Addressing Affordability and Equity in California's Climate Markets:
An Environmental Justice Agenda for Cap & Trade

Prepared for the California State Senate, Budget and Fiscal Review Subcommittee No. 2 on Resources, Environmental Protection and Energy, and Committee on Senate Environmental Quality, Joint Hearing on Cap and Trade. *Modified from educational materials developed by advocates from multiple environmental justice organizations, including Asha Sharma and Phoebe Seaton, Leadership Counsel for Justice & Accountability (LCJA); Lauren Gallagher, Communities for a Better Environment (CBE); Dan Ress, Center on Race, Poverty & the Environment (CRPE); and Katie Valenzuela, Everyday Impact Consulting.*

May 8, 2025

Connie Cho, M.Sc., J.D.
Senior Policy Advisor
Asian Pacific Environmental Network (APEN)

April 17, 2025

Senate Pro Tem Mike McGuire
1021 O Street, Suite 8518
Sacramento, CA 95814

Assembly Speaker Robert Rivas
1021 O Street, Suite 8330
Sacramento, CA 95814

Re: Addressing Affordability and Equity in California's Climate Market Programs

Dear Pro Tem McGuire and Speaker Rivas:

The undersigned environmental justice organizations and allies are writing to uplift the policy solutions for Cap-and-Trade Reauthorization that would directly address the compounding and worsening affordability and climate crises disproportionately impacting low income communities and communities of color, as highlighted in the 'Environmental Justice Priorities for an Extension of the Cap-and-Trade Program' recommendations submitted to you in January 2025. We urge the Legislature to use its authority to secure meaningful protections for environmental justice communities and mitigate the regressive economic impacts of the program and the costs of the climate crisis by guaranteeing equitable benefits in California's climate market programs.

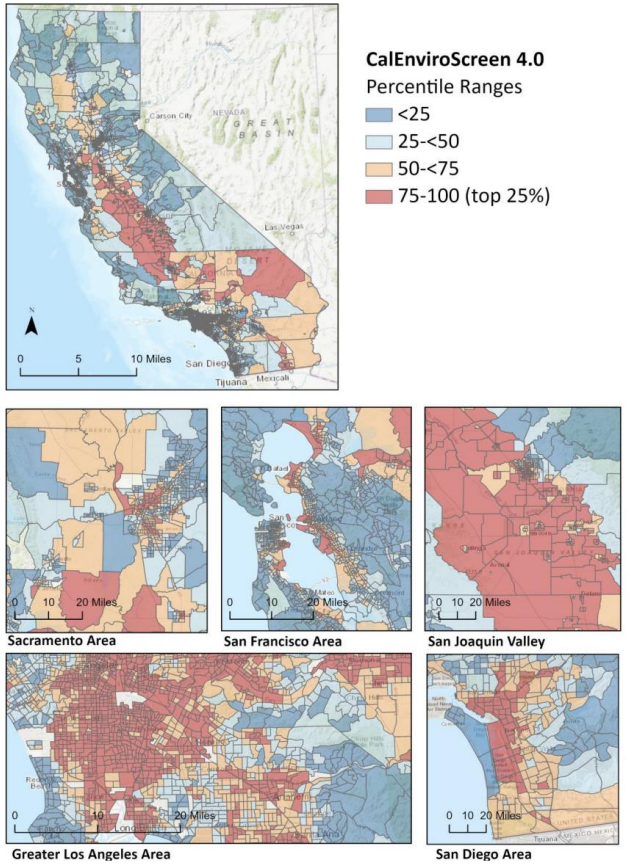
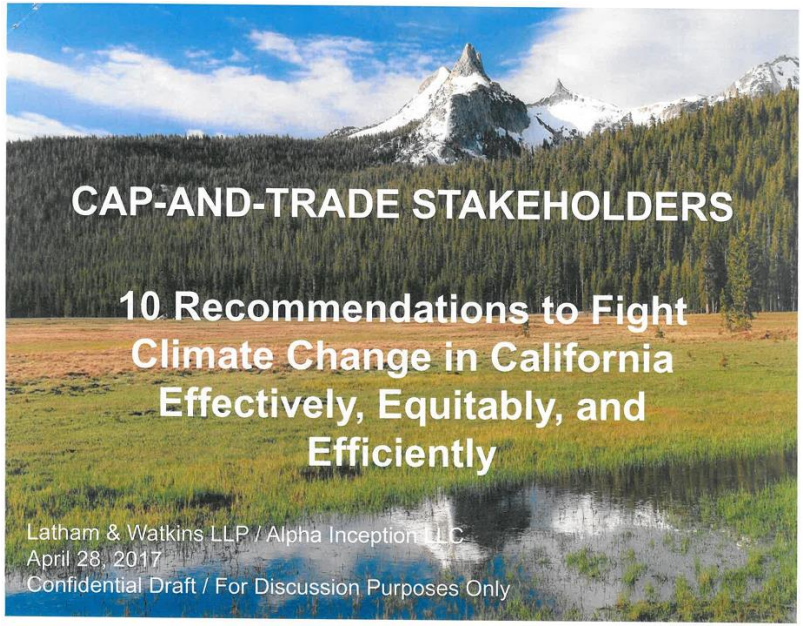
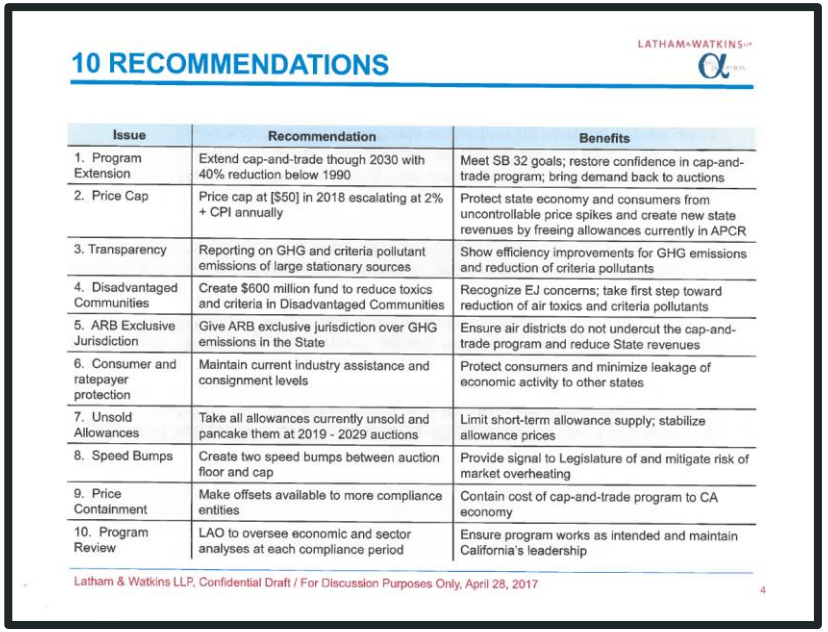


Figure 2. Map of California Showing Statewide CalEnviroScreen 4.0 Quartiles

Big Oil 2017: “Protect Consumers”





10 RECOMMENDATIONS

LATHAM & WATKINS LLP

Issue	Recommendation	Benefits
1. Program Extension	Extend cap-and-trade though 2030 with 40% reduction below 1990	Meet SB 32 goals; restore confidence in cap-and-trade program; bring demand back to auctions
2. Price Cap	Price cap at [$50] in 2018 escalating at 2% + CPI annually	Protect state economy and consumers from uncontrollable price spikes and create new state revenues by freeing allowances currently in APCR
3. Transparency	Reporting on GHG and criteria pollutant emissions of large stationary sources	Show efficiency improvements for GHG emissions and reduction of criteria pollutants
4. Disadvantaged Communities	Create $600 million fund to reduce toxics and criteria in Disadvantaged Communities	Recognize EJ concerns; take first step toward reduction of air toxics and criteria pollutants
5. ARB Exclusive Jurisdiction	Give ARB exclusive jurisdiction over GHG emissions in the State	Ensure air districts do not undercut the cap-and-trade program and reduce State revenues
6. Consumer and ratepayer protection	Maintain current industry assistance and consignment levels	Protect consumers and minimize leakage of economic activity to other states
7. Unsold Allowances	Take all allowances currently unsold and pancake them at 2019 - 2029 auctions	Limit short-term allowance supply; stabilize allowance prices
8. Speed Bumps	Create two speed bumps between auction floor and cap	Provide signal to Legislature of and mitigate risk of market overheating
9. Price Containment	Make offsets available to more compliance entities	Contain cost of cap-and-trade program to CA economy
10. Program Review	LAO to oversee economic and sector analyses at each compliance period	Ensure program works as intended and maintain California’s leadership

Latham & Watkins LLP, Confidential Draft / For Discussion Purposes Only, April 28, 2017 4

Debra Kahn. ‘Greens see oil industry fingerprints on climate legislation’ E&E News Climatewire, June 30, 2017.
Accessed at https://consumerwatchdog.org/resources/industrycapandtradeproposal.pdf.

PERE
USC Program for Environmental & Regional Equity

UC Berkeley Center for Law, Energy & the Environment

As early as 2009, academic researchers warned about the **inequitable distributional impacts of the climate crisis combined with a lax Cap-and-Trade program**, including **regressive affordability impacts** from:

- "**Skyrocketing prices for basic necessities**" including the cost of water, food, and electricity due to climate impacts;
- "**Reduced or shifting job opportunities**" because "the majority of jobs in sectors that will likely be significantly affected by climate change, such as agriculture and tourism";
- **Increased medical costs from worsened health conditions** and **community-wide economic impact of increased premature mortality** due to greater underlying chronic conditions from disproportionate cumulative pollution burden;
- Uphill **economic recovery without savings from costly extreme weather events/disasters** (e.g., wildfires, flooding).

Rachel Morello Frosch, Manuel Pastor, Jim Sadd, and Seth Shonkoff. The Climate Gap: Inequalities in How Climate Change Hurts Americans & How to Close the Gap. 2009. *https://dornsife.usc.edu/eri/publications/the-climate-gap-inequalities-in-how-climate-change-hurts-americans-how-to-close-the-gap/*; Minding The Climate Gap: What's at Stake if California's Climate Law isn't Done Right and Right Away. 2010. https://dornsife.usc.edu/eri/publications/minding-the-climate-gap-whats-at-stake-if-californias-climate-law-isnt-done-right-and-right-away/

Forthcoming 2025 UC Berkeley study conducts an updated literature review on the impact of costs of climate change on California households and consumers. Due to higher temperatures, limited water availability, and higher incidence of disease from climate change, Californians are experiencing:

- Rising food costs;
- Increased health and public health costs;
- Increased insurance costs;
- Post-disaster rent increases;
- Fewer mortgages;
- Costs of more frequent disasters/extreme weather events (e.g., wildfires, heatwaves) on individuals and families as well as businesses from disrupted supply chains, reduced crop yields, which lead to increased consumer costs;
- Wage losses in outdoor industries.

Kasia Kosmala-Dahlbeck, Economic Costs of Climate Change in California: Preliminary Findings, April 2025. *https://www.law.berkeley.edu/wp-content/uploads/2025/04/Costs-of-Climate-Change-Preliminary-Findings.pdf*

Coalition Letter: Eliminate Free Allowances to Oil & Gas Industry

On April 21, 2025, a **coalition of 40 organizations** submitted a letter to request that the Legislature:

(1) Reject a straight reauthorization;
(2) Reduce or even eliminate the free allowances given to the oil and gas industry;
(3) Prioritize raising revenue for the Greenhouse Gas Reduction Fund and/or the California Climate Credit instead.

***In 2024 alone*, the allowances given freely to the oil and gas industry are estimated to be valued at <u>over $890 MILLION</u>**

Coalition Letter: Recommendations for Greenhouse Gas Reduction Fund (GGRF) Investments

On April 30, 2025, a **coalition of *over* 40 organizations** submitted a letter to request that the Legislature:

(1) Reject a straight reauthorization;
(2) Implement a **revised Greenhouse Gas Reduction Fund spending plan* that centers California's most underserved communities**, investing in:
  (a) Disadvantaged communities
  (b) Both urban and rural communities
  (c) Address the climate crisis in multiple ways – decarbonization, adaptation, and resilience
  (d) Community-identified programs and/or programs that engage communities
  (e) Have a strong proven record of success**

*The coalition letter lists 10 core equity programs, see later slide
**One proposal is an evidence-based expansion of a pilot program.

Coalition Letter: Equitable GGRF Investments

Programs (listed in alphabetical order)	Agency	Program Type
AB 617 Implementation	CARB	Air Quality
Affordable Housing and Sustainable Communities	Strategic Growth Council	Housing / Transportation
Clean Transportation Incentives	CARB/CEC	Transportation
Community Resilience Centers	Strategic Growth Council	Multi-benefit / Climate Resilience
Cleanup in Vulnerable Communities Initiative	DTSC	Multi-benefit
California Oil Worker Readiness Program	EDD	Multi-benefit
Equitable Building Decarbonization	California Energy Commission	Energy
Low Carbon Transportation Operations Program	Caltrans	Transportation
SAFER Water Program	State Water Board	Water
Sustainable Agriculture Programs	Various (See Appendix A)	Agriculture
Transformative Climate Communities	Strategic Growth Council	Multi-benefit / Climate Resilience
Transit and Intercity Rail Capital Program	CalSTA/Caltrans	Transportation
Urban and Community Forestry	CalFIRE	Natural Resources
Urban Greening	CNRA	Natural Resources

EJ Affordability and Equity GGRF Priorities

- Reduce greenhouse gas emissions
- Build climate resilience and invest in climate adaptation
- Address affordability
- Achieves equity
- Oversubscribed & underfunded
- Highly visible/felt in communities
- Increases buy-in for climate programs

Program	Amount Requested
SGC Community Resilience Centers	**3.75% or at least $150M** in continuous GGRF funding
SGC Transformative Climate Communities	**3.75% or at least $150M** in continuous GGRF funding
CEC Equitable Building Decarbonization	**8.8% or at least $400M** in continuous GGRF funding
SWB SAFER Water Program	Maintain continuous appropriation of **5% and remove cap**
CARB Community Air Protection Program (AB 617)	**10% or at least $450M** in continuous GGRF funding
EDD CA Oil Worker Readiness Program	**10% or at least $450M** in continuous GGRF funding
DTSC Cleanup in Vulnerable Communities Initiative	**4.15% or at least $166M** in continuous GGRF funding
CEC Community Solar & Storage	**$250M** appropriated over three years
CARB/CEC Clean Transportation Incentives*	**$700M** one-time appropriation for targeted programs*

*Equitable transportation incentives (incl. other forms of transit) subject to refinement and coordination.

Questions?

Photo, background: APEN Richmond youth organizer during RYSE **Community Resilience Center** construction phase.

Photo, front right: LCJA community members in Eastern Coachella Valley planning and designing a CRC within a **Transformative Climate Communities (TCC)** planning grant.

APPENDIX

SUPPORT Strategic Affordability & Equity Reforms

If reformed, the **Cap and Trade** program—**projected to reach $136 Billion to $318 Billion**—could deliver tangible benefits to all Californians while also protecting the most vulnerable communities during the cost of living crisis.

Key Cap-and-Trade Recommendations for Affordability and Equity

- The legislature should **secure funding for proven, multi-year equity programs through continuous appropriations from the Greenhouse Gas Reduction Fund (GGRF)**.
- The legislature should **reform the CA Climate Credit** ratepayer rebate to **increase benefits to the lowest income ratepayers** while maintaining universal support for all Californians.
- **Prioritize the growth of funds available for Californians** through the GGRF and ratepayer rebates through market reforms **while updating consumer protection mechanisms**.
- **Eliminate free allowances to industry—target oil and gas**.
- **Guarantee funding of proven programs** currently funded by offsets; **eliminate the troubled offsets protocol.**
- **Address air pollution** in disadvantaged communities.

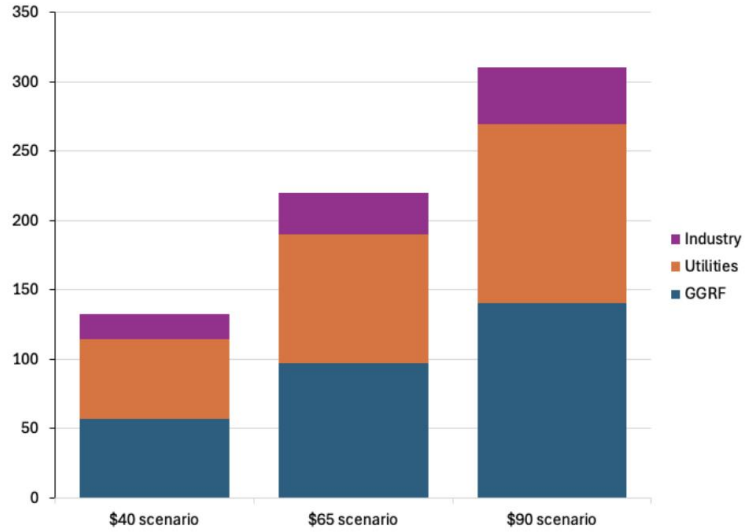


Figure 4. Projected allowance value, 2026 through 2045 (billion 2023 USD). *This figure shows how allowance values could substantially increase with higher market prices. All three scenarios assume that allowances are allocated to fund the GGRF, to benefit utility customers, and to benefit large industrial emitters according to recent historical patterns.[9] In practice, policymakers could designate a different mix of allowance allocations.*

REJECT Straight Reauthorization

A **straight reauthorization** means...

- The legislature **continues to give up the power to direct billions more to Californians in need** from a program that will reach ***$132 Billion to $318 Billion*** over 20 years.
- The legislature **is siding with Big Oil billionaires to lock-in expensive subsidies** instead of Californians.
- The legislature is willing to **leave Californians unprotected at the gas pump**, if oil companies decide to pass on sudden spikes in compliance costs (*which we can expect with news of reauthorization*).

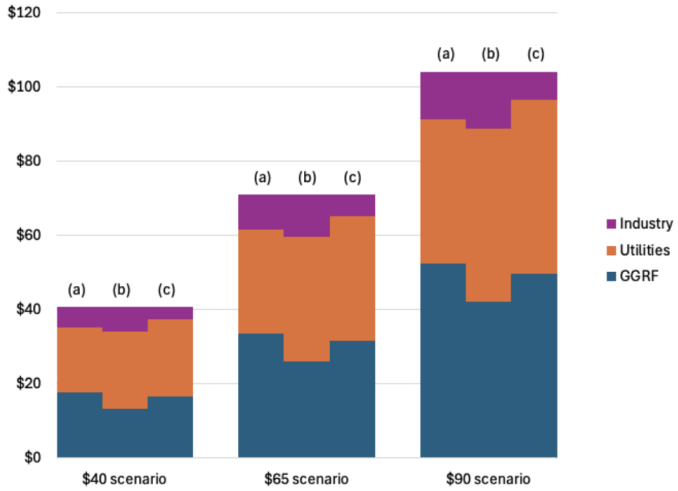


Figure 5. Projected allowance value, 2026 through 2030 (billion 2023 USD). *This figure reports the projected allowance value that benefits the GGRF, utilities (and their customers), and large industrial emitters across three allowance intervention scenarios depicting how CARB would modify total allowance budget years for the same period of time. Column (a) reports results for the proportional reduction scenario, in which all three groups are affected in equal proportion; column (b) reports results assuming that all allowance reductions come from the GGRF; and column (c) reports results assuming that industrial allocations are cut in half and the GGRF bears the remaining required reductions. All three scenarios result in the same total allowance value, but depict different choices as to the distribution of program benefits.*

Why?

A straight reauthorization could be more expensive for Californians now and later.

Cap-and-Trade Not Currently Positioned to Close State's 2030 Emissions Gap

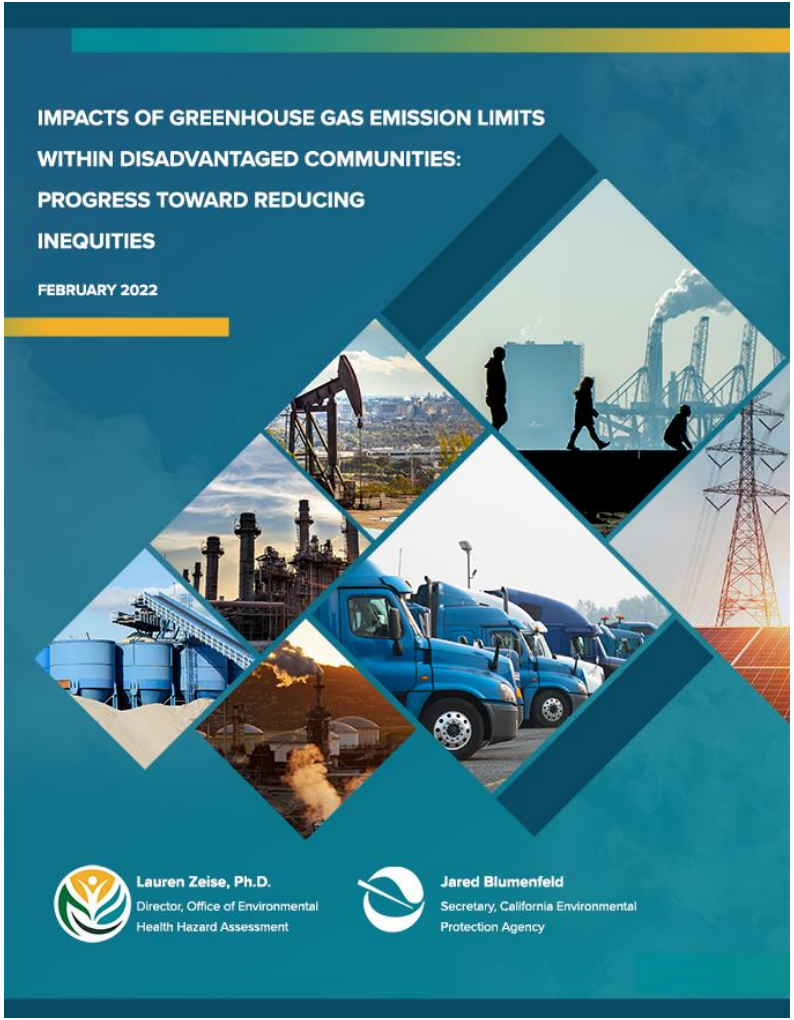
2017 Scoping Plan Update Identified Cap-and-Trade as a Policy That Would Ensure the State Meets Its Target. The 2017 plan explicitly stated that to the degree other policies collectively fell short of meeting the state's GHG reduction goals—sometimes referred to as an emissions gap—the cap-and-trade program would reduce emissions further to make up the difference.

2022 Scoping Plan Update Does Not Specify the Expected Role for Cap-and-Trade in Meeting Statewide GHG Targets. Based on our review of the current program, we found the following:

- Cap-and-trade can be a cost-effective way to achieve GHG goals.
- The program is not currently well-positioned to ensure the state meets its 2030 target. Cap-and-trade allows banking of allowances from earlier years, which could hinder the state's ability to rely on the program to achieve its overall emissions reductions goals under the current program cap.
- The cap is set at a level that is insufficiently stringent under a range of future scenarios.
- Lack of program stringency also affects allowance prices and auction revenue.

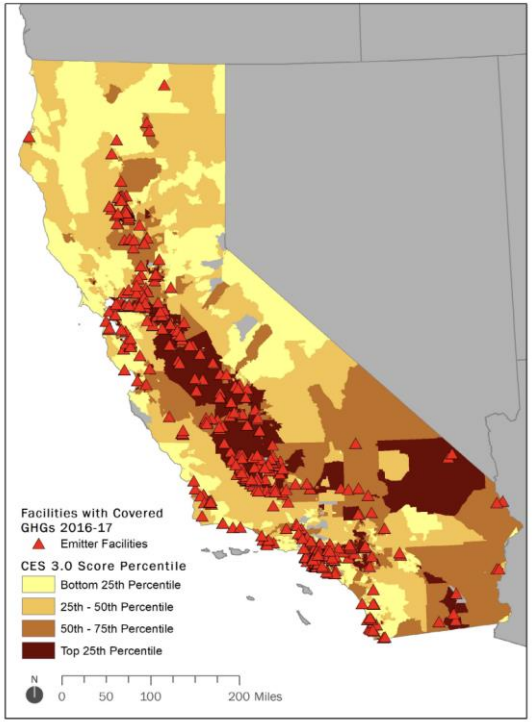
"[Climate breakdown] is a recipe for permanent recession."

- Simon Stiell, Executive Secretary of the UN Framework Convention on Climate Change



Cap-and-Trade entities are overwhelmingly in communities with the worst cumulative pollution burdens, negative health outcomes, and socioeconomic indicators.

Figure 2. Cap-and-Trade Facilities and CES Scores in California, 2016-2017



https://dornsife.usc.edu/eri/publications/minding-the-climate-gap-whats-at-stake-if-californias-climate-law-isnt-done-right-and-right-away/

Most Covered Facilities in All Sectors are Located in or near High-Scoring CES Communities

Nearly half (280/613) of Cap-and-Trade covered facilities are located near communities with CES scores above the 75th percentile (*Figure 9*). There are fewer Cap-and-Trade covered facilities located near communities with lower CES scores. The majority of facilities in four sectors (cogeneration, electricity generation, other combustion sources and refineries) were located near disadvantaged communities (Table 1). Each facility was assigned a CES score based on the maximum non-zero CES score near the facility. This analysis included all facilities that were covered by the Cap-and-Trade Program during any year from 2011–2018 (n=613) and included individual oil and gas production facilities, rather than geological basin[11] level data.

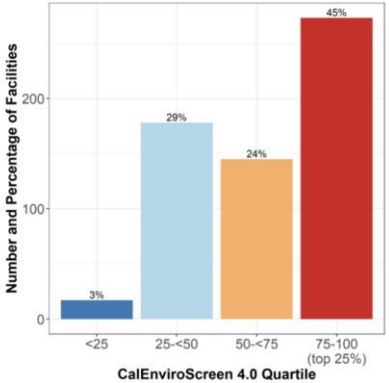


Figure 9. Number and Percentage of Facilities by CalEnviroScreen 4.0 Quartile

Table 1. Facilities Categorized in High CalEnviroScreen 4.0 Quartile by Sector

Sector (Number of Facilities)	Percentage of Facilities
Refinery (21)	71%
Other Combustion Sources (130)	61%
Electricity Generation (96)	49%
Cogeneration (42)	57%

Cap-and-Trade Covered Facilities are Over 3 Times More Likely to be Near Communities with High CES Scores and High Percentage People of Color

Overall, Cap-and-Trade covered facilities are three times more likely to be near communities with high CES scores and high percentage people of color. Refineries and other combustion sources are even more likely to be near communities with high CES scores and high percentage people of color (Figure 10). For this analysis, census tracts were categorized as either having a facility or not having a facility within the census tract boundary. The odds of a facility being located in a high-scoring CES census tract (75th–100th percentile) compared to a low-scoring CES census tract (<25th percentile) was evaluated using an odds ratio approach for both CES score and percent people of color. Results are shown as odds ratios and 95% confidence intervals for CES in orange and people of color based on ACS data. An odds ratio of 1, indicated by the dashed line, signifies that a facility within a sector is not more likely to be located in a high-scoring compared to a low-scoring CES census tract. For example, refineries are nine times more likely to be located near high-scoring CES census tracts compared to low and five times for likely to be near tracts with a high percentage of people of color versus low.

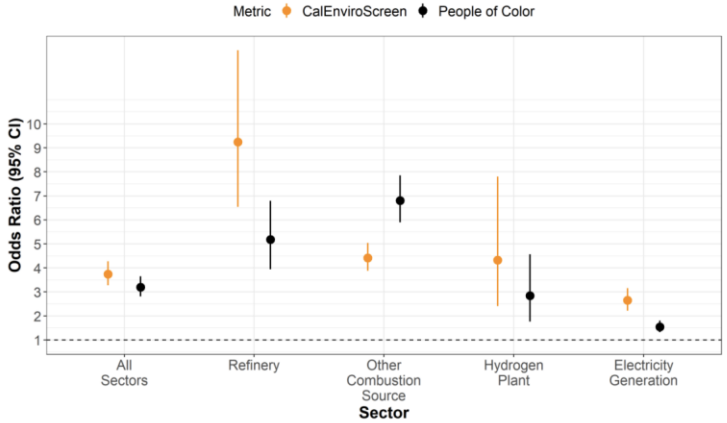


Figure 10. Odds of a Facility/Sector Being in a High-Scoring Versus Low-Scoring Community for CalEnviroScreen 4.0 Quartile and Percentage People of Color

Minding the Climate Gap

What's at Stake if California's Climate Law isn't Done Right and Right Away

Manuel Pastor, Ph.D. | Rachel Morell

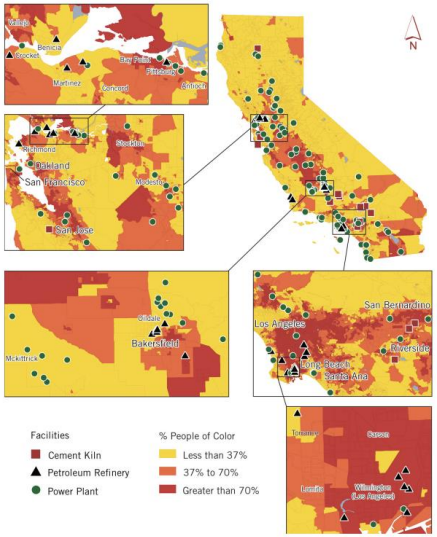
Climatic Change (2011) 109 (Suppl 1):S485–S503
DOI 10.1007/s10584-011-0310-7

The climate gap: environmental health and equity implications of climate change and mitigation policies in California—a review of the literature

Seth B. Shonkoff · Rachel Morello-Frosch · Manuel Pastor · James Sadd

Received: 12 February 2010 / Accepted: 26 September 2011 / Published online: 24 November 2011

Major Greenhouse Gas-Emitting Facilities in California



Out-of-State Oil Companies are Leading Contributors to Both Public Health Risks from Air Pollution and the Effort to Suspend California's Climate Law

- Texas oil companies **Valero** and **Tesoro** are among the biggest financial backers of the effort to suspend California's climate law.
- Among the major greenhouse gas emitters studied, all four of the major Tesoro and Valero facilities rank in the top 15 facilities creating the largest public health risk from air pollution, according to an index that considers the possible effect on premature mortality. Additionally, both companies have facilities that are on the list of top contributors to pollution disparity, according to an index that measures disparate impacts on minority neighborhoods.
- Delaying implementation of California's climate law will not just contribute to continuing climate change, it could push back the opportunity to more quickly clean the air, reduce disparate exposure of people of color to dirty air, and generate new jobs in emerging green industries.

Top Ten Percent of California's Major Greenhouse Gas-Emitting Facilities Ranked by Estimated Pollution-Related Health Impacts

Rank	Facility Name	City
1	ExxonMobile Torrance Refinery	Torrance
2	Tesoro Wilmington Refinery	Wilmington (LA)
3	BP Carson Refinery	Carson
4	Chevron El Segundo Refinery	El Segundo
5	ConocoPhillips Los Angeles Refinery Wilmington	Wilmington (LA)
6	Shell Martinez Refinery	Martinez
7	Valero Benicia Refinery	Benicia
8	Mountainview Power Plant	San Bernardino
9	Chevron Richmond Refinery	Richmond
10	California Portland Cement Company Colton Plant	Colton
11	Paramount Refinery	Paramount
12	Valero Wilmington Refinery	Wilmington (LA)
13	Cemex VictorvilleWhite Mountain Quarry	Apple Valley
14	Tesoro Golden Eagle Refinery	Martinez
15	Etiwanda Generating Station	Rancho Cucamonga

Top Ten Facilities Polluting Disproportionately in Communities of Color

Rank	Facility Name	City
1	BP Carson Refinery	Carson
2	Tesoro Wilmington Refinery	Wilmington (LA)
3	Paramount Refinery	Paramount
4	ConocoPhillips Wilmington Refinery	Wilmington (LA)
5	ExxonMobile Torrance Refinery	Torrance
6	Chevron Richmond Refinery	Richmond
7	Mailburg Generating Station (Vernon Power Plant)	Vernon
8	ConocoPhillips Carson Refinery	Carson
9	Valero Wilmington Refinery	Wilmington (LA)
10	California Portland Cement Company Colton Plant	Colton

For the full report, please visit: http://bit.ly/ClimateGap

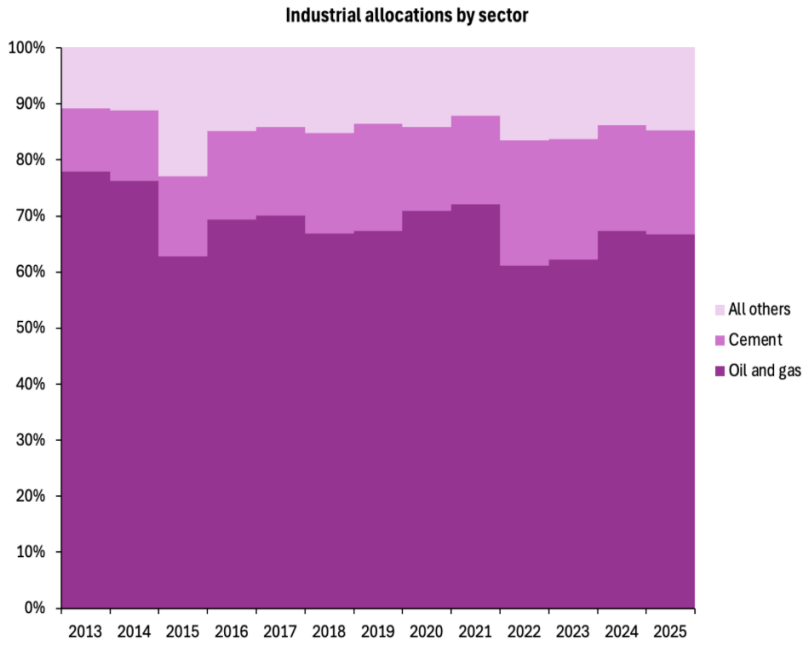
OEHHA
California Office of Environmental Health Hazard Assessment

Table 2. Direction of Emission Changes at Facilities Near High-Scoring CES Communities Varies by Pollutant and Sector (2018 Compared to 2012 Emissions)

Sector	Number of facilities in high-scoring CES communities (maximum)	GHG	PM2.5	Air Toxics
[redacted]				
Hydrogen Plants	6	↑	↑	↓
[redacted]				
Refinery	14	↑	↑	↓

Photo credit: Communities for a Better Environment (CBE), taken from the school playground of CBE members in Wilmington

Eliminate Free Allowances for the Oil and Gas Industry



2/3rd of all industrial free allowances have been handed over to Big Oil—but Californians have not seen any benefits or cost protections. Instead, we've seen rising gas prices and even price gouging.

- According to the CEC, we see gas price spikes for reasons unrelated to C&T compliance costs that are passed through to consumers; analysts assume pass through of nearly all compliance costs.
- The industrial assistance factor (set at 100% without any pretext of being a real calculation) is supposed to 'prevent leakage' but oil refiners make relative business choices based on their global portfolio in the global transition energy transition.
- These free allowances are functionally giveaways to the fossil fuel industry for $$'s that could instead be invested back to communities

California has some of the worst air quality in the country. The problem is rooted in the San Joaquin Valley

Nation Jun 16, 2022 6:22 PM EDT

California Farm Counties Are Not Even Close to Meeting the EPA's New Clean Air Quality Standard

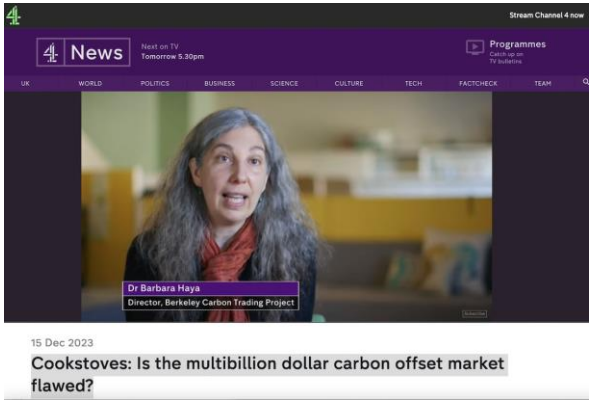
The nation's largest agriculture region has never been able to meet the EPA's standard for pollution from particulate matter. Health and environmental justice groups are hoping the new rules will spur urgent action.

BY VIRGINIA GEWIN · MARCH 5, 2024

AB 617 IMPLEMENTATION FLAWS

- Lack of CARB enforcement of AB 617 community plans
- Loopholes in best available control technology (BARCT/BACT requirements)
- Dollars going to industry incentives instead of community priorities.

Eliminate Offsets (and Fund Proven Programs via GGRF)



- The state has **certified the sale of enough credits to meet almost all the greenhouse gas reductions** required of companies through 2030.
- Multiple studies demonstrate **85% of offsets do not reduce GHG emissions** as described and lack legislative oversight and accountability.
- According to the 2022 OEHHA study, **four the five largest purchasers of offsets have oil refineries**, who have not seriously reduced GHG emissions.
- **Proven, equitable and tribal-led programs** currently funded by the offsets protocol **can still be funded** if the offsets program is eliminated **via the GGRF from resulting increases in generated auction revenues**

Highlights

1. Equitable GGRF Investments
2. Equitable CA Climate Credit
3. Secure (Real) Air Quality Improvements

Case Study: Transformative Climate Communities (TCC)

The Transformative Climate Communities (TCC) Program funds community-led development and infrastructure projects that achieve major environmental, health, and economic benefits in California's most disadvantaged communities. TCC empowers the communities most impacted by pollution to choose the strategies and projects best suited to achieve their community vision and enact transformational change. All with data-driven milestones and measurable outcomes.

Since 2018, the California Strategic Growth Council (SGC) has awarded over $424 million in TCC grants to 37 of the most disadvantaged communities in California through a competitive process. TCC is funded through the State General Fund and cap-and-trade dollars at work through California Climate Investments.

- **$424 Million** Total Awarded
- **37** Disadvantaged Communities
- **177** Unique Projects
- **283** Diverse Partnerships
- **298,254 of CO_2** Equivalent Avoided
- **Over $827M** in Additional Leverage Funding

California Department of Conservation

WHAT DOES TCC FUND?

TCC's unique, place-based strategy for reducing greenhouse gas emissions is designed to catalyze collective impact through a combination of community-driven climate projects in a single neighborhood. Projects must reduce greenhouse gas emissions significantly over time, leverage additional funding sources, and provide health, environmental and economic benefits to the community.

Project examples include, but are not limited to:

- Affordable and sustainable housing developments
- Transit stations and facilities
- Electric bicycle and car share programs
- Solar installation and energy efficiency
- Water-energy efficiency installations
- Urban greening and green infrastructure
- Bicycle and pedestrian facilities
- Recycling and waste management
- Health equity and well-being projects
- Brownfields redevelopment
- Community microgrids
- Indoor air pollution reduction

WHO IS ELIGIBLE TO APPLY?

A diverse range of community, business and local government stakeholders must form a Collaborative Stakeholder Structure to develop a shared vision of transformation for their community. This may include:

- Community-based organizations
- Local governments
- Nonprofit organizations
- Philanthropic organizations and foundations
- Faith-based organizations
- Coalitions or associations of nonprofits
- Community development finance institutions
- Community development corporations
- Joint powers authorities
- California Native American tribes

Contact

tcc@sgc.ca.gov

sgc.ca.gov/programs/tcc/

HOW ARE OUTCOMES TRACKED AND MONITORED?

An evaluation team will monitor and report project greenhouse gas emissions reductions for awarded applicants using a quantification methodology certified by the California Air Resources Board. The evaluation team also will work with grantees to track co-benefit indicators based on the program's health, environmental, and economic goals.

37 AWARDED COMMUNITIES

- Southwest Fresno
- Ontario
- Watts
- West Oakland
- Southeast Los Angeles County
- East Los Angeles
- Moreno Valley
- East Oakland
- South Sacramento
- South Stockton
- Sacramento River District
- Northeast San Fernando Valley
- McFarland
- Indio
- South Los Angeles
- Tulare County
- East Riverside
- Pomona
- Porterville
- Richmond
- Spring Valley
- Karuk Tribe
- Pájaro Valley and Watsonville
- Chicken Ranch Rancheria and Jamestown
- Allensworth
- Hoopa Valley Tribal Reservation
- Wiyot Tribe
- Southeast Bakersfield
- Coachella
- San Diego - Barrio Logan
- Eastern Coachella Valley
- North Santa Barbara County
- ... and more

Updated December 2023

Case Study: TCC Fresno

TCC FRESNO COMPONENTS

- 56 affordable homes
- Install solar systems on over 200 homes
- Provide energy efficiency improvements for 200 households
- Over 2,500 new trees
- Construct 17 acres of parks and community gardens
- Increase frequency of local electric bus system
- Create new electric vehicle- and bicycle-sharing programs
- New West Fresno City College Satellite Site

BY THE NUMBERS

- Project area: 4.9 square miles
- Partners: 13
- Emissions reductions: 28,400 tonnes CO_2e
- TCC grant: $66.5 million
- Leveraged funds: $85.5 million

Community engagement builds capacity and buy-in for shared electric bikes and cars

BACKGROUND

This case study explores how TCC funding for community engagement can develop local leadership and support for infrastructure projects. Specifically, the story highlights the community engagement strategy for Fresno's Clean Shared Mobility Network through the lens of two Fresnans who have been empowered in different ways through the process. For more on the network, see page 64. For more on Transform Fresno's Community Engagement Plan, see page 42.

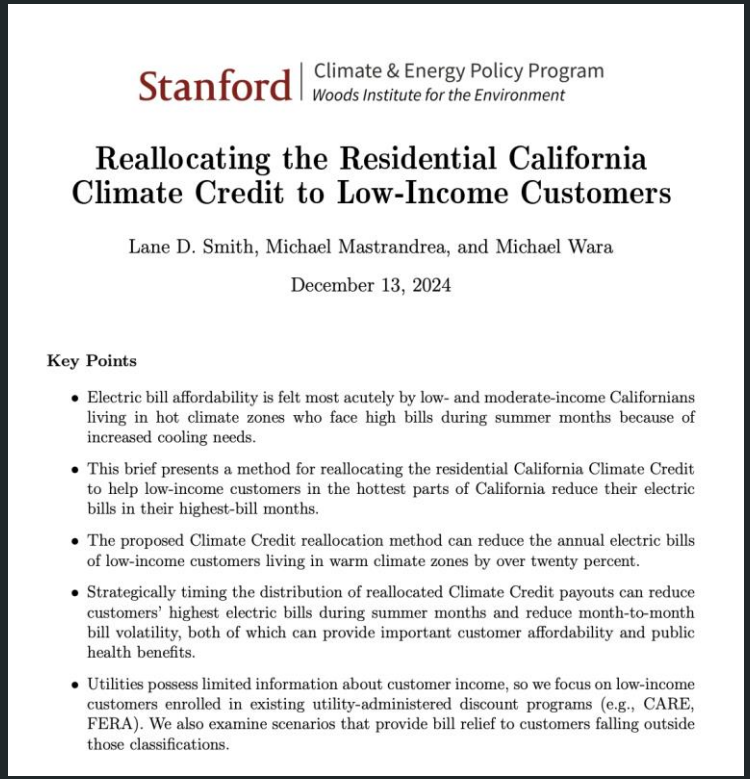
Interviews for this story were held in August 2022 and January 2023.

Keshia Thomas celebrates new electric vehicle charging infrastructure installed at an affordable housing site in southwest Fresno. Photo credit: Fresno Housing.

Construction of The Monarch @ Chinatown, a TCC-funded affordable housing development. Photo credit: Fresno Housing

Reform the CA Climate Credit to Benefit Lower Income, Highly Climate-Impacted People

- Direct the CPUC to implement a process for distributing the Climate Credit that **prioritizes distributing the Credit to low-income households particularly those in hot climate zones**, as proposed by Stanford researchers.
- Direct the CPUC to ensure the CA Climate Credit ratepayer rebate is **given during peak usage months**.
- ***Additionally, take steps to improve and expand enrollment in bill assistance programs***.



Stanford | Climate & Energy Policy Program
Woods Institute for the Environment

Reallocating the Residential California Climate Credit to Low-Income Customers

Lane D. Smith, Michael Mastrandrea, and Michael Wara

December 13, 2024

Key Points

- Electric bill affordability is felt most acutely by low- and moderate-income Californians living in hot climate zones who face high bills during summer months because of increased cooling needs.
- This brief presents a method for reallocating the residential California Climate Credit to help low-income customers in the hottest parts of California reduce their electric bills in their highest-bill months.
- The proposed Climate Credit reallocation method can reduce the annual electric bills of low-income customers living in warm climate zones by over twenty percent.
- Strategically timing the distribution of reallocated Climate Credit payouts can reduce customers' highest electric bills during summer months and reduce month-to-month bill volatility, both of which can provide important customer affordability and public health benefits.
- Utilities possess limited information about customer income, so we focus on low-income customers enrolled in existing utility-administered discount programs (e.g., CARE, FERA). We also examine scenarios that provide bill relief to customers falling outside those classifications.

Secure (Real) Air Quality Improvements

Given the flaws in AB 617, the Legislature should:

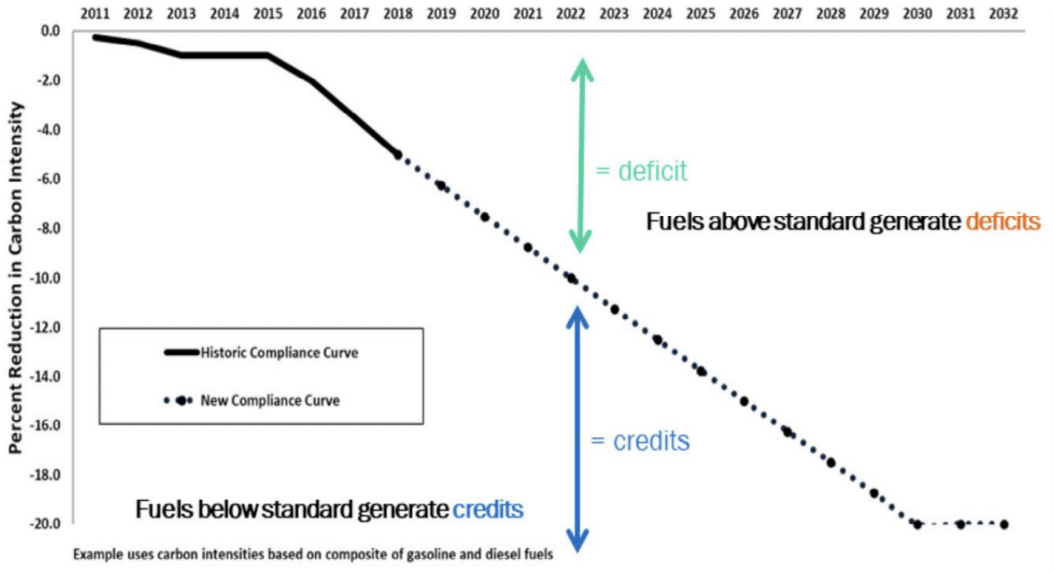
- give CARB explicit authority to enforce community plans;
- target investments to community priorities (rather than industry incentives); and
- strengthen Best Available Control Technology (BARCT/BACT) requirements

Secure (Real) Air Quality Improvements

- **Prevent** additional and expanding polluting facilities in environmental justice communities similar to **cumulative impacts legislation** enacted in New York and New Jersey.
- **Require** 2 EJ seats on each air district board.

If you are really concerned about the potential of rising gas prices...

Threat to Affordability:
2024 Low Carbon Fuel Standard (LCFS) Amendments



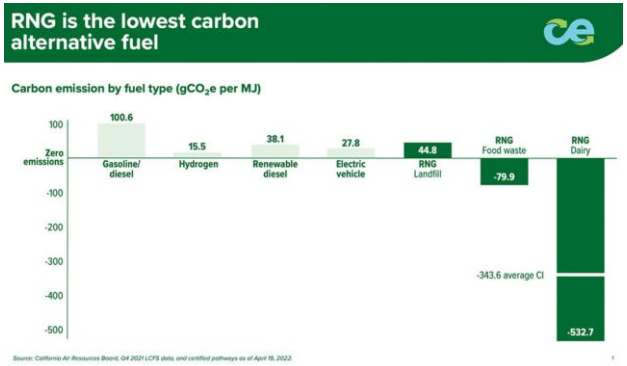
What is the LCFS?

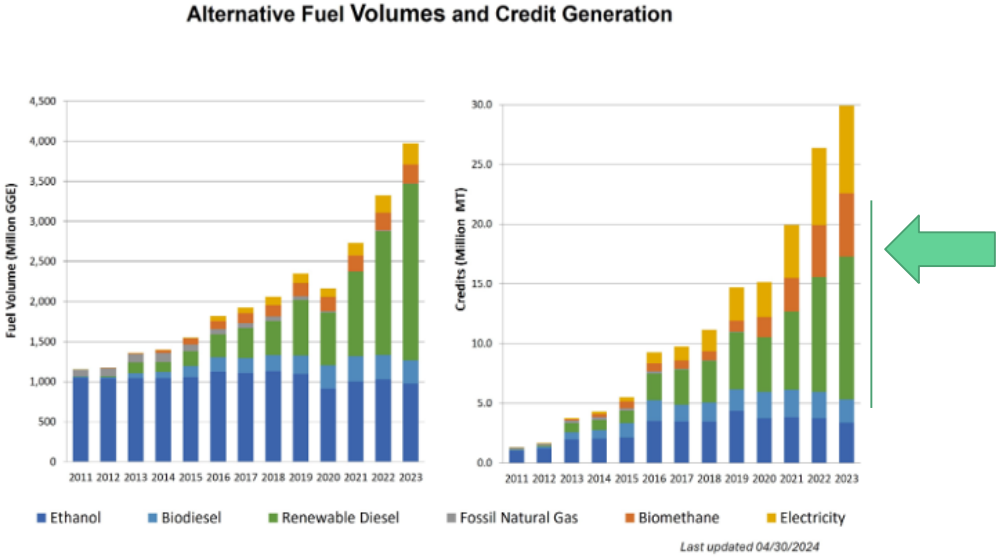
The LCFS and Cap and Trade are two different market programs to reduce GHGs.

Stated goal is to reduce the carbon intensity of the transportation fuel mix in California

$2-$4 billion program annually, that will likely increase when rule changes go into effect

LCFS Primarily Pays for Polluting Combustion Fuels





2024 LCFS Increasing Pass-Through Costs to Consumers

Studies estimate that costs to consumers will significantly increase as a result of recent rule changes.

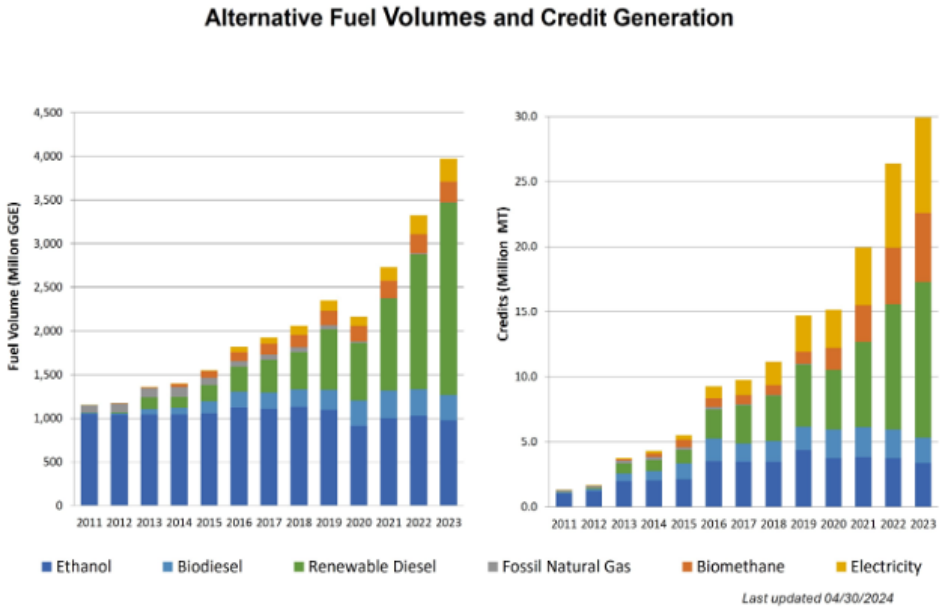
Two recent studies anticipate increased cost impacts:

$0.19/gal to $0.84/gal in 2030 and
*$0.34/gal to $1.47/gal in 2035^*

$0.34/gal to $0.85/gal in 2030 and
~$0.60 to $1.50/gal in 2035*

^ Duffy, Jim. A Transparent Response to Questions about the Cost of the LCFS. Nov. 5, 2024.
* California's Low Carbon Fuel Standard, Kleinman Center for Energy Policy, Oct. 2024

Consumer Money Is Paying for Polluting Combustion Fuels



Parallel Recommendations for the 2024 LCFS Amds.

- Protect consumers and improve environmental performance and program integrity by directing CARB to apply existing law for market-based compliance mechanisms to the Low Carbon Fuel Standard
- Require direct consumer protections against steep fuel price increases through a more effective cost containment mechanism to address the inflated costs of polluting biogas and biofuels
- Rein in the flood of credit incentivizing polluting combustion fuels over electrification

Questions?

Reach out! katie@everydayimpactconsulting.com