



## POLICY REVISIONS ON PERMISSIBLE USE OF GHG ALLOWANCE VALUE AND PROCEEDS

Public Utilities Department

City Council  
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## 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



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## CAP AND TRADE PROGRAM

**Electric Distribution Utilities (EDUs)**

- Annual GHG compliance obligation
- Must annually submit to ARB sufficient GHG allowances to cover the total GHG emissions
- Receive allocated GHG allowances through 2030, amount declines each year
- Allocated allowances can be used to directly offset GHG compliance obligations instead of purchasing allowances
- Excess allowances are sold in the Cap-and-Trade quarterly auctions



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## RIVERSIDE'S CURRENT ANNUAL ALLOCATIONS 2021-2030

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

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 less allowances to sell at auction



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## RIVERSIDE'S POLICY ON USE OF PROCEEDS

1. Use of proceeds are subject to limitations imposed by Utility's 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. Policy requires annual reports on the use of allocated allowance value and proceeds of GHG to be provided to the Board; last update provided to Board on May 24, 2021



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## REVISIONS TO THE PERMISSIBLE USES OF PROCEEDS

- V. Permissible uses of the proceeds from the sale of allocated allowances, **established by the City of Riverside**, include, but are not limited to:
- a. Investments/Costs associated with existing **and/or new** renewable resources;
    1. Utility scaled renewable projects (e.g.: geothermal, solar, wind, biomass, **landfill renewable**\_gas, **hydrogen**)
    2. RPU-owned local –solar projects.
  - b. Investments/Costs associated with planning, design, development, and procurement of distributed renewable resources on City owned lands.
  - c. Investments/Costs associated with planning, design, development, and procurement of cost-effective energy storage technologies/devices.



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## REVISIONS TO THE PERMISSIBLE USES OF PROCEEDS

- d. Investments/Costs associated with planning, design, development and procurement of cost-effective energy efficiency, demand response, and peak-shifting programs for the benefit of Riverside's retail electric customers, which may include the following;
  - 1. Publicly-available electric vehicle charging stations or infrastructure.
  - 2. **Electric vehicle infrastructure to support a City fleet conversion ~~O Power or other home energy audits (O Power provides customers with energy usage and is proven to reduce customer usage by two percent).~~**
  - 3. **Building electrification and customer decarbonization programs that will result in GHG emissions reductions. ~~Home energy reports for energy efficiency.~~**
  - 4. Energy efficiency **and decarbonization** projects at City facilities or infrastructure that will result in **greenhouse gas- GHG** emissions reductions.
- e. Supplemental procurement of GHG allowances or offsets that are required to meet RPU's compliance obligation associated with its retail load serving function.
- ~~f. Establishment of a community carbon tracking system.~~



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## STRATEGIC PLAN ALIGNMENT

### Envision Riverside 2025 Strategic Plan Priorities



#4 Environmental Stewardship

### Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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## RECOMMENDATION

That the City Council adopt revisions to the City of Riverside's Policy on the Permissible Use of Greenhouse Gas Allowance Value and Proceeds.

