

Community Forum on Cap and Trade  
May 7, 2015

<b>Follow-Up Questions to Panelists</b>
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How do these projects differ from or overlap with those addressed by the Sacramento Building Healthy Communities (BHC)?

**Elizabeth** - Many of the environmental health priorities identified by BHC are co-benefits of the projects being funded with Cap-and-Trade auction proceeds (i.e., Greenhouse Gas Reduction Fund monies). Affordable housing, health-promoting transportation options, and urban parks are all examples of projects being funded with Cap-and-Trade proceeds that can collectively contribute to community health. However, proceeds must be spent on projects that directly reduce greenhouse gas emissions so some of BHC's priority areas, such as health care access, cannot be funded with these monies.

**Larry** - In the larger scope yes, but specific projects would need to fit into the project parameters for the agency responsible for administering the program. Projects might be different or supportive depending on the program.

How do solar credits, either homeowner or solar company's, play into Cap and Trade, if at all?

**Elizabeth** - Through Go Solar California, solar consumers are eligible for federal tax incentives for the purchase or installation of residential solar systems. These tax credits subsidize the cost of solar systems for California residents. Cap-and-Trade auction proceeds (i.e., Greenhouse Gas Reduction Fund monies) also provide financial support for renewable energy systems and energy efficiency upgrades through the Department of Community Services and Development Low-Income Weatherization Program. These programs are two ways California is helping make energy efficiency and solar energy more affordable for California residents.

Accountability – by what mechanism will the metrics be reported to or accessed by the community?

**Elizabeth** - ARB hosts a central website, which provides overall budget and program information, upcoming milestones and activities for all programs, ARB guidance, program status tables, and links to additional agency webpages. In the future, ARB anticipates continuing to expand this website to allow communities and organizations to more easily search for funding opportunities. This website is available at:  
[www.arb.ca.gov/auctionproceeds](http://www.arb.ca.gov/auctionproceeds).

In addition, each year in March the Department of Finance is required to submit an annual report to the Legislature summarizing the status and outcomes of all programs funded through the Greenhouse Gas Reduction Fund; the current 2015 Annual Report, and future annual reports, will be posted on the website above.

ARB is also beginning the process of developing an online project reporting and tracking system that will provide a centralized website for State agencies to enter project information. It will include an online website for the public to access information on projects funded, such as

the type of project, location and estimated benefits. Until this online project reporting and tracking system is developed, ARB will continue to post the annual reports to the Legislature on the auction proceeds website listed above.

**Larry** - I believe ARB is keeping extensive information on each of the programs, and each will likely have records as well as audits supporting their performance.

The greatest need in disadvantaged communities is increased job opportunities. How does the carbon footprint of a family living on \$20,000 per year compare to a family making \$40,000 per year? How can we leverage Cap and Trade Funds to provide more jobs?

**Elizabeth** - Some of the projects funded with Cap-and-Trade auction proceeds (i.e., Greenhouse Gas Reduction Fund monies) are anticipated to generate jobs. For example, the construction of affordable housing and transit projects or the installation of solar panels may create additional jobs. Some Greenhouse Gas Reduction Fund programs also include job creation in the scoring criteria during the project selection process as a way to potentially leverage funds to create more jobs.

**Larry** - Certainly funding at this level over many types of projects will be additive to the job market in California.

At Mutual Housing California we are excited about the possibilities for providing affordable housing and reducing greenhouse gases. We know we can do this with energy efficient design and solar energy production to achieve zero net energy housing, which we are already doing. We hope that the California Air Resources Board and Strategic Growth Council will recognize zero net energy as a greenhouse gas reduction in AHSC program. This will help the program reach more disadvantaged communities because it is a strategy that can be implemented in disadvantaged communities even if that disadvantaged community does not have high quality transit.

**Elizabeth** - The inaugural year of the Affordable Housing and Sustainable Communities Program (AHSC) prioritized reducing greenhouse gas emissions through reductions of Vehicle Miles Traveled (VMT), focusing on the role that increased access to transit (including transit in suburban and rural areas) and reduction of single occupancy passenger vehicles, has on the built environment. This is consistent with the first Investment Plan (covering fiscal years 2013-14 through 2015-16) developed by the Administration.

Prior to the release of the next AHSC Notice of Funding Availability, the Strategic Growth Council (SGC) plans on revising the AHSC guidelines, in which the Council, in coordination with ARB, may consider refinement of the current greenhouse gas quantification methodology and may wish to encourage additional greenhouse gas reductions through non-VMT efforts, including energy efficiency and solar energy production. SGC looks forward with working with stakeholders in this process to encourage reduction of VMT and incorporation of these additional greenhouse gas reduction measures to support our broader greenhouse gas emission reduction targets.

Could workforce training programs in green and energy efficiency qualify as a project?

**Elizabeth** - Legally, Greenhouse Gas Reduction Fund monies must be used for projects that directly reduce greenhouse gas emissions. Unfortunately, this limits the ability of the Greenhouse Gas Reduction Fund to fund activities that do not directly result in greenhouse gas emissions reductions, such as workforce training. However, to the extent that workforce development is part of a project that directly reduces greenhouse gas emissions, this may be considered.

What is the timeframe for Cap and Trade “ending” or sunseting?

**Elizabeth** - The Cap-and-Trade regulation is a key element under Assembly Bill 32, which mandates that the State reduce greenhouse gas emissions to 1990 levels by 2020, and maintain and continue emission reductions beyond 2020. The last scoping plan update details how this program will be a continuing part of the State's post-2020 compliance strategy to reduce greenhouse gas emissions to achieve any mid-term and 2050 statewide emission targets.

**Larry** - Depends on the legislature. Keep watching bills this year.

Can funds be used for reducing greenhouse gas sources that start out-of-state but have direct impact and expression in California (refineries)?

**Elizabeth** - The implementing legislation guiding the uses of the Greenhouse Gas Reduction Fund (Assembly Bill 1532) specifies that the monies must be used to facilitate greenhouse gas emission reductions and where applicable and to the extent feasible, maximize economic environmental, and public health benefits to California. Reducing greenhouse gas emissions of out-of-state refineries provides limited co-benefits to California's residents, making a less attractive use of funds than in-State projects.

Elizabeth – please explain how many dollars are raised by Cap and Trade and how many dollars for Greenhouse Gas Reduction Fund (GGRF)?

**Elizabeth** - Since the beginning of the Cap-and-Trade Program, a portion of the allowances have been distributed for free, a portion placed in a cost-containment reserve, and the remainder auctioned. ARB conducts quarterly auctions where California State- and Québec provincial-owned allowances, as well as allowances consigned by electrical distribution utilities, can be purchased. The funds raised by the sale of allowances consigned by utilities are to be returned to ratepayers in accordance with rules set by the California Public Utilities Commission or, in the case of publicly owned utilities, their governing boards. The funds received for the sale of California State-owned allowances are deposited into the GGRF, and are available for appropriation.

The first Cap-and-Trade auction was held on November 14, 2012, and subsequent auctions have been conducted quarterly. As of February 2015, the amount of proceeds generated by auction totals \$3,703,138,395.54. The proceeds from State-owned allowances deposited into the GGRF as of February 2015 totals \$1,598,645,895.96.

More information on the auctions can be found at: [www.arb.ca.gov/auction](http://www.arb.ca.gov/auction)

Arsenio – what's the website? (for CalEnviroScreen)

**Elizabeth** – In addition to information provided on the CalEnviroScreen website, ARB created guidance to agencies appropriated auction proceeds on what is considered a benefit to a disadvantaged community and how to maximize those benefits. This information is available on ARB's website here:

<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/535investments.htm>

**Breathe CA** – CalEnviroScreen 2.0 maps and data are available at

<http://oehha.ca.gov/ej/ces2.html>. An interactive map for SB 535 (targeting funding toward “disadvantaged communities”) is available at

<http://oehha.maps.arcgis.com/apps/Viewer/index.html?appid=dae2fb1e42674c12a04a2b302a080598>.

What specific technical resources are available to community groups to support the development of successful grant applications for Cap and Trade funding of local projects?

**Elizabeth** - Some of the State agencies administering Greenhouse Gas Reduction Fund Programs have held workshops and provided assistance during the grant application process. However, the Governor's Office, as well as the Legislature, are both very interested in and actively exploring opportunities on how to assist communities with applying for Greenhouse Gas Reduction Funds.

**Larry** - None in the current round beyond support coming from agencies/cities/counties. There is funding in the May Revise that may cover this request.

In the Investment Plan, workforce development is called a co-benefit, but it seems like most of the emphasis and money is on greenhouse gas reduction. What are your plans for increasing workforce development?

**Elizabeth** - Similar to the response above regarding workforce training, the Greenhouse Gas Reduction Fund is legally required to be used for projects that directly reduce greenhouse gas emissions, therefore that is the main focus of these programs. However, the State agencies administering the Greenhouse Gas Reduction Fund programs do have the ability to structure their programs to maximize co-benefits, such as workforce development. Involvement with the administering State agencies during their program development process is critical to ensure that these programs take into account the co-benefits that are most important to your specific community.