



# City of Needles, California Request for City Council Action

CITY COUNCIL     NPUA

Regular     Special

**Meeting Date:** October 22, 2024

**Title:** Approve the 2023 Greenhouse Gas Emissions Allowance Transaction from CP Energy Marketing LP and Evolution Market

**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 CARS-accredited independent third-party verifier.

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

In 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 1, 2024 staff purchased 2021-2022 allowances and offsets to meet regulatory requirements in June 2024 for \$1,138,090. For 2023 the city had an obligation of 16,434 allowances. The total cost of GHG allowances and offsets for the triannual compliance period (2021-2023) was \$1,758,868.14.

The Board of Public Utilities approved the requested action at the regularly scheduled meeting on October 15, 2024.

**Fiscal Impact:** Evolution Markets located the vintage year 2023 allowances at \$37.40/allowance. The cost for the allowances to Capital Power is \$614,631.60 and the broker fee to Evolution Markets is 1% of the transaction for a cost of \$6,146.32. The adopted FY 25 electric budget included funds to cover this transaction for the upcoming compliance period.

**Environmental Impact:** Offsets reduce CO2e emissions generated by facilities.

**Recommended Action:** Approve the 2023 Greenhouse Gas Emissions Allowance Transaction from CP Energy Marketing LP (\$614,631.60) and Evolution Market (\$6,146.32) for a total amount not to exceed \$620,778 to be funded from the adopted FY25 electric budget

**Submitted By:** Rainie Torrance, Utility Manager

**City Manager Approval:** Patrick J. Martinez Date: 10/16/2024

**Other Department Approval (when required):** Kenneth McDonald Date: 10/16/2024

Approved:

Not Approved:

Tabled:

Other:

Agenda Item: \_\_\_\_\_