

RESOLUTION

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 2016, the Los Angeles Department of Water and Power (LADWP) achieved the target set by California Senate Bill 32 to reduce greenhouse gas (GHG) emissions to 40 percent below the 1990 baseline level by 2030, meeting and exceeding this target 14 years ahead of the deadline; and

WHEREAS, by the end of 2022, LADWP’s power portfolio was 52 percent carbon-free, and its GHG emissions level was estimated to be 7 million metric tons (MMT)—approximately 60 percent below its 1990 emissions baseline; and

WHEREAS, the California Air Resources Board (CARB) implements and enforces the Cap-and-Trade Program, a key element of California’s strategy to eliminate greenhouse gas (GHG) emissions altogether by 2045, and allocates free allowances annually to each Electrical Distribution Utilities (EDU) to benefit their ratepayers, consistent with the original goals of the enabling legislation; and

WHEREAS, maintaining the regulatory certainty needed to achieve meaningful emissions reductions, without increasing Publicly Owned Utility rates or limiting customer offerings is essential to LADWP; the current CARB allowance allocation is used to directly assist ratepayers and help lower their energy bills; any reductions to the current allowance allocation would create budget uncertainty, increase utility costs, and thereby increase the rates on utility customers, the majority of whom reside in disadvantaged communities; and

WHEREAS, the number of allowances allocated by CARB to each EDU is based on its anticipated Cap-and-Trade Program compliance costs; any changes to the EDU, including a significant cut to the 10-year allowance allocation, would place extreme pressure on POU to recover funding shortfalls by raising electrical rates and/or reducing program offerings, at the very time customers continue to struggle with utility bill debt that was exacerbated by the Covid pandemic; and

WHEREAS, according to CARB calculations, in 2021 alone, POUs spent \$159 million on the above investments, and the use of allocated allowances for compliance has saved POU customers \$295 million; maintaining current allowance numbers will help keep electricity affordable for customers, while ensuring that POUs like LADWP can continue making meaningful progress towards emission reductions;

NOW, THEREFORE, BE IT RESOLVED, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2026-2027 State Legislative and Federal Legislative Programs SUPPORT for any legislation or regulation that directs the California Air Resources Board to observe previously allocated free allowances to LADWP through 2030 and to preserve the current valuation of the Renewable Portfolio Standard Adjustment Credit.

PRESENTED BY: Adrin Nazarian
ADRIN NAZARIAN
Councilmember, 2nd District

SECONDED BY: Heath Hall

MAY 26 2022

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