



Emission Reduction Credits – Municipal Finance Districts

SUMMARY OF THE ISSUE

Many local governments are in the process of establishing municipal energy financing districts and solar financing districts, pursuant to AB 811. The establishment of these districts will make it easier for property owners to install energy efficient upgrades and solar panels to their property. These programs essentially provide an incentive for property owners to take measures to reduce greenhouse gas emissions and meet the GHG reduction goals specified in AB 32.

Allowing local government agencies to create emission reduction credits, based on the reductions resulting from implementation of the finance districts that can be traded or sold on the open market would generate revenue for that local agency. This opportunity could also incentivize more jurisdictions to participate in the development of local finance districts, pursuant to AB 811.

PUBLIC BENEFIT/IMPACT

This proposal would provide an opportunity for individuals and organizations to offset their carbon footprint through a market system that would also benefit their local government agency. The revenue generated through the sale of credits by the local government agency can then be applied towards other projects beneficial to the public (additional GHG reduction projects, expand recycling programs, conversation of open space, etc) or provide additional funding in the finance district.

COST TO THE GOVERNMENT

Allowing local government agencies to create emission reduction credits that can be traded or sold on the open market would generate revenue for that local agency. The revenue could then be applied towards other projects that are beneficial for that agency and the public or create additional funding to be used in the finance district.

REQUESTED ACTION AND STRATEGY

Support legislation to authorize local government agencies to create emission reduction credits using the emission reductions resulting from a project that is funded through a municipal energy or solar finance district.

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