

California's Cap and Trade Program

November 19, 2015



Cap and Trade Program



- Auction system
 - Allowances purchased by greenhouse gas emitters from the State at quarterly auctions
- State's portion of auction proceeds deposited in Greenhouse Gas Reduction Fund (GGRF)
 - Appropriated in State's annual budget and distributed to various State agencies for Cap-and-Trade Program administration
- 13 different programs, paid for by GGRF, are part of California Climate Investments Program
 - Agencies must use money to invest in projects that reduce greenhouse gases emissions and benefit disadvantaged communities



Cap and Trade Basics



- Enabled by AB 32
- Quarterly Auctions Started FY 13-14
- Revenue Investment Plan
 - 13 programs, mostly competitive
 - Administered by various state agencies
 - \$1.615m for FY 14-15, will grow in future years
 - Must be invested in projects that reduce greenhouses gases
 - Direct investment toward the most disadvantaged communities



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Program Opportunities for Metro



Competitive Programs:

- Transit and Intercity Rail Capital Program (FY2014-15: \$265m)
- Low Carbon Transportation Program (FY 2014-15: \$350m)
- Affordable Housing and Sustainable Communities Program (FY 2015-16: \$400m)

Formula Program:

- Low Carbon Transit Operations Program (FY 2015-16: \$100m)



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Low Carbon Transit Operations Program



- Supports new or expanded bus and rail services
- Required to result in an increase in transit ridership and decrease in GHG emissions
- Priority placed on serving disadvantaged communities
- Examples:
 - New or increased transit service
 - Zero-emission or hybrid buses or railcars
 - Free or reduced-fare transit passes
 - New transit stops connecting to active transportation facilities

Transit and Intercity Rail Capital Program



- Capital improvements to bus and rail systems
- Integrate state & local systems, including high-speed rail
- Required to result in a decrease in GHG emissions
- Provide a benefit to or located in disadvantaged communities
- Examples:
 - Rail capital projects, including rolling stock and locomotive acquisition
 - Intercity and commuter rail, including improvements to existing service
 - Rail integration implementation including ticketing and scheduling systems, enhancing shared-use corridors
 - Bus rapid transit and transit effectiveness studies to increase ridership

Low Carbon Transportation Program



- Accelerate transition to low carbon freight and passenger transportation
- Priority for disadvantaged communities
- Support goal of 1.5 million ZE vehicles by 2025
- Administers rebates for ZE cars and vouchers for hybrid and ZE trucks and buses
- Examples:
 - Hybrid and advanced clean car sharing fleets and mobility options
 - Incentives for public fleets in disadvantaged communities
 - Zero-emission truck and bus pilot projects
 - Advanced technology freight demonstration projects

Affordable Housing and Sustainable Communities Program



- Promote GHG emissions reductions through fewer or shorter vehicle trips, mode shift, active transportation use
- Integrate land use and low-carbon transportation projects
- Link residential areas, major employment centers, other key destinations
- Emphasis on affordable housing development, disadvantaged community benefits
- Examples:
 - Affordable housing development (rental and/or owner-occupied residences)
 - Housing-related infrastructure (improvements required by local regulations)
 - Sustainable transportation infrastructure (enhance access, bike & ped network)
 - Transportation-related amenities (improvements to publicly accessible areas)



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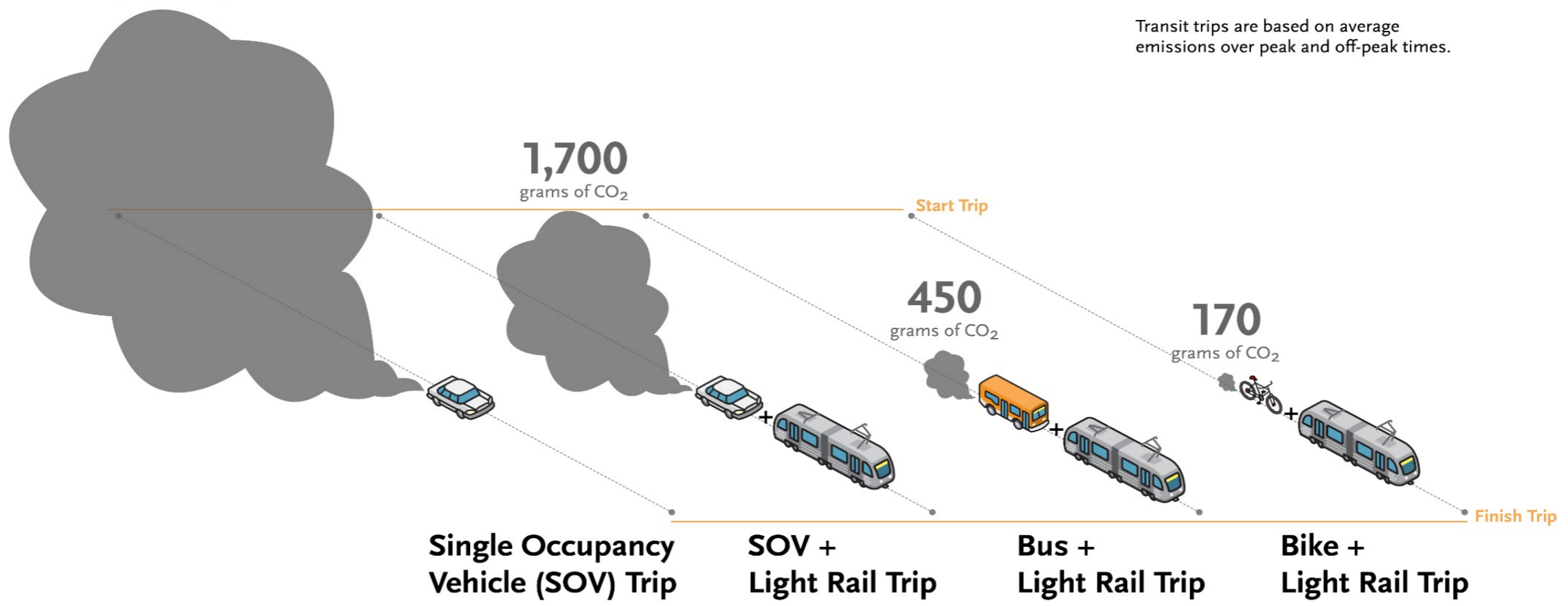


Greenhouse Gas Emissions Per Person Per Trip

3,600
grams of CO₂

Units are approximate grams of CO₂ equivalent from life-cycle assessment based on long-term emissions projections.

Transit trips are based on average emissions over peak and off-peak times.



Mikhail Chester et al, "Infrastructure and Automobile Shifts: Positioning Transit to Reduce Life-Cycle Environmental Impacts for Urban Sustainability Goals", *Environmental Research Letters* 8, no.1 (2013). doi:10.1088/1748-9326/8/1/015041

Big Picture Issues



- Nominated projects very competitive
- Fuels are now under the cap
 - Potential for tripling in funding amounts
 - Potential for legislative intervention
- Tension between rural and urban demands
- Tight scrutiny on GHG/DAC requirements



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Cap and Trade FY 2015-16 Schedule



| | | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|-------|----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| ARB | | | | | | | | | | |
| | Release Funding Guidelines | X | | | | | | | | |
| TIRCP | | | | | | | | | | |
| | Release Funding Guidelines | | | | X | | | | | |
| | Applications due | | | | | | | X | | |
| | Award | | | | | | | | | X |
| LCTOP | | | | | | | | | | |
| | Release Funding Guidelines | X | | | | | | | | |
| | Applications due | | X | | | | | | | |
| | Award | | | | | | X | | | |
| AHSC | | | | | | | | | | |
| | Release Funding Guidelines | | | X | | | | | | |
| | Applications due | | | | | | | | | |
| | Award | | | | | | | | | X |



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