

Greenhouse Gas Reduction Fund: Expenditure Record

California Energy Commission
Carbon Removal Innovation Support Program – CRISP
Fiscal Year 2023-24

Authorizing legislation:

Assembly Bill (AB) 209 (Chapter 251, Statutes of 2021) authorizes the California Energy Commission (CEC) to provide financial incentives to help develop direct air capture technologies that use mechanical and chemical processes. The CEC has named the program the Carbon Removal Innovation Support Program or CRISP, and this is the name used in this expenditure record.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding:

- California Energy Commission

Amount of proposed expenditure and appropriation reference:

- The total expenditure is \$20 million in Greenhouse Gas Reduction Funds, per Items 3360-003-3228 and 3360-103-3228 of the Budget Act of 2024 (SB –109, Budget Act of 2023).
- The funds shall be available for encumbrance or expenditure by the CEC until June 30, 2027, and shall be available for liquidation until June 30, 2030.

Estimated amount of expenditures for administering agency administrative costs

- The total expenditure includes \$2 million in Greenhouse Gas Reduction Funds for administrative costs to support the program and provide incentives for carbon removal innovation.

If applicable, identify laws or regulations that govern how funds will be used

- AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the Cap-and-Trade Program auction proceeds will be administered to further the purposes of AB 32.
- AB 398 (E. Garcia, Chapter 135, Statutes of 2017) prioritizes energy efficiency and renewable energy for expenditures from the Greenhouse Gas Reduction Fund.
- The Budget Act of 2020 provides direction on the types of projects that should be funded under the Greenhouse Gas Reduction Fund.

- AB 209 established the CRISP program and provides direction on how the funds will be allocated to recipients, including requirements for project eligibility and program implementation. All CRISP funds will be allocated and managed per this law.

Continuation of existing Expenditure Record

- This is a new program that does not have an existing Expenditure Record.

Project Type(s)

- Carbon dioxide removal directly from the atmosphere using direct air capture technologies.

Describe the projects and/or measures that will be eligible for funding

CRISP aims to provide financial support to projects that promote direct air capture, which directly removes carbon dioxide from the atmosphere through physical processes, chemical processes, or both. Additionally, CRISP aims to create opportunities for direct air capture projects to integrate with other elements of the ecosystem carbon management services. This includes various technologies and pathways that also contribute to achieving statewide decarbonization goals, such as carbon dioxide point source capture, transport, utilization, and storage.

Intended recipients

- Non-profit organizations
- Businesses
- Universities and Research Institutions

Program structure and process for selecting projects for funding

- Competitive solicitation, evaluation, and selection of projects according to program guidelines.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is consistent with the Investment Plan and the Scoping Plan

- AB 1532 (Chapter 807, Statutes of 2012) requires that monies from the Greenhouse Gas Reduction Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The proposed expenditure facilitates greenhouse gas (GHG) emissions reductions, prioritizes projects that foster job creation, and provides opportunities for communities to participate in and benefit from GHG emission reduction efforts, consistent with the Investment Plan for Fiscal Years 2022-23 through 2024-25.
- California's 2022 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32 and related statutes.

Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- Direct air capture technologies will actively remove carbon dioxide from the atmosphere, thereby directly reducing net emissions of GHGs (and thus atmospheric concentrations of GHGs) and contributing to the goals outlined in Division 25.5 of the Health and Safety Code.
- Investment in direct air capture infrastructure will provide the necessary tools for industries and other sectors to achieve net-zero emissions, aligned with California's climate policies and long-term sustainability goals. Projects that benefit a petroleum or gas production, processing, or refining facility, through enhanced oil and gas recovery, are not eligible.
- By pairing direct air capture systems with eligible renewable energy sources as defined in SB 100, the proposed expenditures will promote a lower carbon economy in California. This maximizes net GHG emission reductions.
- Cost-share under the program will leverage federal funding opportunities for the above-mentioned technologies.

Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained

- GHG emission reductions are expected to occur shortly after the implementation of the direct air capture technology, with the potential for further reductions as the technology scales and improves its efficiency.
- The CEC will oversee the direct air capture projects, so that captured carbon dioxide is permanently sequestered or utilized in a manner that results in lasting reductions in GHG emissions, supported by continuous monitoring and adherence to regulatory compliance protocols.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

- Investment in direct air capture technology can lead to new industries and job opportunities in engineering, manufacturing, and operations. This can stimulate local economies and provide a platform for innovation and technological advancement in clean energy sectors.

How the project will support other objectives of AB 32 and related statutes

- The expenditure provides opportunities for communities to participate in and benefit from statewide efforts to reduce GHG emissions.
- Projects are required to create a Community Benefits Plan Development Proposal as a part of their final deliverables upon the completion of the project. It includes plans for outreach and engagement; impacts on criteria pollutants, water and other resources; potential benefits to local communities; and approaches for negotiating future Community Benefits Agreements and integrating stakeholder and community feedback to develop and improve ongoing engagement.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance

- The CEC did not include a minimum target to locate projects within and provide benefits to priority populations. However, proposed projects may qualify for additional preference points in scoring if they can demonstrate benefits to the disadvantaged and/or low-income communities and receive a minimum passing score of 70%.
- Program staff plan to implement reporting for community benefits.

Describe the benefits to priority populations per CARB guidance

- The program prioritizes projects that foster job creation.
- The program provides opportunities for communities to participate in and benefit from the projects.

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- To help maximize benefits to disadvantaged communities, the CEC will coordinate with local and regional entities to host workshops that allow the public to provide input on the types of projects that would be funded.
- Projects that meaningfully address an important community need will receive additional points in scoring.

Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- The CEC will provide preference points during the scoring phase for applications to ensure their projects do not have substantial burdens to disadvantaged communities and low-income communities.

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- The CEC has over 30 years of experience implementing similar programs and projects. Recipient agreements will include a statement of work, budget, and other documents needed to execute an agreement. The CEC staff will track the progress of the CRISP projects by actively managing the agreements, requiring supporting documentation to justify expenditures, and performing on-site verification and evaluation of equipment installations. Critical project review meetings will ensure the projects are completed and installed according to the approved grant agreement.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- The CEC will estimate the GHG emission reductions and co-benefits expected and achieved from projects using quantification methodologies that CARB will develop in coordination and collaboration with the CEC.

Type of information that will be collected to document results, consistent with CARB guidance

- To determine the job benefits, the agency will compile data from funding recipients on the quantity and quality of jobs provided, consistent with CARB guidance.
- The CEC will collect data on project location, baseline and estimated energy usage, energy costs, type of upgrade installed, expected quantification period, and other data, as applicable and as specified in CARB guidance.

How the administering agency will report on program status

- The CEC will provide regular updates on expenditures, project status, and benefits in reports prepared according to CARB guidance. At a minimum, the reports will include expenditure amounts, current estimates of GHG emission reductions, and quantification of other applicable co-benefits.