



City of Needles, California Request for City Council Action

☐ CITY COUNCIL ☒ NPUA

☒ Regular ☐ Special

Meeting Date: July 9, 2024

Title: Approve the 2021 – 2022 Greenhouse Gas Emissions Allowance and Offset Transaction from CP National and Evo Markets dated June 13, 2024

Background: Assembly Bill 32 requires California to return to 1990 levels of greenhouse gas emissions by 2020.

Under California's Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR), industrial sources, fuel suppliers, and electricity importers must report their annual GHG emissions to the California Air Resources Board (CARB). For reporters subject to the California Cap-and-Trade Program, submitted data are verified by a CARB-accredited independent third-party verifier.

Every year, covered entities turn in allowances and offsets for 30 percent of previous year's emissions. The City of Needles meets this requirement annually by utilizing the free allocation of allowances provided by CARB.

Each compliance period, covered entities turn in the remaining 70 percent allowances and a limited number of offsets covering the remainder of emissions in that compliance period. To meet the remaining 70 percent requirements entities may participate in CARB auctions or purchase allowances and offsets from the open market.

For the upcoming compliance period ending in November staff purchased the following 2021-2022 allowances and offsets to meet regulatory requirements.

	Debs Quantity (CCAs)	Non-Debs Quantity	Allowances Quantity (CCAs)
2022	457	457	15,094
2021	446	446	14,727

By November 2024 the remainder of the compliance period must be procured. The city will need to purchase CY 2023 allowances and offsets in FY 25. The Board of Public Utilities approved the recommended action on July 2, 2024.

Fiscal Impact: Market prices secured at \$36.20/CCA and \$16.25/Non-Debs from CP Energy for a total price of \$1,126,822.50 and a broker fee from Evo Markets of 1% of the total transaction \$11,268.22. The FY 24 electric budget was charged \$1,138,090.22.

Recommended Action: Approve the 2021 – 2022 Greenhouse Gas Emissions Allowance and Offset Transaction from CP National and Evo Markets dated June 13, 2024

Submitted By: Rainie Torrance, Assistant Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 7/3/2024

Other Department Approval (when required): Paul D. Dole

Date: 7/3/24

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 2