



ANNUAL REPORT ON USE OF THE VALUE AND PROCEEDS OF GREENHOUSE GAS ALLOWANCES

Riverside Public Utilities

Board of Public Utilities
June 13, 2022

RiversideCA.gov

BACKGROUND

GREENHOUSE GAS (GHG) ALLOWANCES LEGISLATIVE HISTORY

AB 32 (2006)

GHG Emissions to
1990 levels by 2020

SB 32 (2016)

GHG Emissions to 40%
below 1990 levels by
2030

AB 398 (2017)

Continuation of Cap-
and-Trade Program
through 2030



2

RiversideCA.gov

CAP AND TRADE PROGRAM

Publicly Owned Electric Distribution Utilities



3

RiversideCA.gov

RIVERSIDE'S ALLOWANCE ALLOCATION

2013-2020

- Received approximately 1 million allowances/year
- Met direct compliance obligations from 2013-2020
- Excess allowances were sold into the CARB's Cap-and-Trade quarterly auctions
- Proceeds earmarked to benefit electric ratepayers consistent with the Cap-and-Trade regulations

2021-2030

- Will receive fewer allowances than in prior period shown – amount declines through 2030
- Sufficient to cover the 2022-2030 direct compliance obligations
- Less revenue from excess allowances
- Excess allowances will be sold into the Cap-and-Trade auctions
- Proceeds earmarked to benefit electric ratepayers consistent with the Cap-and-Trade regulations



4

RiversideCA.gov

RIVERSIDE'S CURRENT ALLOWANCE ALLOCATION

2021-2030

1. Current allocated allowances sufficient to cover compliance obligations
2. Ongoing regulatory changes will potentially further reduce allowance allocation
3. As a result, RPU will have fewer allowances to sell at auction

Year	Allowances
2021	1,060,927
2022	1,056,559
2023	1,039,042
2024	1,015,558
2025	1,000,815
2026	991,145
2027	799,554
2028	609,032
2029	601,432
2030	583,388

5



RiversideCA.gov

LIMITATIONS ON USE OF PROCEEDS

**Utility Governing Body
Imposed Limitations**

**Exclusively for the Benefit
of Retail Ratepayers**

**Prohibit Offsetting
Obligations for CAISO
Market Sales**

**Must Spend Proceeds
Within 10 Years**

6



RiversideCA.gov

RIVERSIDE'S POLICY ON USE OF PROCEEDS



1. Use of proceeds is subject to limitations imposed by Utilities' governing body
2. April 18, 2014 – Board approved the Use of Proceeds Policy
3. September 6, 2016 – Council approved new section III.d.4., to the Policy (i.e. energy efficiency projects at City facilities)
4. December 7, 2021– Council adopted the revisions to Policy
5. Policy requires annual reports on the use of allocated allowance value and proceeds of GHG to be provided to the Board

7



RiversideCA.gov

REPORTING REQUIREMENTS



1. City must track the value and proceeds from the sale of GHG allowances separately
2. Proceeds must be earmarked for the benefit of RPU's electric retail customers consistent with the goals of AB 32
3. Section 95892(e) requires EDUs to prepare an annual report to CARB's Executive Officer describing the disposition of any auction proceeds and allowance value received in the prior calendar year

8



RiversideCA.gov

USE OF ALLOCATED ALLOWANCE VALUE AND PROCEEDS OF GHG ALLOWANCES

Qualifying Expense	City Council Approval	2016	2017	2018	2019	2020	2021	Total
DC Fast Charger at City Hall	10/6/2015	\$ 28,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,205
Ice Energy Pilot Program	3/3/2015	300,000	1,543,340	514,528	1,826,002	-	-	4,183,870
City-Wide LED Street Lights	9/6/2016	-	159,309	300,274	346,742	2,397,538	2,564,194	5,768,057
Excess Renewable Energy	9/6/2016	-	-	7,547,593	3,456,067	5,535,680	8,102,097	24,641,437
Total		\$ 328,205	\$ 1,702,649	\$ 8,362,395	\$ 5,628,811	\$ 7,933,218	\$ 10,666,291	\$ 34,621,569
Reserve Balance (including interest) as of December 31, 2021								\$ 20,663,278



9

RiversideCA.gov

STRATEGIC PLAN ALIGNMENT



No. 4 Environmental Stewardship

Goal 4.1 Rapidly Decrease Riverside's Carbon Footprint by Acting Urgently to Reach a Zero Carbon Electric Grid with the Goal of Reaching 100% Zero-Carbon Electricity Production by 2040 while Continuing to Ensure Safe, Reliable and Affordable Energy for All Residents.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



10

RiversideCA.gov

RECOMMENDATION

That the Board of Public Utilities receive and file an update on the City of Riverside's use of allowance value and proceeds of Greenhouse Gas Allowances.

