

San Francisco Energy Efficiency Coordinating Committee

Cap-and-trade, CalEnviroScreen & San Francisco

Among the Energy Efficiency Coordinating Committee's responsibilities, according to the enabling legislation, is to advise the Board of Supervisors on the "... spending and allocation of new monies , including revenue received from the State cap-and-trade program...". The Committee did not engage much in this issue. Although San Francisco has received climate investments¹, the City does not rank highly using the methodology adopted by the state of California in identifying communities eligible for a portion of the cap-and-trade funds specifically targeted for disadvantaged communities.

AB 32 & SB 535

California's cap-and-trade program was created with the adoption of AB 32, the Global Warming Solutions Act of 2006, a market-based approach to reduce the state's greenhouse gas (GHG) emissions to 1990 levels by 2020. As stated by the California Air Resources Board, "Under cap-and-trade, an overall limit on GHG emissions from capped sectors will be established by the cap-and-trade program and facilities subject to the cap will be able to trade permits (allowances) to emit GHGs."²

Thus, GHG emitting facilities such as power plants and oil refineries, among other sources, can buy, sell and trade carbon allowances during auctions which are held quarterly. The revenues from the auctions are deposited into the Greenhouse Gas Reduction Fund (GGRF).

In 2012, the Legislature passed, and Governor Jerry Brown signed into law, Senate Bill 535 (de León). Under the provisions of SB 535, at least 25% of the funds that go to the GGRF must go to projects that benefit disadvantaged communities most impacted by climate change, with a minimum of 10% of investment projects located within these communities.

These investments are meant to benefit disadvantaged communities by providing funds for emissions reduction programs such as energy efficiency upgrades, clean freight transportation, and local clean energy sources as well as to improve a community's quality of life through jobs, transit improvements, affordable transit-oriented housing, among other benefits.

The bill also directs California Environmental Protection Agency (CalEPA) to identify these neighborhoods via a public process utilizing a tool that considers the combination of environmental pollution and socioeconomic indicators.

¹ California Climate Investments: 2015 Implemented GGRF Projects by Region, Metropolitan Planning Organization, County, and Legislative District. Retrieved at: www.arb.ca.gov/cc/capandtrade/auctionproceeds/2016_cci_geographic_breakdown.pdf

² California Air Resources Board website. Cap-and-Trade Program. Background Information. Retrieved from <https://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

CalEnviroScreen

For many years, the environmental justice movement in California, and across the nation, have advocated for the development of scientifically sound tools to identify environmental justice communities, i.e., low-income communities and communities of color disproportionately burdened by multiple sources of pollution and socioeconomic impacts.

In 2014, after years of input from community organizers, advocates and other stakeholders and an extensive peer review process, the California Environmental Protection Agency (CalEPA) and the Office of Environmental Health Hazard Assessment (OEHHA) released the first ever cumulative impact screening tool, the California Communities Environmental Health Screening Tool (CalEnviroScreen or CES).

The CalEnviroScreen is a tool that identifies the presence of both pollution burdens and population vulnerabilities throughout California’s approximately 8,000 census tracts. The current proposed iteration of the tool uses 20 statewide indicators. See below for the indicators used in CalEnviroScreen 3.0:

CES 3.0 Proposed Indicators

Pollution Burden		Population Characteristics	
Exposures	Environmental Effects	Sensitive Populations	Socioeconomic Factors
<ul style="list-style-type: none"> • Ozone • PM2.5 • Diesel Particulate Matter • Drinking Water Contaminants • Toxic Releases from facilities • Traffic Density 	<ul style="list-style-type: none"> • Cleanup sites • Groundwater threats • Hazardous waste facilities and generators • Impaired waters • Solid waste sites and facilities 	<ul style="list-style-type: none"> • Asthma ER visits • Cardiovascular Disease • Low Birth Weight Infants 	<ul style="list-style-type: none"> • Educational attainment • Linguistic Isolation • Poverty • Rent Adjusted Income • Unemployment

The CES uses the indicators to provide a statewide ranking of the census tracts in California, with communities with census tracts with high total scores being designated to have a high cumulative amount of pollution and vulnerable population characteristics.

San Francisco Ranking

As stated previously, SB 535 mandated that a portion of GGRF funds be directed to the state’s “disadvantaged communities.” CalEPA selected the CES as the tool to identify disadvantaged communities for certain GGRF investments.

As a result, in the proposed update to the tool, CES 3.0, there are 7 census tracts in San Francisco that meet the threshold for being in the top 25% of disadvantaged communities. In the previous iteration of the tool, CES 2.0, there were 3 census tracts in San Francisco that were in the 25%.

San Francisco has received climate investments. For example, three affordable housing projects have been funded through the Affordable Housing and Sustainable Communities program, which utilizes funds from the GGRF.

However, given that few census tracts are in the top 25%, this has limited San Francisco from being eligible for certain grants.

Advocates and environmental justice organizers continue to work with the CalEPA and OEHHA to strengthen the tool. Additionally, they have supported legislation, such as AB 1550 (Gomez) the Climate Investments in Disadvantaged Communities and to Low-Income Households, which sets aside funding for low-income households outside a designated disadvantaged community, in order to increase climate investments in overburdened communities.