

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



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Carbon Market Reforms

Reforming the Low Carbon Fuel Standard (LCFS) program with effective consumer protections.

Maximize revenues for affordability programs that benefit Californians by eliminating oil and gas subsidies (“free allowances”) and widely debunked offsets.

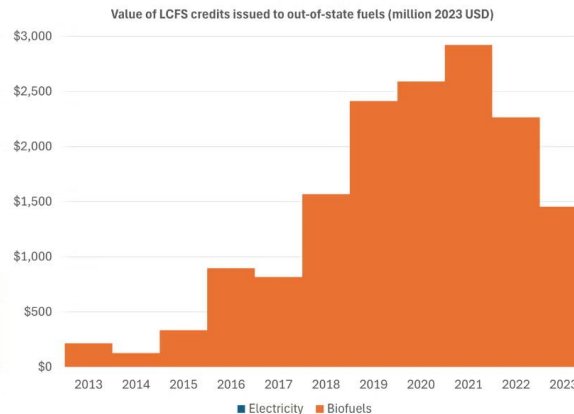
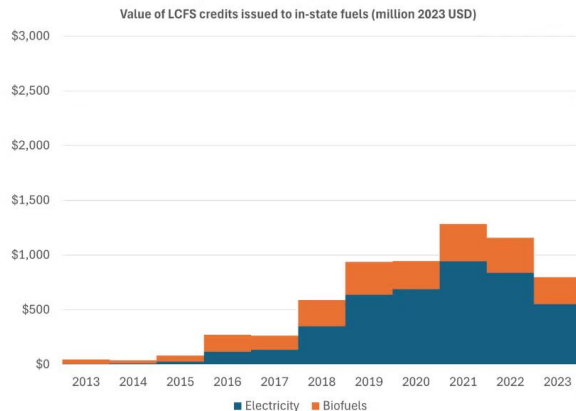
Community Investments

Investing GGRF funding into programs that benefit low-income Californians.

Restructuring CA Climate Credit to prioritize low-income residents in extreme heat regions.

Reduce Cumulative Impacts

Address air, soil and water pollution in environmental justice communities.



Carbon Market Reforms

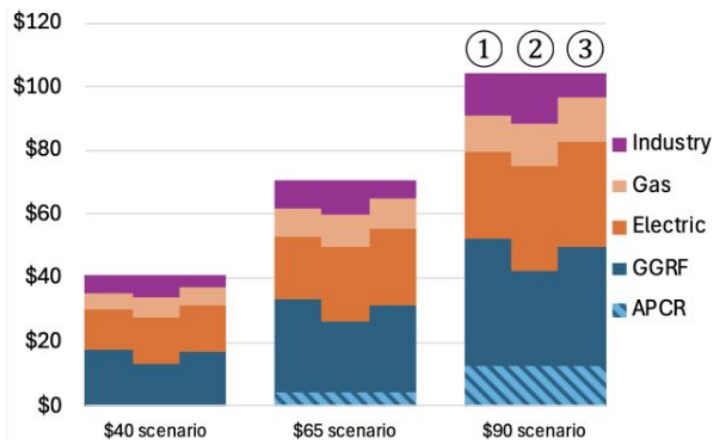
Reform the LCFS Program with Effective Consumer Protection Safeguards.

The Legislature should direct CARB to apply existing law for market-based compliance mechanisms to the LCFS.

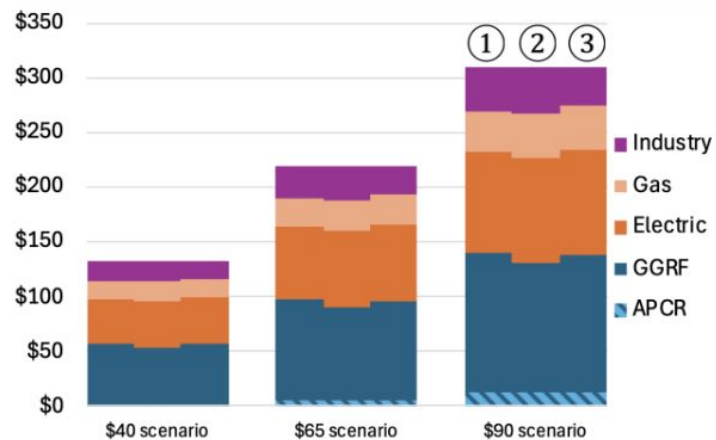
The Legislature should require direct consumer protections against steep fuel price increases through a more effective credit price ceiling mechanism to address the inflated costs of polluting biogas and biofuels.

FINANCIAL FLOWS (BILLION 2023 USD)

Allowance Distribution Scenarios: ① BAU (proportional to current), ② GGRF cuts only, ③ Industrial cut in half; GGRF rest

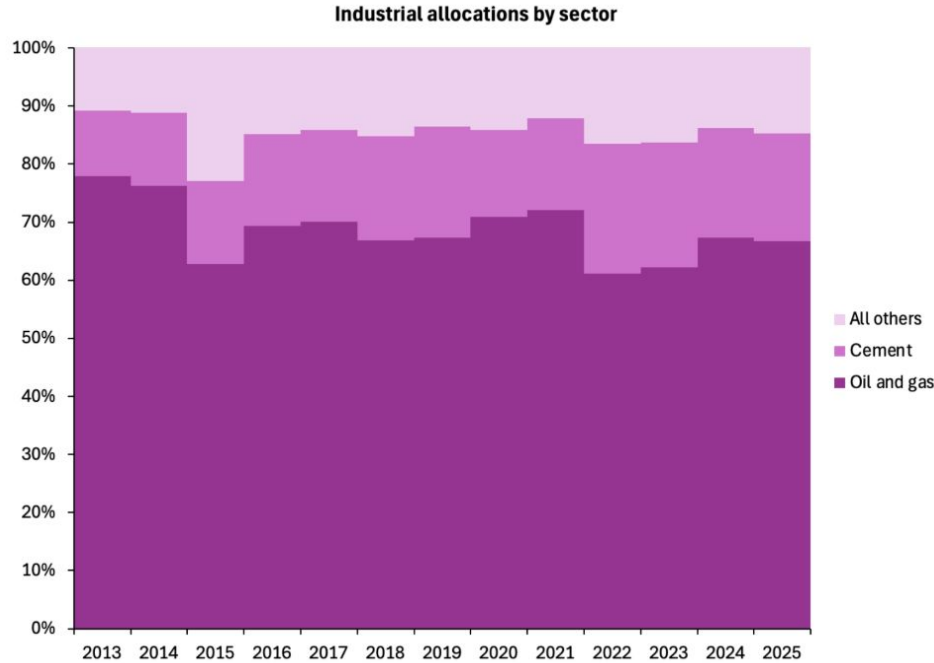


5-year total (2026-2030)



20-year total (2026-2045)

Carbon Market Reforms



Maximize revenues for affordability programs that benefit Californians by eliminating oil and gas subsidies (“free allowances”) and widely debunked offsets.

The Legislature should direct CARB to eliminate free allowances to the oil and gas industry.

The Legislature should eliminate the offsets program and utilize the resulting increases in generated revenue to fund equitable and tribal-led solutions through the GGRF.

Community Investments

These programs not only save climate costs down the road by reducing carbon emissions and building climate resilience, but also offer tangible and visible near-term, everyday cost-saving benefits to communities that have been historically excluded from such investments.

Regarding the CA Climate Credit:

- The Legislature should 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.
- The Legislature should also take steps to improve and expand enrollment in bill assistance programs.
- The Legislature should direct the CPUC to ensure the CA Climate Credit ratepayer rebate is given during the peak usage months.

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
CARB/CEC Clean Transportation Incentives	\$700M one-time appropriation for targeted programs
CEC Community Solar & Storage	\$250M appropriated over three years



Cumulative Impacts

- The Legislature should enact new legislation to prevent additional and expanding polluting facilities in environmental justice communities to secure air and water quality improvements.
- The Legislature should strengthen AB 617 by giving CARB explicit authority to enforce CERPs, targeting investments to community priorities (rather than industry incentives), and strengthening BARCT/BACT requirements.
- The Legislature should require two EJ seats on each air district board.

Questions?

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