

# 2019



Cap and Trade  
Dollars at Work

## ANNUAL REPORT

Cap-and-Trade Auction Proceeds



Annual Report to the Legislature on

# California Climate Investments Using Cap-and-Trade Auction Proceeds

**GREENHOUSE GAS REDUCTION FUND MONIES**



March 2019

# EXECUTIVE SUMMARY

California is a leader in combating climate change on a national level and continues to make global headlines as we work toward a just and sustainable future. Achieving the State's ambitious climate goals requires coordinated support from State and local agencies and California communities. California Climate Investments have grown to include more than 20 State agencies that work collaboratively, learn from each other, and increase community engagement to ensure projects are meeting local needs. While California Climate Investments alone will not achieve our climate goals, the program serves as a model for the transformative change needed to ensure that California thrives on a vibrant, healthy planet for centuries to come.

To achieve these objectives, California Climate Investments are directing billions of dollars into our State's transition to a low-carbon, more equitable, and resilient future. Electric vehicle rebates and home solar installations lower the cost of energy and transportation for recipients, new transit lines and affordable housing units increase mobility and housing options, improved forest management decrease our risk of catastrophic wildfires, and new technologies increase water efficiency on agricultural lands. Across the suite of California Climate Investments, projects are improving air quality, supporting jobs, and creating safer, more resilient communities. With its strong focus on equity, more than 57 percent of funds implemented to date benefit our most vulnerable populations. 2018 was marked by significant progress in implementing critical

## CUMULATIVE OUTCOMES



**110,000 projects installing efficiency measures in homes**



**3,200+ affordable housing units under contract**



**207,000+ rebates issued for zero-emission and plug-in hybrid vehicles**



**500,000+ acres of land preserved or restored**



**50,000+ trees planted in urban areas**



**462+ transit agency projects funded, adding or expanding transit options**



**57% of funding for projects benefiting priority communities (\$1.5 billion +)**



**343,000+ individual projects implemented**

near-term projects and building a pipeline for transformative long-term investments. Agencies selected, awarded, and implemented funding at significantly higher rates than in previous years. Implemented funds in 2018 alone total \$1.4 billion—almost doubling investments made in 2017—and billions more are planned for the years to come.

The Legislature and Administration continue to advance State climate and equity goals through California Climate Investments. New appropriations include technical assistance to increase equity in accessing funds, forest management to reduce fire risk, and community-based programs to improve air quality and meet local needs. Agencies are responding by adjusting programs, increasing community engagement, and using new tools to quantify additional benefits from funded projects.

Equity is central to California Climate Investments. Policy changes in 2017 increased the focus on disadvantaged communities and directed additional investments toward low-income communities and low-income households. In 2018, California Climate Investments are benefiting these “priority populations” more than ever.

## **Investing Auction Proceeds**

The Legislature appropriates money from the Greenhouse Gas Reduction Fund (GGRF) to agencies to administer California Climate Investments programs that facilitate greenhouse gas (GHG) emission reductions and provide economic, environmental, and public health benefits. Four agencies receive a set portion of each quarterly auction through continuous appropriations enacted in Senate Bill (SB) 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014), and the Legislature makes additional annual investments through the Budget Act. SB 901 (Dodd, Chapter 626, Statutes of 2018) states that these annual Budget Acts shall include \$200 million through Fiscal Year (FY) 2023–24 for forest health, fire prevention, and fuel reduction programs. Additional legislation identifies other expenditures from the GGRF, such as a credit from a manufacturing tax and use fee and offsetting residents’ fire prevention fee in State Responsibility Areas. As of the end of 2018, there are more than 20 State agencies involved in the program development, project selection, and implementation of 60 California Climate Investments programs.

Table ES-1 shows the FY 2018-19 and cumulative appropriations for investments as of November 30, 2018. Note that program names may change over time.



## Urban Greening Program: Richmond, California's "Greening the Yellow Brick Road" Project

In 2009, in response to the high levels of violence and the dangers of the streets, youth from the Iron Triangle community in Richmond imagined a project that would create a safe, green, walkable route connecting community assets. Their original vision evolved into the Greening the Yellow Brick Road project.

With \$4.1 million from California Natural Resources Agency's Urban Greening program, this project is helping bring the community's vision to fruition and will benefit thousands of community residents. Rather than seeing empty cement streets and sidewalks outside their windows, people will be outside in a safe environment, breathing fresh air, and walking and biking to and from schools, shops, and transportation. They will be on the street under the shade of over 100 trees or sitting comfortably by a lush green bio-swale, meeting and mingling with their neighbors. This project will also produce jobs that pay a living wage for those who establish the plantings, giving them valuable work experience in an emerging green economy. The street, once dead, will come alive and transform into a symbol of activity, hope, and promise.

"We've been waiting for a project like this for a long time," says Doris Mason, President of the Iron Triangle Neighborhood Council. "It will benefit our community in so many ways. It will create a safe and green public space where neighbors can come together. It will create a designated route for residents to bike and walk in a safe environment. It will provide workforce development opportunities for local youth to get hands-on, real-life experience. But most of all, it will create a new DNA for our entire community—and for Richmond. We cannot wait for this project to happen."

