

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

September 5, 2024

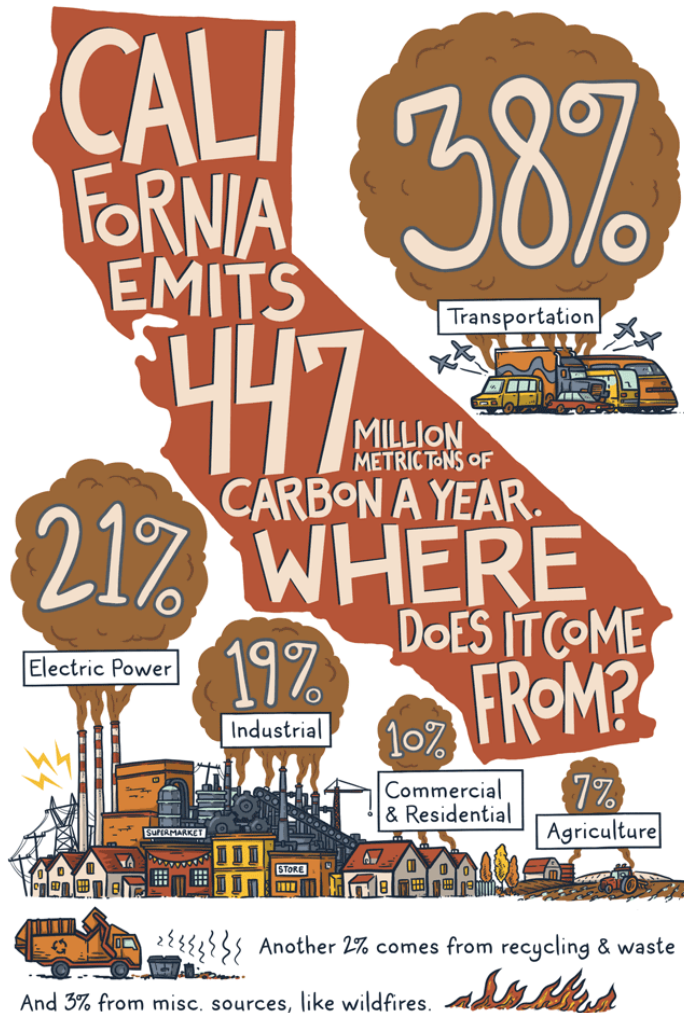
Cap-and-Trade Program



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.

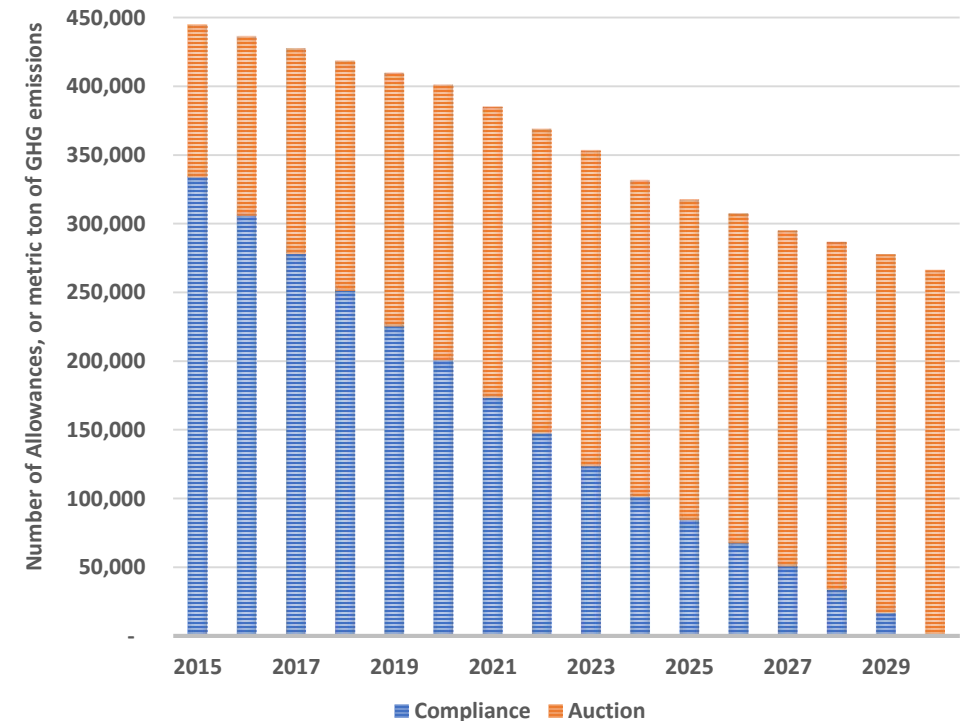
- The California Air Resources Board (CARB) governs the program
- Transportation, industrial, commercial, electric generation, and natural gas utilities are regulated
- Mandatory reporting for natural gas utilities began in 2015

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

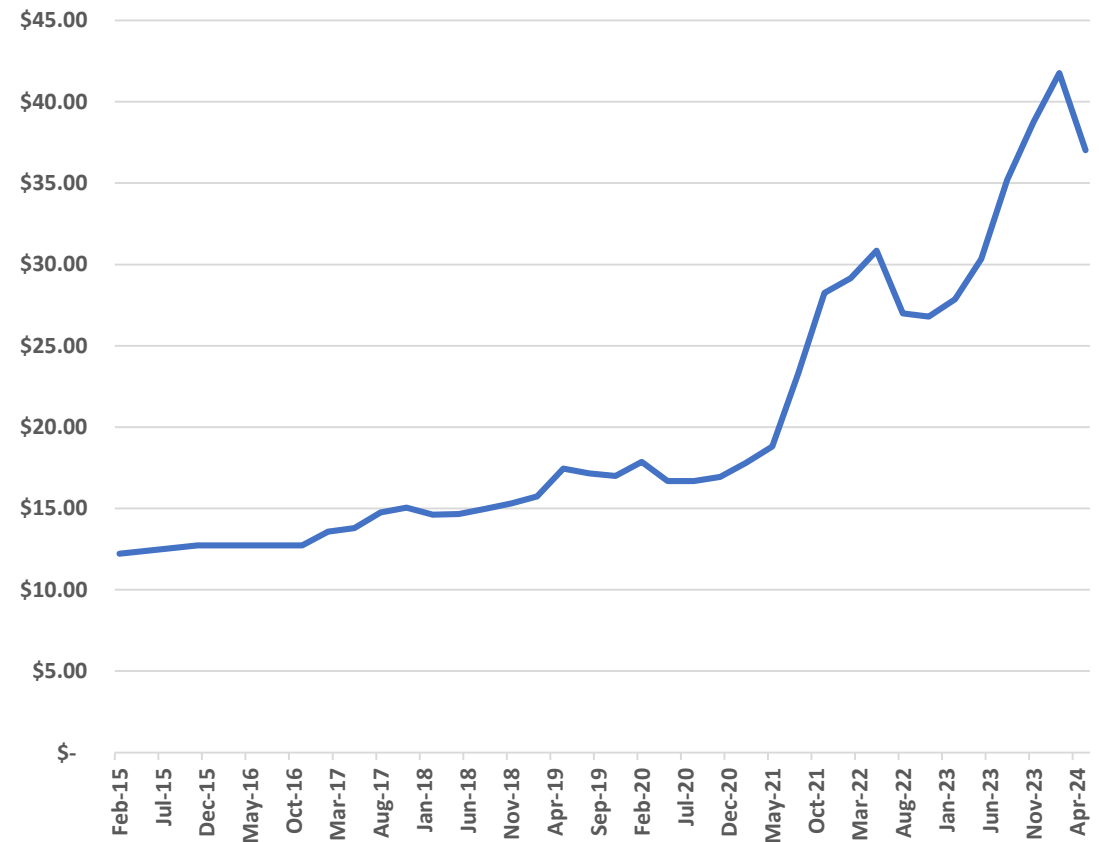


Cost of GHG Emission Allowances

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

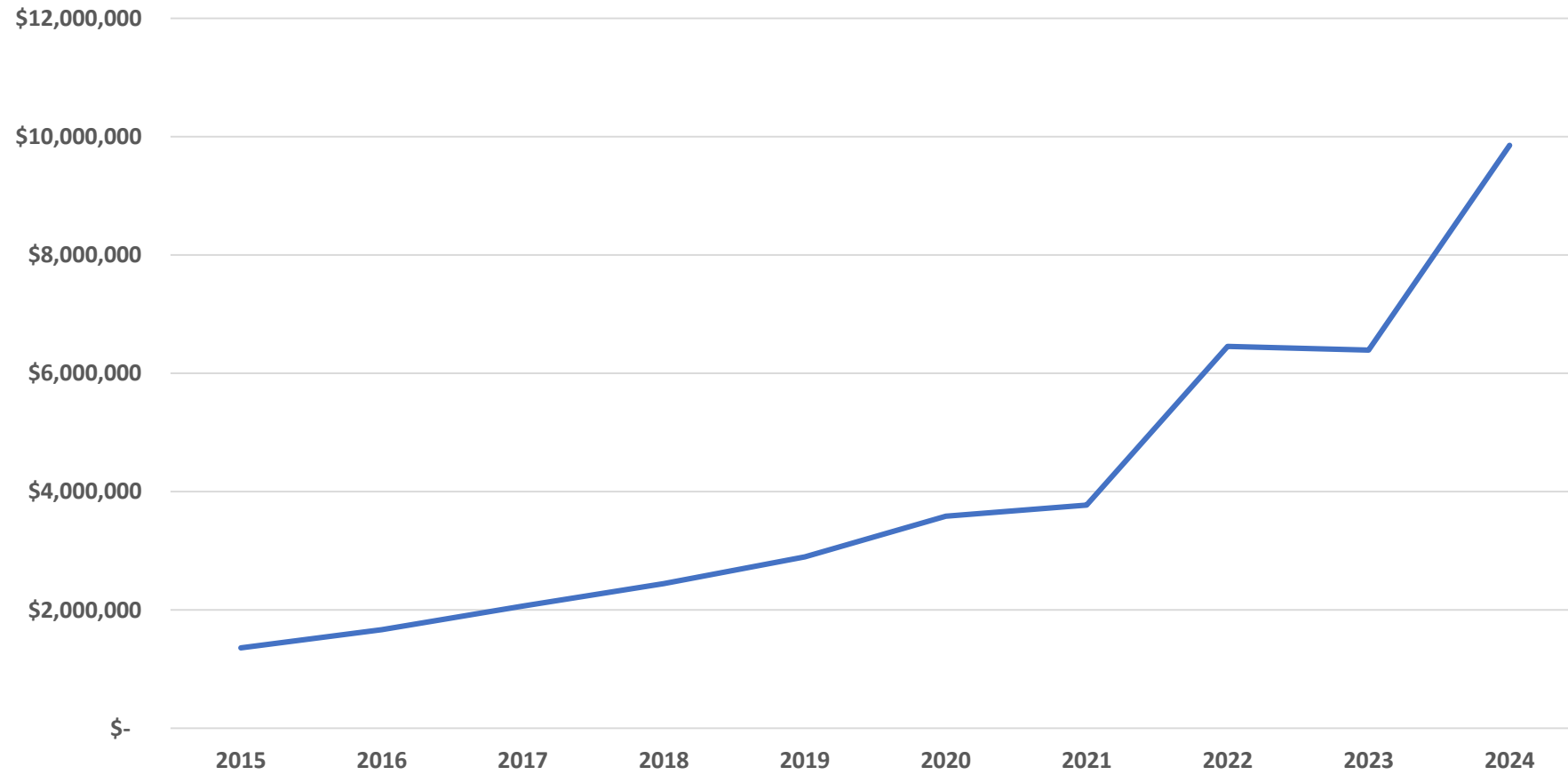
- Historically, the percentage of GHG emission allowances sold at auction increases by 5% annually
- The price per GHG emission allowance also increases yearly

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
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
Fleet Services	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
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 and 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

Utilities Programs



2024 HOME ENERGY-EFFICIENCY REBATE PROGRAM APPLICATION



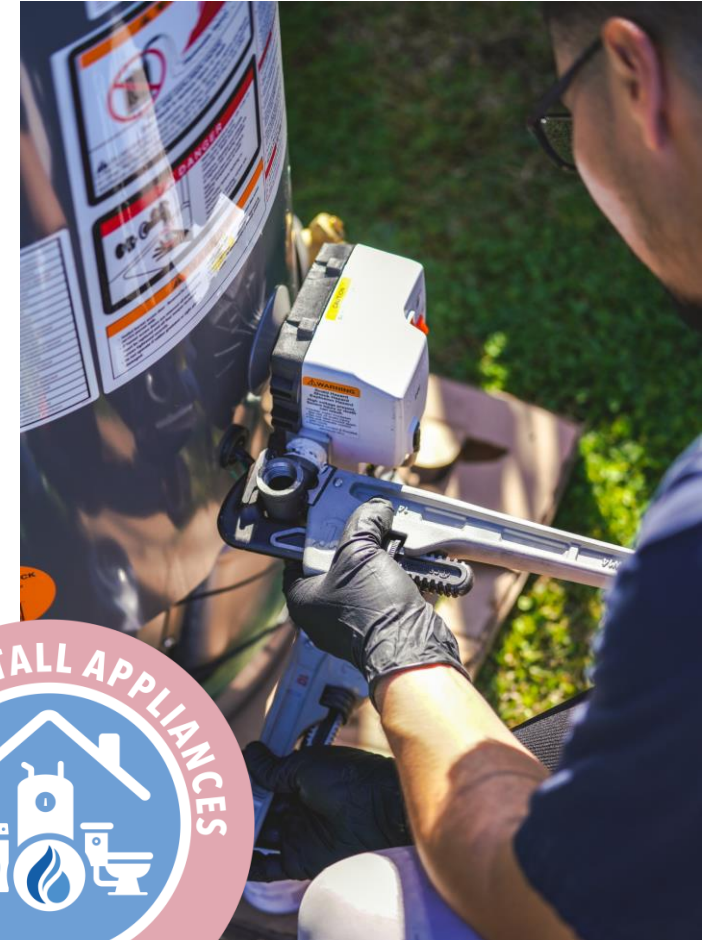
Direct Install Appliances

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

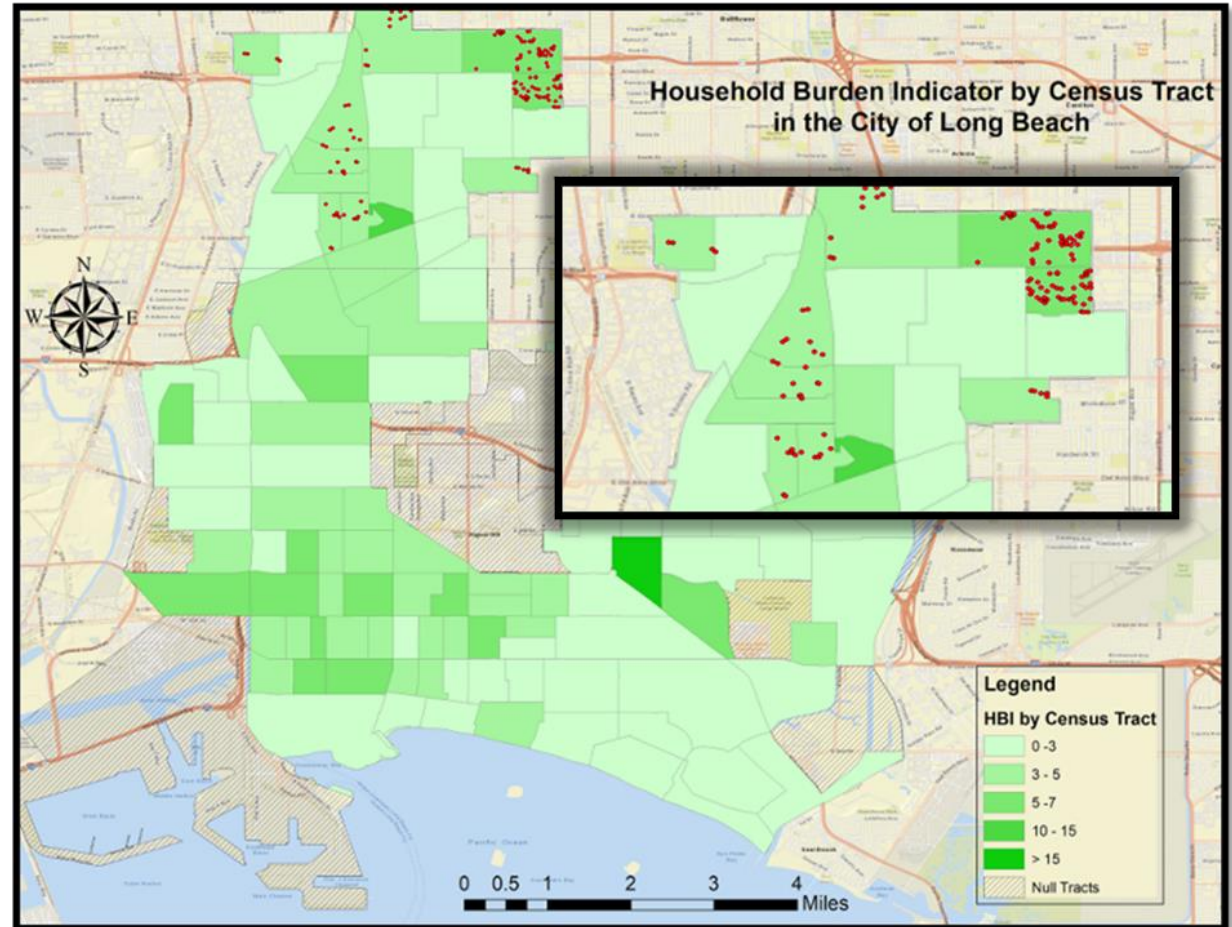
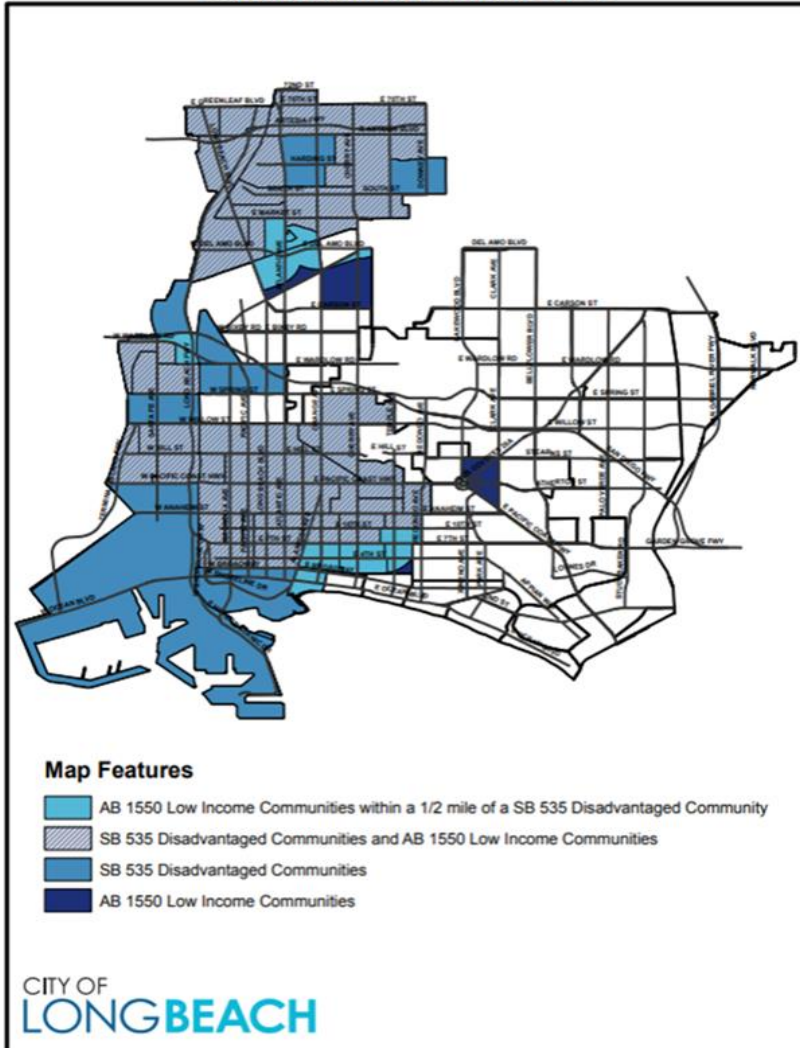
History

- 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		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
OUT		Natural Gas Pool Heater		ENERGY STAR Solar Thermal Water Heating System

For more information and to apply for these rebates, visit: 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