

# Small Business Climate Credit FAQ

## 1. What is the Small Business Climate Credit?

The Small Business Climate Credit is funded by the state government program [Cap-and-Trade](#) that requires covered entities to pay for climate pollution. The Small Business Climate Credit is your share of the payments from the state's program.

## 2. Who Receives the Small Business Climate Credit?

A small business is defined by the CPUC (California Public Utilities Commission) as any non-residential customer on a general service or agricultural rate, whose usage does not exceed 20 kilowatts in more than three months out of the previous 12-month period. In other words, the CPUC interprets small businesses as "non-residential customers with usage that is usually low."

In 2024, through Resolution [E-5339](#), the Energy Division of the CPUC modified eligibility criteria for the Small Business Climate Credit, limiting eligibility to those customers with fewer than 100 eligible service accounts.

Additionally, small businesses who are eligible to claim the [California Industry Assistance Credit](#) may only receive one of the two credits, either the Small Business Climate Credit or the California Industry Assistance Credit. If you choose to attest for the California Industry Assistance Credit and are deemed eligible, you will stop receiving the Small Business Climate Credit for all electric service accounts associated with that facility.

Electricity customers of PG&E, SDG&E, SCE, Pacific Power (PacifiCorp), Bear Valley Electric Service and Liberty Utilities (CalPeco Electric) can receive a small business credit if they meet the qualifying criteria.

## 3. If the customer has more than 100 eligible accounts, can they receive a Small Business Climate Credit for the first 100 accounts?

No, all service accounts would be ineligible. [Resolution E-5339](#) limits the eligibility to businesses with fewer than 100 eligible service accounts.

## 4. Which credit is more beneficial, the Small Business California Climate Credit or the California Industry Assistance Credit?

This will vary customer by customer as the Small Business Climate Credit is a fixed amount per account for all Small Business customers. The California Industry Assistance Credit varies by customer and is determined through the use of emissions efficiency benchmarks or historic energy usage data, which rewards businesses that have taken early action to reduce greenhouse gas (GHG) emissions. The amount of credit for each facility is calculated by the California Public Utilities Commission (CPUC). The utilities only deliver the credit on the CPUC's behalf. Credits are calculated using confidential business information which the CPUC protects from disclosure.

Generally, a Small Business customer is better served by the California Climate Credit, which is automatic, rather than the California Industry Assistance Credit, which requires an eligibility claim (or attestation form) once every three years.

## **5. How is the Small Business California Climate Credit Funded?**

Each year the state auctions a limited number of emissions permits so that California can meet its goal of reducing its overall emissions. Some of the auction proceeds are used by the state to reduce carbon pollution, improve public health and the environment, and some are returned to many Californians as Climate Credit. This program is a direct result of the State's nation-leading Cap-and-Trade Program.

CPUC created and oversees the credit program implementation. The money is from the State, not from the utility, even though the utilities deliver the credit on the state's behalf.

See the California Public Utilities Commission's page on the [Cap-and-Trade Program](#) for more information.

## **6. How much is the Small Business Climate Credit and how is it calculated?**

The credit amount will vary from year to year. Each utility's amount is based on an annual forecast of GHG (Greenhouse Gas) allowance auction revenue, with a true-up for prior year recorded GHG revenue included in subsequent Climate Credits and requires CPUC review and approval. The amount is approved in December for the following year. For information on the Small Business Climate Credit amount, please visit <https://www.cpuc.ca.gov/climatecredit/>.

## **7. When will I receive the Small Business Climate Credit?**

For eligible customers, the credit is distributed twice per year in the spring (April) and fall (October). For most customers, it will be included in their April and October utility bills automatically and is paid as a flat-rate amount.

## **8. Is there a Small Businesses Natural Gas Climate Credit?**

No, the Small Business Climate Credit is only available for electric customers.

## **9. Is the Small Business Climate Credit amount related to my energy use?**

No, the Small Business Climate Credit is the same no matter how much electricity you use. The California Air Resources Board (CARB)'s Cap-and-Trade regulations bar volumetric returns, which vary the amount of return proportionate to the amount of electricity usage. Prior to 2022, the credit was distributed volumetrically.

## **10. Will the Small Business Climate Credit appear automatically on my bill, or do I need to take any action?**

If you are eligible, the credit will appear on your bill automatically.

**11. What should I do if I believe I qualify, but I have not received the Small Business Climate Credit?**

There will be a letter sent to those that are no longer eligible that will contain contact information. Customers may request the accounts associated with their facility to verify SCE's determination that the customer has exceeded the eligible account cap.

**12. Where can I find more information about the Small Business Climate Credit?**

You can visit the [CPUC website FAQ](#) for more information.