



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

Riverside Public Utilities
Resource Operations & Strategic Analytics

Board of Public Utilities
June 8, 2020

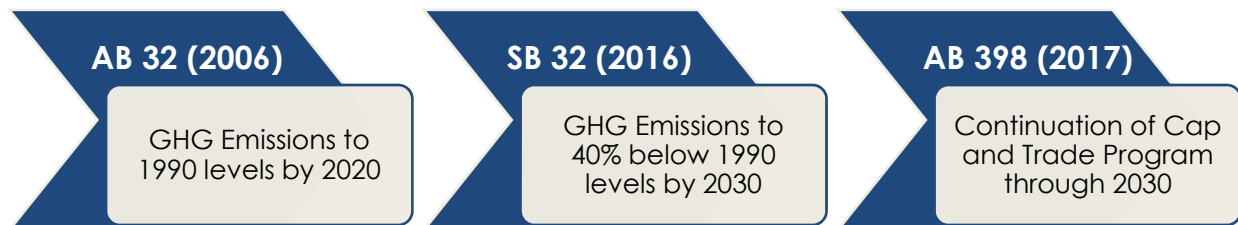
RiversidePublicUtilities.com



1

1

GREENHOUSE GAS (GHG) ALLOWANCES LEGISLATIVE HISTORY



RiversidePublicUtilities.com



2

2

CAP AND TRADE PROGRAM

Electric Distribution Utilities (EDUs)

- Annual GHG compliance obligation
- Must possess sufficient GHG allowances to offset emissions
- Receive "free" GHG allowances through 2030
- Allowances can be used to directly offset GHG compliance obligation

RiversidePublicUtilities.com

3

3

RIVERSIDE'S ALLOWANCE ALLOCATION

2013-2020			2021-2030	
Approximately 1 million/yr which is sufficient to meet its direct compliance obligations from 2013-2020	Excess allowances are sold into the CARB's Cap and Trade quarterly auctions	Proceeds earmarked to benefit electric ratepayers consistent with the Cap and Trade regulations	July 27, 2017: CARB approved Cap and Trade Amendments, including Riverside's 2021-2030 allowance allocations	Sufficient to cover the 2021-2030 direct compliance obligations, however excess allowances reduced

RiversidePublicUtilities.com

4

4

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**

RiversidePublicUtilities.com



5

5

RIVERSIDE'S POLICY ON USE OF PROCEEDS



1. April 18, 2014 – Board approved Policy
2. September 6, 2016 – Council approved new section III.d.4., to the Policy (i.e. energy efficiency projects at City facilities)
3. Policy requires annual reports on the use of allocated allowance value and proceeds of GHG to be provided to the Board

RiversidePublicUtilities.com



6

6

REPORT ON USE OF ALLOCATED ALLOWANCE VALUE AND PROCEEDS OF GHG ALLOWANCES

Qualifying Expense	City Council Approval	2016	2017	2018	2019	Total
DC Fast Charger at City Hall	10/6/15	\$28,205	\$0	\$0	\$0	\$28,205
Ice Energy Pilot Program	3/3/15	\$300,000	\$1,543,340	\$514,528	\$1,826,002	\$4,183,870
City-Wide LED Street Lights	9/6/16	\$0	\$159,309	\$300,274	\$346,742	\$806,325
Excess Renewable Energy	9/6/16	\$0	\$0	\$7,547,593	\$3,456,067	\$11,003,660
Total		\$328,205	\$1,702,649	\$8,362,395	\$5,628,811	\$16,022,060
Reserve Balance (including interest) as of December 31, 2019						\$21,045,564



7

RiversidePublicUtilities.com

7

CARB 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

RiversidePublicUtilities.com

8

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.