

March 20, 2015

Honorable Mark Leno, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Shirley Weber, Chair
Assembly Budget Committee

Honorable Ricardo Lara, Chair
Senate Appropriations Committee

Honorable Jimmy Gomez, Chair
Assembly Appropriations Committee

Cap and Trade Program—2015 Report on Expenditures

Pursuant to section 39720 (a) of the Health and Safety Code, this report is respectfully submitted.

Chapter 807, Statutes of 2012 (AB 1532) requires the Department of Finance to submit a report to the Legislature on the status of projects funded from the Greenhouse Gas Reduction Fund (GGRF) Investment Plan, and their outcomes, on or before March 1, 2014, and annually thereafter. The attached annual report to the Legislature on investment of Cap-and-Trade Auction proceeds (GGRF monies) is the second report in this series.

In May 2013, the Administration released the first Cap and Trade Investment Plan (Investment Plan). That Investment Plan, covering a three-year period (2013-14 through 2015-16) was informed by three public meetings and more than 350 public comments. The Investment Plan emphasized investments in sectors which have the greatest greenhouse gas emissions—transportation, energy, waste, and natural resources. Consistent with the Investment Plan, Cap and Trade auction proceeds were appropriated and prioritized for programs that support Sustainable Communities and Clean Transportation, Energy Efficiency and Clean Energy, and Natural Resources and Waste Diversion, with an emphasis on providing benefits to disadvantaged communities.

Each agency appropriated GGRF monies has been developing programmatic infrastructure and defining eligible projects that further the purposes of the Global Warming Solutions Act of 2006 (AB 32) and meet other statutory requirements. To seek public input on program design, the agencies held over 100 public meetings throughout the State, with over 6,000 participants engaged.

Many agencies began recruiting for projects in 2014 as a part of a competitive process, with project selection completed or expected in the first half of 2015. Projects to incentivize zero-emission cars, buses, and trucks; enhance water efficiency; and divert waste from landfills began in 2014. In addition, the Air Resources Board has begun developing program guidance and tools to aid agencies in meeting the overall objectives of the program.

This report provides an update on the first two appropriations of auction proceeds in 2013-14 and 2014-15, which together total approximately \$913 million GGRF. These appropriations are funding an expansion of existing climate mitigation programs, and the creation of new programs, overseen by 12 state agencies. Funding has been provided for programs that result in near-term emission reductions and projects that support the state's longer-term climate targets in the categories of Sustainable Communities and Clean Transportation, Energy Efficiency and Clean Energy, and Natural Resources and Waste Diversion.

As programs supported by Cap and Trade auction proceeds continue to develop and provide climate change benefits and other co-benefits, the Administration will continue to report annually on the status and outcomes of these projects and activities.

If you have any questions or need additional information regarding this matter, please contact Karen Finn, Program Budget Manager at (916) 324-0043.

MICHAEL COHEN

Director

By:



KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
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Honorable Lois Wolk, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
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