

2026 Updates to California's Cap-and-Invest Program Fact Sheet

How We Got Here

- **September 2025:** Legislature successfully passed new laws extending the Cap-and-Invest Program through 2045.
- **January 2026:** CARB released draft proposed updates to the program and opened a public comment period.
- **March 9, 2026:** Public comment period ended.
- **April 14, 2026:** CARB staff proposed additional updates and opened a 15-day public comment period on the adjustments.

Why are Additional Changes Being Proposed?

Due to short-term economic uncertainty caused by federal disruption, loss of federal incentives, global events and volatile market conditions, CARB staff is proposing additional changes to the January amendments to balance legislative direction, affordability, jobs and near-term concerns while also ensuring emissions reductions and providing a long-term signal for the market.

Proposed Changes

- **Give additional relief for electric bills:** Increases the California Climate Credit for electricity bills from \$8 billion to \$10 billion through 2030 by increasing allowances and expediting the transfer of gas utility allowances to electric utilities. Revenue from remaining gas allowances will focus on bill credits for low-income customers.
- **Invest in California businesses:** Doubles the manufacturing decarbonization incentive fund to \$4 billion to support doing business in California. Eligible entities include manufacturers and refiners who make upgrades that reduce emissions at their facilities and reduce future compliance costs.
- **Increase assistance for industry:** Goes beyond status quo initially proposed in

January by providing an estimated \$800 million in compliance support through 2030 and helps ensure no additional cost passthrough at the pump.

- **Provide post-2030 flexibility:** Removes post-2030 allowance allocations for consideration as part of a future rulemaking but retains emissions caps through 2045 to send long-term market signal. This provides time to continue to work through stakeholder concerns until economic circumstances stabilize.

Next Steps

- **April 29:** Comment period on additional changes ends.
- **May 28:** Board hearing to consider adopting amendments.
- **Summer:** Workshop on process to update the compliance offset protocols.
- **September 1:** Amendments go into effect.

About the Program

The Cap-and-Invest Program (formerly Cap-and-Trade) is a foundational part of California's climate policy portfolio. The program was first authorized by AB 32 in 2006, extended in 2017 when the legislature passed AB 398 with a two-thirds vote, and extended again in 2025 through 2045 by AB 1207.

How It Works

Cap-and-Invest establishes a declining limit on major sources of greenhouse gas emissions throughout California and creates a powerful economic incentive for polluters to invest



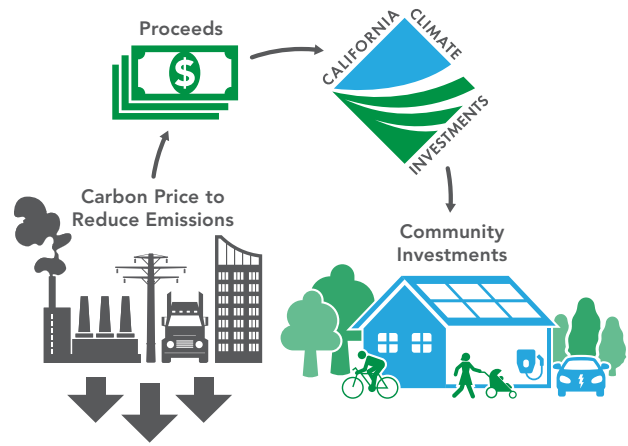
California Climate
Investments

Cap-and-Trade
Program Data Dashboard



in cleaner, more efficient technologies and energy. In addition to reducing emissions, it has delivered billions of dollars in real benefits to Californians.

The program is the most cost-effective way for California to achieve its statutorily mandated climate goals. Emissions reductions achieved under other programs, such as the Renewables Portfolio Standard and Low Carbon Fuel Standard, count as compliance with the Cap-and-Invest Program.



Cap-and-Invest By the Numbers

Program Basics



4-6x

less costly than prescriptive regulations on the energy and industrial sectors



400

covered facilities



13

years of successful implementation



8

regulatory updates



80%

of state's greenhouse gas emissions covered



400

private investors



12

years linked with Québec

Revenue and Reinvestment



\$35 billion

generated for the Greenhouse Gas Reduction Fund (GGRF)



\$16 billion

in energy bills credits for utility customers



\$13 billion

to minimize emissions leakage and protect California jobs and businesses



75%

of appropriated GGRF dollars benefiting priority populations



54

quarterly auctions

Carbon Offset Projects



290 million

verified compliance offsets issued



6

approved offset project types



\$1.5 billion

in verified offsets issued to tribal projects