



May 24, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

The Honorable Toni Atkins
Senate President Pro Tempore
State Capitol, Room 204
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Nancy Skinner
Chair, Senate Budget Committee
State Capitol, Room 5094
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 95814

Re: Recommendations for the FY 21-22 May Revise

Dear Governor Newsom, President Pro-Tem Atkins, Speaker Rendon, Senator Skinner and Assemblymember Ting:

We are writing to respectfully urge you to double funding for investments in climate change mitigation and adaptation in the FY 21-22 budget.

In light of the remarkable budget surplus and our rapidly deteriorating climate, it is time for the state to make even more aggressive investments in the programs that will allow us to avoid the worst outcomes of climate change. This cannot be a one-time investment. Sustained, significant annual investments for the next decade are required for any hope of securing a climate-safe future. If we hesitate, the costs of inaction and delay will continue to spiral, with dire consequences for us all, especially our frontline communities.

As noted in a recent report from UC Berkeley's Dan Kammen and other climate experts, "Accelerating the timeline for climate action in California¹," climate change is occurring at a faster, more destructive rate than previously expected which demands California take much more aggressive action:

- The global climate temperature is projected to pass the 1.5C threshold of dangerous warming as early as 2030, more than a decade earlier than forecast by the UN's 2018 IPCC report.
- California is already in the early stages of a multi-decadal drought made severe by climate change, threatening dust bowl conditions.
- Aggressive emissions reduction targets are achievable and immediate action at scale will create hundreds of thousands of new climate-friendly jobs while saving dollars, property and lives, benefiting especially frontline communities.
- More aggressive investment in climate action will reassert California's climate leadership and help build California's economy while also increasing resilience.

¹ <https://arxiv.org/ftp/arxiv/papers/2103/2103.07801.pdf>

We support and applaud the majority of the Administration's proposed climate-related expenditures and believe the proposal to be a strong down payment toward securing California's climate future. That said, we believe that some improvements can be made through augmentations and respectfully suggest additional funding as noted below. Recent polling² revealed that two out of three California voters believe the state must act faster to address the climate crisis. We believe these proposed budget amendments provide an opportunity for California to regain its leadership in climate action and serve as a model for the nation and the world in the fight against climate change. In summary, we recommend the following \$12.2 billion in augmentations to the May Revise:

- **Energy (+\$3.8 Billion):**
 - **\$250 million** toward Community Energy Resilience planning over two years
 - **\$2.5 billion** for Community Energy Resilience project implementation (50% for frontline communities)
 - **\$1 billion** for Community Resilience Hubs
 - **\$50 million** for advancing the Grid of the Future
- **Sustainable Transportation (+\$1 Billion):**
 - **\$400 million** for infrastructure
 - **\$600 million** for vehicle incentives
- **Natural and Working Lands (+\$5.4 billion)**
 - **\$2.5 billion** for nature-based sequestration
 - **\$2.9 billion** allocated for nature-based sequestration in the following year
- **Just Transition (+\$2 billion)**
 - **\$2 billion to establish a High Road Fund**

Specific Recommendations

Energy and Climate Resilience

We recommend **\$3.25 billion** in additional investments for energy-related programs. With climate-driven grid disruptions increasing in frequency, there is even greater urgency to move toward a more decentralized energy system that is cleaner and more resilient. The following funding recommendations will allow the state to make significant strides in that direction.

- **Community Energy Resilience Planning-** We recommend adding **\$250 million**, spent over two years, in funding for local government community energy resilience planning and the expansion of the California Energy Commission's Advanced Energy Communities program. This program will utilize a first-come, first-served model rather than competitive solicitations. These investments will lay the groundwork for durable energy resilience based on distributed clean energy technologies, rather than short-term procurement of diesel generators that exacerbate the state's air quality and climate problems. For more information, see the policy framework outlined in this year's SB 99 (Dodd)³.
- **Deployment of Clean Energy Resilience-** To facilitate the implementation of the above community energy resilience plans, we recommend adding **\$2.5 billion** for the actual deployment of community-based clean energy resilience projects, such as clean energy microgrids. 50% of the funds in this program should go to California's disadvantaged

² https://www.climateadvocacylab.org/system/files/320-929-CA-Voter-Views-of-Climate-Issues_FINAL.pdf

³ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB99

communities. For additional information, see the CPUC's January 2021 Decision⁴ creating a new \$200M microgrid incentive program.

- **Community Resilience Hubs-** We recommend adding **\$1 billion** for the development of permanently-sited community resilience hubs, with a priority on lower-income communities. While we support the allocations in the May Revise for “community resilience centers,” that program is more focused on the temporary use of sites like fairgrounds to provide support for communities in times of emergency. Our recommendation would focus on upgrading institutions that are trusted by communities, such as libraries, churches, and health clinics, with clean backup power, improved insulation, and other improvements. These improvements will permanently reduce the carbon footprints of these community-serving facilities and allow them to provide benefits on a daily basis, rather than just during climate disasters. For additional information see the policy framework provided by AB 1087 (Chiu).⁵
- **Future of the Grid Study-** We recommend the addition of **\$50 million** to support efforts at the CEC to outline a path forward for developing the decentralized grid of the future. As California embarks on a path to electrify nearly every sector, particularly transportation, there will be enormous increased demand on California’s already fragile electric grid, which was put into sharp relief during last summer’s heat dome event. With clean distributed energy technologies rapidly coming down in cost, it is time for the state to examine how to best leverage these advancements to equitably build out a cleaner, safer, and more reliable grid.
- **Community Resilience-** We support the proposed allocations of \$495 million in the May Revise for community resilience, especially for the Transformative Climate Communities and the Climate Adaptation and Resilience Planning programs. These items are, however, distinct from the community energy resilience funding that we advocate for above. While these programs could in theory fund community energy resilience planning and deployment, the importance of ensuring that communities have reliable and clean power to withstand climate disasters warrants separate funding and programs.

Transportation

The transportation sector is the largest emitter of greenhouse gases in the state and should therefore see significant investment. We support the categories and allocations outlined in the Governor’s updated ZEV proposal and request that funding be increased by **\$1 billion**.

- **Infrastructure-** We recommend that another **\$400 million** be added to the infrastructure programs outlined in the Governor’s proposal. A rapid transition to zero-emission vehicles will require the supporting infrastructure to be in place. Extra funding will allow for the faster deployment of ZEV infrastructure.
- **Vehicle Incentives-** We recommend augmenting the incentives for light- and heavy-duty vehicles by **\$600 million**. Of that \$600 million, **\$240 million** should be added to the funding for the Clean Cars for All program due to its efficacy at helping low-income drivers exchange the dirtiest fossil fuel vehicles for zero-emission vehicles; **\$310 million** should be used to augment the Clean Trucks, Buses, and Off-Road Equipment

⁴ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M361/K442/361442167.PDF>

⁵ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1087

program's allocation to drive the conversion of the dirtiest vehicles in the state to zero-emission; and, **\$50 million** should be used to augment the proposed School Buses and Infrastructure program.

Natural Sequestration and Working Lands

We recommend an increase of **\$5.4 billion** over two years for programs that support nature-based sequestration and climate-friendly habitat restoration on natural and working lands. Recent studies show that we will pass the 1.5C threshold of dangerous warming as early as 2027 in California, much earlier than expected. We are in the early stages of a multi-decadal drought made severe by climate change with potential dust-bowl impacts to California's communities, economy, and ecosystems. This level of investment is an essential start to achieving net-negative emissions by 2030 in alignment with the current science while also securing multiple co-benefits for community health, water security, food security, and resilience. The savings in water and wildfire costs would be enormous due to increased water holding capacity in the soil.

- **Healthy Soils-** We support the allocation in the May Revise and recommend that it be increased by **\$3.5 billion** over two years, with \$1.6 billion in the FY 21-22 budget. This level of funding would impact close to 3.2 million acres to launch this program at scale.⁶ We also recommend prioritizing allocation of these funds to frontline agricultural communities in the Central Valley and central coast while significantly increasing the technical assistance and community engagement components of the program.
- **Restoration Efforts-** We support many of the Governor's natural land restoration proposals and would urge their expansion. We recommend augmenting the proposed allocations as follows:
 - Adding **\$750 million** for **Coastal Wetland Restoration**, with \$350 million being spent in FY 21-22.
 - Increasing the allocation by **\$550 million** to **Urban Greening** with \$250 million expended in FY 21-22.
- We believe it is critical to engage community organizations in how these funds are allocated and implemented. The emphasis of funding should be on projects that help sequester carbon and reduce runoff wherever possible.
- **Sustainable Agriculture-** We support the Governor's proposed allocation to the Climate Catalyst Fund for agriculture projects and recommend that it be augmented by **\$600 million**, with \$300 million being expended in FY 21-22. We recommend using a portion of this funding for technical assistance to ensure that small to midsize farmers and ranchers can participate and make use of this fund.

Labor and Workforce Development

As we decarbonize California's economy, we need to plan for a High Road transition for workers in the fossil fuel industry. We support the regional and local planning and training that will be allocated under the Community Economic Resilience Fund.

⁶ Drawdown Marin Sequestration Stakeholder Collaborative estimates a cost of ~\$500 per acre: <https://drive.google.com/drive/folders/1KF4JRx6lqVA-V6c1VixolK64CxRH5uGP>

- High Road Fund-** Planning and training alone are not enough to make this transition a reality. We also need to secure the earning potential and benefits for workers in the oil and gas industry, so that increased inequity is not a byproduct of the clean energy revolution. As such, we propose allocating **\$2 billion** of new funding for a *High Road Fund*. This fund will assist workers, particularly in the fossil fuel and related industries who lose their jobs as a result of state policy or market-driven decisions made by the private sector. Funds will support early retirement, pension and benefit guarantees, and wage differential payments for impacted workers. To ensure program longevity, we strongly recommend enacting legislation requiring oil and gas companies operating in California to make significant contributions to this fund on an annual basis.

Thank you for your consideration of our recommendations in light of the latest science and our rapidly worsening climate reality. We look forward to hearing from you and are happy to provide additional information upon request.

Sincerely,

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 The Climate Center

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