

RESOLUTION NO. 5889(14)

**A Resolution of the Council of the City of Lompoc,
County of Santa Barbara, State of California,
Authorizing the Use of Green House Gas Allowance Proceeds**

WHEREAS, the California Global Warming Solution Act (“AB32”) became effective on January 1, 2013; and

WHEREAS, the California Air Resources Board (“CARB”) issued the City of Lompoc’s Electric Division 47,500 freely-allocated Green House Gas (“GHG”) allowances for Calendar Year 2013 that were consigned for auction; and

WHEREAS, all 47,500 City of Lompoc Electric Division’s Calendar Year 2013 freely-allocated GHG-allowances sold for a total of \$539,924, which was deposited into a protected revenue account in accordance with AB32 regulations; and

WHEREAS, CARB will annually issue the City of Lompoc’s Electric Division freely-allocated GHG-allowances, at least through Calendar Year 2020; and

WHEREAS, it is anticipated CARB will issue a total of 326,471 freely-allocated GHG-allowances to the City of Lompoc’s Electric Division between 2014 and 2020, which must be consigned for auction during the year they are issued; and

WHEREAS, the 326,471 CARB freely-allocated GHG-allowances remaining to be consigned between Calendar Years 2014 to 2020 are projected to sell for a total of \$4,307,956; and

WHEREAS, in accordance with Title 17 California Code of Regulations Section 95892(d)(1), proceeds obtained from the monetization of CARB freely-allocated GHG-allowances directly allocated to a publicly-owned electric utility shall be subject to any limitations imposed by the governing body of the utility; and

WHEREAS, in accordance with Title 17 California Code of Regulations Subsection 95892(d)(3), CARB GHG-allowance auction proceeds and allowance value obtained by the City of Lompoc’s Electric Division as an electrical distribution utility shall be used exclusively for the benefit of retail ratepayers, consistent with the goals of AB32, and may not be used for the benefit of entities or persons other than such ratepayers; and

WHEREAS, in accordance with Title 17 California Code of Regulations Subsection 95892(d)(5), the use of the value of any CARB freely-allocated GHG-allowance allocated to the City of Lompoc’s Electric Division, as an electrical distribution utility, other than for the benefit of retail ratepayers consistent with the goals of AB32, is prohibited.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Proceeds from CARB freely-allocated GHG allowance sales shall be used exclusively for the benefit of retail ratepayers, consistent with the goals of AB32, and may not be used for the benefit of entities or persons other than such ratepayers.

SECTION 2. Use of proceeds from CARB GHG-allowance sales, other than for the benefit of retail ratepayers consistent with the goals of AB32, is prohibited.

SECTION 3. CARB freely-allocated GHG-allowance sales revenue may be used to fund the Electric Division's 4-kV to 12-kV conversion and LED Street Lighting Retrofit projects, up to the amount of \$100,000 each per year.

SECTION 4. CARB freely-allocated GHG-allowance sales revenue may be used to fund the Electric Division's NCPA Middletown geothermal power-plant generation efficiency and steam-feed upgrade projects up to \$100,000 per year.

SECTION 5. CARB freely-allocated GHG-allowance sales revenue may be used to fund the procurement of renewable energy, up to \$1,360,000 per year.

SECTION 6. The City Council's appropriation authority, through the budget setting process or through the use of supplemental appropriations, is retained. The ultimate approved budget for authorized appropriations related to GHG-allowance sales remains with the City Council.

SECTION 7. Effective Date. This Resolution is effective on the day of its adoption.

The foregoing Resolution was proposed by Councilmember _____, seconded by Councilmember _____, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on February 18, 2014, by the following vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

John H. Linn, Mayor
City of Lompoc

ATTEST:

Stacey Alvarez, City Clerk
City of Lompoc