

RESOLUTION NO. 6706(24)

**A Resolution of the City Council of the City of Lompoc,
County of Santa Barbara, State of California,
Approving the Use of Greenhouse Gas Allowance Auction Proceeds**

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

WHEREAS, the City of Lompoc (City) is a member of the Northern California Power Agency (NCPA); and

WHEREAS, the City is a part owner of the NCPA Middletown geothermal power-plant generation facility; and

WHEREAS, the California Air Resources Board (CARB) issues the City freely-allocated Green House Gas (GHG) allowances annually that can be consigned for auction; and

WHEREAS, on August 12, 2012, the City Council adopted Resolution No. 5808(12) authorizing City staff to consign freely-allocated allowances in accordance with the CARB auction consignment strategy approved on that date; and

WHEREAS, CARB will annually issue to the City, as an electric distribution utility, approximately 180,000 freely-allocated GHG-allowances, through Calendar Year 2030; 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 City Council, the governing body of the City electric 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, 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, as an electrical distribution utility, other than for the benefit of retail ratepayers consistent with the goals of AB32, is prohibited; and

WHEREAS, on February 18, 2014, the City Council adopted Resolution No. 5889(14) identifying projects for which the CARB GHG-allowance sales proceeds were to be used; and

WHEREAS, two of the projects authorized by Resolution No. 5889(14) have been completed and the City Council wishes to identify new projects for use of the GHG-allowance sales proceeds.

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

SECTION 1. Resolution No. 5889(14) is hereby rescinded.

SECTION 2. 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 3. 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 4. CARB freely-allocated GHG-allowance sales revenue may be used to fund the following eligible programs and projects:

- Development of renewable energy including:
 - NCPA's Middletown geothermal power-plant generation efficiency and steam-feed upgrade projects up to \$100,000 per year,
 - Customer sized and utility sized photovoltaic systems (PV),
 - Battery Energy Storage System (BESS),
 - Purchase of energy from renewable sources,
 - Purchase of renewable energy projects;
- System upgrades including:
 - Electrification infrastructure improvement projects,
 - Efficiency and improvement updates to the distribution system's Supervisory Control and Data Acquisition (SCADA) management system,
 - Upgrade electric metering assets to advanced metering infrastructure (AMI),
 - Development of electric vehicle (EV) charging stations for municipal and public use,
 - Software to monitor PV systems and EV chargers within the City;
- Continued investment in energy efficiency for the City and customers including:
 - Equipment replacements such as heat pumps, water heaters, lighting, and motors,

- Building efficiency improvements such as insulation improvements and high efficiency windows,
- Education – outreach and engagement;
- EV purchases;
- Matching funds for eligible grant opportunities;
- Projects to reduce sulfur hexafluoride (SF6) in the electrical distribution system; and
- Operational efficiency performance studies.

SECTION 5. 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 6. Effective Date. This Resolution is effective on the day of its adoption.

The foregoing Resolution was proposed by Council Member _____, seconded by Council Member _____, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on September 17, 2024, by the following vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

Jenelle Osborne, Mayor
City of Lompoc

ATTEST:

Stacey Haddon, City Clerk
City of Lompoc