

Detailed Price Ceiling Sale Requirements and Instructions

California Cap-and-Invest Program

Updated December 19, 2025

Price Ceiling Allowances or Price Ceiling Units Offered for Sale

The price of the 2026 price ceiling sale is set at \$102.52 per price ceiling allowance or price ceiling unit.

The price ceiling was first incorporated into the Cap-and-Invest Program in 2021 pursuant to AB 398 (2017). In 2021, the price of the price ceiling sale was first set at \$65 per price ceiling allowance or price ceiling unit, and the price increases annually by five percent plus inflation. The number of price ceiling allowances or price ceiling units purchased by each entity is determined by dividing the entity's submitted cash payment by the price of the price ceiling allowance or price ceiling unit and rounding down to the nearest whole allowance or unit. All purchases will first be fulfilled by price ceiling allowances, if available. If the Price Ceiling Account does not contain enough allowances to fulfill purchases, the California Air Resources Board (CARB) will issue price ceiling units to fulfill the remainder of the purchases at the same price as the price ceiling allowances.

Purchases of price ceiling allowances and price ceiling units are limited to covered entities or opt-in covered entities that do not have sufficient eligible compliance instruments in their holding and compliance accounts in the Compliance Instrument Tracking System Service (CITSS) for the next compliance surrender deadline. Eligible entities may only purchase a total number of price ceiling allowances and price ceiling units that would allow them to fulfill their compliance obligation at the next surrender deadline based on the difference between their current eligible compliance instrument holdings and their upcoming compliance obligation due.

Pursuant to section 95913(h)(1)(C) of the Cap-and-Invest Regulation, CARB transferred all of the allowances in the Allowance Price Containment Reserve (Reserve) as of December 31, 2020 into the Price Ceiling Account. On December 31, 2020, the Reserve contained a total of 77,687,922 allowances—37,076,922 vintage 2016 and vintage 2017 allowances that were transferred to the Reserve after being unsold at auction for more than 24 months pursuant to section 95913(h)(2)(A), and 40,611,000 non-vintage Price Containment Reserve allowances. CARB has never held a price ceiling sale. Table 1 provides a snapshot of the number of allowances and price ceiling units that reside in the Price Ceiling Account as of December 2025.

Table 1: Price Ceiling Allowances and Price Ceiling Units in the Price Ceiling Account as of December 2025

Vintage	Price Ceiling Allowances	Price Ceiling Units¹
2016	20,891,247	-
2017	16,185,675	-
Non-Vintage Price Containment Reserve Allowances	40,611,000	-

Price Ceiling Sale Eligibility

California covered entities and opt-in covered entities are eligible to apply for the price ceiling sale only if the following eligibility criteria are met: (1) no Reserve allowances are available for sale, (2) the entity owes a compliance obligation due on the next compliance surrender date, and (3) the entity does not hold sufficient compliance instruments in its CITSS accounts to meet its compliance obligation. In addition, a covered entity or opt-in covered entity must be registered under the California Cap-and-Invest Program and have a CITSS General Holding Account that has not been suspended or revoked to be eligible for approval to participate in a price ceiling sale.² Voluntarily associated entities and individuals are not eligible to participate. If there are no qualified applicants for any offered Price Ceiling Sale, then that sale will not be held.

Price Ceiling Sale Application Submittal

The application window for a price ceiling sale will open ten business days after the end of the last Reserve sale and will close seven business days thereafter. Eligible entities must submit cash payments to the Financial Service Administrator (FSA) during the price ceiling sale application window. The FSA will inform CARB of the amount of payments it received from the eligible entities the day after the price ceiling application window is closed. No payments will be accepted before the application window is open or after the window is closed.

¹ Pursuant to sections 95915(f) and (h), price ceiling units will only be issued if there are insufficient allowances remaining in the price ceiling account to fulfill the purchases of all entities submitting payment and additional instruments are needed to fulfill compliance obligations. This process is described in the section "Procedures for Conducting the Price Ceiling Sale."

² The account must not be revoked or suspended in accordance with sections 95832(f)(4), 95835(c)(2), 95921(g)(3), or 96011 of the Cap-and-Invest Regulation. A revoked account has a status of "Closed" in CITSS.

Price Ceiling Sale Schedule

If a 2026 price ceiling sale is held, Table 2 presents the schedule of activities that would occur.

Table 2: 2026 Price Ceiling Sale Schedule

Activities	Due Date	Time - Pacific Time (PT)/ Eastern Time (ET)
Price ceiling window opens	Wednesday, October 14, 2026	9:00 AM PT/ 12:00 PM ET
Price ceiling window closes (financial settlement in cash due to the Financial Services Administrator)	Friday, October 23, 2026	5:00 PM PT/ 8:00 PM ET
Distribution of price ceiling sale proceeds completion	Friday, October 30, 2026	
Price ceiling results published	Friday, October 30, 2026	12:00 PM PT/ 3:00 PM ET
Transfer of price ceiling allowances and/or units into CITSS Compliance Accounts	Friday, October 30, 2026	

Procedures for Conducting the Price Ceiling Sale

CARB will determine the number of allowances and/or price ceiling units each covered entity or opt-in covered entity will acquire by dividing the payment the entity submitted by the price ceiling sale price and rounding down to the nearest whole allowance or price ceiling unit. CARB will determine the number of allowances or price ceiling units purchased by each entity in the following order:

1. If a sufficient number of allowances are available in the Price Ceiling Account to fulfill the purchases of all entities submitting payment, then CARB will transfer allowances from the Price Ceiling Account to each covered entity's compliance account in CITSS by the deadline indicated in the Price Ceiling Sale Schedule (Table 2).
2. If an insufficient number of allowances are available in the Price Ceiling Account to fulfill the purchases of all entities submitting payment, then CARB will, to the extent possible, prorate the available allowances equally among all purchasing entities and transfer them to each entity's compliance account. CARB will then transfer price ceiling units into each entity's compliance account to fulfill the purchases of all entities submitting payments.

3. If the Price Ceiling Account has no remaining allowances, then CARB will transfer the appropriate number of price ceiling units into each entity's compliance account to fulfill the purchases of all entities submitting payments.

Both price ceiling units and allowances purchased from the price ceiling sale can be used to meet a covered entity's or opt-in covered entity's annual compliance obligation. Both price ceiling units and allowances are offered at the same price.

Proceeds generated from the sale of price ceiling units will be spent to achieve emissions reductions, on at least a metric ton for metric ton basis, that are real, permanent, quantifiable, verifiable, enforceable by CARB, and in addition to any greenhouse gas emission reduction otherwise required by law or regulation and any greenhouse gas emission reduction that otherwise would occur.

Additional Information

Additional information on the California Cap-and-Invest Program is available on CARB webpages as follows:

Cap-and-Invest Program: <https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program>

Price Ceiling Sale and Reserve Sale Information: <https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/cost-containment-information>

CITSS Registration and Guidance: <https://www.arb.ca.gov/citss>

For questions regarding the California Cap-and-Invest Program, please contact the Cap-and-Invest Hotline at (916) 322-2037 or email CACITSSRegistrar@arb.ca.gov.