

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

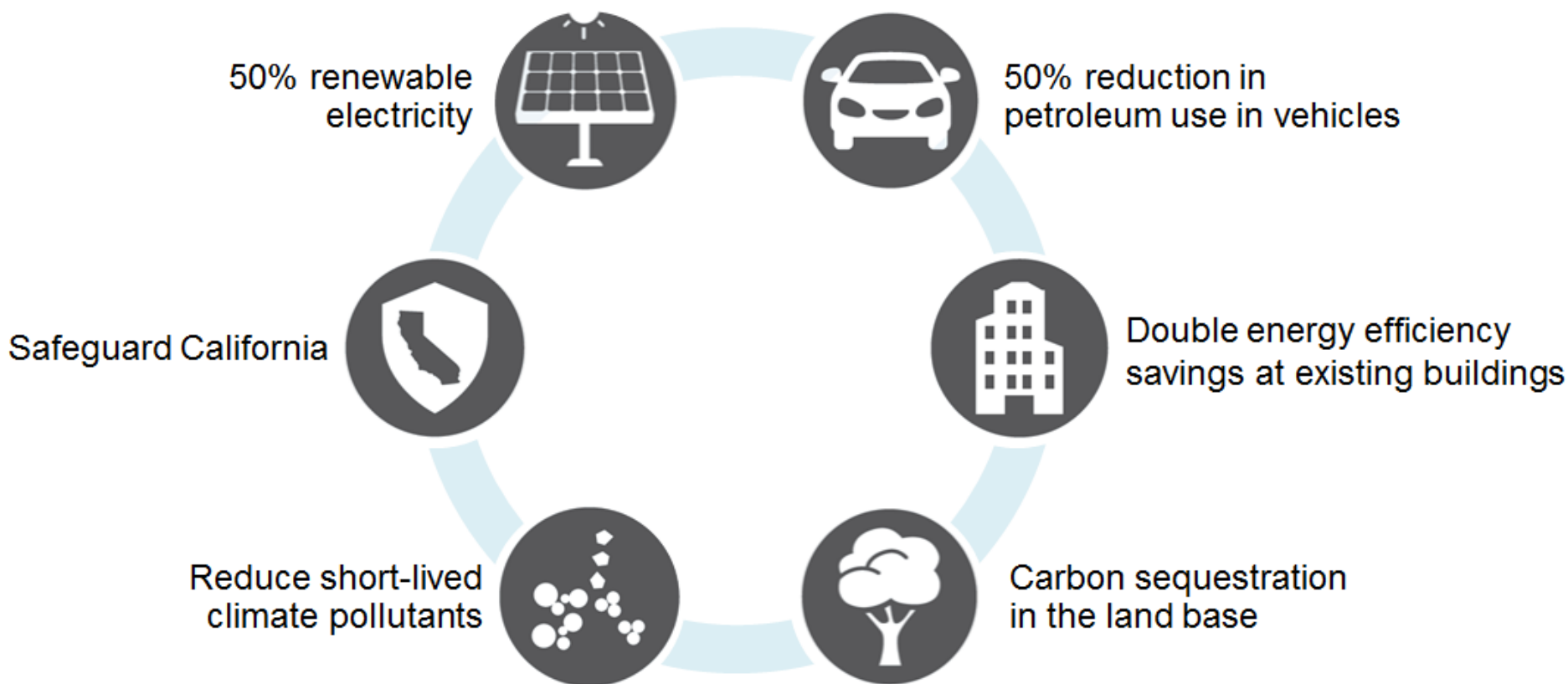
*Secretary for Environmental Protection
& Chair of the Climate Action Team*





California's climate strategy: 2030 focus

Reduce GHG emissions to 40% below 1990 levels by 2030





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

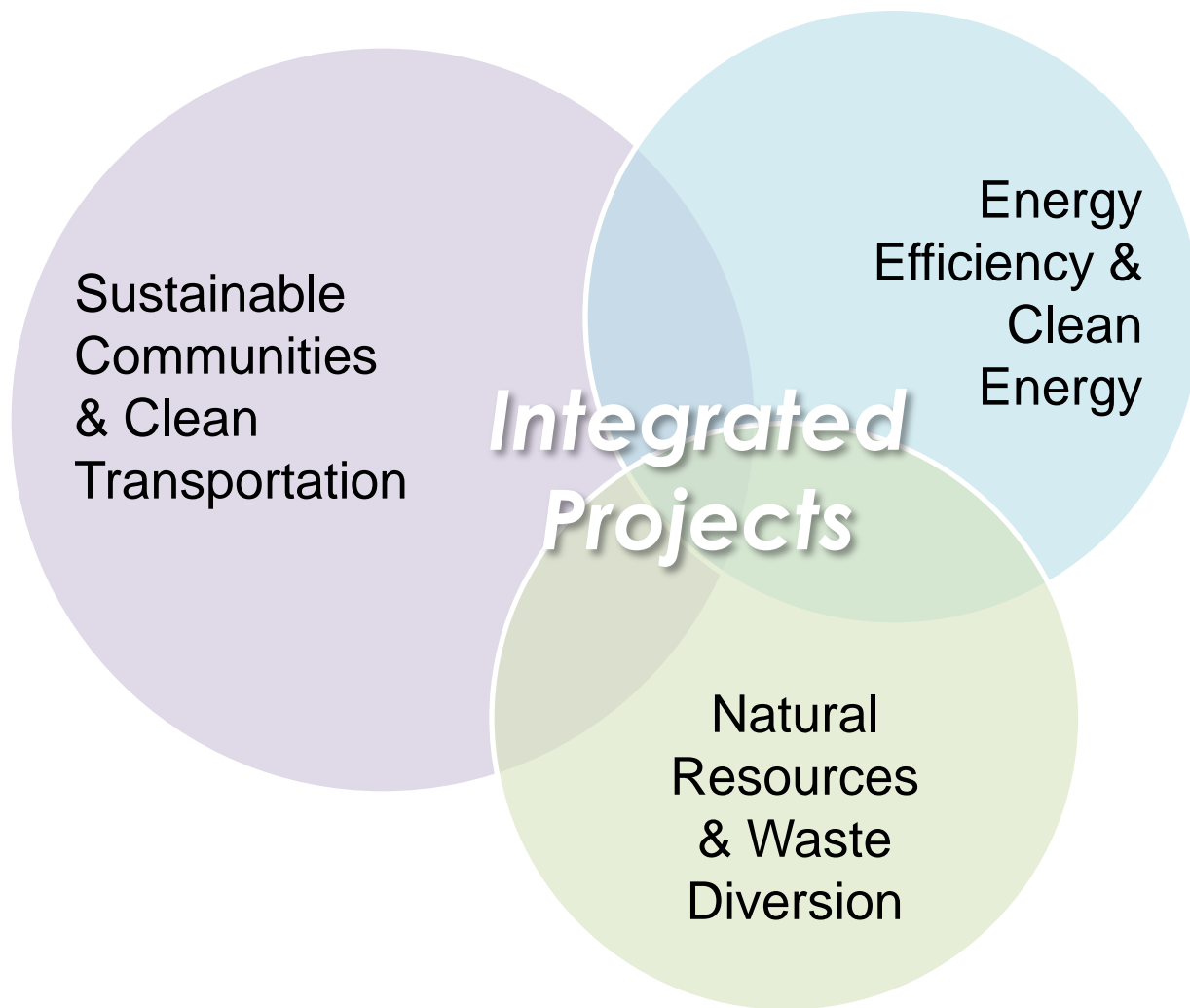
Cross-cutting approaches

Local climate action in disadvantaged communities

Efficient financing mechanisms to maximize investment



Continue/expand focus areas





Multi-agency team



California
Strategic Growth Council



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE



CALIFORNIA
High-Speed Rail Authority

Caltrans®



CalEPA
California Environmental
Protection Agency

California Environmental Protection Agency
 **Air Resources Board**





Public input



Agency leaders listen in LA

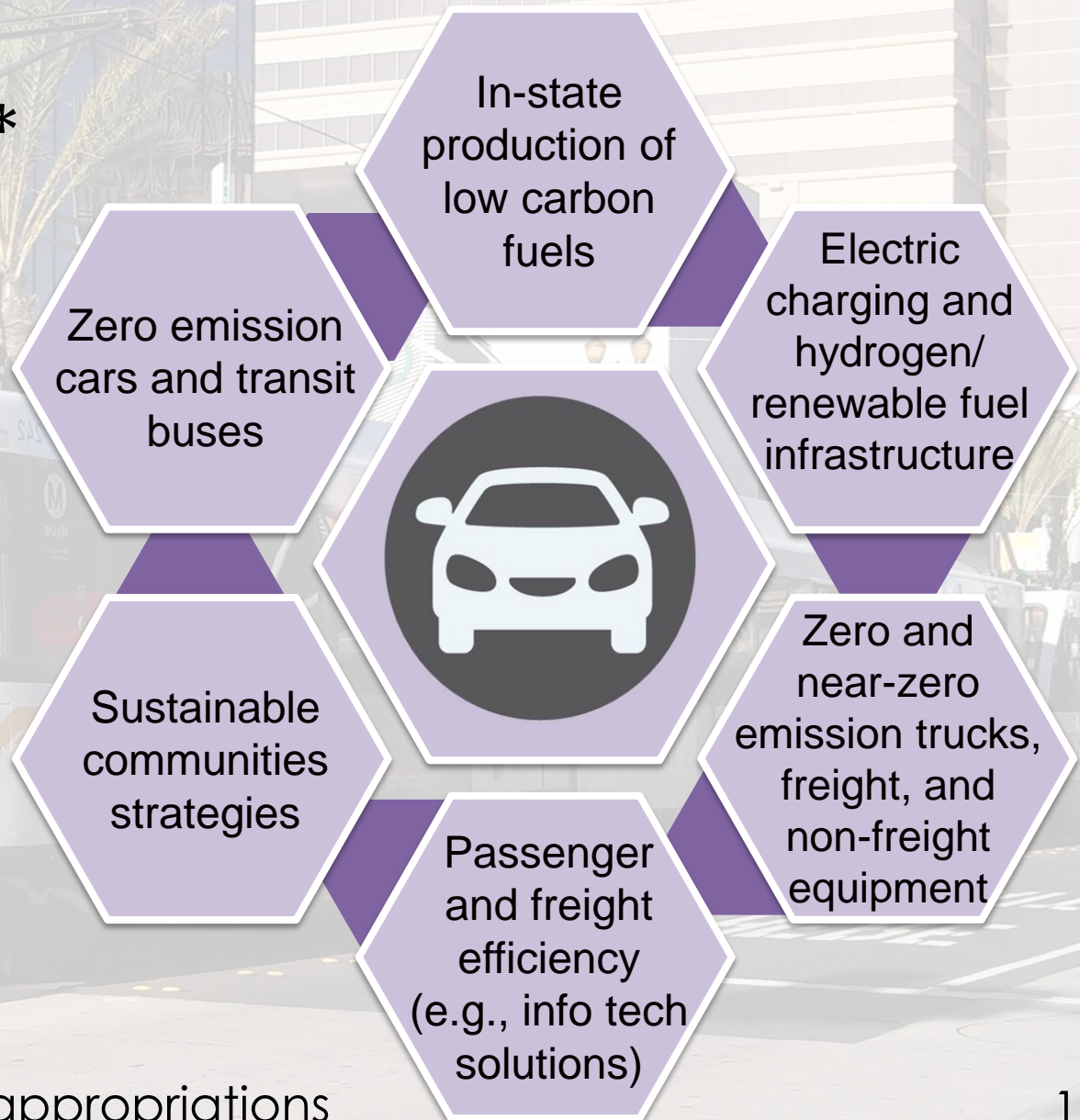
- Draft concept paper (Jul)
 - 7 public workshops (Aug)
 - 170+ speakers, 200+ written comments
- Draft investment plan (Oct)
 - 3 public workshops (Nov)
 - 80+ speakers, 100+ written comments
- Revised draft investment plan (Dec)



Public comments

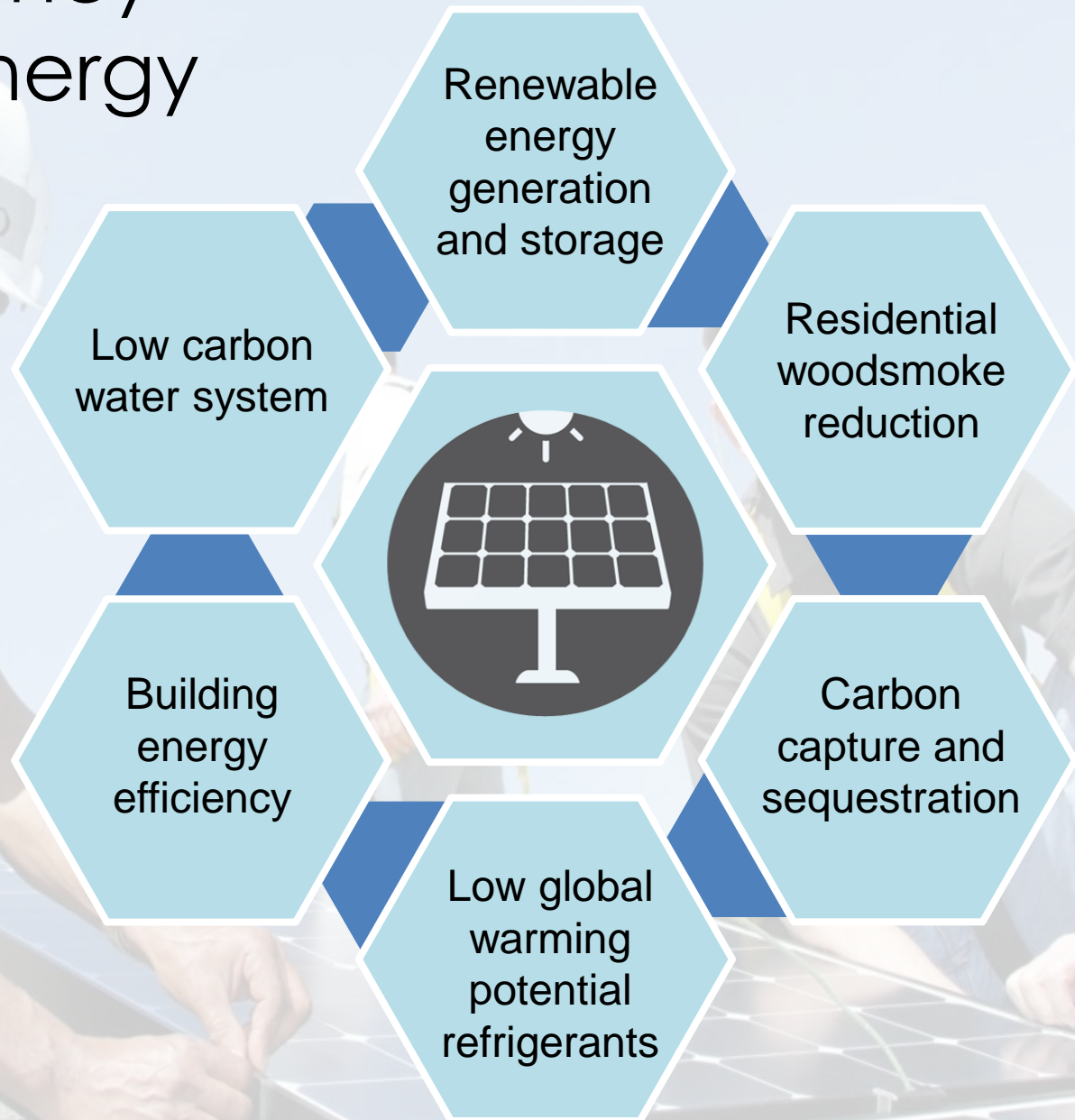
- Continue/expand existing programs
- Enhance opportunities for schools, rural communities, and green businesses
- Assist disadvantaged communities
- Support integrated projects
- Support co-benefits (e.g., job training and development)

Sustainable Communities and Clean Transportation*

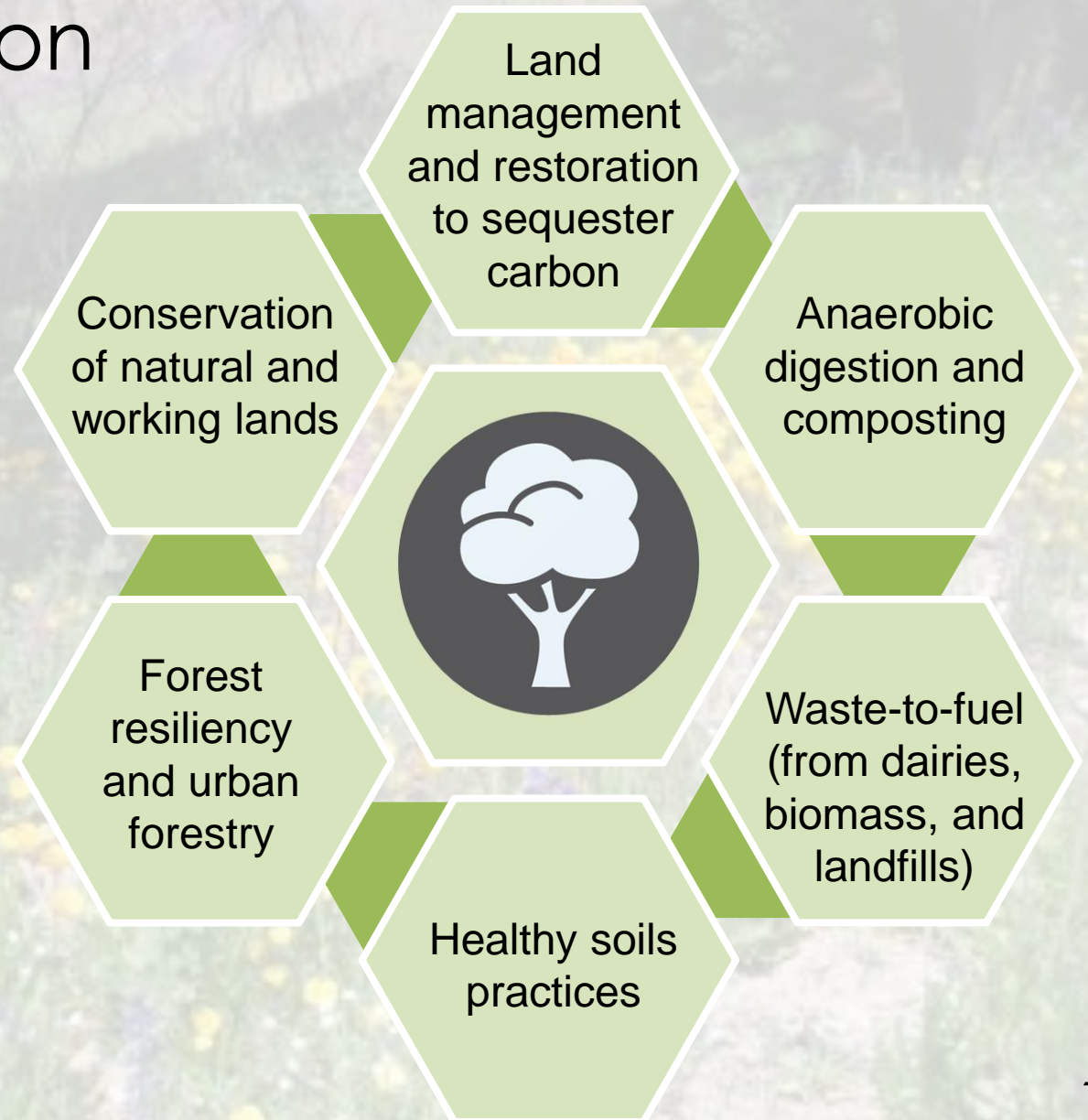


*Beyond continuous appropriations

Energy Efficiency and Clean Energy



Natural Resources and Waste Diversion





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