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Assembly California Legislature

STEVEN BRADFORD
ASSEMBLY MEMBER, SIXTY-SECOND DISTRICT

COMMITTEES
CHAIR, UTILITIES AND COMMERCE

April 17, 2013

Mary Nicols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814
Re: Cap and Trade Fee Revenue Investment Plan

Dear Ms. Nicols:

As Chair of the Assembly Committee on Utilities & Commerce, I take great interest in the Air Resource Board's (ARB) newly issued draft Cap-and-Trade Investment Plan for Fiscal years 2013-14 and 2015-16. As you noted in your report, the implementing legislation (i.e., AB 1532, SB 535, and SB 1018) provides direction on the establishment of the Greenhouse Gas Reduction Fund, the process for allocating auction proceeds, the eligible uses for those proceeds, and the minimum level of investments in disadvantaged communities.

I am committed to ensuring the success of California's cap and trade program. This includes ensuring that funds generated from that program are disbursed according to all applicable laws and, to the greatest extent possible, in a manner that exceeds the public's expectations.

As the plan indicates, the statutes require that at least 25 percent of program funding be allocated to projects that benefit disadvantaged communities and at least 10 percent of program funding must be allocated to projects located in disadvantaged communities.

One of those areas where ARB can exceed the public's expectations is in the allocation of funds to disadvantaged communities. In the draft plan there is substantial detailed information showing areas of the state which meet the criteria as disadvantaged. I applaud ARB for the effort it took to prepare and provide that mapping information in the draft plan. The plan also sets an expectation that each implementing agency or department would separately implement "their portion" of the plan with regard to disadvantaged communities. I have suggestions on this particular recommendation:

1. Have ARB take ownership of ensuring that the funding reaches these communities and achieves measurable results rather than delegating responsibilities to a myriad of entities using uncoordinated approaches.
2. Engage local community-based organizations to provide direct feedback to you on whether the programs for disadvantaged communities are reaching the target population and achieving results. Work closely with community-based organizations to identify communities within the areas identified in the map that are most in need and can give you valuable local information on how funds can be spent most effectively to improve the living and working conditions of those residents



3. Establish an annual letter to the Legislature reporting on progress on achieving goals in these communities.
4. Increase the allocation of funds for disadvantaged communities beyond the minimum required by statute. This would complement the economic, environmental, public health, job creation, and other goals articulated in the statute.

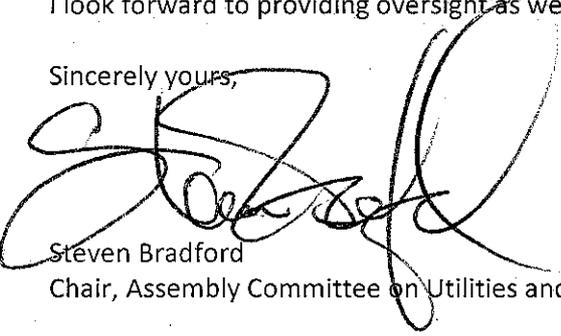
The Los Angeles area is home to a number of the disadvantaged communities identified in the report. These areas tend to suffer from low income, high unemployment, and greater environmental pollution resulting in poor public health. I know how beneficial these funds can be in helping ratepayers save energy, training workers for new jobs in a green economy, and improving the health and welfare of the community.

Lastly, I appreciate that the draft Plan recognizes the problems faced in the area of energy efficiency and renewable energy: overlapping, uncoordinated or duplicative programs. Earlier this year my Committee held a hearing on this topic and it was shocking how little is known about what the state did or did not get from its billions of dollars expended on energy efficiency and renewable energy programs. It is essential that State agencies and departments and even local governments coordinate to ensure that the programs are achieving their intended goals without waste, fraud, or abuse.

I also encourage all of the state agencies and departments to provide public accountability as to the use of these funds. I introduced AB 370 to require the Public Utilities Commission to establish a database of ratepayer-funded energy efficiency expenditures. The ARB may want to consider establishing a complementary database so that gaps, areas of overlap, and inefficiency can be quickly identified and addressed. The public is counting on us to implement this program effectively and efficiently.

I look forward to providing oversight as we move forward, and offering any help or assistance that I can.

Sincerely yours,



Steven Bradford
Chair, Assembly Committee on Utilities and Commerce

Cc: The Honorable Jerry Brown, Governor
Michael Peevey, President, Public Utilities Commission
Bob Weisenmiller, Chair, California Energy Commission