Cap-and-Trade Auction Proceeds Second Investment Plan

Air Resources Board Public Hearing

December 17, 2015

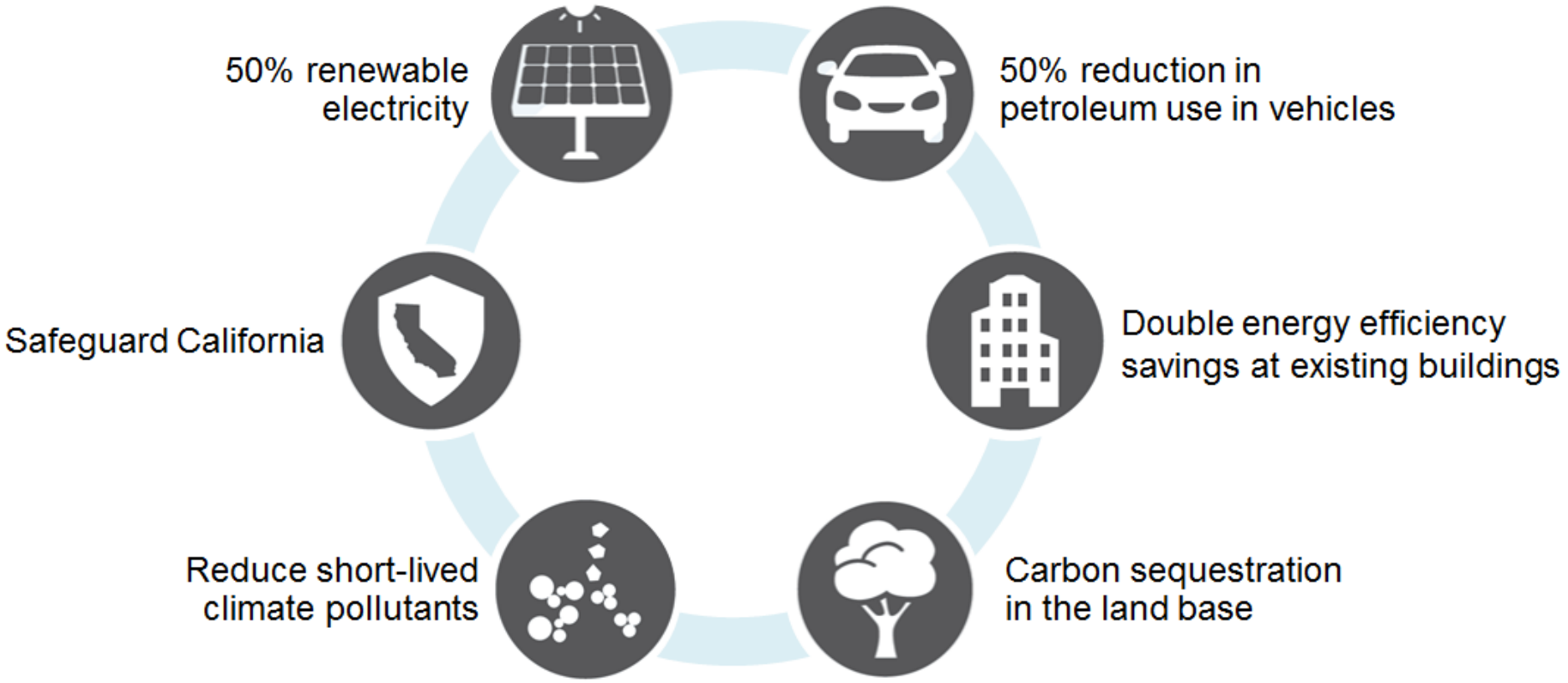
State of California

Climate Action Team Testimony

Matt Rodriquez
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

Investment plan goals

Reducing greenhouse gas emissions

Benefiting California's most disadvantaged communities

Increasing rural community participation

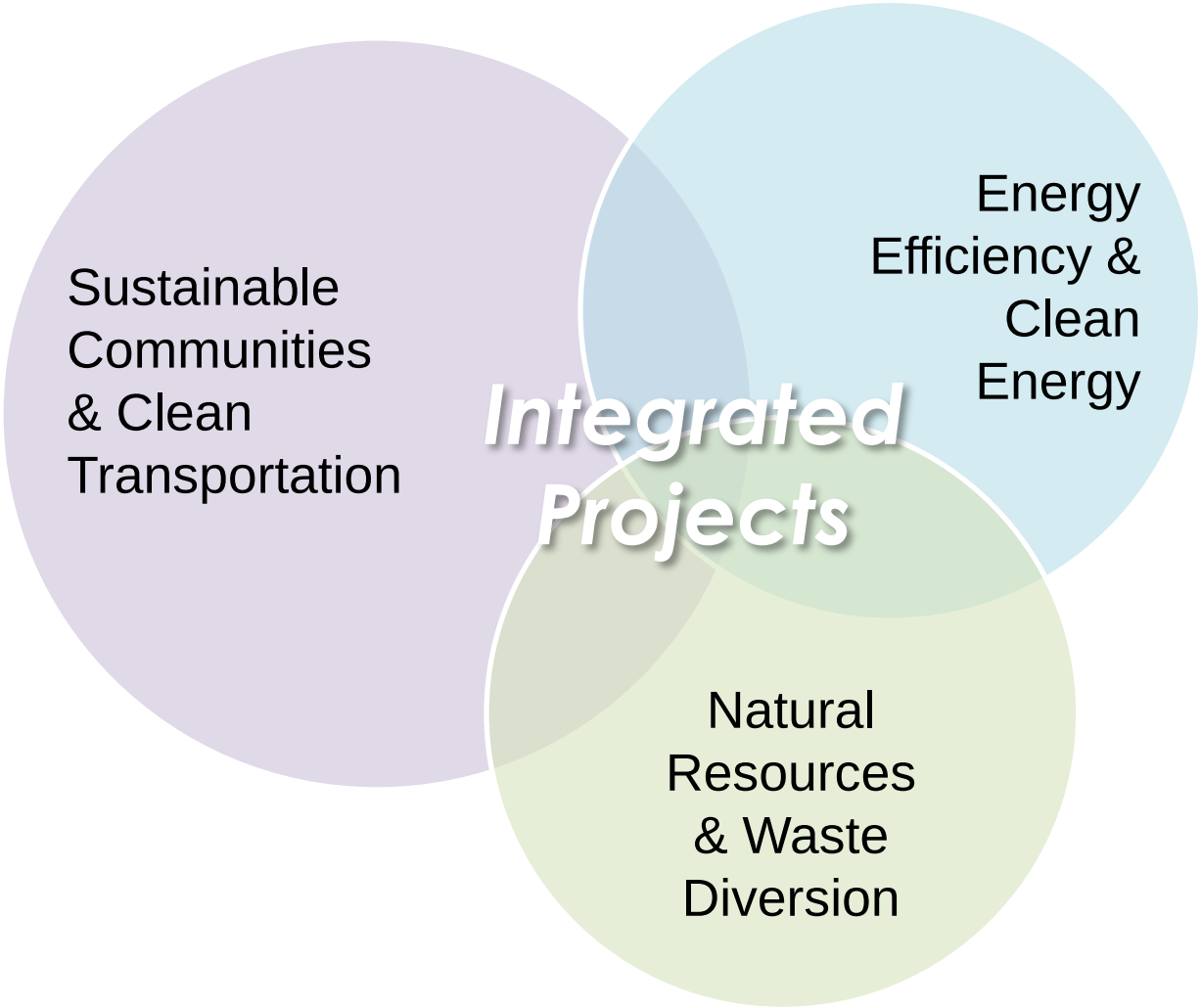
Maximizing co-benefits to health, environment, and economy

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

CalRecycle

Public input

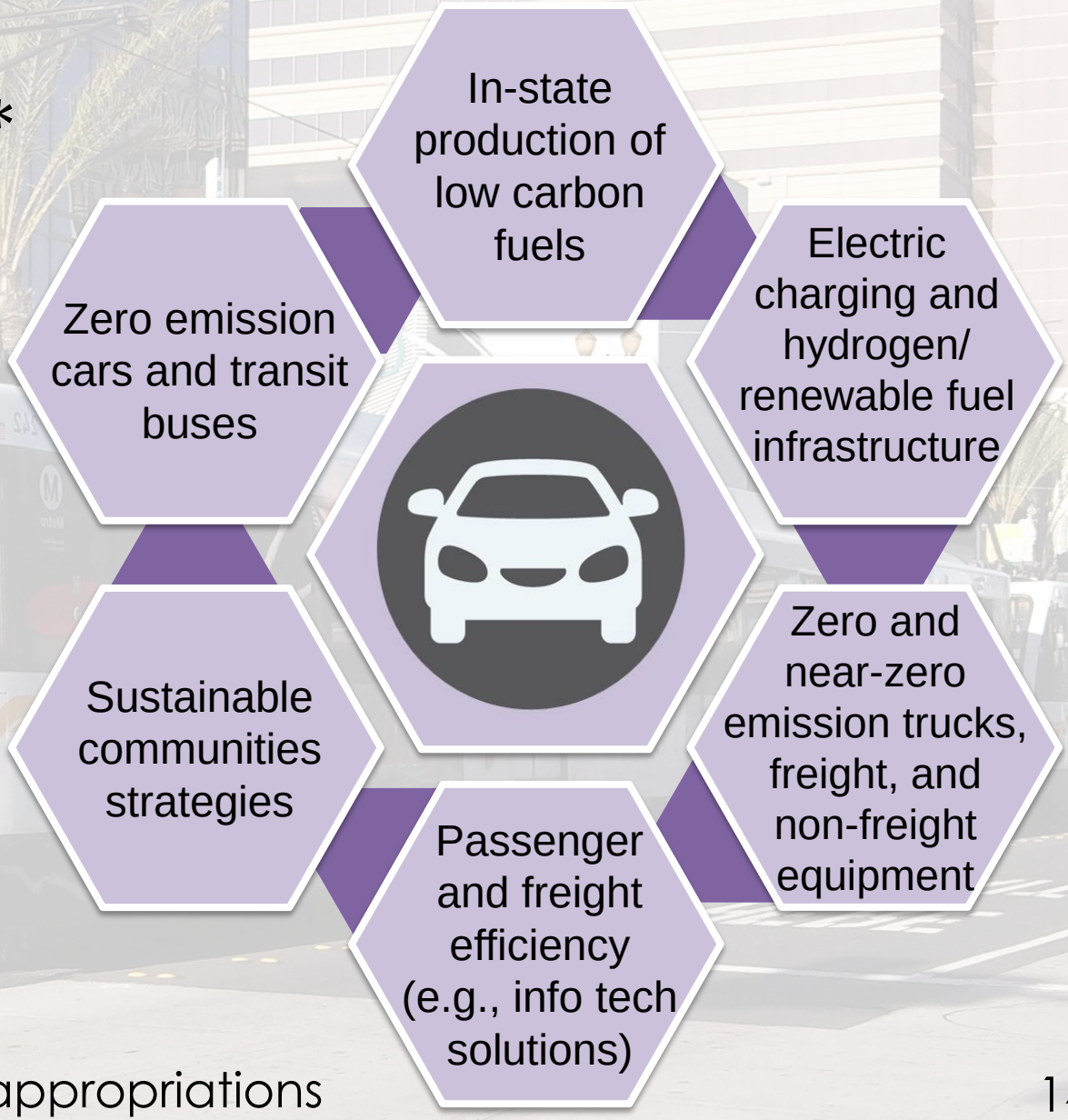
Agency leaders listen in LA

- 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

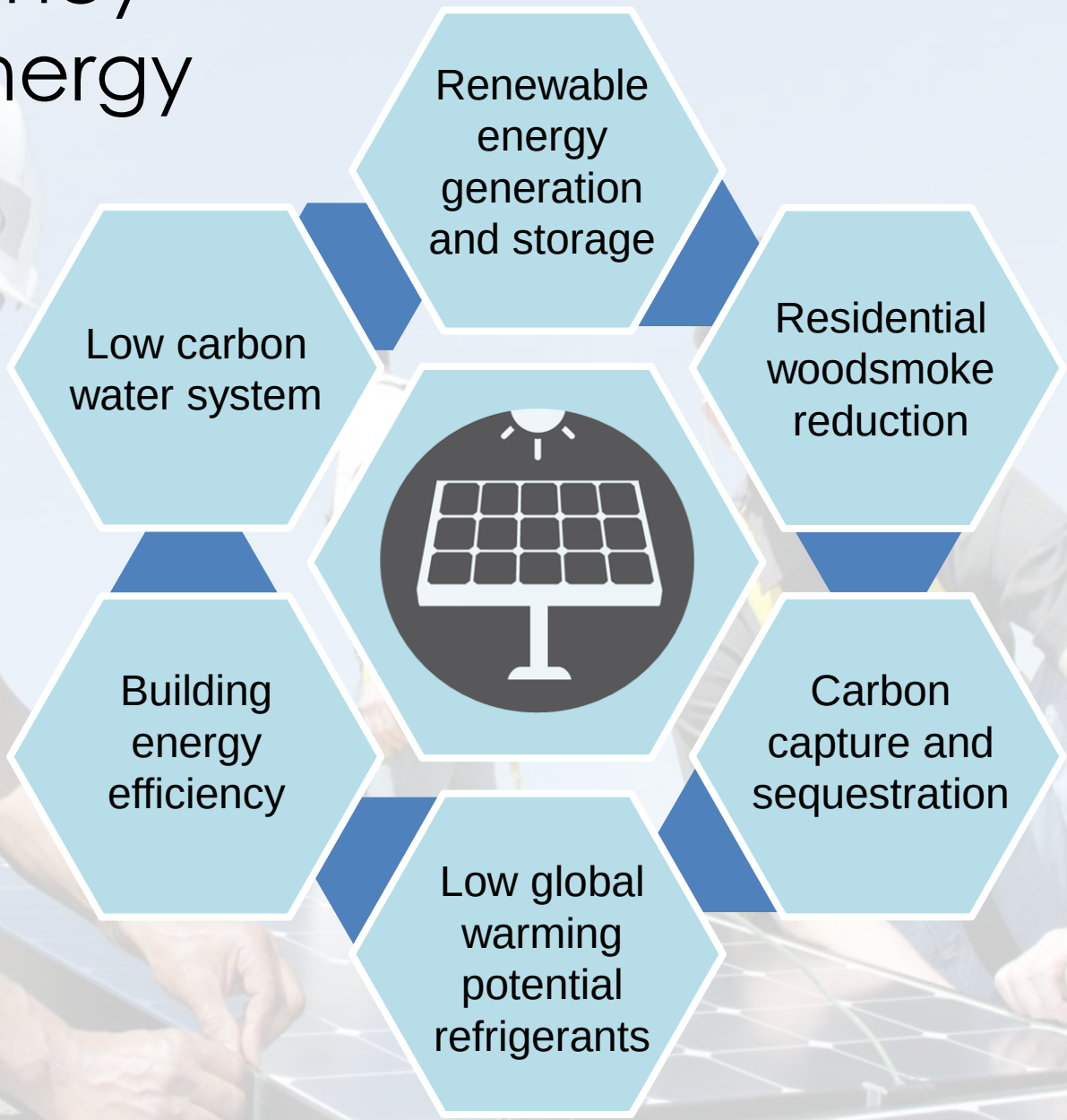
- Continue/expand existing programs
- Enhance opportunities for schools, rural communities, and green businesses
- Assist disadvantaged communities
- Support integrated projects
- Support co-benefits (e.g., job training and development)

Sustainable Communities and Clean Transportation*

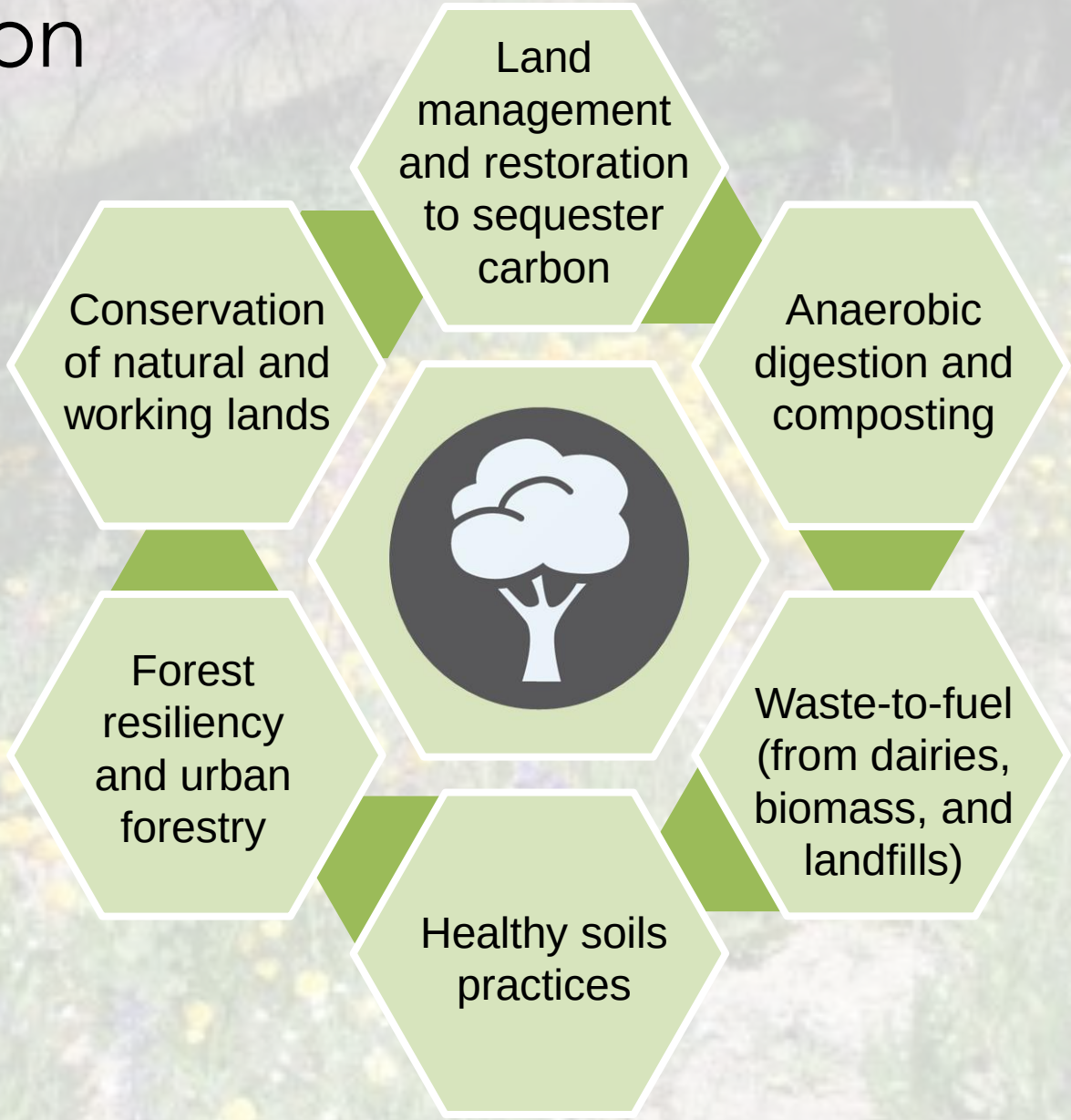


*Beyond continuous appropriations

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