Draft 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 the Legislature to guide the investment of Cap-and-Trade auction proceeds. The Investment Plan recommends funding priorities that will help California achieve its greenhouse gas emission reduction goals 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 for California Climate Investments. Due to the Legislature in January 2022, the Cap-and-Trade Auction Proceeds Fourth Investment Plan (Fourth Investment Plan) will cover Fiscal Years 2022-23 through 2024-25.

State Climate Goals and Investment Needs

California has ambitious, science-based targets to reduce greenhouse gas emissions and achieve carbon neutrality. The Draft Fourth Investment Plan presents the suite of State climate goals and identifies where investments are needed to accelerate progress in a variety of sectors and support implementation of climate strategies across sectors. The set of investment needs represents the suite of potential technologies and practices the Draft Fourth Investment Plan considers for prioritization.

Guiding Principles for Prioritizing Investments

The Draft Fourth Investment Plan proposes the following guiding principles, based on existing legislative direction for Cap-and-Trade auction proceeds and input from stakeholders, to provide high-level criteria for prioritizing 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.

Drawing from years of California Climate Investments reported data and program implementation lessons learned, the Draft Fourth Investment Plan analyzes the potential for investments to support the guiding principles and maximize benefits.
Recommended Funding Priorities

1. Invest in key sectors that support Cap-and-Trade auction proceeds statutory priorities and drive progress on state climate goals.
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.

What are the next steps?

CARB held the first public workshop on the Fourth Investment Plan in February 2021. Through the remainder of 2021, CARB will continue to consider feedback from workshops and written public comment as we work with the Department of Finance, the Administration, and interested stakeholders to develop a draft final Fourth Investment Plan to present to the CARB Board at an informational update later this fall. In January 2022, the Department of Finance will transmit a final version of the Fourth Investment Plan to the Legislature.

To learn more about upcoming events, view the draft, and submit comments, visit: arb.ca.gov/resources/documents/california-climate-investments-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.

To learn more about California Climate Investments, visit www.caclimateinvestments.ca.gov.