



Cap-and-Trade Auction Proceeds Fourth Investment Plan: Fact Sheet

What is the Investment Plan?

Every three years, the Department of Finance, in consultation with the California Air Resources Board (CARB) and other State agencies, submits an Investment Plan to guide the investment of Cap-and-Trade auction proceeds. The Investment Plan recommends funding priorities for the Greenhouse Gas Reduction Fund (GGRF) that will help California achieve its ambitious, science-based targets to reduce greenhouse gas emissions and achieve carbon neutrality while realizing additional health, economic, and environmental benefits. Priority investment types identified in the Investment Plan do not guarantee funding but rather provide guidance to the Legislature on potential funding opportunities.

The Cap-and-Trade Auction Proceeds Fourth Investment Plan (Fourth Investment Plan), covering Fiscal Years 2022-23 through 2024-25, presents the suite of State climate goals and builds on years of California Climate Investments implementation to identify where investments are needed to accelerate progress and maximize benefits of climate strategies across sectors.



Guiding Principles for Prioritizing Investments

Based on existing legislative direction for GGRF and public input, the Fourth Investment Plan uses the following guiding principles to prioritize potential investments:

- Support implementation of state climate goals.
- Advance equity and environmental justice.
- Improve public health.
- Support a climate-resilient and prosperous economic future.
- Foster interagency coordination.

Recommended Funding Priorities

The Fourth Investment Plan provides a suite of funding recommendations and suggested metrics to support the guiding principles, track progress, and maximize benefits.

1. Fund investments that support GGRF statutory priorities and drive progress on state climate goals in key sectors: sustainable transportation communities; low-carbon energy, buildings, and industry; natural and working lands; livestock; and waste diversion.
2. Provide dedicated funding to advance equity, environmental justice, and community participation.
3. Direct funding towards high-quality jobs and high road workforce development.
4. Integrate nature-based solutions and zero-emission technologies into investment types across sectors.
5. Support policy-relevant research and program evaluation tied to emissions-reducing projects.
6. Advance support for priority populations and other underserved communities.

Developing the Fourth Investment Plan

The Fourth Investment Plan was developed through an extensive public process including public workshops, written public comment periods, direct meetings with interested stakeholders, and a CARB Board hearing. In January 2022, the Department of Finance transmitted a final version of the Fourth Investment Plan to the Legislature.



Learn More

Visit the [CARB website](#) to learn more about the Fourth Investment Plan.

California Climate Investments is a statewide initiative that puts Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment—particularly in disadvantaged and low-income communities.