendation is not accepted and offsets continue to be used, they must offset the emissions in the area where the emissions occur and within the State. Location of emissions reductions matter given the disproportionate health impacts from co-pollutants exposure in EJ communities that remain largely unaddressed by out-of-state offsets. In alignment with this recommendation, CARB should consider activities that can reduce pollution coming from across the Mexican border and should not allow emissions reductions from deforestation and forest degradation (REDD) international offsets.

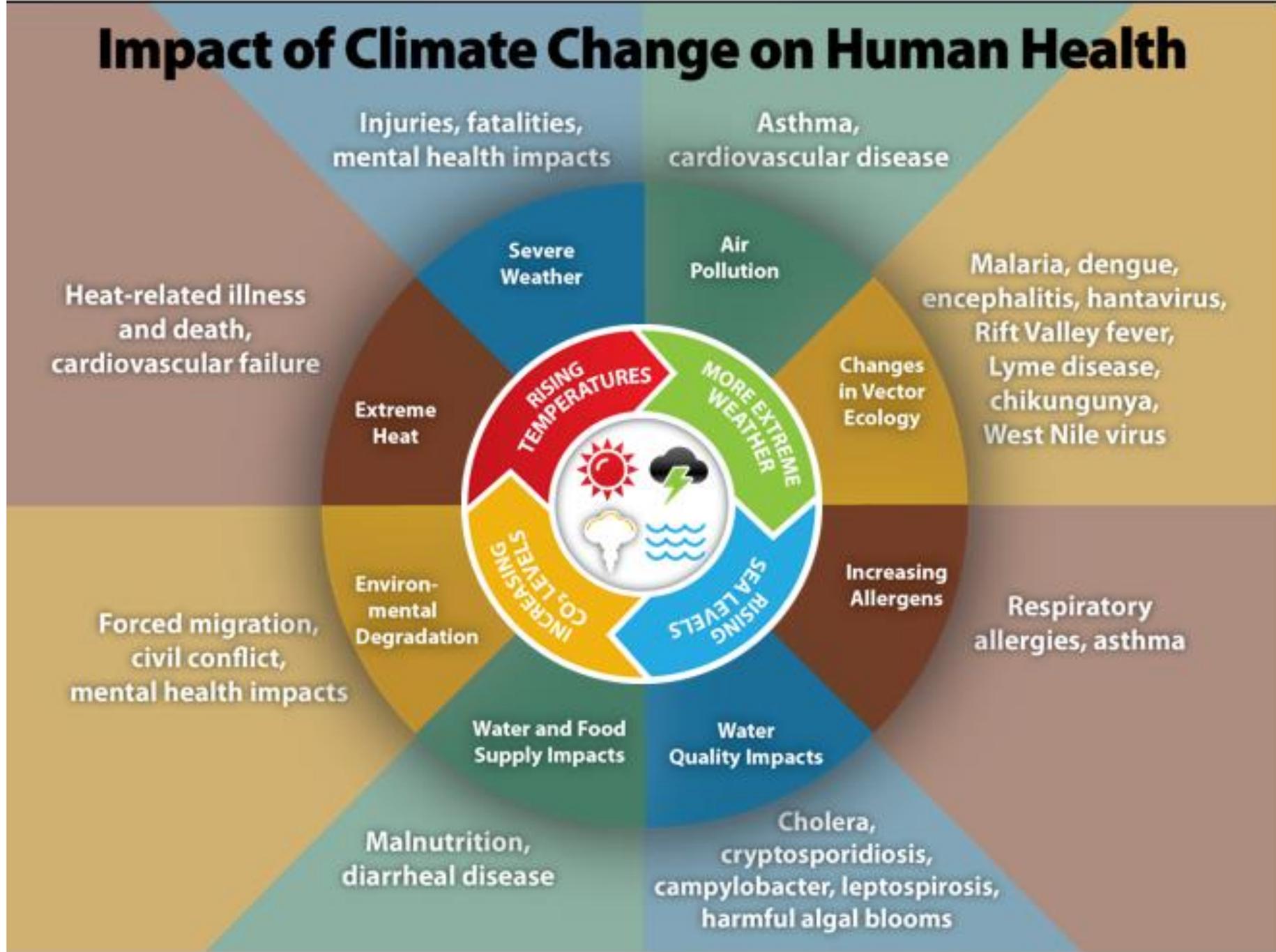
**Implement the Independent Market Advisory Committee's (IEMAC) recommendations for market design and program reform.** The IEMAC report makes several market-based suggestions that would address loopholes, including:

- reducing the supply of new allowances,
- raising the allowance price floor,
- conditioning offset availability on auction price (If offsets are not eliminated), and retiring allowances to account for shortcomings in offsets.

**Restrict trading in disadvantaged communities.** Continuing to accept allowances in lieu of compliance with clean air mandates in communities *already* facing life-threatening pollution should already be out of the question. Facilities in or directly adjacent to disadvantaged communities as defined by Health & Safety Code Section 39711 should be restricted from using allowances to demonstrate compliance. Instead, they should be subject to regulations requiring direct emissions reductions equivalent to the declining caps applicable to the overall program (e.g. 3% per year). This would protect the most impacted communities from excessive exposure to co-pollutants. A proportional number of allowances should subsequently be removed from circulation to avoid further exacerbating existing oversupply issues.<sup>1</sup>

**Why do we do all this?**

# Impact of Climate Change on Human Health



# Three Reasons:

- For our families.
- For our planet.
- And because it's the right thing to do



**The End**