

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: March 17, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations and Neighborhoods Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File: 15-0002-S130
Assignment No.: 16-02-0163

SUBJECT: Resolution (Buscaino – Blumenfield) to SUPPORT AB 1657 (O'Donnell):
Resources for Clean Air Programs at Port Facilities

CLA RECOMMENDATION: ADOPT Resolution (Buscaino – Blumenfield) to include in the City's 2015-16 State Legislative Program, SUPPORT of AB 1657 (O'Donnell), which would establish the Zero/Near-Zero Emission Intermodal Terminals Program to fund equipment upgrades and investments at intermodal terminals to help transition the state's freight system to zero/near-zero emission levels, and the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program to fund energy efficiency upgrades/investments at public ports to reduce electrical load and increase on-site renewable generation.

SUMMARY

On February 23, 2016, a Resolution (Buscaino – Blumenfield) was introduced in support of AB 1657 (O'Donnell), which seeks to reduce greenhouse gas emissions by dedicating cap-and-trade revenues to mitigate the environmental costs associated with California ports. AB 1657 would establish the Zero/Near-Zero Emission Intermodal Terminals Program and the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program.

The legislation relies on the cap-and-trade program, formally adopted by the state in 2013. This market-based approach intends to control pollution by offering economic incentives in exchange for businesses cutting greenhouse gas emissions. The collected funds are then used to address the state's environmental challenges, particularly from public ports; in Southern California, this includes the Port of Long Beach and the Port of Los Angeles. The Resolution requests Council to support AB 1657 to establish the Zero/Near-Zero Emission Intermodal Terminals Program and the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program.

BACKGROUND

Zero/Near-Zero Emission Intermodal Terminals Program

The Zero/Near-Zero Emission Intermodal Terminals Program would be administered by the California Air Resources Board (CARB) to fund equipment upgrades and investments at intermodal terminals to help transition the state's freight system to be zero/near-zero-emission operations. Funding would be provided through the Greenhouse Gas Reduction Fund. Eligible projects shall include, but not be limited to:

- Early deployment of zero/near-zero-emission cargo handling equipment at intermodal terminals;
- Fueling infrastructure necessary for the deployment of zero/near-zero emission equipment; and
- Other projects that facilitate the transition of cargo handling equipment to zero/near-zero emission equipment.

The California Global Warming Solutions Act of 2006 designates the California Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the legislature.

Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program

The Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program would be administered by the State Energy Resources Conservation and Development Commission for the purpose of funding energy efficiency upgrades and investments at public ports that help reduce electrical load and increase on-site renewable generation. The program would be funded with moneys from the Greenhouse Gas Reduction Fund. Eligible projects shall include, but not be limited to:

- Installation of renewable technologies at marine terminals, warehouses, and other freight facilities at public ports;
- Replacement of conventional lighting at public ports;
- Implementation of energy efficiency measures that reduce grid-based energy demand from operations at public ports; and
- Other projects that add to the electrification of public ports and reduce greenhouse gases.

Existing law establishes the State Energy Resources Conservation and Development Commission and requires the commission to administer various programs to award grants and other financial assistance for energy-related projects. The Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program would be administered by the commission and implemented with moneys from the Greenhouse Gas Reduction Fund.

Both the Zero/Near-Zero Emission Intermodal Terminals Program and the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program contain specific program guidelines and funding criteria for projects to qualify as eligible.

DEPARTMENTS NOTIFIED

Harbor Department

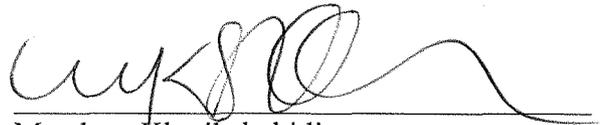
BILL STATUS

1/13/16 Read first time. To print.

1/14/16 From printer. May be heard in committee February 13.

2/4/16 Referred to Committees on Natural Resources and Transportation

3/10/16 In committee: Set, first hearing. Hearing canceled at the request of author.



Mandana Khatibshahidi

Analyst

Attachments:

(1) Resolution (Buscaino – Blumenfield)

(2) AB 1657 (O'Donnell)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the California Global Warming Solutions Act of 2006 designates the California Air Resources Board (CARB) as the state agency charged with monitoring and regulating greenhouse gas emissions (GHGs); and

WHEREAS, the Act authorizes CARB to administer the Greenhouse Gas Reduction Fund which supports efforts that reduce GHGs and improve the health and welfare of local communities; and

WHEREAS, AB 1657 (O'Donnell) would establish the Zero/Near-Zero Emission Intermodal Terminals Program, to be administered by CARB, to fund equipment upgrades and investments at intermodal terminals to help transition the state's freight system to zero/near-zero emission levels; and

WHEREAS, AB 1657 also seeks to establish the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program to fund energy efficiency upgrades/investments at public ports to reduce electrical load and increase on-site renewable generation; and

WHEREAS, the measure provides that the Greenhouse Gas Reduction Fund support both programs; and

WHEREAS, the provisions of AB 1657 seek to significantly reduce GHGs at local communities impacted by poor air quality and thereby improve the public health and welfare;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 State Legislative Program SUPPORT for AB 1657 (O'Donnell) which would establish:

- The Zero/Near-Zero Emission Intermodal Terminals Program to fund equipment upgrades and investments at intermodal terminals to help transition the state's freight system to zero/near-zero emission levels; and
- The Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program to fund energy efficiency upgrades/investments at public ports to reduce electrical load and increase on-site renewable generation.



FEB 23 2016

PRESENTED BY:


 JOE BUSCAINO
 Councilmember, 15th District

SECONDED BY:



ASSEMBLY BILL

No. 1657

Introduced by Assembly Member O'Donnell

January 13, 2016

An act to add Chapter 4.3 (commencing with Section 39740) to Part 2 of Division 26 of the Health and Safety Code, and to add Chapter 8.9 (commencing with Section 25790) to Division 15 of the Public Resources Code, relating to air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1657, as introduced, O'Donnell. Air pollution: public ports and intermodal terminals.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

This bill would establish the Zero- and Near-Zero-Emission Intermodal Terminals Program to be administered by the state board to fund equipment upgrades and investments at intermodal terminals, as defined, to help transition the state's freight system to be zero-emission and near-zero-emission operations. The bill would authorize the program to be implemented with moneys from the Greenhouse Gas Reduction Fund.

(2) Existing law establishes the State Energy Resources Conservation and Development Commission and requires the commission to administer various programs to award grants and other financial assistance for energy-related projects.

This bill would establish the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program to be administered by the commission for the purpose of funding energy efficiency upgrades and investments at public ports that help reduce electrical load and increase on-site renewable generation. The bill would authorize the program to be implemented with moneys from the Greenhouse Gas Reduction Fund.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 4.3 (commencing with Section 39740)
2 is added to Part 2 of Division 26 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 4.3. ZERO- AND NEAR-ZERO-EMISSION INTERMODAL
6 TERMINALS PROGRAM
7

8 39740. For purposes of this section, “intermodal terminal” has
9 the same meaning as defined in the California Freight Mobility
10 Plan developed by the Transportation Agency.

11 39742. (a) The Zero- and Near-Zero-Emission Intermodal
12 Terminals Program is hereby established to be administered by
13 the state board to fund equipment upgrades and investments at
14 intermodal terminals to help transition the state’s freight system
15 to be zero-emission and near-zero-emission operations.

16 (b) Moneys from the Greenhouse Gas Reduction Fund, created
17 pursuant to Section 16428.8 of the Government Code, shall be
18 available, upon appropriation by the Legislature, to implement this
19 chapter consistent with paragraph (1) of subdivision (c) of Section
20 39712.

21 39744. Eligible projects shall include, but need not be limited
22 to, any of the following:

1 (a) The early deployment of zero-emission and
2 near-zero-emission equipment that handles the transfer of cargo
3 at intermodal terminals.

4 (b) The installation of infrastructure necessary for the
5 deployment of zero-emission and near-zero-emission equipment,
6 including, but not limited to, fueling infrastructure at intermodal
7 terminals.

8 (c) Other projects that facilitate the transition of cargo handling
9 equipment to zero-emission and near-zero-emission equipment.

10 39746. The state board shall develop and adopt program
11 guidelines that do all of the following:

12 (a) Are consistent with the California Global Warming Solutions
13 Act of 2006 (Division 25.5 (commencing with Section 38500))
14 and the Greenhouse Gas Reduction Fund Investment Plan and
15 Communities Revitalization Act (Chapter 4.1 (commencing with
16 Section 39710)).

17 (b) Include baseline equipment eligibility with respect to the
18 types of equipment that will satisfy the zero-emission and
19 near-zero-emission requirement, subject to feasibility requirements
20 adopted by the state board.

21 (c) Establish limits on award amounts so that no one project or
22 entity receives more than 50 percent of the program funding.

23 39748. In allocating moneys pursuant to this chapter, the state
24 board shall consider all of the following:

25 (a) The impact of the investment on freight system efficiency.

26 (b) The degree to which the investment facilitates transition of
27 the freight system to zero or near-zero emissions.

28 (c) The impact on the cost and competitiveness of the state's
29 freight sector.

30 (d) The reduction of greenhouse gases.

31 SEC. 2. Chapter 8.9 (commencing with Section 25790) is added
32 to Division 15 of the Public Resources Code, to read:

33
34 CHAPTER 8.9. PORT BUILDING AND LIGHTING EFFICIENCY
35 GREENHOUSE GAS REDUCTION FUND PROGRAM

36
37 25790. (a) The Port Building and Lighting Efficiency
38 Greenhouse Gas Reduction Fund Program is hereby established
39 to be administered by the commission for the purpose of funding
40 energy efficiency upgrades and investments at public ports that

1 help reduce electrical load and increase on-site renewable
2 generation.

3 (b) Moneys from the Greenhouse Gas Reduction Fund, created
4 pursuant to Section 16428.8 of the Government Code, shall be
5 available, upon appropriation by the Legislature, to implement this
6 chapter consistent with paragraph (1) of subdivision (c) of Section
7 39712 of the Health and Safety Code.

8 25792. Eligible projects shall include, but need not be limited
9 to, any of the following:

10 (a) The installation of renewable technologies at marine
11 terminals and at warehouses and other freight facilities at public
12 ports.

13 (b) The replacement of conventional lighting at public ports.

14 (c) The implementation of energy efficiency measures that
15 reduce grid-based energy demand from operations at public ports.

16 (d) Other projects that add to the electrification of public ports
17 and reduce greenhouse gases.

18 25794. The commission shall develop and adopt program
19 guidelines that are consistent with the California Global Warming
20 Solutions Act of 2006 (Division 25.5 (commencing with Section
21 38500)).

22 25796. (a) To receive funding pursuant to this chapter, all of
23 the following shall occur:

24 (1) A public port shall develop and adopt, in consultation with
25 the respective electrical corporation, as defined in Section 218 of
26 the Public Utilities Code, or local publicly owned electric utility,
27 as defined in Section 224.3 of the Public Utilities Code, providing
28 service to the port, an energy plan that meets all of the following
29 criteria:

30 (A) (i) Is reviewed and approved by the commission.

31 (ii) The commission shall require any proposed changes to be
32 made before approving the plan.

33 (B) Adheres to the state's preferred energy loading order and
34 requires benchmarking for energy retrofit projects and the reporting
35 of measurable energy savings.

36 (2) The project applicant shall demonstrate that the project will
37 achieve a reduction in greenhouse gases.

38 (b) In prioritizing projects for awarding funding, the commission
39 shall consider the extent to which a project would reduce emissions
40 of greenhouse gases and provide environmental and public health

1 cobenefits, including, but not limited to, improved air and water
2 quality.

3 SEC. 3. This act is an urgency statute necessary for the
4 immediate preservation of the public peace, health, or safety within
5 the meaning of Article IV of the Constitution and shall go into
6 immediate effect. The facts constituting the necessity are:

7 In order to implement at the earliest possible time programs to
8 provide incentives for the transition of goods movement equipment
9 to zero- and near-zero-emission technology and the reduction of
10 greenhouse gases at public ports, it is necessary for this act to take
11 effect immediately.

O