Cap-and-Trade Auction Proceeds

Funding Guidelines for Agencies that Administer California Climate Investments

DRAFT for Comment

Public Workshop: Sacramento
June 22, 2015
Agenda

- What are “California Climate Investments”
- Why has ARB developed Funding Guidelines?
- Who will be using the Funding Guidelines?
- What is in the Funding Guidelines?
- Next steps
- Public comment
What are “California Climate Investments”?

Projects funded by State proceeds from Cap-and-Trade auctions

Annual Budget Appropriations

Cap-and-Trade Auctions

Reduction Fund (GGRF)

Authority

State Agencies

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Why has ARB developed Funding Guidelines?

Senate Bill 862 (2014) requires ARB to:

- Develop funding guidelines for agencies administering GGRF appropriations
  - Must include maximizing benefits for disadvantaged communities
- Develop guidance on reporting and quantification methods
Who will be using the Funding Guidelines?

- All agencies that administer GGRF appropriations
  - current and future
- Each agency designs and implements its own program, consistent with statute and Funding Guidelines
What is in the Funding Guidelines?

- *Volume 1*: General Guidance
- *Volume 2*: Investments to Benefit Disadvantaged Communities
- *Volume 3*: Reporting Requirements
Volume 1: General Guidance

Topics Include:

- General Questions
- Statutory Requirements
- Guiding Principles
- Program Design
- Guidelines and Solicitation Materials
- Expenditure Record and Fiscal Procedures

*(supersedes Interim Guidance from Aug 2014)*
Goals and Objectives

1. Identify roles, responsibilities, and statutory requirements
2. Provide guidance on requiring and prioritizing GHG reductions
3. Outline a process for designing and implementing GGRF programs
4. Identify elements each agency needs to address when selecting projects for funding
5. Provide a framework for consistent GGRF accountability and transparency
Program Design and Implementation

Program guidelines, solicitations, and implementation
Summary of Key Requirements

When agencies design and implement GGRF programs, they must:

- Make GHG reductions a requirement & top priority
- Meet other GGRF statutory requirements
- Reflect guiding principles
- Incorporate accountability and transparency elements
- Work with ARB on Expenditure Records and GHG quantification early in program design
ARB Guidance on GHG Quantification

- Statute requires ARB to develop guidance on quantifying GHG reductions
- ARB will release a draft quantification workplan for public comment
- ARB process for FY 2015-16 and later:
  - Consult with agencies to discuss planned project types and identify possible quantification approaches
  - Develop draft quantification method and post it on website for public comment
  - Refine quantification method and post final version
Volume 2: Investments to Benefit Disadvantaged Communities

Topics Include:

- Identification of Disadvantaged Communities
- Approach to Evaluate Investments and Meet SB 535 Targets
- Maximizing Benefits to Disadvantaged Communities
- Criteria for Evaluating Benefits
- Volume 2 supersedes Interim Guidance (Nov 2014)
Goals and Objectives

1. Outline roles in implementing SB 535
   - at least 10% of funds for projects “located in”
   - at least 25% of funds for projects “benefiting”

2. Provide guidance on maximizing benefits to disadvantaged communities

3. Identify minimum SB 535 targets for each GGRF appropriation

4. Establish consistent criteria for evaluating whether a project provides a benefit
Key Programs to Benefit Disadvantaged Communities

- Weatherization/renewables
- Urban forestry
- Low-carbon transportation
- Affordable housing and sustainable communities
- Low-carbon transit operations
- Transit & intercity rail capital projects
- Other programs are also benefiting communities
Summary of Key Requirements

Use the “yes/no” criteria in the Funding Guidelines to determine if a project provides a benefit and will be credited toward the SB 535 targets:

A. Located in and provides direct benefits to a disadvantaged community; or

B. Is not located in but provides direct benefits to one or more disadvantaged communities

1. Based on proximity/access to benefit for residents (e.g., ZIP code or ½ mile walking distance)
2. Provides jobs/job training, cleaner air, transit, access to green space, waste diversion, etc.
Volume 3: Reporting Requirements

Topics Include:

- Annual Report to the Legislature
- Roles and Responsibilities
- General Reporting Requirements
- Reporting Requirements by Project Type
Goals and Objectives

- Provide consistent tracking and reporting of GGRF investments for:
  - Annual Report to the Legislature
  - Public reporting of GGRF project investments
- Collect data to support quantifying and tracking GHG and other benefits achieved
- Feedback to improve investment decisions and quantification
Public Access to Information

- ARB website is a central portal for all programs
  - Agency websites provide public access to:
    - Funding opportunities
    - Application materials
    - Funding awards
- ARB on-line tracking system is under development to provide project information
Summary of Key Requirements

Administering agencies need to:

- Gather project data from grantees and other funding recipients
- Document GHG reductions and co-benefits
- Document disadvantaged community benefits
- Submit data to ARB on all projects once each year, per the tables in the Funding Guidelines
- Retain project records for three years
Reporting – Based on Project Type

Requirements are tailored to each project type:

- Customized tables to collect data
  - Project Profile
  - End-of-Year Report
  - Project Closeout
  - “Phase 2” Reporting
- One table to gather data on jobs and job training
Contact Us

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  - submit comments electronically
  - subscribe to list serve
  - see upcoming events
  - See program information

Submit comments during workshop via email: Auditorium@calepa.ca.gov
Next Steps

- **June 29**: Comments due on public draft
- **July 13**: Proposed release of revised Funding Guidelines
- **July 23**: Board to hear testimony and consider ARB Funding Guidelines