MEETING

STATE OF CALIFORNIA

AIR RESOURCES BOARD

ZOOM PLATFORM

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

BYRON SHER AUDITORIUM

1001 I STREET

SACRAMENTO, CALIFORNIA

THURSDAY, MAY 28, 2026

9:16 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

APPEARANCES

BOARD MEMBERS:

Lauren Sanchez, Chair

John Balmes, MD

John Eisenhut

Eric Guerra

Lynda Hopkins

Gladys Limón

Patricia Lock Dawson(Remote)

Tania Pacheco-Werner, PhD

Cliff Rechtschaffen(Remote)

Miguel Santiago

Susan Shaheen, PhD

David Silva

Paula Stigler Granados, PhD

Diane Takvorian

STAFF:

Steve Cliff, PhD, Executive Officer

Courtney Smith, Principal Deputy Executive Officer

Edie Chang, Deputy Executive Officer, Planning, Freight & Toxics

Shannon Dilley, Chief Counsel

Rajinder Sahota, Deputy Executive Officer, Climate Change and Research

APPEARANCES CONTINUED

STAFF:

Matt Botill, Division Chief, Industrial Strategies Division(ISD)

Wesley Dyer, Senior Attorney, Legal Office

Rachel Gold, Manager, Program Development Section, ISD

David Hults, Assistant Chief Counsel, Legal Office

Shelby Livingston, Manager, Program Development Section, ISD

Maebeth Lopez, Air Pollution Specialist, Climate Change Reporting Section, ISD

Abigail May, Deputy Counsel, Legal Office

Syd Partridge, Manager, Climate Change Reporting Section, ISD

Minh Pham, Chief, Program Planning and Management Branch, ISD

Mark Sippola, Chief, Climate Change Program Evaluation Branch, ISD

Michael Turgeon, Staff Air Pollution Specialist, Program Development Section, ISD.

Sydney Vergis, Assistant Division Chief, ISD

ALSO PRESENT:

Cesar Aguirre, Central California Environmental Justice Network

APPEARANCES CONTINUED

ALSO PRESENT:

Fariya Ali, Pacific Gas and Electric

Marjorie Alvord, Genesis

Chloe Ames, NextGen California

Andrew Antwih, representing Los Angeles Mayor Karen Bass

Martha Arguello, Physicians for Social Responsibility

Alfredo Arredondo, California Forest Carbon Coalition

Alberto Ayala, PhD, Sacramento Metropolitan Air Quality Management District

Marisol Barajas, Long Beach Transit

Gregory Barfield, Fresno Area Express

Kevin Barker, SoCalGas

Tate Baugh

Veronica Beaty, California Coalition for Rural Housing

Kjellen Belcher, Earthjustice

Susie Berlin, Northern California Power Agency, Golden State Power Cooperative

Hillary Blackerby, Santa Barbara Metropolitan Transit District

Barry F. Boyd, Sacramento Environmental Justice Coalition

Susan Braun, Power and Water Resources Pooling Authority

Joshua Briscoe

Amber Blixt, City of Roseville Electric Utility

APPEARANCES CONTINUED

ALSO PRESENT:

Tommaso Boggia

Betsy Brien, PBF Energy

Claire Broome, 350 Bay Area

Christopher Brown, Feather River Air Quality Management District

Clare Brown

Michele Canales, Union of Concerned Scientists

Vincenzo Caparale, California Association of Councils of Governments

Tim Carmichael, California Council for Environmental and Economic Balance

Joaquin Castillejos, California Environmental Justice Alliance

Christopher Chavez, Coalition for Clean Air

Gissela Chavez, Communities for a Better Environment

Madison Chesebro, E2

Daniel Chandler, 350 Humboldt

Marie Choi, Asian Pacific Environmental Network

William Churchill, County Connection

Kai Clausen, Environmental and Energy Consulting, ValleyCAN, Rethink Waste, The California Compost Coalition, People Food and Land Foundation, Sempervirens Fund, Midpen, CHCPC, CALCC, Save the Redwoods League

Megan Cleveland, The Nature Conservancy

Katie Cordero, BP

APPEARANCES CONTINUED

ALSO PRESENT:

Jon Costantino, California Independent Petroleum Association

Scott Cox, Electric Vehicle Charging Association, CALSTART

Madison Creech, Ag Land Trust

Bryan Culbertson, Transbay Coalition

Vija Das, New California Coalition

Andrew Dawson, California Housing Partnership

Jacob Defant, Agricultural Council of California

Elisabeth de Jong, Southern California Public Power Authority

Jennifer De Tejeda, Center for Community Action and Environmental Justice

Sarah Deslauriers, California Association of Sanitation Agencies

Navi Dhaliwal, Caltrain

Derek Dolfie, California Municipal Utilities Association

Jeffrey Dunn, Metrolink

Keith Dunn, State Building and Construction Trades Council

Donna Duperron, Torrance Area Chamber of Commerce

Sadie El Ibrahimi

Noam Elroi, CR+R Environmental

Bob Epstein, Project 2020

Eric Escobar, Transbay

Marinn Espinoza, California Housing Consortium

APPEARANCES CONTINUED

ALSO PRESENT:

Elizabeth Esquivel, California Manufacturers and Technology Association

Usama Faheem, Communities for a Better Environment

Rose Fei

Maggie Field, Ceres

Richard Filgas, California Farm Bureau

Phil Fine, PhD, Bay Area Air Quality Management District

Tatiana Flores, Center for Community Action and Environmental Justice

Paula Forbis, San Diego County Air Pollution Control District

Lauren Gallagher, Communities for a Better Environment

Richard Gallo, Residents United Network, Silicon Valley Independent Living Center, Peer Power for Disability Equity in Governance

Estephanie Garcia, Physicians for Social Responsibility Los Angeles

Luis Garcia, SunLine Transit Agency

Catherine Garoupa, Central Valley Air Quality Coalition

Chelsea Gazillo, American Farmland Trust

Aeron Arlin Genet, Santa Barbara County Air Pollution Control District

Jaymee Go, Tree People

Ana Gonzalez, Center for Community Action and Environmental Justice

Claire Grasty, Ventura County Transportation Commission

APPEARANCES CONTINUED

ALSO PRESENT:

Beverly Greene, Santa Clara Valley Transportation Authority

Sally Greenspan, Enterprise Community Partners

Lucas Grimes, Center for Resources Solutions

Connor Gusman, Teamsters California, Amalgamated Transit Union

Yazmin Guzman

Angie Hacker, Prosper Sustainably

Amy Hance, City of Clovis

Staci Heaton, Rural County Representatives of California

Thomas Helme, Valley Improvement Projects, Northern San Joaquin Valley Environmental Justice Group

Consuelo Hernandez, City of Sacramento

Matt Hettich, Transport Workers Union of America

Allison Hilliard, The Climate Center, Environment California

Nathan Ho, Santa Clara County Housing Authority

Greg Hurner

Assemblymember Jacqui Irwin

Isabelle

Timothy Jefferies, International Brotherhood of Boilermakers

Caroline Jones, Environmental Defense Fund

Tim Kamermayer, Green Hydrogen Coalition

APPEARANCES CONTINUED

ALSO PRESENT:

Diya Kandhra, Silicon Valley Youth Climate Action

Jonathan Kendrick, California Chamber of Commerce

Abudakar Khan

Gus Khouri, Santa Barbara County Association of Governments

Jacob King, Mendocino Transit Authority, Cal ACT

Jason Kligier, City of Santa Monica

Trevar Kolodny, The Heritage Foundation

Mateo Kushner, Community Water Center

Elise Lanman, Dairy Institute of California

Alex Lantsberg, San Francisco Electrical Construction Industry

Katharine Larson, Sacramento Municipal Utility District

Carter Lavin, Transbay Coalition

Rod Lee, Bay Area Rapid Transit

Clare Letmon, Los Angeles Business Council

Julia Levin, Bioenergy Association of California

Eli Lim, Greenlining Institute

Eli Lipmen, Move LA

Darryl Little, Jr., CALSTART

Bruce A. Magnani, Cement Industry, Pacific Steel, California Large Energy Groups Consumers Association

Nile Malloy, California Environmental Justice Alliance

April Manatt, California Problem Solvers Caucus

APPEARANCES CONTINUED

ALSO PRESENT:

Alex Mantanona, PhD, Central Coast Alliance United for a Sustainable Economy

Leslie Martinez

Nayamin Martinez, Central California Environmental Justice Network

Paul Mason, Pacific Forest Trust

Brian McDonald, Marathon Petroleum

Connie McFarland, Amalgamated Transit Union Local 192

Duncan McFetridge, Metropolitan Transportation Commission, Association of Bay Area Governments

Chris McGlothin, California Cotton Ginners and Growers Association, Western Tree Nut Association

Tami McVay, Self-Help Enterprises

Gracyna Mohbir, California Environmental Voters

Jordan Moldow

Madeline Moore, Los Angeles Metro

Tyler Mosher, North County Transit District

Jodie Muller, Western States Petroleum Association

Clayton Munnings, Clean and Prosperous California

Wayne Nastri, South Coast Air Quality Management District

Marven Norman

Thien Vinh Nguyen, PhD, Valley Vision

Renee Nygaard, PDF Logistics

Pam O'Dell, DLP, MPA, Climate Action California

APPEARANCES CONTINUED

ALSO PRESENT:

Mareya Ortiz, Self-Help Enterprises

David Page

Laurel Pagent-Seekins, Public Advocates

Melinda Palmer, Kern Energy

James Perez, East Bay Asian Local Development Corporation

Assemblymember Cottie Petrie-Norris

Matt Petrofsky, City and County Association of Governments of San Mateo County

Michael Pimentel, California Transit Association

Rick Ramacier, California Association for Coordinated Transportation

Stacey Ramos, Center for Community Action and Environmental Justice

Jeff Razai, Silicon Valley Youth Climate Action

Wesley Reutimann, Active San Gabriel Valley

Sydnie Ritchie

Faraz Rizvi, Asian Pacific Environmental Network

Victoria Rome, Natural Resources Defense Council

Daniel Romero

Jenna Roper, PhD, Central California Asthma Collaborative

Cynthia Rose

Stephen Rosenblum, Climate Action California

Angelique Roy

APPEARANCES CONTINUED

ALSO PRESENT:

Mariela Ruacho, Leadership Counsel for Justice and Accountability

Katherine Rubin, Los Angeles Department of Water and Power

Leonel Sanchez, Capitol Corridor Joint Powers Authority

Ivanka Saunders

Rebecca Schneck, Napa Valley Transportation Authority

Carl Sedoryk, Monterey-Salinas Transit District

Asha Sharma, Sierra Club California

Isra Shatnawi

Diane Shaw, AC Transit

Samir Sheikh, San Joaquin Valley Air Pollution Control District

Brian Shobe, California Climate and Agriculture Network

Mikhael Skvarla, Climate Build California

Adam Smith, Southern California Edison

Silvia Solis Shaw, representing San Francisco Mayor Daniel Lurie

David Somers, Los Angeles Department of Transportation

Kevin Soto

Melissa Sparks-Kranz, League of California Cities

Natalie Spievack, Housing California

Alexis Sutterman, Brightline Defense

Sarah Taheri, San Diego and Electric

Sara Theiss, Fossil Free California, Communities for a Better Environment

APPEARANCES CONTINUED

ALSO PRESENT:

Christian Theuer, Heirloom

Eric Thronson, Sacramento Regional Transit District

Jeremy Tillunger, Via Transportation

Erik Topp

Evann Tu

Chalam Tubati, BVHP/SESF, ABG17, CERP, CSC

Paula Uniacke

Alex Upshaw, Transbay Coalition

Katie Valenzuela, Communities for a Better Environment

April Vargas

Diane Vazquez Ballesteros, California Environmental Justice Alliance

Steve Wallauch, Alameda County Transportation Commission, Golden Gate Bridge Highway Transportation District, Napa Valley Transportation Authority, Foothill Transit, California Association of Coordinated Transportation

Michael Wang

Krysta Wanner - Western Propane Gas Association

Jeanie Ward-Waller, Climate Plan, CalBike, TransForm

Jan Warren, Interfaith Climate Action Network

Mark Watts, San Diego Metropolitan Transportation System

Connor Webb

Mitch Weiss, San Joaquin Valley Regional Policy Council

Jordan Wells, California State Association of Counties

APPEARANCES CONTINUED

ALSO PRESENT:

Celeste Wilson, Long Beach Area Chamber of Commerce

Skyler Wonnacott, California Business Properties Association, California Business Roundtable

INDEX

INDEX CONTINUED

INDEX CONTINUED

INDEX CONTINUED

INDEX CONTINUED

PROCEEDINGS

CHAIR SANCHEZ: Good morning. All right. Thank you all for your patience. The May 28th, 2026 public meeting of the California Air Resources Board will now come to order. Board clerk, good morning. Can you please call the roll.

BOARD CLERK: Thank you, Madam Chair.

Dr. Balmes.

BOARD MEMBER BALMES: Here.

BOARD CLERK: Mr. Eisenhut.

BOARD MEMBER EISENHUT: Here.

BOARD CLERK: Councilman Guerra.

BOARD MEMBER GUERRA: Here

BOARD CLERK: Supervisor Hopkins?

Assemblymember Jackson.

Ms. Limón

BOARD MEMBER LIMÓN: Here.

BOARD CLERK: Mayor Lock Dawson.

BOARD MEMBER LOCK DAWSON: Here.

BOARD CLERK: Dr. Pacheco-Werner.

BOARD MEMBER PACHECO-WERNER: Here.

BOARD CLERK: Mr. Rechtschaffen.

Assemblymember Santiago.

Dr. Shaheen.

BOARD MEMBER SHAHEEN: Here.

BOARD CLERK: Mayor Silva.

BOARD MEMBER SILVA: Here.

BOARD CLERK: Senator Stern.

Dr. Stigler Granados.

BOARD MEMBER STIGLER GRANADOS: Here.

BOARD CLERK: Mr. Takvorian.

BOARD MEMBER TAKVORIAN: Here.

BOARD CLERK: Chair Sanchez.

CHAIR SANCHEZ: Here.

BOARD CLERK: We have a quorum.

CHAIR SANCHEZ: Would you mind calling for Supervisor Hopkins again. Thank you.

BOARD CLERK: Yes. Supervisor Hopkins.

BOARD MEMBER HOPKINS: Present.

BOARD CLERK: Awesome. Thank you.

CHAIR SANCHEZ: Lovely. Thank you, Board Clerk. I will now cover a few housekeeping before we get started with our agenda today. We are conducting today's meeting in person, as well as offering remote options for public participation on Zoom. Anyone who wishes to testify in person should fill out a request-to-speak card available in the foyer outside of the Board meeting room. Please turn it into a Board assistant prior to the commencement of the item. If you are participating remotely, you will raise your hand in Zoom or dial star nine, if calling in by phone. The clerk will provide further details regarding public participation in a moment.

For safety reasons, please note the emergency exit to the rear of the room through the foyer. In the event of a fire alarm, we are required to evacuate this room, immediately go down the stairs to the lobby and out of the building. When the "All-Clear" signal is given, we will return to the auditorium and resume the hearing.

A closed captioning feature is available for those of you joining us in the Zoom environment. In order to turn on subtitles, please look for the button labeled "CC" at the bottom of the Zoom window, as shown in the example on the screen now. I would like to take this opportunity to remind everybody to speak clearly and from a quiet location, whether you are joining us on Zoom or dialing in by phone.

Interpretation services will be provided today in Spanish for both in-person and Zoom attendees. If you are joining us on Zoom, there is button labeled "Interpretation" on the Zoom screen. Click on that interpretation button and select Spanish to hear the meeting in Spanish. If you are joining us here in person and would like to hear the meeting in Spanish, please speak to a Board assistant, and they will provide you with further instructions. I want to remind all of our commenters to speak slowly and pause intermittently to allow the interpreters to accurately interpret your comments.

THE INTERPRETER: Thank you. Good morning, Madam Chair and Board members. This message will be given in Spanish.

(Interpreter translated in Spanish)

THE INTERPRETER: Thank you so much.

CHAIR SANCHEZ: Thank you. I will now ask the Board Clerk to provide details regarding public participation.

BOARD CLERK: Thank you, Chair. And I do want to note we see that Mr. Rechtschaffen is here and present. We have noted this for the roll call.

CHAIR SANCHEZ: Thank you. Welcome, Board Member Rechtschaffen.

BOARD CLERK: All right. I will now provide additional --

BOARD MEMBER RECHTSCHAFFEN: Thank you.

BOARD CLERK: I will now provide additional information on public participation. We will first call in-person commenters who have turned in a request-to-speak card and then call commenters who are joining us remotely. If you are joining us remotely and wish to make a verbal comment, you must be using Zoom webinar or calling in by phone. If you are watching the webcast, but you wish to comment remotely please register for the Zoom webinar or call in. Information for both can be found on the public agenda for today's meeting.

To make a verbal comment, we will be using the "Raise-Hand" feature in Zoom. If you wish to speak on a Board item, please virtually raise your hand. As soon as the item has begun -- as soon as the item has begun to let us know you wish to speak. If you are using a computer or tablet, there is a "Raise-Hand" button. If you are calling in on the telephone, dial star nine to raise your hand.

When the comment period begins, the order of commenters is determined by who raises their hand first. We will call each commenter by name and will activate each commenter's audio when it is their turn to speak. For those calling in, we will identify you by the last three digits of your phone number and we will announce the next three or so commenters in the queue. Please note, your testimony will not appear by video. For all commenters, please state your name for the record before you speak. This is especially important for those of you calling in by phone.

Each commenter will have a time limit of two minutes, although this may change at the Chair's discretion. During public testimony, you will see a timer on the screen. For anyone giving verbal comments today in Spanish, please indicate so at the beginning of your testimony and our interpreter will assist you. During your comment, please follow any instructions the interpreter provides.

If you have additional remarks regarding other topics, please sign up to speak during open public comment period, which will take place at the conclusion of the meeting. To submit written comments, please visit CARB's "Submit and View Written Comments" section on the public agenda on our webpage for links to submit your comment. Written in-person submissions and online submissions via the docket will be accepted until the end of public testimony for each item.

If you experience technical difficulties, please call (805)772-2715, so an IT person a assist. Thank you and I'll turn the mic back to you, Chair Sanchez

CHAIR SANCHEZ: Thank you very much. And before we turn to the items for today, I would start -- I would like to start us off by welcoming our newest Board Member to the Board, Board member Gladys Limón, who was appointed by the Senate earlier this month and joins us as Director of Climate and Environmental Justice Programs at the State Energy and Environmental Impact Center at the NYU School of Law. She previously served as Executive Director of the California Environmental Justice Alliance. And we are very much looking forward to your contributions to the Board. Welcome, Board Member Limón.

I welcome you and also Board Member Silva to the dais for the very first time. Looking forward to our work together.

I'd also like to take a moment to thank outgoing Board Member Dean Florez for his contributions to the Board. Over the last decade, Dean's work -- tireless work on behalf of communities and contributing to CARB's mission was foundational to the work of this Board. And we are thanking you, Dean, and wishing you all the best in your next chapter.

(Applause).

CHAIR SANCHEZ: I also want to take a moment to recognize the dedication of CARB staff who stepped up over the weekend to support emergency -- the State emergency response efforts during the pressurized tank incident in Garden Grove. Our agency was deployed by Cal OES and several of our staff spent the entire week working at the State Operations Center in Mather, coordinating very closely with U.S. EPA, our colleagues from the South Coast Air Quality Management District, who are here today, to manage air quality monitoring and plan for community safety concerns. Thankfully, swift actions by first responders neutralized the explosion risk and the situation has been de-escalated. As the events transition into the recovery phase, our travel -- our staff will travel to Garden Grove later this week to support ongoing monitoring and community protections. So please join me in extending a sincere thank you to the staff who stepped up on this important issue over the last week.

(Applause).

CHAIR SANCHEZ: We have a full and serious agenda before us today, as evidenced by the number of stakeholders joining us here in the auditorium and also remotely via Zoom. And I want to extend my gratitude to all of the stakeholders who are here today joining us, but for all of you that have spent months, years frankly, on this rulemaking, submitting comments, attending workshops, meeting with staff, with Board members, with members of the Legislature. The public engagement is at the core of CARB's work and the proposal that the staff will present today to this Board has been shaped by all of your feedback, and I want to thank you all for the time that you all have spent on it.

And with that, let us begin.

The first items on the agenda are item number 26-3-2, public hearing to consider proposed amendments to the regulation for the mandatory reporting of greenhouse gas emissions and Item 26-3-3, public hearing to consider proposed amendments to the California cap on greenhouse gas emissions and market-based compliance mechanisms, also known as the Cap-and-Invest Regulation, formerly known as the Cap-and-Trade Regulation.

If you are here in the room and wish to comment on these items, please fill out a request-to-speak card as soon as possible and submit it to a Board assistant. If are you joining remotely and wish to comment on these items, please click the "Raise-Hand" button or dial star nine now. We will first call on in-person commenters followed by any remote commenters when we get to the public comment portion of this item. These two items will be heard together as separate but related items. The regulatory updates that we con -- we will consider today follow and align the program with the Legislature's successful passage last year of new laws extending the Cap-and-Invest Program out to 2045.

The updates are designed to ensure that California stays on track to meet its climate targets for 2030 and 2045, while supporting affordability, cost effectiveness, and regulatory and market certainty.

This Program has been operating successfully for 14 years with nearly 100 percent compliance. Thanks in part to Cap-and-Invest, California achieved its 2020 target six years ahead of schedule. Cap-and-Invest has also delivered billions of dollars in benefits for Californians. This includes raising $36 billion for climate investments and $16 billion in utility bill credits to help lower customer electric bills.

Cap-and-Invest is one of the State's most cost effective policy tools that makes polluters pay while reducing climate emission. The primary purpose of this goal is to reduce greenhouse gas emissions. It does this by setting a declining limit on major sources of climate pollution covering 80 percent of the sources of climate pollution in the state.

As a bonus, it has also generated billions of dollars for the Greenhouse Gas Reduction Fund over the last decade. Many of those programs continue to benefit California communities and will continue to do so over the coming years.

This regulation has been updated eight times since its inception to incorporate legislative direction, new science, and implementation experience. The proposed changes in this regulatory update are responsive to Assembly Bill 1207 and Senate Bill SB 840 passed last fall by a super majority of the Legislature and signed by the Governor into law.

They are intended to meet the many demands of our present moment. This includes continuing to reduce greenhouse gas emissions towards our statutory climate targets, addressing affordability concerns, supporting businesses and jobs, and continuing to send the right market signal for clean energy investment and to spur innovation, all while navigating an un -- a period of unprecedented economic uncertainty.

Doing that requires a careful balancing act, considering all perspectives, implementing legislative direction, and weighing difficult trade-offs, so that we can continue to move forward towards a more sustainable future.

In preparation for these proposed changes, CARB staff conducted extensive public engagement, including hundreds of stakeholder meetings - I believe the docket has over a thousand comments - three legislative hearings, which I also had the pleasure of attending, numerous meetings with individual legislators, and consideration of over a dozen letters from our State legislature.

I want to emphasize how important this rulemaking is for California and beyond. Timely action is essential now to deliver on those legislative mandates and provide the certainty that communities, businesses, markets, and our global partners rely on. It's no secret that climate policy is at a crossroads. Under attack by an openly hostile and well-funded opposition and upended by global economic upheaval.

At a moment of uncertainty at the federal and international levels, California has the opportunity to lead with consistency. Moving forward shows that we can responsive to affordability concerns, new legislative direction, while also setting a clear signal for Californians, other states, and global partners that we remain committed to driving long-term investments and clean energy jobs, and reducing pollution in communities.

While the Ca-and-Invest Program is one tool to reduce greenhouse gas emissions, the regulation for mandatory reporting of GHG emissions gathers data that support implementation of the Cap-and-Invest Program and several other of CARB's programs, and informs much of our work on the GHG inventory. The Board first considered the mandatory reporting regulation in 2007 and has updated the regulation several times since then.

With that, I will turn it over to Dr. Cliff. Would you please introduce the items.

EXECUTIVE OFFICER CLIFF: Thank you, Chair and good morning. I apologize if I missed it, but did you mention the updated resolution?

CHAIR SANCHEZ: I did not. Thank you for

flagging that. For members of the public joining us, there has been an updated resolution for this item posted. If you navigate to the webpage on the public agenda, you will see the updated version shared this morning. There are also printouts in the foyer. I believe all Board members have a copy of the updated resolution. I'm seeing nods.

Great. Over to you, Dr. Cliff.

EXECUTIVE OFFICER CLIFF: Thank you, Chair.

Staff is asking the Board to consider amendments to the Cap-and-Invest Regulation and the regulation for the mandatory reporting of greenhouse gas emissions. As you noted, these are two separate but related items. With the adoption of AB 1207 and SB 840 last fall, staff is proposing amendments to these regulations to conform with legislative direction and with the path needed to achieve the state's 2030 and 2045 climate targets. Timely adoption of the amendments is critical to ensure there is the regulatory certainty needed to support achieving mandated targets, while supporting affordability.

The proposed amendments balance legislative direction, our greenhouse gas reduction goals, affordability, jobs, and near-term concerns, while also providing a signal to the market to encourage investments in long-term emission reductions.

Staff have engaged in a robust public process over the last several years that included conducting multiple public workshops and community listening sessions, and participating in Environmental Justice Advisory Committee meetings. Staff also released an initial proposal in January of this year for a 45-day public comment period. We then released an updated proposal in April in response to the feedback on the January proposal that requested amendments.

The proposals implement legislatively-directed measures, including retiring allowances when offsets are used for compliance and transitioning allowance allocation from natural gas utilities to electric utilities to support electricity affordability, and conforming changes to reporting.

In reviewing the hundreds of letters received and engagement with stakeholders and the legislature, there was no clear consensus on many of the topics in the proposals, in particular how to distribute allowances across utilities for the Climate Credit industrial sector to minimize for leakage, and what is appropriate to remain for State auctions that result in GGRF. This is a delicate balance when the number of allowances, and thus potential revenue, is declining each year.

The programs have been amended eight times since its initial adoption, as you noted. And we're committed to continuing to monitor, evaluate and propose adjustments in the future as needed.

I will now ask Michael Turgeon and Maebeth Lopez of the Industrial Strategies Division to begin the staff presentation.

Michael.

(Slide presentation).

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: Are you pulling up the slides?

Thank you, Dr. Cliff and good morning, Chair Sanchez and members of the Board.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: This morning I am going to walk through the context and some of the background on the program and our public rulemaking process, and then provide an overview of the Cap-and-Invest proposed amendments. Following that, my colleague Maebeth Lopez will provide an overview of the amendments to the mandatory reporting regulation.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The Cap-and-Invest Program has a long history of success and bipartisan support in the State going back 20 years under three governors. In 2006, the Legislature passed AB 32, authorizing the development of the Program and setting the 2020 reduction target for greenhouse gas or GHG emissions. AB 32 also named CARB as the lead agency in addressing greenhouse gas emissions.

In 2016, Legislature passed SB 32 establishing the state's 2030 target, a 40 percent reduction in GHG emissions relative to 1990 levels. In 2017, AB 398 clarified the role of the Cap-and-Invest Program in achieving the 2030 GHG emissions reduction target. In 2022, the Legislature passed AB 1279, which requires both reducing anthropogenic GHG emissions by 85 percent below 1990 levels by 2045 and achieving carbon neutrality by 2045.

And in 2025, the Legislature extended the Cap-and-Invest Program to 2045 with a pair of bills, AB 1207 and SB 840, that passed both chambers of the Legislature with a supermajority vote. These bills demonstrate the consistent political support for addressing climate change and of the role of the Cap-and-Invest Program administered by CARB.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: And California is not the only region using a carbon market to help reduce greenhouse gas emissions. California's Cap-and-Invest Program is one of 41 sub-national and national emissions trading systems worldwide, covering 26 percent of global GHG emissions. Three new emissions trading systems launched this year and emissions trading systems are now a significant response to a changing climate.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: CARB collaborates with other programs worldwide. This includes our linkage with the province of Quebec, which was established in 2014, evaluation of future linkage with the State of Washington and ongoing technical exchanges with many other jurisdictions around the world.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: What is Cap-and-Invest?

This program was formerly known as the Cap-and-Trade Program and was renamed in AB 1207. Cap-and-Invest is a cost-effective policy tool that makes polluters pay while reducing greenhouse gas emissions. It's one of many programs the State is using to reduce GHGs in support of our statutory climate targets. The Program sets a declining limit on major sources of climate pollution, covering the largest polluters, including factories, energy companies, and oil and gas suppliers. These in total account for 80 percent of California's GHG emissions.

The Program creates a powerful economic incentive to use cleaner, more efficient technologies, and it is four to six times less costly than alternative approaches to addressing climate pollution, like a carbon tax or direct regulations. The Cap-and-Invest Program has been operating successfully for 13 years with nearly 100 percent compliance and has been updated eight times so far.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON:

Cap-and-Invest has been working and has a track record of proven success, including helping California meet its 2020 climate target six years early while growing the state's economy. Beyond reducing emissions, the Program has already delivered $35 billion for climate investments across the state, funding over half a million projects, supporting 30,000 jobs, and cutting millions of tons of carbon emissions.

And to date, over 70 percent of those investments have benefited disadvantaged and low-income communities. The Cap-and-Invest Program has also returned over $16 billion in bill credits directly to household utility customers in the form of the California Climate Credit.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The proposed amendments to the Cap-and-Invest Program are in response to legislative direction in AB 1207 and SB 840 and the need to align the Program with the 2030 and 2045 GHG reduction targets. The proposed amendments are designed to drive emissions reductions to meet these targets while addressing consumer affordability concerns, supporting in-state businesses and jobs, and continuing to send the right market signals for clean technology investments and spurring innovation, all while navigating a period of unprecedented economic and energy uncertainty.

Doing this requires a careful balancing act, considering all perspectives and weighing difficult tradeoffs, so that we can continue moving forward together toward a more sustainable future without leaving frontline communities behind.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The process to update the Cap-and Invest Regulation included eight public workshops, many of them jointly with MRR, Quebec and with the Environmental Justice Advisory Committee, two community listening sessions, over a thousand comment letters, including 11 from the Legislature, and hundreds of meetings with interested parties. CARB also extended the comment period on 15-day changes to 20 days in response to public input and a request from the Legislature.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: And I want to briefly recap how we arrived at today's proposal.

From 2023-2025, staff held pre-rulemaking workshops and released an economic analysis. In September of last year, the Legislature extended the Cap-and-Invest Program through 2045. In January of this year, we released draft proposed updates and opened a 45-day public comment period. In February, the Chair appeared before the Joint Legislative Committee on Climate Change Policies to present on the January proposal.

Based on the volume and substance of comments from businesses, environmental groups, utilities, and legislators, in April, staff proposed additional changes and opened an additional public comment period for 20 days.

And in May, the Chair appeared before the Senate Environmental Quality Committee and the Senate Subcommittee No. 2 on Resources, Environmental Protection and Energy to walk through the second set of staff proposed changes and CARB appeared before the Assembly Budget Subcommittee No. 4 on the Climate Crisis, Resources, Energy and Transportation to answer key questions about the proposal.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON:

Before walking through the proposed amendments, I want to quickly revisit the major elements of the proposed changes. These include long-term allowance budgets through 2045 to align the Program with the statutory climate targets, removing allowances when offsets are used, per AB 1207, transferring free allowances from gas to electric utilities, also directed by AB 1207, supporting ratepayer protections through updated electric utility allocation, strengthening market safeguards to prevent market manipulation, adding post-2030 allowances to the allowance price containment reserve to protect against volatility, providing free allowances to industry to protect jobs and limit gasoline cost pass-through, and offering a new industrial incentive allocation to support near-term on-site emissions reductions.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: CARB received a diverse set of public comments on the proposed changes. These include feedback that CARB should remove more allowances and remove fewer allowances from future budgets, provide more allocation to utilities and provide them with less, transition gas allowances faster or transition them slower, provide more support to industry and provide no or a lower level of support to industry, prioritize GHG emissions reductions and prioritize the GGRF, and both support for and opposition for the Manufacturing Decarbonization Incentive allocation proposal. This demonstrated again that the amendments are a balancing effort that needs to reflect legislative direction while also considering stakeholder comments.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: CARB also received diverse comments from the Legislature. In March, after the 45-day comment period on the initial staff proposal, CARB received comments from the Assembly that requested that CARB prioritize affordability through a larger electric climate credit and prioritize emissions leakage protection for industry, along with requesting a faster transition of natural gas allocation to electric utilities, support for the Manufacturing Decarbonization Incentive allocation proposal, and requests to advance support for carbon capture utilization and sequestration.

In May, after the updated staff proposal was released for a 20-day comment period, CARB received comments from both the Assembly and the Senate with more divergent feedback. This included emphasis on the need to align the Program with the 2030 climate target, with some concern about compliance costs associated with more stringent allowance budgets, both support for and concern with the MDI allocation proposal, requests to prioritize allowances for the GGRF, requests to both provide both fewer and additional free allowances to industry, requests to provide electric utilities with more and fewer allowances for the Climate Credit and both support and concern on the faster transition of gas allowances to electric utilities, and support expressed for carbon capture utilization and sequestration projects.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The first major adjustment in the proposed amendments provides additional relief on electric bills and supports energy affordability. We received substantial public comments and feedback on this issue as energy affordability is top of mind for many Californians, many members of the Legislature and especially Assemblymember Irwin, the author of AB 1207. We're proposing around $10 billion for the California Climate Credit for electricity customers in aggregate from 2027 through 2030 by directing more free allowances to electric utilities in excess of program costs.

We're also proposing to transfer 70 percent of gas utility allowances to electric utilities by 2031, with the remaining 30 percent of gas utility allowances reserved to benefit low-income gas customers, in coordination with the California Public Utilities Commission, or CPUC.

Here, I want to note that because we cannot predict auction revenues or results, this presentation uses a flat $30 per allowance assumption.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The proposed amendments also provide additional assistance to industry. These changes go beyond status quo and provide an estimated additional 800 million in compliance support from 2027 through 2030. This change increases emissions leakage protection and helps ensure no additional cost pass-through at the pump. And it is important to note that the industrial allocation covers less than 100 percent of compliance to maintain the need to reduce emissions. The goal is to pro -- is to help provide immediate relief during this period of global economic uncertainty and support no additional compliance cost pass-through for consumers.

The proposed amendments continue to maintain the carbon price signal to reduce emissions, since industrial allowance allocation is determined based on production, not emissions, and no sector gets all the allowances that they need to comply. And the increased industrial allowance allocation occurs in the context of a significantly more stringent program, with the 11 percent annual decline in allowance budgets through 2030. Industrial allowance allocation does not weaken the integrity of the Program, it simply makes it more affordable.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: And for context, this table compares levels of industrial allowance allocation in 2023 across multiple jurisdictions. You can see that historically, on average, California's Program has lower levels of allowance allocation relative to covered emissions compared to these other jurisdictions. Under the proposed amendments, we have estimated the ratio of allocation to covered emissions will increase from 62 to 70 percent, which continues to send the market signal to reduce emissions through clean energy and technology.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: To put these changes in context, these pie charts show the distribution of allowances in total through the end of this decade. The left-hand chart reflects the allowance distribution under the current regulation, which has a larger total allowance budget. The middle chart reflects the initial staff proposal in January, and the right chart reflects the changes in distribution of allowances in the final staff proposal released in April. In both of these, 118 million allowances have been removed to address a technical update to the GHG inventory.

When comparing the initial and final staff proposal, staff propose to increase the direct benefit to utility customers by increasing the free allowances to them by about 7.4 percent. Staff also propose to increase compliance support to industry by increasing allowances to them by 3.4 percent. These increases result in a commensurate reduction of 10.9 percent in the allowances that would otherwise go to state auction.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: And here you can see that, in the final staff proposal, 80 percent of all allowances in 2027-2030 allowance budgets are used to directly benefit Californians, either through the California Climate Credit or through programs appropriated by the Legislature and governor through the Greenhouse Gas Reduction Fund. Eighteen percent remains to minimize emissions leakage and support California industry and jobs, and that final two percent is reserved for cost containment.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The proposed amendments do not include post-2030 allowance allocation to utilities and industry, which will be established in a future rulemaking. This is in recognition of the concerns about short-term economic uncertainty driven by federal disruptions, the loss of incentives, global events, volatile market conditions, and the need for additional data and analysis evaluating emissions leakage risk across industrial sectors.

This gives more time for the Legislature, stakeholders, and CARB staff to work through market and economic uncertainties, and it allows us to evaluate the appropriate balance between allowances for utilities, industry, and State auctions as the number of total allowances continues to decline post-2030. And importantly, emissions caps through 2045 remain in place to maintain long-term market certainty and that investment signal for ongoing emissions reductions in support of the State's targets.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The proposed amendments also set new allowance budgets and this slide shows what the ambition to achieve our climate targets looks like. The dark gray line there shows the existing annual caps in the program. And the green line shows the current proposal to remove 118 million allowances through 2030 and 900 million allowances after 2030 for a total removal of over one billion allowances from the program through 2045. And for comparison, the average cap decline in the current program is four percent through 2030. This proposal guarantees an immediate 11 percent year over year increase in stringency in the near term.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON:

We've heard concerns about not being fully aligned to achieve the 2030 target. I will walk through this slide, which shows how the proposed allowance budgets kept California on track to meet our 2030 and 2045 climate targets. This figure shows California's total greenhouse gas emissions inventory at the top in the blue line. This is the AB 32 GHG emission inventory. It contains emissions from the sectors covered by the Cap-and-Invest Program and also those not covered by the Program. The Program covers about 80 percent of the total GHG emissions under our inventory.

The green line is the annual budgets as proposed in this set of amendments. It's the same line as from the previous slide. The proposed allowance budgets provide an immediate signal for increased Program stringency and support continued progress toward the 2030 GHG reduction target.

And the yellow line shows the covered emissions under the Cap-and-Invest Program. Again, the yellow line is lower than the blue line, because the inventory tracks emissions beyond those just in the Cap-and-Invest Program.

Other complementary programs, such as our landfill methane regulation and refrigerants and other fugitive sources, will need to be a focused area of reductions through other respective policies, as those sit outside of the Cap-and-Invest Program.

And as shown by the yellow line, emissions covered by the Program have declined 25 percent since 2015, despite emissions landing below the annual caps each year. The steadily increasing carbon price signal, in conjunction with complementary programs, has successfully driven emissions reductions, and the more stringent future allowance budgets brought forward today are designed to build on this progress through 2030 and beyond.

There is a myth that the mere availability of unused allowances will lead to emissions increases, and the data has never shown that to be true.

Before we leave this slide, I'd like to point out an important milestone. The Cap-and-Invest covered emissions in the yellow line fell below the 2030 target in 2024, as shown where the yellow line crossed the dashed 2030 target line.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The proposed amendments also invest in California businesses by establishing a $4 billion Manufacturing Decarbonization Incentive allocation fund. This Manufacturing Decarbonization Incentive, or MDI, allocation is designed to help make up for the loss of federal incentives and accelerate near-term GHG reductions in the industrial sector, as needed to achieve our 2030 and 2045 climate targets while keeping clean production and jobs in state.

Eligible entities include manufacturers - these are food processors, cement plants, and refiners, among others - who make upgrades that reduce emissions at their facilities, which will also reduce compliance costs and reduce emissions leakage risk. MDI allocation is funded by no more that 118 million incentive allowances and does not borrow future allowances from the GGRF.

Eligible projects are limited to eight categories, including facility electrification, low-carbon hydrogen use, and on-site renewables, which is aligned with existing State policy and the clean transformational technology identified by the 2022 Scoping Plan update that is needed for industrial decarbonization.

Importantly, MDI allowances are only released to the market in exchange for verifiable investments that deliver on-site GHG emissions reductions and are provided in the context of over one billion allowances removed from Program budgets through 2045. MDI allocation will pull forward industrial emissions reductions that would not have otherwise occurred for many years without additional financial support. MDI allocation unlocks a multiplier effect, whereby investments that happen now drive continued emissions benefits into the future. These investments will directly benefit front-line communities impacted by air pollution burdens from covered facilities.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: MDI allocation is a first-of-its-kind feature for a carbon market. And the concept has been included in the workshops and rulemaking materials since last year. And, as with all CARB programs, staff will monitor, evaluate and propose adjustments to the MDI allocation to ensure the Program is working as intended and delivering on-site emissions reductions at covered facilities.

MDI projects would not only have strict requirements under our regulation, the projects would still be subject to all state and local permitting requirements, including public meetings and noticing requirements under local government rules. Note that each application only covers one compliance period and must be approved by the Executive Officer, and any MDI allocation that is provided to a facility and does not result in GHG reductions by the spending deadline must be returned to CARB and will then be retired from the Program.

The proposed amendments also include robust MDI project reporting and planned public release of information on the use of MDI allowance value, project details, and facility GHG reductions.

We have also heard assertions that the MDI proposal weakens the emissions integrity of the Cap-and-Invest Program, but that is not the case. MDI is designed to get permanent emissions reductions in hard-to-abate industrial sectors earlier than what would have otherwise occurred and accelerate our progress towards our 2030 and 2045 climate targets.

Having an MDI Program with uptake before 2030 will help deliver more reductions in the near term, particularly for the front-line communities near these sources, and is especially important as our work in the transportation sector is facing federal opposition.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON:

Under the proposed amendments, the first MDI applications will be due by June 1st, 2027 for approval by the Executive Officer by September 2027, in time for 2028 allowance allocation which must be provided by fall 2027. The first MDI application period is only for a single year, 2028, which means only a small subset of the MDI allowances will be released for the initial application cycle, providing staff the time and implementation insights that we need to evaluate and propose any needed changes for future MDI cycles.

The first facility reports on 2028 MDI allocation will be due in 2029 with verified final reports in fall of 2029.

Subsequent MDI application and reporting periods are set on a full compliance period basis. If amendments are approved by the Board, staff would also hold a public workshop on implementation prior to the allocation of any MDI allowances.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: The proposed amendments also include updates to market rules to strengthen corporate association group triggers to increase safeguards against market manipulation, change compliance period durations to align with the statutory

GHG emissions reduction targets, clarify the prohibition on beneficial holding of allowances, make clarifications to reporting requirements for zero-priced and unpriced transfers for transparency and update registration requirements to support corporate association group updates and enforceability.

In total, these changes are necessary to respond to a shrinking number of allowances, which will have more value.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: Staff is also proposing changes to the regulation related to the Compliance Offsets Program. These are regulation updates only. SB 840 requires updates to compliance offset protocols, which will occur in a future rulemaking. These changes add clarity, enhance program effectiveness, streamline implementation, and add disclosure requirements for land transfers to ensure the buyer is informed of the program and project responsibilities, and requirements to ensure appropriate methods are used to determine forest project reversals.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: Together, these proposed amendments achieve multiple important outcomes. The changes ensure that the caps are aligned with California's 2030 and 2045 climate targets and remove allowances for offset use as required by AB 1207. The changes also support affordability, providing $10 billion for utility bill relief from 2027 through 2030. The changes generate an estimated $8 billion for the Greenhouse Gas Reduction Fund over the same period; and together with the utility allocation, around 80 percent of the total allowance value from these budgets directly benefits Californians.

The changes also provide $4 billion in compliance support for industry to minimize emissions leakage risk during a time of unprecedented economic uncertainty. And they provide around $4 billion in Manufacturing Decarbonization Incentive value to unlock on-site GHG emissions reductions for covered facilities, keeping clean production and jobs in state and directly reducing air pollution in frontline communities.

As the market administrator, we do not project allowance prices. But to convey the magnitude of the shifts in allowances, we do take that fixed price of $30 and multiply by the number of allowances.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON: So next steps. Provided the Board approves these amendments, staff plans to submit the proposed changes to the Office of Administrative Law this summer in order to support a September 1st effective date. This timing enables staff to remove that 118 million allowances from the 2027 through 2030 annual budgets, providing a longer runway for a more stringent program. We would also issue the updated allowance allocation to utilities and industry this fall, providing regulatory certainty for covered entities through this decade and to mid-century to innovate and invest to reduce their emissions.

Importantly, conclusion of this rulemaking also allows the California Public Utilities Commission to proceed with adjustments to the California Climate Credit, as directed in AB 1207, and for CARB to begin evaluating potential linkage with Washington.

In addition, staff will host a workshop this summer to discuss the process of updating the State's compliance offset protocols as directed in SB 840, another key component of the Cap-and-Invest Program and an area where we know there is significant public interest.

[SLIDE CHANGE]

ISD STAFF AIR POLLUTION SPECIALIST TURGEON:

Finally, a draft Environmental Impact Analysis, or EIA, was completed for the proposed amendments and released on January 20, 2026. The comment period for the EIA closed on March 9, 2026. The EIA found potentially significant impacts for some resource areas. CARB prepared the Final EIA and written responses to comments received on the Draft EIA, which was released on May 26, 2026.

And with that, I will hand the presentation over to Maebeth to go over the amendments to the Mandatory Reporting Regulation.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: Thank you, Michael. Good morning, Dr. Cliff, Chair Sanchez and members of the Board. This Board item is to discuss staff's proposed amendments to the regulation for the Mandatory Reporting of Greenhouse Gas Emissions, or MRR. This is the eighth revision to MRR since the adoption by the Board in 2007. The regulation was last updated in 2018.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: The Mandatory Reporting Program has operated successfully for almost two decades with nearly 100 percent compliance. The reporting program collects complete, accurate, and verified emissions and production data from California's largest emitters, thereby providing essential data to support the Cap-and-Invest Program.

MRR data also informs the statewide greenhouse gas emissions inventory, AB 32 cost-of-implementation fee, program, and other climate programs. In 2025, over 800 entities reported under MRR. Reporting entities subject to the regulation fall into three primary categories: facilities with greater than or equal to 10,000 metric tons of carbon dioxide equivalent emissions per year, all electricity importers and retail providers, and transportation fuel and natural gas fuel suppliers.

To ensure complete and accurate data, all reporting entities that emit greater than or equal to 25,000 metric tons of carbon dioxide equivalent per year or are otherwise subject to the Cap-and-Invest Regulation must full -- must have their data fully verified by a CARB-accredited independent third-party verification body on an annual basis.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: CARB staff are proposing MRR amendments to further support Cap-and-Invest implementation, and to update reporting requirements in line with how California electricity, fuels and industrial sectors are evolving to reduce emissions and adopt cleaner technologies.

The proposed MRR amendments will also improve overall accuracy and completeness of data by: updating reporting requirements under key sectors; streamlining general reporting and verification requirements; and making technical adjustments to clarify and improve MRR program implementation.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: The proposed amendments support climate strategies identified in the 2022 Scoping Plan update by including new and amended provisions for: battery storage technologies, renewables, and linear generators; electrolytic and imported hydrogen; biofuels; and geologic sequestration of carbon dioxide, also known as carbon capture and storage, or CCS.

Other key amendments include: modifications to electricity sector reporting to support CAISO's Extended Day-Ahead Market, or EDAM; changes to refinery and fuel supplier reporting to reflect the expanded production of biofuels at refineries; and updates to product data reporting to reflect changes in industrial sectors.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: We expect amendments to be effective January 1st, 2027 to support reporting of 2027 data in calendar year 2028. Amendments related to electric power entities and verification requirements will be applicable starting with 2026 data reported in 2027.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: To conclude this presentation, staff recommends the Board approve the proposed Resolution on 26-2, which includes approval of the proposed amendments to the Mandatory Reporting of Greenhouse Gas Emissions. Staff recommends the Board approve proposed Resolution 26-3 which includes: certification of the Final EIA and adoption of the required CEQA findings; approval of the proposed amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms.

[SLIDE CHANGE]

ISD AIR POLLUTION SPECIALIST LOPEZ: With that, we are happy to answer any questions.

CHAIR SANCHEZ: Thank you, Michael and Maebeth for those thorough overviews into the entire ISD team for your tireless work on both of these regulations. Much appreciated.

We are now going to shift into the public comment portion of the agenda for both of these items. I understand we have a fair amount of stakeholders that we are anticipating hearing from both in-person and also on Zoom. So I will keep the room posted on the schedule for the day. And with that, let us begin. Board clerk, will you please begin calling on the public commenters here in person. I see we have our air district friends up first.

Great to have you all. The mic is yours.

BOARD CLERK: Thank you Chair Sanchez.

Real quick, public sign-ups will close in 30 minutes. Please note that written in-person submissions and online submissions via the docket will be accepted until the end of public testimony for this item. I do want to apologize in advance if I mispronounce your name. I would like to remind all commenters to please speak slowly and clearly into the microphone for our interpreters and court reporters.

All right. And with that, we will start with Phil Fine.

DR. PHIL FINE: Good morning, Chair Sanchez, members of the Board. My name is Philip Fine, Executive Officer at the Bay Area Air District and I'm joined here today by many other air districts from across the state. We are all committed to work with CARB, our community partners, and all stakeholders to implement a balanced approach for Cap-and-Invest that helps California weather the economic and environmental challenges facing all of us.

This is especially important, given the federal government's actions to undue California's environmental leadership. We fully understand that the Cap-and-Invest

Program was designed to reduce greenhouse gas emissions. And that means that auction revenues may decline over time. However, we are very concerned that the proposed removal of a significant number of allowances in the short-term from the auctions will result in a short-term steep decline in GGRF revenues. This could create serious consequences, including potential zeroing out of the State's support for critical emission reduction programs, including the Community Air Protection Program, also known as AB 617.

Our AB 617 communities deserve that we honor and keep our collective commitments to do all we can to support them. In the Bay Area, we have four of the state's 19 AB 617 communities. We are currently implementing three finalized Community Emission Reduction Plans with another CERP under development in the Bayview Hunters Point community in southeast San Francisco. This is exactly the wrong time to create funding uncertainty for this critical program.

I have personally been involved in AB 617 since its inception. I can attest it has truly transformed the way the air districts, CARB, and other State and local agencies now approach local air pollution issues by building trust with community partners and developing true community-driven solutions. AB 617 is also looked to as one of the finest examples of an environmental justice program, both nationally and internationally. We all need to continue to fully support this work that yields tangible results, developed in partnership with and led by the most impacted communities in our state.

I'll stop there, but just striking the right balance is critical, but all consequences must be fully considered.

BOARD CLERK: Thank you.

Paula Forbis.

PAULA FORBIS: Good morning, Chair Sanchez and Board members. My name is Paula Forbis. And I'm the APCO for the San Diego Air Pollution Control District.

I'm here today because we share the concerns about the potential implications of your decision today.

Can you hear now?

Better. Sorry.

We recognize the Challenges to balance economic progress with environmental justice and public health. And it's programs like AB 617 that provide critical investments to the communities that need them the most. San Diego has two AB 617 communities with approved CERPs, which address the unique challenges faced by residents near our local part and our international ports of entry.

Through incentives project, we have reduced emissions equivalent to removing almost 25 million miles of truck traffic annually, resulting in real public health benefits to those local residents. We're also investing in infrastructure to help the -- support the switch to clean technology and air purifiers to provide short-term relief.

Through our increased community engagement, we have connected residents, CBOs, local businesses and agency partners responsible for land use and transportation, and worked with all of them to develop concrete community-driven plans to improve public health and promote environmental justice. One example of the power of this program and these connections is that AB 617 has helped transform the relationship between the Port of San Diego and nearby communities.

It was influential in the development of the Port's maritime clean air strategy, and has been pivotal in the implementation of clean air projects, such as the first electric tugboat and electric cranes in North America at the Port of San Diego. That's just one example of the progress being made across the state. We recognize the challenges of Cap-and-Invest and the need to provide regulatory certainty, but we ask that us make your decision today, you'll also consider providing certainty to the communities that depend on the investments from AB

617 and that need those benefits the most.

Thank you.

BOARD CLERK: Thank you. Aeron Arlin.

AERON ARLIN GENET: Good morning, Chair Sanchez and members of the Board. I'm Aeron Arlin Genet. I'm the Executive Director of the Santa Barbara County Air Pollution Control District. We serve a county of roughly 450,000 residents, half of whom are Latino. Children and seniors together make up more than a third of our population and there's several areas of des -- that are designated by the State as underserved communities.

I'm here today speaking on behalf of my air district and the other 29 air districts that cross the state that do not have defined AB 617 communities, all of which remain committed to implementing AB 617 requirements and emission reduction projects.

Here are several projects that we have implemented throughout Santa Barbara County using AB 617 funds: diesel agricultural tractor replacements; electric transit buses; EV charging stations; marine electric shore power infrastructure; electric dolly waste hauler; air purifier programs for underserved communities; community clean air centers; air quality sensors installed at schools, nonprofits and local governments; implementation of CTR and BARCT; community engagement; and the support of cities and counties to develop environmental justice plans; organizations across Santa Barbara County, including the Chumash Tribe and Sioux nonprofits, have received community air grants through AB 617.

In collaboration with our Air District, these organizations have expanded air quality monitoring and increased public awareness amongst residents of underserved communities. These strides would not be possible without this critical funding.

In closing, I respectfully urge CARB to carefully consider the consequences of what the proposal before you today would mean for the long-term public health of underserved communities up and down the state.

Thank you.

BOARD CLERK: Thank you.

Christopher Brown.

CHRISTOPHER BROWN: Yes. Good morning. I would point out my name is listed incorrectly on the chart there. It is Feather River Air Quality Management District, not Santa Barbara. I'd love to have a coastal office, but no such luck.

So I did want to talk today about the importance of these programs. Feather River, which is Sutter and Yuba counties, is home to a number of disadvantaged communities, including mostly around the City of

Marysville, which is about 40 minutes north of us here. Marysville has major impacts from two State highways that some right through town as surface streets. Those of you who have driven up that way might have experienced the congestion last weekend. We also have two major railroads running on either side of the town carrying a lot of traffic.

So the town is actively impacted by those activities and FRAQMD has funded a number projects using CAPP funding to help the community, including 18 school bus replacements so far. We have three more that are currently pending. We have replaced the high school's agricultural program tractor, which was a great project. We've set cleaner air -- or cleaner generators for the City's emergency pumps in the event of flooding. Those engines were quite old and quite dirty, one of the first projects in the state to do that work.

We've also replaced emergency services generator for the Sheriff's facility, again with a much cleaner engine. We've installed electric school bus charging, which is quite expensive in the community. We've also established an air monitoring network, not just in Marysville but also out in the broader community, which is particularly useful in wildfire events. We have established 14 publicly available charging stations in the

District with these funds. And we're currently working to use CAPP funding to do heat pumps throughout the community.

So we encourage you to support the Program, continue, and support the comments of my fellow APC officers.

BOARD CLERK: Thank you.

Samir Sheikh.

SAMIR SHEIKH: Good morning, Chair Sanchez, and members of the Board, and CARB staff.

The San Joaquin Valley faces some of the nation's most complex air quality challenges due to its geography, growing population, goods movement network amongst many challenges that I know you all are very well acquainted with. But even with those challenges, the valley continues to make meaningful air quality progress through strong partnerships, innovation and sustained investment, including to the AB 617 program. And while major achievements have been achieved, the valley still faces some of the country's toughest attainment challenges and is home to seven of California's ten most disadvantaged communities.

This is a critical time to double down on practical emission reduction efforts, build on progress already made and continue moving communities towards cleaner air and healthier outcomes. Air districts across California have built a strong record of collaboration with CARB agencies, business, residents and community organization to advance practical, cost effective clean air solutions with measurable results.

BB 617 has transformed how we partner with communities disproportionately impacted by air pollution through collaborative planning, community-driven clean air strategies that are tailored to local needs. And I've been involved from the very beginning and have seen just a major transformation.

Through these efforts, just to put an example out there, more than $146 million has been committed towards community prioritized strategies, reducing over 5,000 tons of emissions including clean air trucks and equipment, school buses, residential air filtration, urban greening, just to name a few examples of the amazing work that we've done in partnership with our communities.

In addition, the FARMER Program, funded largely through greenhouse gas reduction funds, has played a critical role with replacing many thousands of older diesel equipment with clean air technologies that really deliver real-world reductions in a cost effective way.

So we're here to just basically highlight that continue investment in these programs is especially important, given the ongoing uncertainty surrounding the State's Mobile Source Strategy and some of the challenges there recently. We're here to emphasize the importance of maintaining stable Cap-and-Trade -- Cap-and-Invest funding to support communities and continue the air quality progress that we've seen in the valley and throughout California.

I just want to thank you for the opportunity to provide these comments today. Thank you.

BOARD CLERK: Thank you.

Alberto Ayala a

DR. ALBERTO AYALA: Thank you. Good morning, Chair Sanchez and members of the Board. Councilmember Guerra, a special acknowledgment, our Board representative. My name is Alberto Ayala. I'm the Air Pollution Control Officer for the Sacramento Metro AQMD here in sack. I am your Air Pollution Control Officer. Welcome.

Air districts understand that Californians are facing many challenges today and we remain committed to working with you, the Governor's office, the Legislature and other stakeholders to find balanced solutions without abandoning the promise that we made to communities under the Community Air Protection Program.

Less than five miles from here is our AB 617 community South Sacramento-Florin, an area that this Board adopted into the program eight years ago. And we went into that program working hand-in-hand with your -- with your staff. We went into the community to truly tackle mitigation of air pollution burdens and environmental inequities. And similar to other areas, we have made tremendous progress.

Just now, I came from our Board meeting where our emission reduction plan for the community has been approved by our Board and is coming to you in July. We're already working with the community to start implementation.

Those achievements represent hundreds of volunteer hours from residents, community leaders, technical experts, local organizations, and people like us working at the local level. We came together because of the promise of AB 617, a promise for cleaner air, healthier neighborhoods and a better future for our communities. We cannot abandon promise now.

California has built a reputation for innovation, leadership and opportunity. That leadership must also ensure that historically overburdened communities in the AB 617 Program are not left hanging and alone. Let's continue to work together to make sure that we can keep our promise.

Thank you.

BOARD CLERK: Thank you. Wayne Nastri.

WAYNE NASTRI: Thank you. Good morning, Chair Sanchez, members of the Board. My name is Wayne Nastri. I'm the Executive Officer of the South Coast AQMD. Our region represents nearly two-thirds of the state's environmental justice communities. We understand how difficult it is to find the right regulatory balance between environmental progress and economic affordability.

And as you've heard from my colleagues, AB 617 communities are among the most affected by economic, social and environmental injustices. These same communities could be adversely affected by the proposed changes discussed today. These communities too often carry a disproportionate burden, higher exposure to air pollution, greater impacts from climate change, and increased rates of asthma, cardiovascular disease, cancer, and so many more health issues. And that's why local air districts are here today.

We recognize that affordability, economic growth and environmental protection are not mutually exclusive. California does not have to choose between a strong economy and clean air. We can and must try to achieve both. We can continue advancing air quality and climate goals while supporting our communities, protecting public health, and maintaining economic competitiveness. CARB is an essential partner in achieving our shared clean air and climate goals. Our agencies have complementary roles and California is strongest with State and local regulators working together, transparently, collaboratively and proactively. This partnership matters.

And in closing, the air districts commit to working with CARB, the Governor's office, the Legislature, and all stakeholders on this program, so that it delivers on its promise to all Californians, and especially for the environmental justice communities that need it most.

Thank you.

BOARD CLERK: Thank you.

Mikhael Skvarla.

MIKHAEL SKVARLA: Board members, my name is Mikhael Skvarla. I'm here on behalf of the Climate Build California. Today, we will hear a great deal about revenue, about what GGRF stands to lose, and what it means program for the programs it supports. Those programs matter. And the concerns behind them are sincere.

Before the day runs on that premise, it's worth returning to what the legislation clearly states. AB 32, SB 32, AB 1279 set the state's climate goals. They do not mention revenues. AB 398 and AB 1207 tell CARB how to design this program. These bills are remarkably consistent over the last two decades to reduce emissions cost effectively, minimize leakage, reduce impacts to ratepayers and consumers, and weigh affordability and businesses impacts in the design.

Revenue is not on that list. It never has been. The GGRF receives what is left from the program's design obligations are met. It is residual, by the Legislature's statutory design. A program designed to Maximize the residual would be a program designed against the very affordability leakage protections within the legislation.

A cost not incurred cannot be passed through. The facility that closes funds nothing. Read against that directive, what is before you in the proposed regulation is responsive. The utility allocations protect electric ratepayers. The natural gas transition reserves value for low-income households. The increased cap adjustment factor gives coverage for entities experiencing leakage.

These provisions are not giveaways. They are required design. We support adoption today. We ask only that the Board and staff carry forward with the work in the resolution with urgency, specifically the loss of post-2030 certainty. Certainty is what drives these protections into emission reductions and we look forward to that work.

Thank you.

BOARD CLERK: Thank you. And I would like to ask if you see your name up on the Board, if you want to go ahead and start lining up. And we do have two podiums to speak at. Thank you.

With that, we will hear from Jodie Muller.

JODIE MULLER: Good morning. My name is Jodie Muller. I am the President and CEO of the Western States Petroleum Association.

WSPA has generally supported market based compliance mechanisms as one tool to help California achieve its ambitious climate goals. These programs must be designed in a time frame long enough to ensure industry and impacted communities can continue to improve and thrive. Post-2030 circumstances must be part of the discussion going forward.

We appreciate the work by the administration, by all of you here at CARB, the California Energy Commission to really address refinery stability and affordability concerns. The proposed allowance allocation framework through 2030 is a step that provides some near-term relief and greater competitiveness for in-state operations. But it must go further. Significant compliance costs remain and there are still concerns about long-term certainty post-2030, particularly for the large capital investments needed to maintain safe and reliable refinery operations.

There are also important implementation questions surrounding the Manufacturer's Decarbonization Incentive Program and how accessible those credits truly will be in practice. Long term policy certainty will be critical to attracting continued investment and maintaining in-state energy production. The work ahead, beyond the vote on this important item, is going to be extremely challenging for everyone and for the State to maintain competitiveness, affordability for consumers and protecting jobs here in the state.

We have reviewed the Board resolution that attempts to ease concerns around certainty of the Program. We would urge the Board and CARB staff to address these outstanding issues with urgency.

Thank you.

BOARD CLERK: Thank you.

Brian McDonald.

BRIAN McDONALD: Hi, Rajinder.

Good morning, Chair Sanchez, members of the Board. My name is Brian McDonald. I'm with Marathon Petroleum Corporation. Thank you for this opportunity to speak today.

Marathon Petroleum Corporation has made significant investments in its California assets to produce reliable, clean and affordable transportation fuels. Many of these investments support California's emission reduction goals, including projects at our Los Angeles refinery that have reduced NOx emissions and greenhouse gas emissions, as well as the conversion of our Martinez refinery to produce renewable fuels.

Each of our facilities carries a significant Cap-and-Invest obligation and Marathon is deeply concerned that the current proposal does not go far enough to provide the regulatory certainty needed to sustain in-state fuel production. While the proposed amendments offer short-term relief, the leave uncertainty beyond 2030, which carries real consequences. Marathon's post-2030 investment decisions are being made today.

Without a clear and durable regulatory framework, Marathon cannot forecast expected Cap-and-Invest costs or make informed decisions about further modern -- modernizing refinery operations. This uncertainty places the continued long-term operation of our facilities at risk. California refineries operate at a cost disadvantage compared to the rest of the word. Marathon continues to recommend that CARB establish a flat cap adjustment factor of 0.85 for refining and 1.0 for biorefining through 2045. Adjustment factors below these levels will increase costs, risk curtailing operations, and ultimately shift production, emissions, and revenue out of the state. It is not an environmental win. It is leakage, which CARB is statutorily directed to minimize.

Thank you.

CHAIR SANCHEZ: Thank you. If I can ask all the commenters to please speak clearly into the microphone so we can hear you. Thank you.

BOARD CLERK: Jacob DeFant.

JACOB DeFANT: Good afternoon, Chair Sanchez and members of the Board. My name is Jacob DeFant, speaking on behalf of Agricultural Council of California. Ag Council represent approximately 15,000 farmers across California ranging from small farmer owned businesses to some of the world's best known brands. Our membership includes many farmer-owned cooperatives and businesses that conduct food processing activities, and as such have to comply with CARB's Cap-and-Invest regulation. We approached this rulemaking with the core principle of wanting to help ensure that Cap-and-Trade is both effective and affordable for all Californians.

CARB has presented a draft allowance budget through 2045 with a dramatically steep decline in allowances. This aggressive decline will further drive up costs for the food and agriculture sectors, threatening economic engines in the state, raising consumer costs, and increasing leakage risk.

We commend CARB for trying best -- it's best to comply with aggressive legislative mandates and appreciate the Board's work trying to manage the risk of these steep allowances declines through proposed programs such as the Manufacturing Decarbonization Incentive. The risk to California's food econ -- food system economy is not hyperbolic. Since 2020, five of the state's major food processing facilities have closed, all of which are in communities with unemployment rates higher than the state average. Costs and energy -- cost of energy and regulatory compliance under Cap-and-Trade were cited for reasons for closure for all five.

Ag Council strongly supports the Manufacturing Decarbonization Incentive allocation as a tool to helping reduce compliance costs while making meaningful efforts to reduce emissions and support the state's climate goals. By using the allowance structures to offset the cost of greenhouse gas reduction projects, CARB's has created a pathway to ensuring long-term reduction in greenhouse gas emissions from the food processing sector. The incentives are increasingly important as the Legislature continues to stall in appropriating funds for popular and effective proven GGRF funds since the FARMER and HVIP -- thank you all very much.

BOARD CLERK: Thank you. Adam Smith.

ADAM SMITH: Good morning, Chair and members of the Board. Adam Smith, Southern California Edison, in strong support for the package in front of you. We think the overall proposal strikes the right balance between affordability and stringency to keep us on track for our shared climate goals. Specifically, we think CARB staff satisfied two important legislative directives. They did a great job focusing on affordability in the electric sector and beyond. And specifically for utilities, CARB's methodology meets the legislative mandate to cover the anticipated emissions necessary to reliably serve our customers.

The totality of this package will save electric customers billions of dollars, as you've seen in the staff presentation through the climate credit that they receive. You're voting today on the most direct and substantial affordability action for electric customers this year and likely for years to come. As you know, the electric sector is at the absolute center of the State's climate strategy. You see it in the Scoping Plan. And that means that bills that electric customers pay every month are critical to funding this strategy. We need to keep those bills as affordable as possible to achieve the transition. And in plain language, the proposal before you does this.

Through the Climate Credit our customers see

California's climate policy directly reducing their bills, the Cap-and-Invest Program directly reducing their bills. The State is also, as you heard, now moving the Climate Credit to the hottest months of the year when bills are often the highest. So the bill relief you're voting on today is going to directly help customers and families at the time they need it the most.

To close, SCE serves over five million electric customers across the bottom half of the state. I think you guys know that. Our customers need this regulatory package. There will no doubt be a lot of folks here today, and I didn't want to send the invite out to all our five million customers. That would be too much. But you can be sure there will be five million thank yous when they receive the Climate Credit this summer. That's why we support the package and we urge you too. Thank you.

BOARD CLERK: Thank you. And I do want to note that in-person sign-ups for this item will close at 10:46.

Katharine Larson.

KATHARINE LARSON: First on this side. Good morning, Chair Sanchez and members of the Board. My name is Katharine Larson and I am with the Sacramento Municipal Utility District. We are Sacramento's local publicly owned electric utility.

SMUD supports the 15-day changes to electric utility allocations, which are crucial for electricity affordability. These amendments align better with the RPS program, and as a result, they ensure that customers will be better protected from Cap-and-Invest costs. The allowances that SMUD receives directly benefit our customers and community by helping us keep rates low and affordable and reduce greenhouse gas emissions.

SMUD is still seeing a net loss in allowances and our customers too as a result. However, the impact is much improved relative to the January proposal. We encourage the Board to approve these amendments today. And we also encourage CARB in the next rulemaking to ensure that the important electricity affordability protections are continued after 2030.

Thank you very much.

BOARD CLERK: Thank you.

Tim Kamermayer.

TIM KAMERMAYER: Thank you so much. Normally people can't even say my last name right. That's incredibly impressive.

Good morning, Chair Sanchez and members of the Boards. My name is Tim Kamermayer and I am speaking today on behalf of the Green Hydrogen Coalition in support of the proposed Cap-and-Invest amendments, specifically the low carbon hydrogen purchasing option within the

Manufacturing Decarbonization Incentive framework.

GHC appreciates CARB staff's continued engagement throughout this process and the thoughtful the inclusion of mechanisms that recognize the rule of low carbon hydrogen that can play in California's broader decarbonization and reliability goals.

Members, it is often said that for California to reach its SB 100 goals, we're going to need, and some even project - in fact, I believe it's CARB - that we're going to need around 1,700 times the amount of hydrogen supplied to get there. We believe, as noted in our public comments, that the proposed hydrogen purchasing option represents a practical and measured approach to accelerating market development, while ensuring emissions reductions remain the central focus of the Program.

California is going to need portfolio solutions to achieve its climate goals. And in doing that, we must maintain grid reliability and affordability. The reality is that many industries in these sectors, and especially hard to abate, have a very difficult time being able to electrify. Hydrogen represents one of those opportunities to not only decarbonize, but also expand our portfolio.

We believe the MDI sends and important market signal. It helps provide the policy certainty needed to unlock private investment and support State project development, strengthen supply chains, and preserve California's leadership.

While our comments reflect concerns around adding three pillar specific language at a time when the renewable and hydrogen industry is dealing with significant headwinds, we still believe that this proposal, and the resolution, are an appropriate balance between near-term and long-term concerns. Lastly, we would encourage the staff to start considering ways to decarbonize derivative fuels like ammonia and methanol, and other molecules that are traditionally imported into the State, but could be produced cleaner and deeper in California.

Thank you for your consideration and ask that you please support and adopt it.

BOARD CLERK: Thank you.

Christian Theuer.

CHRISTIAN THEUER: Good morning, Chair Sanchez and members of the Board. I'm with Heirloom a climate technology company headquartered and operating here in California.

From the Scoping Plan, in addition to steep emissions reductions, California requires at least 75 million tons of carbon removal to reach net zero. Current policy, while bold, will not get us there. Early essential climate technology like ours needs targeted support and financing. That is what MDI can provide. MDI channels financing from polluting industries toward the innovators who can abate the hardest-to-decarbonize emissions. That is climate policy working as intended. Without MDI, we risk watching California-borne solutions get deployed in other states and other countries, while California falls short of its own 2045 goal.

Worse given, current federal dynamics who risk these technologies failing to scale at all, losing jobs, increasing climate-related insurance costs, and making the state harder and less affordable to live in. With MDI, we will see investments in high-road projects that create good jobs and climate outcomes.

The Board should send a clear signal with your vote today that our state is serious about using every tool we have to meet affordable net zero on schedule. Let me be clear, the MDI provisions, which were included in the January proposed amendments and refined in April will catalyze in-state investments, innovation, jobs and GHG reductions that dramatically build on the success of this Board and its programs.

We urge you to adopt these amendments today and move forward with their implementation. Thank you and your staff for the hard work of innovating and advancing our climate goals under difficult circumstances. Thank you.

BOARD CLERK: Thank you.

SUSAN BRAUN: Hi. Good morning, Chair Sanchez and Board members. Susan Braun on behalf of the Power and Water Resources Pooling Authority.

PWRPA appreciates staff's responsiveness with PWRPA's concerns in the 15-day amendments to shift to a multi-year input averaging, the revised RPS factor, and the deferral of post-2030 allocations are meaningful improvement. And PWRPA supports their adoption.

However, PWRPA respectfully urges the Board to go a step further and reinstate the 2027 to 2030 allocations that were established in 2018. While PWRPA saw and increase in allowances from the 45-day language to the 15-day language, the 15-day language still represents a roughly 50 percent decrease in allowances from what was established in 2018. Those allocations reflect PWRPA's actual compliance burden as a hydra-dependent utility whose load swings depending on drought conditions entirely outside of PWRPA's control.

More important, PWRPA's member agencies, public water districts serving agricultural and municipal customers made long-term infrastructure and financial decisions in direct reliance on those allocations. The gap likely translates directly into rate increases for water ratepayers.

To conclude, PWRPA supports the 15-day language and asks the Board to reinstate the allocations established in 2018.

Thank you.

BOARD CLERK: Thank you. And noting that in-person and online sign-up to speak for this item has now closed.

With that, we will hear from Tim Carmichael

TIM CARMICHAEL: Good morning, Madam Chair, members of the Board. Good to see you all. Tim Carmichael on behalf of the California Council for Environmental and Economic Balance. We represent businesses and workers who are regulated entities in multiple sectors of our economy, including industrial and the energy sector.

We strongly encourage the Board to adopt the proposed amendments before you to provide parties regulated under Cap-and-Invest much needed near-term regulatory certainty. However, there are significant questions about the long-term direction of this program, post-2031. That will need to be addressed in a subsequent rulemaking and we urge CARB to begin that process as soon as possible to ensure the clarity needed for long lead time major capital expenditures.

Maintaining energy affordability must be a key priority in future rulemakings, including the Climate Credit and leakage protections. We'd also like to support staff's proposed Manufacturing Decarbonization Incentive. We believe that any resulting investment in decarbonization and leakage prevention is a win for both the environment and the economy.

Thank you.

BOARD CLERK: Thank you.

Alfredo.

ALFREDO ARREDONDO: Thank you. Good morning, Chair Sanchez and members of the Board. My name is Alfredo Arredondo. And I'm here today on behalf of -- (clears throat) -- excuse me -- the California Forest Carbon Coalition. Our members represent a diverse coalition of California based forest stakeholders, including Environmental nonprofits, Native American tribes, and forest product companies.

We've come together to support the role of forest-based climate solutions within the Cap-and-Invest Program in helping to achieve our state's ambitious climate goals. Through this program our members have reduced tens of millions of tons of CO2 through the enrollment and management of almost a million acres in

California forests, including tribal lands that have been able to be purchased back by tribes encompassing their ancestral territory.

We appreciate staff for the engagement we've had over the past months and we also are glad to see that the proposed Board resolution directs the Executive Officer to keep working with offset project operators on cost effective implementation and to pursue new and updated protocols. This is especially important to us, given that the day-to-day administration of the offset program has become fairly hard to navigate. And that's simply a reflection of the needs of a maturing program.

However, there's significant opportunity over the next two to three years for us to work hand in hand on making improvements. And this is relative to the AB 1207 and 840 requirements to provide an update and report on the current compliance market by the end of this year and to update every existing protocol to reflect the best available science by January 2029.

So we're ready to do this work with you all hand in hand and encourage support off adopting today's regulation.

Thank you for your time.

BOARD CLERK: Thank you.

April Manatt.

APRIL MANATT: Good morning, Board Chair and members. I'm April Manatt. I'm the Executive Director of the California Problem Solvers Foundation speaking on behalf of the 26 bipartisan, bicameral members of the California Legislative Problem Solvers Caucus. Our caucus co-chairs Assemblymembers Alanis, Alvarez, Ávila Farías and Senator Valladares cannot be with you today, due to the legislative deadline.

But I wanted to come today and express on their behalf that the caucus supports the overall direction of the revised regulation and wants to recognize the significant and important work undertaken by the Board members and staff to move the rulemaking towards the affordability and leakage protection principles that the Legislature embedded in AB 1207. In particular, the 15-day modifications reflect the thoughtful and substantive response to the concerns raised by the members of our caucus and the allied legislators who signed on to their comments.

The caucus appreciates the productive engagement and commends the work of your -- and professionalism of your legislative and executive staff in addressing the lawmakers' concerns.

Several elements of the revised package are especially notable. First, the Manufacturing

Decarbonization Incentive and increased cap adjustment factors for covered sectors help keep businesses and jobs in California, while promoting on-site decarbonization investments. Second, the recalibrated utility allocations better mitigate ratepayer impacts compared to the 45-day package. Third, the NGS to EDU transition framework provides a constructive path forward on AB 12070's -- or 1207's affordability mandate.

The post-30 framework remains an important open question that the proposed resolution defers. The caucus encourages CARB to quickly fill this rulemaking void as long-term capital investments can't be made in the face of a blank regulatory page. The caucus does, however, appreciate the proposed resolution's directions related to border leakage, mechanisms, and other long-term design constraints.

Thank you very much for working towards affordability. We look forward to working with you and problem solving further on this shared endeavor.

BOARD CLERK: Thank you.

Con Costantino.

JON COSTANTINO: Good morning, Chair Sanchez and Board members. Thank you for having me this morning. Speaking on behalf of the California Independent Petroleum Association, the small and medium oil producers in-state that are in Kern and LA County primarily.

We support the MDI. We support the near-term cost benefits that the additional allocations were given to industry. But to be clear, every time you saw industry on the -- on the slide show, it should say industry asterisk, except for in-state oil and gas -- except MDI, except for in-state oil and gas. And it's perplexing to us that staff went out of their way to exclude the industry that is trying to be in-state, lower fuel costs, prevent leakage, operates under the most stringent rules for production in the world.

And when you don't have in-state production, it's an imported product, and that's the definition of leakage. And we know that the flaring of methane around the world is unmatched and doesn't have the regulations that California does.

So the ask of the Board is we know that this is probably going to get approved without another amendment. If there was another amendment, we'd love to fix some of these allocation and MDI eligibility considerations. But if not, next time this comes up, we'd like you to direct staff to relook at this, because we believe it's direct leakage and reduce the ability of in-state production to fund the cleaner technology, which they're already working to accomplish.

Thank you.

BOARD CLERK: Thank you.

Beverly Greene.

BEVERLY GREENE: Good morning, Chair Sanchez and members of the CARB Board. I'm Beverly Greene, Chief Government Affairs Officer for the Santa Clara Valley Transportation Authority, and also Chair of the State Legislative Committee of the California Transit Association.

We respectfully urge you to oppose the proposed program changes and instead protect the Greenhouse Gas Reduction Fund programs. This will avoid negative impacts to transit. CARB's proposed amendments would eliminate two billion for some of California's most important transit and climate programs. The proposed amendments to the Cap-and-Invest Program would eliminate funding for TIRCP, which provides funding for the ongoing construction of the BART to Silicon Valley Project Phase 2 and supports VTA's application for a $5.1 billion federal grant, and the AHSC program, the key State funding program for VTA Transit-Oriented Development Program through which VTA has and will receive approximately 169 million to support affordable housing in Santa Clara County. And the LCTOP program, which provides up to five million a year for VTA's purchase of zero-emission buses and charging equipment, which will decrease pollution in our community.

TIRCP, AHSC, and LCTOP are ascending funding -- or essential funding sources for VTA's efforts to bring improved transit and affordable housing to Santa Clara County and help California effectively address critical, environmental and housing concerns.

Thank you for your consideration and service to the Bay Area and the State of California.

BOARD CLERK: Thank you.

Kevin Barker.

KEVIN BARKER: Good morning, Madam Chair, esteemed Board members. I'm Kevin Barker with SoCalGas.

First, it's important to recognize that shifting allowance value from natural gas customers to electric customers will not make household energy bills more afford -- affordable. Instead, it will leave the majority of Californian's households worse off. The California Climate Credit is the most immediate, direct way to support Californians' energy bills and any decision to reduce overall climate credits to mixed fuels resi -- to mixed fuel residents is detrimental.

Therefore, we remain opposed to any transfer of allowances because it will increase costs for many Californians. However, we appreciate CARB staff's recognition of the need to retain some allowances for low-income gas ratepayers. It is prudent to maintain this support for the life of the program, as these households are the least able to electrify and the most vulnerable to rising energy bills.

While we appreciate CARB's efforts to address affordability, we respectfully urge CARB to continue to prioritize it by maintaining a Climate Credit for low income natural gas ratepayers indefinitely.

Thank you.

BOARD CLERK: Thank you.

We have Sarah Taheri.

SARAH TAHERI: Madam Chair and Board members, Sarah Taheri on behalf of San Diego Gas and Electric, or SDG&E. SDG&E has long supported the Cap-and-Invest Program as a cost effective means of achieving emissions reductions and we would urge your support of this program and the adoption of the regulation before you today. I do want to provide some commentary specifically on the area of electric utility and natural gas supplier allowance allocations, the two elements of the program that most directly impact energy affordability for our customers.

The program costs and benefits here are entirely passed through to our customers, meaning our customers bear the compliance cost of the program, including the increases that may result from increases in price, but they also benefit from the very important, immediate and transparent impacts of the California Climate Credit. With that concept top of mind, affordability top of mind, we've consistently raised concerns about reductions to the utility allocations in the context of this program design.

Specifically on electric, today's proposal is an improvement from where we were in January with the initial proposal, but it still reduces SDG&E's allocation compared to the current regulation. We do appreciate CARB's efforts to align the allocation methodology with the current laws around the Renewable Portfolio Standard, but also want to cite some concerns around the proposed socialization of costs related to the Diablo Canyon Power Plant facility without recognizing historical allocation benefits.

On that specific issue, we do want to offer support for proposed resolution language that would allow the utilities and CARB to work with the CPUC on continuing that conversation to ensure that those benefits are equitably accounted for in the 2027 through 2030 time period.

On natural gas briefly, align comments with SoCalGas on this. We are concerned about the impacts to our dual fuel customers and look forward to continued conversation on that. Appreciate the resolution language on that issue as well.

Just in closing, thank you to the CARB staff and leadership for the work on this. We urge your aye votes.

Thank you.

BOARD CLERK: Thank you.

Amber Blixt.

AMBER BLIXT: Good morning, Chair Sanchez and CARB Board members. I am Amber Blixt with the City of Roseville's electric utility.

Roseville recognizes and thanks CARB for the improvements made in the 15-day amendments to the Cap-and-Invest Regulation in comparison to the original January proposal. That said, the City of Roseville is still seeing a significant decrease in allowances in comparison to the existing regulation. Roseville stands to lose over 170,000 allowances or around a 14 percent reduction between 2027 and 2030, in comparison to the existing regulations.

Roseville would be remiss, on behalf of our customers and our community, if we did not note the proposed cuts to our allocations, which will unfavorably impact our community over the course of the next four years. We understand that CARB had to make difficult trade-offs in this rulemaking. Accordingly, we would like to work with CARB in future rulemakings to remedy these near-term impacts to our city.

Roseville supports the comments made by the Northern California Power Agency and the California Municipal Utilities Association in this regard.

Thank you for the opportunity to comment.

BOARD CLERK: Thank you.

Mariela Ruacho.

MARIELA RUACHO: Good morning. Hi. Mariela Ruacho with Leadership Counsel for Justice and Accountability.

We urge you to strengthen the Cap-and-Invest Rule and remove the MDI. The 15-day changes provide large giveaways to refineries and other polluting industries without any real benefits to Californians. These pro -- this process has been rushed. The 15-day changes are so out of sync with the ISOR, there has been insufficient environmental review of the impacts of these changes.

We have concerns with double counting of supposed climate benefits from biogas and biofuels through the MDI and other programs such as the LCFS. The changes will significantly reduce GGRF impacts to equity-focused programs, such as the Safe and Affordable Drinking Water Fund and CARB's own AB 617 Program. In addition, these changes will reduce the climate credits for critical economic security measures for low-income people living in heat-prone areas.

So again, we urge to remove the MDI and strengthen the Cap-and-Invest Regulation. The current rule does not provide true benefits to DACs or Californians, even when it comes to affordability, public health benefits, or meaningful investments.

Thank you.

BOARD CLERK: Thank you.

Derek Dolfie.

DEREK DOLFIE: Good morning, Chair Sanchez and Board members. Derek Dolfie on behalf of the California Municipal Utilities Association on behalf of California's publicly owned electric utilities. The 15-days changes represent a meaningful improvement over the January proposal. Particularly the incorporation of the effective RPS and utility allowance allocations better reflects the real compliance costs and address earlier stakeholder concerns, and we support this proposal.

Still, it's worth noting that, on average, electric utilities are losing allowances between 2027 and 2030, meaning a loss of protection for those communities we serve compared to the current regulation. That's why it's critical for us publicly in the utilities to maintain our allowances.

Furthermore, revised -- revising fixed

allocations midstream undermines planning certainty and voluntary decarbonization efforts. While we support the adoption of 15-day changes, we do urge the Board to ensure that the next rulemaking ensures protection for electric utility customers by restoring the 2027 to 2030 allowance allocation for POUs losing allowances and establishing preset post-2030 allowance allocations that provide long-term planning certainty and incorporate the same effective RPS in these amendments.

Thank you very much for your time.

BOARD CLERK: Thank you.

Elisabeth de Joung.

ELISABETH de JOUNG: Hello, Board members. My name is Elisabeth de Joung and I'm here on behalf of the Southern California Public Power Authority representing 12 local public owned electric utilities --

The 15-day changes are a significant improvement to the electric utility allocation. It's important those regulations not result further reductions. POUs must retain flexibility in using allowance value to invest in renewables and support both electricity affordability and GHG reductions. SCPPA appreciates that CARB responded to our recommendations to align with RPS requirements through an updated effective RPS in calculating the electric utility allocation.

Collectively, SCPPA members facing reductions in their allowance allocations still stand to lose approximately $212 million in allowance value over the next four years. Updating the fixed 10-year allowance allocation midstream undermines the regulatory certainty that supported early action to reduce GHG emissions. For example, six SCPPA members in the Intermountain Power Project in Utah chose to retire the IPP coal units early resulting in significant emissions reductions ahead of contract expiration, with the expectation that the fixed allowance allocation would help offset those project costs.

SCPPA supports the 15-day changes today. However, we do urge that CARB recognize that midstream changes affect long-term cost management and resource planning for POUs. As utilities plan their clean energy investments, a fixed allowance allocation will be needed to ensure regulatory certainty. The effective RPS, as included in the proposal, should be applied to post-2030 allowance allocations.

We look forward to working collaboratively with CARB for the upcoming rulemaking to address the utility allowance allocation post-2030.

Thank you.

BOARD CLERK: Fariya Ali.

FARIYA ALI: Good morning. Fariya Ali on behalf of Pacific Gas and Electric. We have long supported this program and we support your adoption of these amendments today. We believe they strike a careful, if unpopular, balance between program stringency and affordability. Electricity affordability remains one of the top priorities for California households, as highlighted in the signing of AB 1207 by the Governor and the Legislature.

Utility allowances for the benefit of utility customers, including low-income and disadvantaged customers, are the most direct and transparent path for addressing affordability for households. The 15-day amendments provide more allowances to customers than the January proposal. But as highlighted by my other utility colleagues, the electric sector is still seeing a significant overall reduction. Our customers are sharing in the impacts of a tightening program.

While there are many other very important programs that are also seeing impacts, further reducing utility customer allowances is not the right solution for addressing those impacts, and it would not reflect California household's top concerns.

Affordable electricity is crucial for enabling the state's decarbonization goals and approving these amendments today will cement Cap-and-Invest's role in helping to achieve cost effective greenhouse gas reductions.

Thank you.

BOARD CLERK: Jenna Roper.

DR. JENNA ROPER: Hello. My name is Dr. Jenna Roper, here on behalf of Central California Asthma Collaborative. CCAC has served over 8,000 asthma patients all across the Central Valley. So we see firsthand the negative health effects of polluting industries.

We respectfully ask the Board to reject the 15-day changes and eliminate the MDI. These changes undermine California's climate goals by adding allowances above the cap, making our air worse, all while eliminating funding for the programs designed to help those bearing the greatest health burdens.

Further, this process has been rushed. MDI is an untested, first-of-its-kind program. Decisions that impact billions of public dollars and more importantly our community's health deserve more meaningful public participation and more thorough analysis.

Thank you.

BOARD CLERK: Thank you.

Clare Letmon.

CLARE LETMON: Good morning, Chair Sanchez and members of the Board. I'm Clare Letmon with the Los Angeles Business Council, a business research and advocacy organization representing 500 members across all industry sectors focused on innovative public policy that strengthens our economy while improving quality of life for all.

We're here today to express our support for a strong and timely Cap-and-Invest Program that continues to reduce emissions while providing the policy certainty and investment framework needed to support California's economy. California's climate leadership has shown that market-based tools can reduce emissions, while supporting economic growth. Cap-and-Invest remains central to that approach. It creates clear price signals, holds major emitters accountable, and generates dedicated funding for investments that improve air quality, strengthen infrastructure, and support communities across the state.

For businesses and communities, GGRF investments help finance energy and fleet upgrades, improve efficiency, reduce exposure to fuel price volatility, and build resilience as climate and disaster risks grow. That matters for California's long-term competitiveness and it matters especially for small businesses that have the least flexibility to absorb new costs on their own.

Cap-and-Invest also plays an important role in affordability through utility bill credits and targeted investments. The program helps offset energy costs for households and businesses while supporting the transition to a more efficient and less volatile energy systems. For working families and small businesses, those benefits are material.

As CARB considers the future of the program, we urge the Board to preserve the core strength that has made Cap-and-Invest effective, long-term policy certainty, practical investment in emissions reductions, and continued support for affordability and community resilience. A strong and predictable program will help businesses plan, invest and manage costs while ensuring auction revenues continue to support cleaner transportation, renewable energy, public health improvements, utility bill relief and other benefits Californians rely on.

Thank you for your leadership and consideration.

BOARD CLERK: Thank you.

Katie Valenzuela.

KATIE VALENZUELA: Good morning, CARB Board members and staff. Katie Valenzuela from Communities for a Better Environment and a broad coalition of environmental justice organizations urging you to reject the current 15-day proposal as written.

I'm really glad that staff started off by reminding us that AB 32 passed 20 years ago this year, because for almost every single one of those 20 years, environmental justice advocates have been fighting you over Cap-and-Trade.

And I want to make very clear that that's not our concern today. We remain concerned about market mechanisms broadly, but these changes fundamentally adjust this program in a manner that's shifting billions of dollars to polluting industries and away from the Climate Credit and the investments that we need to make our communities resilient for their climate future. You are the governing Board of this agency. This is a staff proposal. You are completely within your rights to tell staff to amend this proposal in your resolution. And if they don't, I encourage you to reject this proposal.

We can and must do better. We can't undue these allowances being allocated once this vote proceeds today. So we really are hoping that you'll stand with environmental justice communities who were really not consulted because you actually don't have an EJAC right now in the development of this proposal and really stand firm to protect ratepayers.

I have to stay that at one point, one of the business groups who testified before us said that MDI will send an important market signal to industry to decarbonize. Well Cap-and-Trade was supposed to send that market signal. And if it's not sending a sufficient market signal, we should be looking at how to make that system stronger, not adding an additional incentive to companies who are making billions of dollars in profits overwhelmingly going to the oil and gas industry in order to say, hey, let's decarbonize further. They don't need this extra $30 a ton to decarbonize. What they need are stronger rules and regulations to ensure our targets are going to be met.

So we implore you to reject the MDI proposal. And if you can't get that out of this resolution today, please reject this and tell staff to come back in June with a different proposal. It is within your power as a Board to do that.

Thank you.

BOARD CLERK: Thank you.

And I would like to remind everybody to please speak slowly for our interpreters. Thank you.

Next, Andrew Dawson.

ANDREW DAWSON: Hi. I'm Andrew Dawson with the California Housing Partnership. We are a State-created private nonprofit where the Governor and Legislature appoint our board and they direct our work.

We are deeply concerned about the regulations being discussed today, as with many others here, especially as it relates to the GGRF and the Tier 3 programs. We believe these regulations will significantly impact funding for these important housing, transportation and environmental justice programs.

Along with significant -- specifically AHSC, the Affordable Housing Sustainable Communities Program, is the only ongoing funding source for affordable housing in this state, along with significant GHG emission reductions of over 5.5 million metric tons, where almost AHSC reduced costs for low-income households by almost $11,000 per year, where almost 60 percent of the developments are located in disadvantaged communities.

AHSC has supported almost 50,000 jobs and generated almost $2 billion in State and local taxes. We understand affordability is a huge issue for Californians. However, housing and transportation are the top two costs for households. The programs in Tier 3 reduce those costs and support those that these industries have most affected. California has been looked at as a leader and example for much of its climate leadership. These regulations have huge effects on the Cap-and -- Cap-and-Invest Program and been proposed with a minimal timeline. We hope you reject this proposal and work with stakeholders to address these concerns.

Thank you.

BOARD CLERK: Thank you.

Staci Heaton.

STACI HEATON: Good morning. Staci Heaton with the Rural County Representatives of California. We represent 40 rural counties statewide. Our counties are among the communities that have been most devastated by catastrophic wildfire over the past 15 years. Catastrophic wildfire impacts the whole state. We know that its both caused and Exacerbated by climate change and also a contributor, if not mitigated properly.

Wildfire impacts public safety. It impacts everyone's insurance costs. Everyone's air quality. And in the long run, if we don't avoid catastrophic wildfire in those emissions, it costs the State. It's among one of the most cost effective things that we fund with the GGRF is wildfire mitigation.

It's already been de-prioritized by the Legislature in their restructuring of the program. I believe forest resilience is last on the list for $200 million from the GGRF. We -- a lot of us fought really hard to get those funds into SB 901. And the proposal today would almost eliminate that funding by 2029. And it is a great concern to us. A lot of that is local assistance dollars. And rural communities are great at doing a lot with a little, but we already have a little, and we may not have anything.

So, we would ask today that you reconsider this proposal to ensure that those funds are available and to ensure that the GGRF is whole and solvent.

Thank you.

BOARD CLERK: Thank you.

Madison Chesebro.

MADISON CHESEBRO: Chair Sanchez and members of the Board, thank you for the opportunity to testify today. My name is Madison Chesebro from E2, a national nonpartisan group of business leaders who advocate for policies that are good for the economy and good for the environment. I'm here on behalf of our 3,200 California businesses members and supporters.

Cap-and-Invest is a bedrock of the State's climate strategy and its continued contribution to climate action is essential. E2 recognizes the critical role Cap-and-Invest plays in cost effectively reducing emissions. Its success is reflected in the statewide economic growth that has accompanied the program.

California's GSP more than doubled from 2000 to 2023, even as greenhouse gas emissions fell by 21 percent. The proposed package demonstrates CARB's commitment to aligning Cap-and-Invest with the State's 2045 climate goals. E2 also supports the inclusion of affordability measures, including updates to the California Climate Credit. However, the 15-day changes include a concerning departure from California's climate ambition.

The proposed expansion of the MDI redirects allowances previously set for retirement and expands access for the state's refineries. E2 urges the Board to adopt the Program and address these issues during implementation to ensure MDI projects deliver verified durable emissions reductions and meet robust reporting requirements.

In conclusion, California risks its climate leadership if the State fails to adopt these regulations on time. We urge the Board to adopt the amendments without delay. Thank you for your time.

BOARD CLERK: Thank you.

William Churchill.

WILLIAM CHURCHILL: Good morning. My name is William Churchill. I'm the General Manager of County Connection. We're a medium-sized bus public transit operate in central Contra Costa.

County Connection respectfully opposes these amendments. I think it's important to understand that the amendments are actually trading affordability in one sector for affordability in another sector. And so it's important to understand what this can do to the daily lives of the riders at least for the communities that we serve.

County Connection receives funding from three of the programs within the Tier 3 of Cap-and-Invest Regulation. First and foremost, and I think most importantly to our riders, we receive a million and a half of LCTOP funding. The LCTOP funding supports over 750,000 trips to our most vulnerable economically depressed communities. Without that funding, they don't have the same access to work, to medical, and/or even just getting groceries. These individuals do not have any other transportation form. They rely on County Connection for that.

Secondly, County Connection received -- has received nearly $30 million in TIRCP funding. That program is absolutely essential to our zero-emission vehicle transition plan. Without those funds, we would not be capable of complying with the ICT Regulation.

And then finally, County Connection has partnered with the City of Walnut Creek and a developer for the AHSC funding. We have been able to increase the frequency of a route to downtown Walnut Creek and what that does is it gets people out of cars and into Walnut Creek and shopping.

So these amendments will have a profound impact on the Contra Costa community and -- thank you very much for your time.

BOARD CLERK: Thank you.

Julia Levin.

JULIA LEVIN: Good morning. Julia Levin with the Bioenergy Association of California.

We strongly support the concept of the Manufacturing Decarbonization Incentive. This is critical to decarbonize sectors like glass, cement, steel, and food processing that all Californians depend upon. We do urge the Air Board, either in the regulations themselves or in the resolution that you adopt later today, to make one critical change thought to comply with law and to meet the goals of the Cap-and-Invest Program, and that is to require that any biomethane or biomass procured for manufacturing decarbonization must be delivered to California. That's already required for renewable electricity or renewable hydrogen that are used to decarbonize the manufacturing sector, but there is no delivery requirement for biomethane and bioenergy.

That violates the law, which requires that the Cap-and-Invest Program maximize the environmental and economic benefits in California of this Program. The way the MDI is written now, California could send billions of dollars worth of allowances to out-of-state biomethane producers and not even require that the biomethane be delivered to California. That means it won't help us mitigate wildfires. It won't help us reduce landfill waste, reduce dairy methane, open burning of agricultural waste and it won't even displace fossil fuel use in California.

That is a very bad policy for California to spend money on out-of-state projects that don't benefit our own economy and environment. So we urge you to adopt the MDI, but with the qualification that all participating fuels must be delivered to California and actually reduce fossil fuel use in state.

Thank you.

BOARD CLERK: Thank you.

Steve Wallauch.

STEVE WALLAUCH: Good morning, everybody. Steve Wallauch. I'm here on behalf of the Alameda County Transportation Commission, the Golden Gate Bridge Highway Transportation District, the Napa Valley Transportation Authority, Foothill Transit, and California Association of Coordinated Transportation.

I think in short, we're asking at the very least to postpone actions on this -- on this rule in order to take consideration of the impacts it's going to have. We support the needs for consider affordability, but the proposal takes a very narrow view of what affordability is. It doesn't take into consideration the impacts it will have on riders and transit workers with -- that the loss of LCTOP funds will have on service levels. It also doesn't consider the impact it's going to have on the ability to transition to zero-emission transit fleets. Without these funds transit operators will not be able to comply.

And transit has been a strong partner for over 20 years with CARB on the development of heavy-duty zero-emission technology. This is technology that's been applied not only to transit buses, but the Heavy-duty trucks and other vehicles throughout the state. This proposal is a radical departure from this decades-long partnership, and I think it sends a troubling measure to the zero-emission technology sector what direction the state is going in.

To maintain California's leadership in reducing GHG emissions in our most vulnerable neighborhoods, we ask that you delay action on this proposal and reconsider the impacts it has.

Thank you.

BOARD CLERK: Thank you.

Diane Shaw.

DIANE SHAW: Good morning, Chair Sanchez and the whole Board. My name is Diane Shaw and I am President of the AC Transit Board of Directors in Oakland, California. AC Transit is California's largest bus-only agency. We serve 1.5 million riders and have over 140,000 weekday rides.

I'm here to voice our deep concerns regarding the proposed Cap-and-Invest amendments and urge the Board to postpone this item. Since the 2000 Fleet Rule, AC Transit has been a dedicated partner with CARB in developing the nation's first prototype Hydrogen fuel cell buses. Thanks to CARB support, we run one of the most comprehensive zero-emission programs in the United States. We have 58 zero-emission buses on the road now, nine on the way and 57 on order. We have driven over eight million miles of zero-emission miles with our system, which has avoided a lot of those emissions.

We remain fully committed to meeting the ICT mandate of 100 percent zero-emission fleet by 2040, which was developed by the same body. These proposed changes will add an estimated 20 percent to our projected 200 million deficit over the next four years. Since 2015, we have relied on 93 million in GGRF revenues to sustain services. LCTOP funds are $7 million in annual formula funds, literally drives our Tempo, BRT, line carrying 17,000 daily riders through our most disadvantaged communities, plus up to three million a year in competitive grants for critical capital projects that improve the safety and quality of our service.

TIRCP and microgrids. Critical grants built our Emeryville and East Oakland electric infrastructure including an on-site microgrid to ensure service during utility disruptions, As you know we all have. Eliminating the AHSC Program puts local affordable housing in jeopardy. Our partnership has delivered over 1,500 affordable units with potentially 356 more.

We appreciate your time. Thank you.

BOARD CLERK: Thank you.

Gissela Chavez.

GISSELA CHAVEZ: Yeah. Can you hear me?

Hey, everyone. Gissela Chavez with Communities for a Better Environment, an environmental justice organization coming out of Richmond, East Oakland, Southeast Los Angeles and Wilmington. As a life-long resident of Huntington Park, which is a Southeast LA community that sits adjacent to Vernon, which is one of the largest industrial and corrupted industrial cities in our country, I'm no stranger to polluted air.

You know, for my entire life I've had to deal with like smelling the rendering plants in my community, so that is like animal dead carcasses and all of that. It's pretty gross. And this is something that has happened year after year. The fact that my community can't breathe clean air -- the fact that my community can't breathe clean air in our community while dealing with incompatible land use, such as homes, schools, hospitals and churches next to major industrial polluters, such as metal recyclers and refiners that have historically failed to cap their emissions is a big indicator that continued investment in EJ communities is a must.

Eliminating funding for clean air programs that focus on emissions reductions and environmental justice communities is unacceptable. Our communities deal with a lack Of basic access to things like clean air for communities, safe drinking water, public transit, affordable housing, and electric -- electricity bill relief, all important programs funded by Cap-and-Trade.

Please reject the proposed 15-day to 20-day proposed changes and eliminate the MDI. These resources take billions from our communities and our neighbors, and ultimately translate as another attack from our government. CARB, California Air Resources Board, more like corporations, are redirecting billions. Do better.

If you approve, you are failing your constituents that you serve. Community health over corporate wealth always.

Thank you.

BOARD CLERK: Thank you.

Natalie Spievack.

NATALIE SPIEVACK: Natalie Spievack from Housing California, a statewide nonprofit advocacy organization focused on creating affordable homes and ending homelessness. We're deeply concerned that the proposed amendments would completely cut funding for Tier 3 GGRF programs, including the Affordable Housing and Sustainable Communities Program, our AHSC, which is the State's largest and only ongoing source of funding for affordable housing and for other critical transit and climate programs.

AHSC has an incredible track record of producing over 22,000 affordable homes, creating jobs, and reducing greenhouse gas emissions. Increasing allowances to oil and gas companies without any guarantee that consumer prices will fall is not the way to create affordability. The way to create affordability is to make housing and transit costs, which is -- are the two largest expenses in household budgets, less expensive, which is exactly what Tier 3 programs do.

We urge you to reject the proposed amendments.

Thank you.

BOARD CLERK: Lauren Gallagher.

LAUREN GALLAGHER: Good morning, Chair Sanchez and members of the Board. My name is Lauren Gallagher. And I'm here on behalf of Communities for a Better Environment.

We call on the Board to reject the 15-day changes and eliminate the Manufacturing Decarbonization Incentive. The Air Resources Board may not determine how GGRF revenue is allocated, but the Board does determine how allowances are allocated. And the proposal recuts the pie to give a generous slice of subsidies to industry and a paltry slice to GGRF, to the tune of completely wiping out funding for programs that meet real environmental quality and affordability needs.

Sacking the MDI and increase leakage assistance provides more allowances than refineries have emissions. With no difference between leakage allowances and MDI allowances, these changes are a financial windfall for industry and contrary to the directives under AB 1207.

The oversight CARB proposes for the MDI constitutes mere projections and paperwork. Capital cost investments will not automatically equate to real on-site emissions reductions for front-line communities. It is not clear how the MDI is necessary to meet our climate goals if it cannot result in real verifiable emissions reductions.

A fractured rulemaking process and the 11th hour of introduction of the substantially altered MDI in the 15-day changes denied the EJAC and community members of a transparent, accountable and fair rulemaking progress.

I urge the Board to reject the 15-day changes and eliminate the Manufacturing Decarbonization Incentive.

BOARD CLERK: Ana Gonzalez.

ANA GONZALEZ: Okay. Good morning, Chair Sanchez and Board members. Ana Gonzalez, Executive Director, at the Center for Community Action and Environmental Justice representing more than 4.6 million people in San Bernardino and Riverside counties.

I urge CARB to reject the proposed amendments to Cap-and-Invest that would weaken investment in environmental justice communities and reduce accountability to our public. Our communities cannot continue to be collateral damage. Eliminating funding for clean air programs that directly reduce emissions in environmental justice communities is not negotiable. Programs like AB 617 were created because many front-line communities were left behind for decades. Our communities still have the worst air quality in the nation, but cutting funding for community-led development and implementation would derail the years of advocacy, collaboration, and progress toward cleaner air and healthier neighborhoods.

Taking away from GGRF is not cool and affordability matters. These proposed changes would reduce the California Climate Credit, which provides directly utility bill relief to families across the state. Communities should not bear the financial burden, while corporations continue benefiting from weekend climate protections. The lack of meaningful public process is deeply concerning with decisions involving billions of dollars and our health for our communities deserve transparency, accountability and robust public participation.

These amendments moves us in the right -- in the wrong direction. I respectfully ask CARB to reject these harmful changes and protect investments in clean air, clean water, affordability and community-driven climate solutions. Thank you.

BOARD CLERK: Paul Mason.

PAUL MASON: Good morning, Madam Chair, and members of the Board, Paul Mason with Pacific Forest Trust. And apologies to the clerk for my penmanship.

I'll refer to our written comments for a broader list of our concerns with the proposed changes. And I want to focus in on a couple of things here. One is the impact on the offset program from inserting, you know, up to 118 million tons of MDI allowances. We would expect that to have a significant impact on the value of the offset marketplace, which is, of course, one of the main ways that the Cap-and-Trade Program provides a way for the natural environment to engage in the program.

So, I really want to focus on a couple of ways that the Board, if you were going to move forward with the resolution -- or with the regulation today, could address some of these concerns in the resolution. One would be to direct the staff to report back to the Board on the impact on the offset marketplace in the coming years as MDI is being utilized, is to have a massive depressive force on the value of offsets and on how they're used.

The other is that the other -- the resolution -- and I'll note the Assemblyman Rogers actually sent a letter earlier this week that I didn't see reflected in the presentation that touches on some of these as well. But the resolution sort of makes some broad mention of updating the offset protocols. There were provisions in SB 840 that really directed the Board -- the staff to look at additional ways to approach offsets that would have greater benefits for conservation and nature-based solutions in California and get greater adaptation benefits, and climate resilience benefits here in California. It would be very helpful to have staff come back to the Board with a new approach within the existing legal parameters for offsets. So I encourage you to add those to the resolution.

Thank you.

BOARD CLERK: Betsy Brien.

BETSY BRIEN: Good morning, Chair Sanchez and members of the Board. My name is Betsy Brien and I'm with PBF energy. PBF Energy owns and operates two refiners in California and associated logistics assets. CARB's 15-day proposal represents an important step forward. The proposed amendments would support local commerce ability and emissions reductions by helping lower in-state refining compliance costs. The amendments will help assure continuing, reliable, in-state refining for the near term.

While we believe there is more work that needs to be done going forward, we ask that you vote to approve this important 15-day amendment.

Thank you.

BOARD CLERK: Keith Dunn.

KEITH DUNN: Thank you, Madam Chair and members. Keith Dunn here on behalf of the State Building and Construction Trades Council whose members depend upon

California's industrial manufacturing economy. We support California's ambitious climate goals and appreciate the effort that's gone into developing this program to try and meet them. We support high-speed rail, regional rail, alternative energy, and fuels that we have to have for our future here in California.

As this proposal moves forward, I want to emphasize, as you've heard from previous speakers, that more work needs to be done to provide some long-term certainty beyond 2030. The reality is that major employers, industries, and workers, and voters across the state are making investment decisions right now on infrastructure, refineries, energy production in state that depends upon the decisions that are made here today.

When there's uncertainty about future compliance costs, program structure and long-term policy direction, it becomes harder for companies, voters and others to make those investments on a real-time basis.

The framework before you today helps address some of the short-term concerns, but many questions remain unanswered about what the program looks like after 2030. We look forward to continuing to work with you. We were there in support of the extension of greenhouse gases. We look forward to being with the legislature, the next governor and this Board to make sure that we continue to get it right, and we look forward to your continued partnership as we move forward.

Thank you.

BOARD CLERK: Susie Berlin.

SUSIE BERLIN: Good morning. My name is Susie Berlin and I am representing today the Northern California Power Agency and Golden State Power Cooperative, publicly owned utilities and electric cooperatives. GSPC and NCPA members are committed to providing safe and reliable electricity service to their customers with electricity affordability being paramount.

Allowance allocation for the benefit of electricity customers remains one of the most direct and impactful ways to help mitigate rising electricity costs, while supporting the State's climate objectives. We appreciate that the proposed amendments continue to recognize the pivotal role that the State's electric utility customers play in State decarbonization efforts and the value of those allowances to the customers and communities we serve. We thank staff for their ongoing engagement with us and the 15-day changes that better align the allocation with the renewable portfolio standard requirements.

Notably the 15-day changes reduce the allowance cuts to electricity customers compared to the 15-day package. However, it is still important to note that there are utilities that will be left with substantially less allowances than they would have received under the current regulation. These cuts undermine regulatory certainty for many and risk long-term plans for emissions reductions that may be adversely impacted by regulatory changes midstream.

Looking forward, we urge the Board to direct staff to continue working with the electric utilities in developing the post-2030 allowance allocations for the benefit of electricity customers and to ensure that utility customers receive allowances to cover program compliance costs, address upward pressure on energy affordability, and deliver the regulatory and planning certainty necessary to maximize emissions reductions for the direct benefit of utility ratepayers.

We thank staff for all the work on the proposed amendments and we thank the Board for their consideration of the important role that electricity customers pay -- play and pay. Thank you.

BOARD CLERK: Thank you.

Dr. Pam O'Dell.

DR. PAM O'DELL: Good morning. My name is Dr. Pam O'Dell. I'm speaking on behalf of Climate Action California. Climate Action California is grassroots advocacy group with 7,000 members in California all concerned with solutions to the climate crisis. We are deeply concerned that the April amendments to the CARB's rulemaking proposal will undermine California's Cap-and-Invest Program and put our climate risk targets at risk.

Instead of retiring 118 million allowances to maintain our climate target, these amendments would create 18 -- 118 million new allowances to be distributed in an untested program with insufficient guardrails and no meaningful accountability mechanism. These additional allowances would not only endanger our mission's targets, they would has flood the auction market and depressed Cap-and-Invest revenues. These revenues fund vital programs, promote climate resilience, clean transit and transportation, and public health, especially in the most heavily exposed front-line communities.

We urge CARB to reject the April amendments and retire the 118 million allowances, as originally proposed in the January rulemaking proposal.

Thank you.

BOARD CLERK: Thank you.

Melinda Palmer.

MELINDA PALMER: Madam Chair, members of the Board, my name is Melinda Palmer. I'm here on behalf of

Kern Energy as their Vice President of Regulatory and Public Affairs. Kern Energy is a 27,000 barrel a day refinery located in southern San Joaquin Valley. We've been in operation for more than 90 years. We're family owned, employ about 200 people, and play a vital role in our region by supplying the critical transportation fuels needed for agriculture, major transportation corridors, local industry and the public. We're the only refinery located between the Bay Area and Los Angeles and we're the only small refiner remaining in California producing both gasoline and diesel.

In response to the 15-day package, Kern provided broad support for the inclusion of the independent merchant refiner provision, the option to delay a full compliance period. And we appreciate staff's critical recognition of the unique market positions these refineries hold, the immense financial pressures associated with the global crude and gasoline markets, and the need for flexibility and simultaneously navigating operations, compliance costs and investments.

We assessed the short-term relief this provision would offer and recommend that staff incorporate additional considerations to fully and more effectively give the flexibility and achieve the intended protections for in-state gasoline production. I urge you today to direct staff to move quickly in bringing these additional flexibilities forward and incorporating them into the regulation as soon as possible.

Specifically, we ask to extend the option to delay beyond the single compliance period. This would create a permanent future that would give CARB flexibility in addressing unpredictable market volatility or disruptions without the need for future rulemakings. We believe that giving discretion to the Executive Officer to act in situations that threaten California's critical transportation fuel infrastructure is necessary. I believe the language in the implementing Board resolution provides a helpful --

BOARD CLERK: Thank you.

MELINDA PALMER: Thank you.

Lucas Grimes.

LUCAS GRIMES: Good morning. My name is Lucas Grimes and I'm with the Center for Resource Solutions, a California based nonprofit that creates policy and market solutions to advance sustainable energy. I'm speaking today regarding the proposed discontinuation of allowance allocations to the voluntary renewable electricity, or VRE, reserve account within Cap-and-Invest Program.

So under a mass-based cap -- emissions cap, voluntary renewable electricity generation that is purchased voluntarily by both large and small customers will only reduce statewide emissions when it is paired with allowance retirement. Without allowance retirements, that renewable generation avoids emissions at regulated plants and simply frees up allowances for use elsewhere under the cap without changing total covered emissions.

The VRE reserve account was created specifically to address this issue and to preserve the emissions impact of voluntary renewable electricity, and with it voluntary demand for renewable electric energy in California through allocation and retirement of allowances on behalf of voluntary renewable energy sales. The current proposal discontinues future allowance allocations to the VRE reserve account, effectively depleting it and rendering it useless, without establishing an alternative mechanism for voluntary renewable electricity purchases to continue driving emissions reductions under the cap.

This has implications for the integrity and credibility of voluntary renewable electricity markets in California, including for corporate procurement programs, consumer facing renewable electricity products and broader voluntary climate commitments that rely on demonstrable emissions impact.

If allocations to the VRE reserve account are not resumed voluntary renewable energy purchasing in

California will have no net emissions effect and will merely subsidize compliance for emitters removing the primary motivation for voluntary buyers and jeopardizing a major source of private investment that would otherwise help accelerate decarbonization and reduce the burden on public climate programs.

CRS recognizes that broader constraint CARB is facing in this rulemaking, including declining allowance budgets and affordability considerations -- (inaudible) allowances be allocated (inaudible)

BOARD CLERK: Thank you. That concludes your time.

LUCAS GRIMES: Thank you.

BOARD CLERK: We have --

CHAIR SANCHEZ: Thank you, Lucas.

Sorry, Board Clerk, just a note. We're going to hear 30 more minutes of public comment that will take us to 12:15 when we will break for lunch.

Thank you.

BOARD CLERK: Thank you. Madeline Moore.

MADELINE MOORE: Hello, Chair and Board members. Madeline Moore on behalf of LA Metro, the state's largest transit agency. Transit is critically important to the State's goals in reducing greenhouse gas emissions. LA Metro's million boardings every day represent not only people getting to work, school and appointments, but also represent hundreds of thousands of polluting vehicles taken off the road. The median annual income of Metro bus riders in 2025 was under $19,000, which puts 90 percent of our bus riders at or below the very low income level.

However, the proposed rules Before the Board today would put at risk metro's ability to continue to provide the same level of environmental benefits we have produced. The regulations would threaten our ability to bring billions in federal funds to California by eliminating funding for future transit and inner-city rail program cycles, jeopardizing current TIRCP projects, and damaging Metro's core transit operations by not funding the Low Carbon Transit Operations Program.

Reducing funding to projects and operations would harm some of the most economically vulnerable populations, those who rely on transit for all of their transportation. Given the impact they would have on Metro and transit agencies throughout the state, we urge you to listen to the LA Metro Board and reject these regulations to allow for future consideration of amendments.

Thank you.

BOARD CLERK: Kjellen Belcher.

KJELLEN BELCHER: Hello. My name is Kjellen Belcher, speaking on behalf of Earthjustice.

We strong oppose the last minute unexpected inclusion of an expanded Manufacturing Decarbonization Incentive funded with allowances above the cap. We urge the Board to vote no on today's proposal unless the MDI is full removed.

The MDI is Robin Hood in reverse, a direct transfer of program value to industrial polluters at the expense of California communities. By adding up to 118 million allowances to the program, roughly equal to the annual emissions of 30 medium-sized coal plants, the MDI jeopardizes our ability to meet our 2030 climate target. It takes away four billion from climate investments, community air protection, sustainable transit, clean water, and electric bill relief, and puts those dollars in the pockets of polluters.

The Cap-and-Invest Program has already provided over 8.6 billion in free allowances to oil refiners and drillers. Now, CARB is proposing yet another major handout to big oil through a rushed process with inadequate public review, a lack of transparency and a lack of evidence.

CARB staff have already stated that they intend to address post-2030 industrial assistance in a future rulemaking. If CARB wants to pursue the MDI, it should do so there and evaluate the full scope of existing and proposed subsidies to industrial polluters. We urge you to protect the integrity of California's climate goals and protect communities impacted by dangerous air pollution. Please do not allow this proposal to move forward unless the MDI has been struck from the amendments.

Thank you.

BOARD CLERK: Thank you.

Gus Khouri.

GUS KHOURI: Good morning, Chair and members. Gus Khouri on behalf of the Santa Barbara County Association of Governments and transportation planning agencies in San Luis Obispo, Monterey, Madera, and Stanislaus counties.

I just want to underscore several of the comments that have been made. We really appreciate the staff presentation. We think that it undermine -- underscores the efficacy of the Cap-and-Trade and now Cap-and-Invest. And we've been happy to be a partner, but now that partnership is being threatened clearly with the elimination of the Tier 3 programs. And so, when you don't have funding for transit, affordable housing or air quality conformity programs, we don't see how that doesn't increase greenhouse gas emission production. No funding for transit means that that's really the only way for some people to get to school, to work, to go about their daily life.

This also possibly threatens our Sustainable Community Strategy plans that we work really with the Board on. And if we don't get those plans adopted, we can't apply for Senate Bill 1 funding to improve our infrastructure and our mobility needs as well.

And so, the final point I want to make is a lot of us in this room worked very hard to extend the Cap-and-Invest Program. And at no point do I think, and I guarantee you if you talk to any legislator, did they think that we were going to look at subsidizing industry, which is for profit and a monopoly. And that's not an indictment. It's just a fact. People don't have a choice. We've been giving rebates since 2014 and utility rates have been increasing. So even if we -- if this proposal is to pass, there's no assurance that utility rates will not continue to increase, and that consumers will still not benefit from the rebates coming at the expense of other programs that people care about.

And so we're asking to maintain the partnership and for us to continue to work together to have a balanced approach at affordability and maintaining our climate goals. Thank you so much.

BOARD CLERK: Thank you.

Mitch Weiss.

MITCH WEISS: Hi. Mitch Weiss, representing the San Joaquin Valley Regional Policy Council.

I want to echo many of the comments that you heard earlier by those representing transit, including Mr. Corey just before me. We're sensitive to affordability and the importance of maintaining production capacity in California, but we support maintaining greenhouse gas reduction funding for transit and oppose the regulations and the disastrous impact they'll have on transit across the state.

The Greenhouse Gas Reduction Fund is the primary source of State funding for transit, transit that serves our most vulnerable communities, transit that is critical to MPOs meeting the greenhouse gas reduction targets you've set. Without this funding, there will be cuts to transit services across the state. I also want to express a little concern just about the process and the transparency. I was at the hearings that the Legislature hold -- held. I listened to the legislators, I've listened to many of the comments here, and I find it a little disconcerting that the staff presentation didn't address any of -- many of those issues raised.

Also, the posting of an 18-page resolution one hour before this hearing without any notes about what was changed makes it difficult for us in the audience to understand what you are going to be asked to vote on.

And lastly, there are some concerns in the staff report, particularly the staff report for this item states the proposed amendments would have less than significant or no impacts to transportation. As you clearly heard from many of the speakers here today, that's not correct. There will be significant impacts to transportation if greenhouse reduction funding is gutted.

Thank you.

BOARD CLERK: Bob Epstein.

BOB EPSTEIN: Thank you. I'm Bob Epstein with Project 2030. We're an independent NGO who's focused on helping the State meet the 2030 and 2045 targets.

And with that regard, I want to compliment you. MDI I think is an important, creative mechanism which we enthusiastically support.

I'd like to focus on two opportunities in my short two-minutes period. First of all, carbon dioxide removal. I want to remind everybody that there's a seven million metric ton target by 2030. So -- and I should also say what's in CDR what we're going to find out soon as the SB 905 process has started. I think these should be linked and specifically we'd recommend that MDI have some percentage of it be dedicated to CDR projects in California to get that hole industry moving within the state.

Our second is on industrial heat decarbonization, which is a significant amount of the inventory. Replacing -- excuse me -- natural gas with renewable electricity requires two things. First, the electricity has to be competitively repriced with natural gas. And the good news there is both the Legislature, the agencies, as well as several of the municipal utility districts are all working on coming up with ways, so that where there's low demand for electricity, it can be supplied for this purpose.

The second thing is it needs to have an incentive to have industries convert. And that's where MDI comes in. It can be the opportunity to be able to get people to move, and that includes 617 neighborhoods and people in the front-line communities, because it will eliminate both natural gas combustion as well as air quality benefits.

In conclusion, we think Dr. Steve, the Executive Officer, should have the ability to compare projects, identify those that have the greatest impact, in terms of air quality benefits and cost per ton.

Thank you for your time today.

BOARD CLERK: Thank you.

Jacob King.

JACOB KING: Thank you. Jacob King, Executive

Director of the Mendocino Transit Authority. I'm here today to ask the Board to vote no on the proposed Cap-and-Trade amendments -- or Cap-and-Invest. Mendocino County transit is not a convenience. It's a life line.

Portion of the LCTOP funds is tied to our budget. I was in the Board meeting yesterday talking to our Board about the uncertainties of our future funding. The community impacts that we are forecasting is people, they will -- they may pull out their older, higher emission vehicles, put them back on the road. That will worsen the very air quality this Board is mandated to protect and then congestion increases, emissions increase, and the communities least able to absorb those costs, bear the full weight of them.

There's us thinking about what our lost bus routes means in real terms. There's home health care, there's education, there's workforce development, there's all the things that we've been working on so hard that these are things that affect us in a major way. The Innovative Clean Transit Regulation - we've put nine electric vehicles on the road up in Mendocino County - have helped the air quality significantly. We were planning our zero-emission fleet transition around these funding sources and these amendments would eliminate that.

Thank you.

BOARD CLERK: Thank you.

Sarah Deslauriers.

SARAH DESLAURIERS: Good morning, Chair Sanchez, Board members and staff. My name is Sarah Deslauriers. I serve as Director of Air, climate, and Energy Programs for the California Association of Sanitation Agencies, or CASA, representing more than 90 percent of the public sewered population, collecting and cleaning wastewater to protect public health and the environment, while recovering resources communities rely on for resilience. CASA supports the intent of the amendments including the objectives of increasing production and use of low carbon fuels and feedstocks such as renewable natural gas or biomethane, low carbon hydrogen and other low carbon fuels and their associated infrastructure.

However, there are regulatory barriers alongside these programs that prevent the waste water or resource recovery facilities from moving forward with community critical projects that achieve the objectives of these programs as well as underpin community resilience that need to be addressed. Additionally, the final environmental impact assessment concluded that implementation could lead to potentially significant adverse impacts to hydrology and water quality, air quality, agricultural resources, biological resources, geology and soils, land use and planning, transportation, utilities and service systems, and wildfire. The Waste Water sector lies at the interaction of all of these.

It was also noted the mitigation of the adverse impacts is beyond CARB's authority. Therefore, for CEQA compliance purposes, the impacts amy be unavoidable since other lead agencies are tasked with those measures -- or mitigation measures. It was decided that proposed amendments are needed to ensure the environmental and economic benefits associated with GHG reductions are realized, despite those acknowledged adverse impacts.

CASA asks the Board and staff to either establish or require working with CalEPA to establish a framework that convenes the needed State and local agencies to assess and coordinate actions to mitigate significant adverse impacts and barriers to implementing projects critical to community resilience that are the result of CARB's programs.

CARB has -- or CASA has documented specific project types and from silos to systems primer, which we'll share with you in July, and we thank you for this time to comment.

BOARD CLERK: Thank you.

And apologies if I mispronounce any names.

We have Trevar Kolodny.

TREVAR KOLODNY: Good afternoon, Madam Chair, women and members of the Board. My name is Trevar Kolodny, and I am a Visiting Fellow at the Heritage Foundation.

The proposed amendments to increase the stringency of California's Cap-and-Invest Program will damage the economy of California and of other states. While regulators such as the California Air Resources Board are required to implement statutes enacted by their Legislature even when economically deleterious. They are also required to be honest and accurate in their economic impact assessments.

I am deeply concerned that the regulatory impact assessment that CARB has published grievously understate the negative economic impact of this proposed regulation. This is perhaps most egregious in the reliance on the so-called social cost of carbon to plan economic benefits ranging from 28 to an astounding $460 billion. That range alone shows how unreliable this metric is.

There are three major problems that inflate the social cost of carbon methodology. First, the social cost of carbon number is predicated on an unreasonably long projection timeline. This figure is predicated on making assumptions 300 years into the future. Most businesses do not try to model more than 10 years into the future, if that much. To give an idea how preposterous this timeline is, it would be the functional equivalent to the royal official in Spanish California purporting to predict with economic precision the impact that its decisions would have on the present day.

Second, federal policymakers have a long history of inflating the social cost of carbon by using and artificially low discount rate. EPA's central two percent rate was lower than the three and seven percent rates that OMB requires in every other federal context.

Third and finally, the social cost of carbon relies on unempirical outdated projections of global warming, which have consistently underperformed the -- which have consistently proved greater than any warming actually observed.

These problems have been recognized by the U.S. government. It is especially noteworthy that they IA at multiple points. The first of EPA's estimate for the social cost of carbon, given that as of May Last year EPA no longer (inaudible) number. Thank you for the time to comment.

BOARD CLERK: Thank you.

Gracyna Mohbir

GRACYNA MOHBIR: Good morning -- or afternoon Chair Sanchez and members of the Board. Gracyna Mohbir with California Environmental Voters. Thank you for your leadership and for the opportunity to comment today.

Cap-and-Invest has helped make our State safer and more affordable for over a decade by reducing emissions and generating funds to invest back into our state and our communities. Right now, when Californians are forcing a severe affordability crisis, which is fueled by the climate crisis, we need this program to meet the moment. We're concerned that the April proposal is jeopardizing our state's ability to meet the 2030 emissions target with the MDI.

Adding new allowances above the cap, we risk our climate progress and will effectively have the state's GGRF funding. Both the Climate Credit and programs funded by GGRF, some of which have been mentioned today, like AB 617, affordable housing, clean cars, transit, safe drinking water, these will all lose out under the April proposal.

The current version of the MDI Program has not been subject to sufficient stakeholder input and development to warrant its rushed addition to the Cap-and-Invest Program. The MDI, furthermore, does not guarantee legitimate pass-through savings or benefits to consumers, but we know the projected loss we're up against. The State would forego $2 billion per year for programs that we know have helped Californians grapple with the rising costs of living. Families hit the hardest by climate change will be hit the hardest by this loss.

The core function of the Cap-and-Invest Program and California's ability to invest in our communities are both at stake. We're concerned that the resolution does not go far enough to protect the program's integrity and we are respectfully asking the Board to approve the regulations contingent upon the removal of the MDI Program to revisit and flesh out at a later date, so we can protect California's ability right now to continue acting effectively on climate and affordability.

Thank you again

BOARD CLERK: Thank you.

Michele Canales.

GREGORY BARFIELD: Good afternoon. My name is Gregory Barfield. I'm the Director of Fresno Area Express for the City of Fresno. And apologies to the clerk for my bad writing there.

Look, Fresno Area Express is here to really push for our 10.3 million riders who rely upon us every day. We have been successful in receiving everyone of the Tier 3 programs, whether it's AB 617, which I'm proud to be an ex officio Board member of and work with the community on a regular basis, or TIRCP, which we are currently an awardee in Cycle 8 for $52 million.

However, that was leveraged with another 60 million in SB 125 and other State grants. And at this point, this proposal would take 50 million of that off the table, which means we could not finish doing our move to zero emissions, because it then affects our hydrogen facility that we're in the middle of scoping and going through our EIR.

And so we strongly encourage the Board to move away from this and not yank the rug from underneath us in the middle of the stream. Appreciate your time and effort, and thank you very much for your contribution to the -- to the state.

BOARD CLERK: Thank you, Greggy -- Gregory. Apologies.

Michele Canales. Thank you.

MICHELE CANALES: Good afternoon. Michele Canales on behalf of Union of Concerned Scientists.

UCS has been a strong supporter of the Cap-and-Invest Program and believes it is an essential tool to ensure the State achieves is necessarily ambitious climate goals, especially in light of recent federal actions that have taken away the State's ability to enforce life-saving regulations in the transportation sector. We believe it is critical to complete this rulemaking on to time to avoid any delays to implementation.

We appreciate the work CARB staff has put into this proposal and the time that the Chair and Board have taken to meet with us and other environmental and environmental justice stakeholders. CARB improved the ratepayer benefits of the program and supported decarbonization of homes and buildings in the 15-day changes by more quickly and fully shifting the natural gas credit to electricity.

However, we remain deeply concerned with the treatment of the manufacturer decarbonization incentive in the 15-day changes. The most important aspect of the Cap-and-Invest Program is its cap. The integrity of this cap is of paramount importance as it is the one thing that actually makes sure the state is reducing emissions in line with the state's near-term emissions targets, and keeps the State on track to achieving carbon neutrality by 2045.

The changes to the MDI could allow for emissions above the cap, which undermines the achievement of these critical goals and will potentially jeopardize billions of dollars in funding for critical climate and affordability investments. The MDI as proposed does not include sufficient guardrails and is in addition to the 100 percent industry assistance factor that already represents $800 million free allowances to industry. There is not time for the detailed discussion on what guardrails could ensure that the MDI does not undermine the cap. Because of this, when voting to pass Cap-and-Invest, we urge the Board to require the Executive Officer to strike the MDI and retire the associated 118 million allowances in line with the SIP's 2030 emission reduction target.

Thank you for the opportunity to comment.

BOARD CLERK: Thank you.

Dr. Alex Mantanona.

DR. ALEX MANTANONA. Good afternoon, Board and -- my name is Alex Mantanona. I am representing the Central Coast Alliance United for a Sustainable Economy. We are an organization that works on environmental justice, housing justice and workers' rights, based out of Ventura and Santa Barbara Counties. We are spread throughout six different cities. And today, we want to ask you to reject the proposed amendments, particularly the MDI.

Now, I want to take a little step back and talk about just -- let's talk about the name change, right. We changed it from Cap-adn-Trade to Cap-and-Invest. So what does investment mean? It means long-term solutions to affordability, to making sure that we actually reduce our consumption of fossil fuels. So, the way we do that is invest into affordability of housing, invest into transit programs that reduce the demand for oil and gas, and helps our underserved communities actually get around.

Now, on top of like just the name, and the nomenclature, and things like that, I also want to point out just sometimes how disingenuous it feels with talking about giving handouts to industry, right? This is the same group that spent decades and tens of millions, if not hundreds of millions of dollars lobbying to, you know, deny the climate science itself. And now, they're going and being a little disingenuous about needing extra handouts instead of investing that money into the communities that are being severely impacted.

So, for example, Long Beach, I was there last week. Their life expectancy around that refinery is eight years less than the county average. In the -- my home town of Oxnard, we have to deal with the 80th and 90th percentile of pollution burdens in the state, right? And that's oil flarings and our agricultural fields. (Inaudible). Thank you very much.

BOARD CLERK: Thank you.

Caroline Jones.

CAROLINE JONES: Good morning. I'm Caroline Jones on behalf of Environmental Defense Fund. We strongly support Cap-and-Invest, but we have significant concerns with the current proposal.

Our primary concern is with the Manufacturing Decarbonization Incentive and CARB's proposal to fund this inventive by creating 118 million new allowances above the emissions cap. We ask that you approve the proposed regulations contingent upon direction to the Executive Officer to remove the MDI.

For the past 13 years, Cap-and-Invest has acted as an emissions backstop, but the proposal before you today threatens to undermine that function. CARB has proposed creating exactly 118.3 million additional allowances to fund the MDI outside the cap, the precise number of allowances that must be removed from the cap to keep us on track for our 2030 targets. This undermines the cap's role in actually limiting climate pollution, which is the core function of this program.

Multiple independent analyses project that flooding an already weak market with these additional allowances would cut GGRF revenue in half. That means billions of losses for the California Climate Credit, for AB 617 clean air programs, and for the community investments this program has just reauthorized to deliver.

This is a massive value transfer from households to industry. This is not an affordability solution. However, you can still fix this today. By making your approval contingent upon removing the MDI, this Board can strengthen this program and permanently reduce emissions in line with our climate goals, while also shoring up critical climate and affordability revenue.

In short, CARB can fulfill it's duty to the law, to Californians and to the climate. We urge you to direct the executive officer to remove the MDI and to approve these regulations contingent upon that removal.

Thank you.

BOARD CLERK: Thank you.

Silvia Solis Shaw.

SILVIA SOLIS SHAW: Good afternoon. Silvia Solis Shaw here on behalf of San Francisco Mayor Daniel Lurie.

The Mayor appreciates CARB's focus on mitigating the impacts of climate change and protecting the public from air pollution. However, Mayor Lurie is respectfully opposed to those proposed amendments, which would drastically reduce auction proceeds, therefore slashing GGRF investments. Combined with the new GGRF allocation tiers, established in SB 840, this proposal would drastically reduce or eliminate critical affordable housing and transportation programs that are vital to meeting the State -- to meeting State and local GHG reduction goals.

To day, the AHSC has helped finance more 2,100 new affordable housing units since 2018. And since 2015, SFMTA has received more than 400 million from the TIRCP and 140 million from LCTOP for projects ranging from train control upgrades to free Muni for qualifying populations. Eliminating these programs could impair our ability to build affordable housing and improve transit in San Francisco which will help reduce GHG emissions. And we respectfully oppose these amendments.

Thank you.

BOARD CLERK: Thank you.

Navi Dhaliwal.

NAVI DHALIWAL: Good morning, Board members. My name is Navi Dhaliwal here on behalf of Caltrain. We are speaking today in opposition to the proposed Cap-and-Investment amendments that would significantly reduce funding for California's core transit and housing programs, supported through the Greenhouse Gas Reduction Fund. While the proposal aims to address business leakage concerns, it does so by expanding free allowances for large industrial facilities at the expense of the programs that directly benefit Californians through cleaner transportation, affordable housing, and improved resilience.

For Caltrain and transit agencies across the strait -- state, programs like the Transit and Intercity

Rail Capital Program, which funded Caltrain's transformation from a diesel to electric system, and the Low Carbon Transit Operations Program, which funds our operations and fare programs are essential.

These funds support transit operations and projects that reduce both GHG, and criteria pollutant emissions, and improved mobility. Under the current proposal, these programs would be decimated.

This is particular -- particularly punishing for transit agencies, as it comes at a time where many agencies across the state, including Caltrain, are facing some level of fiscal crisis. These amendments mean Californians will lose transit service, and infrastructure, and affordable housing projects, major setbacks to California's climate and air quality goals.

While there are some guardrails on utilities, there's no guarantee or enforcement mechanism that benefits -- that the benefits provided to large industrial companies through these amendments will translate into greater affordability or lower gas prices for Californians. Instead, there is a guarantee that they will lose transit service. There's a guarantee they'll -- they will lose union layer construction, and transit operations jobs. There is a guarantee they will have fewer affordable homes available near transit.

We urge CARB to protect GGRF funding and preserve critical investments in public transit and sustainable communities.

Thank you.

BOARD CLERK: Thank you.

Brian Shobe.

BRIAN SHOBE: Yes. Hello. I'm Brian Shobe with the California Climate and Agriculture Network. We are a network of farmers, ranchers, scientists and ag professionals in California who work to advance agricultural climate solutions.

Our network supported the reauthorization of the Cap-and-Invest, both in 2017 and 2025 for two reasons. First, we believe that the Program would set meaningful limits on GHG emissions that are causing ever greater droughts, floods and wildfires that increase the cost for farmers and increase food prices for everyone.

Second, we believed that the Program would continue to provide investments to help farmers and ranchers voluntarily adopt practices that reduce their emissions through programs like FARMER and CORE, and CDFA's climate smart ag programs. We oppose the proposed MDI and its associated allowances, because it both weakens the climate integrity of the program and will make it impossible to fund agricultural climate programs and other clean air, clean water and wildfire programs that are critical to the health and safety of rural communities.

Now, we recognize that importance of decarbonizing the industrial sector, but this proposal prioritizes incentives for a few hundred large businesses in one sector. At the expense of thousands of small businesses in every other sector of the economy.

We've heard a lot about leakage today. We lost 10 percent of California's farms and ranches between 2017 to 2022. So why do oil refineries get billions of dollars in subsidies to avoid leakage in this proposal, but California farmers and ranchers get nothing? Is that fair and balanced? How does CARB plan to address ag's eight percent of statewide emissions, which fall outside of the cap without incentive funding? Does CARB plan to directly regulate 60,000 farmers and ranchers. We urge you to consider the implications of this vote as you eat lunch provided to you by California's farmers, ranchers, farmworkers and rural communities.

Thank you.

CHAIR SANCHEZ: Thank you for that, Brian. And thank you to all of our morning commenter for sharing your thoughtful perspectives and for your engagement.

The Board will now take a break for lunch. We are going to reconvene at 1 p.m. sharp, and look forward to seeing you all then.

Thank you.

(Off record: 12:16 p.m.)

(Thereupon a lunch break was taken.)

AFTERNOON SESSION

(On record: 1:04 p.m.)

CHAIR SANCHEZ: All right. Hello. Hello. Good afternoon. I hope everyone enjoyed a nice lunch break.

Board clerk, are we ready to rock? Great.

We -- welcoming everyone back into the auditorium. We -- just a little bit of information on our schedule for the rest of the day. We have over 200 public commenters still waiting to speak. That will take us well into the evening, including accommodating brief breaks for the Board clerk team. So for those of you waiting to make plans, please plan on the Board deliberation and discussion of this item being tomorrow, Friday, May 29th.

We will aim to wrap up public comment this afternoon and evening. Okay. Sound good, Board?

Sounds good, Board.

All right. With that, let us resume public comment. We will hear two more hours and then break for about 10 minutes at 3:05. Thank you

BOARD CLERK: Thank you, chair.

Next to speak we have Leonel Sanchez.

LEONEL SANCHEZ: Good afternoon. Okay. That's a little loud. Good afternoon, Chair Sanchez and Board members. My name is a Leo Sanchez, Deputy Managing Director of the Capitol Corridor Joint Powers Authority, which operates the Amtrak service from Auburn to San Jose.

The Capitol Corridor joins our sister transit and passenger rail services in expressing our strong opposition about the proposed redistribution of GGRF funding away from the TIRCP, LCTOP, AHSC programs. CCJPA and our partners via the CCJPA-led TIRCP application have been awarded over $245 million in the last 10 years. Of that total, CCJPA has been able to secure over $67 million that will support partner agency projects as well as the popular California integrated travel project at $27 million, which is modernizing how Californians pay for transit fares by eliminate the need for physical ticket media.

While the intent of the proposal is so to California more affordable, it will create a counterproductive effect, if the transit agencies that some lower income Californians rely on are made more expensive to operate and our ability to invest in improved infrastructure is dramatically reduced.

Over time, these will truly damage California's transit and rail systems. The Capitol Corridor urges you to delay action on this item and reassess the consequences of the proposal. Thank you very much.

BOARD CLERK: Thank you.

Rodd Lee.

RODD LEE: Good afternoon, Madam Chair and Board members. I'm Rodd Lee, Assistant General Manager at the San Francisco Bay Area Rapid Transit District.

I am here to voice BART's opposition to the proposed amendments consistent with the opposition letter you received from our General Manager, Bob Powers.

BART is the backbone of the Bay Area's transit network. Over 90 percent of the region's transit transfers involve a trip on BART, so our ability to provide reliable service, also supports the regional transit network. The proposed amendments would eliminate funding for the TIRCP, LCTOP, and AHSC programs and threaten BART operations, capital projects, and housing built at our stations.

BART receives approximately $10 million a year in LCTOP funding to support operations of our extension to Antioch. Also, BART received $74 million in TIRCP funds for station access and mobility enhancement projects. One hundred and thirteen million dollars in AHSC funds have supported new railcars, next generation fair gates, and improved lighting to help BART be cleaner and safer. AHSC funding has also provided nearly 3,000 units of affordable housing at or near BART stations built by our development partners.

Cuts to the Program will only delay the

construction of affordable housing, which is much needed in the Bay Area. BART is opposed to the proposed amendments and respectfully asks the Board not to support the amendments today. Thank you.

BOARD CLERK: Thank you.

Michael Pimentel.

MICHAEL PIMENTEL: Good afternoon. I'm Michael Pimentel with the California Transit Association. And I'm here today to -- on behalf of my 220 member organizations and as a representative of a coalition of more than 70 partner organizations in Opposition to the proposed amendments. As partners with you in the advancement of the State's climate policies, we ask that you vote no today on the adoption of the proposed amendments and direct staff to return with a revised proposal that protects greenhouse gas reduction fund revenues.

Now, our opposition today does not come lightly. The Association, our members, and our coalition partners were early supporters of AB 32 and the Cap-and-Trade Program, and we lobbied aggressively in support of the extensions in SB 32 and AB 1207. We are, however, gravely concerned with the proposed amendment's impacts to the GGRF and its investments in affordable housing, transit and AB 617 communities, and we are alarmed by the message used to support their adoption today.

Members, what you have before you are amendments to a program that you've been told is not about revenue generation, but that the Legislature and the public were told just last year must be reauthorized to stabilize the market and resulting revenues; amendments to a program that you've been told isn't about investment, but that was renamed Cap-and-Invest during its reauthorization at the urging of Governor Newsom; amendments that you've been told reflect legislative input and direction, but that according to the public record on the 15-day changes has five legislators in support and 30 legislators in opposition; amendments that you've been told protect jobs and address affordability, but that eliminate $1.4 billion annually for affordable housing and transit; and amendments that you've been told center the needs of the most vulnerable Californians, while eliminating $250 million annually for investments in disadvantaged communities.

Regrettably, these are amendments that you've been told cannot be reconsidered or adjusted, and that must be adopted today. On policy and on process, we've believe that these are amendments that must be rejected. And so again, we ask that you direct staff to return with a revised proposal that protects the GGRF and its critical investments. Thank for your consideration.

BOARD CLERK: Thank you.

Nile Malloy.

NILE MALLOY: Good afternoon. My name is Nile Malloy with the California Environmental Justice Alliance, supporting EJ communities throughout the State of California.

I, first of all, want you to imagine for a moment that today's conversation was different. Imagine we were here not to debate a rush 15-, 20-day rulemaking that hands billions in allowances to the oil industry, but to celebrate a Cap-and-Invest Program mechanism that fully delivered on their promise of SB 840 and GGRF; a program that fully funded the transit, AB 617, SAFER Program and public transit, and reliable services and housing; the programs that the city leaders, legislators, and environmental justice advocates and most Californians support and depend on.

Instead, many of us are here because the CARB introduced the MDI. That approach is legally questionable under the APA and CARB's own certified regulatory program requirements. The leakage argument driving the MDI is not new. It has been the petroleum industry's primary objection to every Cap-and-Invest tightening since 2012, advanced in very rulemaking and consistently found insufficient to override California's statutory GHG obligations.

The Board should not accept unsubstantiated leakage claims that -- from the industry that spend decades denying climate science and grounds to expand allowances by 118 million units. The LAO has confirmed that commenters warned that GGRF revenues would drop roughly to two billion per year, half of the percent levels, leveling Tier 3 programs with no funding.

We urge the Board to reject the MDI and the 118 allowances so we can prioritize the original intent of this program to reduce emissions and invest in communities most burdened by pollution not subsidize the industries responsible for them.

Thank you.

BOARD CLERK: Thank you.

Timothy Jefferies.

TIMOTHY JEFFERIES: Good afternoon -- Good afternoon, Madam Chair, Board members, and staff. My name is Timothy Jefferies. I'm with International Brotherhood of Boilermakers. Our members work in California refineries in both the day-to-day operations, as well as the labor intensive maintenance, turnarounds that provide millions of man hours for our members.

We also build the next generation energy infrastructure, like hydrogen carbon capture. We're very -- we are excited to start doing a little bit more in that future -- in that work in the future. California refineries are unique as they are entirely organized. That means that the most highly skilled and trained construction workers are maintaining these crucial facilities and the jobs -- and the jobs -- and that the jobs they produce are good, well paid, and come with fair benefits that can sustain a family, even in California. Enacting a policy that prematurely shutters our in-state refineries will shift California's energy supply to non-union, underpaid, undertrained workers, often in countries with no comprehensive worker safety or environmental regulations.

We appreciate the near-term benefits contained in the draft regulations and understand and appreciate the hard work that went into these regulation, but the boilermakers remain concerned for the long-term success of both Cap-and-Invest programs and our industrial workers -- industrial employers, as without significant support past 2030, we are likely to see additional closures, layoffs, escalating costs for Californias and will be forced to exclusively rely on an import strategy. This is not the best interest of workers, their families or the environment. Maintaining California's remaining refineries until they are no longer needed should be the overriding Priority, as policy discussions continue.

Thank you for your time and effort on these draft regulations. We hope that you keep the concerns of our members close in mind as you move forward, emphasizing the -- we appreciate the effort, but we have concerns about the health of the Program as it goes forward.

Thank you very much.

BOARD CLERK: Thank you.

Jonathan Kendrick

JONATHAN KENDRICK: Good afternoon, Chair Sanchez and Board member. Jon Kendrick from the California Chamber of Commerce. We appreciate CARB's work on this 15-day package and support approval today. From AB 32 to SB 32, to AB 398 and now AB 1207, the consistent throughline of the program has been significant cost effective emissions reductions over time, with strong protections mechanisms for affordability and leakage protection.

AB 1207 reinforced that throughline. It directed CARB to consider affordability and cost effectiveness and to minimize emissions leakage as the Program is extended and increased in ambition. Please keep mind that allowance prices are also compliance costs. Those costs do not stop with the covered entities. They flow through the economy in the form of higher prices for fuel energy, goods and services, everyday costs like Californians already feel. That is why industrial allocation is such an important tool.

Allowances for leakage exposed industries are avoided compliance costs. They moderate that cost pressure that would otherwise flow through to business and consumers. It also helps keep production and investment in California under California's climate rules. For that reason, we strongly support the manufacture and decarbonization incentive in the 15-day package. The MDI has an important environmental integrity benefit as well. It allows California to trade a one-time right to emit one metric ton of emissions in exchange for investments in year after year emissions reductions that will remain over the life of that equipment.

By converting compliance value into durable emissions reducing infrastructure, the MDI demonstrates viable decarbonization pathways for covered entities here in California. That is exactly the kind of approach that the Legislature envisioned in AB 1207. It's cost effective emissions reductions, minimize leakage. Affordability is being placed at the heart of the program. We view this as a faithful implementation of AB 1206.

BOARD CLERK: Thank you.

Katie Cordero.

KATIE CORDERO: Good afternoon, Chair Sanchez and members of the Board. Thank you for the opportunity to speak. My name is Katie Cordero and I'm here representing BP today. BP supports adoption of the proposed amendments before you today and appreciates CARB's continued engagement to strengthen the Cap-and-Invest Program.

California is a key part of BP's U.S. footprint, where we supply fuels to meet current transportation demand while investing in lower carbon solutions, including EV charging, solar and biogas. We see our role as supporting today's energy needs, while investing in the transition underway. We would highlight two concerns.

First, while recognize near-term improvements for emissions intensive trade exposed sectors, there remains significant uncertainty around the post-2030 framework and broader EITE treatment. This lack of clarity creates challenges for long-term capital planning at California serving facilities as program stringency increases.

Second, without durable safeguards, there is a risk of greenhouse gas leakage and competitiveness impacts. Production and emissions could shift to higher carbon imports or less regulated jurisdictions undermining both environmental outcomes and the competitiveness of west coast facilities serving California. We encourage CARB to provide greater clarity on the post-2030 framework as soon as possible, including a durable approach to EITE treatment that reflects global competition and leakage risk.

Finally, BP supports California's continued efforts to pursue regional market linkage, including with Washington state. We view linkage as strengthening regional collaboration, improving market liquidity, and enhancing overall market stability. These issues are critical for maintaining a reliable and affordable fuel supply for California's consumers. We look forward to continued engagement on linkage and the post-2030 framework in the months ahead. Thank you again for your leadership and engagement.

BOARD CLERK: Thank you.

Chloe Ames.

CHLOE AMES: Good afternoon. I'm Chloe Ames with NextGen California. NextGen has been a strong supporter of the Cap-and-Invest Program and we advocated for the reauthorization of the program last year in the Legislature. However, we are very concerned that this proposed regulation, specifically the MDI would significantly kneecap the program climate ambition and affordability benefits. We are urging the Board to remove the MDI from the regulation before moving forward.

Last month, we submitted a public comment letter on behalf of 45 environmental, environmental justice, public transit and public health organizations all requesting the same ask, to remove the MDI from the program to, one, restore climate integrity, and two, generate critical affordability funds for Californians.

The core function of the Cap-and-Invest Program is to serve as a backstop to ensure we reach our State mandated greenhouse gas reduction goals. However, the MDI would reintroduce 118 million allowances over the cap, which is the same number of allowances that CARB stated was necessary to remove from the market to meet our 2030 climate goals. The MDI threatens the primary function of the program, the cap on emissions.

While Cap-and-Invest is not primarily a revenue-generating program, the MDI would also significantly defund GGRF and Credit -- Climate Credit by oversupplying the market. This would slash another core benefit of the program and defund community programs. Multiple analyses all conclude this, that the MDI would, by effect, transfer up to $4 billion from Californians direct electricity rebates to -- and community programs to qualifying industries, which are already receiving above average industry assistance under this regulation to reduce leakage even without the MDI proposal. This directly undermines the program's affordability goals for

Californians to further subsidize industries without any guarantee that this proposal would lower gas prices.

The MDI is a root problem of our concerns. It is (inaudible). We urge the Board to request that the Executive Officer remove the MDI from the regulation.

Thank you.

BOARD CLERK: Thank you. That concludes your time.

Darryl Little Jr.

DARRYL LITTLE JR.: Good afternoon, Chair Sanchez and Board members. My name is Darryl Little Jr., and I'm here on behalf of CALSTART to express our concerns with the proposed amendments and their potential to greatly reduce near term GGRF revenues, revenues that California is relying on to sustain momentum in the clean transportation transition.

Reducing funding would create uncertainty for critical incentive and infrastructure programs that industry, fleets and communities depend on. Clean transportation programs supported by GGRF are already delivering results across the state, helping California success, clean cars and trucks, building charging infrastructure, offering alternative mobility options, and reducing harmful pollution in communities disproportionately impacted by poor air quality.

We respectfully urge the Board to carefully evaluate the proposed amendments and potential -- the proposed amendment's potential effects on GGRF revenues, so California can continue delivering clean air, economic opportunity and affordable transportation solutions statewide. Thank you.

BOARD CLERK: Thank you.

Jeanie Ward-Walter[SIC].

JEANIE WARD-WALLER: Good afternoon, Chair and members. Jeanie Ward-Waller on behalf of Climate Plan, also adding on for CalBike and TransForm.

I'm going to align our comments with the transit, housing, and environmental justice allies that you've already heard from today. We strongly oppose the 15-day changes, particularly the MDI proposal. Our biggest concerns are with the impacts to the invest side of the program through the GGRF and the loss of all funding to the Tier 3 programs, which have, for over a decade now, provided significant funding for transit capital and operations programs, affordable housing and sustainable communities, clean air, and safe drinking water programs.

These are all critical programs. They're funding community decarbonization efforts that provide durable affordability benefits to our most disadvantaged communities. Please do not subsidize industry decarbonization at the expense of investing in community decarbonization.

Public transit in particular is still recovering and has needed emergency operations relief to continue to provide critical service to those who rely on it. The last -- loss of GGRF funds to transit now would be catastrophic. We urge you to reject the MDI. If you approve the regulations today, direct staff to remove that from the proposal. Thank you.

BOARD CLERK: Thank you.

Maggie Field.

MAGGIE FIELD: Good afternoon. My name is Maggie Field. I'm with Ceres, a national nonprofit that works with major investors and companies to advance policies for a clean economy.

Last year, we partnered with over 40 businesses and organizations urging swift action to reauthorize a strengthened Cap-and-Invest Program. Ceres supports adopting the Cap-and-Invest Program today. And delay would undermine market confidence disrupt business planning and signal instability at exactly the wrong moment. That said, we have serious concerns about the Manufacturing Decarbonization Incentive, or MDI, as written in the final regulations. Creating millions of allowances outside and above the cap risk market health, depressing prices and eroding GGRF revenues.

Ceres submitted comments recommending CARB finalize on time, but resolve the challenges raised by the MDI with resolution language if the MDI was to be retained. We appreciate that CARB did publish resolution language to address the concerns and that this text directly addressed requests we made in our public comment letter, including language to provide transparency on MDI implementation and guardrails around reporting.

We also appreciate the inclusion to evaluate the MDI's impact on industrial emissions in the next Scoping Plan update, which we encourage CARB to treat as genuine decision point. While these were addressed, the climate target accountability piece is present but somewhat diffuse in the resolution language. We urge that the monitoring and reporting be explicitly tied to progress toward California statutory climate milestones, not just project level outcomes to give investors and businesses the confidence to plan long term.

While the resolution language provides meaningful first steps to accountability and transparency around MDI management implementation, we want to be clear, this is not a perfect solution. The MDI as structured still carries real risk to cap integrity. And good intentions on paper must be matched by rigorous implementation.

Thank you very much.

BOARD CLERK: Thank you. Eric Thronson.

ERIC THRONSON: Hello. Good afternoon. I am Eric Thronson, here representing Sacramento Regional Transit District.

First, I want to thank the staff for all their hard work. Bless their hearts, I know they're doing their best to balance a variety of priorities.

SacRT believes that these proposed amendments are bad for California, because they eliminate funding for programs that directly address the two highest costs facing everyday Californians, housing and transportation. These programs that you are defunding deliver generational investments that are necessary of the State to meets its climate goals, not one-time benefits.

Some examples in Sacramento include, SacRT partnered with the cities of Sacramento and West Sacramento and private developers to secure more than $126 million through AHSC programs. These investments will deliver 546 new affordable housing units across three developments, building more than a thousand units already underway along SacRT Blue and Gold light rail corridors. They'll reduce approximately 311,883 million tons of carbon emissions through reduced automobile dependence and improved transit accessibility.

Also, the LCTOP funds are instrumental in implementing SacRT's ride free RT program, which provides fare-free transit for Sacramento K12 -- K through 12 students who account for 36 percent of Sacramento's total ridership.

From a pure transportation policy perspective, planning for transit operations and capital projects requires multi-year funding commitments by reducing the GGRF revenues and defunding the TIRCP, LCTOP, and AHSC programs, the programs that are receiving funding for more than a decade. You are forcing transit operators to compete for funding with all other general fund priorities each year. This is inefficient and ineffective and will have profound impacts on transit service in the state.

Thank you.

BOARD CLERK: Thank you.

We will now hear from Chelsea Gazillo.

CHELSEA GAZILLO: Good afternoon. Chelsea Gazillo on behalf of American Farmland Trust. Thank you for the opportunity to provide public comments.

We echo the comments of CalCAN and ask you to oppose the proposed CARB amendments, as Cap-and-Invest is the only funding source for the Sustainable Agricultural Land Conservation Program, or SALC. SALC is a critical lifeline for farmers right now as the price of agricultural production continues to rise. SALC is responsible for 15 percent of GGRF emission reductions despite historically only receiving two percent of the funding. Thank you.

BOARD CLERK: Thank you.

Allison Hilliard.

ALLISON HILLIARD: Good afternoon, Chair Sanchez and Board members. Allison Hilliard with the Climate Center, also providing comments on behalf of Environment California.

It is imperative that the integrity of the Cap-and-Invest marked be maintained by ensuring the -- that budget allowance allocations align with target emission reductions and goals. This cap is and must continue to be binding and is currently at risk with these proposed regulations. We need ambitious bold policies that prioritize affordability and cost containment for California consumers and align with the State's climate goals.

California is committed to advancing climate ambition, while protecting consumers and supporting the overburdened communities most impacted by pollution and climate change. The Climate Center found that $8.6 billion has already been transferred to oil companies through Cap-and-Trade since 2013. With no evidence of lower gas prices or prevented refinery closures. Let's not further subsidize industry at the expense of affordability programs for Californians.

We specifically recommend to remove the MDI mechanism and retire at least 118 million allowances no later than 2030 to protect cap integrity and meet our 2030 and 2040 climate targets. We support efforts to make electricity more affordable and accelerate the transfer of fossil gas at auction revenues to electric utilities. We also recommend to end post-2030 free industry allocations pending updated leakage analysis and revised economic conditions.

Thank you.

BOARD CLERK: Thank you.

We will now hear from Alexis Sutterman.

ALEXIS SUTTERMAN: Good afternoon, Chair Sanchez and Board members. I'm Alexis Sutterman representing Brightline Defense.

At a time of federal uncertainty, all eyes are on California. Will we maintain our leadership on equitable climate solutions or retreat when the going gets tough?

Unfortunately, CARB's proposal with the 15-day changes would signal retreat when communities need us most. The MDI offers an unprecedented level of support to industry by eliminating billions of dollars going to community members through direct bill credits and programs for local air quality, transit and affordable housing in the Greenhouse Gas Reduction Fund.

CARB's landmark AB 617 Community Air Protection Program is one of the programs at risk of elimination of funding within the GGRF. Brightline works with several community groups across the Bay Area primarily in the Tenderloin, Chinatown, the Mission District, and south of Market to track air pollution using a robust air quality sensor network. This helps communities, primarily low-income renters, high school students, and other vulnerable populations respond to pollution trends and advocate for healthier environments.

CARB's core mission is to protect the public health of Californians, not the financial health of profiting industries. This proposal fails to advance CARB's mission and the core tenets of the Cap-and-Invest Program. We respectfully request CARB remove the MDI immediately and maintain the State's leadership in -- on climate and equity. Thank you.

BOARD CLERK: Thank you. We will move on to Marinn Espinoza.

MARINN ESPINOZA: Good afternoon. Marinn Espinoza with the California Housing Consortium.

I am here today in opposition to the proposed amendments to the Cap-and-Invest regulations. I'd like to echo the concerns raised earlier regarding the impact of the proposed regs on Tier 3 programs funded by GGRF, including the Affordable Housing and Sustainable Communities Program. This program has provided environmental benefits to many Californians. It has produced tens of thousands of transit-oriented homes affordable to low-income households, and it's also saved the State from more than 5.5 million metric tons of greenhouse gas emissions. We strongly urge you to protect GGRF investments in Tier 3 programs.

Thank you.

BOARD CLERK: Thank you.

Jordan Wells.

JORDAN WELLS: Good day, Chair and members. Jordan Wells on behalf of the California State Association of Counties. We represent all of California's 58 counties.

Last year, we strongly advocated for the Cap-and-Invest Program reauthorization to include funding for climate adaptation, wildfire resilience, clean transportation, and affordable housing projects. CSAC is deeply concerned with the April amendments to the Cap-and-Invest Program draft regulations and the impact they will have on GGRF, and funding for critical Tier 3 programs, which have achieved over 116 million metric tons of CO2 equivalent in estimated emissions reductions resulted in over 13,600 affordable housing units under contract, more than 560,000 in rebates for zero-emission plug-in hybrid vehicles, 1.5 billion invested in wildfire prevention efforts, and that's just to name a few.

For these reasons, we respectfully urge the removal of the Manufacturing Decarbonization Incentive to maintain these critical investments our communities.

Thank you.

BOARD CLERK: Thank you.

Skyler Wonnacott.

SKYLER WONNACOTT: Good afternoon, Madam Chair and members. Skyler Wonnacott on behalf of the California Business Properties Association, as well as the California Business Roundtable.

We're here to urge the Board to adopt today's proposal and to not delay as certainty is paramount. There are concerns about the post-2030 program and urge that the Board begin the process as soon as possible. While the 15-day package is an improvement for the energy sector, there are still ratepayers that are going to be paying considerably more than the current plan. And maintaining affordability remain a top priority and to support the MDI.

Thank you for your consideration.

BOARD CLERK: Thank you.

Mareya Ortiz.

MAREYA ORTIZ: Good afternoon. My name is Mareya Ortiz, speaking on behalf of Angela Islas from Central California Environmental Justice Network, as someone who is familiar with the organization's continued advocacy for clean air and also advancing the human right to safe and affordable drinking water in California.

Many CBO organizations that are here today not only work to improve air quality in vulnerable communities historically impacted, but also in communities that have historically or in recent years lost access to safe and affordable drinking water. CCEJN's work also includes advocating for SAFER pro -- for the SAFER Program to continues its funding to support communities like domestic wells and special districts to access funds to move them forward to a long-term solution of drinking water access.

Unfortunately, with the proposed regulations being made in Cap-and-Invest, this will defund many Tier 3 programs, including SAFER, which is inconscionable -- unconscionable, sorry, and dire for communities like Perry Colony and Five Points to see long-term solutions to drinking water in the future. Perry Colony, which is in Fresno County, will lose access to emergency services that provide hauled and bottled water, as well as supplemental water support during extreme heat events to help keep homes safe and livable.

You can't talk about climate change without talking about water access. And you can't talk about -- sorry. And you can't have a healthy quality of life without water access. Just like continued exacerbation of air pollution and no access to safe drinking water, it's a public health crisis. I urge CARB to reject the proposed regulations and prioritize and invest in sustainable climate futures for these communities.

Thank you.

BOARD CLERK: Thank you.

Andrew Antwin[SIC].

ANDREW ANTWIH: Good morning, Madam Chair and members of the Board. Andrew Antwih here today on behalf of the Los Angeles Mayor Karen Bass, Mayor of the City of Los Angeles, the largest city in the state of California.

This City of Los Angeles is opposed to the proposed amendments to the Cap-and-Invest Regulation. Cap-and-Invest, and especially the revenues from the Greenhouse Gas Reduction Fund have played a significant role as a funding partner from the State level for leveraging federal funds and providing assistance to the large concentrations of disadvantaged communities that are located in the South LA and other parts of the City of Los Angeles.

The City of Los Angeles has secured nearly $500 million in cumulative funding from AHSC as an example. The AHSC Program has help supported 39 housing developments and over 4,300 residential units. In addition to that, the GGRF has provided critical funding to support and advance LA's environmental justice, overall zero-emission transportation and sustainable housing goals. LA leverages GGRF funds to construct many of the projects, including projects in Jordan Downs in the Watts area. And so there's an affordability calculation here. There's a trade-off with some of the details in the amendments and the shifting.

And so we want to make sure that the Board is aware of that. And if there is -- if this is a done deal, then hopefully there's going to be an opportunity for the State to provide assistance to continue in partnership, because these projects take a long time to plan and build.

And so this sudden shift in the approach towards this program between now and 2030 will have significant downstream impacts. We appreciate the difficult choice in front of the Board. We want to make sure that the City of Los Angeles has its voice for this Board's consideration and exactly what the impacts will be and what the trade-offs will be.

So with that, we thank you for your time and your attention.

BOARD CLERK: Thank you.

Rick Ramacier.

RICK RAMACIER: God afternoon, Madam Chair and members of the Board. I'm Rick Ramacier here on behalf of CalACT as both a Board Member and representative of our Executive Director. CalACT has over 350 members, mostly made up of small urban and rural transit providers across California.

They've have been hard at work the last few years trying to implement the ICT against great odds. This proposal will do great damage to these operators and their ability to just maintain services, as you've heard from many of our members already today and you may hear more later on as you take more testimony.

I would note that the CARB Scoping Plan talks about the need to increase transit ridership by sixfold in California to meet our greenhouse gas reduction goals. There's no way we're going to get there as an industry, if we begin to lose this funding. Many of our members are already facing financial cliffs and having them make very hard decisions.

I will also note that it appears to us that the original proposal was released in January. A sector spoke up and said there's some problems. Staff met with this sector over a four month period. And then there's a new proposal in April. Transit has not been afforded a month, late alone two or three months, to engage with your staff about how this is going to be hurtful to transit and how we might work together to get to a better solution. We urge you at CalACT to take that time.

So I'll leave you with this last thought. When the ICT was implemented and adopted in this room, I testified. Board Member Dan Sperling said, we have an agreement from an industry that's starving to do the right thing. We're still starving. We need you to do the right thing. CalACT asks that you defer 26-7 until such time you can meet with transit and come up with a better solution for transit as well.

Thank you.

BOARD CLERK: Thank you.

Megan Cleveland.

MEGAN CLEVELAND: Good afternoon Chair Sanchez, Board members and staff. I'm Megan Cleveland with The Nature Conservancy. TNC is a science-based organization that works worldwide to deliver conservation solutions that benefit both people and nature.

TNC strongly supports the State's ambitious 2030 and 2045 climate goals and we support the Cap-and-Invest Program as a market-based approach and tool to reduce greenhouse gas emissions cost effectively. TNC appreciates CARB's adherence to this principle.

We acknowledge the complexity of the -- of CARB's task to balance the various priorities identified in the reauthorizing legislation, particularly amidst federal uncertainty and volatile market conditions. We appreciate CARB staff's significant efforts and engagement on the regulatory amendments. We recognize that the intent of the MDI is to -- in the regulatory amendments is to serve as a tool to cost effective -- to support cost effectiveness and encourage covered entities to invest in technologies and activities to accelerate emissions reductions.

At the same time, recent analyses suggest that if the MDI is fully utilized, it could undermine the State's 2030 goals by adding additional emissions allowances beyond the 2030 cap. In the regulatory amendments -- if the regulatory amendments are adopted include the MDI and should the usage of the MDI approach a level that could compromise the achievement of our 2030 goals, we encourage CARB to make regulatory adjustments to the Cap-and-Invest Program to ensure that California meets our 2030 goal.

Thank you very much.

BOARD CLERK: Thank you.

Scott Cox.

SCOTT COX: Good morning, Madam Chair and Board members. My name is Scott Cox on behalf of the Electric Vehicle Charging Association and our 18 member companies. I'd like to thank staff and leadership for their hard work on this and clearing our air. California is at a tipping point in the energy transition and clean transportation sector, thanks in large part to a suite of programs administered here at CARB that blazes the trail to build nation leading refueling infrastructure, drive the adoption of light-, medium-, and heavy-duty electric vehicles and investing in community mobility.

These programs and the transformation that they enable rely on the Greenhouse Gas Reduction Fund. Yet, independent analysis and CARB's own reporting on the proposed amendments showed that this would -- they would crater revenues leaving California without the resources it needs to fully implement the SB 840 framework adopted just last year.

With the transition all but abandoned by the federal administration, now is not the time to leave our best policies, programs and ideas unfunded. Reliable GGRF funding is the best tool we have for a cost effective, equitable, and better managed transition in the transportation sector. We urge the Board to strongly consider rejecting the proposed 15-day amendments.

Thank you.

BOARD CLERK: Thank you.

Kai Clausen.

KAI CLAUSEN: Good afternoon, Chair Sanchez and Board members. Thank you for your time today. Kai Clausen on behalf of several organizations, so bear with me. They include Rethink Waste, the California Compost Coalition, People Food and Land Foundation, California State Parks Foundation, Midpeninsula Regional Open Space District, California Habitat Conservation Planning Coalition, the California Association of local Conservation Corps, Save the Redwoods League, and Sempervirens Fund.

As several other stakeholders have shared throughout this hearing this morning and this afternoon, we want to stress the extreme importance of maintaining GGRF revenues at the level anticipated when SB 840 was passed last year. CARB has emphasized that the primary role of the Cap-and-Invest system is emissions reductions. Net emissions reductions is exactly what the programs funded by the GGRF do. From the suite of nature-based solutions to organic waste diversions, some of the most impactful emission reduction programs in California are dependent on GGRF revenue.

Implementing changes that gut the GGRF will lead to greater net emissions. We ask that you not approve these changes. Thank you.

BOARD CLERK: Thank you.

We have Bruce A. Magnani.

BRUCE A. MAGNANI: Thank you, Chair Sanchez and members. Bruce Magnani on behalf of Pacific Steel group, California Large Energy Consumers Association, and California's cement industry. And we urge adoption of the proposed regulations today.

By way of cement, I think it's universally recognize it's one of the most, if not the most, difficult to decarbonize industries in the world due to process emissions. All of these groups represent California-based large industrial employers, manufacturers, producers, and other energy-intensive trade-exposed businesses that form the backbone of state's economy. These companies compete directly against out-of-state and foreign competitors that face lower energy costs, weaker regulations, and no carbon compliance obligations whatsoever.

The proposed amendments must be viewed against the backdrop of declining production, rising imports and elevated energy prices escalating compliance costs. Economic and emissions leakage is happening now. It's not a fantasy. It is happening. Further delay will only make it worse. The proposed amendments meaningfully move the needle, particularly the updated industry definitions, the revised cap adjustment factor trajectory and the restructured Manufacturing Decarbonization Incentive.

Together, these provisions help lessen economic leakage, encourage industrial decarbonization, and help backfill the federal money that is no longer there. We remain committed to working with CARB and we urge adoption of the amendments to the regulation today.

Thank you.

BOARD CLERK: Thank you.

Marc Vukcevich.

We will move on to Jaymee Go.

JAYMEE GO: Good afternoon Jaymee Go representing TreePeople. AB 1202 requires CARB to design the regulations including distribution emission allowances where appropriate in a manner that is equitable.

The proposal is not equitable though, when it strips funding from equity programs, including affordable housing, clean air and water, and clean transportation. AB 1207 made commitments to California dramatically underfunded natural resources, adding nature-based solutions as a priority program for -- as priority programs for GGRF funding. This includes urban and community forestry, which CARB identifies in its Scoping Plan, needs 200 percent more investment, and as the only natural resource currently reducing GHG emissions.

The regulatory update not only retracts the promise for new support, but goes further by eliminating 200 million annually for forest health committed in SB 840. Urban forest support and investment is also identified as a priority and the State's Extreme Heat Action Plan and draft Urban Canopy Plan, with latter noting that the estimated total cost of a 10 percent canopy gain in California is between 15 to 20 billion across all urban forestry sectors.

Nearly 70 percent -- nearly 70 stakeholders testified at the Senate EQ hearing on this subject, 82 percent of them voice concern, shocked, surprised or betrayal of the plan and no senator on the dais supported it. In the Assembly, 40 stakeholders testified with 90 percent of them opposing or expressing deep concern. One thing that CARB and the Legislature agreed to surrounding the proposal is that it's the Legislature's duty, not CARB's, to appropriate funds. The plan re -- attempts to reappropriate two billion annually without the legislative -- without legislative approval.

We urge the Board to reject this proposal. It doesn't have anything to do with equity and would only move California backwards, open the state's illegal change on the short notice of the MDI element, and again relegate natural resources to the last seat in the last car on the train.

Thank you for your -- thank you for the time for comment.

BOARD CLERK: Thank you.

Vincenzo Caparale.

VINCENZO CAPARALE: Good afternoon, Chair Sanchez and members of the Board. My name is Vincenzo Caparale. And I am here on behalf of the California Association of Councils of Governments, or CALCOG. We represent regional government across the state, including California's 18 MPOs and a number of county transportation commissions and authorities.

We are here to register our opposition to the Manufacturing Decarbonization Incentive. We echo the concerns of the loss of funding that previous speakers have mentioned. The loss of AHSC, TIRCP, and LCTOP funding would be devastating. These programs are critical to our members' work and to the State meeting its housing, transportation and climate goals.

But I would also like to highlight a related consequence. Through the SCS process our members must develop long-term plans demonstrating how they will meet regional GHG reduction targets. And these programs are central to the assumptions underlying these plans. You cannot reduce these tools without proportionally reducing the expectations.

If this Board moves forward, it should also recalibrate the SCS targets our members are required to meet. We urge rejection of these amendments or a firm commitment to adjust regional GHG obligations accordingly.

Thank you.

BOARD CLERK: Thank you.

Tami McVay.

TAMI McVAY: Good afternoon. My name is Tami McVay and I am the Director of Emergency Services at Self-Help Enterprises, SHE, an affordable housing and community development nonprofit based in California, the heart of the San Joaquin Valley. At she, we believe healthy communities require more than housing alone. Communities cannot thrive without sustainable infrastructure that supports public health, economic sustainability, and long-term resilience.

Through partnerships with State, federal agencies, policymakers and elected officials, our goal is to help build communities that will sustain and thrive generations far beyond our own. I am here today because of the proposal to remove Tier 3, Affordable Housing

Community Sustainability and SAFER funding from the Cap-and-Invest is deeply concerning, and in my opinion, a serious mistake.

My department is the boots on the ground first response team who provides critical, emergency, interim, and long-term access to water to small communities, schools, and domestic well owners throughout the nine counties of the San Joaquin Valley most impacted by California's water access crisis.

During the height of the 2020-2022 drought, Self-Helf Enterprises -- whoops -- Self-Help Enterprise -- sorry. Lost my spot -- provided immediate access to water for more than 2,000 households and approximately 30 communities and schools, affecting nearly 100,000 human lives.

Frankly, I do not believe equitable access to safe water should have -- should have to be justified through statistics. California recognized that through the Human Right to Water in 2012 and codified it into law. Yet, here we are still having to quantify human need in order to defend continued investments.

So let me share a few other numbers for you. The 600,000 Californians currently being affected by water insecurity did not appear overnight. They were a warning sign. Behind them, stand another 2.5 million (inaudible).

BOARD CLERK: Thank you.

TAMI McVAY: Yep.

BOARD CLERK: We will hear from Angie Hacker.

ANGIE HACKER: Good afternoon. I'm Angie Hacker with Prosper Sustainably here encouraging greater consideration and public participation regarding the amendments as proposed that weaken community-based climate investments.

I am honored to play various roles that support and engage thousands of Californian local and tribal climate practitioners across the state through nonprofit coalitions, including CivicWell and the Tribal Energy and Climate Collaborative, most of whom do not have the means to be here today.

I often work to support better collaboration with agencies to meet our mutual climate action goals, including finding ways to make climate investments like the Greenhouse Gas Reduction Fund more predictable and accessible as communities are regularly requesting of us.

We appreciate CARB staff's work on landmark climate plans, policies and investments, and your staff's willingness to coordination with your local and tribal partners on the ground. From tribal ancestral land stewardship to decarbonization of homes and transportation systems, I have seen firsthand how impactful and transformational your GGRF investments have been to build community capacity to act on climate change.

Your CCI grants serve as an incentive that staff can present to decision-makers to take localized projects from climate action dreams to politically committed fiscally feasible realities. And we can't do it without it most times. Many communities were relieved and celebrated the commitment to reauthorize Cap-and-Invest in support for Climate Credits, but they're alarmed that one of the only recurring revenue sources supporting place-based emission reductions can now essentially disappear in the same year, they're hold -- they're hobbling back from federal funding clawbacks.

Like industry, they are managing severe economic uncertainty while also absorbing the climbing cost of climate and health disasters. Business deserves fair and predictable regulation, but communities also need the strong partnership of the State in delivering the kinds of emission reductions called for in the Scoping Plan (inaudible)achieve. We have -- we request modification --

BOARD CLERK: Thank you.

ANGIE HACKER: -- to the MDI and would love to help engage.

BOARD CLERK: Thank you.

Mateo Kushner.

MATEO KUSHNER: Good afternoon, I'm Mateo Kushner from Community Water Center, a water justice organization serving rural communities in the San Joaquin Valley and on the Central Coast in the fight to achieve the human right to water in California.

A significant portion of our work is funded through SAFER, which is a Tier 3 GGRF funding priority, and stands to face serious reductions under these proposed new regulations. SAFER has brought clean water to almost a million Californians, including by providing replacement water to over 100 schools whose tap water is not safe for use. Other Tier 3 funding priorities overwhelmingly support California's disadvantaged communities, providing live-saving programs and funding for those on the front lines of climate change.

We urge CARB to reject these regulations and ensure that California's most vulnerable communities are able to continue building sustainable climate futures.

Thank you.

BOARD CLERK: Thank you.

Marie Choi.

MARIE CHOI: Hello, members of the Board. My name is Marie Choi with Asian Pacific Environmental Network. For over 30 years we've brought together families living alongside some of the state's biggest oil refineries to fight for clean air, clean water and the resources that people need to thrive. It's our communities that breathe the consequences of your decisions.

The changes being proposed today would be a huge step backwards for California. This is a multi-billion dollar transfer of public wealth to the big coil companies that are gouging Californians at the pump and raking in windfall profits due to the war in Iran. Let's be clear, these companies don't need the handout. Under Cap-and-Trade, refinery communities have already seen an increase in both PM2.5 and greenhouse gas emissions. This was shown in the 2022 State OEHHA report.

The 15-day changes increased the free allowances to oil companies, giving refineries enough free industrial allowances to cover 78 percent of their emissions. On top of that, it opens up the MDI to refiners making it possible for oil refineries to receive allowances in excess of their actual emissions, incentivizing them to concentrate even more pollution in refinery communities.

For us, that means more asthma, more cancer, more death. According to the Legislative Analyst's Office, the 15-day changes would result in the loss of $2 billion a year to the Greenhouse Gas Reduction Fund. It eliminates critical funding for public transit, affordable housing, clean air, and clean drinking water programs that actually reduce emissions and help working families reduce their housing, transportation, and health care costs. Also, that the State's landmark climate program can hand over billions to Chevron and other big polluters.

The Board has another choice here. You can chose instead to protect California's climate progress, the health of front-line communities, and maintain funding for the programs that both reduce emissions and keep life affordable for Californians. We urge you to reject the 15-day changes (inaudible) MDI.

Thank you.

BOARD CLERK: Thank you.

Noam Elroi.

NOAM ELROI: Good afternoon, Board members. Noam Elroi on behalf of CR&R Environmental, which is a recycler, waste hauler and operator of the largest organic waste anaerobic digester in the state.

The current proposal would result in sending money to undelivered, out-of-state biomethane. Instead, we need to invest Cap-and-Invest resources into the development of in-state biomethane to meet the SB 1383 methane reduction and organic waste diversion goals.

Thank you very much.

BOARD CLERK: Thank you.

Elvie[SIC] Lanman.

ELISE LANMAN: Good afternoon Chair and Board members. My name is Elise Lanman. Apologize for my spelling. And I'm here representing Dairy Institute of California. Dairy Institute of California represents milk processors and dairy product manufacturers based in California. We recognize and support California's climate goals and the importance of reducing greenhouse gas emissions. Our industry has invested significantly in efficiency, cleaner technologies and emissions reductions.

Our members are dedicated to building a lower carbon future, but we believe the future must also be economically workable for the businesses that process and manufacture food in California. The proposed allowance budget through 2045 combined with reduced certainty or assistance factors through 2030 raises serious concerns about affordability -- affordability competitiveness and leakage.

California food processors already face some of the highest operating costs in the country including labor, energy, transportation, packaging and compliance costs. Many operate on thin Margins while competing with imports and facilities located in lower cost states. This year Leprino Foods announced the closure of its Lemore East Plant Mozzarella manufacturing facility in California citing high operating costs, while opening a new facility in Texas. We've also seen companies reduce operations, expand elsewhere, or leave the state entirely.

We urge CARB to restore certainty by reinstating assistance factors through 2035 recognizing food processing as a high leakage sector and expanding affordable compliance pathways through incentives, such as the Manufacturing Decarbonization Incentives. Those incentives should complement, not replace, cost containment measures.

We also support expanding biomass derived fuel opportunities, improving flexibility in offset programs, and ensuring implementation rules encourage investment rather than discourage it.

Dairy Institute thanks CARB for previous and current support of ongoing ag-focused greenhouse gas reduction emission -- reduction programs funded through the Greenhouse Gas Reduction Fund and we urge CARB to continue working with the industry to (inaudible) that reduces emissions while preserving (inaudible) --

BOARD CLERK: Thank you.

We will now hear from Chalam Tubati.

CHALAM TUBATI: Thank you. Members of the Board, Chalam Tubati, AB 617 Bayview Hunters Point Southeast San Francisco.

As part of my public comment, I have presented a report and a fact sheet to the Board. I hope the fact sheet is in front of you. This report is not my concoction. This is purely based on regulatory resources, name CARB, California Energy Commission, and DPMO, Department -- Division of Petroleum Market Oversight.

What does this tells us? That since Cap-and-Trade, the oil and gas industry's margins have only gone up to historical highs. The second finding under SBX12, DPMO found that the oil and gas industry has charged consumers a $59 billion what they call mystery surcharge, which is not explained by taxes, or fees, or compliance costs.

Now, let's look at the subsidies they get from the State. Just from the leakage assistance or free allowances, 60 to 70 percent of allowances go to oil industry, which amounts to seven to nine billion dollars. And of the $22 billion of biofuel credits, $17 billion forms the circular subsidy the oil industry pays itself. And there is no severance tax, only State doesn't severance tax. There's no surge tax on oil industry. And recently, more tax BREAKS have been given to them.

So I urge you, as I stand here in opposition of these changes, that the basis of policy should be, in fact and data, and fair compromise, not lopsided compromise.

The basis of policy cannot definitely be in political reactionism or political edict.

Thank you.

BOARD CLERK: Thank you.

Thien Vinh Nguyen.

DR. THIEN VINH NGUYEN: Dear, Chair Sanchez and members of the Board. I'm Dr. Thien Vinh Nguyen. And I'm the Director of Clean Air and Climate at Valley Vision, a regional nonprofit focused on improving livability in the Sacramento and capital region. We are also community partner for the South Sacramento-Florin AB 617 community, which is part of the Community Air Protection Program.

I'm here today to urge you to rethink and reject the proposed amendments and keep your promise to support clean air projects for the communities that need it most. Please do not divert and reduce the AB 617 funding. Valley Vision, along with a large and diverse coalition of community-based organizations, residents and local businesses have been involved with the South Sacramento-Florin AB 617 community since its designation eight years ago.

We have also been -- we have also implemented community air grants in this community, piloting innovative, clean tech workforce development, home and business electrification adoption, and improving air quality and public health. This AB 617 community is also dear to my heart. I grew up in South Sacramento in a housing complex without trees and behind auto dealerships with polluted air, with heavy trucks driving through. Improvements have been made, but more is needed.

The AB 617 and -- Community Air Protection Program is not just about air quality. It's about fostering community-driven common solutions, addressing public health, and improving the quality of life for disadvantaged communities and beyond.

Thank you for your time.

BOARD CLERK: Thank you.

Richard Filgas.

RICHARD FILGAS: Yeah. Good afternoon, Chair Sanchez and Board members. Richard Filgas on behalf of the California Farm Bureau.

I appreciate the opportunity to provide comment today and would like to express our serious concern regarding the proposed amendments to the Cap-and-Invest Program, particularly the potential impacts on GGRF revenues and the long-term stability programs that rely on those investments.

For California agriculture, GGRF has become a critical that supports practical, on-the-ground climate solutions that are delivering measurable environmental benefits, while helping farmers and ranchers remain productive and economically viable in an increasingly challenging operating environment. Through programs supported by GGRF, farmers and ranchers across the state have been able to invest in practices and technologies that reduce GHGs, improve soil health, that conserve water, improve air quality, increase energy efficiency, and strength and resilience to drought and extreme weather.

Importantly, these programs help producers achieve California's climate objectives, while continuing to provide a safe, reliable and affordable food supply. Given estimates that proposed modifications to the Program could reduce GGRF revenues by roughly half compared to recent years, we're deeply concerned about the long-term implications for these important programs. Reduced revenues will inevitably create greater competition for already limited funding, increasing uncertainty for producers attempting to plan long-term investments, and potentially slow the adoption of practices that directly support the State's climate and environmental goals.

Farmers and ranchers make business decisions over multi-year timelines and many climate-smart investments require substantial up-front costs and long-term planning. Uncertainty surrounding future program funding makes it significantly more difficult for producers to move forward with projects that the State has encouraged and prioritized for years.

For these reasons, we respectfully urge the Board to reject the proposed amendments.

Thank you.

BOARD CLERK: Thank you.

Nayamin Martinez.

NAYAMIN MARTINEZ: Woops. I'm too short.

Buenas tardes. I am Nayamin with the Central California Environmental Justice Network.

I am here to remind you of two core principles that are supposed to guide CARB's work, one is respect and the other one is equity.

So in respect, it says that you need to connect with and work with the people that you are supposed to serve. In equity, it says that you need to ensure all Californians breathe clean air. Well, I'm asking that you take a heart these values in today's decision, because if you really are going to guide your work through these principles, I'm sure you're going to reject that 15-day changes to the Cap-and-Invest Regulation that you have before you, especially the MDI.

Why? Because it will cut funding that is safeguard -- safe line for numerous programs that have guaranteed access to clean air, clean water, and resiliency solutions for environmental justice communities across California, but especially in the region where I live and work, the Central Valley.

Today, you saw a miracle before your eyes. You saw that normally people that are going to be again on opposite sides of the aisle are telling you the same thing. We -- you have heard that not only from EJ advocates, but from air districts, from farmers, from the transit industry. Doesn't that mean that we are all in agreement of something? That should mean something to you.

So today, I'm here to ask you to reject that change and to prioritize public health. That's also part of your mission to put before the profits of the industry that has been polluting using, the health of the people of California that depend on your decision today.

Thank you.

BOARD CLERK: Thank you.

Faraz Rizvi

FARAZ RIZVI: Good afternoon, Chair Sanchez and Board members. My name is Faraz Rizvi representing APEN Action, where we represent Asian, immigrant and refugee communities that are directly impacted by our state's refineries.

We are here today to urge the Board to approve a more ambitious regulation that cuts near-term emissions, protects household affordability, and maximizes funds for the Greenhouse Gas Reduction Fund. We are asking that the Board only approve the proposed regulations contingent on clear direction to the Executive Officer to remove the MDI and permanently retire those 118 million allowances. Without such direction, we urge the vote -- the Board to vote no.

We are deeply concerned that the MDI, as proposed, runs completely counter to California's climate goals. In January, CARB staff rightly proposed moving 118 million allowances from the market to keep us on track for our statutory 2030 target. Instead of retiring them, this new proposal creates them outside the allowance cap to subsidize qualifying industries.

At a time when oil and gas companies are taking millions of dollars in windfall profits from a global oil shortage, due to the war in Iran, this body is considering a sleight of hand magic trick that can potentially amount to over a billion dollar subsidy to the state's refiners. Our communities have historically been very concerned with Program design. That's no secret. Our contention has been that the Program can lead to emissions reductions without reductions to localized pollution. In fact, a

2022 OEHHA report found that both localized PM2.5 and GHGs when up in refinery communities under the Cap-and-Trade Program.

The changes under consideration from the Board would further exacerbate the fundamental contradiction of a program that attempts to reduce emissions without delivering tangible pollution reduction to communities directly impacted by the Program. This MDI fundamentally undermines the integrity of our emissions -- of our emissions targets. We ask that you please protect that.

And just to end, I find it odd -- an odd choice to rename the program Cap-and-Invest and then immediately proceed to blow up the investment side of it. I think it highlights how truly inconsistent this is with the intent of the Program.

Thank you.

BOARD CLERK: Thank you.

Usama Faheem.

USAMA FAHEEM: Hello, Chair Sanchez and the members of the Board. My name is Usama Faheem. And I'm commenting on behalf of Communities for a Better Environment raising concerns about affordability and energy bills.

California's energy bills are some of the highest in the nation and are rising faster than inflation. 1.9

million Californian households have overdue bills and electricity bill relief is a major affordability issue. The Air Resource Board has an immense opportunity and a responsibility to directly address an affordability need by Californians by increasing allocations to utilities. The Climate Credit is being restructured by CPUC, with potential for helping communities in need, as a priority, especially heat impacted and low-income communities.

Any reduction to the credit will mean a hit on affordability itself. As for proposed changes, not only do these changes reduce the amount allocated to utilities from current appropriations, but the Manufacturing Decarbonization Incentive is also likely to keep allowances prices at the floor or potentially even below the floor on secondary markets, undercutting the climate credit by up to 17 percent or a dollar amount of 1.7 billion.

This proposed prior -- this proposed prioritizes cost containment benefits to industry over affordability benefits to Californians. So I urge or ask the Board to reject the 15-days changes and eliminate the Manufacturing Decarbonization Initiative.

Thank you.

BOARD CLERK: Thank you.

Biarca Elizabeth.

ISRA SHATNAWI: Good afternoon, Chair and Board members. My name is Isra Shatnawi. I'm speaking as a member of the California business community.

I urge CARB to adopt a Cap-and-Invest Program that is strong, stable and economically practical. Businesses needs three things from this program, a clear long-term signal, protection from sudden cost shocks, and reinvestment that helps companies reduce emissions here in California. The proposed package moves in that direction by recognizing affordability, industrial competitiveness, and the need for manufacturing investment. Those are not side issues. They are essential to keeping public and businesses support. Please continue to improve transparency so Californians can see how revenues are spent and what results they produce.

Please also make programs accessible to small businesses, rural employees, and manufacturers that want to modernize, but need support. California can reduce emissions, attract investment and protect jobs, if the Program is designed carefully. I support moving forward with a balanced Cap-and-Invest Program.

Thank you.

BOARD CLERK: Thank you.

Yazmin Guzman.

YAZMIN GUZMAN: Good afternoon, Chair and Board members. My name is Yazmin and I am here for the -- from the construction materials sector. California cannot build housing, transportation, water, infrastructure, schools or clean energy projects without construction materials. Many of those materials are energy intensive and many face competition from out-of-state producers.

I support a Cap-and-Invest Program that keeps the emissions caps strong while preventing leakage. If production shifts out of California to places with weaker standards, we risk losing jobs and increasing transportation emissions without solving the climate problem.

That is why industrial support in decarbonization incentives are essential. Help companies invest in cleaner processes here. Help them compete while reducing emissions and make sure public -- okay. Anyways.

Please adopt amendments that recognize the role of industrial sectors in building California's future. Climate policy should not just regulate the material's economy, it should help transform form it.

Thank you for considering the infrastructure and housing implications of this Program. Thank you for your time.

BOARD CLERK: Thank you.

Jacky Guzman.

KEVIN SOTO: Good afternoon, Board members. My name is Kevin Soto. I'm here speaking on behalf of Jacky Guzman. And I'm here -- I'm somewhat connected to the skills and construction economy, because I own my own construction business I ran out here out of -- right here in midtown. And when California invests in clean -- cleaner buildings, cleaner industrial facilities, cleaner infrastructure. That means work. It means electricians, pipe lifters, operating engineers, laborers, HVAC technicians, and apprentices are all getting paid to build a future.

I support Cap and Investment, because it could create a steady investment stream of projects that reduce emissions and create jobs, but the program needs to be designed carefully. Workers need long-term project pipelines, and not short-term bursts of funding. Businesses need clear rules so they can build -- so they can bid, hire and train. Please make sure these -- sure the amendments preserve the long-term cap, while investing in workforce development, domestic supply chains, and projects that are ready to build.

Climate policies should not be abstract. It should show up as paychecks, apprenticeships, modernized facilities and cleaner air. Adopt a Program that keeps the workers at the center of transition.

Thank you.

BOARD CLERK: Thank you.

Angelique Roy.

ANGELIQUE ROY: Good afternoon, Board members. My name is Angelique and I am community -- is that better? Sorry. My name is Angelique and I'm a community college student preparing for my career.

I support Cap-and-Invest, because I want climate policy that creates real jobs for people like me. The transition to cleaner energy and cleaner industry will require technicians, electricians, mechanics, construction workers, energy auditors and many more skilled workers.

Please make sure the investment side of this Program connects directly to workforce training. Community colleges should be a part of the solution. Apprenticeship programs should be a part of the solution. Young people need pathways into these jobs, not just speeches about the future.

I also care about affordability. Students already face high rent, transportation costs, tuition and utility bills. Climate policy has to reduce emissions without making life harder for people who are just starting out. Please adopt a balanced program that invests in training, protects affordability and creates clean economy careers in California. I want to build my future here and I need your help to make that possible.

Thank you.

BOARD CLERK: Thank you.

Daniel Romero.

All right. We will move on to Victoria Rome.

VICTORIA ROME: Good afternoon, Board members. I'm Victoria Rome, California Government Affairs Director for NRDC, Natural Resources Defense Council.

The proposed Cap-and-Invest amendments preserve a core climate program, while expanding allocations to help lower electricity bills. We particularly appreciate the shift of the majority of the Climate Credit funds toward Californian's electric bills and away from subsidizing natural gas. Ensuring that clean electricity is affordable and accessible to all Californians is critical to climate progress, because we need to rapidly electrify our transportation and building sectors.

At the same time, the proposed amendments reflect concerning concessions to the oil and gas industry at the expense of community health and meaningful climate progress. We urge State leaders to take more decisive action this year to reduce the oil industry's grip on our economy, maximize investments in clean transportation and projects for communities, and accelerate a clean energy transition that protects people.

Zooming out though for a second, this is an important moment in the global fight against climate change. CARB's action on the proposed Cap-and-Invest amendments is a strong signal of California's climate leadership. The regulations will allow the state to link with other jurisdictions, help lower electric bills and continue reducing emissions toward our 2045 climate targets. We encourage CARB to vote to approve these amendments.

Thank you.

BOARD CLERK: Thank you.

We will now hear from Daniel Romero.

DANIEL ROMERO: Good morning, Board members. My name is Daniel Romero. I'm speaking today as both a financial professional, a business owner and combat veteran.

One thing I've learned through finance and business is that capital moves when there's a long-term certainty. Investors, entrepreneurs, and business owners are far more willing to commit when resources -- commit resources when policies are transparent, stable and predictable.

That's why I support maintaining a balanced and durable Cap-and-Invest program. Policies that create -- policies that create uncertainty can discourage investment, while policies without long-term direction often move -- often fail to move capital at the scale needed to support innovation and infrastructure.

California's economy depends on long-term planning, business investing in energy systems, transportation, technology, infrastructure needs. It needs the confidence that the regulatory environment will remain clear and dependable beyond short-term cycles.

So I believe that California can continue reducing emissions while also remaining competitive and attractive to private investment. A stable framework helps businesses plan responsibly, help investors deploy capital with confidence, and supports long-term economic growth.

Thank you for your time.

BOARD CLERK: Thank you.

Duncan McFetridge.

DUNCAN McFETRIDGE: Good afternoon, Chair Sanchez and members. Duncan McFetridge on behalf of the Metropolitan Transportation Commission and the Association of Bay Area Governments.

We are deeply concerned with the amendments CARB staff has proposed to the Cap-and-Invest Program. The proposed amendments will essentially eliminate funding for the Tier 3 Greenhouse Gas Reduction Fund impacting important programs like the Affordable Housing and Sustainable Communities Program, the TIRCP Program, and the Low Carbon Transit Operations Program. As you know, these are critical investments that support the Bay Area's sustainable transportation, affordable housing, and environmental goals.

All said, transit agencies could lose up to $1.65 billion annually. Funding they have relied on for over a decade without any plan to backfill these funds. This impacts affordability, climate goals, and specific projects in the Bay Area. For those reasons, we urge you to reject the amendments.

Thank you.

BOARD CLERK: Thank you.

Mark Watts.

MARK WATTS: Good afternoon, Chair and Board members. My name is Mark Watts. I'm representing San Diego MTS, the transit system for all of San Diego County. I'm actually representing their CEO Sharon Cooney today.

MTS does oppose the proposed amendments due to the impacts that they have on the GGRF revenue fund. MTS has utilized three of the major categories in Tier 3 in the past. And they've received hundreds of millions of dollars to fund numerous projects and service enhancements that are active today.

The sustainability of public transit is already at risk. And the lack of this critical funding could accelerate these challenges. The investments have reduced GHG emissions and improved air quality while also creating good paying union jobs and addressing the primary drivers of our affordability crisis. At the -- as the regulation is finalized, it must protect these critical investments and we urge you to postpone the adoption of the proposed amendments and release another amendment package that protects the GGRF fund revenue source.

Thank you very much.

BOARD CLERK: Thank you.

Diane Vazquez.

DIANE VAZQUEZ BALLESTEROS: Hi. Good afternoon. My name is Diane Vazquez Ballesteros. I'm one of the co-executive directors for the California Environmental Justice Alliance and alliance of 10 member organizations across the state. Some of them actually were here speaking for themselves in the rejection of this proposal.

We have heard from multiple testimony meet -- testimonies from transit organizations, housing organizations, environmental organizations. Even, you know, like another individual indicated, groups that we typically don't align, we are aligning on this proposal. I think we need to start really thinking how this proposal came about, specifically on the fact that the Environmental Justice Council -- Advisory Council was not even consulted. And it's the same council that was created to actually look at Cap-and-Invest or Cap-and-Trade. And that, for me, is just crust really concerning where we're doing something, where an organization was created to actually oversee the different elements of this program.

Why? Because we are voting on something that's going to be here for the next three years, but the impacts are going to be felt for the next 15 years, so really taking ownership of what are we really considering, why are we considering it, and really asking the Board, are you really sure what you're voting on? Because we're not really sure what we're even looking at, given that some of the changes that were made this morning to even figure out the changes of what is this going to mean and how are we even including community input.

We weren't even able to actually consult our community organizations or our members on the changes. So right now is strict opposition of the proposal to allow the conversations to occur and really give respect to the organizations that have been working on this for years. I understand there's trade-offs. An individual indicated is this the trade-off that we want to make? Is 118 million -- billion that, you know, allowances are going to be for an industry, a really subset industry, is that really what we want to do in the next three years, and how is that going to impact the next 15 years after 2030?

So those are real questions and I really am looking forward to the discussion. Hopefully, for the folks who are still (inaudible) --

BOARD CLERK: Thank you.

Diya Kandhra.

DIYA KANDHRA: Good afternoon, Board. Thank you for the opportunity to comment and for your ongoing work to advance California's decarbonization goals. My name is Diya Kandhra and I'm a 22-year old student leader with Silicon Valley Youth Climate Action and a new graduate from UC Berkeley.

We strongly support the Cap-and-Invest Program contingent on removing the MDI Program. As you already heard from so many organizations today and so many interest groups, the MDI initiative in its current form will redundantly provide 118 million new carbon allowances to industrial polluters and will come at the expense of GGRF revenues that fund critical Tier 3 community programs, protecting transit, clean air, clean water, and affordable housing.

As a UC Berkeley student, I used BART and AC

Transit every week. And before that, as a high school student, I advocated for emissions reduction and protecting clean air in the Climate Action Plan of my hometown Morgan Hill. I hope that I, as well as my peer, Jeff Razai, can represent the voices of million of California students like ourselves who can't be here today, but are dependent on a livable future dependent on your vote as our elected representatives.

As students, we're also passionate about contributing to a climate forward future in our education and careers, but we can only do so if climate programs like those in Tier 3 remain intact. Please don't defund the community programs and climate futures of California students by reducing GGRF revenues in community investments.

And let's also remember the larger context in this critical moment. California is the fourth largest economy in the world and one of the most strategic and climate ambitious U.S. states. And our ability to responsibly cap emissions while investing in our communities is especially critical in this moment of federal climate funding cuts and regulation rollbacks. We need to remain steadfast in our climate commitment for communities and youth by preserving Cap-and-Invest without the MDI Programs GGRF revenue cuts.

Thank you so much.

BOARD CLERK: Thank you.

Jeff Razai.

JEFF RAZAI: Good afternoon, members of the Board. My name is Jeff Razai and I'm here representing Silicon Valley Youth Climate Action.

As youth living through an accelerated climate act -- crisis, we than the Board for it's work to extend and update the Cap-and-Invest program through 2045. However, we are today to express some of our concerns over the April revisions, restoring our future and protect corporate profits at the expense of our health and our communities. And we urge the Board to reconsider the Manufacturing Decarbonization Initiative.

First, it explodes the emissions cap. The single most critical component of the cap investment is a firm declining limit on pollution by creating 118.3 million new allowances above the cap to fund the MDI. This proposal actively cancels out the very near-term emissions reductions California needs to meet its statutory 2030 targets.

It also starves front-line communities and transit lifelines. Flooding an already weak market with 118 million excess allowances would crater carbon prices. Independent modeling shows this will slash GGRF revenues in half. For youth and working families, this means losing on billions of dollars dedicated to community air quality initiatives, affordable housing and public transit. Public transit is lifeline for many underserved communities like me that go to schools, work and daily life.

Please maintain the structure integrity of the cap, protect local air quality, and prioritize people over polluters.

Thank you.

BOARD CLERK: Thank you.

Abudakar Khan

ABUDAKAR KHAN: Good afternoon, Chair and Board members. My name is Abudakar Khan. That was close. And I'm speaking as a film producer and creative entrepreneur.

Film production depends on California's broader economy from transportation, to energy, to local vendors, small businesses, clean air, and reliable infrastructure.

Every production supports workers, drivers, caterers, hotels, rental houses and local communities. So I support a strong and durable Cap-and-Invest program, because climate policy should also create practical investment in the communities and businesses that make California work.

Please protect affordability, keep the Program transparent and continue investing in clean air, healthier communities, good jobs and long-term opportunities. California can lead on climate, while keeping its creative and local communities strong.

Thank you so much.

BOARD CLERK: Thank you.

Chamier.

SADIE EL IBRAHIMI: Good afternoon, Chair Sanchez and members of the Board. My name is Sadie El Ibrahimi. I'm here with the National Diversity Coalition.

And I urge CARB to reject the amendments in their current form and protect the strong Cap-and-Invest Program. I do not come from a technical policy climate side. I come here for -- from the people's side. I work in real estate, mortgage lending, and community empowerment and I see every day that housing transportation health, clean air, and economic opportunity are not separate conversations. They are one ecosystem.

The GGRF is not just a funding mechanism. It is how California turns pollution accountability into community investment. Statewide Cap-and-Invest has generated over $31 billion for the GGRF with nearly 12.8 billion already implemented into projects. More than 70 percent of that funding has benefited priority populations. Here in greater Sacramento, over 1.2 billion has been implemented through more than 31,000 projects, with hundreds of millions benefiting disadvantaged breath -- disadvantage and low-income communities.

So when we speak today, we are not speaking about an abstract policy. We're speak about real people, real neighborhoods, real families, real children breathing the air these decisions shape. The people here today are asking for the same thing. Do not weaken the investment our communities rely on.

The concern with these amendments are real. Expanding free allowances through the Manufacturing Decarbonization Incentives could reduce accountability and cut the revenue communities depend on. And we are here to say clearly that people must remain at the center, not polluters, not industry relief, not political convenience, the people, the families who need clean air, the workers who need reliable transportation, the communities who need affordable housing, safe drinking water, wildfire resilience, and real investment. Cap-and-Invest is not just a climate program. It is a community program.

BOARD CLERK: Thank you.

Greg Hurner.

GREG HURNER: Hello. Greg Hurner.

I have various clients that both experience the cost pass-through from the Program and benefit from the

GGRF.

Side note. I actually worked extensively on AB 32 implementation and the design of the original auction with those that are subject to the cap. So I'd just like to say good job. I think you have struck a good balance with what you're bringing forward and proposing. I think; the MDI is creative and provides co-benefits to the nearby communities. And, you know, we're -- we've worked hard to get these programs squared away and we're -- we think -- I think we would all be better off if CARB had more access to allocating the GGRF than how it's being allocated, because then we can apply that directly to carbon reduction programs that accomplish the most for the state of California.

But unfortunately, CARB has its hands tied in that process. We have a Legislature and others that have other priorities with some of that funds. But I'd like to just say we support the amendments.

Thank you.

BOARD CLERK: Thank you.

CHAIR SANCHEZ: Thank you. Go ahead.

BOARD CLERK: I was going to say that concludes our in-person commenters for this item.

CHAIR SANCHEZ: In-person commenting. Great. It is 2:34 -- 35. We're going to take a brief 10-minute stretch break and reconvene at 2:45 when we be hearing a presentation from Martha Dina, the former Co-Chair of CARB's Environmental Justice Alliance[SIC] Committee. So look forward to that presentation. See you all in 10 minutes.

Thank you.

(Off record: 2:35 p.m.)

(Thereupon a recess was taken.)

(On record: 2:55 p.m.)

CHAIR SANCHEZ: Okay. Thank you, everyone. Welcome back. Welcome back. Welcome back.

Dr. Balmes.

Okay. We will reconvene and I want to welcome Martha Dina former Co-Chair of the CARB's Environmental Justice Advisory Committee. Thank you, Martha for being here. We look forward to the presentation on EJAC considerations.

As a reminder to the public, CARB released the solicitation for new members of the Environmental Justice Advisory Committee in February. Staff is reviewing those applications now and the Board looks forward to their recommendations and acting on that very soon. So with that introduction, thank you, Martha for all of your work on behalf of the Committee and look forward to the presentation.

MARTHA DINA ARGÜELLO: Thank you very much. And thank you for allowing me to, while the Committee is in recess, to be able to speak a little longer than the two minutes.

Good afternoon, Chair Sanchez and Board members. You know, I've been coming to this Board for over 20 years. And I've also been serving on the EJAC for almost 20 years. I was on the floor when AB 32 was passed. We were part of shaping the idea of the Environmental Justice Advisory Committee. And the EJAC, since it's not currently operating, we weren't really able to give meaningful input to this proposal. Our last meeting in September was not a full meeting. We weren't able to really engage with staff, because it was sort of the end of leg. session. So we haven't really had a chance to meaningfully give you comments from the EJAC.

But that said, I think you've heard from many of the organizations who are represented on the EJAC today. You've heard from many people. And it is a rare thing, right -- in advocacy, we say if you can build a coalition of unusual partners, when you have labor, EJ, industry -- some industry and the air districts together telling you something, that is something to listen to.

It is important that we listen to those voices that are telling you that this is not the way. And I've watched this Board do hard things. I've watched you show courage when it mattered. And I'm here today, because I believe you can do the right thing again and reject the MDI. What's in front of you is not a minor modification. One hundred and eighteen million new allowances and an entirely new reserve mechanism. It's a multi-billion dollar decision that deserves a fuller process. EJ communities were not meaningfully at the table. This Board has the opportunity to honor that commitment now.

The Manufacturing Decarbonization Incentive has no additionality requirements, no binding verification, tied to the incentive itself, and no enforceable mechanisms to prove that allowances issued result in real emissions reductions beyond business as usual.

That is not a decarbonization. That is a subsidy. This Board demand -- should demand better of us. The program at risks are not abstractions. AB 617 built something real through the CERPs. We had participatory budgeting, community engagement like I've never experienced working for 20 years with the air districts and with CARB. Those are really meaningful efforts to find alternatives, community-driven alternatives, for genuine decarbonization.

The SAFER Program is at stake, the California Climate Credit, which 17 percent of those families most in need can lose with this. This Board has the rare opportunity to correct course before those cuts become permanent and before communities lose programs it took decades to win.

You know, I'm an executive nonprofit leader and I work in the South Coast. And now I live like a block away from the 5 freeway. And it is almost impossible to get foundations to fund us to do work around cleaning up the air in the most polluted state of California. And so the 617 funds that were directed to communities is -- it was a lifeline to communities who have been dealing with living next to freeways, oil drilling sites. That work matters. More importantly, the work that we did around participatory budgeting and shifting governance is actually what we need for the future, to be able to take problems to scale, to have an all-of-government approach, and to have engaged, educated communities. We're going to partner with you to make the kinds of changes that we want.

What we've seen in our community in South LA is an effort to transform businesses. We are the only ones that have a trust transition section in our CERP, because we understand that our communities and the workers that work in those communities need alternatives. We need what to transition to and we're doing groundbreaking work on finding safer alternatives. That's what's 617 is funding that other funders don't understand, because it's too complicated. We cannot afford to lose those funds.

There was important community-driven solution that actually could get us to the reductions that we need, instead of giving more money to the people who got us into the problem in the first place. It just doesn't make sense to be giving them these billions of dollars, given all the harm that they have created.

You know I'm a public health person, and so I do pay attention to emerging science. And the World Health Organization is now documenting what EJ communities have Lived for generations, that corporate decisions made-for-profit determine who gets sick, who dies, and whose zip code becomes a death sentence. It's called the commercial determinants of health. This Board can choose not to deepen those disparities, not to allow big oil to rule by misinformation, and really deal with affordability in the way that we need to, not in the way that they have framed it.

Over 200 people have -- over 200 comment letters, legislators, researchers, (inaudible) have documented the real harm. You have the evidence. You have the authority and we will stand with you if you're bold for our communities. We want you to hold our lungs and our lives as beloved, as the most important thing that you do for the future of climate and the future health in California. You have the future of many people's lives in your hands. Do the right thing reject the MDI.

Thank you.

CHAIR SANCHEZ: Thank you, Martha for that presentation and those comments and reflections, and just to you personally for your leadership and your service to the Committee. I know it's deeply appreciated. It's been so valuable to all of the CARB -- all of CARB's work.

With that, we are now going to transition here in the afternoon hour over to Zoom commenting. I see over 100 people on Zoom waiting to comment. So let's get started and role through another two hours, and take a another brief break at 5 p.m.

Board Clerk, will you please call on the commenters. Thank you.

BOARD CLERK: Thank you, Madam Chair.

For the public, please note again that online submissions via the docket will be accepted until the end of public testimony for this item.

The first Commenter I have is Catherine Garoupa followed by Jan Warren and then Eli Lipmen.

Catherine, I have activated your microphone. You may unmute and begin your testimony.

DR. CATHERINE GAROUPA: Dr. Catherine Garoupa with the Central Valley Air Quality Coalition and former Co-Chair of your EJAC.

I must correct slide nine from the staff presentation with regards to EJAC. Number one, it does not accurately reflect the Industrial Strategy Division staff's quote/unquote participation or lack thereof with our Committee. For more details see my November 6th resignation letter available online.

Number two, I do not recall two community listening sessions on this topic. And number 3, most importantly, slide nine does not reflect that EJAC spent several years working on Cap-and-Trade recommendations through hearing from expert speakers and deliberating during numerous public meetings, which resulted in a robust and detailed resolution.

Recommendation number one is eliminate free allowances for the industrial sector. The proposal before you does the opposite. The resolution goes on to say quote, "The spending choices made regarding the Greenhouse Gas Reduction Fund and the distribution of allowance value from utility allocations should prioritize equity and provide direct investment in environmental justice households." The proposal before you does the opposite. These are just a couple of examples. While I welcome promises of better future engagement with EJAC in EJ communities, show your commitment today by removing the MDI and rejecting the 15-day changes.

I urge you, Board, to use your authority as a multi-disciplinary and multi-stakeholder body to prioritize the health and economic well-being of everyday Californians and front-line communities.

Thank you.

BOARD CLERK: Thank you. Next, we have Jan Warren. I have activated your microphone. You may unmute and begin your testimony.

JAN WARREN: Okay. Thank you. My name is Jan Warren. I live in Walnut Creek and I'm with Interfaith Climate Action Network of Contra Costa County.

Your clock is not moving. Am I not on?

Hello.

BOARD CLERK: You're good.

JAN WARREN: Okay. So I need to start over?

No.

Okay. So vote no on the amendments. Down with pollution, up with health, which aligns with the role of CARB. Tier 3 in the GGRF is where the funding resides for affordable housing, transit, and Intercity Rail Capital Program, sustainable communities and agriculture, Low Carbon Transit Operations Program, Health Resilient

Forests, safe affordable drinking water.

I want to support the comments of the County Connection earlier today that provides the bus service in my city. As a reminder to the Board, transportation is still the largest source of pollution in California, and that's what we ought to be addressing. As a reminder to the Board -- oh, I just said that. Sorry.

In the Bay Area, we have four active AB 617 communities: West Oakland focusing on freight, port emissions, and localized truck traffic; Richmond, North Richmond, San Pablo focusing on exposure to petroleum refining, industrial facilities in major transportation corridors; East Oakland focusing on reducing exposure to diesel from goods movement, rail and nearby industrial and commercial zones; Bayview Hunters Point Southeast San Francisco targeting long-standing industrial pollution and health inequities.

I support the May 4 letter to CARB from CEJA, the April 26th letter from the 28 leaders in the California Legislature. I recognize and thank the EJAC members and actually asking you to invest in clean air, clean transportation, and affordable housing. Vote no on the amendments, remove MDI, listen to communities.

Thank you.

BOARD CLERK: Thank you.

Next, we have Eli Lipmen. Eli, I have activated your microphone. You may begin.

ELI LIPMEN: Yes. Thank you very much. My name is Eli Lipmen. And I am the Executive Director of Move LA, a nonprofit transit and affordable housing advocacy organization. I'm also a board member of ClimatePlan and worked with the Clean Transportation Group to set up the Affordable Housing and Sustainable Communities Program, the LCTOP program, the TIRCP program in the original legislation. That's how far back I go.

I also was a Board member of Slate-Z a recipient of multiple grants funded by Cap-and-Invest from transformative climate communities grant to a grant that we just finished out to do outreach around electric vehicles, an e-bike library, and multiple other efforts, including universal basic mobility. And actually I just literally got off the D-line extension. So I am riding transit literally funded by this program right now. The first rail line to Beverly Hills and only three subway stations in the entire United States that were open this year.

And I'm requesting that the Board not adopt the proposed regulations and ask staff to remove the MDI and maintaining funding for the Greenhouse Gas Reduction Funds. Transit and affordable housing are long-term community investments that are reducing greenhouse gas emissions, improving affordability for our communities today. In particular, the Low Carbon Transportation Operations Program is -- reduction in that would cut free and reduced fairs for seniors today, people with disabilities and youth today, and cut out new transit service.

You know, one of the most successful programs that we've ever seen is the Transit Pass Program. And that is reducing greenhouse gas emissions, not in the future, but actually today. So again, please do not adopt these proposed regulations and please remove the MDI, so that we can continue to fund incredible programs that are reducing greenhouse gas emissions across the state today.

Thank you.

BOARD CLERK: Thank you.

Next, we have Eric Escobar followed by Daniel Chandler, and then April Vargas.

Eric Escobar, you may begin.

ERIC ESCOBAR: Good morning, Chair and members of the Board. My name is Eric Escobar. I'm a volunteer with Transbay. I'm from Oakland. I'm a third generation Californian and the father of a fourth generation Californian, and I'm here because I want all of our kids to inherit a state that chose their future over oil company profits.

I'm asking the Board to reject these proposed regulations. Specifically, I'm asking you to direct staff to remove the MDI and protect funding for the Greenhouse Gas Reduction Fund.

The program called is Cap-and-Invest, but it goes above the cap and it guts the investment. It will cut 1.4 billion from affordable housing and transit. The exact program is deliver long-term benefits to the communities that need them most. Cutting the Low Carbon Transit Operations Program means cutting free and reduced fairs for seniors, people with disabilities and young people. It means cutting bus routes that working families depend on. It means cutting the funding that puts clean electric buses on our streets. And for what?

This is being rushed through without basic answers. Who actually benefits? We don't know. And we're being asked to pay 1.4 billion to find out. But we kind of know, when you have energy and oil company lobbyists here begging for you to pass it. And AC Transit, and LA Metro, and County Connection are asking you not to take buses away from riders who have no alternatives for transit.

We're in an affordable housing crisis, a transit crisis, a climate crisis, all at the same time. The oil companies are making unimaginable inn profits right now while already heavily subsidized and we all pay the price with the shared climate catastrophe.

But their days are numbered. The oil companies aren't going to be here in 50 years. Our kids will be. Our grandkids will be. California's air quality regulators should be defending clean air, clean water, transit and housing, not trading them away to a dying industry in its final decades. Please reject the MDI and thank you. I yield my time.

BOARD CLERK: Thank you.

Next is Daniel Chandler. Daniel, you may begin.

DANIEL CHANDLER: Good afternoon. My name is Daniel Chandler. I'm representing 350 Humboldt, a climate action group. Thank you for this opportunity to speak.

Starting in 2021 for three years, 350 Humboldt would meet in the fall with Senator Mike McGuire about possible legislation. We always asked whether we can do something about Cap-and-Trade. After all, it was bad for fenceline communities, and economists said a carbon tax was the most efficient way to decarbonize. Then there were all those extra free credits floating around.

Finally, while UC Berkeley said the social cost of carbon was at least $185 a metric ton, auctions were going for under $30. We could never have imagined that we would be here asking the CARB Board not to make things worse. Independent economists tell us this new CARB plan will slow our progress on mitigating climate change. As the air districts and many EJ groups told you today, it will make things worse for environmental justice communities and it may cut in half the greenhouse gas reduction fund.

Finally, it provides, as UC Berkeley's Meredith Fowlie says quote, "A multi-billion dollar handout for industry." That's the fossil fuel industry we're talking about that are major cost of climate change. What to do? The one thing that is clear is that this plan should not be approved at this point. The changes in the resolution are not substantive. Please reject the 15-day changes proposed by staff and ask staff to come up with a better plan. They could start by reconsidering the proposals in the April 27th letter to CARB by Senator Stern or Assemblymember Chris Rogers and other climate champions in the Legislature.

Thank you very much.

BOARD CLERK: Thank you.

Next is April Vargas.

APRIL VARGAS: Hello. My name is April Vargas. I live in Montara, which is in San Mateo County, and an area with active agriculture. One of the few areas in the

Bay Area where we still grow things.

I'm urging you not to cut the Low Carbon Transit Operating Program. We can't afford to lose the 1.4 billion that this proposal will cut from affordable housing, transit programs, and sustainable ag. As you may be aware, the 100 biggest oil and gas companies have enjoyed revenues of $30 million an hour, since the illegal beginning of the war in Iran. CARB must not consider cutting critical funding for affordable housing and transit, both of which help reduce pollution and provide benefits to California residents of all income levels, including so many of our farmworkers on the coast.

Bay Area transit is already underfunded. Please don't make the situation worse. Big oil and big gas do not need more subsidies. The people of California need our support. Thank you very much.

BOARD CLERK: Thank you.

Next is Christopher Chavez, followed by Nathan Ho and then Stephen Rosenblum.

Christopher, I have activated your microphone. You may begin.

CHRISTOPHER CHAVEZ: Thank you. Chris Chavez, Deputy Policy Director at Coalition for Clean Air in opposition to the proposed regulations.

We supported AB 1207 last year, because it made modest improvements to existing law. But CARB's proposal fails to deliver, and, in fact, works against the law's promises. This proposal undermines the emissions cap. Extending MDI to a broad array of industrial polluters with over 118 million new allowances created outside of the allowance budget poses a fundamental threat to the integrity of the program's essential core, the emissions cap.

Further, according to the LAO, this proposal can cut the greenhouse gas reduction fund by half. This means that CARB's programs to get the dirtiest cars and the medium- and heavy-duty trucks off the read, your environmental justice efforts and more would lose their primary and often only source of funding. Emission allowances are a valuable public asset. CARB's proposal would redistribute that value to large corporate emitters and away from the Greenhouse Gas Reduction Fund. Those dollars should go to the GGRF and should be used to provide clean affordable transportation and energy solutions to moderate -- low and moderate income Californians.

The governor has said repeatedly that he does not want to leave problems for his successor, but that is exactly what these regulations would do. If nothing else, it's worth noting that many of those supporting this proposal have fought and worked to undermine CARB's authority and efforts at every turn. That should tell you something. Reject these rushed, short-sided, and counterproductive amendments.

Thank you.

BOARD CLERK: Thank you.

Next is Nathan Ho.

NATHAN HO: Thank you, Chair Sanchez and Board members for your continued public service. I am Nathan Ho on behalf of the Santa Clara County Housing Authority.

The Affordable Housing and Sustainable Communities AHSC Program has been a major source of funding and at times the only sources of State funding for local affordable housing developed and constructed in our and your neighborhoods. Nearly 23,000 affordable apartments have been funded through AHSC reducing greenhouse gas emissions by more than 6.6 metric tons of carbon dioxide equivalent.

The investment program has been a substantial success in addressing state's -- our state's affordable housing and climate crisis. And we believe that there is direct policy linkage for affordable housing funded by polluting industries for low-income communities who have historically bore the brunt of the harmful health effects of air pollution.

More than 1,000 families and households here in Santa Clara County now, or will have, an affordable place to call home thanks to you and AHSC. Additionally, the connected transit investments benefit our low-income families lease and seniors and the greater community. We support the earlier comment of Santa Clara Valley Transportation Agency, VTA, our transit agency and community partner. I'm pleased to share that tomorrow we are celebrating with them that groundbreaking of affordable housing funded by AHSC in our community. Nearly 200 new family-affordable apartments at the new Berryessa BART station along with bikeway, walkway and bus lane improvements thanks to -- thanks to AHSC.

Cap-and-Invest is working in our communities and we urge the Board to continue its investment in our neighborhoods at funding levels that will continue to make significant progress towards our housing and climate goals. The current proposed amendments gravely threaten our shared continued success and we urge the Board not to adopt them today without maintaining robust continued funding for the Greenhouse Gas Reduction Fund.

Thank you.

BOARD CLERK: Thank you.

Next is Stephen Rosenblum.

STEPHEN ROSENBLUM: Good afternoon, Chair

Sanchez, CARB Board members, and staff. My name is Stephen Rosenblum. I'm the Energy Policy team lead for Climate Action California, a grassroots advocacy group with 7,000 members in California who are all concerned with solutions to the climate crisis.

I would like to align my comments with the many previous speakers from climate, environmental, environmental justice, and transit organizations. We were among the 40 organizations that co-signed the NextGen letter mentioned by Chloe Ames.

We're deeply concerned that the April amendments to CARB's rulemaking proposal undermine California's Cap-and-Invest Program and put our climate targets at risk. Particularly, the Manufacturing Decarbonization Incentive proposed in the April 14th rulemaking proposal runs counter to our climate goals, because it fundamentally undermines the integrity of the emissions cap, puts California's ability to meet its statutory 2030 climate target at risk, and jeopardizes billions of dollars in funding for household affordability, clean air, transit and housing investments.

I'd also like to address some of the underlying assumptions of this proposal. Transportation makes up 38 percent of California's GHG emissions. We will only achieve our 2030 and 2045 GHG goals with A carefully managed phaseout of internal combustion vehicles. This difficult process must be undertaken immediately with cooperation from all stakeholders, which includes vehicle drivers, refineries and their workers, and local refinery communities.

Discussion of leakage is only a distraction from the long-term goal of a just transition from fossil fuels. In conclusion, we should not be trying an untested mechanism like MDI without further discussion and debate. We respectfully request that the Board strike the MDI from the proposal and retire the 118 million allowances.

Thank you.

BOARD CLERK: Thank you.

Next we have Wesley Reutimann followed by David Somers and Carter Lavin.

Wesley, I have activated your microphone. You may begin.

WESLEY REUTIMANN: Hi. Good afternoon. Wes Reutimann calling on behalf of Active San Gabriel Valley, and our 5,500 members in East Los Angeles County. Our subregion of LA County suffers from some of the worst air pollution in the U.S. We remain an extreme nonattainment area that requires your support and continued investment.

The proposed MDI would constitute a major step backwards, a giveaway to a fossil fuel industry that is already benefiting from unprecedented federal backing. A fossil fuel industry that is once again reaping a war-driven windfall, and a fossil fuel industry that continues to profit while polluting communities like ours.

There is no guarantee that lifting the allowance cap will reduce costs to Californians. You do not have control over what the fossil fuel industry does with free allowances. What you do have control over is the level of investment in high-need California communities. Please protect the integrity of the State's landmark Cap-and-Invest Program. Please direct staff to remove the MDI from these regulations before approval.

Thank you.

BOARD CLERK: Thank you.

Next, we have David Somers. David, you may begin.

Davis Somers, I have activated your microphone. You may begin.

DAVID SOMERS: Okay. Sorry. Can you hear me now?

Sorry. I think my thing was muted.

This is, yeah, David Somers. I'm calling from the Los Angeles Department of Transportation where I manage transit grants on behalf of our Transit Bureau.

We have some strong concerns about the proposed amendment that would cut some -- a large amount of funding from the TIRCP, LCTOP and AHSC programs. These amendments to the regulation would eliminate threatening the City of Los Angeles's ability to reduce greenhouse gas emissions and jeopardize day-to-day transit operations. Stripping these resources creates immediate obstacles for LA's most transit-related and underserved residents who depend on a network of daily mobility.

Without dedicated funding, the State would force transit agencies to either slow walk or outright cancel zero-emission initiatives that are currently leading the nation. We urge you to preserve the CARB funding for public transit. LA is the second largest city in the nation and LADOT is the second largest operator in LA County, in terms of ridership. LADOT serves 16 million passengers and operates 400 buses and our fares are $0.75, the most affordable transit fair in the state and we're going all electric.

The City of LA receives nearly two million per year in formula LCTOP funds and has received 50 million in discretionary programs from Greenhouse Gas Reduction Funds. Our city just requested 105 million in the TIRCP funds to fully electrify the fleet for the central most transit-dependent densest area in Los Angeles, the densest area west of the Mississippi. LADOT is a state leader and the first transit system to go all electric. The City Council required LADOT to electrify our transit system by 2030, 10 years ahead of the State ICT requirements.

We continue to make progress towards fully electrifying the DASH system, where we've accomplished 54 percent of the fleet as battery electric. That was largely due to a TIRCP grant for $32 million, where we bought 130 BYD buses. Without dedicated funding from TIRCP, LCTOP, AHSC will jeopardize (inaudible) for meeting our climate goals. Thank you.

BOARD CLERK: Thank you.

CHAIR SANCHEZ: Thank you, David. We're going to take a brief pause in the online Zoom commenters to welcome Assemblymember Irwin, who has just joined us here in the auditorium. Assemblymember Irwin, as author of the bill that we are implementing and deliberating on today, Assemblymember 12 -- Assembly Bill 1207, we are grateful for your leadership. As Chair of the Assembly Cap-and-Invest Working Group, I know that you personally put a lot of work into that legislation in your work with the Senate and with the administration over the last year. So I want to thank you for joining us and for all of your leadership on this issue.

The floor is yours.

ASSEMBLYMEMBER IRWIN: Well, good afternoon, Members of the California Air Resources Board and thank you for granting me a little time to speak today.

As author of 1207, I want to provide some context as to how we ultimately passed the bill that reauthorized California's world-leading Cap-and-Invest Program. The Assembly's focus was to continue California's incredible progress on reducing greenhouse gas emissions and to do so in a manner that was affordable for Californians.

One of Cap-and-Invest's greatest strengths is its cost effectiveness. And it will struggle to be successful if it drives up costs or pushes businesses to leave the state. California accounts for a small fraction of global GHG emissions. So our real success in addressing climate change will be providing a roadmap for others to follow. Look no further than our success pioneering clean energy. Two decades ago, the renewable energy goals we established felt ambitious and difficult to achieve. But over time, California showed that renewable energy is not only cleaner, but far cheaper than relying on fossil fuels. This has led other states, like Oklahoma, Iowa, and Texas to follow suit and deploy renewable projects at an unprecedented scale.

The greatest climate impact that Cap-and-Invest can achieve is continuing to reduce emissions, affordability and sustainability. The proposed amendments to Cap-and-Invest also reflect the Assembly's focus on affordability by increasing funding for the Climate Credit and making electric bills more affordable for Californians. Widespread electrification is a critical part of our climate strategy and it will be impossible if electricity rates are too high. The increased funding for the Climate Credit in the proposed amendments provides both the strong affordability mechanism and encourages electrification, particularly if the CPUC updates the Climate Credit to directly reduce electricity rates through volumetric credit.

I do have some concerns about the proposed Manufacturing Decarbonization Incentive. Additional guardrails may be necessary to ensure that MDI aligns with California's climate targets and goes towards smart investments that significantly reduce emissions. I also have concerns about the significant proposed increase in the number of allowances going to the oil and gas sector. Any additional support for this industry must be paired with accountability measures, protections for California consumers, and clarity on the role of in-state refineries, as we transition to zero-emission vehicles.

However, we must also remember that people who will be impacted the most by fuel supply instability and high gas prices are our lowest income Californians. It is important to acknowledge that updating this program is a challenging task and it requires a balance across multiple priorities. Achieving that balance is even more difficult at a time of unique, economic and geopolitical uncertainty, while the federal government has completely abdicated its leadership on climate.

Cap-and-Invest has over a decade of proven success. It has reduced emissions across the state while California's economy continues to prosper. It withstood a ballot proposition that threatened the Program, and it has held up in court challenges against -- in court against multiple Legal challenges.

In a little over a year, the Trump administration and Republicans in Congress have illegally revoked California's authority to set clean vehicle standards and cut billions of dollars in funding for clean energy and decarbonization programs. In the face of these unprecedented federal headwinds, Cap-and-Invest has remained strong. If we fail now to adopt the proposed amendments to Cap-and-Invest, we would voluntarily be adding uncertainty to the Program after years of negotiation, reauthorization, and rulemaking. If we fail now to adopt the proposed amendments to Cap-and-Invest, it would be, without a doubt, the greatest victory that the Trump administration could possibly hope for to achieve against California's climate policies this year.

And with that, I urge you to vote to adopt the proposed amendments to the Cap-and-Invest Program to ensure that California stays the course on climate.

Thank you.

CHAIR SANCHEZ: Thank you, Assemblymember Irwin for joining us this afternoon and for the countless hours that you and the working group put into the extension effort last year. And I note that you're joined by a co-member of the working group, Assemblymember Cottie Petrie-Norris who serves as Chair of the Assembly Committee on Utilities and Energy. We welcome your comments on the proposal.

ASSEMBLYMEMBER PETRIE-NORRIS: Well, good afternoon, Chair Sanchez and Honorable CARB Board members. It's a pleasure to be here with you today. I'm Cottie Petrie-Norris. I am proud to represent California's 73rd Assembly District. I serve as Chair of the Assembly Committee on Utilities and Energy and am proud to also serve alongside my colleague, Assemblymember Irwin on the Joint Legislative Committee on the Climate Crisis.

As you well know, this is a pivotal moment for the State of California. We have incredible ambitious and incredibly important climate goals. We've also got a lot to be proud of. We've made tremendous progress. As the

Governor likes to say, in California, emissions are down and the economy is up. Between 2000 and 2022, carbon emissions fell by 20 percent. During that same period, California's economy grew by 78 percent.

California has done what most, quite frankly, though could not be done. And as we look forward, we know that we have a monumental task before us to continue to make world-leading progress. As you well know, we are working to achieve net zero by 2045 and to reduce emissions 85 percent, 19 -- below 1990 levels. Doing this rate means balancing the three legs of our energy policy. We need to advance an energy policy that is sustainable. It's also got to ensure reliability as well as affordability for Californians. And I do believed -- I believe that the amendments and these proposed draft regulations do just that.

For 20 years, California's Cap-and-Invest Program really has been the most effective and the most cost-effective way for us to drive down emissions. And today, we have an opportunity to build on that success.

As my colleague Assemblymember Irwin noted, California's role is more important how than ever. The eyes of the nation, eyes of the world are on us, and not to put too much pressure, but on you, as you make this decision today and tomorrow. We know that there are plenty of folks who are rooting for California to fail.

And so we've got to ensure that we continue to double down on climate action and that we continue to demonstrate that we can lead on climate action and continue to build the fourth largest economy in the world.

So with that, I, too, urge your support of these amendments to the draft regulations. Thank you for your service and look forward to partnering with you to continue to make progress for Californians.

Thank you.

CHAIR SANCHEZ: Thank you, Assemblymember Petrie-Norris. I really appreciate both of you being here. Your leadership, your partnership and I think I speak on behalf of the entire Board when I say just how welcome legislative engagement is. A lot of the priorities in front of the Board this year start with an SB or an AB. And it is certainly our intention to make sure that we are implementing the direction of the Legislature, and, you know, the over a dozen letters this Board has received obviously from you two and so many members, colleagues of yours in the Assembly and the Senate. So thank you, both.

With that, we will turn back to Zoom comment for public comment. I see we still have over a hundred commenters. Assemblymembers again, thank you for taking the time.

Back to remote commenters. Board Clerk, please continue calling the commenters.

BOARD CLERK: Thank you, Chair.

Next, we have Carter Lavin followed by Clair Brown and then James Perez.

Carter, I have activated your microphone. You may unmute and begin.

CARTER LAVIN: Great. Thank you all so much. My name is Carter Lavin. I'm an Oakland resident and the co-founder of Transbay Coalition, a 14,500-member organization of Bay Area transit riders.

I request that the Board do not adopt these proposed regulations and instead that you ask staff to remove the MDI and keep funding for GGRF. Unlike what some other folks have said, our lowest income Californians don't own cars. Cars are actually very expensive things to own. Our lowest income Californians ride the bus. They take paratransit. They carpool. As Chair Sanchez as you said from the start, the current program is a success. And this proposal is a blatant giveaway to big ultra profitable oil companies. This proposal would gut extremely successful transit and affordable housing programs that have made California a greener, more just, and more affordable place.

When transit service gets worse and affordable housing does not get built, emissions go up. The costs of living in California go up and California backtracks on its climate progress. Just in Oakland alone, there has been -- this has helped build 1,312 affordable housing units 1-3-1-2. And it's funded our most used bus line, which has helped lower oil use and carbon emission in our community while making it more affordable. But the needless, sudden and drastic proposal would drain the program and put a stop to all that.

And look, it's been a long day. It's about to get a lot longer. You've heard a lot of comments. One thing I've noticed in hearing about the hundred plus comments -- sorry, in hearing about from -- I think it's about 30 or so comments on the side of people who are super thrilled for big oil bailouts. They haven't provided any data or number about how these billions of dollars in giveaways with lower emissions, or lower cost to Californians, or even keep their refineries then, it's all been extremely vague.

On the other hand, the more than 80 speakers who have spoken out to requests that you all not adopt this proposed regulation, instead tell staff to remove the MDI and keep funding for GGRF, we've all been very clear as to the cost of these proposals.

Thank you.

BOARD CLERK: Thank you.

Next, we have Clair Brown.

Clair, I have activated your microphone. You may unmute and begin.

CLAIR BROWN: Good afternoon. I'm Clair Brown, an economics professor at UC Berkeley, where I teach two research seminars on climate policies. As a Professor, I'm impressed by the comments made by the EJ and transit organizations who point out the negative, unintended consequences of the current CARB plan that increases handouts to big oil and decreases GGRF funds to AB 617 communities, and to public transit.

Subsidizing refineries with allowances in the MDI will increase big oil profits and their payouts to their executives, while reducing the GGRF funding to vulnerable communities will worsen their public health and air quality. I live in Richmond near the Chevron refinery and they're not good neighbors. For example, Chevron fought installing wet scrubbers, which is an industry standard to reduce toxic emissions that harm nearby communities.

Chevron has made false economic statements and arguing that State regulations will result in their leaving California. I urge the Board to listen to the knowledgeable transit and EJ organizations and direct CARB to eliminate refinery allowances and remove the MDI, and to maintain the GGRF funds for front-line communities, transit and affordable housing. This will improve economic efficiency and equity.

Thank you.

BOARD CLERK: Thank you.

Next, we have James Perez. James, you may begin.

JAMES PEREZ: Hi there. My name is James Perez and I work with a real estate development team with East Bay Asian Local Development Corporation, also known as EBALDC. EBALDC is a 50-year old community development corporation based in Oakland and we develop and manage affordable housing and other community investments in the East Bay. EBALDC opposes the proposed amendments due to the devastating impacts that they will create to the GGRF funding programs. We urge CARB to postpone adoption of the proposed amendments and release another 15-day amendments package that protects GGRF revenues.

In particular, EBALDC, along with numerous public agency partners, such as BART, AC Transit, the City of Oakland, and City of Berkeley have been able to utilize over 100 million in funding from both AHSC and TIRCP programs just over the past five years. These have resulted in transformative projects in the communities that our teams serve. Just last month, EBALDC and several of our public agency partners hosted members of the California Transportation Commission, CARB, and HCD during the April 9th AB 185 joint meeting of those agencies. EBALDC hosted these three agencies on a tour of our -- of two of our AHSC and TIRCP fee funded transit-oriented development projects in Oakland.

Numerous Board members, Commissioners, and agency staff were able to see firsthand the way that organizations, like EBALDC, are able to partner with public agencies to utilize GGRF funds to create casual community improvements that further the State's goals around climate, air quality, job creation and housing affordability, projects like the ones EBALDC had the privilege of showcasing to CTC, CARB and HCD do not happen without funding from GGRF.

The most recent AHSC application round had $750 million in funding available with over $2.3 billion in funding requests. That's an oversubscription rate of over 200 percent, meaning over $1.5 million worth of projects will have to wait until the next round to reapply for AHSC funding, if there is anything available.

Thank you so much for your time. We look forward to seeing a revised amendments package that protects GGRF funding.

BOARD CLERK: Thank you.

Next, we have Connor Webb followed by Cynthia Rose, and then Stacey Ramos.

Connor, I have activated your microphone. You may unmute and begin.

CONNOR WEBB: Hello. Good afternoon, Chair and Board members. The Manufacturing Decarbonization Incentive puts billions in crucial funding that supports transit projects, fare fee transit passes, transit-oriented development and community air quality programs at risk. The impact of this funding on my community in Santa Monica has been massive. TIRCP grants funded by Cap-and-Invest have helped electrify Santa Monica's Big Blue Bus fleet and increased service frequency to UCLA. And as a result, I can't even remember the last time I drove to campus.

You know, that's a measurable reduction in VMT emissions and personal costs, because the State made a sustainable funded commitment to clean transit. Just down the street from me and other Cap-and-Invest funded AHSC grant is building affordable housing where a parking garage once stood. And in addition, there's sustainable transportation projects involved in that grant, including a protected bikeway on 14th Street that connects three element -- elementary and middle schools, a local college, a light rail line, a major hospital, and a valuable community park, all while knitting together a disadvantaged community that was demolished and divided by the 10 Freeway.

You know, on the westside of LA where housing costs are among the highest in the nation and car ownership is a huge financial burden, accessible frequent transit and affordable housing is a direct affordability intervention that works for people and the environment. The MDI mechanism shifts those benefits directly to large industrial polluters, who frankly are doing just fine, while our environment and we ourselves suffer the burden of their centuries of harmful practices.

So I urge the Board to abandon the MDI mechanism immediately and preserve the Cap-and-Invest funding for GGRF that is delivering real measurable benefits to communities across California like mine. That is how we just the -- address climate and affordability together.

Thank you very much.

BOARD CLERK: Thank you.

Next is Cynthia Rose.

Cynthia Rose, I have activated your microphone. You may --

CYNTHIA ROSE: Thank you. Transit and affordable housing are one -- are a long-term investment that reduces GHGs and improves affordability for communities that need it most. I echo the objections highlighted by the many examples all over California and in our most vulnerable communities. You've been hearing today on how detrimental gutting this funding would be.

In my community of Santa Monica, these funds are being used to electrify bus fleet, provide charging infrastructure, expand transit services and building affordable housing in the midst of housing shortage and affordability crisis. These are the sorts of projects I want the State to fund as we work to address climate change and California's housing crisis.

CARB must reject these proposed regulations and not these vital funding sources. California's climate investment should fund clean investments, not subsidies for the very industries that are driving our climate crisis. We need CARB to reject these proposed regulations and instead maintain the cap and invest in GHG reduction programs, not give away to profit-driven dirty industries.

Future generations are depending on us and for you to do the right thing and reject these proposed regulation -- regulations that gut critical funding investments required to effectively lead us steadily towards a GHG reduction goals and clean energy transit -- transition that supports our most vulnerable communities and protect our environment. I am indeed outraged that

California air quality regulations -- regulators are proposing to eliminate critical funding for clean air, clean water, public transit and affordable housing, just to give even more money to big oil.

Please do the right thing and reject this. Thank you.

BOARD CLERK: Thank you.

Next is Stacey Ramos. Stacey, I have unmuted your mic. You may begin.

STACEY RAMOS: Hi. Good afternoon. My name is Stacey Ramos. And I'm a community member with the Center for Community Action and Environmental Justice and I live in one of the many affected communities in the IE. The IE has some of the worst air quality in the nation and we suffer from increased rates of asthma, cancer, and allergies as a reflection of our poor air quality. The human impact of our -- of your decisions today cannot be understated. And as a community member, I'm deeply concerned with the elimination of the funding for clean air programs that focus on emissions reductions in EJ communities like mine.

In addition, the changes will reduce the California Climate Credit, an important utility bill credit providing savings for families. Affordability means lowering the cost for families, not increasing profits for Polluters. Lastly, the elimination of the AB 617 Community Steering Committee funding for community air programs in development and implementation will derail years of community work and advocacy to advance local clean air where this program could not.

I'm urging the Air Resources Board to reject the 15-day changes and eliminate the MDI in order to protect the health and safety of the affected communities.

Thank you so much.

BOARD CLERK: Thank you.

Next, we have Tyler Mosher, followed by Erik Topp, and then Isabelle.

Tyler, I have activated your microphone. You may unmute and begin.

TYLER MOSHER: Hello, Chair Sanchez and members of the Board. My name is Tyler Mosher. I'm a Government Affairs Officer for North County Transit District. NCTD provides multimodal public transit services in Northern San Diego County serving a mix of urban suburban and rural communities. In Fiscal year 2025, we provided service to more than 8.4 million passengers, a 10.6 percent increase year over year.

I'm here to speak on the proposed amendments to the regulation for the California cap on greenhouse gas emissions and market-based compliant mechanisms. NCT opposes CARB's proposed amendments to the Cap-and-Invest Regulation. NCT is significantly concerned that the proposed amendments will eliminate up to 1.4 billion in annual investments from the Greenhouse Gas Reduction Fund, or GGRF, to programs that support public transit without an plan to backfill these losses. These programs, including the Transit and Intercity Rail Capital Program, the Low Carbon Transit Operations Program, and the Affordable Housing and Sustainable Communities Program serve a critical role in addressing affordability for all Californians by supporting high quality public transit, reducing air pollution, creating jobs, and increasing access to affordable housing.

CARB's proposed amendments fail to recognize the critical role that public transit plays in reducing greenhouse gas emissions. Divesting in public transit means divesting in programs that have a proven history of delivering tangible benefits in line with the goals of the Cap-and-Invest Program.

NCT urges CARB to postpone the adoption of the proposed amendments and release a new amendments package that protects GGRF revenues for public transit, recognizing its key role in addressing affordability.

Thank you for your consideration.

BOARD CLERK: Thank you.

Next is Erik Topp.

ERIK TOPP: Good afternoon, Chair Sanchez and members of the Board. My name is Erik Topp. I'm a long-time breather, first-time commenter from Contra Costa County. The proposed amendments help ensure that the energy Californians use is produced by Californians to our standards and subject to our regulatory oversight.

Shifting the externalities of energy and fuel production outside our borders without addressing demand is ultimately counterproductive for both California communities and the environment. Please vote in favor of the proposed 15-day amendments. Thank you for your time.

BOARD CLERK: Thank you.

Next, is Isabelle. Isabelle, I have activated your microphone. You may unmute and begin your testimony

ISABELLE: Oh, can you hear me?

BOARD CLERK: Yes.

ISABELLE: Thank you. Hello Board and Chair Sanchez. Thank you for your time today. My name is Isabelle and I'm Berkeley resident and member of the public and the Transbay Coalition.

I would like to urge the Board to ask staff to remove the MDI and protect funding for the GGRF. I am a car driver, so I understand why the consumer affordability premise of this amendment is appealing. However, based on previous behavior by the companies receiving the credit, it seems highly unlikely that the benefits will go to everyday Californians.

We know we need to move away from gas and oil in the long run, so our focus would be on solutions that reduce our reliance, rather than further calcifying a relationship to oil.

I'm very concerned that the MDI will be detrimental to our state's long-term climate resiliency by undermining the Cap-and-Invest project and further cementing our reliance on oil. It is more important than ever to invest in and protect -- and protect the public transit that will move us toward a climate-sustainable future. As a result, I would ask the Board to encourage staff to remove the MDI and keep funding for the GGRF before proceeding.

Also, I believe there are many potential Zoom commenters lost -- who lost their places in line due to bad WiFi or work. So a shout-out to them. May their written comments be given the consideration and weight that they deserve.

Thank you again for your time and your work.

BOARD CLERK: Thank you. Next is Keith Tront followed by Jeremy Tillunger and then Jeffrey Dunn.

Keith Tront, I have activated your microphone.

You may begin your testimony.

Keith Tront.

We'll move on to Jeremy Tillunger. Jeremy, I have activated your microphone. You may unmute and begin.

JEREMY TILLUNGER: Thank you. Can you hear me?

BOARD CLERK: Yes, we can hear you.

JEREMY TILLUNGER: Great. Hi, everybody. My name is a Jeremy Tillunger. I'm Director of Public Policy at Via Transportation. Via is a transportation technology company that partners with more than 80 local communities and transit agencies across California to expand equitable, affordable and clean mobility options for residents. Our services help connect people, particularly those without reliable access to a personal vehicle to essential services, including health care, schools and job opportunities.

We are here today strongly oppose the proposed amendments to the Cap-and-Invest Program which would significantly reduce funding for California's core transit and housing programs supported through the Greenhouse Gas Reduction Fund. While the proposal seeks to address concerns related indus -- industrial business leakage, it does so at the expense of programs that deliver direct and measurable benefits to Californians, such as TIRCP and LCTOP.

These programs expand transportation access, improve affordability, reduce emissions, and help the State meet its climate and air quality goals. For seniors, low-income residents, people with disabilities and individuals living in communities with limited transportation options, these investments are often a critical lifeline to everyday necessities. At a time when California should be accelerating investment in climate and mobility solutions, these amendments would move the State in the wrong direction. We strongly urge that you vote no on the proposed amendments.

Thank you.

BOARD CLERK: Thank you.

Keith Tront, we'll try one more time. Can you please unmute your microphone and begin your public testimony.

Okay. We will now move on to Jeffrey Dunn. Jeffrey I have unmuted your microphone. You may begin.

Jeffrey Dunn.

JEFFREY DUNN: Hello. Can you hear me?

BOARD CLERK: Yes. We can hear you now.

JEFFREY DUNN: Okay. Thank you. Members of the Board. I'm Jeffrey Dunn representing Metrolink, California's largest passenger rail operator serving a 545 route mile network across six counties in Southern

California. Metrolink riders average over 30 miles per trip on our trains. And Metrolink removes annually an estimated 9.3 million vehicle trips and 339 million miles of vehicle miles traveled from California's highways, streets and roads, as well as 130,000 metric tons of greenhouse gas emissions.

Metrolink projects have been the recipient of $1.2 billion of TIRCP awards and $30.6 million of LCTOP's awards, all funded by Cap-and-Invest to help achieve these reductions. If the Board adopts today's recommended action, auction proceeds to the Cap-and-Invest Program will be reduced by an estimated $2 billion per year, effectively eliminating funding of these two critical programs, which directly fulfill the objectives that Cap-and-Invest was established for.

Metrolink therefore strongly urges this Board not to adopt today's proposed amendments to the Cap-and-Invest Program.

Thank you.

BOARD CLERK: Thank you.

Next, we will hear from Celeste Wilson. Celeste, I have activated your microphone. You may unmute and begin.

CELESTE WILSON: Hello. Sorry. Give me one second. Okay. Good afternoon, Chair and members. My name is Celeste Wilson. I am the Government Affairs Manager for the Long Beach Area Chamber of Commerce, representing over 1,000 regional businesses of every size, from micro to Fortune 100. I want to express our support for establishing a dedicated -- excuse me. Sorry.

We support moving forward with the proposed 15-day Cap-and-Invest package and appreciate CARB's continued focus on reducing emissions while maintaining California's economic competitiveness. In particularly -- in particular, we strongly support the Manufacturing Decarbonization Incentive. California manufacturers want to invest in cleaner technologies and modernized facilities. But those investments need practical pathways and regulatory certainties to succeed. Programs like this help businesses reduce emissions here in California instead of pushing jobs and investment out of state.

We also encourage CARB to maintain strong protections for energy-intensive and trade-exposed industries and to keep affordability and cost effectiveness at the center of implementation. California can continue leading on climate policy while still supporting jobs, local manufacturing and long-term economic growth.

Thank you.

BOARD CLERK: Thank you.

Next is Connor Gusman followed by Sydnie Ritchie.

Connor, I have activated your microphone. You may begin.

CONNOR GUSMAN: Good afternoon, Chair and members. I'm Connor Gusman on behalf of Teamsters California and the Amalgamated Transit Union.

We want to voice our deep concerns with the proposed amendments' impacts to the GGRF. As drafted, the amendments will significantly and rapidly reduce GGRF revenue and decimate funding for Tier 3 programs, including AHSC, TIRCP, LCTOP and AB 617 communities.

The proposal on your desk is an extinction level event for critical programs that have invested $6.2 billion to date in affordable housing, major transit improvements, like procurement of zero-emission vehicles, expanded transit service and discounted passes. GGRF Tier 3 investments continue to reduce greenhouse gas emissions and improve air quality while also protecting good union jobs.

Our members maintain and operate these transit systems. They work tireless every day to get people where they need to go on time and safely. Our members also work to build the low-emission vehicles that transit systems continue to use tier funding -- Tier 3 funding to procure in order to meet their and the State's climate goals.

These tier 3 funds are being utilized across the state to combat the primary drivers of our affordability crisis and build infrastructure that California needs for a greener future.

Californians cannot afford to lose these essential programs. You've already heard from our partners and employers in transit who are begging you to reject the current proposed amendments. California's local and regional transit systems are on an ice edge. I can't stress to you enough how much public transit funding is in crisis.

The proposal before you today represents the nail in their coffin. It guarantees job less and a decrease in access and use of affordable and green public transit. We remain disappointed that the current proposed amendments prioritize investors or workers, and wealth over health. We respectfully urge you to reject the current proposal and work harder to protect these critical programs by preserving GGRF Tier 3 investments.

Thank you for your time.

BOARD CLERK: Next, we have Sydnie Ritchie.

SYDNIE RITCHIE: Hello. I'm Sydnie Ritchie. I'm an Oakland. Oh, on mute.

Hello

Hey, there. I'm Sydnie Ritchie. I'm an Oakland, California resident and a volunteer member of Transbay. And I'm here today to urge you to reject the proposed changes to remove the MDI and keep funding for the GGRF. This proposal, as we've heard many times over today, takes critical funds away from public transit and affordable housing, while giving billions and handouts to Chevron and other major Polluters.

This proposal hurts every Californian, every breathing citizen and it benefits the polluters who deserve to pay for the harm that they cause.

Today, or I suppose now tomorrow, you can choose. You can be on the side of the people of the planet and choose not to cave to the pressures of big oil.

So please, vote no on the regulation changes. Thank you.

BOARD CLERK: Thank you.

Next, I have Claire Broome followed by Jason Kligier And Evann Tu.

Claire, I have activated your microphone. You may begin.

CLAIRE BROOME: Okay. Can you hear me?

So, I'm Claire Broome. I'm an Assistant Surgeon General, retired from the U.S. Public Health Service. And I have represented 350 Bay Area at the California Public Utility Commission for the past 10 years. So I know what's driving our electricity cost crisis. It's investor-owned utilities spending on poles and wires.

While the climate credit is attractive, it is not going to solve the electricity cost crisis. So we've heard a lot about affordability and certainty. Chair Sanchez mentioned that the Cap-and-Trade, Cap-and-Invest Program has been going for 14 years. I would say that the most certain issue is maintaining the value of the credits and not flooding the market with free allowances. If the industry needs certainty, Cap-and-Invest should hold the line and not flood the market with free allowances.

Finally, for affordability, we've heard wonderful testimony that what will make a difference for California families is transportation, housing, and health spending. So I urge the Board members to listen carefully and tell the staff to remove the MDI and go ahead with maintaining a credible Cap-and-Invest Program.

Thank you very much.

BOARD CLERK: Thank you.

Next is Jason Kligier.

JASON KLIGIER: Good afternoon, Chair and members of the Board. My name is Jason Kligier, Chief Planning Officer for the City of Santa Monica and I'm here to read the following remarks on behalf of our Mayor Caroline Torosis.

The City of Santa Monica opposes the proposed amendments because of their impact on Greenhouse Gas Reduction Fund revenues. Santa Monica operates Big Blue Bus, one of the oldest municipal transit systems in the state. And we have built our entire climate transition around the programs these amendments would gut.

Through TIRCP, we received 23 million in 2023 and 53 million in 2024 to electrify our bus fleet and build out charging infrastructure. Construction is already underway. We have an additional 56 million application pending in this current cycle. Through the AHSC program, we won a $50 million award that pairs affordable and permanent supportive housing at a city-owned site with five electric buses and a protected bikeway. And we rely on rough $800,000 every year through LCTOP to keep buses running.

Here is what I most want the Board to hear. These are not programs in tension with your mission. They are your mission. Clean transit fleets, charging Infrastructure, and affordable housing built next to transit are exactly how California reduces vehicle miles traveled and meets its emission mandates. Diverting nearly $2 billion in allowance value to utilities and oil companies des not advance these goals. It defunds the very projects already delivering on them and puts awarded grants and mid-construction projects at risk.

I respectfully ask the Board to postpone adoption of these amendments and release another 15-day package that protects GGRF revenues. The City of Santa Monica opposes these amendments.

Thank you.

BOARD CLERK: Thank you.

Next is Evann Tu.

EVANN TU: Hi. My name is Evann. I'm a student from San Jose and a volunteer with Transbay Coalition. Thanking the staff for the presentation first and Board for the long consideration on this matter. It's been a very, very long day.

I'm calling in first to urge the Board to reject the 15-day amendments. The impact of cutting $1.4 billion in commitment to GGRF harms our state's ability to invest in key assets like public transit, affordable housing, and continuing to recover our environment like with clean air and clean water programs, especially considering CARB's acknowledgement itself that the agency and recommendation lack meaningful methods to enforce GHG mitigation.

This amendment makes little sense for the long-term vision of this agency and the State's emission reductions goals.

I have lived my whole life in the south bay and I doubt I'm ever going to be able to afford a home here hands down. I've not heard a single line of confidence from my peers that I graduated high school with this year on being able to afford a home. A program like MDI passed -- establish at this critical juncture in our climate crisis is disastrous for our progress toward creating a more affordable and accessible California. And that's not even beginning to mention cutting programs like LCTOP, which get cars off the road and reduce VMT, one of the main goals of our State's climate programs.

A livable future California means one that invests in its clean air, clean water, clean transit and affordable housing. California need not mortgage its climate goals with this handout to oil refineries and heavy industry.

Please reject the proposed amendment and remove the MDI. Thank you.

BOARD CLERK: Thank you.

Next we have Asha Sharma followed by Jordan Moldow, and then Connie McFarland.

Asha Sharma, you may begin.

ASHA SHARMA: Hello, Chair and members. Thank you so much for the opportunity to comment today. My name is Asha Sharma commenting on behalf of Sierra Club California representing more than half a million members and supporters across the state. We strongly urge Board members to approve a final regulation with an amendment to strike the MDI and retire the associated 118 million allowances. The MDI not only undermines California's climate ambition, but would decimate funding for key climate and equity programs like safe drinking water and clean transportation, when the State has no other available source of funding for these programs.

Since you weren't able to hear from them directly today, I'd also like to point out that many legislators have also contacted CARB about their deep concerns of the inclusion of MDI and urging its removal. These legislators know how dire our State budget is, and again there is no other source of funding for these critical programs.

I'd also like to point out that California already gifted the manufacturing industry a huge financial boon last year through the passing and signing of SB 131, which no longer requires many manufacturing facilities to abide by the California Environmental Quality Act protections. And the manufacturing already -- the manufacturing industry already receives assistance through the GGRF. Approval of this regulation with the MDI left as is would be leaving Californians, especially environmental justice communities without protection from the disastrous impacts of the climate crisis that we know are coming. We urge the removal of the MDI.

Thank you.

BOARD CLERK: Thank you.

Next is Jordan Moldow. Jordan Moldow, I have activated your microphone. You may unmute and begin.

JORDAN MOLDOW: I'm Jordan Moldow, a resident of San Jose. I urge you to reject the 15-day regulations and remove the MDI Program. In many senses, these are very unprecedented times. In many senses, they are not. None of the following things are unprecedented or unexpected: economic downturns, oil wars and volatile oil markets, environmentally hostile federal governments, economic strains caused by addressing climate goals. None of those things are unprecedented or unexpected. Also, not unprecedented, unimaginably wealthy oil companies predicting doom and unprofitability if you hold them accountable.

All of these problems have always been known. California adopted strong climate programs because of those problems, not in spite of them. To suddenly turn heel because the oil industry is leveraging overlapping emergencies created intentionally by the federal administration is to betray your mission, betray your grandchildren, betray everyone who worked hard over decades to build these climate programs and betray us.

Addressing climate change necessitates that less oil be extracted and refined, which means that some oil jobs and businesses will be lost. This is the point. The point is also to make up for those losses with jobs in green energy, public transit, transit construction, housing and infill -- urban infill. The point is to provide affordable green energy, affordable public transportation and affordable housing.

Fully funding the GGRF will maintain those climate investments. Defunding it in favor of the MDI is the wrong direction. It's tiny Band-Aid next to a large oil problem. We need to maintain the fixes that we know work, rather than gambling on something that we know won't work, because oil is never going to be good for the climate. Please vote no today.

BOARD CLERK: Thank you.

Next, we have Marven Norman. Marven, I have activated your microphone. You may begin.

MARVEN NORMAN: Hello. My name is Marven Norman. I'm a resident of San Bernardino and I'm calling today to urge the Board to reject the MDI and the other included in the 15-day changes. As a resident of San Bernardino here in the Inland region, we have the AB 617 San Bernardino-Muscoy community here, and that process has been benefited from, some of the funding available through Can-and-Trade, as well as other operators who have spoken earlier, such as Metrolink.

We are -- people in our -- people in the Inland Empire use Metrolink to get places. And we also are appreciative of the other funding for the other climate programs, such as the AHSC program and other operations programs for transit.

I know a few minutes ago, one of the legislators was there and talked about the -- they don't want to see CARB reject -- that they described what rejecting the amendments as a failure. I want to reiterate and counter that and say that rejecting this is not a failure. The plan that is before you from the staff is the failure. We would be failing all the communities, which have been faithfully moving forward all the communities which have been relying on the promise that has been made by the Legislature, and that was promised to them in the creation of the Cap-and-Trade Program that they would be made whole. And they are still waiting to be made whole, but the funding from Cap-and-Trade program is -- goes a long way to doing that.

By cutting this, the proposal would greatly reduce the funding for that, making them whole and would not reduce -- result in a meaningful amount of gas reduction prices. Here the gas prices are in the neighborhood of six bucks and we haven't even seen how much they proposed that they promised to lower gas prices.

And so I urge you to reject the MDIs and the 15-day changes and come back with a clean proposal.

Thank you.

BOARD CLERK: Thank you.

Next, we have Jennifer De Tejeda followed by Connie McFarland, and then Cesar A.

Jennifer De Tejeda, I have activated your microphone. You may begin.

JENNIFER DE TEJEDA: Good morning, Chair and members of the Board. My name is Jennifer De Tejeda. I am a San Bernardino resident and a policy organizer with the Center for Community Action and Environmental Justice. I work with communities across the Inland Empire that are directly impacted by air pollution and environmental injustice. As a community member and organizer. I'm concerned about the proposed 15-day changes to California's Cap-and-Invest Program because eliminating funding for clean air programs that focus on emission reductions in environmental justice communities is unacceptable.

Communities like mine already experience some of the worst air quality in the nation and rely on these investments to improve public health and reduce pollution burdens. I'm urging the Air Resources Board to reject the 15-day changes and eliminate the Manufacturing Decarbonization Incentive, because communities should not lose critical investments in clean air, safe drinking water, public transit, housing and climate resilience while larger polluters continue benefiting financially.

Affordability should support working families and environmental justice communities, not corporate profits. This proposal could have major impacts on important California programs that many communities rely on, especially programs focused on reducing emissions and improving public health and environmental justice communities already burdened by pollution.

I urge the Board to reject these changes. Thank you for your time.

BOARD CLERK: Thank you.

Connie McFarland.

CONNIE McFARLAND: Hello. My name is Connie McFarland. I'm the recording secretary of the Amalgamated Transit Union Local 192 and we represent the workers of AC Transit. We respectfully oppose the proposed amendments that cut the Greenhouse Gas Reduction Fund revenues to the Tier 3 programs.

Public transit is facing a financial crisis and any loss of funds will negatively impact its ability to provide service to the public. AC Transit serves a community that are transit dependent. Our riders rely on the bus, live their daily lives to get to work, go to school, shop for groceries and attend doctor's appointments. Cuts to funding will make it harder for AC Transit to continue providing the service that our passengers so desperately need and depend on.

Please reconsider passing the amendments that would hurt public transit. I thank you for your time.

BOARD CLERK: Thank you.

Next, we have Cesar A. Cesar A. I have activated your microphone. You may unmute and begin.

CESAR AGUIRRE: Hi. Thank you so much. My name is Cesar Aguirre. I'm the Director of the Air and Climate Justice Team with the Central California Environmental Justice Network. We've been part of Shafter AB 617 Steering Community[SIC] since its inception and the co-lead for the Arvin and Lamont AB 617 Steering Committee as well.

We had community members here with us in a live watch party, but they had leave, so I'm going to reading some of their comments until my time is up.

(Spoke in Spanish.)

CESAR AGUIRRE: Another one from...(Spoke in

Spanish).

Spoke Spanish.

CHAIR SANCHEZ: Cesar, hi.

CESAR AGUIRRE: Yes.

CHAIR SANCHEZ: Would you mind pausing really quick if we -- our interpreter is going to help translate that into English for the Board.

CESAR AGUIRRE: Okay. Wonderful. Thank you.

CHAIR SANCHEZ: Thank you. Do you mind repeating the comments from the members of your watch party a little bit slower so the interpreter can join us. Thank you.

CESAR AGUIRRE: Yes, of course.

Let me know what I can start and maybe I can do like two sentences at a time.

CHAIR SANCHEZ: Yes. Thank you.

CESAR AGUIRRE: So the first one is from Gabriela Ojeda(phonetic).

"Hi. My name is Gabriela Ojeda(phonetic) and I am part of AB 617. I am not in agreement with the changes of these funds. Because Arvin is located in a valley that is very deep"... --

THE INTERPRETER: I'm sorry can you repeat that again and speak a little bit louder.

CESAR AGUIRRE: Yeah. "Because we have contaminates that affect the pesticides."

And that was it for Gabby's.

The next one is from Victoria (inaudible).

THE INTERPRETER: The other one is from Victoria (inaudible).

MR. AGUIRRE: "I am from Arvin and I am part of AB 617. I'm asking for the money to protect my lungs, because the funds of AB 617 have helped me with my asthma and I think those funds were going to continue to help me."

The next one is from Enrique Manuel.

"I am Enrique. I am 29 years old and I have lived in Arvin all my life. I have a lot of health problems, especially with asthma. Along with all of my family at home, my aunts and their children, they all have asthma. And my mother has cancer in her lungs, but protecting the air, it would be helpful not only for my family, but for everyone else."

The next one is from Rogelio (inaudible).

"Hi. My name is Rogelio and I've lived in Arvin for 25 years and I developed asthma. I've been part of the meetings of AB 617 along with my mom. And these programs have real protections. And their purifiers, provided by AB 617, have helped a lot of people, along with myself, and I want to see this continuing to help us."

And I have -- yeah, I have several other comments and I can submit them as written comments. Thank you so much for accommodating.

BOARD CLERK: Thank you so much.

Next, we have Sara Theiss followed by Sally Greenspan and then Clayton Munnings.

Sara Theiss, I have activated your microphone. You may unmute and begin your testimony.

SARA THEISS: (Inaudible).

BOARD CLERK: Sara, it's a little bit muffled. We can't hear you that clearly.

SARA THEISS: (Inaudible).

BOARD CLERK: Sara, we still can't hear you.

SARA THEISS: (Inaudible).

BOARD CLERK: Sara, we still cannot hear you.

SARA THEISS: (Inaudible).

BOARD CLERK: Sara, we are unable to hear you very clearly at this time. We can't understand what you're saying. Would you be able to unmute, mute, and then remute again, or raise your hand again?

SARA THEISS: (Inaudible).

BOARD CLERK: Try one more time. It's still a little bit muffled.

SARA THEISS: Can you hear me?

BOARD CLERK: Yes. Perfect. Thank you so much.

SARA THEISS: Okay. Sorry. Sorry about that.

So, I'm Sara Theiss, a volunteer with Fossil Free California and CBE. And I want to thank the Board for your attention to my comments and those of others. I can't imagine how you're focusing, but I thank you for doing so.

According to CARB's website, its mission is to quote, "Promote and protect public health, welfare and ecological resources through the effective reduction of air pollutants while recognizing and considering effects on the economy."

My husband and I live in Richmond, as do my daughter and her family. Among the five of us, three have conditions made worse by air pollution, CPPD, asthma and diabetes. CARB's proposed plan would increase pollution. And the last thing we need here in Richmond, home of the Chevron refinery, is more toxic air.

So this is really personal to me. I ask that you live up to your mission to protect public health and reject this 15-day packet and eliminate the Manufacturing Decarbonization Program, and also that, per your mission, you quote, "Recognize and consider", that oil and gas companies are making record profits. For example, Chevron's gross profit increased 174 percent to 49 billion in just the first quarter. And this was after a 38.7

increase in the prior 12 months.

Let's see. Finally, oil prices are set on the world market. It's not clear to me how giving the oil and gas sector more allowances will actually lower the price of fuels. And if we want to subsidize something related to energy, we should be supporting renewable energy. Thank you so much for listening.

BOARD CLERK: Thank you.

Next, we have Sally Greenspan.

SALLY GREENSPAN: Hello. My name is Sally Greenspan and I represent Enterprise Community Partners, a national affordable housing nonprofit. We are here to voice our strong opposition to the proposed 15-day amendments and specifically to the MDI proposal.

Enterprise works extensively with affordable housing developers, cities and transit agencies across the state to implement the GGRF funded Affordable Housing and Sustainable Communities Program, which is the state's largest and most consistent source of funding for affordable housing and has funded over 22,000 new affordable homes, as well as investments in walking, biking and public transportation affordable. These investments are directly improving affordability and air quality in disadvantage communities across the state.

Enterprise and our partners worked hard to support the passage of the Cap-and-Invest Program on the explicit understanding from this administration that the reauthorization was intended to protect GGRF revenue for programs like AHSC. We are gravely concerned that the changes proposed today will instead dramatically reduce GGRF revenue to a level that is likely to fund out -- zero out funding for AHSC and other critical programs that reduce GHG emissions and improve affordability for millions of Californians.

While GGRF revenue was always intended to fall gradually over time as emissions were reined in, the current proposal diverges from this plan by causing a dramatic drop in auction proceeds in exchange for additional allowances to polluters.

For this reason, we urge the CARB Board to reject this proposal and direct staff to remove the MDI and pass a 15-day amendment package that protects the valuable GGRF programs.

Thank you.

BOARD CLERK: Thank you. Next, we have Clayton Munnings.

CLAYTON MUNNINGS: Clayton with Clean and Prosperous California.

Last year, Canada repealed its consumer carbon price. Earlier this week New York delayed implementation of its carbon price. Today, the Board can demonstrate that California still delivers both ambition and affordability.

The proposal before you cuts caps by nearly $1 billion tons through 2045, while simultaneously improving affordability by reducing gas, electric, housing and food cost through utility bill relief and expanded output-based allocations that pass savings along to consumers. Put simply, this proposal invests in California by lowering household costs.

We've heard a lot about the MDI today under the assumption that all 118 million allowances will be used. I encourage the Board to consider the guardrails outlined in today's resolution and the cost of further delay that removing the MDI would precipitate. Specifically, I want to highlight two costs. First, it has been nearly three years since CARB held its first informal workshop on this rule. During that time, repeated delays have eroded market confidence, weakened CARB's credibility, and depressed allowance prices.

Delay has had a greater impact on offshore revenue than threatened federal legal attacks or the MDI proposal. Delay also risks linkage with Washington state, the strongest example of subnational climate leadership in the face of federal backsliding. Adopting this rule allows California to initiate a linkage rulemaking under Governor Newsom's climate leadership while preserving opportunities to revisit the MDI during that rulemaking.

Finally, we have heard extensively from GGRF recipients today and I want to acknowledge the importance of these programs. However, the Department of Finance recently testified that auction revenue under the current regulation, not the proposal before you today, would still be insufficient to fully fund SB 840 priorities. Removing the MDI would not change the reality that SB 840 priorities have always exceeded available funding.

The greatest risk to this program is continuing delay. We urge the Board to adopt the regulation.

Thanks.

BOARD CLERK: Thank you.

Next, we have Richard Gallo followed by Veronica Beaty, Alex Upshaw and then Marjorie Alvord.

Richard, I have activated your microphone. You may unmute and begin.

RICHARD GALLO: Hello. This is Richard Gallo from Santa Cruz, California. I am part of Residents United Network, known as RUN with Bay Area region. We're a statewide coalition focused on affordable housing in communities throughout the state of California. We have approximately 500 members and I'm also a member of Silicon

Valley Independent Living Center Peer Ambassador with Peer Power for Disability Equity in Governance Project. This goes along with the local independent living center in Santa Clara County along with the local independent living centers in Solano County, Alameda County, and Contra Costa County.

And I urge the Board to reject the proposed Cap-and-Invest. This is not about the people. This is about giving $4 billion in free pollution credits to the oil companies when they do not need it. Their main goal is to make a profit and disregard about environmental pollution, like water and air.

The mission objectives of the California Air Resource Board is health, air quality, and environmental justice. This is a bad policy and it is not an equitable policy. You would turn your backs on Californians while our oil industry continues to make profit of unneeded handouts that they do not need. Shame on the Board if you choose to stand on the pollution, like the author and her colleague who claims to be climate justice when they're standing on the side of the toil industry. Shame on them. Stand for the people, stand to Governor Newsom. Bad policy. Take care of our people, Californians.

Thank you.

BOARD CLERK: Thank you.

Next, we have Veronica Beaty.

VERONICA BEATY: Good afternoon. I'm Veronica Beaty from the California Coalition for Rural Housing. CCRH advocates for a thriving rural California that grows affordable housing for rural, tribal and farmworkers communities and families.

For 50 years, CCRH has done policy advocacy and technical assistance informed by mission-driven developers of affordable homes. We've supported the Cap-and-Invest Program since its inception working with SGC to build public support, refine program guidelines and deliver projects to ensure that rural communities are doing their fair share to meet the State's climate goals.

The AHSC Program in particular has evolved to be the State's best program for supporting green, sustainable homes that serve those most in need including some really innovative approaches to serving tribal communities. The Program has also created more than 22,000 affordable homes in climate friendly communities statewide. AHSC is currently the state's largest and only ongoing funding source for affordable housing.

The cuts today proposed put all of that at risk, zeroing out funding for critical state affordable housing and also transit, drinking water, and wildfire resilience programs that affect rural communities, losing the climate benefits those programs provide.

Slashing affordable housing funding and transit service will make life more expensive for many struggling working families. Without a fully funded AHSC Program we will lose our best tool for shaping land use to create inclusive healthy neighborhoods and reduce vehicle miles traveled and greenhouse gas emissions for centuries to come.

There are many solutions to addressing California's budget deficit. Moving forward with these proposed policies should not be one of them. This last minute change is being voted on at the tail end of the budget process, too late to make adjustments. And in a structural deficit, it's unlikely we'll be able to find sufficient resources to cover the immediate needs in our communities. We respectfully ask that CARB reject the 15-day changes. Thank you for opportunity to comment.

BOARD CLERK: Thank you.

Next is Alex Upshaw.

Alex Upshaw. I see you're unmuted, but we are unable to hear anything if you're saying anything into the microphone.

Okay. We're going to move on to Marjorie Alvord. Marjorie Alvord, I have unmuted your microphone. You may begin.

ALEX UPSHAW: Can you hear me now?

BOARD CLERK: Yes, we can.

ALEX UPSHAW: Hello.

MARJORIE ALVORD: What should Marjorie Alvord do? Should -- will -- should I -- I can go later

BOARD CLERK: We'll begin with Alex Upshaw and then Marjorie, you are next.

ALEX UPSHAW: Very sorry. I had an issue with my webcam.

I just wanted to say hello. I am Alex Upshaw. Fully legal name James Alexander Upshaw.

I'm a resident of San Francisco and a member and volunteer with the Transbay Coalition, a Bay Area transit advocacy group.

I'm here to speak against the proposed Manufacturing Decarbonization Incentive. I think California's Cap-and-Invest system has been an ambitious and historic solution to move the needle on climate change and reduce our emissions, but this incentive threatens to undermine it by creating a loophole for polluters to pollute past our climate targets. And I think it's unproven at the least whether this incentive will actually decarbonize manufacturing with any accountability.

And I find that especially suspect, given the seemingly rushed 15-day time line, which has limited public discourse, on this proposal. Creating this loophole around the cap and -- will put the Cap-and-Invest system on a path towards capture and manipulation by the very polluters is supposed to control.

I'm also concerned that the MDI will cause large decrease in funding for public transit investments. And even if we don't think the priority of the Cap-and-Invest program, as it's now called "invest", is not to generate rev -- if we don't think revenue is its priority, I question whether this aligns with the goals here, as if the main goal is to limit greenhouse gas emissions, is it really a good idea to disinvest in transit, which is proven to be better for the climate than driving, only to provide this unproven incentive.

Furthermore, if affordability is the main justification for why this incentive isn't economically just a handout to polluting industries. How is the side effect of defunding public transit justifiable when transit is affordable to many for whom car ownership is out of reach.

I'm, therefore, urging the Board to reject the manufacturing decarbonization incentive as it currently stands. Thank you very much for your time and consideration.

Sorry about my webcam issue.

BOARD CLERK: Thank you.

Next is Marjorie Alvord.

MARJORIE ALVORD: Hello. My -- I'm Marjorie Alvord. I reside in Alameda County I'm a volunteer with the interfaith organization Genesis, which works in support of our most underserved and vulnerable neighbors.

AB 32 was passed 20 years ago. In my view, utilities and energy companies have not done enough to transition and encourage transition to cheaper renewable energy sources in those 20 years. In my view, they shouldn't be compensated for that failure. The proposal before you is estimated to get rid of hundreds of millions of dollars that should go to transit and the AHSC affordable housing program, both of which do so much more for promoting affordability and in support of the most underserved and vulnerable populations.

As a transit rider, I am very concerned about transit-dependent folks, and especially the one-third of us without ability to drive due to age, income, and/or disability. I would urge you to reject the proposed amendment and instead maintain caps and invest in greenhouse gas reducing programs supporting transit and affordable housing.

Thank you for the opportunity to comment and for your service to the State of California.

BOARD CLERK: Thank you.

Next, we have Lolly Lim followed by Joaquin Castillejos, and then Betsy Megas.

Lolly Lim, I have activated your microphone. You may unmute and begin.

LOLLY LIM: Thank you so much. Hi. I'm Lolly Lim from the Greenlining Institute. We are a policy advocacy organization focused on advancing climate and economic equity, particularly for low-income communities of color throughout the state.

We're deeply concerned about this rulemaking, as we don't see how communities experiencing the most severe pollution, as well as economic precarity in this state will tangibly and verifiably benefit from these changes on the economic or the climate fronts.

In particular, we're concerned that the Manufacturing Decarbonization Incentive, a new and untested mechanism could slow progress toward emissions reductions, as well as localized co-pollutant reductions could cause declines in GGRF revenues which others have discussed in depth and might slash -- and would slash funding for affordable housing, transit, safer drinking water, AB 617, all programs that have tangible, verifiable affordability as well as climate benefits.

We're also concerned that the potential declines in auction proceeds that may result from the MDI would affect the amount of funding available for the California Climate Credit and the utility rebates that are provided for households across this state.

Ultimately, we see no evidence that concessions to industries in the form MDI would provide affordability or other benefits to Californians. Industries have already been receiving free allowances for this program without an updated leak interest factor for years, providing additional compliance mechanisms without guarantees of all the benefits to consumers or verifiable GHG emissions impacts, all the while pulling those resources away from GGRF simply doesn't make sense.

We respectfully ask that the Board members reject these 15-day changes or approve a final regulation only under the conditions that -- and includes clear directives to strike the MDI and retire the associated 118 million allowances.

Thank you for your time.

BOARD CLERK: Thank you.

Next is Joaquin Castillejos.

JOAQUIN CASTILLEJOS: Hello. My name is Joaquin Castillejos. I am with CCEJA and a resident of Bloomington in the Inland Empire. I'm here today to speak in opposition for the new Cap-and-Invest plan that the

Board has created. This plan does not reflect the needs and the successes of the previous plan and the support that the funds have created for communities all across the state.

I've heard many comments today speaking on the importance of these funds for transit, for AB 617 communities. And I'm just here to reiterate that moving these funds to go away from these -- away from these sources is detrimental to these communities and it's turning your backs on folks who have worked really hard on these type of rules and made sure that they go to programs that actually benefit the community and uplift folks in those most affected areas, like AB 617 communities. I would like to ask the Board to not support this pathway and the 15-day rulemaking and look back and -- on the decisions that have been made and take the recommendations of environmental groups, environmental justice groups and transit groups from across the state.

Thank you.

BOARD CLERK: Thank you.

Betsy Megas.

Betsy Megas, I have activated your microphone. You can unmute and begin.

Okay. We're going to move on to Rebecca Schneck.

REBECCA SCHNECK: Thank you. Can you hear me?

BOARD CLERK: Yes, we can.

REBECCA SCHNECK: Okay. Perfect. Thank you. My name is Rebecca Schneck. I am the Transit Director at the Napa Valley Transportation Authority. NVTA is sole operator operating fixed route, on-demand and paratransit service in Napa County, as well as serving as the county transportation agency.

I just want to reiterate everything you've heard from other transit operators today and that NVTA opposes the proposed amendments due to their impacts on the GGRF revenue. And we urge CARB to postpone the adoption of the amendments and release a 15-day amendment package that would protect GGRF revenues moving forward, so that NVTA, even though it's a very small amount, right, in the grand scheme, could maintain its LCTOP funding throughout the period.

Thank you for your time today.

BOARD CLERK: Thank you.

We'll try Betsy Megas one more time. Betsy, I have activated your microphone. Can you unmute and begin?

We're going to go ahead and move on to Michael Wang. Michael, I have activated your microphone. You can unmute and begin your testimony.

Okay. We're going to go ahead and move on to Chris McGlothin.

CHRIS MCGLOTHIN: Hi. Thank you. Good afternoon, Madam Chair, members of the Board. My name is Chris McGlothin with the California Cotton Ginners and Growers Association and the Western Tree Nut Association.

I'd like to echo the sentiments of our San Joaquin Valley Air District APCO, Samir Sheikh from earlier today and other agricultural industry commenters before. We have significant concerns to any impacts on the current GGRF funding mechanism. In fact, we'd like to use this opportunity to stress the importance of the emission reduction programs available to our growers and food processor members.

Our request is simple, fund FARMER, fund alternatives to ag burn, and fund FPIP. The San Joaquin Valley FARMER Program application backlog sits at around $700 million in the San Joaquin Valley. And those are ready-to-go equipment replacement projects. We see these programs as extremely beneficial on multiple fronts. For FARMER specifically, the program provides significant greenhouse gas reductions, while also providing substantial NOx reductions, which we know are desperately needed with recent federal action on your Board's proposed waivers.

Assemblymember Irwin mentioned earlier the cost effectiveness with the intended legislation. And the

FARMER Program is one of the most cost effective programs in making those reductions available to your agency. These programs assist California food producers to remain competitive with worldwide competition and provide emissions reductions to our impacted regions.

Thank you.

BOARD CLERK: Thank you.

Next, we have Luis Garcia, followed by Katherine Rubin, and then followed Maureen Brennan.

Luis Garcia, you may begin.

LUIS GARCIA: Hello. Thank you. Good afternoon. Chair, members of the Board, my name is Luis Garcia. I'm the CFO of SunLine Transit Agency, the public transit provider for the Coachella Valley. SunLine provides critical mobility services across a large region that includes many disadvantaged communities that rely heavily on public transit. SunLine opposes the proposed amendments to the program due to the significant impacts they will have on GGRF revenues that support clean transit and sustainable community investments.

At SunLine, LCTOP funding has sustained expanded transit service and our Haul Pass program, which has provided nearly 1.6 million free student trips since 2018 for students across 23 high schools, as well as College of the Desert and Cal State San Bernardino.

For many students and working families, transit is not optional. It is their only dependable means of accessing education, employment and essential services. Our recent survey found that nearly 80 percent of our riders did not have access to a personal vehicle. And more than 70 percent use our service for four or more days a week. These programs directly support affordability and economic opportunity for vulnerable populations. SunLine has been a statewide leader in hydrogen fuel cell technology for more than two decades and we have invested heavily in zero-emission vehicles and equipment.

Continued GGRF investments are critical to helping agencies like ours continue advancing the State's clean air mandates. In addition, projects at SunLine that were supported through AHSC funding demonstrate how these investments strengthen underserved communities, while supporting long-term environmental and economic benefits.

For these reasons, SunLine opposes the proposed amendments and we respectfully urge CARB to postpone adoption of the proposed amendments and release another 15-day amendments package that protects these critical revenues.

Thank you for your time.

BOARD CLERK: Thank you.

Katherine Rubin.

KATHERINE RUBIN: Good afternoon, Chair Sanchez and Honorable Board members. My name is Katherine Rubin, Director of Corporate Environmental Affairs with the Los Angeles Department of Water and Power, LADWP.

The allocation to publicly owned electric utilities, such as LADWP helps us to decarbonize the electricity supply while keeping electricity affordable. The LADWP appreciates that CARB applied the effective RPS and the electric utility allocation and restored 90 percent of our allocation for years 2027 to 2030.

While the April proposal is a significant improvement compared to the January proposal, our updated allocation is still 2.5 million allowances lower than the original allocation, which will affect affordability for LAWDPs ratepayers. Our emission reduction due to early retirement of coal-fired generating units was not credited as an early emission reduction when the fixed 10-year allocation was updated midstream.

Going forward, we want to emphasize the importance of having a preset allocation to protect electricity ratepayers and support decarbonizing the electricity supply to achieve the State's clean energy goals. Decarbonizing the electricity supply will require substantial capital investments with long-term planning horizons, that depend on certainty around cost assumptions and funding streams, including allowance value.

We encourage CARB to move forward with the 15-day changes and urge CARB to ensure a post-2030 allocation that provides the certainty necessary to plan for and finance clean energy investments while protecting ratepayer affordability during the transition to a carbon-free grid.

Thank you for your consideration and the opportunity to comment today.

Thank you.

BOARD CLERK: Maureen Brennan.

Maureen Brennan, I have activated your microphone. You can unmute and begin.

Okay. We're going to go ahead and move on to Claire Grasty.

CLAIRE GRASTY: Hello. Can you hear me?

BOARD CLERK: Yes, we can.

CLAIRE GRASTY: Okay. Good afternoon Chair Sanchez and Board members. Thank you all for the long time you've spent here today and again tomorrow. My name is Claire Grasty. I'm the Director of Public Transit at the Ventura County Transportation Commission. VCTC is the regional transportation planning agency for Ventura County. We also operate intercity bus service and work with local bus operators on countywide para -- and transit programs.

VCTC respectfully opposes the proposed amendments due to their impacts on GGRF revenues. In Ventura County LCTOP funds directly support the free fare programs, which include Youth Ride Free, College Ride, and Free Fare Days programs, which are creating a new generation of transit riders while enabling transit agencies to maintain and expand service. These programs have provided over five million trips since the inception and account for about 40 percent of rides taken countywide.

These programs have helped our transit agency's ridership recover more quickly after the pandemic than they would have otherwise, in some cases, surpassing pre-COVID ridership. In the past, LCTOP funds have also funded Metrolink weekend service and zero-emission bus infrastructure. These amendments -- if these amendments are approved, VCTC anticipates a loss of about 1.5 million in revenue which is already below LCTOP revenues in previous years. Without these funds, we would be unable to continue the Youth Ride Free and College Ride programs.

Additionally, the TIRCP and AHSC programs have made meaningful benefits in Ventura County. Defunding these programs will also make the ICT requirements even less likely. These programs throughout the state make meaningful benefits that reduce GHGs and make communities better. We respectfully urge CARB to postpone the adoption of the proposed amendments and release another 15-day package that protects GGRF revenue.

Thank you.

BOARD CLERK: Thank you.

Next, we'll hear from Krysta Wanner.

Krysta Wanner, I have activated your microphone. You can unmute and begin.

We're going to move on to Marc Del Piero. Marc Del Piero, I have activated your microphone. You may unmute and begin.

MADISON CREECH: Can you hear me?

BOARD CLERK: Yes, we can.

MADISON CREECH: My name is Madison Creech appear for Marc Del Piero, CEO and Managing Director of the Ag Land Trust. Since our founding in 1984, we have permanently protected and preserved over 51,000 acres of prime and productive California farmland from urban sprawl.

The Ag Land Trust has been a participant in the SALC program for over 12 years. The staff's proposal adopt -- or proposed adoption proposes changes that may intentionally zero out greenhouse gas reduction funds investments that were protected by SB 1207 and SB 840.

SALC is responsible for 15 percent of the

Greenhouse Gas Reduction Fund's total emission reductions despite historically receiving only two percent of its fundings. Our grave concern and the significant adverse consequences of the current proposal on the productions of our State agriculturals -- agricultural land, which should be CARB's concern are clearly outlined in the April 27th, 2026 letter signed by 24 members of the Legislature and the May 4th, 2026 letter of the State Farm Bureau and California Farmland Trust. Before CARB acts on this staff proposal, we ask that you closely consider adverse consequences of the proposed actions.

BOARD CLERK: Thank you.

Next, we have Joshua Briscoe. Joshua Briscoe, I have activated your microphone. You may unmute and begin.

JOSHUA BRISCOE: Good evening, Chair Sanchez and Board members. My name is Joshua Briscoe from Cerritos, California, and I have worked at PBF logistics for 14 years.

For me, this vote is very real and personal. The proposed 15-day amendments help protect jobs like mine and support the people who work hard every day to keep California moving. My colleagues and I take pride in operating under California's strict environmental and safety standards. I'm concerned that without these amendments, California will continue to become more dependent on imported fuels produced in countries that are not held to the same standards we follow in this state.

Increased dependence on imported fuels will threaten California jobs, weaken local economies, and increase global emissions instead of reducing them. These amendments are not the end of the conversation, but they are an important step toward protecting California jobs, maintaining fuel reliability, and preventing future emission leakage. I respectfully ask for you to support today. Your vote matters to me, my family, and the people I work with.

Thank you.

BOARD CLERK: Thank you.

Next, we have Tate Baugh, followed by Laurel Pagent-Seekins and then Tatiana Flores.

Tate Baugh, I have activated your microphone.

TATE BAUGH: Can you hear me?

BOARD CLERK: Yes.

TATE BAUGH: Hi. Can you hear me?

Hi. Can you hear me?

BOARD CLERK: Yes, we can hear you.

TATE BAUGH: Hi. My name is Tate Baugh. I live In Danville. I am involved with Transbay Coalition. I'm trying to stop funding from taking away from public transit and affordable housing. What's really important is that we need to keep the monthly rents cheaper or whatever they are, especially for people who cannot afford riding -- driving a car, because they're expensive. And I'm a huge expert on public transit, because a lot of people don't want to waste their money on gas, especially due to the fact that it's rising because of the attack on Iran, so -- and the worst part is, besides that, we need funding for -- not just for affordable housing, but also for public transit and to keep the fares cheaper and probably fare free, whatever -- whichever for seniors or youth, whichever way.

But more important, if we lose funding, then we will not just lose public transit. Traffic congestion will worsen and lots of people will lose their jobs. That's why people rely on public transit. And we cannot let traffic congestion happen and losing public transit is just -- no offence, but it is completely unacceptable.

And this is why I help people who also need -- not only need to get access to their jobs or even to their education like college, but also to get away from areas that are very sketchy for their safety. And that is why I'm asking you -- I request this Board not to approve taking away way funding and safe public transit. Please do not -- please do not take away funding and please we need this -- we need it and do not put it in oil, please. That is -- that is all.

BOARD CLERK: Thank you.

Next, we have Laurel Pagent-Seekins.

LAUREL PAGENT-SEEKINS: Hello. This is Laurel Pagent-Seekins from Public Advocates. Public advocates is in opposition to the MDI and the expanded cap. And encourages the Board to reject the 15-day changes. You have the power to stop this and we hope you use it. Public Advocates is a 55-year old nonprofit civil rights law firm, and advocacy organization dedicated to making rights real for low-income Californians and communities of color.

We've been engaged in GGRF advocacy since its inception. The largest oil and gas companies are projected to reap more than 230 billion in excess profits this year. It's deeply concerning that this proposal intends to slash investments in clean air, clean water, public transit, and affordable housing in front-line communities in order to give for $4 billion to polluters.

This is not an affordability strategy for regular Californians. There are no requirements or guarantees that energy and oil companies will restrict prices to consumers. GGRF investments are not abstract line items in a budget. They determine whether students can afford to get to school, whether a senior can make it to a doctor's appointment, whether a family can live near reliable transit, instead of enduring punishing expensive commutes.

AHSC, LCTOP and TIRCP are among California's most effective climate investments. They provide long-term benefits to the community. They reduce emissions, expand mobility, leverage billions of federal dollars, and develop -- deliver tangible benefits to the communities that have borne the greatest environmental and economic burdens for decades.

California cannot claim climate leadership, while dismantling the programs that make that leadership real. PLEASE reject the 15-day changes and protect investments that improve lives, reduce pollution and move us towards a more equitable future.

Thank you.

BOARD CLERK: Thank you.

Next, we have Tatiana Flores. Tatiana Flores, I have activated your microphone. You may unmute and begin.

TATIANA FLORES: Hello. Thank you for the opportunity to speak this afternoon. My name is Tatiana Flores and I am a resident of the Inland Empire and an organizer with the Center for Community Action and Environmental Justice based in ha Jurupa Valley.

As a community member living in a disadvantage community designated under SB 535 and CalEnviroScreen in the City of Moreno Valley. I am deeply concerned about the elimination of funding for clean air programs focused on emissions reductions in environmental justice communities.

The Inland Empire, as a few people have mentioned before, continues to face some of the worst air quality in the nation, according to the American Lung Association's 2026 State of the Air Report. Our region ranks amongst the worst counties in the country for air pollution. And many families in our communities already experience disproportionate health burdens including higher rates of asthma and other respiratory illnesses linked to poor air quality due to the goods movement, whether that be through ports, trains, railyards or trucks that run through our neighborhoods.

And reducing investments in clean air programs would further harm communities like the ones that I just mentioned, including mine, that are already overburdened by pollution and environmental inequities. These programs are critical to protecting public health, improving air quality, and ensuring that front-line communities are engaged in the process, which was noted to be a core of CARB's work earlier in the webinar by Chair Sanchez.

So I urge you to protect and maintain funding for clean air and emissions reductions programs, affordable housing and transit that directly benefit EJ communities in the Inland Empire and across California in addition to AB 617 communities, and to reject the 15-day changes and eliminate the Manufacturing Decarbonization Incentive.

Thank you.

BOARD CLERK: Thank you.

CHAIR SANCHEZ: Thank you, Tatiana and to all of our public commenters for their patience who remain on Zoom. We are going to take a brief 10-minute break for the Board clerk, and the court reporter, and the team. Please stretch your legs, get some water, and we will see you in -- at 510.

Thank you.

(Off record: 5:00 p.m.)

(Thereupon a recess was taken.)

(On record: 5:13 p.m.)

CHAIR SANCHEZ: Okay. Welcome back to everyone in the room. And to everyone on Zoom thank you for your patience. Special shout-out to Jim, our court reporter. Will give you another shout-out once more of the Board is back. But Board Clerk, let's turn our attention back to the Zoom commenters, please. Thank you.

BOARD CLERK: Thank you.

Next, we have Barry F. Boyd followed by Hillary

Blackerby, who will then be followed by Leslie Martinez.

So Barry F. Boyd, I have activated your microphone. Barry F. Boyd, I have activated your microphone. You may unmute and begin your public testimony.

BARRY F. BOYD: Can you hear me?

BOARD CLERK: Yes, we can. Thank you.

BARRY F. BOYD: Oh, there we go. Sorry about that, speaking into the wrong mic. Let me -- here we go.

I am Barry F. Boyd. I'm a Board Member with the Sacramento Environmental Justice Coalition. That's sac-ejc.org. I'm also the Air Quality Chair for SAC-EJC.

And through our faith based network, we cover Sacramento, Yolo, Solano, and Placer Counties. I'm also an AB 617 Sacramento-Florin Community Steering Committee member. And I would have started with good afternoon, but it isn't, because we are here, here to address this Board's notion to increase the financial subsidies incentives to these already powerful, multi-national businesses that will receive additional billions of dollars to continue to pollute and harm overwhelmingly disadvantaged communities.

Giving monies received from pollution standards violators back to those same standard -- pollution standard violators, while taking away the funding of AB

617 community steering committees and other entities fighting, and I do mean fight, to put air pollution mitigation processes and strategies in place is absurd.

The Sacramento Environmental Justice Coalition organization is vehemently against the 15-day change amendments that are being considered here today and most assuredly against the Manufacturing Decarbonization Incentives, the MDI. Folks, we are here to clean the air, so we don't die from the pollution that's being emitted, and turning back over those billions of dollars is ridiculous.

BOARD CLERK: Thank you.

Leslie Martinez.

LESLIE MARTINEZ: Hi. Can you hear me?

BOARD CLERK: Yes, we can.

LESLIE MARTINEZ: Community -- I'm Leslie Martinez on behalf defensores del agua y el aire limpios, defenders for clean air and water.

Communities in the San Joaquin Valley have been forced to live near or next to more than 90 percent of the state's dairy cows and we bear almost all of the environmental impacts that come from these giant dairies, including, but not limited to, polluted air and water. As we have shown this Board many times, incentives and subsidies for biogas production only make this problem worse.

Rather than the State implementing real solutions for communities like ours, we have been forced to watch multiple incentives of multiple rounds go towards building and incentivizing biogas producers to create more manure methane and make a profit from it. The proposed Cap-and-Invest Regulations are in partic -- in particular that MDI will increase giveaways to harmful biogas production and allow polluting industries to double count supposed emissions reductions of biogas. Defensores del agua y el aire limpios came together to voice the concerns and recommendations of communities living next to the largest dairies in the world and advocate for policy solutions rooted in health outcomes.

Accordingly, defensores, or defenders strongly encourages this Board to reject the 15-day changes and eliminate the MDI.

Thank you.

BOARD CLERK: Thank you. Next is Hillary Blackerby. Hillary, I have activated your microphone.

HILLARY BLACKERBY: Thank you. Chair and Board, I'm Hillary Blackerby of Santa Barbara Metropolitan Transit District. I am also Vice Chair of the California Transit Association's State Legislative Committee.

Our public transit agency serves South Santa

Barbara County and has been awarded approximately $22 million dollars in cycles five and seven of TIRCP. If you adopt the proposal today, these projects would be gutted, including the construction of a transit facility that supports buildout of EV infrastructure and has the potential to reduce deadhead miles by a third. This facility is located in a disadvantaged community.

This would also upend our ability to comply with CARB's Innovative Clean Transit mandate. We have 31 electric buses in our fleet of 100 and we're actually a pioneer in the transit industry having had battery electric buses since 1991 in our fleet. So we're committed to this transition. Please do not cut us off at the knees in our compliance progress.

The functional elimination of TIRCP and LCTOP funding means the reduction of service for us and the inability to replace aging diesel buses. This does not help clean the air. Please postpone adoption of the proposed amendments and release another 15-day amendments package that protects GGRF revenues. Thank you for your time.

BOARD CLERK: Thank you.

Next, we have Ivanka Saunders followed by Matt Petrofsky, and then Tommaso Boggia.

Ivanka, I have activated your microphone. You may unmute and begin.

IVANKA SAUNDERS: Good afternoon. My name is Ivanka Saunders and I am a resident and community steering committee member of the AB 617 South Central Fresno community.

While Cap-and-Invest funds have supported many 617 communities, we urge you to continue to focus on front-line communities that are still continually being impacted by oil/gas industries. As currently written, these amendments will allow for these industries to receive increased subsidies to continue to pollute. You cannot support the adoption of these regulations that reduce funds to important programs for clean water, affordable utilities, and transportation and housing. We urge you to reject the 15-day changes and MDI, and review the unintended consequences before making your final decision.

Also, during the staff's presentation today, it was said that they released to a -- released a final environmental review, but that Final Environmental Impact Analysis was released only two days ago not at the same time as the 15-day changes, so stakeholders could not comment or -- comment on or review the environmental impacts of these changes.

The majority of the Californians that spoke to you today, minus those few speaking on behalf of the billionaire oil and gas industry, we represent California. We are and we serve fellow Californians to stop and prevent them from living in third-world conditions with the support from the funding from the programs that will be cut if you pass these amendments. Be grateful that you get to go home to a stable structure to sleep in with clean water running coming out of your faucet, as that is not the reality of all Californians to no fault of their own.

Thank you.

BOARD CLERK: Matt Petrofsky.

MATT PETROFSKY: Hello Chair and Board members. Thank you for the opportunity to comment. My name is Matt Petrofsky and I'm here on behalf of the City and County Association of Governments of San Mateo County, or C/CAG, which through our 21-member Board of Directors that includes a representative from every jurisdiction in San Mateo County represents approximately 765,000 residents.

Within San Mateo County GGRF revenues have been vital in supporting a number of important programs. TIRCP funding supported the electrification of Caltrain, one of the state's most significant recent transit modernization and emissions reduction projects. LCTOP funding supported fare assistance and free transit pass programs on our countywide bus system SamTrans helping residents access affordable transportation while increasing transit ridership. And AHSC funding has helped build affordable housing near transit in one of the most expensive housing markets in California.

As we understand, the proposed amendments would have devastating impacts on these and other related GGRF funded programs. These programs are essential to advancing California's climate, transportation and housing goals. They not only reduce emissions, but also support the affordability and economic resilience of our communities. As such, we respectfully ask that this Board delay action on the proposed amendments to the Cap-and-Invest program until the impacts of those changes on GGRF programming can be better understood and addressed.

Thank you again for your time. We really appreciate CARB's leadership on climate policy. Thanks.

BOARD CLERK: Thank you.

Next, we have Tommaso Boggia.

TOMMASO BOGGIA: Hi. My name is Tommaso Boggia. I am a public sector worker. My wife is a public school teacher. And we have been concerned citizens that show up at a lot of public hearings of agencies, boards, commissions that help advance issues like mobility, transportation, housing. And at all of these boards, commissions and local agencies, I always tell them that the 2022 Scoping Plan of the California Air Resources Board targets a 29 percent vehicles miles reduction target for vehicles from 2001 baseline. That we're now at negative 10 percent, thanks to -- largely to COVID but rising fast back towards the initial trendline. We are nowhere near getting at 29 percent reduction in vehicles miles traveled. And no agency, no board, no commission has any plan to get there.

And at all of these meetings, I tell them you need to come up with a plan, because the CARB is telling you you need to do this. And I would have never thought that I would need to show up to CARB to tell you that the 2022 Scoping Plan of the California Air Resources Board targets a 29 percent reduction of vehicles miles traveled from 2001.

And nobody, no commission, apparently not even you, has any plan to get there. So I'm here to urge you to please not only reverse this decision that would absolutely sabotage the one pot of money that we have to reduce vehicles miles traveled, a pot of money that is embarrassingly adequate to actually help us meet this goal and actually help us meet that goal that we need to reduce our emissions that you set yourself.

So please re -- go back on this proposed change and come up with a better way to fund our public transit, and our mobility, and our housing, so that we can meet our carbon emission reductions. Thank you so much.

BOARD CLERK: Thank you.

Next, we have Carl Sedoryk followed by Donna Duperron.

Carl, I have activated your microphone. You may unmute and begin.

CARL SEDORYK: Hello. I'm Carl Sedoryk, CEO of the Monterey-Salinas Transit District, the sole public transit operator in Monterey County providing transit service throughout the small and rural communities of Monterey, Santa Cruz, San Luis Obispo and Southern Santa Clara counties.

It is well documented that public transit investments in the program supported by GGRF are among the most effective tools for curbing GHG and NOx emissions. MST opposes staff's proposed amendments due to the devastating impacts the removal of GGRF investments will have on the people supported by these programs. Low-income residents within the disadvantaged communities we serve throughout the central coast depend on these programs to receive safe, clean and affordable mobility services.

GGRF programs have leveraged our ability to purchase and build zero-emission infrastructure and buses supporting hundreds of local construction jobs, the jobs of those building our California-made fleet and growing transit ridership. GGRF programs support increased ridership on MST buses which are at 110 percent of pre-COVID levels in our largest and most disadvantaged community of Salinas.

Since the start of the Iran war, we have seen a 13 percent increase in ridership over the previous year as more of our low-income residents have been priced out of operating their own private vehicles and now depend on transit to get to work, medical appointments, and grocery stores. Assemblymember Irwin just stated that she had concerns with elements of the current package proposal as presented.

I urge your Board to reject or postpone the adoption of the proposed 15-day amendment package. Thank you for your time and consideration.

BOARD CLERK: Thank you.

Donna Duperron.

DONNA DUPERRON: Good evening, Chair Sanchez and Board members. My name is Donna Duperron representing 852 businesses of the Torrance Area Chamber of Commerce. The Torrance Chamber recognizes California's ambitious climate goals and we urge CARB to move the 15-day Cap-and-Investment package forward. This will not only maintain strong protections for energy-intensive and trade-exposed employers, but it will also ensure California businesses remain competitive and continue to invest in California.

Thank you for the opportunity to comment.

BOARD CLERK: Thank you.

Next, we'll hear from Paula Uniackepal, followed by Melissa Sparks-Kranz, and then followed by a call-in phone number ending in 126.

Paula, I've activated your microphone. You can begin.

PAULA UNIACKEPAL: Thank you so much. I hope everyone can hear me. Good evening, Chair Sanchez and Board members. I am submitting the following comment on behalf of Nancy Pfund, founder and managing partner of DBL Partners, a Bay Area based venture capital firm and early investor in companies, including Tesla, SolarCity, SunPower and Nextracker. These companies have created California jobs while helping drive progress towards the State's climate goals.

California has shown that climate leadership and economic growth can go hand in hand. Clean energy now employs more than half a million Californians, even as emissions have declined over time. As someone who has spent my career investing in businesses and technologies that power California's economy, I know that policy certainty matters. When California sends clear market signals, investment and innovation accelerate.

When the State signals hesitation or weakening support, risk increases and California becomes less competitive. That is why I urge CARB not to delay rulemaking and implementation of the Cap-and-Invest Program. The proposal includes meaningful steps forward on electricity affordability, electrification incentives, and linkage with Washington's carbon market.

The current proposal is not perfect and portions should be strengthened to avoid weakening Cap-and-Invest, including those that would reduce emissions reduction requirements for industrial facilities below what past laws envisioned. But the answer is to strengthen the program, not stall it. CARB should tighten the final regulations, preserve a strong price on carbon, support faster decarbonization and carbon removal, and continue California's leadership in clean energy and natural climate solutions that drive ecosystem restoration and economic development across our State.

Delaying action now would send the wrong signal to investors, businesses and communities looking to

California for continued climate leadership.

Thank you.

BOARD CLERK: Thank you.

Melissa Sparks-Kranz.

MELISSA SPARKS-KRANZ: Thank you. Good evening, Chair Sanchez and Board members. My name is Melissa Sparks-Kranz with the League of California Cities.

We appreciate the California Air Resources Board for providing this opportunity for stakeholders to provide comments today. Cal Cities, working on behalf of the State's 483 cities statewide, has included in our top priorities as an organization to support funding to help increase the supply of affordable housing, as well as strengthen cities' resiliency to climate change impacts, aligned with State goals.

Cities across California are stepping up, despite strained local budgets, to meet our community's needs and sharing in meeting the State's housing and climate goals. We are expressing deep concern today about the proposed amendments to the draft regulations. Last year, our organization strongly advocated for the reauthorization of the Cap-and-Invest Program to include funding for programs that directly reduce emissions, including climate adaptation, clean transportation and transit, wildfire resilience and affordable housing projects.

The proposed amendments would have serious implications on the recently reauthorized framework for Cap-and-Invest, as was enacted through SB 840. The proposed amendments would provide great allowance allocations through the MDI Program and in exchange essentially dissolving the funding available for those GGRF programs.

For cities to be successful in continuing to implement emissions reductions programs, we request the MDI Program be removed from the regulations to maintain these critical investments in our communities.

Thank you.

BOARD CLERK: Thank you.

Next, we have a call-in phone number. The phone number is ending in the numbers 126. I have activated your mic.

DAVID PAGE: Hello. I'm David Page from Palo Alto. (clears throat). Excuse me.

I have listened all day and I was thinking about people like on the Board or listening all day. I appreciate what you're doing. I've heard some people talk about how they care about the poor, and they care about pollution, and they want you to go ahead with over a hundred million allowances. And I don't want you to have anymore allowances at all.

I could tell you about my wife's friend -- friends. They left California six years ago. They left in a hurry. They lived in Paradise and a wildfire came through there. They were able to escape with the clothes on their back and their dog. And while they were leaving driving through those skinny little roads with walls of flame on either side, they saw two people burn to death. Imagine witnessing something like that.

Anyhow, so I want you to think about also 4th of July is coming up in a few weeks. There's going to be a celebration at The White House. And here's what I want you to think about. When the 4th of July comes around, I want you to think about the two dozen school girls in Texas that drowned to death on the last 4th July -- 4th of July 2025. I don't know if you remember what happened. They were in a summer camp campground near a little stream. The little stream became a raging river, because of an unexpected flash flood and they washed away.

And if you can think about, A, it's too late to save them. Yeah, it's too late, but it's not too late to save the next couple dozen school girls. Do the right thing. I appreciate your listening to me.

BOARD CLERK: Thank you. Next, we have Consuelo Hernandez followed Amy Hance, who will then be followed by Alex Lantsberg, and then Renee Nygaard.

Consuelo, I have activated your microphone. You can begin.

CONSUELO HERNANDEZ: Good evening, Chair Sanchez and Board members. My name is Consuelo Hernandez and I am the Director of Governmental Affairs for the City of Sacramento. I'm speaking today to voice our concerns with the proposed amendments' impact to the GGRF. We align our comments with the League of Cities and I'd like to share just a couple brief examples of the potential impact. In terms of TIRCP, it's been a critical funding source for improvements at the Sac Valley Station and connecting mobility to the station through our partnership with Capital Corridor JPA.

Over four TIRCP cycles, the City has secured $77 million for improvements at the station and off-site mobility improvements, which will improve connections to the station. Without TIRCP, the City would not have been able to advance the suite of projects for the regional and Northern California rail and transit hub. There are no other comparable funding sources available that would provide the city access to this capital.

Regarding AHSC funding, this has been an extremely effective program to holistically create critically necessary affordable housing and the green transport -- green transportation infrastructure to support it, rather than the conventional approach that piecemeals development of housing, transit and active transportation projects. The city has several projects that have or will create more than a hundred affordable housing units. The city also has three projects that applied for AHSC Round 10 funds.

The elimination of these critical Tier 3 programs would significantly damage Sacramento's efforts to increase housing, to reduce homelessness, to support greenhouse gas reduction and to provide safe transportation choices. Thank you very much for your time.

BOARD CLERK: Thank you.

Next, we have Amy Hance.

AMY HANCE: Good afternoon or good evening and thank you for the opportunity to share these comments. My name is Amy Hance. I'm the General Services Director for the City of Clovis and I oversee Clovis Transit. Our operation is located in Fresno County in the Central San Joaquin Valley, which is a nonattainment area.

The City of Clovis strongly opposes CARB's proposed amendments that would significantly reduce funding available for public transit. For small and midsized communities, these funds are not optional. They're essential to maintaining basic transit operations, improving air quality and advancing California's climate goals.

Public transit agencies have already committed to ambitious zero-emission transition requirements and infrastructure investments based on the expectation of stable State support. Reducing transit funding at this critical moment undermines those efforts and disproportionately impacts communities that rely on affordable accessible transportation.

Clovis Transit has invested five million of our $12 million TIRCP allocation into the first phase of a new zero-emission fleet facility. We are working diligently to implement our zero-emission transition plan and meet California's clean transportation requirements. Without reliable funding, critical fleet facility and infrastructure investments will be delayed or simply become unattainable. If transit is longer a cost-effective option for Cap-and-Invest, it may be time to put ice ICT rule aside.

Thank you.

BOARD CLERK: Thank you.

Alex Lantsberg.

Alex Lantsberg, I have activated your mic. You can start.

We're going to go ahead and move to Renee

Nygaard. Renee, I've activated your mic. You should be able to unmute.

RENEE NYGAARD: Thank you. Good evening, Chair Sanchez and board members. I'm Renee Nygaard. I'm a resident of Long Beach and have worked at PDF Logistics for 10 years in the Health, Safety and Environmental Department, as well as working in the environmental regulatory field for 29 years.

I'm asking you to support the proposed 15-day amendments, because they're important for California's energy reliability and economic stability. These amendments help preserve in-state fuel production. They also help reduce the reli -- growing reliance on imported fuels, which not only can create supply uncertainty, but also increases emotion -- emissions leakage.

When refineries close in California, the demand for fuel doesn't disappear. Instead, production shifts overseas to facilities that are operating under weaker environmental and labor standards. That means California loses jobs, tax revenue and accountability, while global emissions actually increase.

The proposed amendments are not the final solution, but they are a meaningful step for keeping California competitive, while protecting workers and consumers. I respectfully urge you to vote yes today and thank you for your consideration.

BOARD CLERK: Thank you.

Next, we're going to hear from Fanco[SIC] Pacheco, followed by Rosie Fei, and then Marisol Barajas.

Franco - apologies - I have activated your microphone. You may unmute and begin.

Franco Pacheco. I've activated your mic.

We're going to go ahead and move to Rosie Fei.

ROSIE FEI: Hi. My name is Rosie Fei and I am an El Cerrito resident in California. I am commenting alongside the majority of commenters today to urge that the Board does not adopt the proposed regulations and ask that you remove the MDI while keeping funding for the GGRF. I would like to see continued investment in public transit, especially for our marginalized California communities that rely on affordable public transit and affordable housing.

If CARB were to cut funding for GGRF, we would be cutting the Low Carbon Transit Operations Program. This would mean cutting free and reduced fares for seniors, people with disabilities and youth, cutting new transit -- new transit services people rely on and cutting funds for electric buses.

I want to continue to seek California invest in sustainable and affordable public transit. Keeping the

MDP and investing -- divesting in GGRF would decimate our transit infrastructure. Please vote to not adopt the proposed regulations.

Thank you.

BOARD CLERK: Marisol Barajas.

MARISOL BARAJAS: Good evening, Chair Sanchez and members of the Board. My name is Marisol Barajas, manager of Government Relations for Long Beach Transit, which provides public transportation services in southeastern Los Angeles County and northwestern Orange County serving 13 cities outside of Long Beach, including paramount Bellflower, Downey and Carson, which are directly impacted by the ports and goods movement supply chain.

LBT service area spans over 107-square miles across 14 cities and operated 6.7 service miles in fiscal year 2025 across 38 fixed routes, utilizing 250 buses. In fiscal year 2025, LBT provided 19.6 million customer boardings. LBT also operates two water taxi routes and on-demand responsive paratransit service.

LBT opposes the proposed amendments because they pose a significant threat to revenues from the Greenhouse Gas Reduction Fund through which the programs such as LCTOP, TIRCP, LBT and communities we serve have received more than $20 million for projects that directly improve mobility and air quality, including the purchase of battery electric buses for our commuter express to UCLA, customer safety amenity improvements, downtown transit galleria and extensions for key routes connecting people to jobs, school and health care.

The AHSC grant was also a highly competitive program that supports collaboration between transit and affordable housing. And luckily LBT was awarded a total of 52.5 million for the Cycle 8 and recently applied for 9.7 million in Cycle 10 for operations of our service and electric bus. But beyond that, GGRF investments provide operational relief along the LBT to keep buses reliable, maintain service frequency and invest savings for cleaner fleets.

In closing, we strongly urge CARB to postpone adoption and issue a revised 15-day package that fully protects GGRF revenues. Our communities cannot afford the consequences of moving forward without these critical investments. Thank you.

BOARD CLERK: Thank you.

Next, we will hear from Thomas Helme. Thomas Helm, I have activated your microphone. You can unmute and begin.

We're going to move on to Elizabeth Esquivel. Elizabeth, I have activated your mic. You can unmute and begin.

ELIZABETH ESQUIVEL: Thank you. Elizabeth Esquivel with the California Manufacturers and Technology Association representing 45,000 manufacturing firms who employ two million employees statewide.

CMTA appreciates CARB's thoughtful work on these proposed regulations and urges the Board to adopt them. We especially appreciate the Board's continued recognition of the importance of industrial competitiveness, leakage protection and practical pathways for decarbonization.

CMTA appreciates CARB's inclusion of measures intended to address these issues, and most importantly, the industrial decarbonization incentive program. The MDI is especially important because many industrial sectors face significant technological and financial barriers to decarbonization, particularly for process emissions and high heat manufacturing operations where commercially viable alternatives are still emerging.

Program like the MDI help bridge that gap by providing manufactures with a pathway to invest in cleaner tech technologies, facility upgrades, fuel switching, energy efficiency improvements, and innovative emissions reductions projects that may otherwise be cost prohibitive.

Importantly, MDI helps ensure California manufacturers can continue operations and investing in state, while advancing emissions reductions. This is a critical part of emissions intensive, trade-exposed industries by competing nationally and globally and often have limited ability to absorb rapidly increasing costs. Providing meaningful reinvestment opportunities through the MDI supports both California climate incentives and long-term viability of the State's industrial base.

As the program moves forward, we continue -- we encourage continued focus on affordability impacts, cost containment mechanisms and maintaining sufficient allowance allocations for these industries. We appreciate your time and again urge the Board to adopt these regulations.

Thank you.

BOARD CLERK: Thank you.

Next, we have Bryan Culbertson.

BRYAN CULBERTSON: Hello. My name is Bryan Culbertson with Transbay Coalition. I'm a full-time transit rider in Oakland using AC Transit and BART. Thank you for taking my comment today.

I'm asking you to please postpone adoption of the amendments, eliminate the MDI and maintain GGRF revenue. My access to clean transportation is dependent on Cap-and-Invest funding of public transit. You heard from AC Transit and BART and many other transit agencies today for using the GGRF Funds and to decrease greenhouse gas emissions by more than anything MDI could.

The petroleum companies warned of industry leakage, if we don't subsidize oil and gas development, but what is very real is that without this funding, there will transit leakage, or affordable housing leakage. Leakage of transit and housing would make trans -- California more unaffordable and less healthy.

Over two-thirds of the commenters opposed MDI, including air transit, air districts, transit agencies, environmental agencies, regional planning agencies, counties and cities. The support for MDI are petroleum corporations, business lobbyists and private utility companies.

The choice is clear, should CARB invest in transit, housing, environment to counties and cities or petroleum companies? Postpone the amendments, eliminate MDI and support GGRF.

Thank you.

BOARD CLERK: Thank you.

Next, we're going to go back to Thomas Helme. Thomas, if you're able to unmute.

THOMAS HELME: Yes. Sorry about that. Worst timing to step away for a second. Hello, Chair Sanchez Board. Thomas Helme, co-founder of Valley Improvement

Projects, Northern San Joaquin Valley Environmental Justice Group based in Stanislaus County. We are members of both the Central Valley Air Quality Coalition and the California Environmental Justice Coalition. And we're joining with the many numerous fellow members of these coalitions, as well as the other environmental justice and community-based organizations and the many others you've heard from today, and in written comments asking you to reject the proposed 15-day changes to the Cap-and-Invest regulations as written, and take the necessary time and steps to improve and strengthen these amendments with environmental justice input starting with the elimination of the Manufacturing Decarbonization Incentive, or MDI.

As you've heard consistently throughout the day, this approach will reduce revenue for the Greenhouse Gas Reduction Fund and through it investments in affordable housing, public transit, clean water, and Community Air Protection Programs that environmental justice communities need.

We in the San Joaquin valley are especially disappointed in CARB's continued support for false climate solutions, such as deceptively labeled green hydrogen, biofuels, biogases, technologies that are already heavily subsidized through things like Low Carbon Fuel Standard and actually can increase emissions on the ground, either directly or indirectly. Even in today's presentation, CARB glossed over that MDI investment in on-site renewables covers these biomass derived fuels.

Lastly, as a former member of the EJAC, I urge CARB, before advancing these regulations, to reconvene the Environmental Justice Advisory Committee, which was put on hold against the requests of EJAC Co-Chairs and members and allow a robust EJ centered public discussion on these regulations. Looking at the timing of this while the EJAC is not convince -- convening looks like more than a coincidence.

Thank you for your time.

BOARD CLERK: Thank you so much.

Next, we have Michael Wang, we're going to try to get your comment. Michael I have unmuted your microphone.

MICHAEL WANG: Hello.

BOARD CLERK: Yes, we can --

MICHAEL WANG: I would like to voice my opposition to the proposed changes to this proposed changes. A lot of, in my opinion, transit and various community funds are relying on all this money and I think revoking them would be of a very large mistake. Yeah, so that's my comment. Thank you for the opportunity to speak.

BOARD CLERK: Thank you.

Next is Krysta Wanner.

KRYSTA WANNER: Can you hear me?

BOARD CLERK: Yes, we can hear you now.

KRYSTA WANNER: Okay. Thank you. Krysta Wanner with the Western Propane Gas Association. I'd like to thank CARB staff for taking time to meet with WPGA and our consultants to discuss our initial concerns and working together to resolve them with the changes made in the 15-day language. Specifically, the definition changes now proposed for adoption today will help protect small businesses from potential harms associated with compliance costs and penalties. WPGA supports the continued efforts of the Cap-and-Invest Program as the most effective tool to reduce greenhouse gases across the state's businesses, while protecting consumers from significant cost impacts.

We look forward to further productive collaboration with CARB and I thank you for allowing this time for comment.

BOARD CLERK: Thank you.

Alex Lantsberg. Are you able to unmute now?

ALEX LANTSBERG: I am. I didn't -- earlier, I didn't realize I needed to press the unmute button myself as I started talking. So thank you.

Good evening, good afternoon, Board members. My name is Alex Lantsberg. I'm the Research and Advocacy

Director for the San Francisco Electrical Construction Industry. I want to associate myself with all the comments from transit organizations, from climate, environmental justice organizations. I think that they've really hit the nail on the head in so many ways.

I do want to raise up a couple of issues here. And I know I don't have much time, but hopefully I should be able to get through it all. First of all, as the gentleman County Connections earlier in -- earlier this morning said, this is not a question of improving affordability. What we're -- what we're actually facing is a question of deciding how money is going to be reallocated. And as I think everyone has indicated, there have been no guarantees from the petroleum industry that anything is going to be reflected in terms of savings.

But more broadly, I want to raise this just question as both a political and substantive action. Rather than helping Californians get off of oil and -- get off of our oil and fossil fuel addiction, the Board, or at least the staff proposal, is actually reinforcing these path dependencies and actually stopping those from making long-term affordability. As a political matter, the savings staff are chasing are based on specula -- speculative savings that can't be directly attributed to the rulemaking.

And while kneecapping investment into visible and impactful collective action, that will put people to work, improve our communities, and reduce the environmental and cost of greenhouse gas. If it moves forward, all we're going to be left with are just some illusory that are going get eaten up by price hikes caused by a war over fossil fuels.

So I urge you to reject the proposals on the table right now and move forward in a way that preserves transit and preserves affordable housing, and ultimately investment in the People of California.

Thank you very much.

BOARD CLERK: Thank you. We have two more Zoom commenters. The first will be Matt Hettich and then Estephanie Garcia.

So Matt, I have activated your microphone.

MATT HETTICH: Thank you. Thank you, Chair Sanchez and CARB members. My name is Matt Hettich with the Transport Workers Union of America, TWU.

I speak today in opposition to the proposed 15-day amendment. The TWU is a national union whose members work in public transit. Here in California TWU members maintain and operate San Francisco's Muni system, which provides vital service for hundreds of thousands of riders daily. Muni is an essential transit service connecting community members to the schools, jobs and other essential services across the city and county. Cuts to the Low Carbon Transit Operations Program will result in cutting free and reduced fares for seniors peoples -- people with disabilities and youth riders.

LCTOP reductions will result on cuts -- in cuts to new transit lines and service that community members depend on in their daily lives. All this comes at a time with transit agencies cross the state face budget constraints and operational funding challenges. At San Francisco Muni, public transit service cuts and workforce layoffs are real possibilities, given the current state at SFMTA's budget.

Now is not the time to cut vital and essential public transit funding sources. With these budget realities, we cannot afford to lose the $1.4 billion that this proposal would cut from housing and transit programs. And we urge you to reject the proposed amendments.

Thank you.

BOARD CLERK: Thank you.

Estephanie Garcia.

ESTEPHANIE GARCIA: Hello. Good evening, Chair Sanchez and Board members. My name is Estephanie Garcia. I'm a South LA AB 617 co-lead with Physicians for Social Responsibility Los Angeles and a resident in South LA --

Southeast LA.

The proposed changes here are deeply concerning. Cap-and-Invest funding was meant to support communities most impacted by pollution, not reward major polluters. Redirecting these investments away from AB 617 communities breaks trust with residents who have invested years into this process. I urge the Air Resources Board members to reject the 15-day changes and eliminate the Manufacturing Decarbonization Incentive.

South LA communities continue to experience the impacts of oil and gas pollution, diesel traffic, warehouses, and refineries every day. These changes would instead benefit big oil while taking resources away from South LA communities and undermine years of trust, collaboration and community leadership. Weakening the GGRF fund will impact critical community air monitoring, emissions reduction efforts and public participation processes that Martha Dina cited a while back for front-line communities that completely rely on this.

Communities should not have to lose investments in clean air and public health while major polluters continue to profit. Lastly, I just want to mention that there was a lot of comments sharing on how approving these changes will help with affordability and improve Californian lives. Yet, there's an immense amount of folks, most of the folks you've heard here today, Californians, directly asking you not to approve these changes who are most vulnerable to these implications. This is not what we want. And I ask you that you listen to the people who these comments are talking about and what is important to us. Thank you for your time.

BOARD CLERK: Thank you.

The last commenter is Vijay Das.

VIJAY DAS: Hi. My name is Vijay Das. I am the Policy Director for the New California Coalition. We're a statewide coalition, regional chambers, business partners, employers across California. We recognize the ambition behind the program and the effort that has gone into it. But as the Board considers the proposal before, more work must be done to provide certainty beyond 2030. Major employers across the state, you know, are making investment decisions right now. And when the future of this program is unclear, its structure, its costs, its direction after 2030, companies are pulling back, they don't expand, they don't hire. And California workers are paying a price.

The framework before you may address some near-term concerns. But the questions that matter most to our partners, and businesses, and regional chambers is what does this look like after 2030? How do the businesses plan? How do workers know their jobs are secure? They all remain unanswered these questions.

We urge this Board to move with urgency and develop a long-term approach that pairs climate leadership, but with economic competitive consumer affordability and jobs stability for our workers and communities in California.

Thank you.

BOARD CLERK: Madam Chair, that concludes public comment for this item.

CHAIR SANCHEZ: Thank you very much. Thank you to all members of the public who joined us and shared their comments and reflections on the staff proposal. Deeply appreciate all of your engagement.

I also want to recognize our incredible BARCU team, the court reporter, Jim, our interpreters.

Give them a round of --

(Applause).

CHAIR SANCHEZ: It is a Herculean feat to orchestrate these Board meetings. And doing so with eight hours of public comment is a tall task, so thank you all, and to our wonderful staff who have been here.

We are now going to turn to Board Member questions. And given the late hour, I would ask that we keep those questions very targeted only to clarify issues that were raised during public comment that you would like the staff to respond to so that we can deliberate overnight and come back in the morning for a full Board discussion. And if you don't have any targeted clarifying questions, that is all right too.

Yes, Supervisor Hopkins, please jump in.

BOARD MEMBER HOPKINS: I think one theme that we heard from members of the public was sort of GGRF versus MDI. And so given that the program is called Cap-and-Invest, I'm wondering if we've done a bit of an ROI analysis on investments into GGRF as compared to MDI, specifically thinking about greenhouse gas emission reductions, public health benefits, you know, that sort of thing. And so have we also analyze the potential for greenhouse gas emissions reductions as it relates to the potential loss of GGRF funding?

EXECUTIVE OFFICER CLIFF: Thank you, Supervisor Hopkins. Maybe I'll start and then turn to my colleagues for further response. I think -- my initial response -- I'll answer this sort of in two parts. One, we have certainly looked at the benefits of GGRF investments. There are annual reports that describe the emission reduction benefits and the benefits to certain populations as part of those GGRF investments. That's very comprehensive and detailed. And that's been done for many, many years now.

With regard to the MDI, the assertion that MDI would result in less GGRF I think is incorrect. We as staff don't believe that there's an impact to GGRF based on the MDI investments. Those are simply different compliance instruments. They're different instruments under the program. And the GGRF is really related to the overall allowance allocation versus the MDI Program, which is a totally new and separate investment.

To your more specific question, we have -- have we done an analysis of the potential benefits of that? Only to the extent that our -- the way that we've developed the Program, we have an understanding of historically what manufacturing entities have been able to invest in and we think -- you know, we understand that potential. But until we actually have the reductions, we wouldn't be able to do that analysis. So we would be looking to get those data. And as part of the resolution, we have a lot of information in there about the reports back as a result of the MDI Program. And maybe I'll turn to you to add some more.

DEPUTY EXECUTIVE OFFICER SAHOTA: Yeah. Thank you, Supervisor Hopkins. So as the staff was preparing the proposal and the eligible project types that are listed in the regulation, because there's eight buckets, we went back to the 2022 Scoping Plan to look at the kinds of projects that need to be implemented, to not only reduce emissions now, deliver co-benefits for air pollution reductions, but also put us on the path to 2045.

So when we did that Scoping Plan and we looked at the overall plan and how the pieces fit together, we did do analyses on the health benefits, on air the pollution benefits, and on the cost per ton. So in that 2022 Scoping Plan there's a table that starts to look at these costs -- or an appendix that looks at some of these technologies on a cost per ton basis.

When we look at some of the newer data that came out of LLNL on industrial decarbonization, we're seeing costs about $150 per ton for things like heat pumps at large industrial facilities, facilities like food processing and other manufacturing. At the same time, we went back and looked at the CCI reports that Dr. Cliff was mentioning, and we see a range of costs per ton. It can be from a few dollars per ton all the way up to $24,000 a ton. So the projects that are listed in the regulation for MDI are squarely within the range of the kinds of costs per ton -- cost per ton numbers for the CCI projects that are being funded now.

BOARD MEMBER HOPKINS: Would it be possible to have a copy of that or a link to that send to Board members, since it's a public record, right, so...

DEPUTY EXECUTIVE OFFICER SAHOTA: Absolutely.

BOARD MEMBER HOPKINS: That would be great.

DEPUTY EXECUTIVE OFFICER SAHOTA: It's all public information.

BOARD MEMBER HOPKINS: Thank you. One other quick question is just is it legally feasible to incorporate transit or AB 617 Emission Reduction Programs into say an offset program, or an MDI-like program, or some sort of other alternative compliance program?

DEPUTY EXECUTIVE OFFICER SAHOTA: So the way that the MDI Program is constructed, it's tied to facilities that are directly regulated because we need to have facility-specific data that's third-party verified. If we were going to try and do something that was slightly different for companies and efforts that are not already directly regulated by the program, it gets a lot more complicated because the regulation doesn't naturally reach that level of detail or that disaggregated level of activity.

And so for us to do that, it would take quite a bit of work to figure out how to make it all fit together and make sure that we're not double counting the reductions, because if you say, for example, you're going to fund transit, which reduces -- VMT reduces fossil fuel use combustion on the road.

The fuel suppliers upstream they have a compliance obligation which will also come down. And so then you have two points in that same stream of emissions accounting, where you have a reduction. And it's where to do you count it and how do you make sure you set the caps, so that you have integrity in the Program. So is it doable? Probably. But can we do it quickly? Probably not because of this complicated nature of how they're nested together.

BOARD MEMBER HOPKINS: Thank you.

CHAIR SANCHEZ: Thank you, Supervisor Hopkins.

As I move over to Councilman Guerra, let me correct the record. The Board will not be deliberating overnight. As a Board member, I will be digesting the public comment and the questions to staff. And the Board will be deliberating tomorrow at 9 a.m., because this Board is subject to the Bagley-Keene Open Meetings Act. Even got a wink from Legal on that one. Thank you.

Yes, over to you, Councilman Guerra.

BOARD MEMBER GUERRA: Thank you very much. You know, there's been some serious assertions about the validity and the efficacy of the MDI. And in this case, industry, in many cases, are already afforded a significant amount of industry assistance factors, additionally, in, you know, millions of free allowances to address leakage. So this goes back to the AB 1207 question about what evidence is there that this proposal in the MDI will actually reduce leakage or address that point that was directly related to the direction by the Legislature and AB 1207?

EXECUTIVE OFFICER CLIFF: Thank you, Councilmember. So all -- I think I'll start with the MDI and the free allocation under the industrial allocation part of the regulation really serve two different purposes. And although MDI certainly could benefit from reduced -- could benefit the Program by reducing leakage, that's not its principal purpose at the outset. Really, it's intended to decarbonize those sectors and ultimately set them up in the future to be less likely to other jurisdictions, because they've invested here, and it makes them more competitive with other jurisdictions that perhaps don't face the same kinds of pressures.

So in that regard, it is -- it is going to reduce leakage, but it's not the same as the free allocation industrial assistance which is tied to product output and trying to ensure that more product is being produced in California in a more efficient manner.

I will also just note that the industrial allocation, in no case, exceeds the amount of emissions that an entity has in California. So when the Program was initially designed, we set benchmarks at relatively stringent levels. And the idea was that in that first year, at least one of the entities would be at the benchmark. But then as the cap has declined, we're seeing that it's about 70 or so percent in this new regulation free allowances relative to emissions. And that's declining over time.

And I'll just note that 70 percent in this current proposal is higher than the existing regulation, which is in the sixty percent range. And both of those are still among the most stringent globally. But we have a relatively stringent program from an allocation perspective to those industrial entities where, you know, they're still facing about 30 percent of the carbon price that is observed in the program. And that kind of price pressure can result in leakage. And so that's why we're trying to pair that with the idea that now they're also investing to become more efficient, not simply provided more free allowances to stay in California.

At some point, there just simply aren't enough free allowances to continue to subsidize industries, such that they done face the same cost pressure with those that aren't in jurisdictions without a carbon price.

And globally, when you talk to other program administrators, they're all thinking about ways to decarbonize the industrial sector. And if you look at what's happening in Europe, for example, they're both investing directly in those facilities and trying to essentially put carbon tariffs on products that come into the European Union.

So these are -- they're all different types of schemes that folks are using to protect the industry and their jurisdiction. And I think California is one of the -- it is largest manufacturing state in the United States. It's important that we're trying to make those more efficient and gave the opportunity for those industries to decarbonize and be more competitive in the future, such that ideally you won't have to continue to give them as much free allocation as we go forward.

That's all, you know, to be determined as we learn more about how this program is implemented, if the (inaudible) pass it. Okay. Thank you.

BOARD MEMBER GUERRA: Oh, I thought I was only allowed one question.

CHAIR SANCHEZ: Well, it was very targeted, so if you had another -- we'll come back to you, if there's --

BOARD MEMBER GUERRA: I'll let my -- I'll let me colleagues --

CHAIR SANCHEZ: Okay. Thank you. Thank you to both Board members for the very targeted questions. I urge that discipline to the following speakers.

Dr. Shaheen, over to you.

BOARD MEMBER SHAHEEN: Thank you, Chair, and thanks to the staff, and to all of the public for commentary. So I heard a lot about rushed processes, the need for potential extension, doing a second 15-day. So I really wanted to dig in on that and the trade-offs associated with a possible second 15-day maybe process even, if it's even possible, what's doable. But specifically, what additional policy issues, analytical updates or stakeholder input would you anticipate being incorporated into a second round change.

And in addition, could you clarify how extending the process forward would affect regulatory certainty implementation timelines and the ability of market participants to plan for post-2030 Cap-and-Invest conditions, because we also heard a lot about that as well? So I'm trying to bookend the range of different comments we heard from different types of stakeholders.

EXECUTIVE OFFICER CLIFF: Well, thank you, Dr. Shaheen. So with regard to process, I think it's incumbent upon me to be clear that we have absolutely followed the Administrative Procedure Act and the California Environmental Quality Act in developing these amendments.

Of course, we work very closely with our counsel in developing those and ensure that everything that we've put forth is following the process that is absolutely required of us as an agency. And, you know, in the fact, of course this hearing is part of that process.

Your question about amendments and what would those mean is a bit complicated to answer, because it would depend a lot on what sorts of amendments. As you've heard, we're intending to get this program in place by September 1st. That's when the allocation, according to the regulation, happens. So if we were to miss that date, then we would miss the opportunity to impact the 2027 allowance allocation and allowance budgets, such that we would need to then have this in place for 2028.

So if we were to miss that date, it would have a number of impacts that we can maybe describe in better detail, but, you know, that would -- that would result in steeper cap decline in a shorter amount of time, you know, a more compressed schedule in the future, as well as the loss of the benefit of the Climate Credit that the CPUC proceeding is already considering right now.

So those are some of the impacts. And I'll turn to Rajinder in a minute to answer that a little bit more. Sorry, just before I -- just before I do that.

But with regard to amendments to the regulation, so any amendment to this regulation would need to go out for public comment. Those are the, you know, so called 15-day public comments. But it's not as though public -- that process could start immediately. So whatever -- if the Board were to address -- direct us to make certain amendments, we would have to develop those.

So we'd have to go through and kind of figure out what that looked like from a regulatory perspective, develop the notice, and then put those out. That would undoubtedly take weeks, if not months. And then we would also have to evaluate if that has any impact on the economic analysis or the environmental analysis.

To the extent that it does have an impact on the environmental analysis that would result in a new environmental analysis that needs to be recirculated, that would need to go out for 45-day comment. So there's virtually no situation that I can imagine where the Board were to direct changes that we could hit September 1st. There's not a scenario underwhich I can imagine that.

We're not up against an APA clock, that's the so-called one year that we have to hit. That's in January. But I could imagine that if the direction were extensive enough and we had to recirculate the CEQA analysis, we would have to do that analysis, develop it, go through that review process. We could potentially miss that clock as well, which would effectively mean completely starting over the entire regulatory process.

And then you asked a little bit about Market certainty and what that would mean. So maybe I'll turn to Rajinder for that and to describe any more of the direct impacts.

DEPUTY EXECUTIVE OFFICER SAHOTA: Thank you for that question. There's quite a few things that I think happen here that are important for us to share with you all. The first is that GGRF would take a big hit. There is market confidence that has to be there for people to participate in a market program. And when we see uncertainty, whether it's political, or whether it's regulatory, or it's legal uncertainty, it depresses prices. It depresses action at auctions.

And so, we've heard a lot today about concerns about GGRF and the availability of the money. Further delays in the regulation just add to that uncertainty. Add to that clock a where will the rules land, what does it look like, what will the fundamental demand and supply look like in this market program? And it's not just the regulated entity. It's also voluntary participants like hedge fund banks that are in this program. And so people have a choice where to put their money. They're going to want to put their money where there is some certainty. And so that manifests itself in auctions. That historical data on our website shows this to be true. And so there's a risk immediately to the auctions for this year, while we're sitting trying to figure out what the final package looks like.

On the regulatory certainty front, there's also just the industrial sector and the covered sectors beyond the Climate Credit. And that is because what you heard was people saying a lot of commenters saying, we need long term. Great that you gave us some certainty through 2030, but we want long term. If we played out the timelines that Dr. Cliff was describing, us coming back with a proposal that addresses regulatory certainty for only three years or two years isn't really considered certainty when businesses are planning on a four- or five-, seven-year time frame. It probably means we have to start looking in an -- in an updated process allocation past 2030.

And if we think it's really hard with a shrinking pie right now through 2030, the pie gets so much smaller after that. And the thought and the deliberation of where to put that value becomes even harder. And so, it does have these knock-on impacts and it makes it a bit more complicated, not to say that it's not possible, but it just makes it a different regulation.

BOARD MEMBER SHAHEEN: Well, this has been a question I've had, because it's been -- this scenario has been presented to me numerous times in stakeholder meetings and we heard it again today. So thank you for, I guess, the sobering remarks about the market and how it will affect GGRF. And then the details about process are very involved as well. So -- and I would say that the staff sitting behind you both were shaking their heads quite a bit when, Steve, you were -- or Dr. Cliff were describing the process. So I really appreciate it, because I've been losing sleep at night over this question. So thank you.

CHAIR SANCHEZ: Thank you, Dr. Shaheen.

Dr. Pacheco-Werner.

BOARD MEMBER PACHECO-WERNER: Thank you, Chair. Thank you to staff. Thank you to everybody that commented. I will say more about that tomorrow. Please clarify for the Board the interaction and distinction between the action that we are taking during this hearing on the amendments to the market mechanisms and the decisions around GGRF funds. And if there was to be reduced funding for GGRF programs, can you please clarify the timeline by which these programs would actually see a budget reduction? Thank you.

EXECUTIVE OFFICER CLIFF: Thank you, Dr. Pacheco-Werner. So with regard to these amendments, if they were to take effect, they would impact auctions starting in January -- sorry, February of 2027. And so the change in allocation would be for 2027. So that's when that portion of the allowances that go to auction would be observed as impacts in the Greenhouse Gas Reduction Fund.

With regard to the GGRF itself, CARB does not have any ability to allocate those monies. That has to go through the budget process. And so our role in the budget process is helping develop, through the Department of Finance and working with the Governor's office, the Governor's proposed budget each year.

So we have -- if there were more or less money in GGRF or any one of our funds, we have no ability to make an allocation without a budget appropriation.

CHAIR SANCHEZ: Thank you, Dr. Pacheco-Werner.

Dr. Balmes.

BOARD MEMBER BALMES: I also want to thank staff for all the hard work and for Dr. Cliff and Rajinder for the sobering comments. I wanted to go back to a question in follow-up to Councilmember Guerra's about the industrial sector allocation. And just to put it in perspective, the amount of impact on GGRF is much greater from those $800 million allocation to the industrial sector than MDI, right?

DEPUTY EXECUTIVE OFFICER SAHOTA: In terms of which one has the greater impact on the --

BOARD MEMBER BALMES: Yeah.

DEPUTY EXECUTIVE OFFICER SAHOTA: -- GGRF? Absolutely, because that's the --

BOARD MEMBER BALMES: Yes.

DEPUTY EXECUTIVE OFFICER SAHOTA: -- direct movement of one part of that pie to another part of the pie.

BOARD MEMBER BALMES: Okay. I just want to clarify that, you know, all the public comment was focused on how MDI was going to hit the GGRF, but actually the industrial allocation is going to hit it more. So then the question I have specifically about the industrial allocation, how do we determine, you know, who gets those free allowances in that sector? Just I'm asking, because I don't know.

DEPUTY EXECUTIVE OFFICER SAHOTA: So this is just the normal part of allocation that we've always had in the program since day one, this industrial allocation that we've had since the very initial regulation.

BOARD MEMBER BALMES: We're just putting more allowances?

DEPUTY EXECUTIVE OFFICER SAHOTA: Yes. So the way it works is that there's an equation in the regulation, AB 398 had set everyone at high risk for leakage, because there was high, medium and low. Everyone was set at high risk. Everyone stays at high risk for the rest of this decade, so that there isn't some abrupt change in business planning. What we did was we went back and looked at, you know, should we keep them at status quo, which is what the January proposal was, or is there -- based on the comments and data that we got, should we adjust where they start on that path to decline at or present each year to be a little bit higher, so they're declining from a higher point?

We decided to do that, because it was clear that the landscape in which business is working in in the last two years has changed drastically. We've seen businesses in the food processing sector, the gas -- glass sector, cement plants and other manufacturing actually close or move production out of the state of California.

And that's not to say it's because of this Program, because there's many costs that are involved in how you do operate and do business in California. And so, base on what's happening there, the uncertainty related to tariffs, the energy costs related to even the inputs into production in California for moving some of those goods to

California, it was clear that there was a period that we're facing right now that is completely unprecedented in terms of how businesses operating and how they're constantly being exposed to new things. So what could we do that would be conservative, but yet acknowledge that that situation happened.

So we kept the same equation. We just started them out a little bit higher. And so we didn't add or change anything. We just moved back up that level of how much support to give them.

BOARD MEMBER BALMES: Thank you, Rajinder. That helped me understand better.

CHAIR SANCHEZ: Thank you, Dr. Balmes.

Board Member Takvorian.

BOARD MEMBER TAKVORIAN: Thank you, Chair. I just wanted to follow up on two things. One is the conversation that we are having about the impact of the MDI on the GGRF. And so I just want to get clear that -- I understand your perspective, which you've expressed in response to Supervisor Hopkins' question. And I -- what I'd like to know is your response then to the LAO analysis, because it sounds like what you're saying is that's wrong, because their analysis is that the -- that the MDI would depress the -- depress the market and we would have fewer -- that there would be fewer allowances that would be purchased and that that would depress the ability of -- to raise more revenue. And they're estimating that, I believe, at about $2 billion a year.

So that seems like a pretty direct effect that is established by the Legislative Analyst's Office and by independent economists. So I think -- to me, it doesn't seem like a very simple response that MDI does not affect GGRF. That just -- that conflicts in my brain, so if you could clarify that, that would be great.

DEPUTY EXECUTIVE OFFICER SAHOTA: Thank you for that question. And I appreciate that there is a nuance here. If it's about the pie and how we move that allocation to industry, the response I provided earlier is accurate. In the context of the LAO report and some of the economic analyses out there, I think there was a fundamental misunderstanding about how the MDI works. The assumption, I believe, was that all 118 of them enter the market uncontrolled very quickly. And that is not possible when you look at the equations in the regulation.

We agree with other third-party analyses that indicate that you would have maybe a maximum of 25 to 27 million that would enter the market at any single compliance period. And so, when we look at that and we look at the historical data when we've seen allowances move in and out of the market, like when we linked and de-linked with Ontario, the market moved $0.50 in a single day for 140 million allowances and a program moving in and out of the larger market.

So when we think about the long-term trajectory of the supply and demand, we think about maybe a maximum of 25, and that's a bounding exercise. And I had stated this at one of the legislative oversight hearings, there is very little evidence that you are going to see for every MDI allowance awarded, one equal allowance would not be bought at auction. That has never been borne out by the data in this program.

BOARD MEMBER TAKVORIAN: But it's still an experiment, because we don't know. We haven't seen this dynamic occur, because the MDI is a new program. It's a new compliance mechanism that we haven't utilized before. So you're projecting this based on the models that you're using, but we really -- we don't know because we haven't done it before in the way that we have with offsets and other allowances.

DEPUTY EXECUTIVE OFFICER SAHOTA: Well, the analogy would be something like the FPIP Program, which is a grant program for food processors, where they were getting money to make investments to reduce their emissions. And when that was happening, you didn't see auctions fluctuate or prices fluctuate because we were giving value to do investments in a covered sector in the Program.

And so, I think is it a new program for this Program in California? Is it a new element? It is. Is it very controlled with guardrails? It is controlled with guardrails, because they're written into the regulation and I think we'll talk more about those tomorrow. But I think it's -- the idea that it's just put out there and it's going to like immediately hit the market and we won't have any ability to like put the brakes on it or check on it, that's not true.

BOARD MEMBER TAKVORIAN: Okay. We probably will talk about it more tomorrow. So my second question, targeted question, is that there -- in January, CARB staff proposed removing 118.3 million surplus allowances from the market before 2030. And the ISOR was very clear about identifying -- this is the number of allowances that needed to be removed in order to meet our goals. There seem to be a bit of an about-face with the April amendments that put 118.3 million in. I know that and those were above the cap. So I know -- my understanding is that the first 118 are being removed and this is another 118 that are being added. Can you explain that, because it seems like it's the exact same number and it does seem that we're putting it back in, and why did you switch that? What was the rationale for the change and why did you switch it from 40 million, which I believe was in the original proposal?

DEPUTY EXECUTIVE OFFICER SAHOTA: That's a -- that's a very good question, because it's -- I think it's a part of the Program where the GGRF story really comes to bear. In the original proposal in January, what we did was say we would fund the MDI with 40 million allowances, but we would borrow from future years, which meant we were borrowing from future GGRF allowances. And once we started to look at how quickly the pie was shrinking after 2030, it was very clear that the amount going to GGRF was going to get very low very quickly.

So we went back and we thought about, well, here we have 118 million allowances that are out of the market. We know that that is going to accelerate that potential for leakage for the industrial sector. We don't want to give them more -- or as much as they wanted from GGRF right now, because they would have taken as many as they could right now from GGRF in that pie. So how do we fund this MDI, which can help reduce emissions, bring up those near-term emission reductions without hitting GGRF in the future or now?

And then we realized, well we have this 118 million that we're removing, and that's a guaranteed.

Those are out of the program. Is there an opportunity to have some way to fund industrial sector emission reductions without touching GGRF, but not make it just a giveaway with no strings attached. And then we decided okay let's take that 118 and allow it to come back in slowly, if we can, but make sure it's paired with reductions. So that overall cap still remains to send that signal to reduce emissions. We have a fund to incentivize reductions. And that fund is not, in any way, touching the GGRF pool, so we're not further impacting what would go to auction.

CHAIR SANCHEZ: Thank you, Board Member Takvorian for those two clarifying questions.

Board Member Santiago

BOARD MEMBER SANTIAGO: Thank you, Madam Chair. I just first want to start off by saying thank you for all your hard work. I know this has been a very difficult process and it's been going on for, you know, over a year. Now, that said, you know, I still struggle with some of the items that are on there. You know, one of the challenges with being on CARB the previous roles that I've had is you can't tinker With policy. I can't redo a bill. I can't run it through a process and I can't fix it, and expedite it, and get waivers, and get it done tomorrow morning. So it leaves me with a little bit of a challenge on how to deal with some of these issues if there are still questions or if there are changes that need to be made. And so I struggle with it and I want to feel a little bit more comfortable if there is opportunities to address some of these issues as they go down the line, should it be successful.

There's been a lot of concerns and questions around the MDI. Some of them very merited. And I'd like to hear a little bit more about what if we get this wrong? What if we're months down the line? What if this happens and we need to change course, adjust, look back at this, eliminate whatever the language may be or reform? If you might give some thought to that, I'd like to hear an answer. I mean, I've got a number of questions, but I think that's a point to start with, because we heard it over, and over, and over. Certainly, I've gone through the material. I've seen what's -- you know, what's written, but I need a little bit more concrete to hear what happens the morning after so to speak.

EXECUTIVE OFFICER CLIFF: Yeah. Thank you for that question. We have a number of tools at our disposal to address concerns related to impacts of any of our regulations, so not just with regard to this market, but frankly any regulation if we find that we have a challenge, we have, you know, a number of tools to address those challenges.

In this particular instance, the MDI does have a number of guardrails, which as Rajinder said, we'll describe and probably discuss quite a bit tomorrow. But among those includes reporting, it includes an application process and consideration given very specific rules that are defined in the regulation that would apply to us in how we evaluate the applications before any of these allowance would -- allowances would be distributed, as well as, you know, given that we're -- we control the registry in which we see all of these in -- these compliance instruments. So we can -- we immediately know when any of these instruments would be moving between entities or, you know, if we're going to move those from our account into their account. We have all the information, because we, you know, control that registry

So I think we have a lot of information that would be able to inform whether there was some -- you know, some change that's needed that would affect things in the future or if there's a break glass scenario, you know, emergency regulations could apply. So I think we have plenty of tools, if we were to observe that there was, you know, some sort of problem with that.

Kind of just backing up and thinking about this Program for the last 15 or so years, we have been really successful in developing a market, and operating a market, regulating a market that has had nearly 100 percent compliance rate without any of those break glass type scenarios that needed to come to the Board.

This proposal we expect to kind of fall within that same realm. Yes, this is new, but it's not unlike types of things that we've already done, including getting data to inform industrial allocation and getting, you know, information to inform the allocation to utilities, working with our sister agencies to understand if there's any other impacts we need to be aware of, and so forth.

BOARD MEMBER SANTIAGO: Along that same theme, Madam Chair, if I may. Thank you. That's when the program gets started. But, I mean, will there be any other opportunities to continue to have this conversation between now and when the actual MDIs are secured, for lack of a better word?

EXECUTIVE OFFICER CLIFF: So in the -- in the draft resolution, we have a lot of information about the types of reporting that we would continue to do, make available not only to the Board, but to the public, you know, putting that information on our website, so that everyone can review that. So I think there's actually quite a few opportunities for that.

If you're asking about something specific like coming back to the Board and reporting, I think that's also included in the resolution. So, you know, would be interested to maybe talk through some of those specific direction in the resolution to us and whether that, you know, is something that you consider as sufficient information or sufficient discussion opportunity.

BOARD MEMBER SANTIAGO: Sure. I know we're diving in a little bit deeper into that, but I kind of wanted -- kind of wanted to start kind of exploring that --

EXECUTIVE OFFICER CLIFF: Sure.

BOARD MEMBER SANTIAGO: -- because I think there's significant -- Madam Chair, if I may and I should have asked first -- because there's been significant concern, and it's a new product, and there's intended positive outcomes, you know, it merits scrutiny to make sure that it does what it's supposed to do and what sort of kind of timeline do we have? It's kind of like, you know, building a plane as you're flying, right? And so while some of you have been building it longer than other -- than other of us, before you take off, there's still kind of a runway, you know. And what sort of work can be done during that one runway to tighten it up to make sure that it does -- and it does fly the way it's supposed to fly. I think that's what my question was more geared towards, should it be successful.

CHAIR SANCHEZ: Really appreciate those comments and questions, Board Member Santiago. And I get the sense they're field -- shared across Board members. So I know we look forward to tomorrow morning really diving into some of the guardrails that I know were in the resolution text, but additional public comment was raised today monitoring, evaluation, reporting to the Board, the application types that are eligible. So I would ask -- maybe we'll start tomorrow, in fact, staff, with just a refresher on what is in the regulation on the MDI guardrails currently and then we'll turn to what is in the resolution.

I'm really mindful that we did post that resolution this morning. So as the public continues to digest that and the Board does as well, we look forward to that deliberation in the morning.

Let me see. Board Member Limón, please. Welcome again. They're all this long

BOARD MEMBER LIMÓN: Thank you, Chair Sanchez. Yeah, it's an honor joining you. I just want to take a moment to say it's an honor joining you and the rest of the members on the Board in service to the public to advance our climate goals and protect our air, especially for the most vulnerable communities. And I'm also grateful to you, Madam Chair, and Dr. Cliff, and the staff for your warm welcome and working with me to get me up to speed over the last week. I look forward to working with all of you.

And I also appreciate the staff's considerable work on this proposal under substantial constraints and competing pressures. I know it's a difficult task and really appreciate your commitment and also want to thank the -- all of the people who came out to provide comment and who have submitted written comments. You know, just the volume reflects the high stakes and the responsibility that we bear here.

So, you know, I come to this work with some background in our state's climate and air pollution laws, including involvement in the 2017 reauthorization, but the proposed MDI is an entirely new mechanism, not just for the public, but for me as well. So that's just some context of these questions. And as an attorney, I always think of like, you know, what's our charge and what are the facts and the evidence to assess whether we're adhering to the statutory boundaries. So in meeting both like the climate target goals and affordability to protect consumers. So I have one question as to each of those, if that's okay.

So as to the first one, you know, I agree that there's a compelling need to provide some sort of support for industrial decarbonization measures, and I'm trying to understand this approach. I heard in the staff report that it's a myth that availability of additional allowances will lead to additional emissions, but there, you know, is independent analyses, even assuming the analyses that assume a 25 million per year usage, that show otherwise. And Board Member Takvorian raised, the staff had already determined that removing 118 million allowances was central, you know, to remaining on track. And so, this proposal removes it and then creates a new pot with the same amount.

So, I'm -- you know, I'm concerned about whether we're actually achieving a net reduction over the several years, not just in the first year. And I'm getting to my question. So, you know, if all of the 118 million allow -- MDI allowances are used over the several years, you know, which are over the cap. I think the net budget would not have declined and instead of potentially increases. So my question goes to like what underlies the projections? You know, so if -- how are the projections in both a cap decline and emissions reduction achieved, if all 118 are fully leveraged over, you know, three to four years?

So like what's the accounting for emissions resulting from -- sorry, first question on this. It's a two-part question. So what are the underlying -- what's the underlying evidence, you know, that we still will reach the cap decline in emission reductions assuming the full 118 are used? And then number two, as for emissions, how do we reach the emission reductions, if we're also accounting for the emission increases that are resulting from either eliminating or shrinking transit projects, housing decarbonization, and AB 617 projects that would otherwise lead to reductions and that now, you know, wouldn't?

And I'll note that in terms of the transit emission reductions that we otherwise would have, you know, there's a triple hit for transit. Federal funding has been reduced. GGRF, you know, Tier 3 will likely be eliminated, according to some projections, and then it also jeopardizes other projects that rely on the GGRF funding as in matching funds.

So I'm happy to repeat the question - I know that was a lot of context - if necessary.

EXECUTIVE OFFICER CLIFF: Let me -- let me try and we'll -- and we'll see. If we don't get them, please correct us. So first, with regard to the question about allowances and emissions, we do -- we do have a slide on this and we could put it up or perhaps maybe that's something better to delve into tomorrow. But there's a number of issues related to that.

One is there's already a bank of allowances. Folks can hold. They can purchase allowances and hold those in a bank. So one of allowance does not necessarily -- one allowance in the market does not necessarily equal one emission. And so when the slide that we showed in the slide deck shows that, you know, the emissions have never actually gone up to the cap. And that's, in part, because the entities who are covered by the Program understand that this is going to become much more stringent over time. And it's a benefit to buy them and hold on to them, to the extent you're able early, because as the Program gets more stringent, the cost of abatement will be a little more difficult, more expensive. And so it will benefit you to have kind of a bank that you can rely on.

So just in talking about that stringency, the Program, as it's proposed in what's in front of you, would reduce the cap starting in 2027 by 11 percent per year, and then after 2030, seven percent per year. That's in contrast to when we first started the Program, it was about two percent per year, and then in intended to be post-2020 about four percent per year decline.

So these are getting to be very steep declines as you march toward that carbon Neutrality target. That, in and of itself, is a -- is a very strong signal to entities that they, you know, need to continue their emissions.

The second part of the question was -- if I -- if I understood correctly, you're asking the question how would reductions under this compare with reductions from -- that -- from investments in GGRF? And Rajinder laid out kind of a range of those that we've observed in GGRF and then a range of potential reductions that could be expected, based on analytical work that has been done by third-party entities, that, for example, carbon capture, or electrification of low heat processes by using heat pumps instead of combustion.

The range is very large in both of these cases, but the MDI -- the potential for emission reductions in decarbonizing the industrial sector is probably on the lower end of the range of some of the investments that we see by GGRF. So I don't -- I don't want to suggest that the GGRF investments aren't good, but if you just look at it as a cost of abatement, some of those might be in the 20,000 and 25,000 dollar per ton range, which is very high. Whereas, something like, you know $100 a ton or perhaps a little bit less is what you might expect for carbon capture.

So there's a large range in abatement costs per ton. And I think each of those investments has its merits. What I -- what I would add to that is we don't have the ability to affect the investments in GGRF, because we don't have the ability to change that budget process. So I don't know if that gets at your --

BOARD MEMBER LIMÓN: Yeah.

EXECUTIVE OFFICER CLIFF: -- if that gets at your question.

BOARD MEMBER LIMÓN: Yes. And thank you for understanding the two-part question.

On the 11 percent decline, does that account for a net reduction including MDI or is that 11 percent decline just removal of the 118 below the cap?

DEPUTY EXECUTIVE OFFICER SAHOTA: Welcome to the Board, Board Member Limón. It's a pleasure to have you here. And I'm sorry this is a very complicated item for your very first Board meeting. Appreciate your questions.

BOARD MEMBER LIMÓN: (Inaudible).

DEPUTY EXECUTIVE OFFICER SAHOTA: No. I very much appreciate your questions. So the 118 gets you that 11 percent cap decline right away. The only way that MDI allowances can come back is if they are paired with emission reductions. So it's not like we're adding the MDI allowances into the Program and they're just there available. They only come in if you further reduce emissions in the industrial sector.

And then the question becomes, if one sector is reducing emissions, doesn't that give space for other sectors to increase? And that's not what we've seen in the California story either for 20 years. In the GHG inventory that we publish every year, we've had the Renewable Portfolio Standard for the electricity sector for almost two decades now. So electricity has been declining, the emissions have been declining very quickly. That hasn't meant that other sectors have grown, because now there's space because the electricity sector has declined.

And so, I think that this -- there's this fear that giving some relief by reducing emissions in one sector will help elevate and increase emissions in another. That doesn't always bear out in the data. And then again, the only way MDI allowances can come in is if they're paired with emission reductions. So you're actually getting more emission reductions sooner than you would get them normally and you have the potential to get the emission reductions that get off of fossil fuel combustion, so they deliver co-benefits for local air pollution.

BOARD MEMBER LIMÓN: Okay. So if I'm understanding correctly, the 11 percent decline does not reflect the MDI allowances. That's just what's under the cap.

DEPUTY EXECUTIVE OFFICER SAHOTA: That's right.

BOARD MEMBER LIMÓN: So what does it look like if all 118 are used over the next several years in terms of net?

DEPUTY EXECUTIVE OFFICER SAHOTA: So the 118 don't trickle back in over the next few years, because of the way the Program is designed. And depending on the uptake of those -- a hundred of -- or let me back up. A hundred facilities are eligible. If they all applied and were successful, then you would maybe get 25 to 27 million that would come in the first year. The first year reports would come in in 2029.

The next time you'd give allowances is for 29/2030, that compliance period. So there's no way the 118 can come in before 2030. So the idea that 118 is going to just override the entire cap, bust the cap isn't really the way the Program operates. And Dr. Cliff talked about the graph that we had in one of the slides. And so tomorrow, what I was going to offer is that we could walk through each of those lines and talk through what each of those lines represents and how the covered emissions in this Program would be relative to the statewide target and how they are reflected in the overall inventory.

BOARD MEMBER LIMÓN: Okay. And then just to understand the first question is there isn't an analysis -- an actual analysis that you can point us to that compares the emission reductions that we would attain through the MDI versus the emission reductions that we're losing from say like Tier 3 isn't funded.

DEPUTY EXECUTIVE OFFICER SAHOTA: So we've not done the analysis on the Tier 3, if it wasn't funded. But in the Scoping Plan, because we looked at the project types for the MDI and the Scoping Plan back in 2022, we can go back there and see the projected emissions, if industry had an uptake and started to decarbonize quickly in this decade. So we can do that part of it.

BOARD MEMBER LIMÓN: Okay.

DEPUTY EXECUTIVE OFFICER SAHOTA: We just haven't done modeling on the GGRF. And it's a little bit hard to do on the GGRF side, because those are downstream of where we do the modeling and it's hard to model how often and how quickly you're going to push an electric bus out, or how quickly you're going to have ridership change in a transit system. And so, for us, having the modeling upstream because we kind of regulate upstream is really an easier way to actually conduct the analysis. It gets a lot harder when you have, you know, dozens of programs and they're all over the state, and you're trying to figure out for each of them what is that incremental reduction that's happening there, especially out in the future years when we don't know what appropriations will look like.

BOARD MEMBER LIMÓN: Okay. Thank you.

To the second question, which is -- goes to the second statutory mandate, and this is in response to some of the comments that we received, that the MDI proposal shifts affordability benefits from multiple sectors, including those in Tier 3 that have proven benefits, since that's been in effect for numerous years now, to like an uncertain or theoretical benefit of price reductions at the pump. So it would be helpful to understand what the analytical basis for this assertion that MDI assistance will meet the affordability goal by reducing fuel costs at the pump and how those were derived.

And I took a glance at a fact sheet that was given to us earlier that highlights that the DPMO's 2024 report shows that increased gas costs in our states were driven by excessive industry profit margins. And so just trying to figure out like how one leads to the other. You know, like how do we know that it will actually materialize into measurable cost savings for a consumer. So that's like number one.

And then the second part is then assuming there are -- you know, there's a measurable cost savings, like how do those affordability benefits compare to consumer affordability benefits that would have otherwise resulted from full funding to Tier 3 programs? Again, doing a comparison, you know, the affordability benefits.

EXECUTIVE OFFICER CLIFF: I don't think we have an analysis that would directly describe exactly the question that you're asking. So I'm going to try and answer it in a -- maybe in a slightly different way. With regard to price at the pump -- so it's true that, you know, gasoline and diesel have carbon embedded in it. And to the extent that there's carbon pricing embedded in all products in energy, then this Program would also have that sort of impact.

The allocation to refineries is in part intended to ensure that the refining that happens in California is not at a competitive disadvantage in a way that would result in higher costs because of more reliance on imports, which has its own costs associated with it.

So the statement that you would see a benefit to consumers in terms of affordability in fuel prices is a result of taking away the carbon price on the refining part of the fuel. That is a small portion, but still a portion of the overall fuel price and the carbon price that would be observed as reported in CEC's reporting.

The question regarding, you know, overall profits is going to exist either way. I think the question for us with regard to how we think about this Program, given the direction in State law, is minimizing leakage is intended to ensure that we don't just see a reduction in our Program because the production of that, whatever that product is, leaves the state and emissions go up somewhere else.

So those are a little bit separate concepts, but I'm trying to -- I'm trying to just point out that what we're intending to do through the free allocation is to minimize leakage. Providing more assistance in free allocation to the industrial sector means that there's less carbon pass-through to any product, including gasoline and diesel, because they can't -- they are -- if they don't face that cost, they're not going to pass it through, given that they face those same kind of import pressures that any other product would face in California.

I don't know if I'm being clear there.

BOARD MEMBER LIMÓN: Yeah. Well, so I'm -- so how would you identify then what's the affordability benefit that MDI provides to consumers?

EXECUTIVE OFFICER CLIFF: So the affordability benefit overall of these proposed amendments includes more free allocation to utilities to provide, you know, a higher climate credit and removing the prohibition on a non-volumetric return, as well as moving the allocation from natural gas utilities over to the electric utilities.

BOARD MEMBER LIMÓN: I'm sorry, as to the MDI itself.

EXECUTIVE OFFICER CLIFF: Yeah. And Rajinder, maybe you can answer this.

DEPUTY EXECUTIVE OFFICER SAHOTA: Sure. So that's a -- that's a really great question on the MDI piece, because it is part of the way that we're proposing to minimize leakage in this period of uncertainty and also to accelerate the stringency of the Program at the same time.

What the MDI does is it allows a company that is interested in keeping jobs and manufacturing production in the State of California to make use of an incentive through this program, but it could actually use to invest, pair with its own money, pair with any other incentives, and then have a presence that is for a long duration in the State of California, which means that that good is produced here. The same thing for fuels.

And when you have more options for production, you have competition, and you have lower fuels -- or lower costs for consumers. And so, for us, this is about affordability on the jobs front, the tax base that has to be here. It's about the competition in the production of goods and it's ensuring that the industry that we have isn't facing a disadvantage to those imports, where Californians continue to buy those products, but we don't get the benefit of those jobs of the associated tax base and that we don't lose those services.

BOARD MEMBER LIMÓN: Okay. Yeah, I'm a little confused, because I thought this was part of the question that was asked earlier by one of my colleagues and that -- I thought the answer was that the main benefit is not to prevent leakage, but now I'm hearing the benefit is to prevent leakage. So what -- is there a evidentiary basis, like something that we can look at as a board, you know, given that one of the purposes of the free allowances under the cap is prevent leakage. So is there evidence that then provide that does actually happen and that providing these additional 118 million allocations over the next several years that that will, in fact, lead to refineries staying and providing these -- the job benefits?

DEPUTY EXECUTIVE OFFICER SAHOTA: So we're hearing from refiners saying that the potential for an MDI kind of incentive program could help them stay operating in California for the foreseeable future.

BOARD MEMBER LIMÓN: Okay. Thank you.

And then in terms of that second question, like how did these -- well the min -- the benefits of minimizing leakage, how does that compare to affordability benefits that we've heard about throughout the testimony today that would result from full funding to Tier 3 programs, like again like just in terms of comparison of what's most effective.

DEPUTY EXECUTIVE OFFICER SAHOTA: I think there's -- I want to back up a second, because I feel like I failed in answering this right from the get-go. The MDI has nothing to do with what's going to auction and then available for funding legislative priorities. So even if there was no MDI Program, that pie that shows how many allowances would be under the proposed regulation going to auction, that would be the same amount.

And so it's not a trade-off between the MDI and Tier 3 programs that the Legislature would have to appropriate. When you think about the Tier 3 programs, it's really that pie and it's whether you're giving the value of these allowances for Legislative appropriation for the programs that are their priorities as part of the budgeting process with the Governor or if we're giving it to the Climate Credit or that's returned to ratepayers through the utility process or if it's going to industry.

So the question really I think, in my head the way that we see it from a technical perspective is if we're thinking about the legislative priorities in Tier 3 and the programs in Tier 3, what is the trade-off between giving allowances to the Climate Credit or the normal industrial allocation versus what's left over for auction, not the MDI, because that's separate from that pie.

BOARD MEMBER LIMÓN: Um-hmm. Okay. So, yeah, those same allowances remain under the cap for auction, but the analyses, including the LAO, is that by creating the additional new pot, you know, of subsidies that there's less demand, right, and then prices depreciate, right? So the -- and the recent report of last month's auction shows that it's like barely above the floor. It's like it's pretty low already, so -- and there was also testimony, I think, to the Senate that, you know, the annual amount going to GGRF would be cut by half.

So I'm just -- I'm trying to sift through all of that -- the different information.

EXECUTIVE OFFICER CLIFF: Thank you. Let me -- let me try and explain this. So there's a very nuanced question about the potential for allowance prices to be lower and auction, which results in GGRF, as a result of potentially having more allowances come in from the MDI. And so the LAO did explain that as part of their rationale. And, you know, that's a kind of just supply and demand economic sort of question.

And, you know, I think that's theoretically correct but it really depends on what would happen in the absence. So when the -- when we putout the 45-day proposal, that included pulling allowances from the future. So that guaranteed that those allowances would not be part of the GGRF in the future. So that would be a guaranteed loss of allowance value that's going to the GGRF. That would reduce the amount of money to GGRF as proposed.

BOARD MEMBER LIMÓN: Wouldn't that create more demand though, if like -- if there's -- you're reducing the number like in the auction and then there's nothing else that's supporting you, wouldn't that create more demand and like raise the prices, in terms of like the way the market is supposed to work? I'm not an economist, but just from what I understand.

EXECUTIVE OFFICER CLIFF: And this is kind of what I was getting at is what would happen in the absence of any one of these amendments.

What I'm -- I think if we talk about it relative to today's program, so the -- you know the auction that you were talking about, that's, you know, today's current Program, because these amendments have not been approved. That program has more allowances in it and -- overall. So there's 118 million between now and 2030 and another 900 million between 2030 and 2050 that are in this Program. So the current Program that is law today is less than stringent than this proposed program.

So the proposal is all 118 million out. Some portion of those maybe up to all 118 million come in between now and 2035. That's how that Program is built is it's good for investments through 2035, but you still have that additional 900 million that are being pulled out between 2031 and 2045. So the Program is still more stringent than today's Program. So there is not static way to explain whether it's more than it would otherwise be, because I don't have a -- I don't have a system on which to explain exactly what that -- what it otherwise would be.

Relative to today, this Program is a lot more stringent. So the supply and demand economics suggest that allowance prices would increase, because it's a more stringent program. We're pulling over a billion allowances out of the Program, the area under the curb between now and 2045.

BOARD MEMBER LIMÓN: Okay. I'll pause there. That was a lot of information. So thank you so much for entertaining my many questions. Thank you, Madam Chair.

CHAIR SANCHEZ: Thank you, Board Member Limón for those thoughtful comments and questions. And just to follow up on some things you raised, I do think it will be good staff tomorrow to walk through this slide with the emissions caps. The first question on the four percent, 11 percent, 2030 alignment bust the cap concept. So let's be ready to dig into that slide, alongside the MDI guardrails.

And then additionally, I don't see the CCI team here, but, Dr. Cliff, if we can bring -- yes, that's true. Matt used to run the CCI team. He's in a new role now. If we could bring Branch Chief Mario Cruz or someone to the staff table tomorrow I think that will be good to the questions on benefits and reporting for all of the climate -- California climate investment programs. Let's also make sure to send the 2025 annual report to the Board members, so they can take a look at that.

Board Member Eisenhut, any questions on your end?

BOARD MEMBER EISENHUT: It's been asked and answered.

CHAIR SANCHEZ: Well, maybe we'll ask it again tomorrow too. I have a quick question to our legal counsel back to Dr. Shaheen's questions on process We heard comments on environmental analysis and wanted to see if there was anything you need to put into the record before we move to closed that today.

CHIEF COUNSEL DILLEY: Thank you, Chair Sanchez.

Yes.

So we heard some further environmental comments today. Those comments include concerns regarding the stringency of our environmental analysis, the MDI, the leakage, transportation, GGRF. CARB staff is working on responding to those comments and will provide written responses to the Board members. It will post those responses publicly on the rulemaking webpage prior to Board member deliberations tomorrow in compliance with the California Environmental Quality Act.

CHAIR SANCHEZ: Thank you for that. And I just got a question from Board -- Supervisor Hopkins on if we will be able to ask more questions tomorrow. And the answer is absolutely yes. The goal of this hour -- and thank you, staff. I know it's been a long day. But the goal for this hour was really just to ask some of those clarifying questions, based on public comment. I'm sure we will have more questions and feedback on these amendments tomorrow.

Anything else?

I want to make sure. Board Member Takvorian?

You're good. Okay.

Great. No. Wonderful.

With that, I will now close the record on these agenda items. Public testimony for all -- I will. That's good. Public testimony for all agenda items has now concluded and the docket for online submissions are now closed. We look forward to the CEQA responses from counsel tomorrow morning, which means that the May 28th Board meeting of the California Air Resources Board is now adjourned.

We will reconvene tomorrow morning for Board discussion and deliberation at 9 a.m. I look forward to seeing you all then.

Thank you.

(Thereupon the California Air Resources Board meeting adjourned at 7:10 p.m.)

CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Air Resources Board meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of June, 2026.

JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063