

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	06/22/15	Open	Action	06/17/15

Subject: Declaring RT's Accrued Low Carbon Fuel Standards (LCSF) Carbon Credits Surplus Property Pursuant to Chapter 2 of RT's Procurement Ordinance and Authorizing the General Manager/CEO or Designee to Sell Low Carbon Fuel Standards (LCFS) Credits Received through the California Air Resources Board Low Carbon Fuel Standard Program

ISSUE

Whether or not to declare RT's accrued Low Carbon Fuel Standards (LCSF) Carbon Credits Surplus Property pursuant to Chapter 2 of RT's Procurement Ordinance and authorize the General Manager/CEO or Designee to sell RT's LCFS carbon credits received through the California Air Resources Board Low Carbon Fuel Standard Program.

RECOMMENDED ACTION

Adopt Resolution 15-06-____, Declaring RT's Accrued Low Carbon Fuel Standards (LCSF) Carbon Credits Surplus Property Pursuant to Chapter 2 of RT's Procurement Ordinance and Authorizing the General Manager/CEO or Designee to Sell RT's LCSF Carbon Credits Received through the California Air Resources Board Low Carbon Fuel Standard Program.

FISCAL IMPACT

Approval of this resolution will enable RT to receive funds for the sale of LCFS credits, which will accumulate in RT's California Air Resources Board account. The sale of the accumulated credits as of June 2015 is estimated at \$184,000.

DISCUSSION

On January 19, 2007, Executive Order S-1-07 enacted an LCFS directive. The LCFS directive requires oil refineries and distributors to ensure that the mix of fuel they sell in the California market meets the established declining targets for greenhouse gas (GHG) emissions, measured in CO₂-equivalent grams per unit of fuel energy sold for transport purposes. The LCFS directive calls for a reduction of at least 10 percent in the carbon intensity of California's transportation fuels by 2020. These reductions include not only tailpipe emissions, but also all other associated emissions from the production, distribution and use of transport fuels within the state. Therefore, California LCFS considers the fuel's full life cycle, also known as the "well to wheels" or "seed to wheels" efficiency of transport fuels. The standard is also aimed to reduce the State's dependence on petroleum, create a market for clean transportation technology, and stimulate the production and use of alternative, low-carbon fuels in California. The LCFS is a mix of command and control regulation, and emissions trading, as it will use market-based mechanisms that allow providers to choose how they will reduce emissions while responding to consumer demand.

Approved:

Presented:

Final 06/17/15

General Manager/CEO

Chief Financial Officer, Acting

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Subject: Declaring RT's accrued Low Carbon Fuel Standards (LCSF) Carbon Credits, Surplus Property pursuant to Chapter 2 of RT's Procurement Ordinance and Authorizing the General Manager/CEO or Designee to Sell Low Carbon Fuel Standards (LCFS) Credits Received through the California Air Resources Board Low Carbon Fuel Standard Program

RT applied for and began receiving LCFS credits for the quarter ended December 31, 2014. As of the beginning of June, RT has cumulated 7,347 of carbon credits that are available to be sold. Using an estimated rate of \$25 per credit, this could yield approximately \$184,000 in revenues. However, due to accounting rules governing revenue recognition, RT will need to sell these credits prior to the end of the fiscal year, if RT wants to record the revenue as of June 30, 2015. Before RT can sell the LCSF carbon credits, RT's Board must declare the credits surplus property pursuant to Chapter 2 of RT's Procurement Ordinance. Staff recommends that the Board declare RT's current allotment of LCSF credits surplus property.

At this time, RT does not have a Board adopted Policy or Plan for the sale of its LCFSS. Consequently there is no authority to sell the accumulated carbon credits. While staff is working on developing a comprehensive plan for presentation to the Board later this year, there is a current pressing need to sell RT's current carbon credit accrual. To facilitate the sale of RT's current accrual on a one-time basis, the General Manager/CEO authorized release of a Letter of Solicitation (LOS) to hire a broker on a short term basis to sell RT's carbon credits by June 30, 2015. While the process to issue the solicitation document to the public has begun, a broker had not been selected at the time of this writing. Because of the short time frame to sell the LCFS credits by June 30, 2015, Staff recommends that the Board authorize the one-time sale of RT's LCFS credits by June 30, 2015 after selecting a broker through the LOS process.

RESOLUTION NO. 15-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 22, 2015

DECLARING RT'S ACCRUED LOW CARBON FUEL STANDARDS (LCSF) CARBON CREDITS SURPLUS PROPERTY PURSUANT TO CHAPTER 2 OF RT'S PROCUREMENT ORDINANCE AND AUTHORIZING THE GENERAL MANAGER/CEO OR DESIGNEE TO SELL RT'S LCSF CARBON CREDITS RECEIVED THROUGH THE CALIFORNIA AIR RESOURCES BOARD LOW CARBON FUEL STANDARD PROGRAM

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby declares RT's accrued Low Carbon Fuel Standards (LCFS) carbon credits Surplus Property pursuant to Chapter 2 of RT's Procurement Ordinance; and

THAT, the Board hereby authorizes the General Manager/CEO to sell RT's Low Carbon Fuel Standards (LCFS) credits received through the California Air Resources Board Low Carbon Fuel Standard Program on a one-time basis through the employment of a broker or other authorized dealer of LCFS credits.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary