

The background of the slide is a photograph of a gas meter, likely a Springwell brand, with a blue semi-transparent overlay. The meter is a complex mechanical device with various pipes and a digital display showing 'CUBIC FEET'. The text is overlaid on the left side of the image.

# Assembly Bill 32: California Cap-and-Trade Program and FY 25 Projects

September 5, 2024

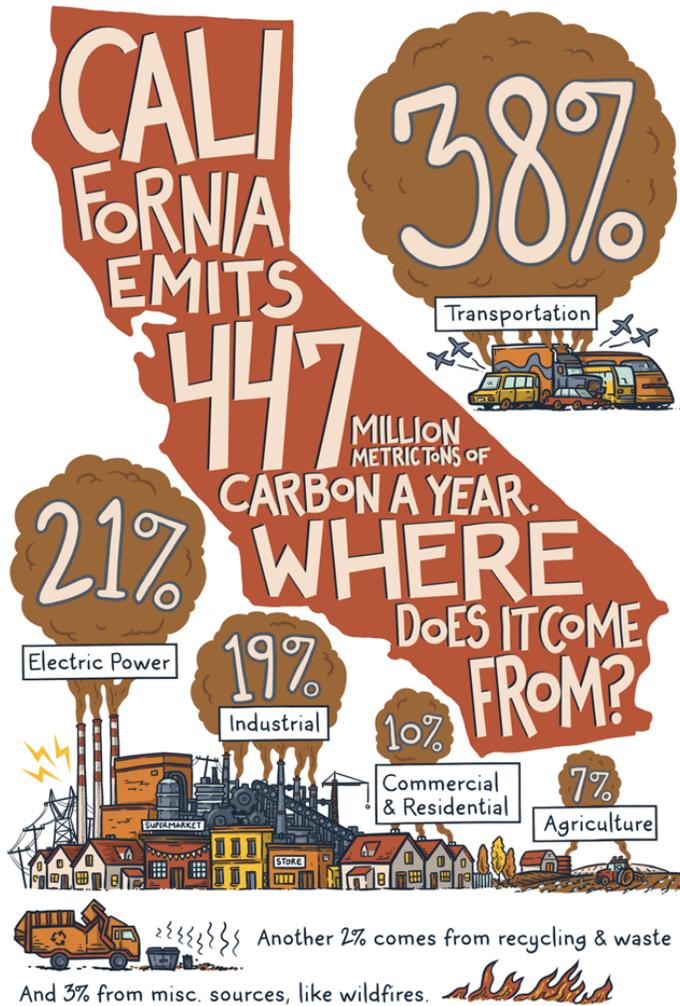
# Cap-and-Trade Program



**In 2006, under Governor Schwarzenegger, California adopted AB 32**

- AB 32 is also called the California Global Warming Solutions Act
- Also known as the **Cap-and-Trade Program**

# Cap-and-Trade Program



Based on 2010 data from the CA Air Resources Board. Illustrated by Andy Warner.

The Cap-and-Trade Program is statewide policy. It is intended to reduce greenhouse gas emissions.

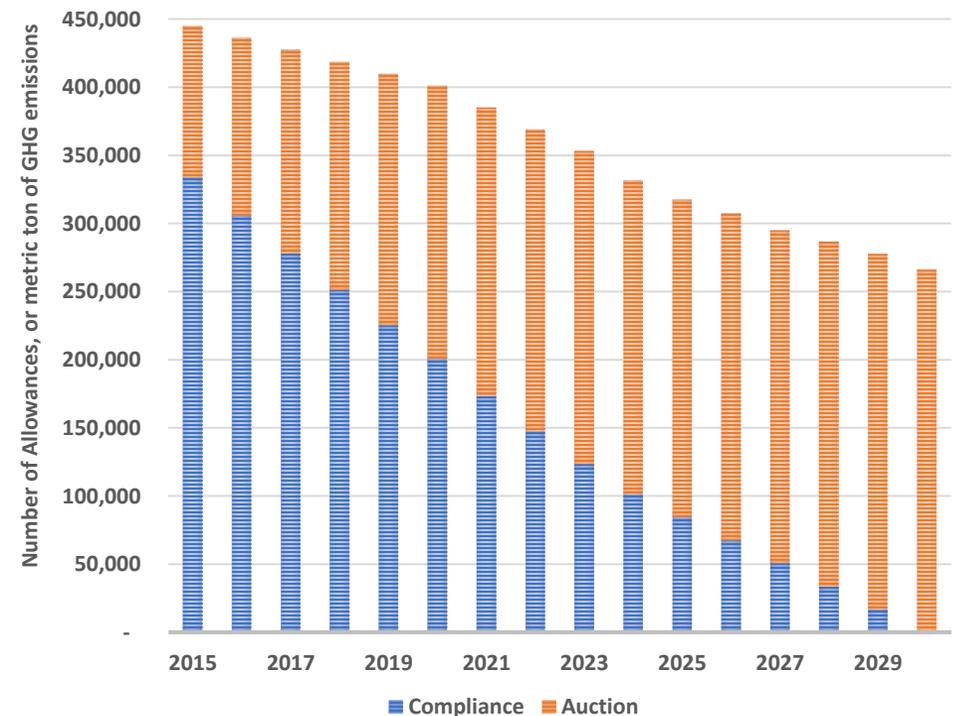
- The California Air Resources Board (CARB) governs the program
- Transportation, industrial, commercial, electric generation, and natural gas utilities are regulated
- Mandatory reporting for natural gas utilities began in 2015

# How Cap-and-Trade Works

The Cap-and-Trade Program requires regulated industries to obtain one allowance for every metric ton of greenhouse gas emissions (GHG) emitted

- The California Air Resources Board (CARB) establishes an **annual threshold for allowable GHG from natural gas operations** (i.e., the “Cap”)
- Utilities receives a decreasing number of free allowances each year
  - **Compliance** – The percentage of free allowances the Utilities can use to meet compliance needs decreases over time
  - **Auction** – The percentage of free allowances the Utilities must sell at auction increases over time

LONG BEACH PAST AND PROJECTED CAP-AND-TRADE ALLOWANCES OVER TIME

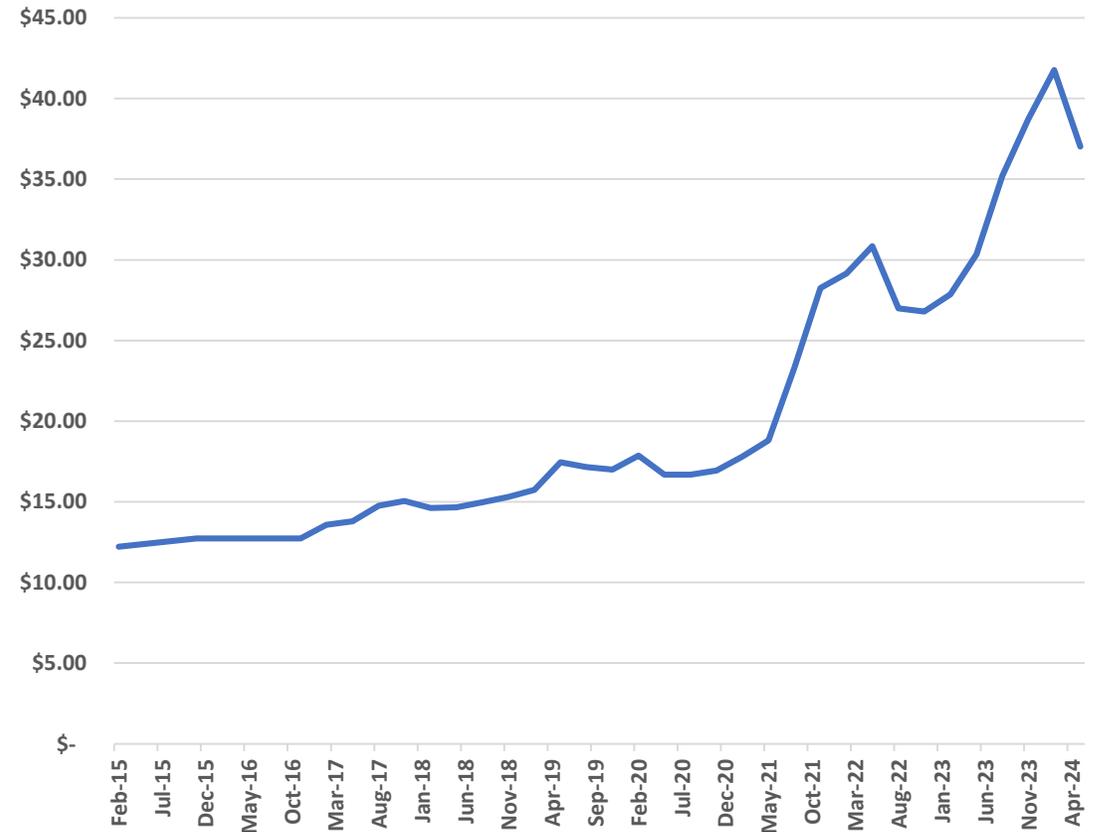


# Cost of GHG Emission Allowances

**Long Beach Utilities and all regulated entities within the Cap-and-Trade Program must sell a percentage of free greenhouse gas (GHG) emission allowances on a market-based platform each year**

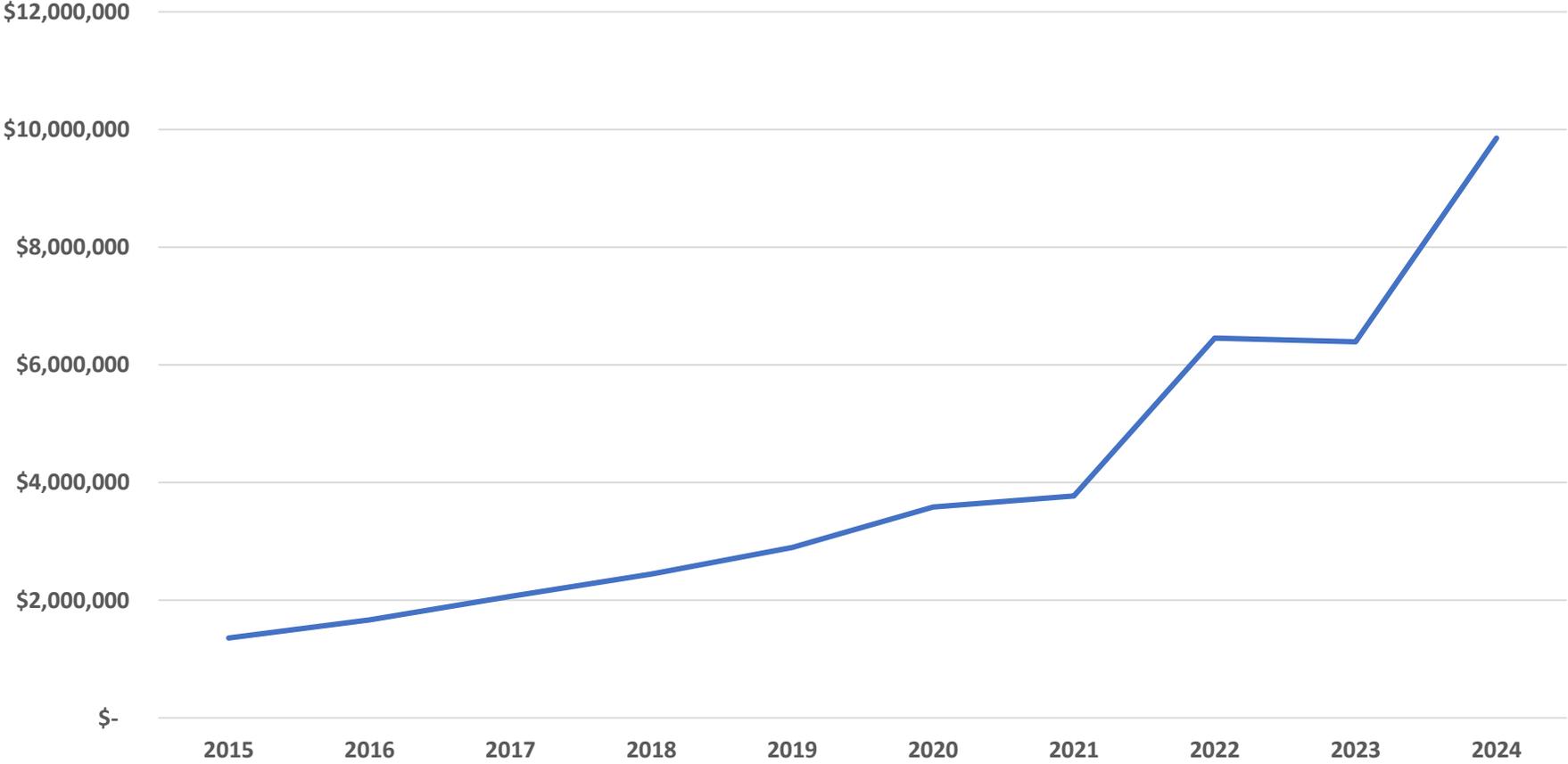
- Historically, the percentage of GHG emission allowances sold at auction increases by 5% annually
- The price per GHG emission allowance also increases yearly

**GHG Emission Allowance Pricing**



# GHG Emission Allowance Revenues

Long Beach Utilities (Natural Gas)



# Cap-and-Trade Funded Projects

**GHG emission allowance revenues fund citywide climate adaptation initiatives. In Long Beach, Cap-and-Trade Program funds have:**

- Converted older street-lights to energy efficient LED light bulbs
- Paid for the design and installation of electric vehicle charging stations
- Made possible energy efficient appliance rebate programs
- Made possible direct install programs for water conservation
- Been credited to natural gas customers (at \$45 per customer) during the January 2023 natural gas price spike
- Paid for city-owned solar canopy systems at multiple locations
- Paid for city-owned energy efficient HVAC and roofing improvements

# Recommended FY 25 Projects

City Department	Projects	Proposed Award	Description
<b>Utilities</b>	Residential Energy Efficiency Rebates	\$250,000	Rebates to residential customers for the purchase of energy efficient appliances
<b>Utilities</b>	Multi-Family Natural Gas Rebate Program	\$250,000	Rebates for natural gas appliances/equipment for multi- family homes
<b>Utilities</b>	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
<b>Utilities</b>	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
<b>Fleet Services</b>	Bucket Truck for Streets Tree Maintenance	\$500,000	Replace two large tree trimming vehicles with electric vehicles at \$250K each

# Recommended FY 25 Projects

City Department	Projects	Proposed Award	Description
<b>Public Works</b>	Public Electric Vehicle Charging	\$125,000	Public EV charging locations: <ul style="list-style-type: none"> <li>• Deforest Park – 10 charging ports</li> <li>• Mark Twain Library – 8 charging ports</li> <li>• Michelle Obama Library – 6 charging ports</li> <li>• Marina Basin – 20 charging ports</li> <li>• 54th and Claremont – 18 charging ports</li> </ul>
<b>Public Works</b>	City Facilities: Energy Efficiency	\$1,490,000	City facility energy-efficient upgrades: <ul style="list-style-type: none"> <li>• Gap funding for Mark Twain Library energy efficient HVAC replacement</li> <li>• Gap funding for Burnett Library energy efficient roof and HVAC replacement project</li> <li>• Replace and upgrade current solar power system at the Police Department, North Division Building</li> </ul>
<b>Parks, Recreation and Marine</b>	Park Lighting	\$725,000	Gap funding for park LED upgrades



# Utilities Programs



# Direct Install Appliances

## Direct Install Appliances (DIA)

- Marketed to single-family and multi-family customers living across the LBUD service area, prioritizing customers in disadvantaged community areas or who are verified income eligible
- Retrofit existing water and gas products with efficient devices
- Zero cost to resident

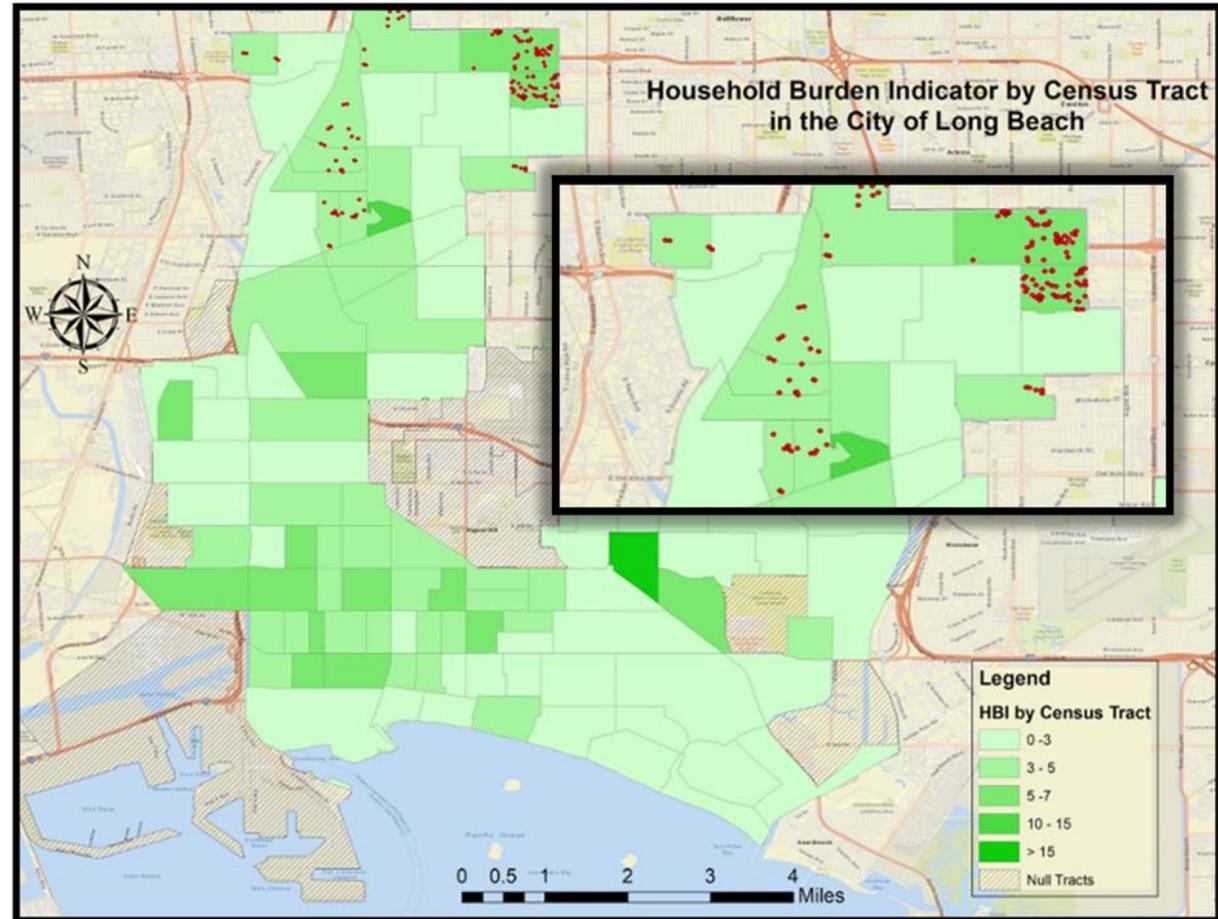
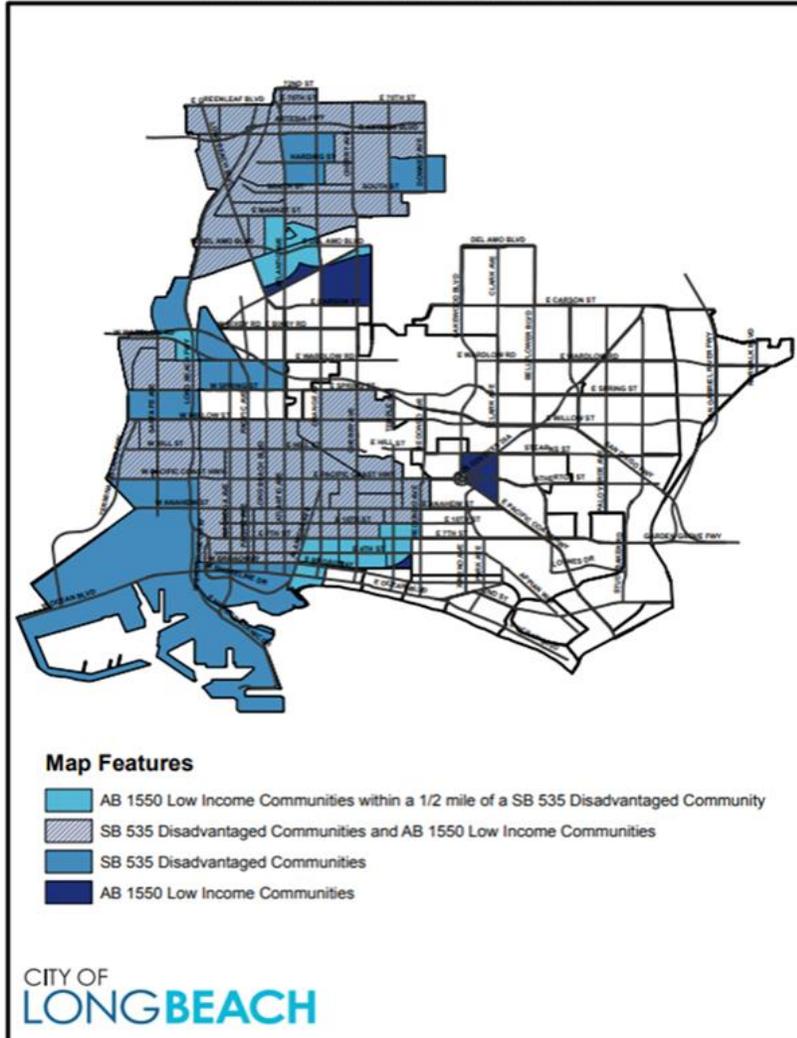
## History

- Developed from the AWE Affordability Study in partnership with MWD, Kohler and Whirlpool
- Shared contractor services with Southern California Edison to provide water, gas and electric savings



# Prioritizing Program Areas

## Cap and Trade Investment Areas



# Natural Gas Appliance Rebates

## Program Activity FY 24-25

- Applications processed: 63
- Most popular product: Tankless Water Heater
- Total rebate amount processed: \$43,045

## Historical Program Activity

- FY 2021 - \$1,420
- FY 2022 - \$50,313
- FY 2023 - \$126,728

## Program Expansion

- Pending additional AB 32 funds for FY 25-26 to provide multi-family customers natural gas appliance rebate opportunities

**2024 HOME ENERGY-EFFICIENCY REBATE PROGRAM APPLICATION**

**REBATES**

**GAS FIXTURES**

INDOOR	OUT
Natural Gas Oven	Certified Natural Gas Dryer
Natural Gas Storage Water Heater	Natural Gas Fireplace Inserts
Natural Gas Tankless Water Heater	ENERGY STAR Certified Natural Gas Furnace
	Natural Gas Pool Heater
	ENERGY STAR Solar Thermal Water Heating System

For more information and to apply for these rebates, visit: [LongBeach.gov/energyresources](https://LongBeach.gov/energyresources)

# Certified Blue



## Commercial customers

- Voluntarily meet high-efficiency requirements
- Free utility efficiency survey
- Recommend rebates and resources
- Promotion on LBUD social media

## Future Expansion

- Provide similar opportunities to natural gas customers in hotels, commercial buildings and kitchens, restaurants, and HOA's

# Leak Repair Program



## Leak Repair for Eligible Homeowners

- Program aims and markets to help low-income homeowners with repairs to indoor fixtures and mainline water leaks
- Zero cost to resident

## Partnerships

- RTLB: Local nonprofit chapter that provides free critical home repairs, accessibility modifications and energy-efficient upgrades to customers in need

## Future Expansion

- Provide the same repair opportunities to natural gas customers

# Recommendations

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



LONG BEACH  
**Utilities**  
Water · Gas · Sewer