



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

Riverside Public Utilities

Board of Public Utilities  
May 24, 2021

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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

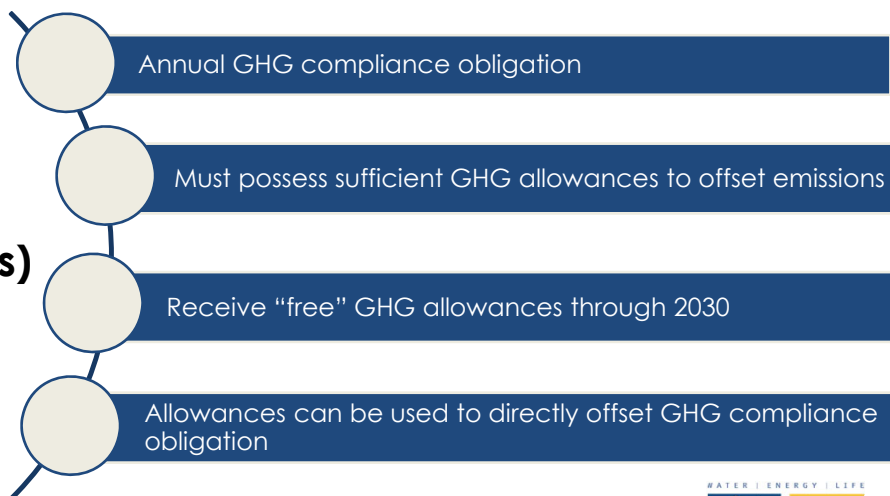
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## CAP AND TRADE PROGRAM

### Electric Distribution Utilities (EDUs)



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## 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 2021-2030 direct compliance obligations
- Less excess allowances
- Excess allowances will be sold into the Cap-and-Trade auctions
- Proceeds will be earmarked to benefit electric ratepayers consistent with the Cap-and-Trade regulations

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## RIVERSIDE'S ANNUAL ALLOCATION 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. Allowances sufficient to cover compliance obligations
2. Excess allowances sold in Cap-and-Trade Auctions
3. Revenues from auctions result in proceeds to benefit ratepayers



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## 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**



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## 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

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

Qualifying Expense	City Council Approval	2016	2017	2018	2019	2020	Total
DC Fast Charger at City Hall	10/6/15	\$28,205	\$0	\$0	\$0	\$0	\$28,205
Ice Energy Pilot Program	3/3/15	\$300,000	\$1,543,340	\$514,528	\$1,826,002	\$0	\$4,183,870
City-Wide LED Street Lights	9/6/16	\$0	\$159,309	\$300,274	\$346,742	\$2,397,538	\$3,203,863
Excess Renewable Energy	9/6/16	\$0	\$0	\$7,547,593	\$3,456,067	\$5,535,680	\$16,539,340
<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>\$23,955,278</b>
<b>Reserve Balance (including interest) as of December 31, 2020</b>							<b>\$20,729,451</b>

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## 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

## 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.