

MEMORANDUM

TO: Greenhouse Gas Reduction Fund Program

FROM: Jared Blumenfeld
Agency Secretary
California Environmental Protection Agency



DATE: May 1, 2020

SUBJECT: GREENHOUSE GAS REDUCTION FUND:
California Environmental Protection Agency

EXPENDITURE RECORD FOR FISCAL YEAR 2019-20
Carbon Neutrality Studies

This Attestation Memorandum documents that the California Environmental Protection Agency completed the attached Expenditure Record on May 1, 2020, for two carbon neutrality studies. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Bill Dean, William.Dean@calepa.ca.gov, 916-445-0039.

cc: Bill Dean
Climate Change Advisor
California Environmental Protection Agency

Greenhouse Gas Reduction Fund: Expenditure Record

California Environmental Protection Agency
Carbon Neutrality Studies

Authorizing legislation: Item 0555-001-3228 of the Budget Act of 2019 (Chapter 23, Statutes of 2019) appropriates to the California Environmental Protection Agency \$3,000,000 for two studies.

Element (1) **A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.**

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| <input type="checkbox"/> Agency that will administer funding | <ul style="list-style-type: none">▪ California Environmental Protection Agency (CalEPA) |
| <input type="checkbox"/> Amount of proposed expenditure and appropriation reference | <ul style="list-style-type: none">▪ The total expenditure is \$3 million, \$1.5 million each for two studies, per Section 0555-001-3228 of the Budget Act of 2019 (Chapter 23, Statutes of 2019). |
| <input type="checkbox"/> Estimated amount of expenditures for administering agency administrative costs | <ul style="list-style-type: none">▪ Administrative costs will be absorbed by CalEPA. |
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<input type="checkbox"/> If applicable, identify laws or regulations that govern how funds will be used	<ul style="list-style-type: none"> ▪ Section 0555-001-3228 of the Budget Act of 2019 (Chapter 23, Statutes of 2019) includes provisions governing how the funds will be used: Each study is a maximum of \$1,500,000. The first study will identify strategies to significantly reduce emissions from vehicles and to achieve carbon neutrality in the sector, including the transition to zero-emission light-duty vehicles, in particular, passenger vehicles, the transition to zero-emission heavy vehicles, and the adoption of other technology to significantly reduce emissions from heavy vehicles; the role of alternative fuels; and the impact of land use policy. The study shall include, but not be limited to, strategies for reducing vehicle miles traveled, including increasing transit ridership. The Act names five State agencies with whom the Secretary for Environmental Protection shall consult. The second study will identify strategies to decrease demand and supply of fossil fuels, while managing the decline of fossil fuel use in a way that is economically responsible and sustainable. The Act names four State agencies with whom the Secretary shall develop the scope.
<input type="checkbox"/> Continuation of existing Expenditure Record	<ul style="list-style-type: none"> ▪ This is a new program that does not have an existing Expenditure Record.
<input type="checkbox"/> Project type(s)	<ul style="list-style-type: none"> ▪ Climate and clean energy research
<input type="checkbox"/> Describe the projects and/or measures that will be eligible for funding	<ul style="list-style-type: none"> ▪ A study to identify strategies to significantly reduce greenhouse gas emissions from vehicles and achieve carbon neutrality in the sector. ▪ A study to identify strategies to decrease demand and supply of fossil fuels, while managing the decline of fossil fuel use in a way that is economically responsible and sustainable.
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> ▪ University of California
<input type="checkbox"/> Program structure and process for selecting projects for funding	<ul style="list-style-type: none"> ▪ The Budget Act requires that the second study be performed by the University of California system. The contractors for both studies were chosen from among University of California research units after public input at three workshops, coordination with State agencies named in the Budget Act provisions, and consultation with researchers and the University of California Office of the President.

Element (2)

A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

□ How the expenditure is consistent with the Investment Plan and the Scoping Plan

▪ AB 1532 (Chapter 807, Statutes of 2012) requires that monies from the Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The “Cap-and-Trade Auction Proceeds Third Investment Plan: Fiscal Years 2019-20 through 2021-22” recommends funding for “research needed to further reduce GHG emissions.” Executive Order B-55-18 to Achieve Carbon Neutrality sets a statewide goal of achieving carbon neutrality as soon as possible, and no later than 2045. These studies will inform the next Scoping Plan update.

Element (3)

A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

- Describe how expenditures will facilitate the achievement of GHG emission reductions in the State
 - The studies will inform and improve California policymakers' decisions on short- and long-term policies and programs to reduce GHG emissions.

- Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained
 - The timeframe for achieving net GHG benefits will vary depending on when and how policymakers incorporate the studies' findings into policies and programs, including informing the next Scoping Plan Update.

Element (4)

A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

- Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency
 - The contracts will require researchers to consider environmental, economic, and public health co-benefits.

- How the project will support other objectives of AB 32 and related statutes
 - The second study will identify strategies to decrease demand and supply of fossil fuels, while managing the decline of fossil fuel use in a way that is economically responsible and sustainable. The study will consider potential impacts to disadvantaged and low-income communities and strategies to address those impacts. Both studies will consider environmental, economic, and public health co-benefits.

<p>❑ Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance</p>	<p>▪ Because this is a research study, the funding will not be expected to have an immediate impact to benefit priority populations. However, in the long term, the studies will inform decisions by State and local governments to benefit priority populations.</p>
<p>❑ Describe the benefits to priority populations per CARB guidance</p>	<p>▪ CalEPA will direct the researchers to consider guiding principles that prioritize strategies that avoid potential substantial burdens to disadvantaged and low-income communities. The second study, on supply reduction, is required by the Budget Act to consider potential impacts to disadvantaged and low-income communities and strategies to address those impacts. Both studies will consider environmental, economic, and public health co-benefits.</p>
<p>❑ Explain strategies the administering agency will use to maximize benefits to disadvantaged communities</p>	<p>▪ CalEPA will direct the researchers to consider guiding principles that prioritize strategies that deliver equity, health, and economic benefits.</p>
<p>❑ Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens</p>	<p>▪ CalEPA does not anticipate any burdens to disadvantaged communities from commissioning research. CalEPA will direct the researchers to consider guiding principles that prioritize strategies that avoid potential substantial burdens to disadvantaged and low-income communities.</p>

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B for more information on the definitions of priority populations.

Element (5)

A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

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- How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance
 - CalEPA will require interim deliverables and regular meetings with the research teams.
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- Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion.
 - The studies will inform and improve California policymakers' decisions on short- and long-term policies and programs to reduce GHG emissions.
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- Type of information that will be collected to document results, consistent with CARB guidance
 - CalEPA will make final reports publicly available. Additionally, CalEPA will collect information on project outcomes for both studies, consistent with CARB guidance.
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- How the administering agency will report on program status
 - CalEPA will report to CARB consistent with CARB guidance.
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