California to Direct Clean Energy Funds to Low-Income Communities

By Vien Truong

On September 30, California took a big step toward giving all residents access to clean energy and green jobs when Governor Jerry Brown signed SB 535 and AB 1532 into law. The new laws—which are the result of a four-year campaign by a broad-based coalition—will invest hundreds of millions of dollars towards greening underserved areas and in the process, support small businesses and bring clean energy jobs to disadvantaged communities each year.

The story begins in 2006, when lawmakers passed the landmark law AB 32, which requires California to reduce its greenhouse gas emissions to 1990 levels by the year 2020. To achieve this goal, the California Air Resources Board established a cap-and-trade program, which puts a cap on the amount of air pollution that a power or industrial plant can produce and requires the facilities to purchase credits when they exceed it. The program is projected to generate $1 billion in revenue for the state next year.

To ensure that a meaningful piece of this new resource would go to the low-income and communities of color primarily affected by the pollution, a coalition consisting of the Greenlining Institute, the Coalition for Clean Air, California NAACP, Natural Resources Defense Council, Ella Baker Center for Human Rights, and Asian Pacific Environmental Network sponsored legislation that became Senate Bill 535, introduced by Senator Kevin De León (D-Los Angeles). Among the bill’s stakeholders were public agencies, business associations, public health organizations, labor, transportation, environmental and conservation groups, ethnic and immigrant organizations, and economic justice, housing, and faith-based organizations. While not every group backed the cap-and-trade program—it was held up in court for over a year due to its possible negative impacts on environmental justice communities—these groups shared the belief that if the program is to go forward, it must be done in a way that maximizes benefits to communities that need them most.

Maximizing Benefits of Cap-and-Trade

To reinforce SB 535, Assembly Speaker John A. Pérez (D-Los Angeles) sponsored AB 1532 for a two-pronged approach to maximizing the benefits from revenues raised by cap-and-trade.

In essence, SB 535 will determine where a portion of the funds will go, while AB 1532 will guide how the funds will flow. Specifically, AB 1532 creates a public process that structures how funds from AB 32 should be allocated by providing parameters on the green sectors to invest in, and guidance on the fund distribution process.

SB 535 ensures that at least 25 percent of cap-and-trade funds benefit “disadvantaged communities,” with at least 10 percent of the funds being invested directly in those areas. Officials will identify disadvantaged communities based on geographic, socioeconomic, public health, and environmental hazard criteria. They may include, but are not limited to, areas disproportionately affected by pollution and other hazards that can lead to negative public health effects or environmental degradation and areas with a concentration of people who have low-incomes, high unemployment rates, low levels of homeownership or educational

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attainment, and a high rent burden.

Since AB 32 was signed, venture capital for clean energy has been flowing into California in record amounts and the two new laws are expected to help maintain that momentum in addition to providing transparency, longevity, and certainty to California’s climate policy.

Delivering Promises

If there’s one thing communities of color know very well, it’s that passing a law is not the same as implementing it effectively and making sure it delivers on its promise. Fortunately, opportunities for public input are built into the implementation process for these bills.

The California Environmental Protection Agency (CalEPA), which is charged with identifying the disadvantaged communities for investment opportunities, has already begun its work. Under its direction, the Office of Environmental Health Hazard Assessment (OEHHA) is conducting a series of regional public workshops to get input on a draft “cumulative impacts screening tool,” which is a means for identifying and mapping the communities hardest hit by pollution.6

The organizations that cosponsored SB 535 are committed to closely following the technical and complex process of implementing the laws. However, they need to hear from organizations that are working on environmental and clean energy issues in disadvantaged communities about what works and what is needed, including information about current funding from various state agencies, effective programs that should be continued, and the gaps in funding, if any, that need to be addressed.

Creating An Equitable Green Future

SB 535 is an important step towards ensuring that California creates an equitable green future for itself. Creating a green and equitable economy is not just a political or legislative challenge, it’s a moral obligation.

There are communities in California (and around the U.S.) that suffer disproportionate levels of pollution, poverty, and unemployment. We have to make sure that those areas are prioritized because it’s where we will see the highest return on our investments. By investing in local businesses and creating good-paying jobs, we will see significant improvements in the economy while simultaneously seeing a reduction in energy use and reliance on dirty fossil fuels—foreign or domestic.

With AB 1532 and SB 535, California has the potential to set a nationwide trend on how to transform disadvantaged areas from pollution sites to solution sites. We just need to be vigilant to ensure that the process fulfills its promise.

Endnotes
1. <arb.ca.gov/cc/ab32/ab32.htm>
2. <arb.ca.gov/homepage.htm>
3. <lao.ca.gov/analysis/2012/resources/cap-and-trade-auction-revenues-021612.aspx>
4. <leginfo.ca.gov/pub/11-12/bill/sen/sb_0501-0550/sb_535_bill_20120930_chaptered.pdf>
5. <leginfo.ca.gov/pub/11-12/bill/asm/ab_1501-1550/ab_1532_bill_20120930_chaptered.pdf>
6. To find out how to get educated and engage in the process, visit <oehha.ca.gov/ej/index.html>.
Race, Poverty and the Environment (RP&E) is Urban Habitat’s national journal of social and environmental justice, founded in 1990 in partnership with the Center on Race, Poverty & the Environment. For over two decades we have covered how low-income people and communities of color are organizing to win equality and justice. Multiracial, multi-issue organizations capable of uniting constituencies for social justice action have never been more critical. RP&E is a longtime and crucial connection point for advocacy groups, regionally and nationally.

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