

Cap-and-Trade 2014-15 Funding

2014-15 Investment Programs & Funding

Sustainable Communities & Clean Transportation

High Speed Rail Authority

- HSR
- \$250M

Caltrans

- Low Carbon Transit Opportunities
- \$25M

State Transportation Agency

- Transit & Intercity Rail
- \$25M

Strategic Growth Council

- Affordable Housing & Sustainable Communities
- \$130M

Air Resources Board

- Low Carbon Transportation
- \$200M

Energy Efficiency & Clean Energy

Dept Community Services & Development

- EE & Weatherization
- \$75M

Energy Commission

- Energy Efficiency for Public Buildings
- \$20M

Dept of Food and Ag

- Ag Energy & Op Efficiency
- \$15M

Natural Resources & Waste Diversion

Dept Fish & Wildlife

- Wetland & Watershed Restoration
- \$25M

Dept Forestry & Fire Protection

- Fire Prevent & Urban Forestry
- \$42M

Cal Recycle

- Waste Diversion
- \$25M

Cap-and-Trade Implementing Legislation

In 2012, three related bills were passed by the California state Legislature and signed into law by the Governor. Known as the "implementing legislation," AB 1532, SB 535, and SB 1018 established the Greenhouse Gas Reduction Fund (GGRF) to receive auction proceeds and price containment reserve sales, and set forth the framework for how the auction proceeds would be administered. There is a 2-step process for allocating funding to State agencies. First, the Department of Finance submits a 3-year investment plan to the Legislature identifying priority investments to help achieve GHG reduction goals. Updates to the investment plan are developed every 3 years and submitted to the Legislature with the release of the Governor's January budget proposal. Second, through the annual budget, funding is appropriated to State agencies by the Legislature, consistent with the 3-year investment plan submitted by the Administration.

Categories of Funding From Cap-and-Trade Proceeds

The Cap-and-Trade Auction Proceeds Investment Plan Fiscal Years 2013-14 through 2015-16 (investment plan) recommends 3 categories of funding from cap-and-trade auction proceeds: Sustainable Communities and Clean Transportation; Energy Efficiency and Clean Energy; and, Natural Resources and Waste Diversion. Eligible investments include programs implemented by the State, local and regional agencies, local and regional collaboratives, and nonprofit organizations coordinating with local governments, as well as some private sector entities.

Sustainable Communities and Clean Transportation

This category of funding is intended to reduce GHG emissions through strategic planning and development of sustainable infrastructure projects including transportation and housing. It is also intended to reduce GHG emissions through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation.

High Speed Rail Project

Administered by the High Speed Rail Authority, this project is funded with \$250 million in cap-and-trade auction proceeds for FY 2014-15.

Low Carbon Transit Operations Program

Administered by Caltrans, \$25M has been allocated through the existing State Transit Assistance program. **Eligible applicants** are local transit agencies through the existing statutory funding formula. **Eligible projects** include new or expanded bus or rail services or expanded intermodal transit facilities. 50% of the funds must be spent on programs benefiting disadvantaged communities. Guidelines are currently being drafted and available for public comment.

Transit and Intercity Rail Capital Program

\$25M has been allocated to this program, administered by the State Transportation Agency. **Eligible applicants** include local transit agencies. **Eligible projects** include rail and bus capital projects, and operational improvements that result in increased ridership and reduced GHG emissions. At least 25% of the program expenditures must benefit disadvantaged communities. Guidelines are currently being drafted and available for public comment.

Affordable Housing and Sustainable Communities Program

Funded at \$130M, this program is administered by the Strategic Growth Council. **Eligible applicants** are the public agencies that has jurisdiction over the project areas. The public agency can partner with transit agency operators, school districts, special districts, and private developers. **Eligible projects** include: intermodal affordable housing projects; transit capital projects; active transportation programs; non-infrastructure programs (such as bicycle and pedestrian programs); TODs; complete streets capital projects; planning and support of sustainable communities strategies. At least 50% of the funding must benefit disadvantaged communities. The Strategic Growth Council is currently developing guidelines in coordination with SCAG. There is opportunity for public comment, through October 24, 2014.

Low Carbon Transportation

The Air Quality Improvement Program (AQIP) is funded at \$222M (\$200M from cap-and-trade auction proceeds) and is administered by the Air Resources Board. 50% of the funds will benefit disadvantaged communities. The AQIP supports the development and commercialization of advanced technologies necessary to meet California's long-term air quality and climate goals. **Eligible projects:** \$116M supports the Clean Vehicle Rebate Project, which offers rebates directly to consumers who purchase zero-emission and near zero-emission passenger cars. \$85M focuses on freight for advanced technology heavy-duty vehicle and equipment. \$10M for continued funding of the Truck Loan Assistance Program, which helps smaller truck fleets by providing credit assurance so that they can access loans for trucks with clean-diesel technologies.

Energy Efficiency and Clean Energy

This category of funding is intended to reduce GHG emissions through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage.

Energy Efficiency Upgrades/Weatherization

The Low-Income Weatherization Program (LIWP) is administered by the Department of Community Services and Development (CSD). The LIWP is funded at \$75M. CSD will leverage these funds with existing federal weatherization funds, utility rebates, and owner contributions for multi-family dwellings. **Eligible applicants** include low-income homeowners and multi-family building owners. CSD will partner with a network of non-profits and local governments to install weatherization measures. **Eligible projects** include installing weatherization and renewable energy measures in low-income homes located within disadvantaged communities. These measures include: energy efficient light bulbs, ceiling fans, and appliances; insulation; solar thermal; and, solar photovoltaic. CSD is currently drafting guidelines and will be taking public comment.

Energy Efficiency for Public Buildings

The Energy Efficiency State Property Revolving Fund is administered by the Energy Commission and is funded at \$20M. **Eligible applicants & projects:** This revolving loan fund finances energy efficiency activities in State owned buildings.

Agricultural Energy and Operational Efficiency

Funded at \$15M, this program is administered by the Department of Food and Agriculture. **Eligible projects** include commercially viable dairy digesters.

Natural Resources and Solid Waste Diversion

This category of funding is intended to reduce GHG emissions associated with water use and supply, land and natural resource conservation and management, forestry, and agriculture. It is also intended to reduce GHG emissions through increased in-state diversion of municipal solid waste from disposal through waste reduction, diversion, and reuse.

Wetlands and Watershed Restoration

The new Wetlands Restoration Greenhouse Gas Reduction Grant Program is administered by the Department of Fish and Wildlife at \$25M. This program will integrate wetland restoration for GHG reduction with habitat improvements for fish and wildlife, water supply improvements, and other benefits. For projects to restore and enhance wildlife habitats, **eligible applicants** are nonprofit organizations [501(c)(3)], local governmental agencies, State departments, and federal agencies. For Public Access projects, **eligible applicants** for grants and Local Assistance awards are federal, state, counties, cities, non-profit organizations or public districts and corporations that manage and operate wildlife-oriented public access properties or programs. **Eligible projects** are restoration projects in the Sacramento-San Joaquin Delta and coastal wetlands, and mountain meadow habitat in the Sierra Nevada and Cascade mountain ranges. The Department is currently developing program guidelines.

Fire Prevention and Urban Forestry Projects

Funded at \$42M, these grants are administered by the Department of Forestry and Fire Protection through their existing resource management programs focused on: Urban and Community Forestry; Fuels Reduction; Reforestation; Forest Pest Control, Forest Practice, and Demonstration State Forests Research. There are also one-time funds available as State Responsibility Area Fire Prevention Fund grants to address the risk and potential impact of wildfire on habitable structures due to the impacts of the drought. The Urban & Community Forestry Program offers \$5M in grants under the following projects: Green Trees for the Golden State; Urban Forest Management for GHG Reduction; Urban Wood and Biomass Utilization; Woods in the Neighborhood; and Green Innovations projects. There is a 75 state/25 applicant match for each program. **Eligible applicants** vary depending upon the grant program. **Eligible projects** vary depending upon the grant program.

Solid Waste Diversion

Cal Recycle administers this program, funded at \$25M. Grants are targeted to build or expand organics infrastructure, reduce food waste, and build new or expanded infrastructure for manufacturing products with recycled fiber, plastic, or glass. There are three programs: the Organics Grant Program; the Organics Loan Program; and, the Recycled Fiber, Plastic, and Glass Grant Program. The application period for both grant programs have closed. **Eligible applicants** for the Organics Loan Program include: government entities (cities, counties, regional or local sanitation agencies, waste agencies, joint power authorities); private for-profit entities; and, non-profit organizations. **Eligible projects** include construction, renovation or expansion of facilities in California that compost, anaerobically digest, and/or use other related digestion or fermentation processes to turn green or food materials into products. Projects must be located in California. The maximum loan amount is \$2M or 75% of the total project cost, whichever is less. There is a matching funds requirement of 25% of the total project cost. Primary applications are due December 1, 2014.