# Greenhouse Gas Reduction Fund: Expenditure Record

[Agency Name]

[Program Name]

**Authorizing legislation:** Item XXXX-XXX-XXXX of the Budget Act of 20XX, as amended by [X] (Chapter X, Statutes of 20XX) appropriates to [Agency] $[X] for [X].

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

### Agency that will administer funding:

Examples:

* Strategic Growth Council, in coordination with Housing and Community Development.
* Department of Water Resources, directly and through local water agencies.

### Amount of proposed expenditure and appropriation reference:

Examples:

* The total expenditure is $35 million ($10 million for grants; $20 million for rebates; $5 million for vouchers), per Section [XXXX-XXX-XXXX] of the Budget Act of 20XX (Chapter [X], Statutes of [20XX]).
* Per SB 862 (Chapter 36, Statutes of 2014) and modified by SB 9 (Chapter 710, Statues of 2015), ten percent of the annual proceeds in the Fund are continuously appropriated to the Transportation Agency for the Transit and Intercity Rail Capital Program, beginning in FY 2015-16.
* AB 398 (Chapter 135, Statues of 2017) extended the Cap-and-Trade Program that supports the TIRCP from 2020 through 2030.

### Estimated amount of expenditures for administering agency administrative costs

Examples:

* The total expenditure includes $[XX] million for State Operations costs.
* Administering agency administrative costs are estimated to be approximately $[XX] million or [XX] percent.

### If applicable, identify laws or regulations that govern how funds will be used

Relevant statutes to include:

* AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.
* AB 398 (E. Garcia, Chapter 135, Statutes of 2017) prioritized [X] for expenditures from the Greenhouse Gas Reduction Fund.
* The Budget Act of 2020 provides direction on the types of projects that should be funded.
* AB 1261 (Burke, Chapter 714, Statutes of 2021) to identify overlap among incentive programs.
* [AB XX or SB XX] established the program and provides direction on how the funds will be allocated to recipients, including requirements for project eligibility and program implementation. All funds will be allocated and managed in accordance with this law.

### Continuation of existing Expenditure Record

Select appropriate entry:

* This is a new program that does not have an existing Expenditure Record.
* This is an update to an existing Expenditure Record. The Expenditure Record elements being updated include the following: [refer to each individual element description being updated, e.g., “Amount of proposed expenditure and appropriation reference;” “Type of projects that will be eligible for funding;” and “Percentage of total funding that will be expended for projects that benefit disadvantaged and low-income communities and low-income households, per CARB guidance.”]

### Project Type(s)

Examples:

* Low carbon transportation
* Transit
* Affordable housing and sustainable communities
* High speed rail
* Active transportation
* Transportation technology and fuels
* Energy efficiency and renewable energy
* Water use and energy efficiency
* Woodsmoke reduction
* Land conservation
* Land restoration and forest health
* Urban forestry and urban greening
* Wetlands and watershed restoration
* Healthy soils
* Waste diversion and utilization
* Digesters
* Alternative manure management
* Climate adaptation and resiliency
* Climate and clean energy research
* Technical assistance
* Agricultural worker vanpool
* Subsidies
* Light- and heavy-duty incentives
* Tree planting

### Describe the projects and/or measures that will be eligible for funding

Examples:

* Weatherization of low-income residences to improve energy efficiency in disadvantaged communities.
* Construction of affordable housing readily accessible to transit that reduces vehicle miles travelled.
* Purchase of qualifying zero-emission vehicles to cut vehicle emissions.

### Intended recipients

Examples:

* Local transit agencies
* Non-profit organizations
* Businesses
* Consumers
* Farmers
* Land Conservancies
* Local and Tribal Governments
* Public Schools and School Districts
* Universities and Research Institutions
* Individuals

### Program structure and process for selecting projects for funding

Examples:

* Competitive solicitation, evaluation, and selection of projects according to program guidelines.
* Allocation to contractors (e.g., other agencies, private, or non-profits) based on award or formula by governing body.
* Direct funding of defined State capital improvements.
* First-come, first-served rebates for consumers with qualifying purchases.

## 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

Examples:

* 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 Fourth Investment Plan: Fiscal Years 2022-23 through 2024-25” recommends support for energy efficiency and renewable energy projects for residential, commercial, industrial, and public buildings. In addition, the Investment Plan specifically describes and recommends the types of projects that will be funded by expenditures under the Program (e.g., implementation of Sustainable Communities Strategies, transit-oriented development, active transportation). Therefore, the expenditures covered by this record are consistent with the Investment Plan and align with the priorities expressed in the Plan.
* California’s 2022 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32 and related statutes. The recommended actions for the energy sector include continuing to enhance energy efficiency, increasing distributed generation, and implementing smart-grid technologies.

## 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

Examples:

* Expenditures will achieve net GHG benefits by funding forest management projects that enhance carbon sequestration and avoid GHG emissions through: preventing spread of disease to healthy forests by selectively removing infected trees; restoring impacted landscapes through reforestation; and utilizing removed trees for wood products or biomass energy. A net GHG benefit occurs because of reduced tree mortality, biomass utilization, and improved tree growth.
* The program will facilitate GHG reductions and reduce criteria and toxic pollutants emissions by funding the purchase of zero or near-zero emission vehicles or equipment which emit less GHG emissions than comparable conventionally fueled vehicles or equipment. Other expenditures will achieve GHG emission reductions by funding electrification of infrastructure in freight corridors, ports, and railyards, thus displacing higher-emitting sources of GHG emissions in those sectors. Shore power and locomotive switcher electrification are examples of projects that could be selected.

### Explain when GHG emission reductions and/or co benefits are expected to occur and how they will be maintained

Examples:

* Solar retrofits will begin to yield GHG emission reductions in [year] and will continue to provide clean energy and long term GHG emission reductions for an expected quantification period of [X] years based on warranty life.
* Weatherization projects will reduce energy consumption and reduce energy use GHG emissions starting in [year]. It is expected that these systems will maintain GHG emission reductions for a period of [X] years.
* Planting trees will sequester carbon over a period of about [X] years, with sequestration starting in [year] and net GHG benefits expected to begin in [year]. All tree planting projects will include establishment care and maintenance and be assessed and inspected to ensure best management practices are followed to ensure long term survival.

## 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

Examples:

* Weatherization and energy upgrades will yield economic, environmental, and public health co-benefits. These projects will provide California jobs and job training for disadvantaged community residents through targeted recruitment and training programs. They will also cut energy costs for low-income residents and improve building comfort. Installing renewable energy and increasing household energy efficiency will improve air quality by reducing criteria pollutants and GHG emissions from energy production in California. Replacing older HVAC systems with newer, cleaner models will benefit public health by reducing exposure to indoor air pollutants, such as carbon monoxide, associated with very old or poorly maintained heating units.
* Providing more bike and pedestrian paths will improve public health by encouraging active transportation. Providing these paths will also make it easier for people to bike or walk to work, school, local businesses, or transit connections, thereby reducing vehicle miles travelled, as well as the criteria air pollutants associated with automobile travel.

### How the project will support other objectives of AB 32 and related statutes

Example:

* This project will demonstrate how warehouses and distribution centers can transform freight operations to low emissions by installing centralized charging / fueling stations that use low carbon fuels. This reduces toxic air pollutants and helps modernize California’s energy infrastructure.
* Agencies may consider other objectives of AB 32, including the reduction of GHG emissions in a manner that:
  + Improves and modernizes California’s energy infrastructure
  + Maintains electric system reliability
  + Maximizes additional environmental and economic co benefits for California
  + Complements the State’s efforts to improve air quality
  + Directs public and private investment toward the most disadvantaged communities in California
  + Provides an opportunity for small businesses, schools, affordable housing associations, and other community institutions to participate in and benefit from statewide efforts to reduce GHG emissions
* Priorities identified in AB 398 that may be applicable for qualitative discussion in Expenditure Records include:
* Reducing air toxic and criteria air pollutants from stationary and mobile sources
* Low- and zero-carbon transportation alternatives
* Sustainable agricultural practices that promote the transitions to clean technology, water efficiency, and improved air quality
* Healthy forests and urban greening
* Reducing short-lived climate pollutants
* Climate adaptation and resiliency
* Climate and clean energy research

### Percentage of total funding that will be expended for projects that are located in and benefit priority populations[[1]](#footnote-1) per CARB guidance

Example:

* The administering agency has established a target to expend at least 75 percent of the total project funds received under this fiscal year appropriation to fund projects that provide benefits to disadvantaged or low-income communities or low-income households. We expect this amount to include 50 percent of total project funds for investments in and benefiting residents of disadvantaged communities and 25 percent in and benefiting residents of low-income communities or low-income households.

### Describe the benefits to priority populations per CARB guidance

Examples:

* Projects will provide incentives for vehicles, equipment, or renewable transportation fuel that reduce criteria air pollutant or toxic air contaminant emissions, such as diesel particulate matter.
* Projects will provide improved transit or passenger rail service for stations or stops within a disadvantaged or low-income community (e.g., new transit lines, more frequent service, greater capacity on existing lines that are nearing capacity, improved reliability, improved accessibility, bus rapid transit service).
* Projects will provide renewable energy and direct energy cost savings to residents of disadvantaged or low-income communities, and low-income households.
* Food rescue projects will increase food access to residents of disadvantaged or low-income communities, or low-income households.

### Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

Examples:

* To help maximize benefits to disadvantaged communities, the administering agency will coordinate with local and regional entities to host workshops that allow the public to provide input on the types of projects that would be funded.
* Projects that meet disadvantaged community benefit criteria and demonstrate that the project will meaningfully address an important community need will receive additional points in scoring.

### 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

Examples:

* The administering agency has received feedback from low-income communities expressing concerns of displacement of residents and/or businesses because of the investments. The program now requires applicants identify in their application policies and programs that will be pursued to avoid displacement (e.g., asset building opportunities for low-income residents, contracting with local/small/ diversely owned businesses, tenant anti-harassment policies, right-to-return policies for existing households, enhanced local municipality policies to produce additional and preserve existing affordable housing). The agency will evaluate and consider these measures in project selection.
* The administering agency has received feedback from communities expressing concerns with the air pollutant emissions that result from projects. Future funding eligibility will be limited to those project types that peer reviewed literature shows do not result in on-site emissions of criteria air pollutants and toxic air contaminants.
* The administering agency will consult directly with communities through various means including workshops and public comments on program guidelines to identify potential burdens. The agency will make programmatic adjustments to eligibility criteria, and ultimately funding decisions, as necessary to avoid potential substantial burdens to disadvantaged and low-income communities

## 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 38500) of the Health and Safety Code.

### How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

Example:

* The administering agency will require funding recipients to maintain records and submit quarterly status reports. In addition, the administering agency will conduct periodic reviews of selected projects. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the administering agency’s guidelines and the grant agreement.

### Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

Examples:

* The administering agency will calculate the GHG emission reductions and co-benefits expected and achieved from projects using a CARB-developed method and/or tool.
* The administering agency will coordinate with CARB to estimate GHG emission reductions and co-benefits (e.g., energy savings), using CARB quantification methodologies. Administering agency staff will review calculations prepared by applicants to ensure consistency with approved methodologies.

### Type of information that will be collected to document results, consistent with CARB guidance

* To determine the job benefits, the agency will compile data from funding recipients on jobs provided, both the quality and quantity, consistent with CARB guidance.
* The administering agency will collect data on project location, baseline and estimated energy usage, energy costs, type of upgrade that was installed, expected quantification period, and other data, as applicable and as specified in CARB guidance.
* Once operational, the administering agency will collect information on project outcomes for [X] percent of projects, consistent with CARB guidance.

### How the administering agency will report on program status

* The administering agency will report to CARB consistent with CARB guidance. The administering agency will provide regular updates on the program, including expenditure amounts, GHG emission reductions, and other benefits, as applicable (e.g., jobs supported, vouchers issued, units retrofitted). Reports will also include information on project outcomes for [X] percent of operational projects over [X] years.

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 Funding Guidelines for more information on the definitions of priority populations. [↑](#footnote-ref-1)