



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

Riverside Public Utilities

Board of Public Utilities
APRIL 22, 2024

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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

****Anticipating regulatory changes to be initiated this year to reflect new state laws passed after the regulation was updated in 2018.**



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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

2013-2023	2024-2030
<ul style="list-style-type: none">• Received approximately 1 million allowances/year• Met direct compliance obligations from 2013-2023• 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	<ul style="list-style-type: none">• Will receive fewer allowances than in prior period shown – amount declines through 2030• Sufficient to cover the 2025-2030 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



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RIVERSIDE'S CURRENT ALLOWANCE ALLOCATION

2023-2030

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
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

<p>Utility Governing Body Imposed Limitations</p>	<p>Exclusively for the Benefit of Retail Ratepayers</p>
<p>Prohibit Offsetting Obligations for CAISO Market Sales</p>	<p>Must Spend Proceeds Within 10 Years</p>


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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. RPU Board approved the initial City Policy on the Permitted Use of Greenhouse Gas Allowance Value and Proceeds in 2014
 - a. Updated the policy in 2016 and 2021
 - b. Added the City Council to the approval process
 - c. Modified the policy to add permissible uses and remove any policies that were inconsistent with new laws and regulations
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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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					
	DCFC at City Hall	Ice Energy Pilot Program	City-Wide LED Street Lights	Excess Renewables	Total
CC Appr. Year	10/6/2015	3/3/2015	9/6/2016	9/6/2016	
	Proceeds (\$)				
2016	\$28,205	\$300,000	\$0	\$0	\$328,205
2017	\$0	\$1,543,340	\$159,309	\$0	\$1,702,649
2018	\$0	\$514,528	\$300,274	\$7,547,593	\$8,362,395
2019	\$0	\$1,826,002	\$346,742	\$3,456,067	\$5,628,811
2020	\$0	\$0	\$2,397,538	\$5,535,680	\$7,933,218
2021	\$0	\$0	\$2,564,194	\$8,102,097	\$10,666,291
2022	\$0	\$0	\$1,852,780	\$11,450,421	\$13,303,201
2023	\$0	\$0	\$2,026,476	\$11,344,851	\$13,371,327
Total	\$28,205	\$4,183,870	\$9,647,313	\$47,436,709	\$61,296,097
Reserve Balance (including interest) as of December 31, 2023					\$34,896,507



USE OF ALLOCATED ALLOWANCE VALUE AND PROCEEDS OF GHG ALLOWANCES					
	DCFC at City Hall	Ice Energy Pilot Program	City-Wide LED Street Lights	Excess Renewables	Total
Year	GHG Emissions Avoided (MT CO2e)				
2018**		1,362	934	24,506	26,802
2019		1,820	965	10,058	12,843
2020		-	6,940	16,272	23,212
2021		-	7,103	22,293	29,396
2022		-	5,317	32,270	37,587
2023		-	5,817	31,344	37,161
Total	**	3,182	27,076	136,743	167,001

** GHG emissions accounting methodology for the annual CARB reports began in 2018. **RPU must use methodology provided by CARB to complete the calculation.** Expenditures prior to 2018 do not have an estimated GHG emissions savings as a result.



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.

Goal 4.6 Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

Cross-Cutting Threads



Community Trust



Equity



Fiscal Responsibility



Innovation



Sustainability & Resiliency



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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.



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