



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

## Riverside Public Utilities

Board of Public Utilities

June 13, 2022

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## 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



# CAP AND TRADE PROGRAM

Publicly Owned Electric Distribution Utilities

- 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 ALLOWANCE ALLOCATION

2013-2020	2021-2030
<ul style="list-style-type: none"> <li>Received approximately 1 million allowances/year</li> <li>Met direct compliance obligations from 2013-2020</li> <li>Excess allowances were sold into the CARB's Cap-and-Trade quarterly auctions</li> <li>Proceeds earmarked to benefit electric ratepayers consistent with the Cap-and-Trade regulations</li> </ul>	<ul style="list-style-type: none"> <li>Will receive fewer allowances than in prior period shown – amount declines through 2030</li> <li>Sufficient to cover the 2022-2030 direct compliance obligations</li> <li>Less revenue from excess allowances</li> <li>Excess allowances will be sold into the Cap-and-Trade auctions</li> <li>Proceeds earmarked to benefit electric ratepayers consistent with the Cap-and-Trade regulations</li> </ul>

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# 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

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# LIMITATIONS ON USE OF PROCEEDS



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## 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



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## 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



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## 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
<b>Total</b>		<b>\$ 328,205</b>	<b>\$ 1,702,649</b>	<b>\$ 8,362,395</b>	<b>\$ 5,628,811</b>	<b>\$ 7,933,218</b>	<b>\$ 10,666,291</b>	<b>\$ 34,621,569</b>
<b>Reserve Balance (including interest) as of December 31, 2021</b>								<b>\$ 20,663,278</b>



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## 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 &amp; Resiliency



Equity



Innovation



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## 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.

