

**BOARD OF UTILITIES COMMISSIONERS**

1800 E. Wardlow Road, Long Beach, CA 90807
562.570.2300 | LBUtilities.org

September 5, 2024

Recommendation

Authorize the General Manager to release AB 32 Cap-and-Trade Program revenues generated through California's Cap-and-Trade Consignment Auction for Fiscal Year 2025 for qualifying Greenhouse Gas reducing programs and projects in compliance with the California Global Warming Solutions Act of 2006.

Executive Summary

The California Global Warming Solutions Act of 2006, also known as Assembly Bill 32 (AB 32), established a comprehensive program to reduce greenhouse gas (GHG) emissions from various sectors of the economy, aiming to return emissions to 1990 levels by 2020 and achieve even more significant reductions by 2050. One key component of AB 32 is the Cap-and-Trade Program, which sets a statewide limit on GHG emissions and allows covered entities to trade emission allowances under this cap. These allowances can be bought, sold, or consigned by covered entities, facilitating cost-effective GHG reductions while promoting cleaner technologies.

The Consignment Auction of free allowances is specifically designed to ensure covered entities, such as public utilities, comply with the cap on GHG emissions while being incentivized to reduce their carbon footprint. Under Section 95893(d) of the California Code of Regulations, consigned allowances are auctioned and proceeds must be used exclusively for the benefit of natural gas ratepayers via greenhouse gas emission reduction programs in the following categories:

1. Energy efficient equipment rebates
2. Energy efficient building retrofits
3. Other projects that reduce energy demand

In FY 24, available AB 32 Cap-and-Trade program revenues totaled \$5.2 million. Over the past several months, the Long Beach Utilities Department (LBUD), in coordination with the City Manager's Office, Office of Climate Action and Sustainability, utilized the above criteria to review and propose projects for funding.

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The following projects and amounts totaling \$5.2 million are recommended for Board approval:

Lead City Department	Projects	AB 32 Award Proposed	Description
Utilities	Residential Energy Efficiency Rebates	\$250,000	Rebates to residential customers for the purchase of energy efficient appliances
Utilities	Multi-Family Natural Gas Rebate Program	\$250,000	Rebates for natural gas appliances/equipment for multi-family homes
Utilities	Direct Install of Water and Energy Efficient Appliances	\$930,000	Single-family water and gas customers will retrofit older devices to improve efficiency and replace inefficient devices with new efficient devices
Utilities	Direct Install for Multifamily Efficiency	\$930,000	Multi-family water and gas customers will retrofit older devices to improve efficiency and replace inefficient devices with new efficient devices
City Fleet Services	Bucket Truck for Streets Tree Maintenance	\$500,000	Replace two large tree trimming vehicles with electric vehicles at \$250K each
Public Works	Public Electric Vehicle Charging	\$125,000	Public EV charging locations: <ul style="list-style-type: none">• Deforest Park – 10 charging ports• Mark Twain Library – 8 charging ports• Michelle Obama Library – 6 charging ports• Marina Basin – 20 charging ports• 54th & Claremont – 18 charging ports
Public Works	City Facilities: Energy Efficiency	\$1,490,000	City facility energy-efficient upgrades: <ul style="list-style-type: none">• Gap funding for Mark Twain Library energy efficient HVAC replacement• Gap funding for Burnett Library energy efficient roof and HVAC replacement project• Replace and upgrade current solar power system at the Police Department, North Division Building
Parks, Recreation and Marine	Park Lighting	\$725,000	Gap funding for park LED upgrades

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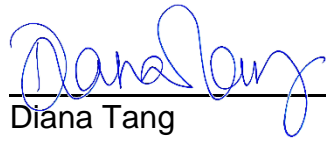
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By directing funds to energy efficiency programs, and other GHG-reducing initiatives, the City and LBUD can achieve environmental benefits while enhancing the quality of life for its residents. All recommended projects have been selected for their potential to deliver measurable GHG reductions and reduce energy costs for ratepayers, including low-income households.

Fiscal Impact

There is no fiscal impact associated with the recommended action. This action utilizes monetary revenues generated through participation in California's Cap-and-Trade Program Consignment Auction for Fiscal Year 2025, all funds must be used solely for GHG reduction programs.



Diana Tang
Assistant General Manager



Christopher J. Garner
General Manager

