

ORDINANCE NO. _____

An ordinance amending Section 23.143.1 of the Los Angeles Administrative Code to maintain compliance with environmental laws and regulations related to environmental/emission credit and renewable energy credit programs

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Subsection (1)(a) of Section 23.143.1 of the Los Angeles Administrative Code is amended to read as follows:

(1) Notwithstanding any other provision of this Code to the contrary, the Board of Water and Power Commissioners and the General Manager of the Department of Water and Power shall have the authority to enter into contracts and financial transactions for environmental credits and Renewable Energy Credits (RECs), subject to the following:

(a) Definitions.

"Environmental Credit" means any environmental credit, attribute, allowance or benefit as may be defined by law, regulation, industry practice or convention, including, but not limited to, emissions credits or alternative fuel vehicle credits used for the purposes of compliance with environmental or energy laws, regulations and policies.

"Renewable Energy Credit" or "REC" means any credit, attribute, allowance or benefit that is an environmental certificate representing proof that a certain quantity of energy was generated or purchased from a renewable energy resource, often denominated in units of megawatt-hours (MWh), although other units may be used.

"Additional Environmental Attribute" or "AEA" means any additional environmental attribute for renewable energy that is otherwise not attributable to in-state regulatory programs.

Sec. 2. Subsection (1)(b) of Section 23.143.1 of the Los Angeles Administrative Code is amended to read as follows:

(b) This section applies only to the purchase, sale or exchange of Environmental Credits, RECs, and AEAs by the Department of Water and Power (Department) for compliance with environmental or energy laws, regulations and policies that support its production of electricity to serve its retail customers or for environmental purposes. The Department shall not

participate in the environmental markets to engage in speculative activities but rather to maintain compliance with environmental laws, regulations and policies.

Sec. 3. Subsection (1)(c) of Section 23.143.1 of the Los Angeles Administrative Code is amended to read as follows:

(c) Contracts and financial transactions entered into pursuant to this section shall be subject to the following limitations:

(1) Nitrogen Oxide (NOx) RECLAIM Trading Credits or RTCs: Spot purchase of single-year vintage credits shall not exceed \$60.00 per pound.

(2) Emission Reduction Credits or ERCs: purchase of PM10/PM2.5, sulfur oxides (SOx), reactive organic gases (ROG), carbon monoxide (CO), and NOx ERCs shall not exceed the following: \$700,000/lb/day for PM10/PM2.5, \$200,000/lob/day for Socks, \$40,000/lab/day for ROG, \$15,000/lob/day for CO, and \$700,000/lb./day for NOx.

(3) Cross-State Air Pollution Rule (CSAPR) NOx Ozone Season Trading Program allowances: Spot purchase of CSAPR allowances shall not exceed \$450,000 per ton.

(4) Energy Policy Act Alternative Fuel Vehicle Credits: Purchase shall not exceed \$5,000.00 per credit.

(5) Greenhouse Gas (GHG) Allowances, Offsets and Low Carbon Fuel Standard Credits: Purchase shall not exceed \$150.00 per allowance. Greenhouse gases include, but are not limited to, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and hydrocarbons.


(6) Renewable Energy Credits: Purchase shall not exceed \$100/REC.

Contracts and financial transactions entered into pursuant to this section shall be for a period not to exceed five years in duration from the date of execution, except that purchases for a longer term may be entered into in order to match or offset the likely duration of specific output from specific facilities owned or contracted for by the Department

Sec. 4. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By  _____
VAUGHN G. MINASSIAN
Deputy City Attorney

Date February 18, 2026

File No. _____

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The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____