City of Needles, California
Request for Commission Action

☒ CITY COUNCIL ☐ BOARD OF PUBLIC UTILITIES ☒ Regular ☐ Special

Meeting Date: September 1, 2026

Title: Accept and File the 2027 California Air Resources Board (CARB) Publicly Owned Utility (POU) Allocation Distribution Form and Annual Free Allowance Allocation under the California Cap-and-Trade Program

Background: On April 28, 2026, the Needles Public Utility Authority (NPUA) and the City of Needles submitted a letter of support for amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation. The NPUA and City of Needles supported the proposed language changes identified in the Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information.

The proposed regulatory amendments would increase the number of free allowances allocated to publicly owned utilities (POUs) that have been negatively impacted financially by the State's greenhouse gas compliance requirements. Enclosed is the annual POU report documenting the allocation and distribution of the 2027 free allowances to the City's Compliance Holding Account.

Historically, the City/NPUA has received approximately 6,500 free allowances annually. This limited allocation has placed an additional financial burden on the NPUA and its ratepayers to meet applicable compliance obligations.

The California Air Resources Board (CARB) subsequently approved the regulatory changes. As a result, the City/NPUA will receive a significant increase in free allowances. The revised allocations are **14,523 allowances for 2027, 14,623 allowances for 2028, and 27,557 allowances for 2029**.

This increase will provide meaningful financial relief to the NPUA by reducing the number of allowances that must be purchased to satisfy future compliance obligations and will help mitigate the financial impact on utility ratepayers.

Fiscal Impact: The City/NPUA is able to utilize the free allowances to satisfy the annual compliance obligation for 30% of its verified GHG emissions. This increased allocation reduces the number of allowances the NPUA must purchase on the open market, thereby helping to reduce compliance costs and the financial burden on ratepayers.

Environmental Impact: Increase in allowances to offset emissions

Recommended Action: Accept and File the 2027 California Air Resources Board (CARB) Publicly Owned Utility (POU) Allocation Distribution Form and Annual Free Allowance Allocation under the California Cap-and-Trade Program

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J Martinez Date: 8/25/2026

Other Department Approval (when required): ______________________ Date: ____________