Appendix 1: Summary of Comments and Agency Response

A. General Support

A-1 General Support for the Proposed Amendments

A-1.1a Multiple Comments: General Support

We support updating the Cap-and-Invest regulation, in line with statutory changes from last year. (45d-BP-6.1)

Comment:

I am writing to express my support for strong and effective amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation. It is crucial that California continues to lead in climate action by strengthening its cap-and-trade program to ensure ambitious emissions reductions and environmental justice for all communities. I urge you to adopt amendments that prioritize public health, invest in disadvantaged communities, and accelerate the transition to a clean energy economy. (45d-Chen-11.1)

Comment:

I believe that climate change is the single biggest threat to our ability to live and survive on this planet. Higher prices for gasoline begin tipping the scale of auto ownership from fossil fuels to electric and hydrogen. The sooner that occurs, the better for my grandchildren and great-grandchildren. (45d-Little-360)

Comment:

Please continue to hold companies and government accountable for their contributions towards the destruction and pollution of our lands and air. (45d-Maddern-373)

Comment:

We encourage CARB to maintain the strong environmental integrity that has characterized the program since its inception. A credible, transparent, and well-designed carbon market is essential to maintaining confidence among businesses, investors, and the public and to ensuring the continued effectiveness of California’s Cap-and-Invest Program. As CARB finalizes the regulation, we encourage the Board to carefully consider stakeholder analysis and input aimed at strengthening the program’s environmental integrity and near-term effectiveness. (45d-CE-383.4)

Comment:

Everyone complains about higher gas prices when we implement pollution restrictions policies for better air quality. The impact of higher oil prices by the violent actions of our federal government on oil producing areas leads to an immediate price hike with no long term health or environmental benefits. (45d-Leone-338.1)

Comment:

We thank CARB staff for their continuous efforts to refine the Program, and we commend CARB for promulgating the Proposal which provides increased clarity and certainty to the Program going forward. The CCCA supports CARB and the adoption of the Proposal by the May 28 Board Meeting without delay. (45d-CCCA-407.1)

Comment:

The Cap-and-Invest program is a critical element of California's climate strategy. I appreciate the Board's ongoing work developing the emissions reduction framework established by AB 1207. (45d-AMPetrie-Norris-432.1)

Comment:

We thank you for your leadership and for the Board's continued commitment to advancing climate action while improving energy affordability for Californians. (45d-OCCE-450.2)

Comment:

Regarding the upcoming effort to make changes in the cap and invest program, I want to voice my concerns. I believe any effort to discontinue this program will do great harm to our state and our region. It has been very successful in helping sustainable energy grow here in California. We are at a critical stage in climate change and to rescind Cap and Invest at a time when we need it most, is a myopic plan and is akin to fumbling the football just short of the goal line. (45d- Kushera-451.1)

Comment:

Please hold firm at your Proposal numbers now. (45d-Romero-452.1)

> **Agency Response:**
>
> No changes were made in response to these comments. Staff appreciates the commenters' support for the Proposed Amendments.

A-1.1b Multiple Comments: General Support

E2 appreciates CARB staff's commitment to aligning the Cap-and-Invest program with statutory targets to meet the state's 2045 carbon neutrality goals while aiming to ensure that affordability remains at the forefront of the rulemaking. Furthermore, the amendments establish a clear regulatory trajectory through 2045 to reach an 85% reduction in greenhouse gas (GHG) emissions, which provides a long-term price signal that industry and the private sector need to attract capital investments in clean and zero-emission technologies.

California has long been a leader in groundbreaking policy to address climate change, and the state's Cap-and-Invest program is the bedrock policy reinforcing our efforts to decarbonize the state's economy. The success of these policies can not only be seen in the reduction of GHG emissions over the past decade, but also in the statewide economic growth that has accompanied implementation of the Cap-and-Invest program. According to CARB's 2000-2023 GHG Inventory (2025 Edition), "from 2000 to 2023, the carbon intensity of California's economy decreased by 56.6% while the Gross State Product (GSP) increased by 81.2%". Put another way, California's GSP more than doubled from 2000 to 2023, even as overall greenhouse gas emissions fell by 21%. This underscores that economic growth and emissions reductions are not mutually exclusive, and if done correctly, emissions mitigation can drive economic growth.

Part of this growth is reflected in the development of a robust and prosperous clean energy economy. E2's 2025 Clean Jobs California report found that more than 550,000 Californians work in clean economy jobs – including renewable generation, energy efficiency, storage and grid modernization, clean vehicles, and biofuels. California's clean energy economy added nearly 7,300 new workers in 2024 and grew three times faster than the rest of the state's economy. The report also found that the state's clean energy industry employed about seven times more workers than the fossil fuel industry. California's climate programs, anchored by Cap-and-Invest, continue to prove that high-quality job growth and innovation can be accomplished while also reducing GHGs.

Additionally, the Cap-and-Invest program supports economic growth while reducing climate risks and the rising costs of extreme weather events facing the state's businesses. With wildfires and severe weather already causing billions of dollars in losses, failing to update the Cap-and-Invest program in a timely manner leaves businesses vulnerable, threatens public health, and undermines the state's clean energy transition and climate leadership. (15d-E2-54.1)

Comment:

The City of Needles is in support of the new language changes under the Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information. (15d-CN-25.6)

Comment:

We continue to support the fundamentals of Cap-and-Invest, as a consistent price on carbon provides necessary investment signals to the industrial and power sectors. (15d-RE-30.1)

Comment:

Cap-and-Invest is one of California's most effective laws to reduce pollution, hold billion-dollar corporations accountable, and reinvest money in frontline communities across the state. (15d-Steyer-36.1)

Comment:

CALCC supports California's leadership in advancing climate policy and recognizes the importance of maintaining a strong, effective Cap-and-Invest program. (15d-CALCC-37.1)

Comment:

Amp supports Mandatory Greenhouse Gas Reporting Regulation ("MRR") and Cap-and-Invest (C&I) Program as important elements of the State's overarching climate change framework, and we generally support the proposed amendments to update the programs in line with legislative direction and to provide ongoing market certainty. (15d-AA-85.1)

Comment:

We continue to applaud CARB for its long-standing climate innovation and leadership. As CARB continues to work through feedback and comments on MDI and other proposed amendments, IETA's global membership stands ready to lend support. We welcome future opportunities to inform and/or convene deeper dives with CARB and, where relevant, leverage our global expertise to think through market design, functionality and affordability elements of the Program in the California context. (15d-IETA-86.1)

Comment:

We appreciate CARB's attention to renewable gas topics in the 15-Day Package. RNG remains an important greenhouse gas (GHG) abatement strategy that can assist in meeting the goals in the Cap-and-Invest (C&I) Program. Holistic enhancement of incentives for RNG in the C&I Program has the potential to allow California to reach its near-term methane reduction and gas decarbonization goals. (15d-RNGC-105.1)

Comment:

Overall, the District is in support of the changes in the proposed amendments as we believe they functionally strengthen and clarify the original proposal. (15d-PCAPCD-155.1)

Comment:

As a general matter and despite some substantive concerns, CSCME supports the timely adoption of amended C&I and MRR regulations at the next Board meeting. (15d-CSCME-174.1)

Comment:

Third Way supports the proposed amendments because they successfully balance environmental and economic goals in a way that will make Cap and Invest more politically durable. (15d-TW-184.1)

Comment:

Californians are feeling the real impacts of climate disasters that are not just devastating our communities and lands, but also driving an affordability crisis. Families are bearing the costs of a warming climate through insurance premiums and utility bills, health expenses and hospital bills, higher prices on household goods, and are held hostage by Big Oil's price gouging at the pump. Cap-and-Invest is one of our state's biggest climate programs and is a critical source of funding for close to home community investments like transit, parks, clean cars, charging infrastructure, electrifying homes, and critical disaster response. (15d-Sells-188.1)

Comment:

Solidifying and enhancing outcomes of the January ISOR. Beyond long-term authorization, C&P was encouraged to see important steps advanced in the January Initial Statement of Reasons to which these proposed amendments apply. Among those are updates to the California Climate Credit and implementing the changes that place offsets within or under the cap by retiring allowances equal to offsets turned in for compliance. Placing offsets under the cap, in particular, is a step toward increased environmental integrity. (15d-CP-192.2)

Comment:

CLECA urges the Board to adopt the Cap and Invest proposed regulatory structure with 15-Day Amendments at the May 28, 2026 hearing. The revised CAF trajectory and the restructured MDI framework represent a meaningful improvement to mitigate emissions leakage and encourage industrial decarbonization over the 45-Day proposal. Adoption will help provide the industrial sector with a regulatory structure to encourage meaningful decarbonization investments. (CLECA-112.1)

Agency Response:

No changes were made in response to these comments. Staff appreciates the commenter's support for the 15-day Amendments, including the Manufacturing Decarbonization Incentive (MDI).

A-1.1c Multiple Comments: General Support

CARB's proposal reflects the legislature's focus on affordability by increasing funding for the Climate Credit, making electric bills more affordable for Californians across the state, and increasing support for in-state industry, which will bolster California's continued economic growth. These changes from CARB's January proposal clearly reflect many of the priorities of the legislature, as expressed across multiple letters submitted by legislators during the 45-day public comment period. (BH-CSAIPN-8.1)

Comment:

It is critical that CARB proceed in updating Cap-and-Invest "without delay" to show the world that California is staying the course on climate. (BH-CSAIPN-8.3)

Comment:

We strongly encourage the Board to adopt the proposed regulatory amendments at the May 28, 2026 hearing. Approving the amendments to Cap-and-Invest, including the MDI provisions, will send a clear message that California is committed to both ambitious climate goals and practical industrial decarbonization. We stand ready to partner with CARB and regulated facilities to ensure successful implementation of these projects. (BH-HeC-22.2)

Comment:

The Coalition for Sustainable Cement Manufacturing & Environment ("CSCME") appreciates CARB's continued efforts to refine the C&I program to meet the state's climate objectives while remaining responsive to changing economic conditions, shifts in federal policy, and the evolving needs of hard-to-decarbonize industries. We recognize that CARB must balance competing objectives, including the difficult task of allocating scarce allowance value in a manner that advances climate goals while mitigating adverse economic impacts on California consumers and businesses. From a cement industry perspective, the Proposed Amendments must be viewed against a backdrop of declining production, increasing imports, elevated energy prices, and escalating compliance costs. Economic and emissions leakage is happening today, and further delay will only exacerbate it. We believe the Proposed Amendments meaningfully move the needle in a positive direction for the cement industry, especially the updated definition of cement output and the creation of the Manufacturing Decarbonization Incentive ("MDI"). Accordingly, CSCME supports timely adoption and urges the Board to approve the amended C&I and MRR regulations at its next meeting. (BH-CSCME-28.1)

Comment:

The California Large Energy Consumers Association (CLECA) is asking that you vote yes to adopt the 15-day package as presented by CARB staff, related to California's leading Cap and Invest Program. CLECA represents some of California's largest industrial employers, including manufacturers, processors, and other energy-intensive businesses that are the backbone of the state's economy. Our members are predominantly energy-intensive and trade-exposed (EITE) industries – facilities that compete directly against producers in other states and countries that face lower energy costs, less stringent regulatory requirements, and no carbon compliance obligations. CLECA urges the Board to adopt the Cap-and-Invest proposed regulatory structure with 15 Day Amendments at the May 28, 2026, hearing. The revised Cap Adjustment Factor trajectory and the restructured Manufacturing Decarbonization Incentive framework represent a significant improvement to mitigate emissions leakage and encourage industrial decarbonization over the original Cap and Invest proposal. Adoption will help provide the industrial sector with a regulatory structure to encourage meaningful decarbonization investments, help minimize economic and emissions leakage, and backfill federal funding intended to promote decarbonization that was taken away by the federal government. (BH-CLECA-29.1)

Comment:

Pacific Steel Group (PSG) respectfully requests adoption of the 15-day package as presented by the California Air Resources Board (CARB) staff, related to California's leading Cap and Invest Program. PSG is one of the largest reinforcing steel subcontractors in the United States operating in California and developing the first new greenfield steel mill in California in more than 50 years. As a highly emissions-intensive and trade-exposed industry, PSG competes directly against producers out-ofstate with lower energy costs, less robust regulatory requirements, and without carbon compliance obligations. PSG urges the Board to adopt the Cap-and-Invest proposed regulatory structure with 15 Day Amendments. The revised Cap Adjustment Factors and the restructured Manufacturing Decarbonization Incentive framework can deliver meaningful decarbonization investments in California and minimize emissions leakage. Adoption will support PSG's efforts to construct the Mojave Micro Mill in Kern County with electrified steel manufacturing technology and onsite clean energy resources. California currently imports 100% of its raw steel supply from out of state. By producing steel in California through an electrified facility, PSG would directly reduce the type of emissions leakage the Cap-and-Invest Program is intended to address. (BH-PSG-31.1)

Comment:

As an organization that has long championed responsible environmental stewardship and sustainable energy policy, I want to express our support for CARB's proposed rulemaking and respectfully urge the Board to approve it. This program is critically important for electric affordability at a time when Californians are facing growing cost pressures across nearly every aspect of daily life. The proposal before you delivers meaningful benefits to electric customers while maintaining California's commitment to environmental progress and clean air goals. We appreciate the thoughtful and balanced approach CARB staff have taken in developing this proposal. It recognizes that affordability and sustainability must go hand in hand. Policies are strongest and most durable when they both advance environmental objectives and remain workable for families, local governments, and businesses. From an economic development perspective, this proposal also helps provide greater cost stability for employers and small businesses already managing rising operating expenses. Helping keep electricity bills manageable supports job retention and overall economic competitiveness throughout California communities...This isn't just about policy—it's about keeping energy reliable and affordable while continuing to make progress on clean air. That balance matters because it affects our families, local economies, and regional communities. Thank you for your leadership and consideration. (BH-ACCOC-69.1)

Comment:

I appreciate the opportunity to speak today in support of the Proposed Amendments and respectfully ask for your vote in favor of them. I am also speaking on behalf of many of my co-workers who are unable to participate today because they are actively working to help maintain the state's transportation fuel supply. Like you, we all want a cleaner environment for California. California refiners operate under some of the most stringent environmental standards in the world to produce transportation fuels. For that reason, it does not make sense to increase reliance on imported fuels from countries with less rigorous environmental and labor standards. Emissions do not recognize borders. I respectfully ask that you support the proposed amendments in a way that aligns environmental goals with practical actions while also protecting domestic fuel supply and local jobs. (BH-Hampton-88.1)

Comment:

I ask you to please vote to support the proposed amendments. It's important that while we work toward lowering emissions, we keep a stable supply of transportation fuels in-state. The proposed amendments will help keep the remaining refineries in our state, producing the cleanest-burning transportation fuels to meet the demand. We cannot afford another refinery to close in California. (BH-Mettu-90.1)

Comment:

I urge the Board to support the Proposed Amendments. It is simply about fairness, equality, affordability and protecting livelihood of business, workers, rate payers, and residents in CA. The funding used for all the community programs being discussed today is being funded by the fees paid by the cap-and-invest program. Driving businesses out of CA will dry up the funding. Example, using Google AI, total fee collected for Cap and Invest is about $7 billion per year. The recent loss of two Refineries in CA had reduced the cap-and-invest revenue by roughly $3 billion dollars. It cuts directly into GGRF which is about $4 billion dollars of the $7 billion with remaining $3 billion in electric/gas rebate. It is just math. It is also important to realize that in 2026, 75% of the Refineries still left in CA are no longer BIG OIL. (BH-Sheng-91.1)

Comment:

I'm writing today because the proposed 15-day amendments matter to workers like me and the families who depend on these jobs. These are good-paying professional careers that support local communities across California.

The amendments help maintain a reliable in-state fuel supply and reduce California's growing dependence on imported fuels. When refining moves overseas, we don't eliminate demand — we simply shift jobs and emissions to countries with weaker environmental and labor protections. California refineries operate under some of the strictest environmental standards in the world. Keeping production here supports accountability, worker protections, and economic stability. I respectfully ask you to support the proposed 15-day amendments. More work is still needed to create a level playing field for California refiners, but this is an important step in the right direction. (BH-Brossman-92.1)

Comment:

I ask you to please vote in support of the Proposed Amendments to support the refineries who provide good-paying jobs that manufacture the affordable, reliable and cleanest-burning transportation fuels. (BH-Montenegro-93.1)

Comment:

I have made a 15-year investment to help produce the cleanest gasoline in the world and your vote today on the proposed amendments will directly impact my job and livelihood of my family. Like you and other speakers, I also care about having clean air and affordability of living in California and improving other transportation infrastructures, especially for my 2-year old daughter and her future. However, the efforts toward lowering emissions must be balanced with the needs of day-to-day living, such as the clean-burning transportation fuels that enable us to go about our days, to work, travel, enjoy activities, etc. Refineries produce these types of fuels that we need, and in California, we need to do all we can to retain the remaining refineries producing reliable and affordable energy source.

In-state refiners are already at a disadvantage with those who send us their imports. You play an important role in putting them in a more equal playing field to keep them in business. Please remember, these businesses (Refineries) ARE also made up of individuals, residents like myself and my colleagues whose lives will be impacted by your decisions.

I ask you to please vote in support of the Proposed Amendments. (BH-Lafayette-95.1)

Comment:

CARB's proposed 15-day amendments are written to protect high-quality union and professional jobs like mine and jobs of my co-workers. I do not want to see my Refinery in Torrance close like others in the last 5 years.

Like you, we all want a clean environment in our state. California refiners follow the most stringent environmental standards in the world to manufacture transportation fuels. It makes no sense to me that in our state we would encourage more imported fuels from countries with less environmental standards or labor regulations.

I encourage you to vote in support of the Proposed Amendments. Thank you. (BH-Bozorgnia-97.1)

Comment:

How can you say that you are supporting clean air and lowering emissions if you support importing fuels from out-of-state that create more emissions while making it difficult for in-state businesses to produce cleaner fuels?

Emissions have no boundaries, so I ask you to please vote to support the proposed amendments and align your intentions with actions while protecting domestic fuel supply and local jobs. (BH-Golpashin-98.1)

Comment:

I appreciate the time and thoughtful effort you and the CARB staff have put into these amendments. Your vote in support on the Proposed Amendments is critically important to me, my thousands of co-workers, and to the well-being of our families. The amendments will help maintain a reliable in-state supply of clean-burning CARB fuels for the near term, slowing the pace of the state's ever-increasing reliance on imported fuels, further reducing global transportation-related pollution impacting our state. I respectfully ask you to please vote in favor of the Proposed 15-day Amendments and continue to work on long-term plans to address concerns beyond 2030. (BH-Graham-101.1)

Comment:

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. (BH-CCEEB-121.1)

Comment:

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. (BH-Manatt-123.1)

Comment:

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. (BH-PBF-148.1)

Comment:

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 continues.

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.(BH-IBBM-174.1)

Comment:

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. (BH-CBPA-187.1)

Comment:

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 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. (BH-Magnani-194.1)

Comment:

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. (BH-Elizabeth-210.1)

Comment:

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. (BH-Guzman-211.1)

Comment:

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 study 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, modernize facilities and cleaner air. Adopt a Program that keeps the workers at the center of transition. Thank you. (BH-Guzman-212.1)

Comment:

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. (BH-Roy-213.1)

Comment:

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. (BH-NRDC-215.1)

Comment:

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. (BH-Romero-214.1)

Comment:

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. (BH-Khan-221.1)

Comment:

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. (BH-AMIrwin-236.1)

Comment:

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 incredibly 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. (BH-AMPN-237.1)

Comment:

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. (BH-Topp-245.1)

Comment:

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. (BH-LBACOC-249.1)

Comment:

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 head 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 full 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. (BH-CPC-267.1)

Comment:

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. (BH-Briscoe-280.1)

Comment:

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. (BH- Duperron-290.1)

Comment:

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…

Delaying action now would send the wrong signal to investors, businesses and communities looking to California for continued climate leadership. (BH-DBL-291.1)

Comment:

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. (BH-Nygaard-296.1)

Comment:

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. (BH-WPGA-303.1)

Comment:

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. (BH-Hurner-223.1)

> **Agency Response:**
> No changes were made in response to these comments. Staff appreciates the commenter's support for timely adoption of the Proposed Amendment.

A-2 *Budgets through 2030*

A-2.1 Comment:

The Reserve supports CARB's proposals to increase the rigor and environmental integrity of the program. Specifically, we support efforts to build a more stringent allowance budget, removing 118.3 million allowances from 2027-2030, and provide long-term market clarity for offset usage through 2045. Clear and competitive price signals are required to have an effective market and meet the state's 2030 and 2045 climate targets. Offsets are a critical tool to drive emissions reductions in non-capped sectors and provide needed flexibility to maintain costs, while furthering the program's overall climate impact. (45d-CAR-319.01)

> **Agency Response:**
> No change was made in response to this comment. Staff appreciates the commenter's support for the proposed allowance budgets, the clear market signal for long-term Program stringency, and the continued important cost containment provided by compliance offsets.

A-3 *Support for Fossil Fuel Transition*

A-3.1 Comment:

It is imperative that we shift away from the fossil fuel economy as fast as possible. (45d-Lirones-157.1)

Agency Response:

No change was made in response to these comments. Staff appreciates the commenters' support for the Proposed Amendments, which drive the long-term price signal necessary to transition to a low carbon economy.

A-4 Affordability

A-4.1 Multiple Comments:

First, CCEEB would like to acknowledge CARB staff for responding to feedback received during the 45-day comment period regarding California's ongoing and worsening affordability crisis, while still maintaining a consistent policy framework of an established carbon market. Broadly speaking, the proposed 15-day amendments will result in comparatively lower near-term energy and consumer goods costs for Californians already subject to the nation's highest cost of living. (15d-CCEEB-165.1)

Comment:

As a member of the California State Senate and as Senate Minority Leader, I urge the Air Resources Board (ARB) to prioritize affordability for California families and the long-term economic competitiveness of our state as you consider final adoption of Cap-and-Invest regulations. While I remain skeptical of the underlying premise of Cap-and-Invest, it is crucial that the regulations minimize additional cost pressures on Californians already struggling with high electricity, fuel, and living expenses. I understand that you have heard from other legislators calling for revisions to the regulations to decrease the number of allowances. I disagree and believe that aggressively reducing allowances in the short term only risks driving up compliance costs, which will be passed on to already struggling Californians in the form of higher prices for everyday needs. (15d-SBWJ-162.1)

Agency Response:

No changes were made in response to these comments. CARB appreciates the commenter's support for the Proposed Amendments.

A-5 General support for the Program and State's climate goals

A-5.1a Multiple Comments:

Nucor supports California's climate objectives and remains committed to ongoing emissions reductions and investment in lower-carbon steel production. (15d-N-114.3)

Comment:

Environmental Defense Fund (EDF) appreciates the significant work of the California Air Resources Board (CARB) staff to develop proposed updates to the Cap-and-Invest program, and we recognize the complexity of the policy questions this proceeding has required staff to address in a limited amount of time. We share these comments with the common goal of ensuring the final rule delivers the necessary outcomes for California's climate targets and households. (15d-EDF-175.1)

Agency Response:

No changes were made in response to these comments. Staff appreciates the commenters' support for the Program and California's climate goals.

A-5.1b Comment:

On behalf of the Los Angeles Business Council (LABC), a business research and advocacy organization representing more than 500 members from all industry sectors who are focused on innovative public policy that strengthens our economy while improving quality of life for all, I write 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 leadership on climate policy has demonstrated that market-based mechanisms can drive emissions reductions while supporting economic growth. Cap-and-Invest remains a central component of that approach by establishing clear price signals, holding major emitters accountable, and generating dedicated funding for investments that improve air quality, strengthen infrastructure, and support communities across the state. The program has also delivered measurable, on-the-ground benefits. Since 2014, Greenhouse Gas Reduction Fund investments have supported $12.8 billion in projects statewide, including cleaner transportation, energy efficiency, renewable energy deployment, and public health improvements. These investments have been particularly important in disadvantaged communities that continue to face disproportionate exposure to air pollution, extreme heat, and climate-related risks. Greenhouse Gas Reduction Fund investments can help businesses and communities access the resources they need to finance energy and fleet upgrades, improve efficiency, reduce exposure to fuel volatility, and become more resilient in the face of rising climate and disaster risk. These investments support the long-term competitiveness of California businesses, especially small businesses that often have the least flexibility to absorb new costs on their own. Cap-and-Invest also plays a role in addressing affordability. Through utility bill credits and targeted investments, the program has helped offset energy costs for households and businesses while supporting the transition to more efficient and less volatile energy systems. For small businesses and working families, these benefits are material As CARB considers the future of the program, we urge the Board to preserve the core strengths that have 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 supporting cleaner transportation, renewable energy deployment, public health improvements, utility bill relief, and other benefits Californians rely on. (BH-LABC-72.1)

Agency Response:

No changes were made in response to these comments. Staff appreciates the commenters' support for the Program and California's climate goals.

A-5.2 Comment:

In addition, NAIMA also strongly endorses the critical role that energy efficiency will continue to play in meeting CARB's goals and related goals concerning climate, energy, health, equity, and the environment. Energy efficiency such as achieved through insulation is at the heart of the CARB program. (45d-NAIMA-275.4)

Agency Response:

No changes were made in response to this comment. CARB agrees that energy efficiency plays a key role in reducing emissions from stationary combustion facilities. The Environmental Impact Analysis for the Proposed Amendments indicates that the increased stringency associated with removing allowances from the Cap-and-Invest Program budgets is expected to accelerate the GHG emissions reductions needed to meet the 2030 and 2045 climate targets. In order to meet those targets, a wide range of decarbonization strategies are required, This includes greater investment in energy efficiency, equipment and process upgrades, and clean technologies and fuels.

B. General Opposition

B-1 Affordability

B-1.1a Multiple Comments: Refinery Closures and Affordability

These concerns are further heightened by the current economic context. Again, it's important to reiterate that Californians are already facing elevated living costs, and additional fuel cost pressures will disproportionately affect low- and middle-income households, small businesses, and communities with limited transportation alternatives. These impacts are occurring alongside structural changes in California's refining sector, including the announced closure of the Valero Benicia refinery. The loss of in-state refining capacity further tightens fuel supply, increasing the system's sensitivity to regulatory cost increases and market volatility. In this environment, additional compliance cost pressures risk exacerbating price impacts and supply constraints, particularly during periods of peak demand or unplanned operational disruption. Fuel price increases ripple well beyond the transportation sector, affecting goods movement, food prices, and essential services across the broader economy. Taken together, reduced refining capacity and rising compliance costs compound affordability and equity concerns, intensifying the impacts on consumers and small businesses least able to absorb additional cost increases. (45d-CFCA-7.4)

Comment:

For the harbor economy, this dynamic creates multiple risks. Reduced domestic refining capacity threatens supply reliability for marine fuels, increases exposure to global fuel price volatility, and weakens the cost competitiveness of the San Pedro Bay port complex compared with other North American gateways.

Cargo movement is highly sensitive to cost. Even modest increases in transportation fuel costs can influence shipping routes and cargo decisions. If California policies drive goods movement costs higher than competing ports, cargo will simply move elsewhere. (45d-HAIC-116.3)

Comment:

The proposed amendments to the Cap and Invest program will increase compliance costs for fuel suppliers by tightening the emissions cap and removing roughly 118 million allowances from the system between 2027 and 2030. Those costs will ripple through supply chains in the form of higher fuel prices, freight costs, and delivery expenses. Small businesses feel these impacts immediately. Local restaurants pay more for food deliveries. Contractors face higher transportation costs for materials and equipment. Employees must travel longer distances to work and face higher commuting expenses. In addition, recent refinery closures have reduced California's domestic fuel production capacity. As the state becomes more dependent on imported refined products, fuel markets become more vulnerable to supply disruptions and price volatility. Policies that further increase the cost of producing fuel in California risk accelerating this trend. The Garden Grove Chamber urges CARB to revise the proposed amendments to ensure that California's climate policies do not unintentionally impose disproportionate economic burdens on small businesses and working families. A balanced approach must protect both environmental goals and the economic vitality of local business communities. (45d-GGCC-117.1)

Comment:

The proposed amendments would tighten the emissions cap and increase compliance costs for fuel suppliers serving California. These costs will move through the economy in the form of higher gasoline and diesel prices that directly affect commuting, delivery services, construction activity, and small business operations across the South Bay. ... For the South Bay economy, higher fuel prices are not a theoretical concern. Contractors, delivery companies, service providers, and employees travel across multiple cities each day to support regional industries. Increased fuel costs act as a multiplier across the entire local economy.

The proposed amendments arrive at a time when California consumers and businesses are already facing some of the highest energy costs in the nation. Additional regulatory pressure on fuel markets will place a disproportionate burden on working families and small businesses that have limited ability to absorb rising transportation costs. (45d-SBACOC-119.1)

Comment:

[F]urther restrictions on carbon offsets may simply increase global carbon emissions because fuel will make longer journeys to reach markets as more California refineries close. That's no longer just a hypothetical risk, and you should hesitate before plunging ahead with counterproductive restrictions. Beyond that, higher fuel costs will weigh most heavily upon people least able to afford them. And, higher energy costs will drive businesses out of California. (45d-Rankin-200.1)

Comment:

Professor Michael Mische of USC's Marshall School of Business has warned that the combined effect of refinery closures and the regulatory cost burden could push gasoline prices to between $7.35 and $8.43 per gallon by the end of 2026. Even if more moderate projections prevail, any significant increase will have cascading effects across the California economy. Higher fuel costs raise the price of food, goods, services, and transportation. They increase operating costs for small businesses. They push more families toward financial insecurity.

According to UC Davis economists, the California price gap relative to the national average has grown from approximately $0.25 per gallon in 2000 to $1.50 per gallon in 2025. This trajectory directly mirrors the expansion of programs like Cap-and-Trade, the LCFS, and the state's excise tax increases. Working-class Californians are not experiencing these costs as abstractions. They are choosing between filling their gas tanks and paying their rent. They are leaving the state. California's population decline in recent years is driven in significant part by the cost of living, of which energy costs are a major component.

The ISOR claims $123 billion in cumulative health benefits from 2027 through 2046 and $192 to $486 billion in "avoided future global climate damages." These figures rely on speculative modeling, long-range projections, and the social cost of carbon, a metric whose values vary enormously depending on discount rates and modeling assumptions. Meanwhile, the costs to California consumers are immediate, concrete, and measurable at the pump every week. The Board cannot credibly claim to be protecting Californians from climate impacts while simultaneously implementing policies that make basic transportation and heating unaffordable for millions of residents today (45d-Nemeth-228.4)

Comment:

C&I, as proposed, makes California’s poverty and affordability challenges worse by driving fuel costs even higher, making the future availability of fuel supplies even less secure, and enriching other countries at the expense of California’s own oil production and refining industry. Lower- and middle-income families will bear the brunt of the economic harm caused by C&I, as CARB has already expressly admitted in its Scoping Plan, which would be both a legal and moral mistake. C&I cannot double-down in inflicting even more harms on those least able to absorb higher costs. (45d-CUSAI-296.11)

Comment:

We are also deeply concerned about the broader economic consequences. These industries support thousands of high-wage, skilled jobs and generate significant state and local tax revenues. Communities that host these facilities rely on them as economic anchors. With regulatory pressures, market volatility, and increased production constraints, California will not be able to sustain its competitive status with the current trajectory of losing 17 percent of its oil refinery capacity over the next 12 months

Policies that effectively force closures or drive industry out of state will eliminate stable employment, reduce public revenues, and weaken regional economies—without a credible plan to replace those jobs or revenues at scale. To hinge our environmental progress on the back of high-paying, middle class, union jobs is antithetical to our States’ progressive values. (45d-AMRubio-353.3)

Comment:

On behalf of the District Council of Iron Workers of California and the Vicinity (DCIW), I write to express strong opposition to the current California Air Resources Board’s proposed amendments to the Cap-and-Invest program and the profound consequences these changes will have on California’s industrial workforce, refinery operations, and economic stability.

Iron workers build, maintain, and modernize California’s refineries, energy infrastructure, and industrial facilities. These are highly skilled, career paths that support thousands of working Californians. Policies that undermine the continued operation of these facilities directly threaten that workforce.

These are not hypothetical impacts. California has already lost nearly 18 percent of its in-state refining capacity in recent years, eliminating major sources of union construction work and tightening fuel supply across the state. The current proposed Cap-and-Invest changes would significantly increase fuel costs for California consumers.

For working Californians, especially those who rely on their vehicles for work, like the ironworkers, these costs are real and immediate. Most of our members drive long distances to reach job sites throughout the state. Policies that intentionally raise fuel costs function as a direct tax on the very workers who build California’s infrastructure. (45d-DCIWCV-421.1)

Comment:

Refinery Closures and Spiking Gas Prices: Contra Costa County is heavily reliant on the jobs and economic stability provided by our local energy sector. By severely penalizing in-state refiners through a drastically reduced allowance budget, CARB is accelerating the inevitable closure of California's remaining refineries. This regulatory squeeze will immediately translate into significantly higher fuel costs at the pump—with some estimates suggesting gas prices could increase by over a dollar per gallon by 2030. Working-class Californians and local taxpayers cannot afford to bear the brunt of these artificial price shocks.

Illusory Emission Savings and "Carbon Leakage": The greenhouse gas reductions touted in the Initial Statement of Reasons are fundamentally illusory. Because California lacks interstate fuel pipelines, artificially constraining our domestic refining capacity does not eliminate the state's demand for fuel—it simply forces us to import it from overseas. As in-state refineries scale back or close, California will become entirely reliant on foreign imports arriving on massive, ocean-going supertankers. These vessels are powered by heavy bunker fuel, a thick refining byproduct that generates massive amounts of carbon, sulfur, and particulate emissions. When factoring in the immense, unregulated emissions generated by transporting foreign fuel thousands of miles across the Pacific Ocean, the net environmental benefit of CARB's regulation is effectively zero. We are not saving the climate; we are simply offshoring our emissions, outsourcing our energy jobs, and forcing California taxpayers to pay a premium for imported fuel. Driving highly regulated domestic producers out of business only to rely on bunker-fuel-burning imports is a textbook example of carbon leakage.

We urge the Board to reject these amendments or substantially revise the cap trajectory to protect in-state manufacturing, prevent fuel price spikes, and ensure that our climate policies account for the true global emissions of imported energy. (45d-CCTA-428.1)

Comment:

A further consideration involves the distributional impacts of energy policy on California households and businesses. Transportation fuels remain a critical input for commuting, goods movement, agriculture, emergency services, and many other essential economic activities across the state. Changes in compliance costs within upstream fuel sectors can propagate through the supply chain and potentially influence consumer prices. Even relatively modest changes in fuel costs can have meaningful aggregate economic effects across California's large population and economy. These impacts are not always evenly distributed. Households with lower incomes, residents in rural areas with longer commuting distances, and small businesses operating on thin margins may be particularly sensitive to changes in transportation energy costs. For many of these communities, fuel expenditures represent a larger share of household budgets compared with higher-income households. California has historically attempted to address these concerns through policy mechanisms designed to balance environmental progress with affordability and economic stability. Maintaining attention to these distributional considerations may remain important as the Cap-and-Invest program evolves. (45d-Silvi-444.3)

Comment: Form Letter 2 (218 submissions)

Dear California Air Resources Board Public Comment,

I am writing to submit a public comment opposing CARB's draft regulations for the Cap-and-Invest program.

CARB should not rush through destabilizing regulations on a self-imposed timeline that fails to address economic concerns. If increased compliance costs significantly harm refiners' ability to operate, demand for transportation fuels will not disappear. Instead, California will likely import more gasoline, diesel, and jet fuel from outside the state, shifting emissions elsewhere and potentially raising costs for consumers here at home.

The current proposal is a direct threat to affordability and reliability:

- Maintaining and upgrading refineries requires hundreds of millions of dollars in ongoing investment. If the numbers don't pencil out due to increased Cap-and-Invest costs, that capital may go elsewhere.

- Increased compliance costs and refinery closures (along with the potentially decrease in supply) will likely ultimately hurt the consumer the most. California's policies should not punish the most vulnerable residents.

- Energy jobs and local tax revenue that support community services will be lost if refineries close.

- Becoming dependent on production outside of California runs counter to the state's environmental goals.

Oil and gas remain essential to California's economy. Demand remains for tens of billions of gallons of gasoline, diesel, and jet fuel powering consumers and the businesses they rely on. Increasing costs on California refiners to the point they consider leaving the state likely only shifts production elsewhere and punishes people at the bottom of the economic ladder.

Please pause this rulemaking and revise the draft regulations to address affordability before moving forward. (FL2)

Agency Response:

Changes were made in response to these comments. See Agency Response to comments O-1.1a and B-1.2a regarding changes affecting refinery stationary source costs, fuel imports, and affordability and Master Response 1 of the Response to Comments on the Environmental Impact Analysis regarding emissions leakage concerns.

The proposed changes minimize leakage for industry through allocation and support affordability as part of implementing this Program while maintaining the carbon price signal needed for the deep decarbonization of the industrial sector required to meet the state’s 2030 and 2045 GHG reductions as required by AB 1207, SB 32 and AB 1279.

Regarding comments on the economic analysis and health benefits of the Proposed Amendments, see Agency Response to comment V-3.8a.

B-1.1b Multiple Comments: Refinery Closures

Comment:

Please revise your cap-and-invest proposal to protect in-state energy infrastructure by avoiding massive new costs for fuel producers. Especially with the high gasoline prices of today, rushing through a proposal to hit an arbitrary emissions reduction target is reckless, with real consequences for working and elderly Californians who can least afford it.

Californians are hurting, struggling to get by under the high energy costs that have become a hallmark of life in our state – the highest in the nation.

And rather than bring down costs, your proposal is going to make things even worse.

Our state is at a turning point. Drivers here pay the highest gas prices in the country by a huge margin. Even before the war in Iran prices at the pump were soaring, jumping 40 cents a gallon in February.

In the past six months, P66 shut down their Los Angeles refinery and Valero is in the final stages of shutting down their Benecia refinery. The closures eliminate another 20% of California's refining capacity and deepen our reliance on imported foreign fuel.

Your proposed changes would result in California's few remaining refineries facing up to $9 billion in new compliance costs. This cost is unsustainable and surviving refiners cannot or will not take it on. With energy companies already leaving the state, this added cost burden could cause massive damage to our remaining energy infrastructure.

California needs gasoline, diesel, and jet fuel. If our policies push refineries out of business, forcing California to get fuel from somewhere else no matter what the cost.

Relying on imports also leaves us vulnerable to geopolitical disruptions and other factors outside our control. California depends on Asian refineries to produce our special blend of fuel. As those refineries decide to limit exports, the decision to allow foreign control of our fuel supply looks foolish.

With sky-high gas prices, refineries shutting down, and problems relying on imports highlighted by war in the Middle East, California cannot get this wrong.

Consequently, we Californians must pay the fuel production costs for foreign companies, who operate overseas refineries that produce greater pollution than California's refineries. That fuel is shipped on tankers that pump out carbon during around-the-world trips to our ports.

When gas gets too expensive, working families are forced to cut back on groceries, straining family budgets and pushing the California dream further out of reach.

Finally, local refineries and related businesses are bedrocks of their communities, employing hundreds if not thousands of workers in good-paying jobs, paying millions in property taxes, contributing to local civic organizations and boosting the economy. When they shut down, those benefits disappear.

California's regulations and tax structure place a huge burden on all Californians and all businesses operating in California. Please make life in California easier and less expensive – revise your proposal to preserve California energy infrastructure. (15d-Daggett-68.1)

Comment:

I am very concerned about the about the proposed amendments concerning cap & trade. At a time when California gas is more than $6 per gallon at the pump, it is inconceivable that California would be considering additional regulation that will hurt what is left of our state's refinery capacity and make us all the more dependent on the importation of gas from overseas sources (where the refining of such gas has an even larger carbon footprint. (15d-Kelly-73.1)

> **Agency Response:**
> No changes were made in response to these comments. See Agency response to Comment B-1.1a.

B-1.1c Comment:

We are also deeply concerned about the broader economic consequences. These industries support thousands of high-wage, skilled jobs and generate significant state and local tax revenues. Communities that host these facilities rely on them as economic anchors. With regulatory pressures, market volatility, and increased production constraints, California will not be able to sustain its competitive status with the current trajectory of losing 17 percent of its oil refinery capacity over the next 12 months. Policies that effectively force closures or drive industry out of state will eliminate stable employment, reduce public revenues, and weaken regional economies—without a credible plan to replace those jobs or revenues at scale. To hinge our environmental progress on the back of high-paying, middle class, union jobs is antithetical to our States' progressive values. (BH- AM Rubio-4.3)

> **Agency Response:**
> No changes were made in response to this comment. Please refer to the response to Comments 15-68-1 and 15-73-1 in the Response to Comments on the Environmental Impact Analysis.

B-1.2a Multiple Comments: Affordability, Gas Prices, Refinery Impacts, and General Concerns

Because agriculture supports multiple downstream industries—processing, logistics, packaging, and export infrastructure—cost increases affecting farms can propagate throughout regional economies.

10. Policy Tradeoffs and Mitigation Options

While cap-and-trade aims to reduce greenhouse-gas emissions, policymakers must consider how regulatory costs affect critical industries such as food production. Possible mitigation strategies include:

Targeted energy rebates for agriculture

Subsidies for energy-efficient irrigation technologies

Carbon-sequestration credits for soil and farmland

Gradual regulatory phase-ins for agricultural sectors

Some policy advocates argue that agriculture could also play a role in climate mitigation through soil carbon storage and regenerative farming practices, but the transition may require significant financial assistance. (45d-Sandridge-210.3)

Comment:

In an affordability crisis, raising cost of living is counterintuitive. Call me crazy but affordability crisis to me means I cant afford gas or groceries, as it stands, therefore, increasing taxes on gasoline is like giving a 2nd grader a permanent marker and no paper. WHO IS GOING TO CLEAN UP THE MESS?? (45d-Patel-24)

Comment:

Please consider not adding taxes to our gas. Gas in CA is already more than $1 more than the rest of the country, and we constantly hear about the affordability crisis. This will only make things worse. The CA government does not have an income problem, it has a spending and budgetary problem. (45d-Kal-34)

Comment:

I am STRONGLY opposed to any amendment which would result in increasing the already onerous fuel taxes Californians are currently paying. Please reconsider these actions which will do nothing for the environment but will continue to burden the working poor and middle class. (45d-Pambrun-35)

Comment:

CARB should be completely dismantled and eliminated. The problem with CARB is that every decision is made in a vacuum with little consideration of the fallout of these continued bad policies. Most of California supports taking care of the environment, but these regulations put too much pressure on many businesses, specifically the oil refineries. We already pay the most for gasoline in the country; CARB isn’t helping. We don’t need rules that tax the general public (and businesses) in to oblivion. Chevron recently indicated they will likely have to leave the state, which puts even more dependence on foreign oil. Why push policies that drive CA to buy oil from countries that ship it across the world on a diesel-powered vessel?

CARB must go! (45d-Wuest-43)

Comment:

Please vote no on the "cap and invest" bill. We care about our environment but this is too much too fast and we cannot afford the higher fuel bills that will result. (45d-Nippoldt-53)

Comment:

Adding more to our taxes and monthly expenses isn't going to help anyone. We're all already struggling and adding to everything with the gas increase will hurt the regular people that pay the governor's salary. (45d-Gonzales-54)

Comment:

I have lived in California my entire life of 50 years! My children were born and raised here as well! As a single Mom of three I can no longer afford to live in California! Rent, Groceries, utilities, etc. are KILLING my monthly budget! I am required as a parent to provide these basics to my kids but it takes 3 jobs to do it all! What is wrong with you people? California already pays the HIGHEST gas tax in the nation! If I had Gavin Newsom income I suppose I wouldn't be worried but let's be real. How many Californians are millionaires like Gavin Newsom? I live in Central California and do NOT have a real estate portfolio like Gavin Newsom and the sooner that demon is elected out of office the better off our state will be! To be honest, it CANNOT come fast enough for myself and many, many other Californians! (45d-Myers-56)

Comment:

The working class of California cannot take higher prices. We cannot take it. You will create a public uprising if gas hits $10 a gallon here. Do you understand that? Do you think about the poor farmers in old pickup trucks in the central valley? Or people who have to use a gas powered car to drive 2 hours each way to work and CANNOT AFFORD an EV????? Where is the representation of the working class on your board? It is all stuck up college professors that are completely out of touch with reality. WE CANNOT AFFORD IT. STOP!!!!!! (45d-Kaplan-59)

Comment:

Dear Members of the California Air Resources Board,

I want CARB to understand that many Californians, especially those of us living in the Central Valley, simply cannot afford more taxes on our gas and food. Families across our state are already feeling the pinch at the grocery store and in our monthly bills. Life has become very expensive, and these proposed regulations threaten to make it even more unaffordable.

Following Governor Newsom's signing of the cap-and-invest bill, CARB regulators are now moving quickly to implement policies that could function as a hidden gas tax. Some experts estimate these proposals could raise gas prices by $0.40 to $0.65 per gallon in the immediate term, with some projections suggesting increases of more than $1.00 per gallon by 2030. These increases will not only affect fuel costs; they will drive up the cost of groceries, transportation, and essential services that depend on trucking and fuel.

Central Valley residents and lower-income families will be disproportionately harmed. Many of us must commute longer distances for work, education, and healthcare. Increasing fuel costs places an even heavier burden on households that are already struggling with the high cost of living in California.

I urge CARB to slow down and rethink these actions. Why the rush to implement policies that will further raise the cost of living for the very people who can least afford it? Please consider the real impacts on working families and rural communities before moving forward.

Do not place additional financial burdens on Californians who are already struggling under the weight of rising taxes and living costs. (45d-Farao-62)

Comment:

Dear Members of the California Air Resources Board, As a small business owner in California, I am deeply concerned about the rapid push to implement new regulations under the cap-and-invest program that could significantly increase fuel costs. Businesses and families across our state are already feeling the strain of rising prices for groceries, transportation, utilities, and basic services. Additional fuel costs will only make these challenges worse. Experts estimate that these proposals could increase gas prices by $0.40 to $0.65 per gallon in the near term, with some projections suggesting increases of over $1.00 per gallon by 2030. For businesses that rely on transportation, logistics, and commuting employees, these increases translate directly into higher operating costs. When fuel costs rise, the price of everything rises with it. In the Central Valley, the impact will be even more severe. Our region depends on longer commutes, trucking, and agriculture-based supply chains. These proposed policies will disproportionately affect rural communities, small businesses, and working families who already face some of the highest costs of living in the country. I urge CARB to slow down and reconsider the pace and impact of these regulations. Policies that significantly increase the cost of fuel should be carefully evaluated to ensure they do not unintentionally harm the very communities that are already struggling. California businesses want to be part of responsible environmental solutions, but those solutions must also consider economic sustainability for businesses, workers, and families. Please take the time to fully evaluate the economic consequences before moving forward. (45d-FS-63)

Comment:

I am strongly against the proposed amendments to the California cap on greenhouse, gas, emissions, and market base compliance mechanisms regulation. We already pay the highest gas tax in the United States and I do not believe we should pay anymore. This tax is totally unfair to the people who live in the central Valley that have to commute far distances to get to work. The cost of living is already too high in California and the state needs to quit being greedy. We need to put our current taxes to work to lower the cost of living. (45d-Hughes-64)

Comment:

Most of our taxes on gas are supposed to go to road repair correct? How come we have the worst freeway! Families that are middle class are affected the most. We have jobs that require driving a distance and that cost us in gas. We don't get assistance in anything else because we make too much on paper but not enough for our families. We are struggling. California is killing us with "hidden" taxes and increases. PG&E, Gas, Groceries are getting to the point where families are losing homes or becoming sick from malnutrition. If we can stop this then maybe there is a future for us to stop other increases. (45d-Munoz-68)

Comment:

Thank you for your continued service in making California unaffordable for the commoners. I am looking forward to driving on nearly empty streets with only civilized drivers. Stop pretending any of these policies are about anything other than making California unaffordable for anyone other than the richest elites. All that this does is continue to raise the cost of living for those who are already struggling to afford housing and food. (45d-McArthur-73)

Comment:

Please help us all Californians we are struggling where is our Governor we need help (45d-Chavez-77)

Comment:

Look at the gas prices, look at the grocery bills, look at the rent you aren't seeing that low income people cannot afford anymore taxes. You have a good paying job so you don't care about us. All these dumb regulations how do they benefit the regular blue collar American? I will tell you they don't, people are never going to stop driving, burning trash and hurting he enviornment. Let me tell you this all the money we pay for car registration where does the money go? Every politician in Sacramento SUCKS they haven't done nothing for the people. (45d-Sanchez-78)

Comment:

I'm an 80-year-old disabled Vietnam Veteran living on a fixed income. Please, please, please stop making life harder on me than it already is. (45d-Parker-82)

Comment:

I oppose this because there won't be anyone left to grow any food and with less supply on food. The cost will at least doubled. (45d-Lee Fay Li-91)

Comment:

I beseech you that you shelve this regulation. Life is no longer just difficult it is crushing beyond belief. I am struggling terribly just trying to put food on my table. I have cut back EVERYTHING that is not necessary. When the sun goes down I don't turn on any lights in my house. I use a flashlight to get around at night so I might have more money to buy groceries. I go nowhere that is not absolutely necessary. I can't afford the gas. There is no such thing as entertainment in my life. That is a luxury I can no longer afford. All I have is my tiny Socail Security check once a month. I don't use any credit cards or such because I cannot afford to pay a middleman interest. Please, plaease, please do not raise the cost of living even more. I don't how to impress upon you how incredibly difficult life has become over the past 4 -5 years. Please show some mercy on us that are struggling to just barely exist. (45d-Simpson-95)

Comment:

Please consider the majority of the people in your state that can not afford electric cars, high electricity rates, high gas prices, and high prices in the grocery store. These are problems that YOU have created! Consider ALL of the people in the state and not just your wealthy friends. (45d-Allein-96)

Comment:

I am a 71 year old retiree. We already pay the highest prices on gasoline in the country because of the current taxes. Raising the tax on fuel raises the price on everything else. Maybe let these disastrous tarrifs go away and this ridiculous unnecessary war before you hit us again. PG & Eis asking for yet another rate hike. I don't get increases in my SSA or Pensions to keep up with your taxes. (45d-Cavanaugh-98)

Comment:

This is rediculous. I, like many, am on a fixed income and retired. I cannot afford to pay more for anything anymore. Reduce the price of gas and groceries. Do not inflate them. Why are you democrats punishing the public in this wonderful state of California? Stop this tax now. (45d-Fisher-103)

Comment:

As a lifelong resident, I find myself unable to live in my native state any longer. I devoted my life to being an educator in California, as did my parents, my brothers, and our wives. Now our children avoid the profession. Why? Because the affordability in California is fine tuned to the whims of the wealthy of Palo Alto, Beverly Hills, and Marin- and the salaried poor whom the state has encouraged to immigrate through tax subsidies.

We can not afford the insane prices created by your policies; your climate zealotry is driving us out of state. Electricity, gasoline, natural gas, and water are difficult to procure and stuck in an inflationary spiral. My family are doing everything fiscally possible to eliminate your agency. We will continue to contribute to the political opposition from outside of the state as necessary- until you reverse your fanatical policies. (45d-Centeno-105)

Comment:

When social security is under $1,300 and CEO's of companies get 6 million in bonuses they do not think in terms that real people live with. This is just another way to gouge the little people. We suffer dirty air from the south and the north yet we are the ones who pay for smog certificates, not the true offenders. When do we get a break? (45d-Ritchie-106)

Comment:

Stop with the regulations. California is already near unaffordable and you keep making it worse!! (45d-Learned-107)

Comment:

Please do not add additional taxes, fees, or any other additional financial aspects to cap and trade or any other aspects that will impact the cost of gasoline in. I'm just a standard normal individual trying to get by and hard economic times and gases are already extremely expensive. It will only make it harder to live here in California for a simple individual individuals trying to get. (45d-Neese-112)

Comment:

We already pay too much for fuel in this state. Any more punishments would literally BREAK thousands of families here. Please reconsider this and postpone these punishments. (45d-Frost-113)

Comment:

Please no more taxes! We're having a hard time financially as it is. (45d-Reimer-115)

Comment:

The Redondo Beach Chamber of Commerce represents businesses that support the tourism and hospitality economy of one of Southern California's most active coastal destinations. Restaurants, hotels, retail stores, charter operators, and small service providers form the backbone of our local economy. These businesses depend on consumer travel and discretionary spending from visitors across the region. The proposed Cap and Invest amendments raise significant concerns for communities that rely on tourism and regional mobility. The proposed rule would tighten the emissions cap beginning in 2027 and remove roughly 118 million allowances through 2030. This reduction will increase compliance costs for fuel suppliers and place additional upward pressure on gasoline prices. Transportation costs directly influence tourism behavior. Most visitors traveling to coastal communities such as Redondo Beach arrive by automobile. When gasoline prices rise, discretionary travel declines and local businesses experience immediate reductions in customer traffic. At the same time, hospitality businesses face increased delivery costs, higher operating expenses, and rising energy bills. The proposed amendments risk compounding these economic pressures by increasing fuel costs across the broader economy. Redondo Beach businesses strongly support environmental stewardship and responsible climate policy. However, regulatory decisions that increase energy costs without addressing supply constraints will ultimately harm the small businesses that form the foundation of California's local economies. The Redondo Beach Chamber urges CARB to reconsider the pace of allowance reductions and to revise the proposed amendments before final adoption. Policies that increase transportation costs must be evaluated carefully to ensure that they do not unintentionally harm communities that depend on regional tourism and consumer travel. (45d-RBCoC-118)

Comment:

6. Competitive Disadvantages for California Producers Another concern is the "carbon leakage" effect. When production costs rise due to environmental regulation, businesses may shift operations to regions with fewer regulatory constraints. In agriculture, this could manifest as: Importing more food from other states or countries Declining competitiveness of California exports Reduced profitability for domestic farmers California is the nation's largest agricultural exporter, meaning international

competition already influences farm profitability. If regulatory costs increase faster than productivity gains, California farms may gradually lose market share to producers in states with lower energy costs and fewer environmental regulations. (45d-Sandridge-210.1)

Comment:

Please don't do this to us. I am retired and on a fixed income. I don't want to move out of state. I am bred, born and raised here. Worked here my whole life. Please show some compassion. (45d-Mcreynolds-121)

Comment:

Please stop what you are doing. California is too expensive and you are not held accountable for your actions! You all know you are costing Californians more and more money just for your cushy appointment and destroying families and costing our state so much by forcing businesses to leave! Just stop it now!!! (45d-Brink-122)

Comment:

Please stop regulating CA. No one can afford to live here. Your regulations have already made gas unaffordable, and now it's caused the factories to close which is making things worse. People need to drive cars to get to work. You act like people want to live far from work but we bought far out because houses were cheaper. Houses are crazy expensive here. The only people that can stay in CA are either wealthy or working under the table so they get handouts. And there are A LOT of people doing that. Anyone in the middle is squeezed so tight the stress is unbearable. Have any of you tried to get your child into a CA state college? 32,000 for tuition and dorms at the local SDSU. Mandatory 2 years in those dorms. Who has that kind of money? CA is not taking care of it's taxpayers, only the "poor" that are cheating the system. Stop with the red tape. I'm an environmentalist, but you all are out of your mind, and frankly I wonder how you can sleep at night. Your decisions have major consequences for all of us. Please do everyone a favor and go to church, get right with God and common sense, and stop this madness. (45d-Dal Porto-134)

Comment:

The proposal to increase state oil and gas fees to fund transportation and clean energy goals is going to be passed on to consumers. Most low income residents can barely afford their commute costs. I drive an EV and it won't effect me, but I don't think it's fair to expect more low income people to start driving EVs. It's not going to happen until theres a huge supply of used EVs. Please do not institute new regulations I read about that will increase costs for the average person. (45d-Holman-138)

Comment:

Dear California Air Resources Board Members and Staff, I am writing as an individual resident of Rocklin, California, to strongly oppose the proposed amendments to the California Cap-and-Invest Program (formerly Cap-and-Trade). My name is Ahmed ahmed, and I can be reached via my Email address above or at the contact information provided in my submission. As a concerned citizen, I reject any changes that would effectively increase fees or taxes on gasoline and other fuels, which these amendments appear poised to do through tighter allowance budgets, reduced offsets, and other mechanisms that will drive up compliance costs for fuel suppliers—costs that will inevitably be passed on to consumers like me. California's gas prices are already among the highest in the nation, exacerbating the cost-of-living crisis for working families, commuters, and small businesses. The proposed reductions in allowance budgets (removing over 264 million allowances through 2045) and limits on offsets (capping them at 6% of compliance obligations) will accelerate decarbonization at the expense of affordability. While I support environmental goals in principle, these amendments fail to adequately protect low- and middle-income households from higher energy bills and transportation costs. The program's linkage with Québec and potential expansions do little to offset the burden on Californians, especially in areas like Roseville CA where public transit options are limited and driving is a necessity. Furthermore, the economic impact analysis underestimates the ripple effects: a projected $124 billion in direct costs could lead to job losses in emissions-intensive industries, higher goods prices due to increased transportation fees, and reduced economic growth. Instead of imposing steeper fees disguised as market mechanisms, CARB should prioritize incentives for innovation, such as expanded tax credits for electric vehicles or subsidies for clean energy adoption, without punishing everyday drivers. I urge the Board to reject these amendments in their current form and reconsider approaches that balance climate action with economic equity. Thank you for considering my comments.   (45d-Ahmed-139)

Comment:

I feel that the proposed amendment is coming at a bad time. With all the other huge economic changes happening right now (loss of major companies/employers/taxpayers) I propose we wait to see how things pan out for the state before implement a tax that will negatively affect every aspect of our economy. (45d-Jensen-140)

Comment:

This is incredibly foolish - Californians already pay the highest prices in the country for fuel and this will punish us even more. There will be zero measurable improvements to the climate and steep increases in the cost of living. I strongly object. (45d-Dutro-142)

Comment:

California is already unaffordable. Please consider NOT raising the cost of living by raising gas prices. What are young Californians supposed to do? Public transportation is not the answer. (45d-Shaw-153)

Comment:

You've already run me out of LA because of the high costs. Please don't add more burdens on working people. We cannot afford you or your dreams and policies. My only next move will be to leave California. I'm starting to think that that is what you people in power here want. And that scares me. I've voted D or Green for over 25 years and now it ends. (45d-Curtis-156)

Comment:

Do not pass amendments that will drive California's last refineries out of the state while gas is already the highest in the country. We need to have a solution that works with the oil and gas industry so that the transition to a lower carbon future is a smooth and orderly one. These amendments will drive gasoline and diesel prices rocketing higher that will impact the lower income community the hardest. (45d-EAAI-160)

Comment:

The cost of living in California has become increasingly difficult. Increasing gas, taxes, and fees for working families we'll put a strain on so many Californians. I'm not sure we can stretch our monthly salaries to continue to cover so many more taxes and fees. (45d-Munson-161)

Comment:

As a California resident, I am very concerned about the proposed regulations that could raise gasoline prices by another $1 per gallon. My family already faces some of the highest living costs in the country. Increasing fuel costs will impact our daily commute, groceries, and overall household budget. Policies that significantly increase basic transportation costs place an unfair burden on families who rely on their vehicles every day. (45d-Shepherd-162)

Comment:

As a self-employed small business owner, I rely on driving every day to earn a living. Increasing gasoline prices by another $1 per gallon would directly raise my operating costs and reduce the income I bring home to support my family. Unlike large companies, small businesses like mine cannot easily absorb these increases or pass them on to customers. Policies that significantly raise fuel costs place an unfair burden on independent workers who depend on their vehicles to stay in business. I urge the Board to consider the real financial impact this will have on small business owners and working families. (45d-RB-163)

Comment:

Please reconsider implementing new restrictions that will cause gas prices to climb higher! We can not afford any more! this hurts our families more then you know! (45d-Fontana-173)

Comment:

Adding more tax and regulation burden on gasoline production is a terrible losing proposition for the state of California. It will increase costs for working families, seniors and businesses everywhere. Stop the nonsense and try to make things easier for the residents of this state. (45d-Vera-178)

Comment:

Please stop wrecking the poor working class, we can't afford to Live in California with the cost of living being so much higher than other states, I am also to poor to move and I represent millions of voiceless poor people in CA (45d-Peters-181)

Comment:

I am writing to express strong opposition to the Proposed Amendments to the Cap-and-Trade Regulation. These changes threaten to significantly increase direct costs on California consumers and businesses by accelerating the reduction of allowances. By artificially tightening the market, these amendments will increase the price of essential goods and fossil fuels, disproportionately affecting vulnerable households. Furthermore, these overly aggressive targets risk creating "leakage," where businesses move out of state, resulting in no global environmental benefit while damaging California's economy. The focus should be on economic stability and gradual, technology-driven, rather than regulation-driven, emission reductions. (45d-Kantz-189)

Comment:

This will dramatically increase3 the cost of living in california for the hard working Cslifornian's. Instead of being thr refuge for undocumented people and financially distressed; they State is forcing them out. (45d-Petersen-190)

Comment:

Sacramento has no idea how my family is already struggling. They continue to regulate my family out of being able to afford to live! (45d-May-198)

Comment:

To the California Air Resources Board,

I am writing to firmly oppose any proposal to add an additional $1.00 per gallon to California gas prices. This is not a minor policy adjustment — this is a direct assault on the financial wellbeing of everyday Californians.

Gas prices in California are already among the highest in the nation, regularly exceeding $5.00 per gallon. Millions of working-class residents, commuters, small business owners and families are already stretched dangerously thin. Pushing prices past $6.00 per gallon is not a inconvenience — it is a hardship that limits people's ability to get to work, take their children to school, access medical care and participate in daily life.

I drive a fuel-efficient hybrid vehicle and even I feel this burden acutely. For the millions of Californians who do not have that luxury — or who cannot afford an electric vehicle — this increase would be devastating.

I also want to be direct about a fundamental issue of accountability: the California Air Resources Board is an unelected body. Its members are appointed, not chosen by the voters of California. That means the people most harmed by this decision — the general public who buys gasoline — have no direct democratic recourse against you. That reality makes it all the more critical that you exercise extreme restraint before imposing sweeping financial burdens of this magnitude on the population you serve.

California residents are not a revenue source to be tapped whenever regulatory goals need funding. We are people struggling with high costs of living on every front — housing, groceries, utilities and yes, gas. Enough is enough.

I urge you in the strongest possible terms: do NOT move forward with this proposal.

Respectfully but firmly, Athena Ara Los Angeles, CA (45d-Ara-201)

Comment:

This is a terrible time to drive up fuel costs. We are in a recession, real people, the real economy is in a recession. Fuel costs are already astronomical. Please don't pass add to our burdens (45d-H-214)

Comment:

I am opposed to the CARB Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation. I'm opposed to ANY amendments that will lower the supply of crude oil or gasoline in

California and/or will make gas prices rise. Californians are suffering enough under high insurance, high housing costs, and high energy bills. (45d-Banfield-216)

Comment:

I already pay extremely high taxes; property tax, income tax, sales tax, gas tax. And now, this board wants to push more tax on California's hard working people. If this board passes another tax whether its a gas tax or mileage tax, people will be certainly be placed into financial ruins (45d-Perez-217)

Comment:

I am writing to express my opposition to the proposed changes to California's Cap-and-Invest program that would significantly increase the cost of gasoline and diesel for residents and businesses across the state. While I support responsible environmental stewardship and efforts to reduce emissions, the current proposal places a disproportionate financial burden on working families and small businesses who rely on transportation and service vehicles to earn a living. As a business operator in California, fuel is not a discretionary expense. It is a core operating cost. Service companies, contractors, delivery drivers, tradespeople, and countless others depend on reliable and affordable fuel to serve customers and keep our local economies functioning. Increasing fuel costs through regulatory policy will inevitably lead to higher operating expenses that must be passed on to consumers. California already has some of the highest fuel prices in the nation. Additional increases through Cap-and-Invest will compound the financial strain on residents who are already facing rising costs for housing, utilities, insurance, and everyday goods. For many households, transportation is not optional—especially in communities where public transit options are limited. Policies that aim to reduce emissions should balance environmental goals with economic reality. A regulatory approach that substantially raises fuel prices risks harming the very communities it intends to help, particularly lower-income households and small businesses. I respectfully urge the Board to reconsider policies that would further increase gasoline and diesel costs and instead pursue solutions that encourage innovation, infrastructure improvements, and practical pathways to emissions reductions without imposing excessive costs on Californians. Thank you for considering public input on this important issue. (45d-Hewitt-223)

Comment:

Your proposed rule making here is not only a mistake, it is a blunder that CA will not be able to recover from. If your goal is to put CA through a depression worst than the 1929 to 1934 great depression, than you are on the right track. Wake up and stop the madness. (45d-Veldstra-226)

Comment:

Why? Why are we paying more at the gas pump than other states. You have already taxed us to death. We have lost businesses, jobs, and more since you are destroying California. Stop! We can't afford food let alone gas. Stop increasing everything. You are killing us! (45d-Granillo-227)

Comment:

I am opposed to the proposed Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation. Gasoline is already too high in California and if these amendments pass the cost to live in this State will drive your tax paying citizens to leave. (45d-Stach-234)

Comment:

Please stop digging into Californians pockets! Cost of living are already extremely high! This is yet another unfair reach into the pockets of hard working people, while those who don't work get all the breaks. You're breaking us with such high costs. Please reconsider. (45d-Elliott-243)

Comment:

Please do everything in your power to stop increasing the cost of living in California! we must be allowed to drill and use the oil resource in our own backyard, keeping the cost of and dependence on foreign oil down or not at all!. Stop taxing us for every little and big thing....stop! (45d-LaMarr-244)

Comment:

No more taxes please, too much burden on working families. (45d-Schmidt-248)

Comment:

Please - no more taxes on fuel!! My husband is an independent trucker, and we are about ready to give up doing business in California. The added taxes are making it unaffordable for everyone, but especially the small business owner. Additionally, I run a nonprofit and higher fuel prices will seriously impede the services and programs we offer to people with disabilities. The worst thing is that regular citizens have no clarity on the purpose of the tax and/or how the tax revenue is used to improve life for the taxpayers. (45d-Mendoza-250)

Comment:

We cannot pay more at the pump! Our family as well as most California families are struggling to meet higher grocery, heating & gas prices as it is. Please do the right thing and do not let this regulation and overtaxing to continue! (45d-Abinales-252)

Comment:

Californians already pay more taxes and fees than people in most states and we can't afford another tax/fee. Please don't implement this. (45d-Hope-253)

Comment:

All this happens just when going to closed regarding Epstein files trump is doing something and why we have to pay for that unfortunately after all this happens prices never going down and the companies make more money (45d-Juarez-254)

Comment:

Your decisions need to be based on our economic crisis here in California. The decisions being made do not reflect the public voices and our incomes. Seniors /Veterans are having to make choices between food, medications, a place to live, utilities, and gasoline expenses. It cost me $90.00 to fill up my car and as a Senior Citizens this is ridiculous. Your decisions must be based on what is best for the people not on how you can bleed us dry to submit to your bureaucracy. Get your heads out of your behinds and do the right thing for the people of California. (45d-Ramos-256)

Comment:

I ask that those who are increasing are taxes to stop. We need money for food , gas , and day ,today living. Low income and middle class are unable to survive the make ends meet. (45d-Wiggs-258)

Comment:

This tax will continue to hurt the working public who require the vehicle either to get to a job site or they use it as a business vehicle. We have enough taxes and this one is not needed. This tax will cut into working families budget and limit the money they have to provide a better life for their children. (45d-Borges-259)

Comment:

Life is already expensive enough. Groceries, rent, utilities. The cost of living in the California keeps climbing, and most families are doing everything they can just to keep up. Now, state regulators at the California Air Resources Board (CARB) are moving to make it worse. Following the signing of the "cap-and-invest" bill, CARB is rushing to finalize regulations that would effectively add a hidden tax at the gas pump. Experts estimate these rules could add $0.40 to $0.65 per gallon in the near term, and some projections show increases topping $1.00 per gallon by 2030. Stop the madness, slow down, think things through, and make common sense reforms using bottom-up input, not top-down dictates. (45d-Jordan-262)

Comment:

Raising gas on an already declining economy and mild recession time period is not what we the people want. I kindly ask you to reconsider. There are people out there barely making it on rent, food, and bills and can't afford this new tax. Focus on other problems that you seem to be avoiding like cuts on federal help for immigrants, inflation, and cuts to education. (45d-Sanchez-264)

Comment:

Please have a heart for the working families. We don't need more taxes. Everything is significantly higher now - gas, groceries, rent, healthcare, utilities, insurance and the list is endless. We cannot afford to provide for our families with more taxes being dumped on American families. Please do what's right and reconsider your vote. (45d-Smalley-266)

Comment:

Not in favor of more taxes hitting the fuels, as it will greatly increase cost of living. If CA imposes more tax (already heavily taxed) life will be way more unaffordable than what it is already, please oppose this. Thank you. (45d-Coss-267)

Comment:

CARB, please understand that if and when you allow the cost of any fossil fuel to be increased you are hurting the people of California that can least afford it. Most of the citizens of California can afford the raise, even though we do not like it. Please consider what I am telling you and make the right choices. (45d-Houk-269)

Comment:

Please do not move forward with this plan. It's already too expensive to live in California. This will only make things worse. (45d-Prescott-274)

Comment:

This is a terrible idea and I am already having a problem being able to afford to live in CA, this will make it worse! dont do it! (45d-Eakin-277)

Comment:

We cannot afford a higher gas tax. The groceries prices are high enough. With gas prices higher everything would go up due to truckers delivering costs going up. (45d-Snodgrass-281)

Comment:

California's gas taxes are the highest in the nation and the thing we don't need now is more taxesa We are all being buried deep in taxes regulations and fees. Refineries are leaving the State is making prices higher and making us more dependent on foreign oil. Many businesses are leaving the state as a result of these things that are making it harder and harder to do Business (California is a business unfriendly state) here which leads to less jobs for people or employees are having to relocate to another state in order to keep their job. Truckers, commuters, equipment companies and Farmers, etc., are having to pay higher prices for their fuel which along with other higher input costs is driving them out of the state or out of business. Especially in Farming where the commodity prices remain low to the Farmer who takes all the risks but gets pennies on the dollar for their products. This is not the way to make an economy thrive, as more people and businesses leave the State as there are less and less incentives to stay. When you are over regulated, subjected to oversight by multiple agencies which overlap, over taxed and have additional fees placed upon them there are no incentives to stay or continue. All of this makes it harder for families to do well even when both the husband and wife are working and you are still having trouble to make ends meet. We need sensible, reasonable policies that help families, businesses and industries thrive, creating more jobs and are able to grow to be more productive, so, please don't add another hurdle for all of us to jump when we are weighted down with what we have now. Thank you. (45d-TCFLLC-282)

Comment:

Regarding the proposed amendments to the CA Gap on Greenhouse Gas Emissions, etc. - GIVE CALIFORNIANS A BREAK. We are already paying higher taxes on gas than any other State. You do realize that many are choosing to leave CA because it's too expensive to live here and that includes many of my family members. My sister moved to NV, cousins moved to Michigan, Missouri, North Dakota. Daughter moved to CO. IOt's Sad. (45d-Powell-288)

Comment:

To the members of CARB thank you for taking the time to read this. In the last 10-15 years due to policy changes of California and additional taxes we as the tax payer are paying way too much for gas. We are well above the national average and it is crippling us. California is the best state and best place to live in the world although it is becoming unaffordable for may people. I ask this board to reconsider not implementing more policy that will cost Californians more money each year. Again thank you for taking the time to read my comment. (45d-Perow-291)

Comment:

I oppose this gas tax, and urge you to not pass this. This will have an obvious devastating financial burden on families and most citizens in CA. It will also affect all forms of business to keep their prices affordable across the board. It will likely cause businesses to go out of business or go bankrupt due to increased gas prices due to delivering goods and supplies, business to business as well as direct to customers. This is not in the best interest of California. (45d-Huerta-294)

Comment:

I am a businessman serving farms and business in California and live in Stanislaus County in California's Central Valley. Our region grows the food that feeds California and the nation, and we already face some of the highest energy and living costs in the country. I strongly oppose the proposed 2026 amendments to the Cap-and-Invest (formerly Cap-and-Trade) program. These changes will raise costs — both directly and indirectly — on Central Valley families, farms, and small businesses while delivering zero meaningful benefit to California's climate or environment.

The core problem is the accelerated tightening of the allowance cap: the removal of approximately 118 million allowances from the 2027–2030 budgets plus a much steeper decline trajectory after 2030 to reach an 85% reduction by 2045. This will drive carbon allowance prices sharply higher. Covered entities (fuel distributors, utilities, refineries) will simply pass those costs on to all of us through higher gasoline, diesel, electricity, and natural-gas prices.

For Central Valley agriculture — our largest industry — the impact will be devastating. Diesel powers tractors, harvesters, and the trucks that move our produce. Electricity and natural gas run irrigation pumps, dairy operations, and food-processing plants. Small businesses that support farms (equipment dealers, trucking companies, processors) will face the same increases. Rural families already stretched thin will pay more to commute, heat their homes, and buy groceries. CARB's own Standardized Regulatory Impact Assessment admits these costs are passed through to individuals and businesses and will produce small but real negative effects on jobs and output in food processing.

The changes to offsets (capping them at 6% and requiring one-for-one allowance retirement) make the problem worse. Dairy digesters and healthy-soils projects — major offset generators right here in the San Joaquin Valley — will lose revenue, removing an important income stream that actually helps farmers reduce emissions voluntarily.

California's entire approach is performative and symbolic. Our state emits roughly 360 million metric tons of CO_2e per year — less than 1% of global emissions. Even if we drove our emissions to zero tomorrow, global emissions would barely change because China, India, and other countries continue to build coal plants and increase output. We are lowering the standard of living for Californians — especially in the Central Valley — for no measurable climate benefit. This is not serious environmental policy; it is virtue-signaling that punishes working families and farms while the rest of the world ignores the problem.

Instead of layering on more costly regulations, CARB and the Legislature should immediately reduce regulatory and compliance burdens. Slow or freeze the cap decline, protect agricultural offset programs, expand the Allowance Price Containment Reserve to prevent price spikes, and dedicate auction revenue to direct rebates for agricultural diesel and rural energy costs. At the same time, California should roll back the anti-oil policies that have driven thousands of high-paying jobs out of Kern County and other parts of the Central Valley. Bringing back oil production would create good local jobs, increase state revenue, and help keep fuel prices lower for everyone — exactly the opposite of what these amendments will do.

I urge the Board to reject these amendments as proposed. Do not adopt them on May 28. California does not need to make life more expensive for its own citizens in the name of symbolic global leadership. Focus on real, cost-effective solutions that protect our farms, small businesses, and families instead of punishing them.

Thank you for considering this comment. I am available to answer questions and request to speak at the May 28 hearing if needed. (45d-Borba-298)

Comment:

This is an ill conceived rule that will unnecessarily raise costs for my family and the small business that I run. Please reconsider. (45d-Betts-310)

Comment: California is already the most expensive state in the Union. Fire insurance costs are through the roof due to 50 years plus of misguided forest management policies. Health insurance is at record highs due to government involvement that greenlighted insurance companies to charge astronomical prices and the shift costs from those that don't pay onto those that do. Yet you want to force the poor and senior citizens on a fixed income into driving electric vehicles in a state where PG&E charges extremely high prices for electricity already and will have to charge even more when the grid that suffers brown outs already gets overloaded even more. Be honest this isn't about the environment it's about setting it up so you can charge citizens even more and make yourselves a ton of money with the build out for the server farms required for AI.

Nevermind, that the those server farms pollute billions of gallons of water that CA doesn't have to spare, which once again makes it clear this is not about the environment. These proposed changes are a betrayal of both the people and environment of CA. and they will cause millions to flee reducing CA's political power. I urge you in the strongest civil manner not to destroy CA this way. (45d-Throop-318)

Comment:

Please do no approve any new taxes or fees on gasoline in California. Don't make California more unaffordable than it already is! I am STRONGLY opposed to any amendment which would result in increasing the already onerous fuel taxes Californians are currently paying. Please reconsider these actions which will do nothing for the environment but will continue to burden the working poor and middle class. (45d-Keith-321)

Comment:

I am opposed to the Carb Amendment. Gasoline prices are the highest in the nation and are getting worse each day with the situation in Iran. The Carb Amendment will add seventy-four cents per gallon. Working families cannot afford this additional burden. (45d-Van-339)

Comment:

I operate a small family towing business with myself, and two other drivers. Our purpose of operating is to serve the motoring public, and provide good paying jobs to our employees who depend on the company's survival to provide for their families. Our small company is very dedicated to working with local non profits with both financial and volunteer time that allow us to serve our community in an impactful and meaningful way. We provide emergency road service to approximately 1,500 motorists a year. Fuel consumption is 21% of our monthly operating expenses, a large expense only behind employee wages. The proposed cap on greenhouse gas emissions and market will increase our cost per gallon from today's rate of $5.98 over a dollar per gallon to a 15% increase in fuel cost for our small company. After employees, equipment, fuel, insurance, rent, utilities, and taxes that will move our company into being unprofitable. Our only recourse would be to pass our 15% increase of cost directly to our consumers, many who are already struggling in this economy just to keep our doors open and operational. As a business owner, I understand costs will continue to rise, but need to be sustainable. I am also asthmatic born and raised in California's Central Valley my entire life. I truly appreciate the efforts to clean our air, and provide a healthy environment for all Californians. This effort needs to be sustainable, and increasing our operating costs 15% for a very small company, and thousands in the State of California just like ours will be a financial strain on us, and our consumers which may lead to closure of business, loss of jobs, and increased costs for all California residents and visitors (45d-ATTLLC-340)

Comment:

Please slow down and reconsider bringing this amendment to the California CAP on Greenhouse Gas Emissions to the table at this time. California households cannot afford any more taxes, especially now, in light of the recent overall price hikes in everything from fuel to water. Please, please, please do not make matters worse with this tax. (45d-Ratley-342)

Comment:

The proposed regulations threaten to dramatically increase affordability concerns for covered and now-covered entities. Increased ambition and decreased allocations will dramatically increase costs for all businesses in California, especially resulting from the increased cost of energy, transportation fuel and other inputs. California is already a high-cost state to produce food in, and the proposed regulations will add directly to the already high regulatory cost burdens of food production in the state. (45d-AECADC-347.3)

Comment:

Please reconsider the Cap & Invest regulations. We need to accurately assess how this will affect the communities we serve. (45d-JSWCI-359)

Comment:

I am against yet another tax increase on our fuel costs. As a Central Valley native, it is becoming increasingly difficult for me and my family to continue to live in California. Please slow down, and reconsider what you are doing to California families. Thank you. (45d-Young-384)

Comment:

Dear California Air Resources Board Members and Staff, I am writing as an individual resident of Lakeside, California, to strongly oppose the proposed amendments to the California Cap-and-Invest Program (formerly Cap-and-Trade). My name is Jason Walsh and I can be reached via my Email address above or at the contact in information provided in my submission. As a concerned citizen, I reject any changes that would effectively increase fees or taxes on gasoline and other fuels, which these amendments appear poised to do through tighter allowance budgets, reduced offsets, and other mechanisms that will drive up compliance costs for fuel suppliers—costs that will inevitably be passed on to consumers like me. California's gas prices are already among the highest in the nation, exacerbating the cost-of-living crisis for working families, commuters, and small businesses. The proposed reductions in allowance budgets (removing over 264 million allowances through 2045) and limits on offsets (capping them at 6% of compliance obligations) will accelerate decarbonization at the expense of affordability. While I support environmental goals in principle, these amendments fail to adequately protect low-and middle-income households from higher energy bills and transportation costs. The program's linkage with Québec and potential expansions do little to offset the burden on Californians, especially in areas like Lakeside CA where public transit options are limited and driving is a necessity. Furthermore, the economic impact analysis underestimates the ripple effects: a projected $124 billion in direct costs could lead to job losses in emissions-intensive industries, higher goods prices due to increased transportation fees, and reduced economic growth. Instead of imposing steeper fees disguised as market mechanisms, CARB should prioritize incentives for innovation, such as expanded tax credits for electric vehicles or subsidies for clean energy adoption, without punishing everyday drivers. I urge the Board to reject these amendments in their current form and reconsider approaches that balance climate action with economic equity. Thank you for considering my comments. (45d-Walsh-385)

Comment:

Please reconsider the proposed additional gas tax. As a lifelong resident of California, the taxes and cost of goods has continued to make life less affordable. (45d-Hoffmann-398)

Comment:

I think it is unfair to Californians, especially those of us in the San Joaquin Valley, to shoulder the cost of saving the planet from warming when Trump continues to withdraw the federal government from that effort and so many other states don't care at all. I'm sure you already realize that every rule you impose has a price tag, but at the same time I think you vastly underestimate what current technologies can do. I worked over 40 years operating public transportation services in California and I know that CARB horribly underestimated the impact of its emissions rules on those services. As an example, CARB told transit operators that by 2012 fuel cell technology would be available for all of us to operate our services using that technology. That was an egregious miscalculation on your part that created a domino effect resulting in our buses suddenly and unpredictably decelerating to 20mph on a busy freeway and potentially causing multiple fatality collisions. Fortunately it did not. Please reconsider your new rules to ensure, and be completely certain, what the financial effect will be on those of us that reside in the lower income areas of our beautiful state. Thank you for the opportunity to comment. (45d-Cavanah-420)

Comment:

Please reconsider your actions on the upcoming "Cap and Invest" bill, CARB needs to consider the struggle of living in California. California families do not need to be hit with increased taxes on fuel costs. Enough is enough, this committee needs to consider the majority of California's population not the minority of those behind this tax. (45d-DiGrazia-423)

Comment:

Please do not move forward with this really insane and stupid plan. California is the most anti-business and unaffordable state in America. No to new fuel taxes. (45d-Matthews-427)

Comment:

We don't need another tax added (hidden or not).....Does it ever end for us in California?? We are already hit with the highest gas prices around and we know each day it will keep rising....Our kids are moving to other states just because it is a cheaper lifestyle than California. Can we blame them? & let's get rid of Newsom for good!! (45d-Sai-442)

Comment:

Hello, When I was a teen, CA sales tax was 7 percent and gas was $1.36 a gallon. Since then, tax after tax has been heaped on the middle class. The state helps the poor. The rich help themselves. Who helps the middle class?!? Why is our state government so big but can’t deliver the services we are taxed for? I am writing this during a power outage because city government can’t keep our services in decent shape either. Traditional liberals all over the state cannot endure more virtue signaling at the cost of quality of life. Electric cars will replace gas one day but the technology isn’t quite there yet. Please don’t dig us into a deeper hole by raising taxes again. Thank you in advance for your help! (45d-Fischer-454)

Comment:

Completely disagree with proposed Cap and Invest. Californians need economic relief from policies and rules increasing the cost of living. Enough already. Show taxpayers an efficient use of tax dollars first. We have not seen anything near, it's just tax increases and more tax increases. For what?? (45d-Frizzell-466)

Comment:

The cost of gasoline in California is insane and out of control. Too many regulations are forcing refineries to close, pushing up the cost of gas and forcing us to secure gas from places halfway across the world, vastly increasing the amount of emissions and pollution for the energy that California needs. This proposal should be rejected as it will make it un affordable to live in the state and punish working class and poor people. This body has done a tremendous amount of harm and needs to be disbanded. (45d-Krebs-17)

Comment:

I am very concerned with the direction this state is headed for many reasons, but I'll comment now on the proposed changes to the "Cap and Invest" and greenhouse gas programs. California already suffers from the most strict regulations and policies in the country, if not in the world. Despite that, the good people of California have held on and helped the economy barely survive, but I do not believe the economy or the citizens of California can tolerate much more. The cost of production including fuel, oil, and all industries and products that rely on them are suffering and will suffer more with these proposed changes. There is a reason many industries and companies have left California over the past decade. Staying the current course, or worse- adding more regulations, and the economy will be further crippled, and many more families will choose to leave the state. Many will likely be forced to leave as their jobs are lost and their industry (oil, fuel refinement, manufacturing, lumber, etc) shuts down and leaves because the cost is too high or the restrictions too tight to continue on in the state. Job losses, and economic decline will be accelerated. Michael Wirth, the CEO of Chevron recently and publicly warned of these and more problems if we continue on this path and guaranteed devastation if the state pushes for these new amendments. We certainly need to be sensible and good stewards of the environment. We all want clean air and water, but we also need to recognize that there are clean ways to operate that don't penalize industry or everyday citizens. Most other states have found a way to do this! Gas prices for example are already the highest in the nation, and rather than refining and manufacturing our own fuel (to meet the strict CARB standards) with our own people and our own standards and care for the environment in the process, we import it from other nations that care far less about the environment to process it, let alone the cost and emissions to transport it here. It is far more expensive to import something that we have readily available here within our state! While solar is part of the solution, it cannot be the only solution. Even with solar, electricity is far too expensive and unreliable due to years of mismanagement and poor planning leading to blackouts, brownouts, aging infrastructure, etc. All this is going on meanwhile we have not built new truly green sources of power such as hydroelectric in decades or nuclear in decades (and want to decommission the Diablo Plant), and on and on. There are other solutions besides large solar generating sites or crippling other sources of power with regulations. We need to use all of our resources to ensure California can continue to thrive, grow, and be an affordable place for all. Lastly, I am worried that the "cap and invest" program is seen as a way to boost the state budget. Are we concerned about the environment or about finding more funding? It sure seems to be merely another tax disguised as helping the environment. We have a spending problem, not a revenue problem. Vehicles and industries are continually becoming more efficient and polluting less. We need more innovation and free market policies to allow good ideas and ways to become more efficient and less polluting, not choking standards and policies that crush innovation and economic prosperity. Let's incentivize and reward these ideas and solutions! The people and innovators are the solution- not the government and more commissions, committees and departments. PLEASE reverse course, use common sense and fair policies, and let's use our intellectual, economic, natural and human resources that we have before it's too late. A concerned Citizen from Fresno/Madera (45d-Struthers-22)

Comment:

The cost of gasoline and diesel is out of control. Too many regulations are forcing refineries to close and impacting local jobs. The radical agenda that CARB is pushing have forced Californians to choose between feeding our families or fueling up our vehicles. Now California has to ship fuel from the Bahamas, that does not make sense. For the hard working families that are already over taxed by the state this proposal must be rejected....ENOUGH IS ENOUGH (45d-Beaulieu-23)

Comment:

To the board, Please do not adopt the extension of the cap and invest program. We, as taxpayers, can't afford higher prices for gas and consumer goods. This program will increase the cost of doing business in California for oil and gas companies. When these oil and gas companies leave the state, they will take jobs and tax revenue with them. California will then rely exclusively on foreign oil. In closing, I ask you to vote no on extending the cap and invest program. (45d-Ross-27)

Comment:

As a resident of Santa Clarita, California, I strongly oppose the proposed amendments to the California Cap on Greenhouse Gas Emissions and Market Based Compliance Mechanisms Regulation. Gas prices in my neighborhood are already approaching over $5.00 per gallon (with the statewide average around $4.81 as of early March 2026), far higher than the national average of about $3.25. This disparity punishes hardworking Californians every time we fill up, while most other states enjoy prices in the $2–$3 range. These policies contribute to our reliance on imported oil from foreign nations, which is unnecessary given our domestic resources. Instead of easing the burden, the proposed amendments tighten emissions caps and extend the program long term, driving fuel costs even higher through increased compliance expenses passed on to consumers. California's leaders must stop these burdensome regulations that disproportionately harm families and workers. Please reject these outrageous amendments to prioritize affordability and energy independence for constituents like me. Stop taxing us to death! (45d-Bonitatis-29)

Comment:

I am deeply concerned about the ongoing closures of refineries in California, which are exacerbating our energy challenges.

Recent announcements, such as Valero's planned shutdown of its Benicia refinery in April 2026 and Phillips 66's closure of its Los Angeles-area facility in December 2025, represent a significant loss—equivalent to about 20% of the state's refining capacity over the next 18 months.

These closures will result in thousands of job losses and increase our dependence on imported oil, making our energy supply far less green and vulnerable to global disruptions.

California already imports around 70% of its crude oil from foreign sources, including countries like Iraq, Brazil, Ecuador, and Saudi Arabia. Relying heavily on imports from geopolitically unstable regions not only raises security concerns but also exposes consumers to higher and more volatile prices. Instead of policies that accelerate these closures, we need measures that promote energy independence and affordability.

This situation mirrors the crisis in California's homeowners insurance market, where escalating costs and limited availability due to wildfire risks have left many residents unable to secure coverage. As a result, Californians are buckling under the weight of skyrocketing living expenses, including some of the highest energy prices in the nation. We cannot afford to compound these issues by driving away energy producers.

I urge you not to approve or support policies that further burden our refineries and energy sector. Instead, prioritize initiatives that reduce energy costs, encourage investment in California-based production, and protect jobs. Continuing down this path risks severe economic harm to our state—let's reverse course before it's too late.(45d-Pinkus-31)

Comment:

The poorly thought out plan of cap and trade, or extortion is a better word does more harm to the global environment. The crude oil we import is manufactured by refineries and oil patches in foreign nations that produce more pollution than California oil patches and refineries. It's then shipped via tanker ships that burn essentially crude oil on foreign ships that produce more pollution. All the while creating a higher chance of an oil spill at sea. California can feel good about our air being cleaner, nought, but at the expense of increasing global pollution. It removes jobs in refineries, oil patches, food industries, OEM manufacturing and small businesses from California, decreases our self reliance, benefits foreign nations and strains the finances of California's at the gas pump. Submitting this to your organization is a folly as the corruption in CARB is legendary, and laughed at by all other states and all of the public comments will be simply thrown out and ignored as it has been done in the past. CARB and the California Coastal Commission should be combined to form a single corrupt entity to save some money to the taxpayers. (45d-Conforti-33)

Comment:

Stop taxing us to death. None of these taxes are helping Californians. They aren't helping the environment. It's policy that has screwed the oil and gas industry in CA and policy that is bankrupting Californians through more gas taxes, already the highest in the nation. (45d-Comfort-41)

Comment:

I am very concerned about policies that increase gas prices and reduce fuel supply in California. Please consider the impact these policies have on the middle class citizens. In Utah the price of gas is half the price of California. I am for clean air but that their has to be consideration of the impact on the quality of life for the californian residents!!! i beg you to not inflict higher prices and policies where cause more oil companies to leave. Plus consider how we have started to import oil for other countries - so how green is there processing plus consider the transportation impact on the ocean. (45d-Wilson-55)

Comment:

Quit trying to turn California into a 3rd World state. If you want a "clean" energy alternative to petroleum, look into building more nuclear power plants and stop blaming CO2 for everything. CO2 actually allows plants to grow and produce O2 as a byproduct. (45d-Gonzales-57)

Comment:

I oppose the proposed amendment to California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation (45d-McCraw-58)

Comment:

Taxing air makes as much sense as calling CO2 a pollutant. Stop the unnecessary waste and regulations before California gets into a death spiral that cannot be reversed. (45d-Tyler-70)

Comment:

I write this comment with great disgust. Disgust in California's legislature, and disgust for the ever so pointless California Air Resource Board. The fact that more and more Californians are struggling to make ends meet, and you greedy scam artists want to tax us more is truly evil. You are taking more food off of my family's table, along with every other California tax payer's table, by wanting to tax us more. Are we not burdened enough? Or are your pockets just not lined well enough yet? Are we (the constituents and non state employees) just your cash cow? Why don't the tax payers get to vote on this egregious tax hike? You know, like in an actual democracy. I vehemently oppose this tax! Maybe if you didn't force refineries out of California with regulations, prices at the pump would be cheaper. But you all want to make us suffer because we are "less than" in your eyes. I guess California really is turning in to Commie-fornia... at least we can say this state used to be great. (45d-Person-85)

Comment:

What will be the next excuse to raise taxes? Not everyone is a lackey appohted by the gov good hair making 6 figures a year. This state and the carb board are ridiculous one thing after another. If they cared so much about emissions then they would force every city and state govt agency to comply with smog regs or they would stop high speed rail due to all the polluting it's caused over the years. But they don't because it's their own little slush fund corruption is alive and well in California. (45d-Walker-89)

Comment:

Creating regulations is just a way to to tax without representation. Very unfair to the hard working people of the great state of California. (45d-Bradshaw-93)

Comment:

I am a 70 year old native Californian, living on a fixed income. My husband and I can't afford to purchase an EV and as we live in a rural area, we have no public transportation. We rely on our car to get us to the grocery store, medical appointments, etc. Before increasing costs for our remaining oil refineries please take into consideration those of us who don't have a wide range of transportation choices. We could leave the state, but that would mean leaving behind children and grandchildren. Why should we have to do that? Please stop with the narrowly focused climate agenda and consider all the harm your policies will inflict on rural communities, agriculture and our military. (45d-Hutchin-97)

Comment:

I oppose this proposed amendment. We are already the most expensive state to live in because of all the taxation on the citizens. It is these type of proposals that have caused California to be more dependent on outside resources which in turns means more money for its citizens. We are being poor stewards of the resources within our state. Over-regulation has put us in this position. Please reject this proposal. (45d-Presant-99)

Comment:

We cannot afford more taxes, I oppose any regulations that will add a hidden gas tax, risk more refineries closures and make us even more dependent on foreign imported oil or that cause Central Valley residents and lower-income families to be disproportionately harmed (45d-Bixler-110)

Comment:

California accounts for less than 1% of global greenhouse gases (GHG). China emits 35% of global GHG. The only things your restrictions thus far have accomplished are:

1) stunted California's economic growth

2) made fuel so expensive that even physicians like me feel the sting in the wallet—I can't imagine what the average Californian feels

3) crippled fuel dependent small businesses (you can't run a construction contracting business out of a Prius)

4) increased California's dependence on foreign oil shipped from across the globe at huge cost and emissions while the rest of the country enjoys ever decreasing fuel costs.

5) somehow managed to constrain use of clean burning natural gas

You are ruining this state with little to nothing to show for it in terms of global climate policy. It's bizarre and unsustainable. (45d-Duriseti-148)

Comment:

Dear California Air Resources Board Members, My name is Nicole Nicks, and I am a resident and registered voter in Visalia, California. As a California citizen, I am writing to strongly oppose the proposed amendments to the Cap-and-Invest regulation (formerly Cap-and-Trade) currently under consideration. These amendments would significantly tighten the emissions cap by removing millions of allowances from circulation between 2027 and 2030, with further aggressive reductions aligned to 2045 climate targets. While I support reasonable efforts to address climate change, this specific proposal is unacceptable because it will impose severe and unnecessary economic hardship on everyday Californians. Reliable analyses, including warnings from Chevron and independent energy experts, indicate that these changes could drive gasoline prices up by more than $1 per gallon by 2030 on top of California's already sky-high fuel costs, which frequently exceed $5 per gallon and sometimes approach $8 in certain areas. For working families, small business owners, commuters, and anyone who relies on a vehicle for daily life, school drop-offs, grocery runs, or getting to work, this represents a direct and regressive tax increase that hits hardest on lower- and middle-income households. Further refinery closures, job losses (potentially hundreds of thousands across the energy sector), and increased dependence on imported fuels would compound the problem, making our energy supply less secure and more volatile. These outcomes contradict the goal of protecting affordability and equity for California residents. CARB must prioritize cost-effective emissions reductions that do not disproportionately burden consumers through higher transportation and goods prices. I urge the Board to reject or substantially revise these proposed amendments to avoid exacerbating the affordability crisis already facing millions of Californians. Thank you for considering my comments. I respectfully request that the Board account for the real-world economic impacts on citizens like me before any final decision. (45d-Nicks-149)

Comment:

I am very concerned about this state allowing unelected members of CARB to unilaterally take steps that would increase gas prices and make the cost of living even worse. This will negatively impact people of color and those in low income communities. It will also drive away good and union paying jobs from refineries and pipelines and negatively impact working class families in Southern California. There are other ways to effect climate change without bankrupting the average Californian who drives a gas powered car and pays the highest prices in the nation to fill up already (45d-Reddy-151)

Comment:

Wildcard fires are natural souces of air pollutants with up to 20 million acres estimated per year prior to european settlements. Continuing to focus on so called "man made" sources leaves less resources available to control fires at every level and will result in an increase in air pollution and greenhouse gasses from wildcard fires. Not only should no new regulations be included but the program in its entirety should be repealed. (45d-Burgin-154)

Comment:

Stop destroying California no one elected you. (45d-Janousek-164)

Comment:

I strongly oppose CARB's proposed amendments to the cap-and-trade program. California drivers are already paying painfully high gas prices—over $5.00 per gallon on average right now (with some areas nearing $6), compared to the national average around $3.45. Adding another estimated $1+ per gallon (per Chevron's analysis) through tighter emission caps and allowance reductions would crush working families, small businesses, and low-income households who rely on their vehicles for daily commutes and essentials. These aggressive regulations risk driving up costs even further without meaningful alternatives in place, while threatening refinery viability and jobs in our state. CARB should prioritize affordability and reject changes that pile more burden on Californians already struggling at the pump. Please withdraw or significantly scale back these amendments. (45d-Joy-165)

Comment:

I am a working class immigrant living in CA. Please DO NOT pass these amendments. They are ANTI-WORKING CLASS, ANTI-IMMIGRANT and ANTI-PEOPLE OF COLOR, because the only outcome of these amendments will be making energy even more expensive than it already is and less accessible to these vulnerable communities. These amendments will also result in more atmospheric pollution and damage to earth's biosphere, because California would be buying oil from overseas produced with less oversight and with a dirtier industrial process, shipped on diesel ships across the ocean. Thus these amendments will cause negative impact on climate and accelerate the climate catastrophe, result in suffering of the working class immigrant communities who are trying to pay their bills and barely affording to do so. (45d-Rustamov-170)

Comment:

Stop policies that drive up gas prices, hurt working families, and take away jobs. (45d-Price-172)

Comment:

Keep it up CARB! You're about to regulate me and my money out of California. Get gasoline to $10/gallon as soon as possible. Hurry! None of this hurts me, I can afford it. It hurts people that need to drive normal affordable cars that burn gasoline. Incentivize compressed natural gas vehicles again. That makes more sense than creating an economy dependent on the product of a few refineries. You're cutting your nose off despite your face. (45d-Olive-174)

Comment:

Since your body is not voted into Office, I don't believe that you have the right or the ability to make any rules or laws that were required. Additional taxes placed upon businesses or taxpayers. Any rule that you think you can adopt that requires additional taxes must be passed by the legislature. Therefore, I am against any and all rules that you create. (45d-Kowalishen-176)

Comment:

Once again you are taxing regular citizens just trying to get by to appease your Getty and Soros overlords. Please do us all a favor and disband. (45d-Johnson-177)

Comment:

These policies you are trying to achieve are outside of reality and rational thinking. You have all been told this for years, we do not have the infrastructure to support you goals, and if you continue to push the companies out that are (were) supporting the journey, we will never have the financial stability to update our infrastructure enough to eventually support a transition to cleaner/renewable energy (45d-Taber-179)

Comment:

I oppose all amendments to the California Cap on Greenhouse Gas blah blah blah. Gas prices in California are currently the highest in the nation and is essentially tax on the citizens that is oppressive. Refineries have left based on your regulations. The cost of goods and services will skyrocket due to the cost of fuel. This must stop. I know this is by design to get us in electric vehicles. That is unrealistic. And now CA must import most of our fuel that is being refined in a country with less regs and shipped via diesel ships. Please enlighten me as to how this is helping the environment. Absolutely insane. Stop. Eliminate all these regulations and allow CA citizens relief from your climate project scams. (45d-Resciniti-182)

Comment:

Please do not pass any of the proposed amendments that will raise gas prices and/or cause more refineries to close in our state (45d-Grotenhuis-188)

Comment:

I am writing to express strong opposition to the Proposed Amendments to the Cap-and-Trade Regulation. These changes threaten to significantly increase direct costs on California consumers and businesses by accelerating the reduction of allowances. By artificially tightening the market, these amendments will increase the price of essential goods and fossil fuels, disproportionately affecting vulnerable households. Furthermore, these overly aggressive targets risk creating "leakage," where businesses move out of state, resulting in no global environmental benefit while damaging California's economy. The focus should be on economic stability and gradual, technology-driven, rather than regulation-driven, emission reductions. (45d-Guth-197)

Comment:

Please oppose these amendments. This will negatively affect senior citizens on a fixed income, and young families who are already struggling just to pay the rent, and pay all the other taxes we already have. Seniors on fixed incomes cannot afford an electric vehicle. Young people will not be able to afford the commute to work, because young people cannot afford to buy electric vehicles, most are making low wages. This would also negatively affect businesses. It is already too expensive to survive in California for most of the population who work here. Stop chasing away the refineries, jobs and businesses. Vote no! (45d-Grotenhuis-195)

Comment:

STOP making new regulations. You are not making a cleaner world. You are killing our state and our livelihood. Please reconsider these actions which will do nothing for the environment but will continue to burden the working poor and middle class. Planes don't fly on electricity. The refineries are needed for the jet fuel, diesel for ships and trucks and gasoline is part of what's left over. This once great state is dyeing due to these type of decisions. (45d-Butel-203)

Comment:

Thank you for the opportunity to comment. My wife Karen and I are both retired and living on a fixed income. The policies of this State and the specific regulations formulated by your Board are what we have endured our entire adult life. There is really no excuse, environmental or otherwise for Californians to be paying a price for fuel and by extension, everything else, that is substantially higher than the rest of the country. Businesses in general and the energy companies in particular, are reaching a red line point where the over regulation is making it non-feasible to continue doing business here. This is now becoming more and more apparent with the recent comments from Chevron. We for now, can afford the current increases. However, you and your policies are most destructive to those that can least afford price increases, the working class of this great State. Our hope is that you reconsider, at the very least, your timelines for these restrictive and destructive regulations. If you and the State government do not reconsider we will just have to sit in lines at the gas station like back in the early 70's! Sincerely, Roger and Karen Lehman (45d-Lehman-213)

Comment:

PLEASE think of the average Californian that can barely pay their bills and DO NOT add yet another cost to oil!!! Gasoline prices affect EVERYTHING! We are BARELY surviving here and are too broke to leave the state! Do not pass yet another regulation that forces oil companies to LEAVE! There is NO replacement yet for oil!!! Importing oil from other countries is CRIMINAL and completely negates ANY environmental gains you are supposed to promote! Let us support our OWN oil and refineries that are MUCH more regulated than any other country in the world! CALIFORNIAN NEED YOUR HELP! (45d-Kennedy-219)

Comment:

This proposal will unfairly impact families in rural California which lacks EV infrastructure and household income does not support the purchase of electric vehicles. Furthermore, these families travel farther to work, school, and markets resulting in more miles driven and more fuel consumed for basic necessities. (45d-England-231)

Comment:

I am writing to submit a public comment opposing CARB's draft regulations for the Cap-and-Invest program.

CARB seems to be in a rush to initiate a tax that will significantly harm refiners' ability to operate. (which seems to be logically your plan) CARB's seems to want our oil refineries gone from California, but fails to address economic concerns if and when these oil refineries disappear from California. If CARB implements this tax, demand for fuel will not disappear. The demand for fuel in California has not decreased and will not in the foreseeable future. California will likely import more gasoline, diesel, and jet fuel from outside the state, shifting emissions elsewhere and raising costs for consumers here at home. California does not need to import fuel even though we are currently importing about 70% of its oil. At this moment oil plays a significant, though not primary, role in California's $4.3 trillion economy,(making us the 4th largest economy in the world) contributing over $166 billion to the state's GDP and supporting over 536,000 jobs.

With some of the High Wages. The industry offers an average salary of $123,000, almost double the state's private-sector average. This current proposal is a direct threat to California's economy and affordability:

Economic Impact that will be lost: The oil and gas industry supports over $53 billion in labor income and roughly $64.3 billion in tax revenue for state, local, and federal governments. This alone should make our Government scared; it certainly scares me. Who do you think's going to have to make up the difference? You guessed it, the taxpayers.

So I have touched on how this program will impact the economy of the government and on the people of California. Now let's speak about the impact it's going to have on our transportation industry and on the common person who will be impacted by supply and demand and cost increases of gasoline per gallon. With relations in the Middle East unsteady. Supply and demand will play a huge role in what was only 70% of our gasoline import to 100%. Why would oil refineries stay in California if their cost for doing business has become uneconomical?

Lastly, becoming dependent on production outside of California runs counter to the state's environmental and economic goals.

Oil and gas remain essential to California's economy. Demand remains for tens of billions of gallons of gasoline, diesel, and jet fuel powering consumers and the businesses they rely on. Increasing costs on California refiners to the point they consider leaving the state likely only shifts production elsewhere and punishes people at the bottom of the economic ladder.

Please do not move forward with this Cap-and-Invest program. It will ruin California's economy and put a huge strain on us the taxpayers. (45d-Luchini-235)

Comment:

Please, no more taxes. We do not need more funding for programs - we need stewardship of the programs we already have. The people suffer - do you see it? (45d-Jackson-247)

Comment:

As a native Californian and a small business owner I am asking this board, DO NOT pass these Cap & Invest amendments that will drive California gas refineries out of the state while gas is already reaching $6.00 a gallon. These policies are not helping Californians nor the environment. With these policies you have destroyed jobs while making it impossible for the citizens of California to live in this state. This will be the end of California as we know it. This is criminal to the citizens of California!

All this climate garbage must stop! (45d-Rivard-283)

Comment:

As a native Californian and a small business owner I am asking this board, DO NOT pass these Cap & Invest amendments. These amendments will only drive the last remaining California gas refineries out of the state. Gas is already reaching $6.00+ a gallon. These policies are not helping Californians, nor the environment. These policies have only continued to destroyed jobs while making it impossible for the citizens of California to live in this state. We pay enough, do enough in the eyes of saving the environment, but you all want more while holding no accountability with our tax money. If all these reckless policies continue this will be the end of California as we know it. This is criminal to the citizens of California coming from a board we never elected! (45d-Rivard-289)

Comment:

I don't think that any increase in taxes, regardless of the amount should be allowed until there is an explanation for where California's tax dollars have gone to over the last 4 years. (45d-Gomes-300)

Comment:

Do NOT pass amendments that will drive California's last refineries out of the state while the gas is already at SIX dollars a gallon. I commute to school I'll forced to drop out and work local. I have a dream to help my parents, this is NOT helping us, it only helps you government! (45d-Velazquez-307)

Comment:

Have you regulators lost your total sense of reality? At a time when refineries are leaving; gas prices are skyrocketing due to a looming lack of fuel (can you say; inflation instigators); and then talk of lack of affordability in California, this additional cost can NOT be tolerated. Fuel taxes need to lower back closer to nationwide pricing as it is. Again, this additional cost will decrease the attractiveness of business to California. We are becoming a residential slum with minimal business infrastructure. Please do NOT implement additional cost no matter what the "long-term" benefit is perceived to be. (45d-Gudgel-309)

Comment:

Do NOT pass amendments that will drive California's refineries out of the state while gas is already that six dollars a gallon, specially diesel. This price elevation is just ridiculous, the state of California will not be called the richest state, it will be the the state with the poorest hard working population, unless your in the government. (45d-Velaquez-312)

Comment:

When fuel costs go up, everything else follows. Trucking costs rise, and so do grocery prices. Heating bills climb. Small businesses absorb the hit and pass it along to customers. Central Valley families who drive long distances just to get to work will feel this more than almost anyone else in the state. There is also real concern that these regulations could push more refineries to close here in California, leaving us even more dependent on foreign oil. That is not a tradeoff that makes sense for our region (45d-Timmermeyer-317)

Comment:

Please do not approve these amendments. Bay Area gas: $5.99. Iran war spike still coming: +$0.60. Summer blend: +$0.15. CARB's new Cap-and-Invest amendments: +$0.74. That's $7.48 by summer — and California's own nonpartisan analysts confirmed that number. Chevron's president was asked directly: if this passes, are you threatening to leave California? His answer: Yes. Only 7 refineries left in California. Five closed in the last few years. Valero closes next month. PBF Energy says if these amendments pass, in-state refining goes to ZERO. 70% of California's gas already comes from foreign nations — including the Bahamas. Those foreign refineries pay ZERO cap-and-invest tax. Only California refineries get taxed. California gas is already expensive enough as it is. Please give us a break. This will not make our environment cleaner but only increases costs for low income to middle class families. Thank you. (45d-Messick-329)

Comment:

When taxes couldn't be raised any further, now it's fees. . . call it whatever, anything that raises the price artificially, regardless of what 'good cause' it is supposed to go to, is not the right thing, certainly not now, but also for a long time into the future as well. Thank you for reading my comment. (45d-Arno-336)

Comment:

Dear California Air Resources Board Members, As a Mount Shasta resident, I urge you to reject or substantially revise the proposed amendments to the Cap-and-Invest program, particularly the removal of 118 million allowances (2027–2030) and accelerated reductions toward a 2045 cap of ~30 million allowances. These changes threaten to make in-state refining unviable, as warned by Chevron and others. With recent closures (e.g., Valero Benicia, Phillips 66 LA) already reducing capacity by ~20% and pushing prices up (e.g., surges of 40+ cents recently to ~$4.58/gal), further refinery losses could spike gasoline well beyond current levels—potentially toward $8/gal by late 2026 per some analyses—while forcing even greater reliance on higher-emission foreign imports. This would hit working families hardest, exacerbate inflation, and accelerate California's ongoing exodus: recent data show net domestic out-migration of over 200,000 residents annually (e.g., ~229,000 in mid-2025 Census estimates, with California leading the nation in outbound moves for years). High energy costs are a key driver pushing people to lower-cost states. CARB is appointed to represent all Californians—not just climate goals at the expense of affordability, energy security, jobs, and population stability. Please prioritize balanced solutions: fairer refinery benchmarks, phased implementation, and a full economic/security impact review with the Energy

Commission. Thank you for considering this input before the March 9 comment deadline. I request confirmation of receipt. (45d-Caddell-371)

Comment:

VOTE 'NO.' Period. (45d-Whitsett-389)

Comment:

Please do not pass amendments that will force California's last remaining refineries out of out state. It is unconscionable with the cost of living and inflation to increase this burden on working families who are struggling. Thank you. (45d-DeRuyter-391)

Comment:

I am against any more taxes. Stop now. Thank you (45d-Haney-414)

Comment:

Do not pass this!!! (45d-Walker-430)

Comment:

Do not pass!!! (45d-Walker-431)

Comment:

My name is Bill Davis, a resident and software engineer in San Jose, California. I oppose the proposed amendments to the Cap-and-Invest Regulation (ISOR January 2026) because they would substantially increase the cost of fuel, electricity, and goods for working families without adequate protections.Tightening the emissions cap and reducing free allowances will drive up compliance costs for refineries, utilities, and transportation, inevitably passed to consumers through higher gas prices (already over $5/gallon in the Bay Area), elevated electricity bills, and pricier groceries and manufacturing. These regressive impacts hit low- and middle-income households hardest, exacerbating California's affordability crisis amid stagnant wages and high living costs. CARB's own analysis shows potential annual household cost increases of several hundred dollars without stronger rebates or exemptions. I urge the Board to: Retain sufficient free allowances to shield ratepayers from price shocks. Expand direct rebates to all households, not just low-income, funded by 100% of auction proceeds. Delay cap tightening until zero-emission alternatives scale affordably and grid reliability is proven. Prioritize voluntary measures over mandatory caps that risk economic harm. Rejecting these amendments protects California families from unaffordable energy costs while pursuing climate goals through innovation, not mandates. Thank you for considering my comment. The costs of this amendment will encourage more people and businesses to leave the state of California. (45d-Davis-437)

Comment:

CARB must not pass the amendment to the CARD Cap and Invest regulations. Your policies will chase away the remaining oil refineries and increase costs for CA residents / TAXPAYERS. Result: higher oil / gas prices, fewer CA jobs, more exodus from the State. Why was Western Climate Initiative Inc organized in Delaware? Why is a CA government agency (corporation) formed in a different state from CA? Western Climate Initiative was created by California Air Resources Board to manage the cap and trade auctions. There should be transparency! Taxpayers should have visibility! There are already 8 agencies in CA found to be riddled with fraud, misuse or mismanagement or waste of taxpayer funds. Now your policies will cause more financial damage for taxpayers. The Cap and Invest program has NOT helped taxpayers in the past, present, nor future, despite the name change from Cap and Trade. You have WASTED our money by investing in wrong-headed activities. (45d-Shepard-443)

Comment:

Dear Chair and Board Members,

I am writing to express my opposition to the proposed changes to California's Cap-and-Invest program that would significantly increase the cost of gasoline and diesel for residents and businesses across the state. While I support responsible environmental stewardship and efforts to reduce emissions, the current proposal places a disproportionate financial burden on working families and small businesses who rely on transportation and service vehicles to earn a living. As a business operator in California, fuel is not a discretionary expense. It is a core operating cost. Service companies, contractors, delivery drivers, tradespeople, and countless others depend on reliable and affordable fuel to serve customers and keep our local economies functioning. Increasing fuel costs through regulatory policy will inevitably lead to higher operating expenses that must be passed on to consumers. California already has some of the highest fuel prices in the nation. Additional increases through Cap-and-Invest will compound the financial strain on residents who are already facing rising costs for housing, utilities, insurance, and everyday goods. For many households, transportation is not optional—especially in communities where public transit options are limited. Policies that aim to reduce emissions should balance environmental goals with economic reality. A regulatory approach that substantially raises fuel prices risks harming the very communities it intends to help, particularly lower-income households and small businesses. I respectfully urge the Board to reconsider policies that would further increase gasoline and diesel costs and instead pursue solutions that encourage innovation, infrastructure improvements, and practical pathways to emissions reductions without imposing excessive costs on Californians. Thank you for considering public input on this important issue. (45d-Hewitt-458)

Comment:

Do not recommend policies or actions that will endanger the continued existence of refineries in California, and please share this email with the Board. My email to capandtrade@arb.ca.gov was returned as undeliverable. Gas prices are already crippling many families.

Housing prices are so unaffordable that many have moved to Los Banos and commute to work in San Francisco, the East Bay, Silicon Valley, Monterey, Soledad, Watsonville, etcetera.

The proposed actions and recommendations you're considering will have a devastating economic effect on Californians, and will not help the environment at all. Imported oil comes from countries with dirty standards and is then shipped on diesel powered ships across the ocean. It appears this action, these actions, are part of a plan to force electric vehicles on us. Expensive electric vehicles most can't afford.

Please, represent us, the hard working, every day people of California. (45d-Brett-459)

Comment:

As a battered, bruised victim of California's insane policies, I'd like to know how unelected, overpaid, bloated bureaucrats are allowed to make policy decisions (IN SECRET) that affect my and my family's well-being.

The latest flurry of so-called "environmental" regulations set to destroy what's left of California's energy industry is nothing more than a money grab. None of you care at all about the environment or the citizens who will be left to pay the price of this lunacy. You just line your pockets and drive back to your gated communities without a care. Only in California could dimitted politicians and Politburo Members be arrogant enough to try and sell this nonsense as sound environmental policy. The few oil refineries left, including Chevron, have made it abundantly clear that they CAN and WILL leave our state. Meanwhile Gavin Newgrease is begging that bastion of environmental excellence, Bermuda, to send us gas on boats that use oil dirty fuels and create more noxious fumes than a group of Sacramento politicians at a bean enchilada fundraiser. The message is clear and reeks of unbridled entitlement: "We only care about pollution that's created here in California. If it happens elsewhere, that's OK."

I don't know what the taxpayers are spending for you board members, but if it's more than ten bucks, it's too much. In attempting to make California into some sort of environmental showpiece, you have only succeeded in making us the laughing stock of the world and a horrible place to live. No wonder two million of us grew a pair and left this hellhole. A pox on every one of you useless hypocrites!

PS: Feel free to ask me what I REALLY think. (45d-DeLeeuw-463)

Comment:

I am writing as a concerned California resident to formally voice my strong opposition to the proposed amendments to the Cap-and-Invest (Cap-and-Trade) Regulation and the Low Carbon Fuel Standard (LCFS) currently under consideration.

While I understand the state's climate goals, the current trajectory of these policies—combined with the impending closure of major state refineries—is creating an unsustainable financial burden on everyday Californians. I'm a working musician and I must drive my car to offer my services. My primary concerns are as follows:

• Fuel Affordability: Reliable economic forecasts suggest these regulatory updates could trigger significant immediate price hikes at the pump. In a state already facing a high cost of living, these increases act as a regressive tax that disproportionately affects middle- and low-income families who rely on personal vehicles for work and daily life.

• Refinery Stability: The regulatory environment is currently incentivizing the closure of California's refining capacity without a viable, immediate alternative for the state's fuel supply. This risks not only higher prices but also potential supply shortages and increased reliance on foreign oil imports.

• Transparency: I request greater transparency regarding the "cost-pass-through" impact of these regulations on consumers. The public deserves a clear, unvarnished look at how these administrative decisions will affect their household budgets.

I urge the Board to postpone the implementation of these price-increasing amendments and instead focus on policies that prioritize energy reliability and cost containment for California consumers.

I request that these comments be included in the official administrative record for the March 26–27 Board Meeting. (45d-Stancato-467)

Comment:

The California Air resource board is making it too expensive for California refineries to safely operate. They need to slow down the application of more stringent standards on these refineries as the cost to meet the lower APCD standards are driving the costs up which gets passed in to the CA consumers to the point where the CA Economy is going to collapse. California is one of the greatest Economies in the world and you must treat it with the respect and understanding that it deserves. (45d-Tachovsky-26)

Comment:

As a business owner and native Californian, I am imploring the board to NOT impose "cap and invest" amendments! The proposed legislation will cripple our state's remaining refineries therefore increase fuel prices, reduce jobs and threaten critical energy and national security assets. (45d-Parmele-28)

Comment:

Quit raising our gas prices in CA. We pay enough as it is already. (45d-Sharples-30)

Comment:

We are tired over the overregulating of the energy we all rely on. Any changes to this program threaten our ability to get US oil at a decent cost and hurt all of us. We urge you to stop the anti-business regulations that are closing refineries and impacting jobs. We are already too reliant on fuel from other countries. How does it help the earth to buy fuel from unregulated places?? Please help Californians have access to the fuel we need to deliver our groceries, get to our jobs and drive our children to school. Enough is enough!! (45d-Westphal-36)

Comment:

I have been following this issue for some time. California has a reputation for excessive regulations that make life expensive for all citizens, especially the poor. These regulations on refineries and other businesses are killing our state. The president of Chevron just sent a warning that these proposed updates will strangle the last remaining refineries in this state. I cannot afford an electric vehicle and the infrastructure does not exist to support it. Please stop killing California with excessive regulation. We are hurting out here. (45d-Rohmer-38)

Comment:

California's overseers managed the impossible: destroy in-state refining, kill high-paying local jobs, increase import dependence, and then pretend consumers are the problem. That is not energy policy. That is punitive idiocy dressed up as virtue. Californians are not using less oil. They're just being forced to buy the same energy through a dumber, weaker, more expensive supply chain while Sacramento congratulates itself for the damage- self-inflicted decline with a press release. (45d-Chavez-40)

Comment:

I am strongly opposed to these amendments. We already pay way more ($1.50+/gallon) than the rest of the country for gasoline. This proposal would make it even more expensive for people to get to work to feed their families. Our state should focus on building a safe and robust public transit system in all major metro areas if we really want to reduce carbon emissions without punishing the lower and middle classes. Japan is a good example and uses land value capture to turn a profit on theirs. Yet gasoline is still cheaper there than in California... (45d-Hinds-86)

Comment:

We cannot afford anymore taxes on our gas, we already pay way more than the rest of the country, we can't continue to live this way Please stop (45d-Lopez-90)

Comment:

You want to increase gas prices in the name of air quality as you poison our skies daily by spraying poisonous elements into the skies that rain down on us, the water we drink, the food we eat and the air we breathe. Never have been so disgusted with this state and its leadership (45d-Golden-92)

Comment:

We already have one of the highest gas taxes in the nation. Stop misappropriating the existing gas taxes! Our local roads are falling apart. (45d-Scheenstra-94)

Comment:

Please do not increase the cost of gas as a result of these new proposals. (45d-Hacker-100)

Comment:

Do not destroy this state even further in your well meaning but misguided attempts to solve all the world's supposed problems by punishing the people of California with this new tighter carbon rule. Refiners will shut down, and business will give up on this state. So my comment is; DON'T DO IT! (45d-Conard-104)

Comment:

Continued hostility towards our California Energy companies has already forced the departure of most of them. Chevron and the other remaining companies directly support over 500,000 bay area jobs, community programs, tax income, and much more. Moving forward with this resolution will guarantee me, my family, and thousands more will be left no other choice but to leave the state. Please reconsider this short sided approach. It does nothing but force us to rely on other countries for our oil supply. Funny that these rule makers are not concerned with the pollution and emissions foreign refineries generate, not to mention the carbon footprint shipping the energy to us. This measure is clearly another scam money grab and national security threat being dictate by unelected and entrenched bureaucrats. (45d-Gorman-109)

Comment:

I have been following this issue for some time. California has a reputation for excessive regulations that make life expensive for all citizens. These regulations on refineries and other businesses are killing our state. The president of Chevron just sent a warning that these proposed updates will strangle the last remaining refineries in this state. I do not want an electric vehicle and the infrastructure does not exist to support it. We should have the freedom to drive a vehicle that suits our needs. Please stop these excess regulations and pay attention to the needs of this state's constituents! Thank you for you attention to this matter. (45d-Collinsworth-111)

Comment:

Regulation is destroying this State as an economic entity. The loss of refineries caused by this Board prioritizing their own agendas is going to turn California into a failed state as the anti-business climate is driving companies and Californians who pay taxes elsewhere. Your arrogance will result in an initiative that requires CARB decisions be approved by the Legislature to create some accountability for these gross over steps by unelected Board. The proposed rule should be tabled. (45d-Houlihan-120)

Comment:

Hispanic low income families are already crushed by the high cost of gasoline prices at fault by the CARB unelected commission and the policies enacted by the Democrat Supermajority in Sacramento. Stop increasing the gas prices and work with the Trump administration to lower the gas prices, if you truly cared about the environment you would punish the companies that truly mess up our air. (45d-Rivera-126)

Comment:

I am respectfully asking you to not add anymore regulations that will add more costs to people purchasing gas in California. We are already burdened with the highest gasoline prices in the nation. I am retired and higher prices in gas will limit me as it will many low income citizens and undocumented migrants. (45d-Soltes-129)

Comment:

We should end all these regulations and this failed experiment. We should return to simply following the federal law and regulations. There is no reason for CA to regulate its citizens out of jobs and increase costs wholesale. CA is on the verge of forcing all industries to relocate. How many refineries have to close before you acknowledge that you are the problem? How does making our state dependent on foreign oil, nonsensical regulations, and taxes help Californians? It does not. It harms us. (45d-Smith-130)

Comment:

I wholeheartedly believe that there should be no increased costs. The state does not have a budget problem it has a spending problem. The state has plenty of natural resources yet the political class have decided to spend more via a contrived "cap and trade" mechanism. Vital petroleum refineries are leaving due to policies that were created to make them leave. This has national security implications. A cap on "greenhouse gas," is being used to extract funding from Americans instead of using the normal natural resources available in the state, thus burdening the people of the state of California. (45d-Rangel-136)

Comment:

DO NOT RAISE GAS PRICES BY $1. You will kill California. How many refineries have left already? You all are killing the state's place in the world economy. ENERGY IS ESSENTIAL FOR MAKING MONEY. That is why President Trump is smarter than all of you. (45d-Nyhlen-137)

Comment:

We demand no more intrusive, unnecessary tax hikes, green house fees or anything that causes gasoline and diesel prices to go up. California is already strangling its native petroleum industry while importing gasoline from thousands of miles away. We demand a stop to unrepresented policy decisions that harm our economy, our working class and retirees who live on limited budgets. Stop your nonsense and arbitrary "green" policies. (45d-Cabrera-143)

Comment:

Stop making our gas so expensive by approving unattainable standards and for sale carbon credits. I'm against passing the amendment. Recognize that our state relies on driving. (45d-Talbert-145)

Comment:

Do not pass amendments, this will drive more refiners out of California and hurt us all especially the lower and middle class, we are already hurting as is. we need help not another way to force us in to something we cant afford. (45d-Avery-147)

Comment:

Do not pass amendments that will drive, California's last refineries out of the State. While gas is already that of $5 to $6 a gallon in different areas of the Bay Area. (45d-Garcia-150)

Comment:

Vote No on CARB. CA don't need higher gas prices!!! We are already $2 More then the rest of the USA. (45d-Baker-158)

Comment:

Do not pass amendments that will drive California's last refineries out of the state, while gasoline is already at $5.00 per gallon. Thank you for your attention to this matter. (45d-Stone-166)

Comment:

It is absolutely ridiculous to add any additional costs to the state that has the highest gas in the nation for years now. We do travel. Do you all have families? As a state employee and 3rd generation Californian by way of the Southern US, I'm disgusted. Have some common sense and decency. Find your money somewhere else. (45d-Griffin-167)

Comment:

We need to make gas more reasonable. If CA were to reduce our emissions to 0 today, that is less than 1% of world emissions. Too much pain for too insignificant of a benefit (45d-Rosenfeld-171)

Comment:

Car culture in California is embedded in our souls. There are not enough public transit options to get around Los Angeles or other major destinations, and even if that were true, there are too many homeless & drug addicts that are a threat to civil society while attempting to take said public transport. I am ashamed of this "Board," a selected group of folks hiding behind the curtain & pulling the strings of policy here in the state. Unelected bureaucrats. It's outrageous that you seem to have taken this power to your heads & go against the will of We the People, who pay your outrageous salaries. Your climate scam BS is ridiculous. You have ruined this State with over-reaching policies that do not align with the rest of the USA. These decisions have great impact for those of us who reside here, by taxing us for waste, fraud & abuse of those in office, again, never [s]elected, but appointed by a governor who has destroyed this state.I am a native Californian. Some of us are awake to the bs red tape you impose. Cars & vehicles have already achieved the lowest emissions on record. For you to continue ignoring TRUTH = that we need carbon to live = is putting your head in the sand & still demanding more "improvements." Take a hike. You've run the largest gas suppliers out of the state & now importing crude oil from the likes of the Bahamas. Where's your concern that this produces much more pollution & carbon than refining right here in the state?! Childish dream of Utopia on the back of We the People!Since when does paying more taxes to government ever ensure there would be improvements? You think we are stupid! CA residents already pay the highest costs for our electricity, natural gas & other means of energy. This is just another fake alignment with the UN Agenda 2030 & globalist goals that are not proven. In fact, most places are resigned to this fact that humans cannot control output without drastic side impacts. Stop this nonsense! (45d-Wright-175)

Comment:

We can no afford anymore regulations. The price of energy is already crushing, and we need to find ways to lower prices, not increase them. (45d-DeMill-180)

Comment:

DO NOT PASS AMENDMENTS THAT WILL DRIVE REFINERIES OUT OF THE STATE, NOW OR EVER! ESPECIALLY WHEN GAS IS 6.00 A GALLON. (45d-Prisk-183)

Comment:

Do not pass any amendments that will drive refineries out of our State. (45d-Prisk-184)

Comment:

Asking you to not pass any Amendment that will drive our refineries out of our State. (45d-Ramage-185)

Comment:

Please do not pass any Amendments that will drive, remove any refineries out of our State. (45d-Ravera-186)

Comment:

We need our gas/oil refineries, do not pass any Amendments that will drive them out of our State! (45d-Martin-187)

Comment:

We must declare a state of energy emergency for the State of California. The proposed amendment is detrimental to the citizens of California and will continue to pollute the world when the last refineries are closed in our state. We are already at $6 per gallon and looks like we will double that by the end of the year. Please consider the economic impact of an ill conceived policy. We are already a state over regulated and governed by unelected officials like the multiple commissions, eg CARB and Coastal.....we need to stop doing this harm to our state and this will be our final nail in the coffin. (45d-Laughlin-191)

Comment:

Do not pass anymore regulations that will make fuel more expensive for all of California. Environmental regulation is good but there is too much regulation and you are doing too much. The environmentalists who are pushing these regulations don't fund your pay check. We the tax payers do. You are hurting every single working family in this state by putting more regulations. Enough is enough. If you want to pass more regulation, then give us gas subsidies so it's not so expensive. If you're not willing to do that, then no more regulation. Stop making fuel so expensive for all of California. (45d-Casillas-192)

Comment:

Unelected bureaucrats should not be passing any amendments that will drive California's last oil refineries out of the state while gas prices are already at approximately $6.00 per gallon. (45d-Laughlin-I-193)

Comment:

Do not pass any kind of amendments that take oil refiners out of California (45d-Clayton-194)

Comment:

DO NOT PASS AMENDMENTS THAT WILL DRIVE CALIFORNIA'S LAST REFINERIES OUT OF THE STATE WHILE GAS IS ALREADY AT FIVE DOLLARS A GALLON. I OPPOSE THESE CARB AMENDMENTS! (45d-Velazquez-199)

Comment: California needs our Gasoline , and our refinery's . we need the jobs . Lets keep it in California !! Thanks Dale (45d-Reavis-202)

Comment:

No more CARB increases related to cap and invest or any other rule or regulation! We, the taxpayers, are paying way too much for a gallon of gas. (45d-Pitkin-204)

Comment:

I oppose these amendments in the strongest possible terms. Do not pass amendments that will close the last remaining refineries in the state. We should be using our own oil here while lowering taxes on new energy sources - not selling our oil to other countries, letting them refine the oil, then sell it back to us at an inflated cost - both monetarily and extra damage to the climate via unnecessary transportation overseas and back.

Do not approve the amendments under any circumstances. (45d-Chatham-205)

Comment:

I oppose CARB drafting regulations for the Cap and Invest program that will shut down more oil refineries in this state. (45d-Otjen-206)

Comment:

Please do not pass any amendments that will drive refineries out of California. Gas prices are already too expensive and working families cannot afford to pay $6.00 per gallon. (45d-Essman-207)

Comment:

It is worth noting that many young folks cannot afford increasing gas prices in CA. I am 32. I work three jobs, and have many coworkers who also work multiple jobs, just to live comfortably in CA. Increasing gas prices and taxes is not a sustainable solution and I urge you to rethink the proposal if this is what the result will entail. CARB needs to be considerate of the hardworking Californian taxpayers, and must work to think of solutions that will alleviate our expenses. Also, arrive at solutions that will attract residents from other states, not further motivate residents to leave California. The mass exodus will grow if we continue on the trend we have been. Please work with our President, Donald J. Trump, and his administration to find reasonable and sustainable solutions. Please do not raise the price of gas, as this directly effects transportation services and work/life balance of your residents. When our President gets on the television and says other states are paying $2 for gas, it is extremely discouraging to realize that we are paying up to triple the national average, when we are told by the President of the United States that we shouldn't have to be doing that. So, why are we? We should be paying less than they are, because we pay so much more for everything else!!! Please alleviate Californians. I speak to you as a healthcare provider. The health and well-being of Californians depend on excellent ideas and the care of politicians and regulatory bodies. (45d-Mendoza-208)

Comment:

Do not pass amendments that will drive California last refineries out of the state while gas is already $6.00 a gallon (45d-Chang-209)

Comment:

California already has the highest gas prices in the country. No matter how much taxes are increased on fuel,no amount of money is going to change the climate. STOP making fuel more expensive and focus on bringing down the cost. Thank you. (45d-Murguia-211)

Comment:

Do not pass amendments that will drive , California last refineries out of the state while gas is already at six dollars a gallon. (45d-Morales-218)

Comment:

The ARB had better vote down and refuse to pass any bill, program, amendments, programs, etc. which would drive gas refineries out of California thus ensuring citizens are not hit with ever higher and higher fuels costs.

Signed

A Concerned Citizen who can't afford more of your false narrative, man-made climate change BS. (45d-Davis-220)

Comment:

Do not pass amendments that will drive California's last gas company out of the state while gas is already at/above $5.00 a gallon! Declare a state of emergency! Oppose these carb amendments! (45d-Gogna-221)

Comment:

Enough of your virtue signaling and pocket lining while our state and its tax paying constituents see a new tax every day of the year. Apparently, CA Democrats never took economics or logical reasoning courses at the JC. Stop taxing us to death. None of these taxes are helping Californians. They aren't helping the environment. It's policy that has screwed the oil and gas industry in CA and policy that is bankrupting Californians through more gas taxes, already the highest in the nation. Gas from the Bahamas? What is that??? (45d-Cavaleri-222)

Comment:

We cannot afford another gas tax. Please do the sensible thing and overturn this. We already have highest in the nation fuel costs. (45d-Diaz-225)

Comment:

Hello Air Board Members, For too long there has been a lot of red tape in California. Permitting is killing business, energy costs are high, and all the while jobs are being cut via closures. I am seeing more closures everyday from refineries to farms. It is to the point that California is importing fuel from foreign nations. Look at what is happening in the Middle East now. Chevron sent a letter out stating that your policies will kill refinery business. When is it enough? I am all for clean air but the policies you have in place are destroying our state. Other states such as Texas do not have this issue. I’m not sure what you all believe EVs are going to run on. Solar only? Have you seen the battery fires in Moss Landing? Hydroelectric dams are becoming too old and removed due to fish. Wind mills are inconsistent and guess what, it requires petroleum products to run. We have ONE nuclear power plant and California wants to shut it down at some point. Tell me, what do you expect everyone to power their EVs with? The world is not perfect, it never will be. Why does California only increase taxes, fees, permits and never cuts. Businesses are leaving but yet the state and its agencies keep making it more expensive to live here. I could get into politics but that is not the point. Look at high speed rail. I voted for it, I thought it would be great. I had no idea there was so much environmental permitting and red tape. We are the laughing stock to the world because we voted for a train nearly 20 years ago and it’s nowhere near complete. It’s to the point there is TOO MUCH environmental permitting and it is making it impossible to do anything in the state. Please, for the state and families, don’t pass the amendments you are proposing. You are cutting JOBS and making us reliant on foreign energy. It has NOTHING to do with Iran, but what it shows is that conflicts whether self induced or not, make us vulnerable. Thank you for your time and consideration. (45d-Hawkins-229)

Comment:

I am writing to urge CARB to reconsider any proposed amendments that would further increase gasoline prices for California families and businesses.

California motorists already face some of the highest fuel prices in the nation. As of now, AAA shows California's average regular gasoline price at about $5.20 per gallon, compared with a national average of about $3.48—a gap of roughly $1.73 per gallon.

That price gap is not occurring in a normal or resilient fuel market. California's fuel system is unusually fragile. The California Energy Commission's Division of Petroleum Market Oversight reported that after the planned closure of Phillips 66's Los Angeles refinery in 2025, the top four firms would control 98% of in-state refining capacity, and if Valero's Benicia refinery closes in 2026, concentration would rise further. The same report indicates these refinery changes would significantly tighten supply in an already isolated market. California also operates under a unique fuel system with special specifications and limited ability to quickly replace lost supply from other states, which means any additional regulatory cost or operational shock is magnified at the pump. At the same time, CARB is currently taking public comment on proposed amendments to the Cap-and-Invest regulation, with comments due March 9, 2026, and CARB's own recently amended LCFS program already took effect on July 1, 2025.

Whether the exact added cost is 10 cents, 37 cents, 74 cents, or more, the central issue is the same: California consumers are being asked to absorb more risk and more cost in a fuel market that is already strained. Reuters reported that CARB analysis on the LCFS amendments suggested gasoline price impacts averaging about 37 cents per gallon through 2030, while outside analyses have warned of substantially higher upside risk depending on credit prices and market conditions. CARB, on the other hand, has publicly argued that some independent experts project a much lower near-term pass-through. That range of disagreement itself is a reason for caution.

I respectfully ask CARB to do the following before advancing additional rules that could raise fuel prices further:

Pause or revise the proposal until a fresh, transparent, and independent assessment is completed on cumulative pump-price impacts, not just program-specific impacts in isolation.

Account for refinery closures and supply concentration in the state's fuel market before imposing additional costs that may accelerate instability.

Evaluate the affordability impacts on working families, commuters, small businesses, and inland communities, which are disproportionately harmed by fuel price spikes.

Coordinate with the California Energy Commission and other state agencies on a fuel reliability strategy before adopting changes that could further tighten supply.

Phase in any future requirements more slowly and include safeguards that automatically delay implementation if fuel prices or supply conditions deteriorate.

Climate goals matter, but policy durability matters too. If Californians increasingly associate climate policy with unaffordable gasoline, the long-term result will be a loss of public trust and support. A policy that may work on paper but worsens affordability in a fragile market needs to be reconsidered.

Please do not move forward with any amendment that materially raises fuel costs without first demonstrating, in a transparent and credible way, that California's fuel supply system can absorb it without causing further harm to consumers. (45d-Rezaei-230)

Comment:

All these gas taxes are ridiculous and you are just putting them on us with no recourse because you "have the power." Its unfortunate that you forgot with get powerconea great responsibility. It is a shame that you say you're working for the people. Its more like you're working to take as much money as you can from the people. (45d-Meyer-240)

Comment:

We don't need any additional CARB regulations. We need less. Reducing regulations will bring down the price of gas which will reduce costs on products across the board. We need new refineries and rely on our own oil instead of letting others cash in on energy. (45d-Hutton-242)

Comment:

I am writing to express my opposition to the proposed amendments that would increase gasoline prices by an estimated 40 to 60 cents per gallon. While I understand and support California's long-term climate goals, this proposal places a disproportionate burden on residents of the Central Valley—one of the state's most economically vulnerable and transportation-dependent regions.

In the Central Valley, gas prices already range from approximately $4.69 to $5.25 per gallon. For many of us, commuting is not optional. I personally commute long distances for work, and it currently takes the equivalent of four hours of my wages just to fill my tank twice a week so I can get to and from my job. An additional 40–60 cents per gallon would make this cost even more unsustainable.

The Central Valley has a large population of commuters who travel 20–45 minutes each way, and a significant number of "super-commuters" who travel two to three hours per day because local wages do not match the cost of living. Unlike residents in major metropolitan areas, we do not have access to reliable public transit alternatives. Driving is the only way to maintain employment.

If fuel costs continue to rise, many workers—including myself—will face a point where working is no longer financially viable. That outcome doesn't just harm individual households; it harms the regional and state economy. When workers are priced out of commuting, they are effectively pushed out of the workforce, reducing productivity, tax revenue, and economic stability.

Climate policy should not come at the expense of the very people who keep California's essential industries running—agriculture, healthcare, logistics, education, and service sectors. Any regulatory changes must consider the unique realities of rural and semi-rural communities, where long-distance commuting is a structural necessity, not a choice.

I urge the Board to reconsider this proposal or to include meaningful protections, exemptions, or offsetting measures for Central Valley residents and other regions where driving is the only means of transportation. A just transition must be equitable, and it must not disproportionately burden the workers who already carry some of the highest transportation costs in the state.

Thank you for considering the lived experiences of Central Valley commuters as you evaluate this amendment. (45d-Silva-245)

Comment:

Do not pass these amendments as they will drive the last of the refineries out of California. This will have a significant impact on the cost of living as energy prices increase, driving production and transportation costs up. (45d-Hernandez-246)

Comment:

I oppose this bill in every way possible. This money grab will do absolutely nothing to improve the lives of Californians or our environment. Billions of dollars have been taken from us with zero accountability. I'd call on California to rescind it's already exorbitant gas taxes and stop taxing us to cover the states poor management. (45d-Dormody-249)

Comment:

Highway robbery used to be a term used when things were way higher than they should be. Now it is exactly that, we are being robbed to use our highways! Between the highest fuel prices, highest fuel taxes, highest registration & weight fees, it cost Californians approximately twice what it costs drivers in other states to operate their vehicles. And our roads are the WORST in the country! This is just more theft to cover up the mis-use of funds we already pay. I hope with Trump's new EPA ruling that CARB will be abolished and the "Highway Robbery" will end once & for all!! (45d-Snyder-251)

Comment:

When is this going to stop? We can't continue with taxes upon taxes! I have no choice but to commute to Stockton for work and I have to fill my tank up at least twice a week. At these prices and the prices to come I think I will be working just to fill my gas tank up. I hope this does not go through! We have had enough taxes to last us a life time! (45d-Shook-255)

Comment:

Please reconsider any increase in gas taxes. Our air is the cleanest it's been in years. I don't think more money will make it any cleaner. California has the highest gas taxes of most states and the worst roads of most states. STOP THE INCREASE IN TAXES. WE ARE ALREADY OVER REGULATED. (45d-Erlandson-257)

Comment:

This is no time to be adding more taxes on the people of California. $120 a Barrel. $6.00/Gal. You have to be out of your mind. Newsome and his hap hazard handling of our State Economics is destroying the good life in our state. No more! Rob Harty (45d-Harty-260)

Comment:

The Proposed Amendment materially increases the compliance costs imposed on transportation fuel suppliers in California. In practice, these additional costs will be passed through to consumers as higher retail fuel prices. Although framed as a regulatory compliance obligation rather than a statutory tax, the economic effect on consumers is indistinguishable from a per-gallon surcharge. Under Article XIII A, Section 3 of the California Constitution (as amended by Proposition 26), any state-imposed levy, charge, or exaction is presumed to be a tax unless the State can demonstrate that it fits within one of the narrow exceptions for true regulatory cost recovery. Measures that function as revenue-raising mechanisms typically require adherence to the constitutional procedures governing taxation, including the two-thirds legislative approval requirement. CARB should clearly explain why a policy with tax-like consumer impacts is being implemented through regulatory action rather than through the constitutionally prescribed legislative process. (45d-Hoffmann-261)

Comment:

California needs to remove the fuel tax on gasoline and deisel not add more costs and tax. The legislatures are driving people out of California. STOP THIS MADNESS!!!!! (45d-Carter-263)

Comment:

Passing this legislation would be a mistake given the amount California consumers are paying for gasoline already. More and more businesses and people are leaving California due to the high cost of doing business. Adding another $.50 to $1.00 per gallon to sale of gasoline will further this exodus - our State needs to learn how to do more with less and passing an additional cost onto consumers is just a bad idea. (45d-Kelley-268)

Comment:

California Gas taxes are one of the most expensive in our country! We travel the US and it is amazing how other states seem to get things done with no state income tax and the lowest Gas taxes I ever seen!! Our CA leaders definitely need to be fighting this! (45d-Servando-271)

Comment:

Do not do anything that will add to the already grossly overpriced gasoline in California. CO2 IS NOT A CLIMATE CHANGE PROBLEM. (45d-Langford-272)

Comment:

In a time when gas prices are soaring for California families, you think raising taxes on them is reasonable? You are overstepping- you need to balance the needs of the working folks of California, most of whom have to drive to and from work, groceries, etc with whatever dreams of a solar only state you guys have. (45d-Esparza-276)

Comment:

I am absolutely appalled that California lawmakers are even considering yet ANOTHER tax on gas! I am a senior citizen on a fixed income who is barely managing to scrape by and you have the audacity to ignore the difficulties the average Californian is experiencing day to day. SHAME ON YOU FOR YOUR TOTAL LACK OF CARING FOR THE CITIZENS YOU SUPPOSEDLY REPRESENT! (45d-Evans-278)

Comment:

There is no justification to keep adding hidden taxes to our transportation fuel prices. CARB is a non-elected board that is not accountable to We the People, and now it is time to demand this insanity ends. Stop attacking the people of California with your unconstitutional regulations and fees that are just another way to steal our money. If any of you claim to follow Christ Jesus, you need to repent and rethink your position as you are oppressing We the People who already are having to make choices to actually leave California. stop it now! (45d-Ramirez-280)

Comment:

I really oppose adding more taxes to are already extremely high gas prices in CA. This will degrade the economy. It is wrong to add to the fuel taxes to fund some other unaudited project. Gov. Newsom has ruined CA in several ways and this is just one more way before he finally leaves his governance. (45d-Sloan-286)

Comment:

We need to stop this ridiculous rulemaking that is making our gas prices higher than any other state in the entire country. If these are passed, Chevron will leave the state and that'll bring gas prices up by at least another dollar per gallon. Enough is enough! (45d-Bogart-293)

Comment:

Market based?!??! Why do the Democrats support the original Republican ideal of "cap and trade" that the Republicans first supported because it doesn't help the environment at all? Why has no refinery opened in California since the 70's? Why are we going to lose local jobs and rely more on out of state oil?

Why is there a huge push to force people into electric cars without adding BILLIONS of dollars of infrastructure upgrades to of electrical grids as energy producing capabilities of solar and wind keep under-performing and continue to be less reliable? We don't need less refineries in our beautiful state, we need more until a true energy shift takes place. Cap and trade is a huge taxing scam; it isn't the answer. (45d-Ganal-299)

Comment:

The regulations that California has made are completely insane. Because of their ridiculous environmental policies, that make Zero difference California has the highest fuel cost in the United States. California needs to adopt the Federal environmental laws and stop being led by the nose by groups such as the Sierra club. (45d-Mckinnon-302)

Comment:

Do not pass amendments that will drive California's last refineries out of the state while gas prices are already over $5.50 per gallon. (45d-Johnson-305)

Comment:

Do NOT pass amendments that will drive California's refineries out of the state while the gas price is already that FIVE DOLLARS A GALLON! (45d-Velazquez-313)

Comment:

Do NOT pass amendments that will drive California's last refineries out of the state while gas is already that FIVE dollars. Ridiculous! (45d-Velazquez-314)

Comment:

You all who are promoting this devastating piece of legislation must be quite proud of yourselves for wrecking the unwreckable beautiful state of California. How you continue to be re-elected is beyond comprehension as you sit up there in Sacramento with your special dystopian lenses you must have received from your last box of cereal. How you continue to get it wrong is amazing and disturbing that you have no grasp of what your war against fossil fuel is costing lives. This achievement award you seem so bent on receiving, the complete and total decimation of a once beautiful place to work and live. The fact that you have turned a state on the continent into an island where the fuel we need to work the ground and grow crops has to be delivered instead of refined here since there are no pipelines delivering fuel to our state you have wrecked. Thanks a lot for removing not only the golden out of California but removing the golden from our golden years. Congratulations!!! (45d-McKnight-315)

Comment:

With gasoline rising in the health Red States. Gasoline in the blue states especially California run by Democrats and an evil Dictator Gavin Newsom, who will tax it if it moves or put a permit on if it's stationary and fine you with lawsuits he makes up, WE Californians can't afford in more TAXES. First of all CARB does not have the RIGHT to levy taxes or fines or permits according to the constitution of the state and the United States of America! Many laws under the governorship of "Adolf" Newsom need to be Constitutionally reviewed and revoked.

May God Bless The USA of America (45d-Olson-331)

Comment:

Please consider global oil supply as a national security issue. Local refinement is essential to California and security. (45d-Ramos-332)

Comment:

Californians cannot afford higher gas prices during this time. (45d-Carrasco-343)

Comment:

To the California Air Resources Board, I am a California resident submitting a public comment regarding policies that may further increase gasoline costs. California already has the highest gasoline prices in the United States, due in large part to the cumulative impact of state taxes, regulatory programs, and fuel formulation requirements. For many residents—particularly those in rural and inland communities—gasoline vehicles are not optional. They are necessary for commuting to work, transporting goods, maintaining farms and small businesses, and meeting everyday family needs. Additional regulatory actions that increase fuel costs will disproportionately impact working families and lower-income households. Fuel costs function as a regressive expense that affects those who have the fewest alternatives and the least financial flexibility. Before implementing policies that would further increase gasoline prices, I urge the Board to fully evaluate the cumulative economic burden that existing taxes and regulations have already placed on California residents. Any future actions should prioritize transparency, measurable environmental benefit, and accountability for how public funds are used. Environmental goals should be pursued in a manner that does not impose excessive financial hardship on the very residents these policies are intended to serve. Thank you for the opportunity to provide input. (45d-Lemler-346)

Comment:

Adding another tax (charge) to gas to further your agenda is simply not a smart move at this point. With Iran costing us almost $1 in increased cost per gallon of gas another increase is devastating to commuters, truckers, delivery persons and the general public and we all pay for it in the long run. We need a break. Please do not increase fees on gas prices. Thank you. (45d-Wilson-350)

Comment:

I am asking CARB to slow down on pushing the "cap-and-invest" bill. As we all know, increasing gas prices or adding additional fees effects every industry in California. Passing the bill at this current time could have a detrimental affect on our already fragile economy in California. Thank you for taking the time to read. (45d-Guzman-362)

Comment:

California already pays some of the highest gas prices in the country among other things. This is absolutely egregious and uncalled for. What are you doing with the taxes we are already paying? (45d-Arceo-367)

Comment:

Stop trying to bring about societal change by robbing the citizens of California. Reduce the gas taxes immediately to prevent economic collapse in this state. (45d-Smith-400)

Comment:

I wholeheartedly believe that there should be no increased costs. The state does not have a budget problem it has a spending problem. The state has plenty of natural resources yet the political class have decided to spend more via a contrived "cap and trade" mechanism. Vital petroleum refineries are leaving due to policies that were created to make them leave. This has national security implications. A cap on "greenhouse gas," is being used to extract funding from Americans instead of using the normal natural resources available in the state, thus burdening the people of the state of California. (45d-Kailes-405)

Comment:

We the people of CA are tired of your gas tax hikes and the climate change nonsense! Grow a pair and stop this madness attacking your own! (45d-Brown-419)

Comment:

I oppose this proposed amendment. We are already in the arena of being the most expensive state to live in because of all the taxation upon the citizens. It is these type of proposals that have caused California to be more dependent on outside resources which in turns means higher costs for its citizens. Over-regulation has put us in this position and now in the interest of being "green" refineries continue to leave California requiring the state to locate oil outside of the US. This only defers a carbon footprint to another country while being reliant on an outside entity. All at the expense of the California tax payer. Please reject this proposal. Do not increase costs or increase taxes. (45d-Hancock-434)

Comment:

DO NOT pass amendments that will drive California's las refineries out of the state. While gas is already at $6.00 a gallon! S. Garcia (45d-Garcia-453)

Comment:

Hello -I am a California born resident, (now a Senior citizen) living in Temecula, CA. I am writing to beg you to NOT pass any amendments that will drive California's last remaining refineries to leave our beautiful State. If more refineries close due to ever tightening regulations, we will have no choice but to join the millions of heart broken Californians that have gone before us and leave the State. (45d-Hollett-455)

Comment:

CARB needs to be more flexible and not constrain oil and gas production in CA. On 10% of registered vehicles in CA are EV and making decisions the makes gas more expensive is not how officials should be treating their constituents. (45d-Lenzi-456)

Comment:

my name is michelle morgan and i live in southern california and i do not want you to pass any amendments that will drive more refineries out of this state we are in a emergency crisis and that will cause more issues thank you for your attention to this matter (45d-Morgan-460)

Comment:

hello my name is doug robertson california resident. i don't know who else what other phone numbers you have but would the board stop killing california residents with these fuel prices stop it enough you guys are phonies stop it call me back if anyone has the guts to do so thank you (45d-Roberston-461)

Comment:

my name is sherry spain i'm a california resident and you are going to be voting on monday to raise our gas prices again and i am telling vote for this the prices here are getting absolutely ridiculous and your mandates have not helped the california people or our air in any way shape or form by increasing this and making it even more impossible for refineries to function in the state so what you're going to do is you're going to buy our gas from another country that doesn't produce as efficiently and cleanly as california and then ship it over on diesel tankers how is that going to improve our air or improve our environment it's not so stop killing us stop killing our way of life stop voting for this stuff Californians we've had it with you in your silly EPA rules just stop being evil (45d-Spain-462)

Comment:

Please consider that increased Cap-and-Invest Regulations will likely cripple our state's oil industry and add another $ 1 per gallon to gasoline prices, hitting working families hardest when prices are already sky-high. Please protect our energy independence, jobs, and wallets! CA already imports 70% of its oil via pollution-causing tankers, increasing the risk of catastrophic oil spills, despite high demand. Most of this oil could be produced locally, for less, and more cleanly, but some now comes from abroad and out of state, where environmental protections for oil production are less strict. Chevron now warns that a future vote in favor could be the final straw that causes the state's oil industry to collapse. It would lead to economic breakdown and chaos. Just ask any A.I. what $10-per-gallon gas will do for CA's economy... Please focus on taking a practical and unified approach to maintain, and ideally expand, our energy production capabilities, as demand has increased over the year. Doing this makes us more resilient as a society by creating larger buffers that can absorb external shocks. Neither does CA have a commercial vehicle fleet with the electric capability to fully supply our communities. Therefore, consumer prices will need to increase to offset the higher transportation costs. The idea of reducing air pollution by eliminating fossil fuels is noble at best; it has its place, but it should never become an ideological end-all, be-all. Ideology always leads to blind tyranny, which is what we are facing now... Please vote no to ensure Californians can afford to drive, live, and thrive. (45d-Schure-465)

Comment:

Please use some common sense and do not impose further fees on gasoline. Californians can barely afford your unreasonable regulations as it is. Stop killing us with fees (45d-Jamison-468)

Comment:

I'm writing to express serious concern about the trajectory of gasoline prices in California. Reports are already showing prices reaching over $6 per gallon in some areas, and analysts are warning that prices could reach $8 or more if current policies and supply issues continue. California's fuel system has become extremely fragile. With refinery closures reducing instate capacity, boutique gasoline blend requirements limiting supply flexibility, and layered taxes and regulatory costs, Californians are far more exposed to global oil shocks than drivers in other states. Working families, commuters, and small businesses are the ones paying the price. High fuel costs also ripple through the entire economy, raising the cost of food, transportation, and basic goods. I urge you to: Reevaluate policies that contribute to supply constraints Increase transparency around fuel regulations and their cost impacts

Support efforts to stabilize fuel supply and provide relief for California drivers Energy policy should balance environmental goals with affordability and reliability. Right now, many Californians feel that balance has been lost. Thank you for your time and attention to this issue. (45d-Hugi-469)

Comment:

Stop the new regulations that will run out gas refineries out of business and increase gas prices we can’t afford this (45d-Foushee-470)

Comment:

Stop forcing California gas refineries to close. We are approaching a state of emergency. Gas is already almost $5 dollars a gallon. If you force the remaining gas refineries to leave California it will drastically increase the cost to consumers will close down supply chains for food, medication and supplies causing shortages. It will cripple all transportation costs. You will bankrupt families and businesses. You say you are making these changes to save the environment but it will be extremely detrimental to the environment. Currently California has very strict environment standards but currently 70 percent of California's gas comes from foreign refineries that have very poor environmental standards. Plus that fuel has to be transported by sea wasting more fuel to bring this dirty gas it to California. California refineries get hit with a carbon tax but foreign refineries pay zero. It is ridiculous that tax payers are not allowed to vote on such an important matter. I can not afford the $700 of out of pocket for gas shipped from the Bahamas on a diesel tanker refined in a county that has dirty standards that we were not allowed to vote on. Everything will be more expensive because an unelected board in Sacramento wants to fund $500,000 new climate projects while families will not be able to afford groceries or drive to work or school. Please we implore you when you vote tomorrow do the right thing for California and the environment by keeping these companies in California. Please save the environment by keeping clean manufacturing clean gas in California and stop bringing in dirty gas from foreign refineries. (45d-Provencher-471)

Comment:

i'm calling to register a complaint regarding carbs intention to raise gas prices considering they've already been raised taxes increased we're paying the highest price for gas in the country and refineries are being shut down daily if that's possible it's a disruption for california for everyone living in California whether you're driving a gas powered vehicle or electric vehicle prices on everything goes up when gas prices go up diesel prices go up and so on and that's how everything here in the state is delivered it's foolhardy and disrespectful to increase the price of fossil fuels right now or at any time for that matter (45d-unknown-473)

Comment:

What makes this proposal vile is not merely the price tag, though that alone is insult enough. It is the moral arithmetic beneath it. The state asks working Californians to bear the pain now: lower wages, shakier employment, dearer commutes, fatter household bills. And for what? By its own account, petroleum demand will endure for years. By its own account, crush in-state supply hard enough and the barrels simply arrive from somewhere else. So the miracle on offer is no miracle at all. Consumption remains. Supply remains. Only the jurisdiction changes, and the burden lands where it always does: on those with the least room to absorb it. Even the numbers are impolite enough to tell the truth. Cap-and-trade raises gasoline prices. Tighter caps raise them further. Low-income households take the blow first because necessity is a poor man’s luxury. He cannot theorize his way out of the drive to work, the school run, or the grocery bill. Thus a technical regulation becomes what courtiers always prefer: a tax with a mask On. That is the indecency of it. Workers are told to swallow transition losses. Families are told to pay more for essentials. Meanwhile the same supply is still furnished somewhere else, under another flag, on another ledger, with everyone invited to pretend this counts as virtue.This is climate policy in the theatrical sense: much costume, little discipline. Not decarbonization, but displacement. Not sacrifice shared by all, but punishment concentrated on the useful. Emissions are reshuffled. Californians are impoverished. The authors call it progress and expect applause (45d-Freel-212)

Comment:

I am writing as a concerned California resident to submit this public comment in strong opposition to the proposed amendments to the Cap-and-Invest program, which would tighten emissions caps and further reduce free allowances for refiners starting in 2026. These changes, while framed as steps toward climate goals, will impose devastating economic burdens on working families, small businesses, and communities already struggling with the highest gas prices in the nation—averaging over $5 per gallon according to AAA data. I urge you to reject these amendments in their current form and prioritize affordable energy solutions that don't punish everyday Californians. First, the proposed reductions in free allowances for oil refiners will inevitably drive up gasoline and diesel prices by 47 cents to $1.20 per gallon as early as next year, according to analyses from the Western States Petroleum Association and independent economic models. This isn't speculation; it's basic supply-chain economics. With refineries like Phillips 66's Los Angeles facility set to close by late 2025—eliminating 10% of our state's refining capacity—these amendments will exacerbate fuel shortages and volatility. Families in rural areas like Kern County, where I have ties through community and economic impacts, will be hit hardest... Second, these changes threaten thousands of good-paying jobs in California's oil and gas sector, which supports over 200,000 direct and indirect positions statewide, many in underserved communities of color. The program's extension to 2045 without adequate transition support ignores the human cost: shuttered refineries mean lost livelihoods, reduced local tax revenues for schools and infrastructure, and a ripple effect on suppliers from trucking to manufacturing. CARB's own documents acknowledge the need for "decarbonization," but rushing these caps without proven alternatives—like scalable biofuels or hydrogen infrastructure—risks energy insecurity... Delay implementation until independent audits confirm no net price spikes above 20 cents per gallon.- Invest in workforce retraining and just-transition funds for affected workers, funded by program revenues rather than new burdens.- Explore market-based incentives for cleaner fuels that don't dismantle our refining backbone overnight. (45d-Roberts-464)

Comment:

Please read this, I personally wrote this. It's not SPAM, not AI generated. I've lived in California all my life and am disgusted with the state of my state. This is my 1st effort to stand up for the home I love. I cannot find the comments area for Cap and Trade public comment closing March 9th.

Submitting my comment here: We need to DECLARE A STATE OF ENERGY AND ECONOMIC EMERGENCY! PLEASE DO NOT APPROVE ANY MORE AMENDMENTS...That will drive out any more refineries OR corporations employing California residents. Over-regulation NEEDS to STOP... These actions are creating a cascade effect that will destroy our economy. There can be balance with Climate and Economy, but this isn't how it's done. I Oppose this Cap and Trade Program after seeing the harm it and others like it have done to California's economy. PLEASE STOP DESTROYING MY HOME!! (45d-Bare-472)

Comment:

my name is my name is eric governor i am in huntington beach ca and i would ask that the cardboard not pass any amendments that again which will drive the last oil refineries out of california we need the fuel thank you (45d-Governor-474)

Comment:

Shipping fuel from outside sources to California will cost consumers more and is no better for the environment, that you claim to be so concerned about protecting with all the regulations you have in place and are trying to move forward with. A 60,000 metric ton cargo fuel freighter from India in November 2025 took one month to reach Los Angeles. What happens if there is a storm? What happens if there is a leak? What happens if there are pirates that over take the cargo? All of these things are possible.

What is the carbon emissions from the cargo freighter bringing fuel from an outside source to California comparatively? It's worse, we all know. If the fuel is being driven into California from out of state the same answer will apply. Consumers cannot afford to pay more for gas and we cannot afford to replace our vehicles just to accommodate the unrealistic expectations you place on the citizens in the state. Rising taxes. Rising costs from fuel means rising grocery costs. (45d-Lopez-475)

Comment:

The Gas crisis in California is frightening to say the Least. While I agree we can treat our climate better, YOUR Group needs to do better. The Cap-and-Invest Program in 2026 is potentially going to add another $1.00 per gallon to gas that is already the highest priced gas in the nation. Then CA wants to follow up with a proposed mileage tax between .3-.9 cents per mile. The costs are astronomical. That will additionally increase the prices for all goods coming in to CA. If you do not save Chevron and Valero, lost jobs, furthering economic loss and continued exodus of CA will continue. The fact that we are already shipping gas into this state from countries that do not follow any sort of climate protection is hypocrisy at its finest. PLEASE DO NOT GO THROUGH WITH THE CAP-AND-INVEST PROGRAM. (45d-Walsh-476)

Agency Response:

Changes were made in response to these comments. CARB understands and appreciates the challenging and unprecedented economic conditions California is facing from a number of factors, notably changing tariff conditions and global supply chain and energy disruptions, among others. At the same time, the climate crisis is rapidly worsening, which also has serious impacts on California’s health and economy, and the Legislature has directed CARB to reduce the state’s GHG emissions to the levels set by the Legislature. The Cap-and-Invest Program continues to be the most cost-effective way to reduce GHG emissions among the covered entities in order for California to achieve its statutorily mandated climate targets. Changes were made in the Proposed Amendments to minimize leakage for industry through allocation and to support affordability as part of implementing this Program. See Agency Response to comment O-1.1a for details.

The Proposed Amendments balance legislative direction, affordability, jobs, and near-term economic concerns while also ensuring emissions reductions and providing a long-term carbon price signal for the market. The Proposed Amendments support affordability by increasing assistance for industry covered by the Program, which reduces compliance costs for facilities that produce energy and goods in-state including refineries and food processors. For instance, CARB doubled the manufacturing decarbonization incentive in the 15-day

Amendments to support transformative investments in California manufacturing that support GHG emissions reductions, local air pollutant reductions, and jobs. In addition, the Proposed Amendments provide more allowances than needed to cover compliance costs to utility ratepayers from 2027-2030 to support affordability and protect ratepayers against the costs of the Program.

Regarding transparency of potential impacts on consumers, note that CARB published a comprehensive economic analysis of the costs and benefits of the proposed changes to the Program, including costs and benefits that accrue directly to individuals, in the Standardized Regulatory Impact Assessment (SRIA) and the Initial Statement of Reasons (ISOR). Regarding requests for additional analyses and delays in the rulemaking schedule, see Agency Response to comments V-1.2b and V-5.4. Regarding impacts on refinery costs and in-state fuel supply, see Agency Response to comment O-1.1a. Regarding impacts on vulnerable communities, see Agency Response to comment V-3.8a.

CARB disagrees with commenters' assertions that the Proposed Amendments are a tax. See Agency Response to comment O-1.2. Similarly, CARB disagrees with the comment seeming to assert that CARB is imposing a fine or permit with the Proposed Amendments; CARB is doing neither. The commenter provides no additional information to support its contention (and it is not even clear the commenter is referring to the Proposed Amendments specifically), so no further response is required.

The comments also made reference to the Low Carbon Fuel Standard (LCFS). The LCFS is not a part of this rulemaking, so is outside the scope, and CARB is not required to respond.

With respect to the offsets cap, AB 398 and AB 1207 limit offset use to up to 6% of covered entity compliance obligations, and AB 1207 directs CARB to remove allowances corresponding with compliance offset use. The Proposed Amendments reflect those statutory directives. The Proposed Amendments include a mechanism to implement the allowance removal requirement in a manner that minimizes allowance price and revenue volatility.

While reducing GHG emissions, the Cap-and-Invest Program has also delivered billions of dollars in real and tangible benefits to Californians. Cap-and-Invest revenue has funded more than $36 billion for climate investments—delivering more than half a million projects across the state and supporting 30,000 jobs and cutting millions of tons of carbon emissions—and has also delivered more than $16 billion in bill credits back to utility customers. Additionally, please refer to Agency Response to comments V-3.8a regarding local air quality improvements, and other public health benefits to impacted communities resulting from the Program.

Additionally, Master Response 1 of the Response to Comments on the Environmental Impact Analysis addresses the programmatic core design principles aimed at minimizing industrial emissions leakage.

CARB staff also notes the agriculture sector generally is not covered by the Cap-and-Invest Regulation. Electricity imports, refineries, fuels, electricity generators, food processors and other industry that meet the annual emissions threshold are covered by Cap-and-Invest Regulation. Thus, changes were not made to address the regulatory requirements of agriculture in the Regulation as there are none. Regarding energy rebates or subsidies for efficient irrigation for agriculture, CARB did not make changes in response to these specific suggestions given lack of direct regulation over the sector, and given the changes made to address emissions leakage for covered facilities, including food processors, and affordability that are aligned with Legislative requirements and within CARB's authority as described above. (See Agency Response to comment O-1.3a for details on affordability).

Additionally, please see Agency Response T-18.1a on the future development of additional offset protocols.

B-1.2b Multiple Comments: Affordability, Gas Prices, Refinery Impacts, and General Concerns

Cap and Invest, as well as the thousands of regulations on California residents, businesses and manufacturers is making it impossible to stay and live a good life here. We need to be competitive in order to maintain local production in our state. Our families deserve to thrive, not to be burdened with more environmental taxes. Please consider dialing back regulations instead of creating even more unnecessary ways to tax us. Creating more regulations burdens each and every one of us. (15d-Saine-65.1)

Comment:

Please do not change the Cap-and-Invest program. Leave it as is.(15d-Burtch-66.1)

Comment:

The high cost of living and doing business in California continues to fuel outward migration of residents. CARB is in a position to reverse escalating costs by eliminating all fees stemming from Cap and Trade arrangements. (15d-Guardi-67.1)

Comment:

I understand that the California Air Resources Board will consider major changes to its Cap-and-Invest program that could increase the cost of gasoline and electricity for California families. At a time when gas prices have reached $6.06 or more per gallon of unleaded gasoline, Californians are already feeling the strain. Please do not make changes that will further add to the economic pressure that most Californians are under! (15d-Mayeux-71.1)

Comment:

Many of the government policies driving up costs come from regulatory proposals issued by unelected boards such as the California Air Resources Board (CARB). In May, the California Air Resources Board will consider major changes to its Cap-and-Invest program that would increase the cost of gasoline and electricity for California families. At a time when gas prices have reached $6.06 or more per gallon of unleaded gasoline, Californians are already feeling the strain. That's why I demand CARB pause/reverse/cancel its proposed regulations. (15d-McMillan-72.1)

Comment:

I'm disappointed by the emissions reduction trajectory you propose, especially from 2031-2045. Getting back to where we were in 1990 by 2045 is simply not stepping up to the challenge. Why don't we shoot for something significantly lower than 1990 by 2045? I haven't seen anything that convinced me we couldn't achieve this. It certainly looks like China and Europe are going to achieve greater reductions than what you are proposing. Think bigger about massive increases in renewable electricity generation and all of the ways we can replace fossil fuels with clean electricity. (15d-Kilbreth-166.1)

Comment:

Household Energy Relief. The average household PG&E bill is probably now well over $3K per year and we all know that gasoline is up $1.50 per gallon with many households spending over $5K per year at current prices. The average household income in Richmond is around $60K, roughly 50% of the Contra Costa County average. Many households make $30-40K. What are you doing about this approaching crisis and the inequality of these impacts? I think an aggressive program to get money to the lower half of the income distribution is called for. Certainly CARB should champion using this fund for this purpose and if necessary take money out of "Invest" and put it into "Relief." (15d-Kilbreth-166.2)

Comment:

Pay attention to what Chevron and the other refineries are saying about California being an energy island, market leakage, relative costs and necessary planning horizons for capital programs. I want Chevron to reduce GHG emissions wherever they can. And even more, I want them to reduce the 15-20 Toxic Air Contaminants that drive our health problems. But I don't want them to have unreasonable regulatory burdens and we can't forget that our economy still runs on gasoline, jet fuel and lubricants. We can hope we get to 90% renewable electricity and 80% electric cars, stoves, HVAC, and hot water heaters by 2045, but we'll still need some refineries. And we want them to be as well maintained as possible and to have the least possible impact on public health. We don't want to have to get our gas or jet fuel from China! (15d-Kilbreth-166.4)

Comment:

Right now, Americans are paying for these costs while struggling to make ends meet as they face skyrocketing increases in utility, insurance, taxes and healthcare costs. Meanwhile, the fossil fuel industry continues to rake in massive profits. This is a driver of climate inflation and the affordability crisis. (15d-Andrews-169.2)

Comment:

I do NOT want you to increase the limits to cap and invest program.

I do NOT want the cost of gasoline to increase.

I do NOT want increased utility bills.

I do NOT want an increase to any fuel costs.

I do NOT want an increase to any energy costs.

I DO want you to drop the 2045 carbon neutrality goals. (15d-Fuchs-203.1)

Comment:

Do not implement any new or change any existing regulations, cap and trade included. (15d-Mueller-209)

Comment:

I strongly implore the California Air Resources Board to reject the proposed changes to its Cap-and-Invest program. Californians are already severely burdened by energy costs that are greater than in any other state in the continental U.S. These high energy costs unfairly impact middle-income and low-income residents in our state. (15d-Wohkittel-210)

> **Agency Response:**
>
> No changes were made in response to these comments. See Agency Response to comment B-1.2a.

B-1.2c: Multiple Comments Affordability, Gas Prices, Refinery Impacts, and General Concerns

Buenos dias, soy Irma Escobedo. Soy un miembro voluntario, preocupada por los cambios de 15 dias. Urjo a la Junta que rechaze los cambios. Gracias

Translation: Good morning. I am Irma Escobedo. I am a volunteer member, concerned about the 15-day changes. I urge the Board to reject the changes. Thank you.(BH-Escobedo-46.1)

Comment:

Bengo de la comunidad de Cantua Creek. Quiero que el dinero balla a comunidcades afectadas por los altos costos de enerjia y no balla a las industrias

Translation: I come from the community of Cantua Creek. I want the money to go to communities affected by high energy costs, and not to industries. (BH-Gutiez-67.1)

Comment:

I urge CARB not to adopt the proposed Cap-and-Invest amendments in their current form. I appreciate that CARB must consider affordability, jobs, and economic uncertainty. But affordability for ordinary Californians is not just a short-term bill credit. It also means being able to live near jobs, take reliable transit, spend less on driving, breathe cleaner air, and benefit from climate investments in the communities that need them most. That is why I am deeply concerned that the proposed amendments could reduce funding for some of California's most important public-benefit programs, including Affordable Housing and Sustainable Communities, the Transit and Intercity Rail Capital Program, the Low Carbon Transit Operations Program, and AB 617 community air protection. These programs are not side benefits. They are how California's climate policy becomes real in people's daily lives. California should not weaken the integrity of Cap-and-Invest or sacrifice affordable housing, public transit, and community air protection in order to provide additional free allowances or compliance relief to large emitters. If the state wants to provide targeted bill relief or support industrial decarbonization, it should do so without undermining the cap or draining funds from programs that reduce emissions while improving affordability, mobility, and public health. I respectfully urge the Board to reject the amendments in their current form and work with the Legislature, local governments, transit agencies, housing advocates, environmental justice organizations, and the public on a revised proposal that: Protects continuous funding for transit, affordable housing, and community air protection. Maintains the environmental integrity of the emissions cap. Requires any industry incentive to produce real, additional, and verifiable emissions reductions. (BH-Maller-77.1)

Comment:

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. (BH-FFCCBE-265.1)

Comment:

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. (BH-RUN-268.1)

Agency Response:

No changes were made in response to these comments. Please see Agency Response to comments B-1.2a on Affordability, Gas Prices, Refinery Impacts. Regarding the impact of the Manufacturing Decarbonization Incentive on environmental integrity, affordability, and Program revenues, see Agency Response to comment O-8.38a. Regarding GGRF specific concerns please also see Agency Response W-1.3a and W-1.3b. Regarding air quality impacts, see Agency Response to comment V-3.8a.

B-1.3a Comment:

We are members of the California Environmental Voters Education Fund, and we are writing to urge you to deliver a stronger proposal that keeps California on track to meet the state's 2030 climate goals and protects our Cap-and-Invest program. Californians are facing the devastating impacts of an affordability crisis driven by climate change. It is unacceptable to create handouts for the oil and gas industry at the expense of our communities.

Cap-and-Invest is one of California's most effective tools for cutting pollution while keeping costs down for families. We cannot afford a proposal that undermines this program, especially as the worsening climate crisis drives up costs across the state.

If the California Air Resources Board (CARB) weakens the program to benefit the oil and gas industry, it would undermine climate progress and reduce annual program revenue by $2 billion at a time when our state is cutting safety net services for Californians. This is especially concerning as the federal government continues to deprive California of critical disaster relief funding and slash programs that drive down costs. Revenue from Cap-and-Invest supports programs designed to benefit low-income and disadvantaged communities, groups most affected by climate change. Californians rely on these programs—and they can't afford to lose funding because of this proposal to benefit polluters.

We urge CARB to protect both our climate goals and affordability by rejecting any proposal that weakens the Cap-and-Invest program and instead adopting a stronger program that delivers real emissions reductions and supports Californians. (15d-CEV-157.1)

Agency Response:

No changes were made in response to this comment.

Regarding increased cap adjustment factors (CAFs) for industrial allocation, please refer to the Agency Response to comment O-5.10.

Regarding adjustments to the assistance factors (AF) used in industrial allowance allocation calculations, please refer to the Agency Response to comment O-2.1a.

Regarding the impact of the manufacturing decarbonization incentive on environmental integrity, affordability, and Program revenues, see Agency Response to comment O-8.38a.

Please refer to Agency Response to comment W-1.3b regarding general impacts on GGRF.

Please refer to Master Response 4 in the Response to Comments on the Environmental Impact Analysis.

B-1.3b Comment:

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.

Appendix 1 - Final Statement of Reasons Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

(1of2) Chalam Tubati #94

DATA-DRIVEN FACT SHEET

The Real Financial Burden of California's Cap-and-Trade

Oil & Gas Industry Margins, Market Power Findings, and Regulatory Enforcement Delays

1. CALIFORNIA GASOLINE REFINING MARGINS

According to monthly data collected by the California Energy Commission (CEC) under SB 1322, state refining margins are structurally elevated. The Division of Petroleum Market Oversight (DPMO) authoritative historical gross series tracks a major post-2015 structural shift:

YEAR / CONTEXT	GROSS MARGIN
2013 (Cap-and-trade begins)	$0.42 / gal
2015 (Torrance refinery outage gap)	$0.71 / gal
2016 (Post-outage adjustment)	$0.45 / gal
2019 (Pre-pandemic benchmark norm)	$0.50 / gal
2022 (Record profits & price spike)	~$1.00 / gal
2023 (Highest annual average on record)	$1.01 / gal
2024 (Post-boom downward normalization)	$0.70 / gal

Key Insight: Even the post-boom decline to $0.70 per gallon in 2024 remains more than double the long-term historical baseline average of $0.32 per gallon.

2. MARKET POWER & MANIPULATION

The DPMO's formal evaluations indicate that anti-competitive behavior and extreme industry alignment—rather than climate compliance costs—dictate the severe pricing dynamics observed across the state:

- **The Branded Disparity:** Branded gas networks extracted a massive **$0.72/gallon premium** over unbranded retail operations since 2015, driven by integrated refiner market control.
- **Refinery Consolidation:** Four major firms control 90% of current in-state refining capacity. Following the planned exits of Phillips 66 (Los Angeles) and Valero (Benicia), these 4 survivors will lock down **98% of total capacity.**
- **The SB X1-2 Delay:** In August 2025, the CEC delayed enforcing the refinery profit margin cap for 5 years out of concern over sudden plant closures. No gouging penalties have been levied.

BY THE NUMBERS

MARKET STRUCTURAL GAUGES

$59B — **Mystery Surcharge:** Cumulative overcharges extracted from state consumers between 2015 and 2024.

+$0.35 — **U.S. Margin Gap:** Amount California gross margins averaged above the rest of the nation since 2015.

98% — **Capacity Lock:** Near-total control by just four refining conglomerates post-2026 closures.

CONSUMER PUMP IMPACT

$0.25 — **Cap-and-Trade:** Added directly to pump prices by the program per Legislative Analyst's Office (LAO) data.

$0.17 — **LCFS Costs:** Per-gallon addition dictated by Low Carbon Fuel Standard mandates.

$0.612 — **State Excise Tax:** High fixed rate effective via CDTFA Notice L-978.

DATA-DRIVEN FACT SHEET

The Real Financial Burden of California's Cap-and-Trade

Consumer Pass-Through Mechanics, Public Resource Allocations, and Corporate Cross-Subsidies

3. COST PASS-THROUGH MECHANICS

Empirical data indicates that environmental compliance fees are completely externalized by fossil fuel operators. The **$0.25/gallon** cap-and-trade compliance cost is added entirely to retail prices at the pump, rather than being deducted from corporate refining margins.

Gasoline allowance sales flow into the state's Greenhouse Gas Reduction Fund (GGRF). This structure places an asymmetrical fiscal burden on low-income, rural, and car-dependent communities that have minimal access to public transportation alternatives.

4. COUNTERVAILING STATE ASSISTANCE

While the energy industry publicizes regulatory policies as restrictive operational stressors, state transactional ledgers reveal immense offsetting public resource flows and corporate shields:

- **Free Allocation Share:** CARB provides substantial free allowances to block "emissions leakage." The petroleum sector claims **61% to 72% of all industrial free allowances**—surpassing every other state industry sector.
- **The 2024 Handout:** In 2024 alone, the industry received 25,284,110 free allowances, handing them a public gift value of roughly **$890 million** based on market settlement prices.
- **The LCFS Circularity:** Over $22 billion in LCFS credits have been issued since 2013, with 80% ($17.7B) flowing to combustion-based biofuel producers. Major integrated oil entities leverage this as an internal subsidy channel by operating as both credit generators and primary purchasers.

BY THE NUMBERS (CONT.)

STATE SUPPORT CHANNELS

$7-9B — **Free Allowances:** Cumulative asset value handed to the oil and gas sector from 2013 to 2024.

$17.7B — **Biofuel Credits:** Share of LCFS market capital directed heavily toward combustion biofuel systems.

FOREGONE PUBLIC REVENUE

$1.5B+ — **Severance Tax Gap:** Annual loss; CA is the only top oil state charging no extraction severance fees.

$4.1B — **Water's-Edge:** Comprehensive 2024-25 corporate state tax shield benefiting multinationals.

SYNTHESIS

Regulatory data fundamentally dismantles the argument that climate caps form an unmanageable drag. High pricing power allows easy cost exportation to fuel items, while billions in public allowance handouts and circular biofuel subsidies insulate integrated corporate bottom lines.

(2of2) Chalam Tubati #94

The Real Financial Burden of California's Cap-and-Trade on the Oil & Gas Industry and Consumers

A Data-Driven Report – Based on Primary Regulatory Sources

SECTION 1. CALIFORNIA GASOLINE REFINING MARGINS: THE BASELINE

Data Source

The California Energy Commission (CEC), under SB 1322, collects monthly gross and net gasoline refining margins for all California refiners. This data is specific to California gasoline and is the authoritative series for direct year-to-year comparisons. The DPMO publishes annual gross margins from this dataset in Exhibit 8 of its annual report, going back to 2013.

Gross Margins Since 2013

Year	Gross Margin (per gallon)	Context
2013	$0.42	Cap-and-trade begins
2014	$0.44	
2015	$0.71	Torrance refinery outage; persistent structural gap appears
2016	$0.45	
2017	$0.52	
2018	$0.49	
2019	$0.50	Pre-pandemic norm
2020	$0.42	Brief demand crash
2021	$0.67	Recovery begins
2022	~$1.00	Record profits; fall price spike pushes margins to historic highs
2023	$1.01	Highest annual average on record
2024	$0.70	Post-boom decline, still well above pre-2015 levels
2025 (partial)	Elevated	Continued volatility; recent closures push margins higher

Source: DPMO 2024 Annual Report, Exhibit 8; CEC SB 1322 monthly data.

The Post-2015 Structural Shift

Since the 2015 Torrance refinery outage, California gross gasoline margins have averaged **$0.35 per gallon more** than the rest of the U.S. (DPMO 2024 Annual Report). This margin gap persists after accounting for taxes, environmental program costs, and normal supply-demand factors, and it is the primary driver behind the DPMO's "mystery surcharge"—the $0.41 per gallon average retail price premium discussed in Section 3. The pre-2013 baseline is not directly comparable from the same data series, but available regional SEC data (West Coast, all products) suggests pre-2015 margins were considerably lower.

> ***Key Takeaway:*** *Even the 2024 decline to $0.70 per gallon is well above pre-2015 norms. The 2022–2023 profit surge was unprecedented. The state's own data shows structurally elevated gross margins not explained by regulatory costs.*

SECTION 2. COSTS PASSED ON TO CONSUMERS

The CEC publishes a detailed breakdown of the retail gasoline price. As of January 2026, the estimated components are:

Component	Cost per Gallon	Source
Cap-and-Trade	~$0.25	CEC, May 2026; LAO, Feb. 2025
Low Carbon Fuel Standard (LCFS)	~$0.17	CEC, May 2026
State Excise Tax	$0.612	CDTFA Special Notice L-978 (effective July 1, 2025 – June 30, 2026)
State & Local Sales Tax	~$0.13	CDTFA; CEC dashboard (based on ~$5.26/gal average)
Total State-Imposed Costs	**>$1.00**	

These costs are passed through to consumers, not absorbed by the industry. The Legislative Analyst's Office states that "the cap-and-trade program currently adds about 25 cents to each gallon of retail gasoline sold in

California." The revenue from gasoline-related allowances goes to the Greenhouse Gas Reduction Fund (GGRF) for state climate programs.

Additionally, LCFS credits largely flow to biofuel producers, some of which are oil companies or their subsidiaries. The oil industry also benefits as the primary purchaser of these credits, using them to comply with the LCFS mandate. This arrangement creates a circular subsidy that obscures the full consumer cost (Stanford Law School, Mar. 2026).

SECTION 3. MARKET MANIPULATION FINDINGS (SB X1-2 / DPMO)

The DPMO's 2024 Annual Report (October 2025) provides the definitive state findings on California's gasoline market.

The $59 Billion Mystery Surcharge

Between 2015 and 2024, California consumers paid an estimated **$59 billion in overcharges** – a "mystery surcharge" averaging **$0.41 per gallon.** This surcharge is distinct from taxes, fees, and environmental program costs.

California Margins vs. the Rest of the U.S.

Since 2015, California gross gasoline industry margins have increased by **$0.35 per gallon** relative to the rest of the United States. The DPMO states: "One possible reason is market power."

Branded vs. Unbranded Disparity

Retail gasoline sold at major brand stations carries the highest surcharge, at **$0.72 per gallon** since 2015. Brand-focused refiners' gross margins averaged **$1.02 per gallon** between February 2015 and July 2025, compared to **$0.73 per gallon** for unbranded-focused refiners. This gap is attributed to the market power of integrated refiners that control their own retail networks.

Market Concentration and Vertical Integration

Approximately **90 percent** of in-state refining capacity is controlled by four companies. After the planned closures of the Phillips 66 Los Angeles refinery and the Valero Benicia refinery, four firms will control **98 percent** of the state's refining capacity. Furthermore, about **50 percent** of refiner sales are through vertically integrated sales channels. The DPMO notes that "outside of price spikes, large integrated refiners benefit from marketing/ retail networks, while smaller non-integrated refiners are marginal."

Price Spikes Are Profit Spikes

The DPMO uses this exact language. During the fall 2022 price spike, California retail gasoline prices rose by **$1.21 per gallon** while prices in the rest of the U.S. fell and crude oil costs decreased by **$0.39 per gallon.**

Policy Response

In August 2025, the CEC formally delayed implementation of the profit cap authorized under SB X1-2 for five years, citing concerns that immediate enforcement could trigger additional refinery closures. No penalties have been levied for price gouging under the law.

Sources: DPMO 2024 Annual Report; Consumer Watchdog, May 29, 2025; Politico Pro, Aug. 29, 2025.

SECTION 4. STATE ASSISTANCE AND SUBSIDIES TO THE INDUSTRY

Beyond cap-and-trade compliance, the oil and gas sector receives substantial public financial support through direct allocations, credit trading programs, and tax exemptions.

Free Cap-and-Trade Allowances

To mitigate "emissions leakage," CARB allocates free allowances to industrial emitters, including oil refineries and crude oil extraction facilities. The oil and gas industry receives approximately **61–72 percent** of all industrial free allowances, more than any other industrial sector. (CARB annual allocation summaries)

Using CARB's own published vintage-year allocation summaries and quarterly auction settlement prices, the cumulative value of free allowances allocated to the oil and gas sector from 2013 through 2024 can be estimated at approximately **$7–$9 billion**. This estimate is derived by multiplying the number of free allowances allocated to petroleum refining, hydrogen production, and crude oil and natural gas extraction in each vintage year by that year's average auction settlement price, relying solely on publicly available CARB data.

In 2024 alone, the oil and gas industry received **25,284,110 free allowances**, valued at approximately **$890 million** based on the average 2024 auction settlement price of $35.23. (CARB Vintage 2024 Allocation Summary; Capitol Weekly, May 2025)

Low Carbon Fuel Standard Credits

The LCFS is a separate credit trading program that requires transportation fuel suppliers to offset the carbon intensity of their products. Since the program's inception in 2013, it has issued more than **$22 billion in credits** for low-carbon fuels. About **80 percent** of these credits – worth more than **$17.7 billion** in 2023 dollars – have gone to combustion-based biofuel producers, while the remainder has supported electric vehicle charging, hydrogen, and other alternatives. (Kleinman Center for Energy Policy, "The LCFS in California," 2024)

The oil industry participates in this market both as a credit generator, through biofuel subsidiaries and refinery-adjacent operations, and as the primary credit purchaser to meet its compliance obligations. The cost of these credits is ultimately borne by fuel consumers through higher pump prices. (Stanford Law School, Mar. 2026)

Tax Breaks and Exemptions

- **No Oil Severance Tax:** California is the only major oil-producing state without a tax on oil and gas extraction. According to the Legislative Analyst's Office, a 10 percent severance tax would likely generate between **$1.5 billion** and **$2.5 billion** annually. This represents foregone revenue that could otherwise offset the costs of climate programs or consumer rebates. (LAO, Initiative Analysis, 2011)
- **Water's-Edge Election:** A multi-billion-dollar corporate tax break (the largest in California, costing the state an estimated **$4.1 billion** in 2024–25 across all industries) from which oil and gas companies benefit. The specific industry share is not publicly isolated. (AB 1790, 2026)
- **Other Tax Provisions:** A set of smaller tax breaks, including deductions for intangible drilling costs, percentage depletion, and enhanced oil recovery costs, was partially eliminated by SB 167 in 2024. The combined savings from these eliminations were projected at **$22 million** in 2024 and approximately **$17 million annually** thereafter. (SB 167, 2024)

Context

The free allowances and LCFS credits represent substantial value flowing to and through the oil and gas sector. When tax breaks are included, the net flow of public resources strongly favors the industry. This pattern of public support complicates the argument that cap-and-trade represents an unsustainable financial burden.

Sources: CARB Vintage 2024 Allocation Summary; Capitol Weekly, May 14, 2025; Kleinman Center for Energy Policy, "The LCFS in California," 2024; Stanford Law School, Mar. 23, 2026; LAO, Initiative Analysis (2011); AB 1790 (2026) legislative analysis; SB 167 (2024) legislative analysis.

SECTION 5. SYNTHESIS: THE REAL BURDEN OF REGULATION

The industry's claim that cap-and-trade is an existential "stressor" does not hold against the regulatory data:

- **Profits Are Historically High:** Even the 2024 margin of $0.70 per gallon is well above pre-2015 norms. The 2022–2023 period set profit records. (DPMO Exhibit 8)
- **Costs Are Passed Through:** The $0.25 per gallon cap-and-trade cost is added to pump prices, not paid from industry margins. (CEC; LAO)
- **Subsidies Cushion the Burden:** Billions of dollars in free allowances and LCFS credits flow to and through the sector, as documented by CARB allocation data and the Kleinman Center.
- **Market Power, Not Regulation, Drives Consumer Prices:** The DPMO's **$0.35 per gallon structural margin premium**, branded/unbranded gap, and **$59 billion cumulative consumer overcharge** (calculated from the $0.41 per gallon average mystery surcharge) all point to anti-competitive behavior as the primary driver of high California gasoline prices. (DPMO 2024 Report)

A Necessary Nuance: Integrated majors (Chevron, Marathon) have thrived, while some independent refiners have closed. Phillips 66 announced closure of its Los Angeles refinery in 2024; Valero booked a $1.1 billion

impairment on its Benicia facility and plans to exit by April 2026. These closures reduce competition and can drive margins even higher for survivors.

Bottom line: For the dominant players, cap-and-trade is a manageable cost in a market where they hold significant pricing power – and that cost is substantially cushioned by state support.

Sources (Primary Regulatory or Official)

DPMO 2024 Annual Report, California Energy Commission, October 23, 2025 (Exhibits 8, 15)

California Energy Commission, "Estimated Gasoline Price Breakdown and Margins," accessed May 2026

Legislative Analyst's Office, "Cap-and-Trade: Overview and Affordability Considerations," February 26, 2025

Legislative Analyst's Office, Initiative Analysis (2011) – Oil Severance Tax

California Department of Tax and Fee Administration, Special Notice L-978, June 2025

CARB Vintage 2024 Allocation Summary

Capitol Weekly, "It's time to end Big Oil handouts in California's cap and trade program," May 14, 2025

Kleinman Center for Energy Policy, "The LCFS in California," 2024 (Danny Cullenward)

Stanford Law School, "California Should Prioritize Electric Vehicle Incentives, Not Biofuel Subsidies," March 23, 2026

Politico Pro, "California regulators delay refinery profit cap for five years," August 29, 2025

Consumer Watchdog, "Refining Industry Profiteering and Misinformation Revealed At Oversight Hearing," May 29, 2025

Hydrocarbon Engineering, "Refinery closures present risk for higher gasoline prices on the USA West Coast," July 10, 2025

Yahoo Finance / Rigzone, "Valero Mulls Shutdown of California Refinery, Books $1.1B Impairment," April 21, 2025

AB 1790 (2026) legislative analysis – Water's-Edge Election

SB 167 (2024) legislative analysis – Phase-out of certain oil and gas tax provisions

(BH-Tubati-37.1) (BH-Tubati-204.1)

Comment:

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 set 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. (BH-350H-229.1)

Agency Response:

No changes were made in response to these comments. Please refer to Master Response 4 in the Response to Comments on the Environmental Impact Analysis.

Please refer to W-1.3b for Agency Response to comments regarding general impacts on GGRF.

Regarding the impact of further delays in adopting the Proposed Amendments on market certainty, auction prices, and Program revenues, see Agency Response to comment V-1.2b.

Regarding the impact of MDI on emissions integrity, affordability, and Program revenues, see Agency Response to comment O-8.38a.

Regarding emissions leakage minimization, see Agency Response to comment B-1.1a.

Regarding CARB consultation with the EJAC and frontline communities through community engagement, see Agency Response to comments V-4.1 and V-4.5.

Regarding local air quality impacts and health impacts of the Proposed Amendments, see Agency Response to comment V-3.8b.

B-2 Program Stringency

B-2.1a Multiple Comments:

These amendments are a giant hole in the cap and trade system through which legacy special interest polluters can get exemptions that which simultaneously undermine the credibility of the cap and trade system. The unamended plan from earlier this year should be implemented to give this program its best chance of success at curbing emissions. (15d-Hasier-26.1)

Comment:

I strongly disagree with CARB's latest proposed language for the Cap and Invest program. It is essential that we ratchet down the cap and stay on track toward the 2030 decarbonization goals. This new version will erode and potentially even reverse progress made in recent years; it is simply a handout to polluters. While the initial version may not be perfect, it is much closer to where we need to go. (15d-Lim-27.1)

Comment:

15 years of Cap and Trade has not met the goals sufficiently. We knew from the beginning that the early target of 2020 was going to be fairly easy. Now we’re staring at 2030 and instead of strengthening the program CARB is proposing to weaken it so getting to the 2045 goal will be on someone else’s watch and less likely to be reached, while the planet continues to heat both the surface of the land and ocean. The changes made to “Cap and Invest” is already having a negative impact on the State of CA trying to reach a budget with a huge deficit. The Cap and Trade Program was never intended to be a “piggy bank” for programs that the State of CA couldn’t fund through the General Fund process. (15d-ICANCCC-91.1)

Comment:

Increase program stringency;...Overall, the Cap-and-Invest proposal will fail at its own mission by giving millions of dollars to industry instead of focusing on actual emissions reductions, environmental justice, and the health of California’s residents. We cannot in good faith accept the minuscule positive changes proposed in light of the significant, adverse changes that weaken the program and expand handouts to harmful industrial polluters at the expense of our communities and environmental justice. We urge the Board to reject these flawed 15-Day Changes and reconsider the changes put forth in the January 20, 2026 rulemaking. CARB has a duty to craft changes to the program that move California towards, not away from, the State’s clear emissions goals and seriously address the emissions gap in environmental justice communities. CARB must reject these changes and reformulate a program that actually has the strength to move California forward in a world of dramatically diminishing climate policy. (15d-EJC-124.1)

Agency Response:

No changes were made in response to these comments. Please refer to Master Response 4 in the Response to Comments on the Environmental Impact Analysis. CARB disagrees that the Proposed Amendments fail to address environmental justice concerns and community-level air quality concerns. As discussed in Chapter VII of the Staff Report: Initial Statement of Reasons, there is no evidence that the Cap-and-Invest Program has exacerbated local air pollution in environmental justice communities. The Proposed Amendments are designed to achieve statewide greenhouse gas emissions reductions needed to meet California's climate targets. The Staff Report further explains that CARB has established the Community Air Protection Program and is taking comprehensive action with air districts, communities, and other interested parties to achieve AB 617 requirements and address community-level air quality concerns.

B-2.1b Comment:

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. (BH-DBL-291.3)

Agency Response:

No changes were made in response to this comment. Please refer to Agency Response to comment B-2.1a.

B-2.2 Multiple Comments:

I am writing to demand the "cap" on emissions be lowered to reduce emissions and meet California's climate goals. I work in nonprofit and am involved in improving air quality and carbon sequestration in highly impacted areas. Asthma is out of control in Contra Costa neighborhoods like Bay Point. Reduce emissions and improve air quality to allow children to play outside without developing lifelong chronic asthma. This is an easy step. Let's commit to better air for our most vulnerable and improve health for us all. Thank you. (15d-King-96.1)

Comment:

I urge you to reject the 'Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation'. These amendments will not lower the cap sufficiently to reduce fossil energy usage and meet California's goals. The heat wave we experience this past March makes it amply clear that climate change is well underway, and that our world is becoming warmer. Climate change is recognized by the international medical community to represent the number one public health threat of our time. Its health impacts are enormous and multifaceted, including illness and death from extreme weather events, like heatwaves, and from catastrophic fires and floods, from the changing geography of vector borne infectious diseases, crop failures and food insecurity, and human migration triggered by political instability, as well as the serious health impacts from fossil fuel generated pollution. All of these health impacts disproportionately affect our low income and marginalized communities. (15d-Williams-106.1)

Agency Response:

No changes were made in response to these comments. Please refer to Agency Response to comments 15-96-1 and 15-106-1 in the Response to Comments on the Environmental Impact Analysis.

B-3 Various

B-3.1 Multiple Comments:

We respectfully urge the Board to completely reject the proposed 15-day changes. These changes exceed the legal scope of a 15-day notice, contravene the intent of the Legislature, threaten the program’s ability to meet California’s emissions targets, eliminate funding for critical wildfire resilience and adaptation programs, undermine the offset market, and foreclose the transformative opportunity that the Legislature created in Section 38562.3(D) of SB 840 to build a conservation-based offset program aligned with California’s NBS climate targets and 30x30 goals. (15d-PFT-80.1)

Comment:

As Chair of the Interfaith Climate Action Network of Contra Costa County, we support and stand with the communities most harmed by the fossil fuel industry. We support the Environmental Justice Coalition demands to correct course.

• Create tangible emission reductions benefits for Californians by reducing allowances

• Protect Californians by requiring direct environmental benefits to California

• Better price protections for ratepayers

• Reject benefits for dangerous false solutions like dairy methane and carbon sequestration

• Honor the Environmental Justice Advisory Committee’s recommendation and heed their calls. (15d-ICANCCC-91.2)

Comment:

Continue to honor the actual intent of the original legislation and instead of handing more money to the fossil fuel industry continue to support

• Safe and Affordable Drinking Water Program

• Affordable Housing & Sustainable Communities Program

• Community Air Protection Program (SB 617)

• Transit programs funded by GHGRF

• CA Climate credit’s ratepayer benefits (15d-ICANCCC-91.3)

Comment:

(1) Make the “cap” lower to decrease emissions and meet California’s climate goals;

(2) reduce giveaways to the oil and gas industry, especially by eliminating the new “manufacturing decarbonization incentive”; and

(3) increase electricity bill credits.

(4) create tangible emissions reductions benefits for Californians by reducing allowances (aka increase program stringency).

(7) support better price protections for ratepayers;

(8) reject benefits for dangerous false solutions like dairy methane and carbon capture and sequestration; and

(9) honor the Environmental Justice Advisory Committee’s (EJAC) recommendations and heed their calls. (15d-Andrews-169.3)

Comment:

Create tangible emissions reductions benefits for Californians by reducing allowances (aka increase program stringency); Protect Californians by requiring direct environmental benefits to Californians; Better price protections for ratepayers, such as an increase in electricity bill credits; Reduce giveaways to the oil and gas industry, especially by eliminating the new "manufacturing decarbonization incentive"; Reject benefits for dangerous false solutions like dairy methane and carbon capture and sequestration; and Honor the Environmental Justice Advisory Committee's (EJAC) recommendations and heed their calls. (15d-Kirschling-193.1)

Agency Response:

No changes were made in response to these comments. CARB disagrees that the Proposed Amendments reduce direct environmental benefits to Californians. The Proposed Amendments remove 118 million allowances from 2027-2030 annual budgets to align the Program with technical updates to the GHG Emissions Inventory, remove a total of over 1 billion allowances from 2027-2045 budgets to align with 2030 and 2045 targets, resulting in additional emissions reductions and significant associated public health benefits.

In addition, the MDI is designed to support emissions reduction projects at covered facilities, which can provide direct benefits to surrounding communities, CARB also notes that at least 50 percent of compliance offset credits used under the maximum usage limit by covered entities must provide direct environmental benefits to the State pursuant to the Compliance Offset Program requirements.

Regarding MDI, emissions integrity, and offsets use, see Master Response 4 and Agency Response to comment 15-80-1 in the Response to Comments on the Environmental Impact Analysis.

Regarding ratepayer protection and climate credits, see Agency Response to comment H-4.1.

Regarding biomethane, see Agency Response to comments R-1.3 and R-1.4a.

Regarding CCUS, please refer to Master Response 3 in the Response to Comments on the Environmental Impact Analysis.

Regarding EJAC recommendations and environmental justice concerns, please refer to Agency Response to comment V.3.8a and V-4.5.

Regarding the impact of further delays on market certainty, auction prices, and GGRF revenues, see Agency Response to comments V-1.2b and W-1.3b.

CARB also disagrees that the 15-day Amendments were not adequately noticed. The commenter does not specify what changes were not adequately noticed and thus no further response from CARB is possible or necessary. Furthermore, please see Agency Response to comment V-2.1.

B-3.2 Comment:

With climate change accelerating with the hottest March on record, the Air resource board needs to reduce the amount of greenhouse gases it permits. This shoud be a hard cap., resources should be spent on renewable energy nad battery storage, not wasted on pie-in-the-sky schemes that are not proen to work to allow its production via storing carbon. The resources should also be used to promote rooftop solar and reduce energy costs, that are soaring, for the poorest among us. (15d-Szpakowski-113.1)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment 15-113-1 in the Response to Comments on the Environmental Impact Analysis.

B-3.3 Comment:

I oppose adopting a rule that is still being materially rewritten at the 15-day stage. A supermajority vote is not a substitute for a stable, fully analyzed rule.

In this supplemental notice, CARB is still changing core design choices. It adds an optional one-time delay for independent merchant refineries from November 1, 2027 to November 1, 2029.

It creates a Build Up California Reserve Account with 118.3 million allowances for manufacturing decarbonization incentive allocation.

It increases industrial cap adjustment factors for most sectors through 2030 while removing the proposed 2031 and 2032-2035 factors to a future rulemaking.

It deletes post-2030 EDU allocation from this rulemaking.

And in the companion MRR package, CARB reverses the 45-day change for imported LPG and restores the point of regulation to the importer of fuel. That is not housekeeping. That is proof the proposal is still moving.

AB 1207 extended Cap-and-Invest through 2045, but it also told CARB to minimize costs, minimize ratepayer impacts, consider affordability and cost-effectiveness, minimize leakage, and minimize administrative burden. CARB's own 15-day notice also says commenters warned that the gas-supplier-to-EDU transition could increase the burden on low-income natural gas ratepayers, which is why staff added a requirement to use 30 percent of allowance value to primarily benefit low-income residential ratepayers. If those issues were really resolved, CARB would not still be rewriting refinery compliance, leakage protection, utility allocation, and reporting obligations at the last stage of the process.

My request is straightforward: re-notice the substantive changes or extend the comment period; publish a plain-English affordability, leakage, and ratepayer-impact analysis for these late revisions; and do not lock in post-2030 allocation choices until CARB finishes the methodology in a separate rulemaking. Californians can live with a tough rule. They should not be forced to live with a moving target. (FL-7)

Agency Response:

No changes were made in response to this comment. The 15-day comment period was extended to 20 days as discussed in Agency Response to comment V-1.2b.

Regarding the optional one-time compliance deadline delay for independent merchant refineries, see Agency Response to comment O-15.7a.

Regarding the impact of the MDI allocation proposal on emissions integrity of the Program, see Master Response 4 in the Response to Comments on the Environmental Impact Analysis.

Regarding pre- and post-2030 CAFs for industrial allowance allocation, see Agency Response to comment O-5.4a.

Regarding affordability, see Agency Response to comment B-1.2a.

Regarding post-2030 EDU allocation, see Agency Response to comment H-2.2.

Regarding changes to the point of regulation for imported LPG under MRR, see response to comment H-1 in the MRR FSOR.

Regarding the 70 percent transition of natural gas allowances to EDUs by 2031, see Agency Response to comment I-1.2a.

Regarding the impact of further delays on market certainty, auction prices, and GGRF revenues, see Agency Response to comment V-1.2b.

Regarding public notice requirements for all 15-day changes as required by the Administrative Procedures Act, see Agency Response to comment V-2.1.

B-3.4 Comment:

Reject the proposed amendments in their entirety. The removal of 118 million allowances from 2027 through 2030 budgets, the declining trajectory to 30.3 million allowances by 2045, the offsets-under-the-cap mechanism, the APCR diversions, the natural gas supplier allocation shift, and the elimination of ton-for-ton accountability for price ceiling revenues will collectively impose enormous costs on California consumers with no credible assurance of proportionate benefit. (45d-Nemeth-228.5)

Agency Response:

No change was made in response to this comment. The ISOR includes the results of a comprehensive economic analysis showing that the total direct benefits of the Proposed Amendments, including cost savings from avoided fossil fuel use and public health benefits from reduced local air pollution, far exceed the costs of compliance. These benefits accrue in addition to the estimated Social Cost of Carbon Benefit, which represents avoided global climate damages resulting from reduced GHG emissions from facilities covered by the Cap-and-Invest Program.

CARB staff also note that implementing offsets-under-the-cap and changes to the use of price ceiling revenues were directed by AB 1207.

B-3.5 Comment:

While California's Cap & Invest program is the least-cost alternative when compared to more direct command-and-control regulation, it is still costly. As the cap tightens and the program enters a significantly more stringent phase, compliance cost will increase substantially. As stated previously, higher ambition results in higher costs and increased emissions leakage. CARB must fully consider the impact of the proposed regulation on the food production sector and the ramifications for already struggling rural economies. As energy and fuel costs continue to rise dramatically, these impacts will only exacerbate the fallout for food production companies already struggling with the high cost-of-doing-business and residents already struggling with the high cost-of-living in the state. (45d-AECADC-347.5)

Agency Response:

No change was made in response to this comment. Please refer to Agency Response to Comment 347-1 in the Response to Comments on the Environmental Impact Analysis. Please also refer to Agency Response to Comment B-1.2a regarding affordability.

Regarding industrial emissions leakage and affordability concerns in including for fuels and the food processing sector, please refer to Agency Response to comments O-1.1a and O-1.3a.

B-3.6 Comment:

(1) Make the "cap" lower to lower emissions, so that we can meet California's climate goals.

(2) Reduce giveaways to the oil and gas industry. Eliminate the new "manufacturing decarbonization incentive."

(3) Increase electricity bill credits. (15d-Thelander-55, 15d-Ramos-57, 15d-Aubrey-69, 15d-Smith-70, 15d-Leadem-93, 15d-Martin-103, 15d-Gilson-153, 15d-Theiss-163)

Agency Response:

No change was made in response to this comment.

The Proposed Amendments remove 118 million allowances from 2027-2030 annual budgets to align the Program with technical updates to the GHG Emissions Inventory, remove a total of over 1 billion allowances from 2027-2045 budgets to align with 2030 and 2045 targets. See also Agency Response to comment U-2.1.

Regarding oil and gas industry, see Agency Response to comment B-4.1a.

Regarding the MDI, see Master Response 4 in the Response to Comments on the Environmental Impact Analysis.

Regarding electricity climate credits, see Agency Response to comment H-4.6.

B-3.7 Comment:

Cap-and-Invest is California's most cost-effective program to reduce climate-altering pollution while keeping costs down for families. California's Air Resource Board's new proposal fails to ensure California will meet our 2030 emissions reduction requirements by letting polluters emit above the pollution cap. We can't afford to backslide on our most cost-effective climate tool, especially at a time when climate change is driving up costs across the state. That's why I'm urging CARB to deliver for Californians and for the climate by setting an emissions cap that meets the 2030 climate target and preserves the integrity of this important program. While the current proposal is backsliding on climate progress, new modeling shows that California can actually afford to remove allowances and cut emissions faster — which is crucial for averting the worst impacts of climate change — while still providing affordability benefits through Cap-and-Invest revenue. Cap-and-Invest program updates that reduce the pollution cap by 180 million tons by 2030 would deliver $2.8 billion in affordability benefits for families earning $70,000 or less, and $1.4 billion more to invest in climate solutions by 2045. CARB should be doing more in this program update to accelerate emissions reductions and invest in the clean energy transition, instead of creating additional emissions allowances for industry that threaten our climate progress. CARB must ensure this program delivers emissions reductions to meet our legally binding climate targets. Seize this opportunity to increase the climate ambition of cap-and-invest while still delivering affordability benefits. (15d-EDF-110)

Agency Response:

No changes were made in response to this comment. Regarding program stringency, see Agency Response to comment B-2.2. Regarding general impacts on GGRF, see Agency Response to comment W-1.3b.

B-4 Multiple Comments: Oil and Gas Industry

B-4.1a Multiple Comments:

As a voter and taxpayer in the state of California, I am vehemently opposed to this amendment. The proposal ignores the intent of the law cap-and-invest in order to assist

Donald Trump in destroying our state with his illegal war. In an oil crisis caused by the reckless actions of the President, we need to be looking forward to alternative solutions which can reduce our dependence on fossil fuels, like public transit and renewable energy. Blowing a billion-dollar hole in our budget with this short-sighted slopulist policy hurts us, rather than helps us. I urge you to reconsider. (15d-Del Regno-33.1)

Comment:

No more prioritizing oil and gas industry profits. Don't give an inch to the industries that have taken miles and miles, and keep support for public transit. I do not support any decision that puts fossil giants at greater reward than people or climate. (15d-Wallace-51.1)

Comment:

These proposed amendments represent unneeded giveaways to the gas and oil industries, already bloated with windfall profits, and harm our most vulnerable citizens by withholding needed electrical bill credits. It is time to put the people of California before fossil fuel company profits, please reject the currently proposed amendments. (15d-Williams-106.2)

Comment:

This proposal provides handouts to the oil and gas industry with no guarantee that fuel prices or emissions will go down. Californians would still be exposed to swings in the global oil market and the strong influence these corporations have in our state. While gas prices soar due to international supply shortages, oil companies are raking in record profits. Californians shouldn't be paying for subsidies to oil companies that don't bring prices down and take billions away from critical state funding. (15d-Sells-188.4)

Comment:

We are concerned that recently proposed changes to the program risk undermining support for small businesses that form the backbone of California’s economy, to the sole benefit of large oil companies. California’s broader business community depends on a competitive environment, and the strength of our economy depends on policies that reinforce this balance. We are representative of California's economy – the oil industry is not. Our members represent employers and entrepreneurs rooted in communities that are helping drive us toward a better future for California. Many of these businesses operate on thin margins, serve working families directly, and are located in neighborhoods that already bear a disproportionate share of pollution, poor air quality, extreme heat, wildfire smoke, and other climate-related harms. California Climate Investments reporting shows that these burdens are real and that state investments have been directed heavily toward disadvantaged communities and low-income communities and households. We also support Cap-and-Invest because it can help address affordability in practical ways. California has used these revenues to provide utility bill credits and other direct relief, and the state has continued to build on this approach through policies designed to save Californians billions on electric bills while stabilizing the broader energy system. For small businesses and working families alike, that kind of relief matters. In addition, Greenhouse Gas Reduction Fund investments can help businesses and communities access the resources they need to finance energy and fleet upgrades, improve efficiency, reduce exposure to fuel volatility, and become more resilient in the face of rising climate and disaster risk. These investments support the long-term competitiveness of California businesses, especially small businesses that often have the least flexibility to absorb new costs on their own. As you consider the future of this program, we urge CARB to adopt strong rules that preserve the integrity of Cap-and-Invest, provide market certainty, and ensure the program continues delivering meaningful benefits to the communities and businesses that need them most. Updates should be designed to avoid concentrating benefits among a narrow set of large emitters, while better supporting the small and local businesses our state is built upon. California's economy depends on healthy workers, resilient neighborhoods, and a policy environment that rewards planning, investment, and innovation. A strong Cap-and-Invest program supports all three without favoring large oil over the diverse businesses that power the state's economy. (15d-CHCC-134.1)

Agency Response:

No changes were made in response to these comments.The Proposed Amendments balance legislative direction to address, affordability cost-effectiveness and mitigate against emissions leakage while providing a long-term carbon price signal for the market and ensuring emissions reductions aligned with state climate targets.

The Program does not prioritize oil and gas industry profits. Unlike other sectors, the CAFs for oil and gas producers are maintained at the level proposed in the 45-day Amendments to reflect the continued decline of fossil fuel consumption in California in response to the broad transition to clean electricity and low-carbon fuels needed to meet California's climate targets while CAFs for other industrial sectors have increased through 2030. In addition, the CAFs for all other industrial sectors, including refineries are increased to support affordability and recognize the near-term economic uncertainty due to changing tariff conditions and the ongoing global supply chain and energy disruptions caused by volatile economic conditions, among other factors.

Regarding affordability, the MDI is creating incentives to help business reduce compliance costs for fuels and goods produced in state and accelerating near-term industrial emissions reductions. Broader concerns about volatility in petroleum markets and refinery profits are outside the scope of the Proposed Amendments.

Regarding the relationship of MDI allowance allocation and GGRF revenues, see response to W-1.3b.

In addition, the 15-day Amendments increased allowance allocation to EDUs, which funds the California Climate Credit for residential and small business electric ratepayers, and an accelerated transition of natural gas IOU allowances to EDUs, further increasing the electric Climate Credit and the consumer incentive for electrification. The 15-day Amendments also reserve 30 percent of natural gas IOU allowances to specifically benefit low-income ratepayers.

B-4.1b Multiple Comments:

UE's Green Locomotive Project stands with EJ, transit, and labor organizations who are calling for a rejection of this measure. Don't cut public transportation, don't cut affordable housing, and don't give more money to Big Oil. (BH-Calbreath-82.1)

Comment:

I'm concerns about our pollution and climate in our communities. I don't agree with removing the funds from communities to give to oil and gas. (BH-Vazquez-52.1)

Agency Response:

No changes were made in response to these comments. Please refer to Agency Response to comment B-4.1a.

C. Adjustment of Annual Allowance Budgets

C-1 Allowance Budgets Through 2030

C-1.1a Multiple Comments: Remove less than 118 million allowances through 2030

The proposed Cap and Invest amendments raise significant concerns about the long-term stability of these industries. The rule would accelerate allowance reductions beginning in 2027 and remove roughly 118 million allowances from the system through 2030. As allowance availability declines, regulated industrial facilities will face rising compliance costs associated with purchasing emissions allowances. When regulatory costs increase faster than businesses can adapt, companies face pressure to reduce operations or relocate production outside the state. (45d-WCoC-114.2)

Comment:

By tightening the emissions cap and removing approximately 118 million allowances from the system between 2027 and 2030, the rule will significantly increase compliance costs for fuel suppliers serving California. These costs will directly affect the price of marine diesel, trucking fuel, and other transportation fuels used by the goods movement sector. (45d-HAIC-116.2)

Comment:

CARB’s proposal would remove roughly 118 million allowances from the program between 2027 and 2030. This accelerated reduction will tighten the allowance market and increase compliance costs for fuel suppliers operating in California. Those costs will ultimately appear in the price of gasoline and diesel. (45d-SBACoC-119.3)

Comment:

This outcome runs counter to the original intent of the Cap-and-Trade program, now Cap-and-Invest. From its inception, the program was designed to achieve greenhouse gas reductions in the most cost-effective manner possible, particularly for hard-to-decarbonize sectors such as industrial manufacturing and fuel production. Recognizing the limited near-term technological alternatives available to these sectors, the program incorporated mechanisms such as free allowance allocation, compliance flexibility, and price containment to ensure emissions reductions could be achieved without imposing unnecessary economic disruption. These design features were fundamental—not incidental—to the program’s success. The proposed amendments represent a departure from this foundational design. By simultaneously accelerating allowance supply reductions beyond previously established trajectories and diminishing free allocation support, the proposal shifts the program away from a least-cost compliance framework and toward one that relies heavily on cost pressure as a primary policy lever. This approach risks undermining the economic stability of regulated industries without delivering proportional environmental benefits, particularly where viable decarbonization pathways remain constrained by technology availability, infrastructure limitations, or market readiness. (45d-CFCA-7.5)

Agency Response:

Changes were made in response to these comments. In response to comments on cost and emissions leakage concerns surrounding more stringent future allowance budgets, the 15-day Amendments increased 2027-2030 allowance allocation for electrical distribution utilities, which funds the California Climate Credit for residential and small business electric ratepayers, and also for most industrial facilities, including petroleum refineries, which directly reduces the costs of compliance with the Program and supports affordability to consumers.

The 15-day Amendments also increase the proposed MDI allocation and expand sector eligibility to further incentivize the use of low-carbon production methods and fuels at eligible facilities, including refineries; this approach accelerates near-term GHG reductions, further lowers carbon costs for eligible facilities and supports affordability for consumers, protects jobs, and supports efficient in-state production.

For allowance budgets, no changes were made in response to these comments. CARB disagrees that Proposed Amendments shift the Program away from a least cost compliance framework. The Proposed Amendments align with statutory direction in AB 1207 to support least-cost emissions reductions, consider affordability and mitigate emissions leakage while aligning with state climate targets. Removing 118 million allowances from 2027-2030 annual budgets is needed to align the Program with technical adjustments to the GHG Emission Inventory in support of the 2030 GHG reduction target. Importantly, the 2030 statutory target was referenced in AB 1207 and the amendments align with that direction.

Additionally, the Proposed Amendments continue to protect against allowance price volatility through Program cost containment mechanisms such as allowance trading and banking, multi-year compliance periods, limited use of offsets, and the multi-tiered Allowance Price Containment Reserve.

C-1.1b Multiple Comments: Remove less than 118 million allowances through 2030

As an overarching principle, California should adopt allowance budgets that reflect achievable near-term emissions reductions while minimizing emissions leakage and maintaining market stability and affordability. (15d-BAC-61.3)

Comment:

Ensure the allowance budgets are based on achievable emissions reductions within the compliance period, particularly in the near-term. (15d-BAC-61.4)

Comment:

CFCA reiterates its previously submitted concerns regarding the magnitude of the proposed allowance supply reductions. The removal of approximately 118 million allowances from the 2027–2030 budgets, combined with a projected cumulative reduction of nearly one billion allowances through 2045 relative to the current regulation, represents a substantial tightening of the program beyond what is necessary to achieve continued environmental progress. (15d-CFCA-76.1)

Comment:

Given that modeling suggests a high probability of reaching the price ceiling by 2045 (approximately $260 per tonne, assuming a 5% annual increase, excluding inflation), there is a significant risk of upward pressure on fuel prices as a result of increased compliance costs. This degree of supply contraction will increase compliance costs, which will inevitably flow downstream through the fuel supply chain to the small businesses and consumers our members serve. (15d-CFCA-76.2)

Comment:

Second, a declining cap undermines cost-containment tools for allowance availability, risking further increases in compliance costs for California's refineries without delivering commensurate environmental benefits – particularly if GHG emissions are displaced rather than reduced. Cost-containment mechanisms remain a critical component of maintaining affordable in-state fuels production, as does avoiding unnecessary cost increases that lack clear consumer benefits. Imposing overly burdensome compliance requirements on this industry sector may result in businesses choosing to leave California rather than comply, thereby exacerbating leakage impacts. (15d-WSPA-164.5)

Comment:

The proposed amendments continue to reflect significant tightening of allowance supply, including adjustments to the allowance budget and ongoing retirement mechanisms. While CMTA recognizes the importance of aligning the cap with emissions targets, the pace and structure of these changes raise concerns about market volatility. To ensure a stable and functional market, CMTA recommends that CARB: Phase in allowance budget reductions gradually and transparently to avoid abrupt supply shocks; Provide updated modeling on cumulative impacts to allowance prices, particularly for EITE sectors; Ensure that any offset-related allowance retirements are smoothed across compliance periods to prevent sudden constraints in auction supply; and Maintain clear, predictable rules governing allowance availability to support long-term planning and capital investment. Predictability in allowance supply is critical for manufacturers making long-term operational and decarbonization decisions. (15d-CMTA-204.4)

Comment:

CARB presents a draft allowance budget through 2045 in the regulation that mirrors the previous draft regulation. The ending allowance allocation is a fraction of the starting point identified in the chart in 2021. Our concerns remain the same from the previous draft regulation. We believe this aggressive decline will further drive-up costs for the food and ag sector. Cost and import pressures remain a concern throughout the industry. As an example, even with the ongoing trade wars, imported peaches from China are down 16% from 2023 to 2025, however imports from Chile are up 73% in the same time frame. California's high costs already put California companies at a disadvantage when dealing with global and interstate economies. Costs associated with this GHG allowance budget could further exacerbate these issues. Furthermore, the food processing sector continues to contract, demonstrated with the recent bankruptcy of Del Monte Foods. Smithfield Foods, Ruiz Foods and other California food processors have closed, reduced their footprint or expanded outside of the state due to increasing cost pressures in California. This year Leprino Foods is closing their Lemoore East mozzarella manufacturing facility due to high operating costs in California and the opening of a new facility in Texas. Cap & Invest should consider initiatives to provide affordable compliance pathways or more robust incentives to support California's food and ag sector. (15d-ACC-102.1)

Comment:

Dairy Cares remains concerned about the aggressive timeline for reducing greenhouse gas ("GHG") allowances under the program. The increasing impacts associated with the stringent decline will add significantly to compliance costs for dairy processing operations. These increased compliance costs come at a particularly difficult period as dairy production and processing is starting to shrink in California, leading to potentially significant emissions leakage in the future. Fewer than 1,000 dairies produce milk in California today, down from nearly 20,000 seventy years ago. Processing capacity in California is also starting to shrink with the recent closure of one of Leprino's dairy processing plants in Kings County in late 2025. Leprino cited increasing costs as the primary driver of the closure. In addition to increasing compliance costs associated with the Cap-and-Invest Program, the industry is seeing far higher energy, transportation, and labor costs. (15d-DC-120.1)

Comment:

We also request that CARB consider additional flexibility in the form of higher caps or other leakage reduction mechanisms to retain this critical energy infrastructure. (15d-AP-83.3)

Agency Response:

No changes were made in response to these comments. See response to comment C-1.1a for discussion on the updated 2027-2030 allowance budgets and mechanisms to mitigate emissions leakage from a more stringent Program. CARB staff also note that allowance removals to align annual allowance budgets with the 2030 and 2045 GHG reduction targets are conducted gradually to minimize volatility (e.g., allowance removals through 2030 achieve a consistent 11 percent year-over-year decline, rather than a step change or discontinuity between any two allowance budget years). This approach provides a clear, predictable and long-term market signal. Further, the proposed mechanism for removing allowances for compliance offset use, as directed by AB 1207, is designed to minimize volatility in allowance prices and revenues due to increased offset usage following the end of a compliance period. The Proposed Amendments are designed to minimize costs and emissions leakage risk under a more stringent Program, however as the market administrator, CARB does not predict future allowance prices or comment on the results of third-party allowance price modeling. See also Agency Response to comment O-8.41a.

Please see Agency Response O-1.1a and O-1.3a regarding economic impacts of the Proposed Amendments on California and how the Proposed Amendments are addressing industrial emissions leakage risk including for the food processing sector.

Please see Agency Response O-5.4a to comments regarding post-2030 allowance allocation.

C-1.2a Multiple Comments: Remove more than 118 million allowances through 2030

Tighten the 2027-2030 carbon allowance budgets to strengthen the market and preserve household affordability benefits. In this rulemaking, CARB is missing an opportunity to increase the ambition of California's cornerstone climate program while saving California families money. We recommend accelerating near-term allowance removals to drive greater cost-effective emissions reductions and put California on a stronger path to meet its climate goals. Updated modeling from Greenline Insights (GLI) (https://www.greenlineinsights.com/carbs-isor-proposal-analytical-response) finds that CARB could pursue a stronger near-term emissions cap than proposed in the ISOR, while still providing meaningful cost-savings for low- and moderate-income families. GLI evaluated two scenarios that accelerate near-term emission reductions through a tighter emissions cap – one which removed ~154 million allowances and another which removed ~180 million allowances pre-2030. In both scenarios, GLI found that a tighter cap supports faster emissions reductions while still providing net cost savings to low- and moderate-income households. The scenario which would remove ~180 million allowances through 2030 – compared to the 118 million proposed by CARB – was found to significantly incentivize decarbonization while still saving money for working families. Specifically, removing 180 million allowances from 2027-2030 is projected to result in over $860 million in net savings to California families earning $100,000 or less per year – a group that represents more than half of all households in the state. Across all modeled scenarios, benefits are progressively distributed, as lower-income households are projected to experience the largest net gains. Importantly, GLI found that the stronger emissions caps are modeled to stay within the price containment points in the program – showing that more ambition is affordable not only for households but also for covered entities. (45d-NGC-292.1)

Comment:

Tighten carbon allowance budgets and phase out free allowances to send stronger price signals for near-term action. Tightening the 2027–2030 allowance budgets is essential to closing the fuel-switching cost gap. Higher allowance prices increase the value of avoided compliance costs from electrification, making the Incentive Allocation more effective. Free allowances allocated to industry should also begin to be phased out before 2035, and CARB should signal this trajectory now, giving manufacturers time to plan investments and policymakers time to develop complementary measures, including coordination with the CPUC on industrial electricity rate reform and reinvestment in capital grant programs such as CEC's INDIGO and FPIP programs. (45d- ILTIUCSB-334.1)

Comment:

IETA understands that CARB is balancing various priorities in deciding on future allowance budgets and industrial allocation. We recognize that affordability concerns led CARB to limit removals to 118.3 million allowances from the 2027-2030 budgets as part of a correction needed align with the statutory target of 40% below 1990 emissions by 2030. However, we note that the most recent auction settled at the floor indicating an opportunity to increase near-term removals. The California Legislative Analyst’s Office has raised concerns that C&I revenues will be insufficient to maintain statutory allocations and IEMAC has expressed doubt that California will meet its 2045 emissions goal. Accordingly, we encourage CARB to consider tightening its pre-2030 allowance budgets to demonstrate climate ambition and to maintain stable GGRF revenues for the priority programs they support. (45d-IETA-341.2)

Comment:

Tighten the 2027-2030 carbon allowance budgets to strengthen the market and preserve household affordability benefits. (45d-CE-383.5)

Comment:

We Support Increased Ambition in Cap and Invest Targets. RNG Coalition continues to support the most ambitious C&I allowance budget reduction schedule that CARB deems to be feasible, given technological and economic constraints. Higher programmatic ambition should facilitate higher allowance prices critical to drive improved economics of all greenhouse gas abatement projects, both emerging and fully commercialized. Technologies like RNG—which are commercially available and technically proven, but still higher cost than fossil counterparts—will only be fully incentivized by carbon pricing alone if the carbon price reaches levels closer to the social cost of carbon. Leading researchers estimate the social cost of carbon to be on the order of $185/metric ton—a range at which more RNG project would be competitive with conventional gas (if methane reduction benefits are also properly recognized). CARB should continue to improve program stringency so that the program's carbon price can approach the social cost of carbon in the long run. In the near term, assuming allowance prices remain below this societally optimal level, we encourage CARB to think carefully about how the C&I incentive "stacks" with other programs that promote RNG use. (45d-RNGC-390.1)

Comment:

II. CARB should pursue greater near-term ambition by removing 180 million allowances from 2027-2030 budgets while preserving household affordability benefits. We appreciate that the ISOR proposes to remove 118 million allowances from 20272030 budgets to account for inventory updates. CARB has an opportunity to further increase the ambition of California's cornerstone climate program while providing meaningful affordability benefits to California families – particularly those who are most impacted by rising energy bills. CARB must pursue greater near-term reductions to maximize the climate benefits of emissions reductions, avoid the worst impacts and costs of climate change, stabilize the market, and to align the program with California's climate targets. As discussed further below, new modeling results demonstrate that the Cap-and-Invest Program can afford to be more ambitious in the near term while still containing costs and saving money for California households.

a. Importance of maximizing cumulative emissions abatement

… b. Rising costs of climate impacts in California

… c. CARB can drive greater near-term reductions while still delivering meaningful net benefits to low- and moderate-income households.

We understand and appreciate that CARB is seeking to balance the dual mandate of preserving household affordability and achieving California's emissions reduction targets, and modeling shows that the ISOR proposal preserves household affordability benefits while pursuing the minimum required emissions reductions. However, updated modeling from Greenline Insights (GLI)19 finds that CARB could pursue a stronger emissions cap than proposed in the ISOR while still providing meaningful cost-savings to low- and moderate-income families.

GLI evaluated two scenarios for a tighter emissions cap than what CARB proposed in the ISOR – one which modeled removing approximately 154 million allowances from the 2027-2030 allowance budgets, and one which modeled removing approximately 180 million allowances from the 2027-2030 allowance budgets. In both scenarios modeled, a tighter cap supports faster emissions reductions while preserving cumulative cost savings for low- and moderate-income households. Key results from the modeling include:

Higher Ambition Scenario 1: Remove 154 million allowances from 2027-2030 allowance budgets

• Removing approximately 154 million allowances through 2030 (reducing the cap by an additional 36 million tons of climate pollution through 2030 compared to the ISOR proposal) is projected to result in over $2 billion in net savings to California families earning $100,000 or less per year – a group that represents more than half of all households in the state. Lower-income families, earning $70,000 or less, receive the biggest affordability gains in this scenario: $3.4 billion in net savings through 2045.

• This scenario would reduce the emissions cap by a further 126 million tons, cumulatively, between 2027 and 2045 beyond the cap proposed in the ISOR – a total reduction of 1 billion allowances from the baseline.

• This scenario is projected to generate $600 million more in urgently needed revenue for the GGRF compared to CARB's proposal.

Higher Ambition Scenario 2: Remove 180 million allowances from 2027-2030 allowance budgets

• …the most ambitious scenario modeled by Greenline Insights, which would remove approximately 180 million allowances through 2030 (reducing the cap through 2030 by an additional 60 million tons of climate pollution compared to the ISOR proposal), would significantly incentivize decarbonization while saving money for working families. Specifically, pursuing this level of cap ambition is projected to result in over $860 million in net savings to California families earning $100,000 or less per year. As with Scenario 1, Scenario 2 is projected to provide the biggest affordability gains to lower-income families earning $70,000 or less: $2.8 billion in net savings through 2045.

• This scenario would reduce the emissions cap by a further 221 million tons, cumulatively, between 2027 and 2045 beyond the cap proposed in the ISOR – a total reduction of 1.1 billion allowances from the baseline.

• This scenario is also projected to generate over $1 billion more in revenue for the GGRF compared to CARB's proposal.

d. Market functionality is improved with properly calibrated supply and demand.

Importantly, both scenarios show pathways for increased program ambition without triggering any of the program's price containment mechanisms. These modeled scenarios improve the balance between allowance supply and demand, resulting in allowance prices rising modestly above the price floor while remaining well within price containment boundaries. A more balanced market strengthens the allowance price signal, which is necessary to drive emissions abatement. These higher ambition trajectories are also associated with higher GGRF revenue and reduced likelihood of undersubscription in future allowance auctions, providing greater certainty in the availability of funds used to offset household cost impacts.

These results show that CARB can and should deliver stronger climate action in this rulemaking while still preserving affordability benefits for low- and middle-income households in California. Tightening the cap beyond the level proposed in the ISOR will meaningfully reduce California's near-term and cumulative emissions, improve market performance and deliver affordability benefits for the households most burdened by rising energy costs. We therefore urge CARB to adopt a more ambitious allowance budget than currently proposed and to fully leverage this rulemaking to secure greater, cost-effective emissions reductions. (45d-EDF-424.2)

Comment:

Allowance Budget & Assistance Factors - Regarding the Proposed Amendments to remove 118 million allowances from the 2027-2030 annual budgets, we urge CARB to pursue a tighter proposal. By enacting a more stringent allowance budget scenario than what has been proposed, California has the opportunity to drive emissions down quicker as we progress toward our statutory climate goals. Slashing emissions in the near-term poses greater immediate benefits for Californians as our state reckons with the historic greenhouse gas emissions that have warmed our climate and continue to do so. (45d-CEV-429.1)

Comment:

The Cap-and-Invest program is a pivotal aspect of the state's climate action portfolio, as well as a key prong in spurring market development. Adjusting the 2027-2030 annual allowance budgets and assistance factors can yield increased industrial decarbonization. The ability to accelerate, as mentioned in the ISOR, is tied to "low-carbon energy, technology, and infrastructure across all aspects of the economy". The most recent data shows that California has been powered by two thirds clean energy in recent years and has rapidly scaled battery storage capacity to help us reach our 2045 clean energy goals. In short, the state is making timely and meaningful progress to support this level of acceleration. Moreover, by holding covered entities to a higher emissions reduction standard, greater revenue can be generated for the Greenhouse Gas Reduction Fund (GGRF). We acknowledge that the GGRF may not be a permanent source of funding as the Cap-and-Invest program achieves its goals, however we are concerned that there is a lost opportunity to bolster this fund, and in turn, provide greater resources to critical programs dependent on this stream of revenue. The vulnerability of these programs is especially stark given the federal dollars that have been clawed back, further underscoring the need for state environmental programs to adequately resourced. (45d-CEV-429.6)

Comment:

The CCMC encourages CARB to increase the number of near-term allowance removals from 2027-2030 Budgets. The CCMC commends CARB for proposing a significant reduction in cumulative allowance supply through 2045. The Staff Proposal would remove approximately one billion allowances from budgets through 2045, resulting in roughly 2.1 billion allowances cumulatively from 2027 to 2045, instead of approximately 3.1 billion allowances over the same period. This cumulative reduction is broadly consistent with reductions CARB estimated were necessary to align the Program with California's 2045 climate target. With respect to California's 2030 climate target, the CCMC has consistently supported aligning program caps with the 48 percent emissions reduction target identified in the 2022 Scoping Plan as the level of ambition needed by 2030 to remain on track for California's 2045 goals under AB 1279. CARB's 2024 Standardized Regulatory Impact Assessment estimated that achieving this target would require removing roughly 265 million allowances from pre-2031 budgets. (45d-EC-439.1)

Comment:

Lower Cap Levels Imply Local Air Emissions Reductions. The CCMC believes that lower cap levels imply local air emissions reductions, thereby supporting environmental justice outcomes. Academics have studied and discussed this relationship extensively. For example, Cushing et al. (2016) explain that "as regulated industries adapt to future reductions in the emissions caps, California is likely to see more reductions in localized greenhouse gas emissions and co-pollutant emissions". The best empirical evidence we have to date is that the California Cap-and-Trade Program has indeed reduced local air emissions, where Hernandez-Cortes and Meng (2023)3 find that "during 2012–2017, the C&T program reduced emissions annually at a rate of 9%, 5%, 4%, and 3% for GHG, PM2.5, PM10, and NOx, respectively, for the average sample regulated facility." Similarly, Sheriff (2023) finds that "minority communities experienced a relative reduction in cumulative exposure from [air toxics]" caused by the California Cap-and-Trade Program. While these outcomes are not guaranteed and may vary over time, the overall weight of evidence in California provides sufficient grounds to posit that lower cap levels imply local air emission reductions. There are many other options for reducing local air emissions that are also worthy of further consideration. However, given the scope and timing of the informal workshop, the CCMC believes that ensuring a 48% Scenario at minimum is a focused and pragmatic approach for ensuring that the forthcoming Cap-and-Trade Program rulemaking supports further environmental justice outcomes by 2025 at the latest. (45d-EC-439.8)

Comment:

CARB must reduce allowances at a greater rate than the proposed amendments. The Proposal fails to meet the State's greenhouse gas reduction goals. While CARB asserts that over time the Proposal achieves the same total number of allowances in the SRIA Proposed Scenarios, CARB does not acknowledge the likelihood of failing to meet near-term goals established in the 2022 Scoping Plan. In order to meet the State's climate goals, CARB must act ambitiously now to increase stringency by reducing the number of allowances in the near term. CARB's own findings in the SRIA indicated that the proposed removal of 118 million allowances through 2030 fails to meet State thresholds and that "additional reductions are needed before 2030 to be on a course with a high likelihood of meeting 2045 statutory targets." Despite this, CARB fails to provide analysis that supports the Proposal's lower stringency approach and gives short shrift to previously discussed leading proposals and alternatives that favor higher stringency. There is an urgent climate and environmental justice need for GHGs and co-pollutants to be reduced – we are not close to attaining our 2030 target under SB 32 – without sending a strong signal to covered entities that compliance is coming, there will continue to be low incentive for real emissions reductions in lieu of abundantly available allowances and offsets. We are also concerned that low near-term stringency will simply forestall the next wave of emissions reductions, resulting in deferred action on more manageable transitions infringing on the runway and resources of the most hard to electrify sectors. Given that CARB is trusting a market mechanism to achieve California's climate protections, CARB must send the correct market signals to achieve necessary reductions – the statutorily required goals for 2030 and 2045 will not happen otherwise. To correct course, CBE asks that CARB amend its proposal to increase stringency and reduce allowances to more ambitious levels that meet the state's climate goals as discussed in the other proposed SRIA options. Allowance removal should prioritize actual emission reductions and ratepayer benefits. CARB's analysis in the SRIA identifies a more stringent, effective path forward by balancing greater emissions reductions and the value of avoided health and climate impacts against cost considerations and revenue impacts. Yet the ISOR does not provide comparable analysis of these essential considerations and fails to identify how reducing program ambitions affects this balance. CBE advocates for analysis and decision making that clearly identifies the Proposal's ability to achieve climate goals in the near term to benefit disadvantaged communities as well as real analysis of cost impacts of the Program. As noted above, this analysis is feasible and likely to favor a more stringent program. The California Climate Credit is an essential affordability tool to balance the cost of the Program to consumers and should be iteratively adjusted and invested in to reflect its role in offsetting a more ambitious program that garners actual emissions reductions while considering costs. (45d-CBE-449.1)

Comment:

Economic analyses consistently show that well-designed carbon markets can reduce emissions while supporting economic growth, innovation, and long-term affordability. Modeling by EDF and Greenline Insights finds that extending California's Cap-and-Trade program through 2045 could generate approximately $47 billion in investment, $55 billion in economic output, and more than 287,000 jobs across California, with impacts across sectors including construction, infrastructure development, and clean technology deployment. Updated modeling from Greenline Insights further indicates that CARB could pursue a stronger near-term emissions trajectory while continuing to generate consumer benefits and cost savings, particularly for low- and moderate-income households. Together, these findings reinforce the importance of maintaining a strong and durable Cap-and- Invest Program that continues to deliver emissions reductions, economic benefits, and affordability protections for California households. (45d-CE-383.3)

Agency Response:

No changes were made in response to these comments. Importantly, AB 1207 references the SB 32 2030 target, and the Proposed Amendments align with Legislative direction. The proposed allowance budgets from 2027-2030 remove the number of allowances needed to reflect technical adjustments to the GHG Emission Inventory in support of the 2030 GHG reduction target while achieving a consistent 11 percent year-over-year decline in the annual budgets. Cumulatively through 2045, the Proposed Amendments include the same total number of allowances as previously analyzed in the SRIA Proposed Scenarios (which, in total, contain over 1 billion fewer allowances from 2027-2045 relative to current Program budgets). Both the SRIA and the updated economic analysis presented in the ISOR (section IX.B.) examined and rejected a more stringent Alternative with allowance budgets derived from a 55% GHG reduction scenario for 2030 due to significant market volatility and emissions leakage risk. Further, in the SRIA Proposed Scenarios, removing 264 million allowances from 2025-2030 introduced a discontinuity where allowance budgets increased significantly in 2031 before declining linearly to the 2045 GHG reduction target (see Figure 5 in the ISOR). CARB also considered removing 180 million allowances through 2030 in an interim scenario that began allowance removals in 2026 (CARB 2024b). However, given the passage of AB 1207 in 2025 and the need to begin allowance removals in 2027, there is not enough time left in this decade to accelerate allowance removals beyond the 118 million. An 11 percent year-over-year decline in annual allowance budgets has never occurred in the history of the Program, and this decline is sustained over four years (2027-2030). Removing additional allowances through 2030, e.g. 154 million or 179 million suggested by commenters, while holding cumulative budgets through 2045 constant, would raise near term annual declines beyond 11 percent and would produce a severe disconnect between the pace of removals before and after 2030, resulting in significant volatility in holding limits and auction supply and posing compliance challenges that risk emissions leakage and higher consumer cost impacts on affordability.[1] The proposed allowance budgets provide the smoothest possible path for aligning the Program with the 2030 and 2045 GHG reduction targets, and still go beyond this minimum required trajectory to align the program cumulatively with the climate ambition envisioned in CARB's 2022 Scoping Plan Update. Regarding health benefits of the Proposed Amendments see Agency Response to comment V-3.8a. As the market administrator, CARB does not predict future allowance prices or comment on the results of third-party allowance price modeling. See also Agency Response to comment O-8.41a.

Changes were made in in the15-day Amendments to increase near-term benefits to consumers and incentives to decarbonize while preserving flexibility to reexamine allowance allocation for mitigating leakage risk and consumer impacts in the post-2030 Program. These changes include increased allowance allocation to electrical distribution utilities (EDUs), which funds the California Climate Credit for residential and small business electric ratepayers, and an accelerated transition of natural gas investor-owned utility (IOU) allowances to EDUs, further increasing the electric Climate Credit and the consumers incentive to electrify. The 15-day Amendments also reserve 30 percent of natural gas IOU allowances to specifically benefit low-income ratepayers. For industrial facilities, the 15-day Amendments increase 2027-2030 Cap Adjustment Factors that determine industrial allowance allocation, which lower compliance costs for fuels and goods produced in state.

The 15-day Amendments also increase the proposed Manufacturing Decarbonization Incentive (MDI) allocation. Regarding 15-day Amendments to MDI, see Agency Response to comment O-38a. Industrial decarbonization, as supported by MDI allocation, benefits communities through protecting jobs, tax

[1] Further, the comments do not consider implementation of a new requirement in AB 1207 to remove allowances from future annual budgets corresponding with compliance offset use, which may be used to fulfill up to 6 percent of covered entity compliance obligations. Staff's proposed implementation mechanism for this requirement in section 95871(j) of the Regulation will begin allowance removals with the 2028 budget year, going beyond the 118 million allowances removed for the GHG Emission Inventory adjustment through 2030.

base for critical public services, and reducing local air pollution associated with the combustion of fossil fuels.

Removing additional near-term allowances in an effort to artificially inflate allowance prices will not achieve these goals and will ultimately harm consumer affordability and low-income households. Artificially inflating allowance prices is also inconsistent with statutory direction in AB 1207 to achieve the state's climate targets cost-effectively. Please also see Agency Response W-1.3b to comments regarding MDI allowance allocation and GGRF.

C-1.2b Comment:

Cap-and-Invest is California's most cost-effective program to reduce climate-altering pollution while keeping costs down for families. California's Air Resource Board's new proposal fails to ensure California will meet our 2030 emissions reduction requirements by letting polluters emit above the pollution cap. We can't afford to backslide on our most cost-effective climate tool, especially at a time when climate change is driving up costs across the state. That's why I'm urging CARB to deliver for Californians and for the climate by setting an emissions cap that meets the 2030 climate target and preserves the integrity of this important program. While the current proposal is backsliding on climate progress, new modeling shows that California can actually afford to remove allowances and cut emissions faster — which is crucial for averting the worst impacts of climate change — while still providing affordability benefits through Cap-and-Invest revenue. Cap-and-Invest program updates that reduce the pollution cap by 180 million tons by 2030 would deliver $2.8 billion in affordability benefits for families earning $70,000 or less, and $1.4 billion more to invest in climate solutions by 2045. CARB should be doing more in this program update to accelerate emissions reductions and invest in the clean energy transition, instead of creating additional emissions allowances for industry that threaten our climate progress. CARB must ensure this program delivers emissions reductions to meet our legally binding climate targets. Seize this opportunity to increase the climate ambition of cap-and-invest while still delivering affordability benefits. (15d-EDF-110.1)

Agency Response:

No changes were made in response to this comment. See discussion of updated 2027-2030 allowance budgets in response to comment C-1.2a.

C-1.3 Multiple Comments: Change the distribution of allowance removals through 2030

Despite the program's extension through 2045, allowance pricing remains at or near the auction floor. A central driver is uncertainty regarding the distribution of allowance removals during the 2027–2030 period. Non-compliance market participants have collectively purchased approximately 16.5% of current auction volumes from 2021–2025, according to CARB data. Non-compliance capital plays a stabilizing role by absorbing excess supply and supporting price discovery. When forward supply conditions appear structurally long or unclear, participation from this segment can moderate. For that reason, predictable and credible near-term supply management is essential to maintaining robust auction performance. Risk of a Structurally Over-supplied 2027: If 2027 supply remains largely unchanged and removals are concentrated in 2029–2030, the program risks entering the 6th Compliance Period with continued oversupply. In that scenario: Auction participation could weaken further, Current and Advanced vintage auctions may undersubscribe; and GGRF proceeds may become less predictable. Auction undersubscription raises both market-signal concerns and budgetary implications.

A More Predictable 2027–2029 Trajectory: The ISOR reflects careful balancing of affordability, leakage prevention, and long-term climate goals. However, as proposed, 2027 is largely unchanged from prior regulations, reductions steepen through 2028–2030, and the heaviest tightening occurs next decade. In July 2024, CARB presented a smoothed scenario that distributed reductions more evenly across the period (“Smoothed Option 1”).

The comparison illustrates that the 2026 ISOR back-loads budget removals relative to prior modeling. To address this, we recommend adopting a smoother and more predictable budget pathway across 2027–2029 — for example, on the order of low-to-mid 30 million allowances annually in each of 2027, 2028, and 2029, rather than a stepped or back-loaded approach. Any near-term incremental reductions would be offset by smaller reductions in later years to keep cumulative budgets unchanged. Such a structure would: Ensure a meaningful step-down beginning in 2027, Reduce the risk of continued inventory build, Strengthen forward price credibility, Provide regulatory predictability for covered entities; and Avoid abrupt compliance cost pressures later in the decade. This approach represents a pragmatic middle ground between CARB’s dual mandates: Aligning the program with long-term climate objectives (which would imply more aggressive tightening), and Maintaining affordability and stability in light of historical oversupply conditions. A more evenly distributed 2027–2029 trajectory enhances near-term credibility while remaining measured and consistent with affordability guardrails. It does not reopen the cumulative 2021–2045 emissions budget, nor does it alter cost-containment or leakage protections. Rather, it improves the timing and predictability of supply — the element most relevant to current auction performance and investor confidence. (45d-CCF-382.2)

Comment:

The 118 million removals that the ISOR proposes between 2027 and 2030 is "backloaded" such that few allowances are removed near 2027 and more allowances are removed toward 2030. Specifically, by year: 2027 (14 million allowances removed, 6 percent below original caps); 2028 (27 million allowances removed; 12 percent below original caps); 2029 (35 million allowances, 16 percent below original caps); and, 2030 (42 million allowances removed, 21 percent below original caps). From an economic perspective, earlier tightening of allowance supply would strengthen near-term price signals and encourage regulated entities to invest sooner in emissions reductions rather than delaying abatement until later years. Stronger early signals could also reduce the risk of abrupt price adjustments later in the decade because the trajectory of compliance costs would be smoother and the supply contraction in 2029–2030 would be less abrupt. From a climate targets perspective, earlier tightening of allowance supply would better align covered emissions with 2030 targets reinforced by Assembly Bill (AB) 1207. To that end, CARB has already lost at least two years of emissions reductions due to a delayed rulemaking schedule, which means the rate of reductions will need to significantly pick up the pace to achieve the 2030 target. For all the above reasons, we recommend that CARB consider removing a greater number of allowances from 2027 and 2028 budget years, such that removals pre-2030 are proportionately removed rather than backloaded. (45d-CPC-440.2)

Agency Response:

No changes were made in response to these comments. The proposed allowance budgets achieve a consistent 11% year-over-year decline from 2027-2030, removing 118 million allowances over four budget years in a manner that minimizes volatility and produces a steady increase in Program stringency each year. In contrast, front-loading allowance removals in 2027 and 2028 would produce a severe drop in the allowance budget in these years, which risks compliance challenges from covered entities, especially considering that 2027 and 2028 represent a shortened two-year compliance period per section 95840. A steady, predictable, increase in stringency that minimizes volatility is essential for achieving the 2030 and 2045 GHG reduction targets in a manner that mitigates emissions leakage risk and supports affordability and deployment of low-carbon production methods and fuels in California. Artificially shifting more allowance removals to earlier years mechanically increases volatility in allowance supply and does not guarantee increased auction prices, revenues, or GHG emissions reductions.

C-1.4 Comment:

The proposed removal of approximately 118 million allowances from the 2027-2030 budgets, a correction necessitated by updates to the GHG Emissions Inventory, is significant in its own right. But its interaction with the post-2031 program design creates a compounding effect that CARB should address directly. The ISOR is explicit on the near-term stringency this produces: the average annual cap decline under the proposed amendments is 11% per year from 2027-2030, compared to approximately 4.6% under the current regulation over 2025–2026, representing roughly a doubling of the annual budget reduction rate. The ISOR acknowledges this directly, noting that implementing the full removal of allowances within the 2027–2030 window rather than across a longer horizon "would steepen the near-term annual cap decline, which could exacerbate the post-2030 discontinuity in annual budgets, holding limits, and may result in unacceptable risks of price volatility, high consumer impacts, and emissions leakage." CARB has attempted to moderate that risk by phasing the removals, 15 million in 2027, rising to 41.7 million in 2030, but the cumulative effect remains a materially accelerated compliance environment relative to anything covered entities have previously navigated under this program. (45d-CBC-446.2)

Agency Response:

No changes were made in response to this comment. The quoted passage in the ISOR refers to consideration of the scenario that would have removed 264 million allowances from 2027-2030 annual budgets, not the 118 million allowances removed in the final Proposed Amendments. Removing 118 million allowances through 2030 is necessary to align the Program with a technical adjustment to the GHG Emission Inventory in support of achieving the SB 32 2030 GHG reduction target. The proposed allowance budgets reflect the removal of 118 million allowances in the smoothest possible manner, declining consistently by 11 percent each year from 2027-2030.

C-1.5 Comment:

The proposal to retire 118.3 million cap and trade allowances from the carbon market was moving in the correct direction to reduce carbon incentives that allow continue use don't move backwards postponing retirement.

Annual accountability to proposed limits must be open and transparent. No more incentives to prop up industries that continue to shirk responsibilities for environmental harms that their profits cause - especially to those overburdened communities most vulnerable to climate change induced hazards and to continued pollution relating to legacy pollution and exposure to new sources sited without full mitigation. Prohibit permitting, including exemptions and legacy exemptions of stationary sources, in disadvantaged communities that directly emit pollution (toxic air contaminants, criteria air pollutants, and/or greenhouse gases) that increases the volume or concentration of community level and regional pollution. Cumulative impacts of only stationary or only mobile sources are not enough to protect those already harmed. Cumulative impacts should include existing and projected mobile and stationary sources that increase the volume or concentration of community and areawide pollution. (15d-Elizabeth-74.3)

Agency Response:

No changes were made in response to this comment. Please refer to the Agency Response to comment 15-74-2 in the Response to Comments on the Environmental Impact Analysis.

C-2 Cumulative or Post-2030 Allowance Budgets

C-2.1a Multiple Comments: Cumulative allowance budgets through 2045 are too stringent, increase costs to consumers, and risk emissions leakage, which should be mitigated. [45-day]

Comment:

Please increase the caps. (45d-Haubrich-8.1)

Comment:

AECA and Dairy Cares members are greatly concerned with the proposed amendments to the pace of cap reductions. The proposed significant reduction will significantly increase compliance costs and leakage risk as the cap declines. The downward adjustment coupled with tightening allowance budgets would sharply increase costs of California operations already struggling to compete against out-of-state and international firms that face little or no comparable carbon regulation or costs. Leakage is a very real and under-accounted for problem that if not addressed renders California's leadership claims meaningless. Minimizing leakage cannot be achieved by tightening allowance budgets as proposed. Leakage not only undermines California's climate objectives, it also undermines the state's already struggling economic base. (45d-AECA+DC-347.1)

Comment:

The ISOR is transparent about the fact that these amendments are designed to increase carbon prices. The proposed amendments would remove approximately 118 million allowances from the 2027 through 2030 budgets and establish a post-2030 cap trajectory declining to just 30.3 million allowances by 2045. The ISOR further proposes diverting 1 percent of each year's post-2030 budget, totaling approximately 13.7 million allowances from 2031 to 2045, to the Allowance Price Containment Reserve. On top of this, the new "offsets under the cap" mechanism mandated by AB 1207 will remove additional allowances from future budgets based on 6 percent of verified emissions whenever compliance offsets are used, further constricting supply. (45d-Nemeth-228.1)

Comment:

The removal of approximately 118 million allowances from the 2027–2030 allowance budgets, combined with the projected one-billion-allowance cumulative reduction in supply from 2027–2045 compared to the current regulation, represents a substantial tightening of the program beyond what is necessary to support continued environmental progress. These reductions will assuredly increase compliance costs, which will inevitably flow downstream to the fuel supply chain and the small businesses we represent. This magnitude of supply contraction alone warrants serious concern. (45d-CFCA-7.1)

Comment:

CARB should either decline to further increase the Program's stringency or substantially reduce the number of allowances it removes from the Program through 2045. The emissions reduction path in the current Cap-and-Invest Program regulations is already aggressive and has been effective to reduce GHG emissions in the state. But rapidly increasing the Program's stringency will not necessarily achieve the purposes of the Act. CARB should evaluate whether the proposed increased Program stringency will effectively reduce GHG emissions nationally and globally, not only in California, without harming California economy generally, food production industry specifically, and low-income communities. Based on that analysis, CARB should modify its proposed changes to the total number of allowances in the Program to ensure it will have sufficient free allowances available through 2045 to effectively mitigate economic and environmental leakage and to advance the purposes and intent of the Act. (45d-CLFP-328.5)

Comment:

NAIMA supports those provisions that preserve and protect assistance factors and allowances that prevent leakage. NAIMA urges CARB to use prudence and caution in adopting an aggressive acceleration of the total allowance cap reduction. As noted below, NAIMA identifies specific advantages to preserving the status quo that could result in greater economic stability and stronger regulatory predictability and feasibility.

(1) Lower Compliance Costs Benefits Businesses and Consumers...

(2) Maintaining the Status Quo Bring Market Stability and Certainty...

(3) A Slower Decline Affords Operational and Regulatory Feasibility. Regulatory predictability and operational feasibly may be the most important factor that justifies NAIMA's advocacy for a slower rate of decline.

Sudden accelerations in regulatory oversight can strain agency resources. Gradual shifts help CARB attract and retain the qualified staff needed for high-quality implementation and data verification.

Maintaining current levels of free allowance allocations (rather than scaling them back immediately) protects California's trade-exposed industries from "leakage," where businesses move operations to states with less stringent regulations.

In the context of the CARB 2026 amendments, acceleration – specifically the aggressive removal of allowances from the cap – poses a high risk of carbon leakage. This occurs when production shifts from California to jurisdictions with weaker climate regulations, resulting in a global net increase in emissions despite California's local reductions. (45d- NAIMA-275.2)

Comment:

As a Mount Shasta resident, I urge you to reject or substantially revise the proposed amendments to the Cap-and-Invest program, particularly the removal of 118 million allowances (2027–2030) and accelerated reductions toward a 2045 cap of ~30 million allowances. These changes threaten to make in-state refining unviable, as warned by Chevron and others. With recent closures (e.g., Valero Benicia, Phillips 66 LA) already reducing capacity by ~20% and pushing prices up (e.g., surges of 40+ cents recently to ~$4.58/gal), further refinery losses could spike gasoline well beyond current levels—potentially toward $8/gal by late 2026 per some analyses—while forcing even greater reliance on higher-emission foreign imports. This would hit working families hardest, exacerbate inflation, and accelerate California's ongoing exodus: recent data show net domestic out-migration of over 200,000 residents annually (e.g., ~229,000 in mid-2025 Census estimates, with California leading the nation in outbound moves for years). High energy costs are a key driver pushing people to lower-cost states. CARB is appointed to represent all Californians—not just climate goals at the expense of affordability, energy security, jobs, and population stability. Please prioritize balanced solutions: fairer refinery benchmarks, phased implementation, and a full economic/security impact review with the Energy Commission. (45d-Caddell-371.1)

Comment:

California's cap-and-invest program has endured because it was designed as a market-based compliance system grounded in least-cost principles. From its inception, the program placed cost-effectiveness and affordability at the heart of program design. It established a declining emissions cap while allowing covered entities flexibility in how reductions were achieved. Drawing from the successful Acid Rain Program, it freely allocated a portion of the budgeted allowances to emissions-intensive, trade-exposed (EITE) sectors to help reduce compliance burden. The program also provided necessary flexibility through the ability to trade allowances and also use carbon offsets to satisfy compliance obligations. The program design was further strengthened in its 2017 reauthorization which established strong price-containment mechanisms to prevent destabilizing cost spikes. These features established a structure to maintain economic stability while reducing emissions. AB 1207’s reauthorization of the program reaffirmed that CARB must design its regulations in a manner that minimizes emissions leakage and considers affordability and cost-effectiveness. The Legislature did not direct CARB to pursue emissions reductions at any cost; rather, it reaffirmed that California’s climate ambition must be paired with economic safeguards that prevent the displacement of production, protect consumers, and ensure that emissions reductions are achieved cost-effectively. These design principles, intended to minimize economic disruption and reduce the risk that emissions (and the correlated jobs) shift outside of California, underpin the program’s political and economic durability. When the regulated community and consumers alike have confidence that the program contains meaningful protections against excessive cost escalation and leakage, the framework is more likely to endure and deliver long-term climate results while minimizing price increases on consumers. The Proposed Amendments threaten to materially alter that balance. As shown in Table 2 from the Initial Statement of Reasons (ISOR), CARB proposes to remove approximately 118 million allowances from the 2027–2030 annual budgets and an additional 146 million allowances from post-2030 budgets, while further aligning the 2031–2045 trajectory with the 85 percent reduction target in AB 1279. The ISOR explains that, relative to the existing regulation, the amendments would result in 753 million fewer allowances between 2031 and 2045, in addition to the earlier reductions. Cumulatively, the proposed budgets through 2045 represent a materially more stringent allowance trajectory than under the current program design. The pace of cap reductions necessarily constrains the pool of allowances available for auction, industrial allocation, and climate credit. As the cap declines, the volume of allowances available for industrial transition assistance and leakage mitigation declines as well. At the same time, the Proposed Amendments also make the industrial allocation methodology more stringent. Even where existing allocation formulas remain in place, the absolute quantity of freely allocated allowances significantly diminishes over time. The combined effect is increased market exposure for covered entities that rely on allocation to mitigate leakage risk and to reduce pressure to pass compliance costs through to consumers. Taken together, these changes shift the program’s center of gravity from a least-cost compliance framework to one that ultimately drives cost increases on to businesses and consumers. This structural shift is difficult to reconcile with AB 1207’s directives on leakage minimization, affordability, and cost-effectiveness. Hard-to-decarbonize sectors operate under long capital cycles and face global competition. For many facilities, commercially viable decarbonization pathways remain constrained by technological readiness, permitting timelines, and infrastructure availability. A least-cost framework should recognize these realities and sequence reductions accordingly. A structure that tightens supply without proportionate cost-containment and leakage protection risks accelerating compliance costs beyond the pace of technological readiness. This increases the likelihood of production displacement with attendant global emissions increases rather than the net emissions reductions California seeks. The affordability implications are equally significant. Compliance costs imposed upstream are passed through supply chains, affecting transportation, goods movement, agriculture, construction, and other essential services. California households are already facing elevated energy and living costs. Structural tightening without commensurate flexibility and cost-containment increases the risk that the program will exacerbate cost pressures on consumers and small businesses.

As the cap tightens post-2030, preserving structural balance becomes even more critical. A durable Cap-and-Invest program must ensure that increased stringency is matched by proportionate enhancements in flexibility, leakage protection, and cost-containment. Without those safeguards, the Proposed Amendments risk departing from the design principles that made the program effective and durable. The primary purpose of the program must remain achievement of cost-effective emissions reductions as opposed to increased revenue generation. (45d-CCC-374.1)

Comment:

Table 6-2: California GHG Allowance Budget through 2045 CARB presents a draft allowance budget through 2045 in the regulation. The ending allowance allocation is a fraction of the starting point identified in the chart in 2021. CARB suggests these numbers without full consideration of what is feasible over the course of the same period. The cap decline outlined in the regulation is extraordinarily aggressive and does not allow for an ample transition period, which will further drive-up costs for the food and ag sector. Cost and import pressures remain a concern throughout the industry. As an example, even with the ongoing trade wars, imported peaches from China are down 16% from 2023 to 2025, however imports from Chile are up 73% in the same time frame. California's high costs already put California companies at a disadvantage when dealing with global economies. Furthermore, the food processing sector continues to contract, demonstrated with the recent bankruptcy of Del Monte Foods. Smithfield Foods, Ruiz Foods and other California food processors have closed, reduced their footprint or expanded outside of the state due to increasing cost pressures in California.

Cap & Invest should consider initiatives to provide affordable compliance pathways or more robust incentives to support California's food and ag sector. (45d-ACC-433.1)

Agency Response:

No changes were made to proposed allowance budgets through 2045. However, the 15-day Amendments included several changes to increase industrial allowance allocation through 2030 to minimize emissions leakage risk. These changes include increased EDU allocation which funds the residential and small business electric Climate Credit, accelerated transition of natural gas IOU allowances to EDUs, with 30% of natural gas IOU allowances reserved for low-income ratepayers, and increased allocation to industrial facilities through the increased Cap Adjustment Factor (CAF) and broader access to MDI allocation for direct facility GHG reduction projects. Taken together, the Proposed Amendments are designed to incentivize cost-effective GHG emissions reductions in support of achieving the State's 2030 and 2045 targets, in a manner that minimizes volatility, emissions leakage risk, and supports affordability to consumers. See response to comments C-1.1a and C-1.1b for additional discussion on measures to minimize volatility, including gradual allowance removals from future annual budgets and the proposed smoothing mechanism for allowance removals for offset use. See also response to comment O-1.1a on updates to refinery allocation, Master Response 1 in the Response to Comments on the Environmental Impact Analysis on emissions leakage risk, and Agency Response to comment O-13.3 regarding emissions leakage assessments. See Agency Response B-1.2b on affordability considerations for the food and agriculture sector specifically. CARB also conducted a comprehensive economic cost-benefit analysis of the regulatory proposal and alternative scenarios, including macroeconomic modeling of impacts on in-state jobs and output by sector, as presented in the SRIA and ISOR.

CARB appreciates the NAIMA's interest in ensuring staffing and high-quality implementation of the Cap-and-Invest Regulation. However, the proposed allowance budgets do not represent "sudden accelerations in regulatory oversight" but rather alignment of the Regulation to support progress toward mandated state GHG emissions targets, as required by SB 32, AB 1279 and AB 1207. CARB has not identified internal resource limitations that would warrant modifications to the Proposed Amendments.

C-2.1b Multiple Comment: Cumulative allowance budgets through 2045 are too stringent, increase costs to consumers, and risk emissions leakage, which should be mitigated.

Comment:

CARB’s decision to limit this 15-day package to the 2027-2030 period merely avoids addressing the more difficult post-2030 issues and leaves covered entities without a meaningful long-term signal. CARB’s failure to provide a defined post-2030 industrial leakage protection framework impacts long-term operational planning and investment decisions, and instead forces covered entities to operate under persistent uncertainty while simultaneously imposing near-term reductions that tighten allowance supplies, undermine affordability, and erode investor confidence. This short-term framework discourages long-term compliance strategies and impacts the long-term efficacy of the program. WSPA has consistently emphasized that it is imperative for the Cap-and-Invest program to provide clear long-term market signals and reflect the technological and economic feasibility of achieving emissions reductions. Allowance budgets should reflect this reality – creating allowance scarcity driven by an assumed linear decline in emissions through 2045 does not instill confidence and discourages early investment in reduction measures. CARB’s assumption that statewide emissions will decline linearly to achieve the 2045 target fails to account for these market realities; instead, amendments to the allowance budget should include a transparent long-term cap trajectory and account for realistic deployment timelines for decarbonization technologies, particularly for hard-to-abate sectors and projects that have most recently preserved efficient operations. Without longer-term pricing signals, current allowance reduction requirements risk increasing costs and operational uncertainty without ensuring corresponding emissions reductions, thereby undermining both the affordability and integrity of GHG emissions reductions and contravening the legislative priorities in AB 1207. As noted in WSPA’s comment letter on the 45-Day Amendments, CARB’s technical assessment of feasibility in support of the Proposed Amendments remains insufficient and continues to rely on unrealistic assumptions from the 2022 Scoping Plan Update that depended on complementary measures that have not materialized. For instance, CARB assumed that electric vehicle mandates would significantly reduce liquid fuel demand long-term; however, delays in implementing these mandates mean that additional liquid fuel production will be needed to meet continuing demand, which must be adequately accounted for in assessing long-term program goals. While the 15-Day Amendments now acknowledge certain limitations related to the implementation of these complementary measures, they stop short of addressing the obvious consequences: promoting near-term allowance reductions in the absence of a post-2030 framework serves only to compound market pressure and increase compliance costs. Without a realistic accounting of deployment timelines for decarbonization technologies, particularly in hard-to-abate industrial sectors, these proposed near-term reductions risk driving up costs for Californians without ensuring corresponding emissions reductions. WSPA previously noted that permanently removing 118 million allowances between 2027 and 2030 would introduce a significant step change in future allowance budgets and could materially destabilize the market. WSPA therefore recommended that, if the 118 million allowances must be removed, CARB should instead reallocate these allowances to mechanisms that preserve market flexibility rather than permanently remove the allowances from the program. While CARB's proposal to reallocate these allowances to the Manufacturing Decarbonization Incentive allocation is at least directionally consistent with WSPA's recommendation, as discussed further below, it does not resolve the larger problem. Without a clear, feasible, and affordable long-term program design, investment confidence will remain constrained, likely resulting in delays – or worse, the cancellation of capital projects at petroleum refineries – thereby increasing the likelihood that California and its neighboring states will rely on imported transportation fuels that are costly, less reliable, and increasingly higher-emission compared to in-state production. (15d-WSPA-164.1)

Comment:

NAIMA urges CARB to use prudence and caution in adopting an aggressive acceleration of the total allowance cap reduction...NAIMA identifies specific advantages to preserving the status quo that could result in greater economic stability and stronger regulatory predictability and feasibility. (15d-NAIMA-90.2)

Agency Response:

No changes were made to proposed allowance budgets through 2045, which are set to align the Program with the statutory GHG reduction targets for 2030 and 2045. Please see Master Response 1 in the Response to Comments on the Environmental Impact Analysis for discussion on emissions leakage risk. While the Proposed Amendments do not set allowance allocation after 2030, they do contain a number of mechanisms to lower costs and minimize emissions leakage risk from 2027-2030 as the Program increases in stringency, including increased CAFs relative to the current regulation, assistance factors kept at 100%, a strengthened MDI proposal for low-carbon production investments with eligibility that includes food producers and was extended to transportation fuel producers, and revised product-based allocation benchmarks and related definitions for crude oil production, transportation fuel production, food producers, cement and other sectors to ensure the Cap-and-Invest Program appropriately incentivizes low-carbon production methods while mitigating leakage risk posed by out-of-state competitors not subject to a comparable carbon pricing program.

Please see Agency Response O-13.3 to comments regarding leakage assessments.

C-2.2a Comment:

CARB should adopt a tighter post-2030 emissions cap than proposed, with the cap declining more quickly in the early 2030s to maximize cost-effective emissions abatement. In addition to tightening the cap by 180 million allowances through 2030, EDF urges CARB to adopt a post-2030 allowance budget that significantly accelerates reductions in the early 2030s compared to the ISOR's proposed cap. In the ISOR, CARB proposes an allowance budget that declines at the same pace for the 15 years between 2030 and 2045, resulting in a cumulative allowance budget of 1.3 billion tons CO2e over this period. However, the cap does not need to decline at the same rate over the 15-year period between 2030 and 2045; there are numerous benefits to reducing the cap more quickly in the early 2030s and adopting a more gradual cap decline in the late-2030s and into the 2040s. Accelerating reductions in the early 2030s would put California in a stronger position to cost-effectively achieve its 2045 climate targets by securing cumulative reductions in the earlier years of the program, when lower-cost abatement opportunities are more readily available. Securing more rapid reductions through 2035, for example, will enable CARB to facilitate a more gradual decline in the cap as the state approaches deep levels of decarbonization. Pursuing a more stringent cap decline in the early 2030s will also bring the state closer to meeting its 40% by 2030 statutory target, as compliance entities accelerate their reductions and bank allowances for future use when the cap will become tighter.

Moreover, achieving greater reductions in the early 2030s would enable CARB to recoup reductions that have been missed due to the delayed rulemaking timeline. For example, CARB initially outlined proposals that would have removed allowances from the cap starting in 2025; under the most ambitious scenario outlined at the outset of the rulemaking process, the cap would have been reduced by as much as 390 MMT CO2e through 2030. In the 2024 SRIA, CARB staff proposed removing approximately 265 MMT CO2e from the allowance budget through 2030, indicating this level of near-term ambition was necessary to align with the 2022 Scoping Plan. Now, the ISOR proposes to reduce the cap by only 118 MMT CO2e through 2030 to account for GHG inventory updates. Greater emissions reductions – as outlined in the 2022 Scoping Plan and in the 2024 SRIA – are still essential for California to cost-effectively meet its climate targets; tightening the post-2030 program cap presents an opportunity for CARB to secure as many of these reductions as possible even if delayed.

As detailed further below, EDF urges CARB to tighten the post-2030 allowance budget by at least 221 million tons CO2e, reflecting the cumulative reductions modeled in Greenline Insights' higher ambition cap scenario. In addition, CARB should evaluate greater stringency on top of the 221 million tons of abatement, which will help secure additional cost-effective reductions through the Cap-and-Invest program and put California in a stronger position to meet its 2045 climate targets.

a. CARB should remove an additional 221 MMT CO2e from the allowance budget beyond the ISOR proposal, at the minimum, even if some of those reductions come from the post-2030 budget. As outlined above, Greenline Insights (GLI) modeled alternative emissions caps that tighten the allowance budget more quickly than proposed in the ISOR through 2030. GLI's modeling results indicate there is clearly room to achieve at least an additional 221 MMT CO2e reduction through 2045 beyond the emissions cap proposed in the ISOR (this is the cumulative reduction achieved between 2027 and 2045 under GLI's Higher Ambition Scenario #2). In the most ambitious scenario modeled by GLI, the program is still modeled to provide cost savings to low- and moderate-income families, produce allowance prices well within the program's price containment points, and achieve a better balance between allowance supply and demand – all while cumulatively reducing an additional 221 MMT CO2e compared to the ISOR proposal. **Therefore, even if CARB ultimately adopts the bare minimum 118 MMT CO2e reductions proposed in the ISOR through 2030, EDF urges CARB to still achieve *at least* the cumulative 221 MMT CO2e reductions modeled by GLI – *additional to the reductions proposed by the ISOR* – by tightening the post-2030 emissions cap.** Figure 2 below shows one pathway for reducing an additional 221 MMT CO2e in the program budget after 2030. This trajectory would accelerate the pace of reductions through 2035, resulting in a 2035 allowance budget of 80 MMT CO2e rather than the 110 MMT CO2e allowance budget proposed in the ISOR for 2035, and then more gradually reduce the cap from 2035 to 2045.

b. CARB should evaluate scenarios for further tightening the post-2030 cap, beyond the minimum 221 MMT CO2e in cumulative reductions, to secure additional cost-effective reductions in the early 2030s. Beyond at least securing an additional 221 MMT CO2e in cumulative reductions, CARB should also evaluate even greater stringency in the post-2030 allowance budget. CARB has stepped far back from more ambitions options in the rulemaking as a result of the delayed timeline. While CARB indicated that reducing the cap by approximately 265 MMT CO2e through 2030 was necessary to align with the 2022 Scoping Plan and the state's 2045 climate targets, the ISOR now proposes to reduce the cap by only 118 MMT CO2e through 2030 – less than half of the near-term reductions CARB argued were necessary. Moreover, the 118 MMT CO2e reduction proposed in the ISOR does not represent any increase in near-term ambition – it is solely to account for methodology updates to the GHG Inventory. While the significant rulemaking delay means CARB has missed an opportunity to fully align the near-term emissions cap with the 2022 Scoping Plan, CARB can still recoup the necessary cumulative abatement—by making important changes pre-2030, and then by further accelerating reductions in the early 2030s. EDF recommends CARB evaluate scenarios for further reducing the cap through 2035, in addition to securing at least 221 MMT CO2e in cumulative reductions beyond the cap proposed in the ISOR. Tightening the cap further in the early 2030s will also provide additional cost-effective reductions and more flexibility as California approaches its 2045 targets to reduce gross emissions by 85% and reach carbon neutrality. GLI's modeling indicates there is still significant low-cost abatement that can be achieved in the 2030s, beyond the ISOR and beyond the tighter cap trajectories GLI modeled. Indeed, when evaluating the ISOR proposal under a range of emissions demand scenarios, GLI found that allowance prices are projected to track closely to the price floor or rise only modestly above the floor until 2040 or later (see Figure 3 below). Under GLI's Higher Ambition Scenario #2, which removes approximately 180 MMT CO2e from the cap through 2030 and achieves 221 MMT CO2e in cumulative reductions through 2045 relative to the ISOR, allowance prices are projected to be more or less flat throughout the 2030s and stay well below even the first tier of the APCR. These low allowance price projections underscore the opportunity for CARB to further tighten the post-2030 emissions cap and drive additional, cost-effective abatement. Reducing the cap at a faster rate in the early 2030s would secure greater cumulative abatement while giving CARB flexibility to reduce the cap more gradually as the state gets closer to its 85% reduction and netzero goals. (45d-EDF-424.3)

Agency Response:

No changes were made in response to these comments. The proposed allowance budgets contain the same cumulative number of allowances from 2021-2045 as examined in the SRIA Proposed Scenarios, which aligns with both the 2030 and 2045 GHG emissions reduction targets and the cumulative climate ambition contemplated by CARB's 2022 Scoping Plan Update. The difference between the proposed allowance budgets and the SRIA Proposed Scenarios is the timeline for allowance removals to align the program with these goals; while the SRIA considered removing 264 million allowances from 2025-2030, with an *increased* budget in 2031 and a linear decline from 2031-2045, the proposed allowance budgets remove 118 million allowances from 2027-2030 and remove the remainder of the 264 million allowances from post-2030 budgets, such that the cumulative budgets through 2045 show a consistent, smooth decline with no abrupt step-change or discontinuity in any given year and in total remove over a billion allowances through 2045. This approach supports needed progress toward the statutory GHG reduction targets in a manner that minimizes volatility and compliance challenges that would unnecessarily raise the risk of emissions leakage, and allows for additional near-term GHG reductions beyond the 40% reduction target for 2030 to occur. The alternative approach suggested by the commenter of shifting allowance removals to earlier years, whether before or after 2030, does not guarantee a corresponding change in GHG emissions, given compliance flexibility in banking and trading of compliance instruments. Rather, it tightens near-term allowance supply which exacerbates emissions leakage risk without a guarantee that the increase in stringency will result in accelerated deployment of low-carbon production methods and fuels. A steadily increasing carbon price signal, paired with targeted incentives to unlock long-term investments in low-carbon production methods and fuels, supports achieving the 2030 and 2045 GHG targets without pushing production out-of-state.

Further, the commenters do not consider that, as directed by AB 1207, additional allowances will be removed from future annual budgets corresponding with offset use for up to 6 percent of total compliance obligations. While future covered emissions and offset usage are uncertain, this mechanism will increase Program stringency beyond the proposed allowance budget removals through 2045. CARB cannot speak to the validity of external modeling or allowance price projections referenced in the comments, however the cumulative allowance budgets included in the Proposed Amendments reflect significantly higher stringency and climate ambition than the allowance budgets in effect during 2023-2024, a period in which quarterly auction prices rose significantly above the price floor. As the market operator, CARB does not predict allowance prices or comment on third-party projections of allowance prices. CARB's role is to set cumulative budgets that balance multiple legislative priorities, including alignment with the 2030 and 2045 targets, supporting technically feasible and cost-effective GHG reductions, and minimizing adverse impacts on consumers and the risk of emissions leakage. The full suite of Proposed Amendments, including the cumulative allowance budgets, are designed to collectively achieve these requirements.

C-2.2b Multiple Comments: Remove Additional Allowances Through 2045

Comment:

Rather than effectively increasing the cap, CARB should pursue greater reductions to the 2027-2030 allowance budgets and adopt a tighter post-2030 emissions cap than proposed. a. CARB can pursue an increase to the proposed 118.3 million reduction while still ensuring the program delivers meaningful affordability benefits to Californian households. As EDF presented in our March comments responding to the ISOR, CARB can pursue a more ambitious reduction to the 2027-2030 allowance budgets – removing 180 million allowances rather than the 118.3 million proposed – while still delivering crucial affordability benefits to households. Modeling from Greenline Insights found that removing 180 million allowances through 2030 would deliver over $860 million in net savings to California households earning $100,000 or less per year. Lower-income families – those earning $70,000 or less – would see the greatest gains, with $2.8 billion in projected benefits through 2045. This more ambitious scenario also would have generated over $1 billion more in revenue for the GGRF compared to the ISOR proposal, all while keeping allowance prices well within the program's price containment boundaries. This means CARB can pursue stronger climate action, delivering the near-term emissions reductions that are urgently needed to avert the worst impacts of climate change, while also keeping prices under control and delivering on household affordability. CARB can and should be making *greater* budget reductions from the 2027-2030 allowance budgets than the 118.3 million removals proposed in the ISOR. Instead, the latest proposal from CARB cancels out even those minimum required reductions. As described above, the 118.3 million allowances CARB proposes to remove from allowance budgets are the methodological floor required to account for GHG inventory updates and keep the program on track with California's 2030 statutory target. The April Proposal does not meet that floor because it simultaneously introduces a new allocation mechanism that creates a volume of compliance instruments sufficient to cancel out the proposed reductions. EDF urges CARB to finalize rules that at minimum permanently remove 118.3 million allowances from the 2027-2030 budgets and, consistent with the evidence presented in these and prior comments, pursues the greater ambition that modeling shows is both achievable and beneficial. b. CARB should adopt a tighter post-2030 emissions cap than proposed, with the cap declining more quickly in the early 2030s to maximize cost-effective emissions abatement. In addition to tightening the near-term cap through 2030, CARB should adopt a post-2030 allowance budget that significantly accelerates reductions, with the cap declining more quickly in the early 2030s than the current proposal, to maximize cost-effective emissions abatement. Even if CARB ultimately removes only the bare minimum of 118.3 million allowances through 2030 necessary to align the program with California's statutory 2030 climate target, EDF urges CARB to still achieve at least an additional 221 MMT CO2e cumulative abatement – beyond the reductions proposed by the ISOR – by tightening the post-2030 emissions cap. Modeling from Greenline Insights (GLI) indicates there is still significant low-cost abatement that can be achieved in the 2030s, beyond the ISOR, and even beyond the tighter cap trajectories GLI modeled. When evaluating the ISOR proposal under a range of emissions demand scenarios, GLI found that allowance prices are projected to track closely to the price floor or rise only modestly above the floor until 2040 or later. Under GLI's Higher Ambition Scenario #2, which removes approximately 180 MMT CO2e from the cap through 2030 and achieves 221 MMT CO2e in cumulative reductions through 2045 relative to the ISOR, allowance prices remain well below even the first tier of the APCR. These low allowance price projections underscore the opportunity for CARB to further tighten the post-2030 emissions cap and drive additional, cost-effective abatement.

In this rulemaking, CARB proposes to establish an allowance budget that declines at the same pace for the 15 years between 2030 and 2045, but the cap need not decline at the same rate over a 15-year period. Reducing the cap at a faster rate in the early 2030s would secure additional cost-effective abatement when lower-cost abatement opportunities are more readily available, while giving CARB flexibility to reduce the cap more gradually as the state approaches its 2045 targets to reduce gross emissions by 85% and reach carbon neutrality. Pursuing a more stringent cap decline in the early 2030s will also bring the state closer to meeting its 40% by 2030 statutory target, as compliance entities accelerate their reductions and bank allowances for future use when the cap becomes tighter.

CARB should also evaluate scenarios for further tightening the post-2030 cap to recoup reductions missed due to the delayed rulemaking timeline. CARB initially outlined proposals that would have removed allowances from the cap starting in 2025, with the most ambitious scenario reducing the cap by as much as 390 MMT CO2e through 2030. In the 2024 SRIA, CARB staff proposed removing approximately 265 MMT CO2e from the allowance budget through 2030, indicating this level of near-term ambition was necessary to align with the 2022 Scoping Plan and the state’s 2045 climate targets. The ISOR’s proposal to remove only 118.3 MMT CO2e through 2030 – less than half of what CARB argued was necessary, and solely to account for methodology updates to the GHG Inventory – represents a significant retreat from that ambition. CARB’s most recent April Proposal would erode even those minimal reductions further. Greater emissions reductions – as outlined in the 2022 Scoping Plan and in the 2024 SRIA – are still essential for California to cost-effectively meet its climate targets; tightening the post-2030 program cap presents an opportunity for CARB to secure as many of these reductions as possible even if delayed. (15d-EDF-175.7)

Comment:

Leaning into achieving emissions targets. Washington state entered the carbon market space later than California and Quėbec, but was able to establish and strongly defend at the ballot, a cap centered on ambitious emissions targets. Cap programs offer the most cost-effective mechanism at scale to achieve such targets. While achieving decarbonization goals at lower costs is a good thing, persistently low market prices risk shifting the performance burden onto higher cost programs while reducing state revenues that benefit communities. Prices at the floor are consistent with a program in which the market does not determine the price necessary to meet the cap, and therefore a cap that is not guiding additional emissions reductions. By contrast, auction prices that fall between the price floor and ceiling are consistent with a market that is working efficiently and responding to a binding emissions cap. Recent trends and modeling efforts indicate that the allowance budgets proposed in the ISOR may not be sufficient to lift auction prices above the price floor in the years ahead. That same modeling suggests that, under a more stringent allowance budget, auction prices would remain well below any containment reserve or price ceiling through 2045 while still providing affordability benefits to California households. Washington is also currently in the process of adjusting to its cap trajectory by implementing recent legislation (HB 1975) and, through linkage discussions, is weighing similar considerations. (15d-CP-192.4)

Agency Response:

No changes were made in response to these comments. See response to comment C-2.2a regarding alignment of the proposed allowance budgets with the statutory GHG reduction targets for 2030 and 2045, and comment C-1.3 for considerations regarding front-loaded allowance removals instead of gradually declining annual budgets. The Proposed Amendments are designed to support achieving the 2030 and 2045 GHG reduction targets in a cost-effective manner that minimizes volatility, emissions leakage risk, and considers affordability to consumers amidst a more stringent Program. Adoption of long-term allowance budgets through 2045 provides market certainty for a steadily increasing carbon price signal that facilitates cost-effective GHG reductions. The price floor is one Program mechanism to stabilize prices amidst economic uncertainty. Allowances prices at or above the price floor do not determine whether particular emissions outcomes will be met.

C-2.3 Comment:

Ensure the allowance budgets are based on achievable emissions reductions within the compliance period, particularly in the near-term. CARB’s proposed allowance budget reductions raise serious concerns regarding affordability, petroleum market stability, and long-term operational certainty for covered entities. CARB’s proposal to reduce a total of one billion allowances between 2027 and 2045 would lead to a significant annual cap decline rate. CARB should reassess these reductions to allowance budgets and consider raising the allowance cap in this and future years to avoid unnecessary supply constraints that could undermine feasibility, affordability, petroleum market stability, and long-term operational certainty. While WSPA recognizes that a reduction in allowances is generally consistent with California’s aggressive climate targets, CARB’s revised allowance budgets must still be technologically feasible. The pace and structure of CARB’s proposed reductions raise serious concerns to WSPA. WSPA has repeatedly emphasized the importance of ensuring that proposed changes to allowance budgets reflect the technological and economic feasibility of achieving emissions reductions across regulated sectors. Health and Safety Code § 38562(a) requires CARB to “adopt greenhouse gas emissions limits and emissions reduction measures by regulation to achieve the maximum *technologically feasible and cost-effective* reductions in greenhouse gas emissions" (emphasis added). Accordingly, any adjustment to the allowance budget must account for realistic deployment timelines for decarbonization technologies – including those applicable to transportation fuels and other hard-to-abate sectors – while minimizing emissions and economic leakage. Allowance reductions that outpace the availability of viable compliance options risk creating market conditions that increase costs without delivering corresponding emissions reductions, thereby undermining both affordability and GHG reduction integrity. CARB's assessment of technological and economic feasibility in support of its Proposed Amendments lacks the technologically feasible and cost-effective requirement and is instead largely tied to reduction scenarios developed in support of the 2022 Scoping Plan Update, which relies on additional emission reductions from complementary measures that have not yet manifested. For instance, the 2022 Scoping Plan Update contemplated a CO2 removal and capture target of 20 million metric tons by 2030, despite ongoing delays in CARB's implementation of carbon capture and reduction measures. In addition, CARB relied on significant transportation sector emissions reductions with measures focused on zero emission vehicle technologies, however, as of 2025 Quarter 4, these vehicle registrations are slowing significantly. To compensate for fewer emissions reductions in other programs, CARB's updated modeling scenarios predict that allowance prices will reach the price ceiling in nearly every instance. Despite this modeling, CARB's analysis estimates future allowance prices at the midpoint between the floor price and the APCR Tier 1 price through 2045. CARB's assessment of future allowance allocations therefore fails to account for increased market pressures and significantly higher compliance costs, and does not realistically evaluate the feasibility of required reductions. While WSPA agrees that 2027 is the earliest reasonable year for implementing any allowance budget adjustments, given the time required for rule adoption, compliance planning, and market preparation, WSPA has serious concerns regarding the feasibility of CARB's proposed near-term allowance reductions. Removing 118 million allowances between 2027 and 2030 would introduce a significant step change in future allowance budgets and materially destabilize the market. Given the timing of this rulemaking, covered entities would have less than one year to achieve reductions commensurate with removing approximately 15 million allowances. At the same time, CARB is proposing to remove allowances from annual budgets corresponding to offset use for compliance, which would effectively further increase the stringency of allowance budgets and reduce compliance flexibility for covered entities while significantly decreasing the cost-effectiveness of available emissions reductions, exacerbating the impacts described above. As WSPA has noted in prior comments, adjusting future allowance supply based on previously achieved GHG emissions reductions creates a perverse incentive structure that discourages early action and sets a troubling precedent for retroactive manipulation of the allowance market. Such an approach would erode market confidence and complicate long-term decarbonization planning. However, if CARB determines that the 118 million allowance reduction must proceed, it should minimize sudden shifts in allowance supply and avoid outright removal of allowances from the program. Instead, consistent with previous regulations, CARB should transfer the reduced allowances into APCR. Moving allowances into the APCR rather than permanently removing them would preserve critical program flexibility and help maintain a stable carbon market pricing mechanism. This approach would continue to incentivize GHG emissions reductions on the desired schedule while providing a safeguard against extreme price volatility that could otherwise arise from abrupt supply constraints. Absent such protections, allowance prices could rise sharply to accommodate aggressive short-term reductions, resulting in higher operational costs for regulated industries, increased consumer costs, potential job losses, and reduced economic activity. Moreover, sudden price spikes would disrupt long-term investment planning and undermine the very decarbonization efforts the program is intended to support. Transferring allowances to the APCR would better balance emissions reduction objectives with market stability, affordability, and CARB's statutory obligations under AB 32. (45d-WSPA-381.1)

Agency Response:

No changes were made in response to this comment. The proposed allowance budgets, including the removal of 118 million allowances through 2030, are necessary to align the Program with State's legislative GHG reduction targets for 2030 and 2045. These allowance removals are conducted gradually, reflecting a consistent 11 percent annual decline rate through 2030, and do not mandate any level of direct emissions reductions from any individual facility in any year. Covered entities may continue banking and trading allowances and compliance offsets within the scope of the cumulative allowance budgets applied to the aggregate market through 2045.[2]

The Proposed Amendments also build on the 2022 Scoping Plan Update, 2024 SRIA, and 2026 ISOR that analyze the costs and feasibility of industrial decarbonization and support deployment of additional incentives such as MDI allocation to cost-effectively accelerate GHG reductions in industrial sectors, including petroleum refineries. CARB's analysis accounts for the role of complementary policies that support GHG reductions in other non-industrial sectors, such as the Low Carbon Fuel Standard for transportation fuels and the Renewables Portfolio Standard for electricity. CARB does not predict allowance prices,[3] rather, CARB assessed what the costs and benefits of the Proposed

[2] And, CARB will continue to offer price ceiling sales in the event that insufficient compliance instruments are available on the market to fulfill all covered entity compliance obligations.

[3] Regarding the modeling scenarios that "predict that allowance prices will reach the price ceiling" that are mentioned in the comment, those come from third-party modeling conducted by UC Davis presented at

Amendments could be given a reasonable range of allowance price and covered emissions assumptions for different allowance budget scenarios.

The Proposed Amendments balance a wide range of statutory direction, such as aligning allowance budgets with the 2030 and 2045 GHG reduction targets, removing allowances for compliance offset use, mitigating emissions leakage risk, and supporting technologically feasible and cost-effective GHG emissions reductions. More stringent future allowance budgets to align with GHG reduction targets, including 118 million allowances removed through 2030, are balanced with enhanced industrial allowance allocation to mitigate leakage risk and new MDI allocation that is only provided to eligible facilities and added to the allowance market in exchange for targeted investments in low-carbon production methods and fuels, so that California can achieve the necessary GHG reductions in industrial sectors in a manner that is technologically feasible and cost-effective.

C-2.4 Comment:

PG&E acknowledges CARB's proposal to extend the program's allowance caps out to 2045 and supports CARB extending the yearly allowance budgets out to 2035. We believe this strikes the right balance between providing forward-looking regulatory certainty while acknowledging the need to revisit allowance allocation prior to the 2035-2045 timeframe given the considerably greater uncertainty of what the program will need to reflect in the last decade leading up to the State's carbon neutrality goal. (45d-PGE-445.12)

Agency Response:

No changes were made in response to this comment. Establishing annual allowance budgets through 2045 is required by AB 1207 to align the Program with 2045 GHG reduction target. Setting budgets through 2045 in this rulemaking provides the long-term regulatory certainty needed for covered entities to plan for future increased stringency and expected aggregate emissions reductions. Separately, the 15-day Amendments removed allowance allocation for the post-2030 Program, which will be set in a future rulemaking to allow additional time to analyze emissions leakage risk, consider a more stable economic environment, and determine the best use of the allowance value as the number of allowances is reduced year-over-year..

---

the November 2023 pre-rulemaking workshop (CARB MELCCFP 2023). As noted in that workshop, that effort includes inherent uncertainty and included assumptions about future covered emissions, allowance supply, and program mechanics that could not reflect more recent MRR emissions data nor the full suite of policy changes included in the final Proposed Amendments.

C-2.5 Comment:

CLFP opposes CARB's proposal to aggressively increase the stringency of the Program starting in 2031, including increasing the cap adjustment factor starting in 2032, which will necessarily reduce the number of free allowances available to food processing facilities. Free allowances are a necessary and critical tool to minimize emissions leakage in this sector given the limited the ability of food producers to feasibly and cost-effectively achieve further material GHG emissions reductions. We are very concerned about the collateral damage CARB's proposal will cause to the economy of the state and low-income communities that rely on food processing jobs, spending, and tax revenue, and to the climate as food production and associated GHG emissions increasingly shift outside of California. The resulting increase in global emissions would undermine the effectiveness of California's efforts to combat climate change both because the products are produced in jurisdictions with lesser regulatory requirements and due to increased emissions associated transportation of imports to California markets. When rapid increases in Program stringency outpace the ability of covered facilities to feasibly and cost effectively achieve further GHG emissions reductions, the Program no longer works as intended. It reaches a point of diminishing returns where it stops effectively driving further emissions reductions and instead drives facilities to close and production to move out of state. At that point, California would no longer be acting as a national and global leader in climate policy as intended by the Act. Ironically, its policies would make global GHG emissions worse while simultaneously causing irreparable harm to California's economy, businesses, and low-income communities. To avoid this unreasonable result, CARB must take care to ensure that its proposed changes to the Program regulations do not cross that threshold. (45d-CLFP-328.4)

Agency Response:

Changes were made in response to this comment. The 15-Day Amendments provide post- 2030 flexibility by removing post-2030 allowance allocation for consideration as part of a future rulemaking, providing time to continue to work through stakeholder concerns until economic circumstances stabilize also providing immediate relief to California businesses to minimize costs and ensure affordability. Please also refer to the agency response to comment C-2.1 regarding near-term increased industrial assistance.

C-2.6 Multiple Comments: Allowance Budget Calculations

The ISOR asserts that the removal of 118 million allowances from future allowance budgets is needed to achieve a 40% reduction in statewide emissions by 2030 and that the removal of 264 million allowances is needed to achieve a 48% reduction, with both changes calculated with respect to the status quo regulations. Similarly, the ISOR asserts that a cumulative budget of 4,125 million allowances is required to achieve a reduction of 40% by 2030, while a cumulative budget of 3,793 million allowances is required to achieve a reduction of 48% by 2030. No justification is given for the claim that these proposed interventions are consistent with their intended 2030 statewide emissions outcomes. (15d-Cullenward-200.1)

Comment:

The ISOR and 15-day changes both propose to remove 264 million allowances from future allowance budgets, which staff present as necessary to respond to an important methodological change in the state's greenhouse gas inventory. Staff do not present a justification for why this approach was taken, including why an adjustment to a single regulatory program is appropriate as a response to a statewide accounting matter. Furthermore, the delayed implementation of these proposed changes does not appear to be consistent with the 2022 Scoping Plan Update.

For context, CARB implemented a major methodological change in its 2022 statewide greenhouse gas inventory. Beginning in 2022, CARB decided to rely on emissions data from the Mandatory Reporting Regulation (MRR), which it determined were more accurate than prior data sources. Using the MRR data, CARB reported that statewide emissions were about 15 million tonnes of CO2-equivalent lower than it had reported under its earlier methodology. The IEMAC has observed that while this methodological change may have improved the accuracy of the statewide greenhouse gas emissions inventory, it also had the practical effect of weakening California's climate targets:

"Because California's greenhouse gas emissions limits are expressed relative to the 1990 baseline, however, changing the GHG Inventory methods without updating the 1990 baseline can reduce the stringency of state climate policy targets.

Specifically, if the 1990 baseline is artificially high, which is implied by the substantial reduction in the GHG Inventory observed since adopting the MRR data as its primary source, then the emissions limits may be similarly biased because the emission limits are expressed as reductions relative to the 1990 baseline. This would result in a de facto weakening of statewide greenhouse gas emission limits (IEMAC 2022: 32-34). If such an outcome has occurred, it could be remedied by re-estimating the 1990 baseline." As the IEMAC observed, one potential response to a change in statewide emissions inventory accounting methods would be to re-estimate statewide emissions in the 1990 baseline year. While there may be other valid alternatives, staff have not explained why it makes sense to address a statewide accounting issue with an adjustment to cap-and-invest allowance budgets in a single regulatory program that applies only to a subset of statewide emissions.

In addition, staff have not appropriately justified a significant change in the proposed intervention. In a July 2024 workshop presentation, staff indicated that it would be necessary to reduce statewide allowance budgets for program years 2021 through 2030 by 265 million allowances relative to the status quo.6 In contrast, the ISOR proposes to make a similar reduction (264 million allowances) but instead of implementing these changes by 2030 would spread the reductions out over program years 2027 through 2045.7

No analysis is provided to demonstrate that this would be expected to reduce emissions in line with the 2022 Scoping Plan Update, including to achieve a 48% reduction in statewide emissions by 2030. While a delay of a few years may be necessary to address the passage of time since the July 2024 workshop, it is not clear why a delay of 15 years is required or internally consistent with any analysis provided earlier in the regulatory process. (15d-Cullenward-200.2)

Comment:

The 2022 Scoping Plan Update “identifies a need to accelerate the 2030 target to 48 percent below 1990 levels” (i.e., more ambition than the minimum 40% reduction required by SB 32). Although CARB may prefer to revise its 2030 target in light of limited progress to date and will have the opportunity to do so in its upcoming scoping plan revision process, the 2022 Scoping Plan Update is still in effect and per AB 398, “[a]ll greenhouse gas rules and regulations adopted by the state board shall be consistent with the updated scoping plan.” The staff proposal is inconsistent with this requirement for at least two reasons. First, the 15-day proposal to increase allowance budgets by 118.3 million allowances relative to the ISOR is inconsistent with the allowance budgets the ISOR identified as necessary to align with the 2022 Scoping Plan Update. Second, the proposed reductions to allowance budgets would be implemented through 2045, without any analysis to indicate that these changes are expected to reduce 2030 emissions in line with the 2022 Scoping Plan Update. (15d-Cullenward-200.5)

Agency Response:

No changes were made in response to these comments. Please refer to Agency Responses to Comments 15-200-1, 15-200-2, and 15-200-4 in the Response to Comments on the Environmental Impact Analysis.

D. Allowance Removals for Offset Use

D-1 General Comments on Allowance Removals for Offset Use

D-1.1 Multiple Comments: Support for Proposed Implementation Mechanism

IETA appreciates CARB's decision to create a new "Allowance Budget for Offset Use" account and retire allowances from there rather than the main allowance budget. We suggested a similar mechanism during the informal rulemaking and are pleased to see that CARB acted upon the recommendation of IETA and other stakeholders. We believe that the proposed offset provision will overcome the "lumpiness" issue of directly implementing the AB 1207 offset mechanism. We encourage CARB to discuss its implementation of AB 1207 with the legislature, as legislative "clean-up language" validating CARB's interpretation may provide additional protection against potential legal challenges. (45d-IETA-341.9)

Comment:

3Degrees is supportive of CARB's efforts to operationalize the "offsets under the cap" provision and appreciates that the programmatic adjustments proposed maintain both the value and the usability of offsets in the program. Offsets directly reflect a slew of environmental benefits and their sale provides a key market signal on the value of GHG reduction projects across many sectors. Offset revenue is also crucial to incentivize the development of emissions reduction projects, especially where maintenance of such projects is otherwise cost-prohibitive for their owners. (45d-3D-48.2)

Comment:

This account-based approach appropriately recognizes that offset usage is not evenly distributed across years. Historically, regulated entities have tended to utilize offsets later in a compliance period, which can lead to significant year-to-year variation in the number of offsets used for compliance. Without a smoothing mechanism, AB 1207's retirement requirement could create predictable "spike years" in which large quantities of allowances are removed from auction supply following periods of high offset usage. Such swings could create unnecessary volatility in allowance availability and increase the risk of price instability. CalChamber agrees with CARB's diagnosis that predictable supply spikes could create volatility and planning challenges for regulated entities and market participants. The use of an account-based approach to smooth these effects is therefore a constructive policy choice that supports market stability and affordability while remaining faithful to the statutory requirements of AB 1207. (45d-CCC-374.17)

Comment:

Adopt Proposed Approach for Allowance Removals Equal to Offsets Turned in for Compliance. EDF supports CARB's implementation of the AB 1207 direction to remove allowances from the budget equal to the number of offsets used for compliance. (45d-EDF-424.7)

Comment:

A major offset programmatic policy change being proposed is the allowance removal mechanism for surrendered offset usage. This proposed change seems to be a reasonable approach to satisfy the 'offsets under the cap' mandate of AB 1207. VERA has always promoted the validity of a compliance offsets as being equivalent to a CARB-issued allowance in terms of environmental integrity, and this proposal demonstrates that equivalency. These programmatic adjustments to the Program are being proposed in a manner that retains the ability to fully utilize compliance offsets, which VERA supports. (45d-VERA-366.1)

> **Agency Response**:
> No changes were made in response to these comments. The requirement in AB 1207 to remove allowances from future annual budgets corresponding with compliance offset use necessarily reduces the number of State-owned allowances offered at auction that raise proceeds for the GGRF. The requirement is also supported in several comments submitted to CARB by environmental advocates. Staff appreciates support for the proposed mechanism to implement this requirement, which smooths out the predictable volatility in allowance removals due to the spike in compliance offsets use when covered entities fulfill multi-year compliance obligations. The Proposed Amendments are designed to align with direction in AB 1207 and comments by environmental advocates while fulfilling concurrent statutory obligations to minimize costs, market volatility, and emissions leakage risk.

D-1.2a Multiple Comments: Public Reporting and Transparency

Comment:

CARB should provide transparent and regular reporting on the operation of the account. At a minimum, annual public reporting should include the number of allowances withdrawn from the budget, the quantity held within the account, the number retired following each compliance period, and the number returned to auction. Providing this level of transparency will allow market participants to evaluate whether the mechanism is functioning as intended and will strengthen confidence that the system is not producing unintended market distortions. (45d-CCC-374.20)

Comment:

New Forests recognizes and supports CARB's objective in clarifying the process by which allowances are removed from circulation in connection with offset use pursuant to § 95871, and we agree that a transparent and well-defined mechanism is important to preserving the integrity of the emissions cap. The addition of explicit regulatory language governing allowance removals provides helpful clarity regarding how offset use is accounted for within the Program's overall allowance budget.

We encourage CARB to consider whether, and in what form, information regarding allowances transferred to the Allowance Removal Account may be made publicly available, particularly in relation to offsets ultimately surrendered for compliance. Absent clear and timely disclosure of this relationship, there is potential for market uncertainty during and following the compliance period, including speculation regarding whether additional allowances may be issued or otherwise reconciled during the true-up year.

Recommendation: Provide periodic, aggregate reporting on allowance removals associated with offset use alongside information on offsets surrendered, which may promote transparency, support efficient market function, and reduce the risk of unintended strategic behavior, while remaining fully consistent with CARB's cap-integrity and environmental objectives. (45d-NF-409.5)

Agency Response:

No changes were made in response to these comments. Staff will provide transparent reporting on the disposition of the Allowance Removals for Offset Use Account, including the number of allowances transferred into the account, the number of allowances retired from the account, and the number of allowances transferred back to the Issuance Account for future auction supply. This information will be reflected in CARB's quarterly Compliance Instrument Report and the annual Auction Reserve Price Notice that lists the number of allowances to be offered at auction in the subsequent calendar year. CARB will also consider specific additional reporting on this provision as implementation commences to ensure the market is fully aware of the impacts of compliance offset use on future allowance supply.

D-1.2b Comment:

Revisions to § 95871. Clarify the process by which allowances are removed from circulation in connection with offset use and provide greater transparency regarding how offset utilization is accounted for within the Program's overall allowance budget. To further support effective implementation and reduce market uncertainty, consideration should be given to providing periodic, aggregate public reporting on allowances transferred to the Allowance Removal Account alongside information on offsets surrendered for compliance. Such reporting may enhance transparency and support orderly market function. (15d-NF-198.6)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment D-1.2a for discussion on public reporting and transparency regarding the proposed implementation mechanism for removing allowances corresponding with compliance offset use, as directed by AB 1207.

D-2 Proposed Clarifications or Changes for Allowance Removals for Offset Use

D-2.1 Multiple Comments: Clarity for account types

Comment:

CARB should reevaluate proposed new account types to reduce unnecessary complexity and administrative burden. WSPA is concerned that the Proposed Amendments, to add new account types under the Cap-and-Invest program could further increase administrative complexity and impose additional burdens on covered entities. The current system includes compliance and holding accounts and already requires covered entities to invest significant labor and associated costs to track, surrender, and bank allowances. Introducing additional account types, such as the proposed “Allowance Removals for Offset Use Account,” risks fragmenting account management, complicating allowance transfers, increasing the potential for reporting errors, and adding further costs to the administrative burden of the program. Covered entities must reconcile multiple accounts while maintaining accurate records for compliance, trading, and verification purposes. WSPA recommends that CARB carefully evaluate the operational impacts of adding new account types and consider alternatives that maximize flexibility and minimize administrative burden, such as allowing offset-related transactions to be tracked within existing compliance or holding accounts whenever feasible. Streamlining account structures will help ensure program efficiency and maintain regulated entities’ ability to comply accurately and reliably. (45d-WSPA-381.24)

Comment:

The CCMC encourages CARB to clarify certain provisions regarding the implementation of offsets under the cap. The CCMC encourages CARB to define “Issuance Account” and “Allowance Removal for Offset Use Account” to support stakeholders’ understanding of the mechanics, purpose, and administration of these accounts. “Issuance Account” and “Allowance Removal for Offset Use Account” are capitalized terms in the Amended Regulation but do not currently have accompanying definitions, unlike other capitalized terms in the regulation. The CCMC further encourages CARB to specify, either in the definitions section or in the final Regulation, the source of allowances that will be placed in the Issuance Account and the Allowance Removal for Offset Use Account. While the Staff Proposal indicates that allowances will be removed “solely from the auction and allocation accounts,” additional clarity is warranted regarding whether allowances associated with offset usage will be sourced from the auction pool, the allocation pool, or a combination of both. The CCMC further encourages CARB to source allowances for Allowance Removal for Offset Use Account from the auctioned pool of allowances. The CCMC believes this approach is both administratively practical and consistent with legislative intent. (45d-EC-439.3)

Agency Response:

No changes were made in response to these comments. The Allowance Removals for Offset Use Account is a jurisdiction account overseen by CARB for the purposes of conducting allowance transfers from annual budgets pursuant to section 95871(j). Individual entities will not have an independent account for implementing this provision, as allowances will be removed from aggregate annual allowance budgets instead of individual entity accounts. The Issuance Account is an existing jurisdiction account under the control of the Executive Officer into which allowances and compliance offset credits are placed when they are first created. Allowances transferred from the Issuance Account to the Allowance Removals for Offset Use Account will reduce the number of allowances offered for auction and will not change the allowances provided for allocation.

D-2.2 Multiple Comments: Begin allowance removals for offset use for the 2027 budget year

We strongly support CARB's proposed Allowance Removals for Offset Use Account as an administratively sound mechanism to implement AB 1207’s requirement that offset use not inflate net allowance supply. Our only recommendation is that CARB apply this mechanism beginning in 2027 rather than 2028. The 6th Compliance Period begins January 1, 2027, and program integrity provisions should apply from the first day of the new Compliance Period. The administrative feasibility is straightforward. The Allowance Removals Account is already designed to pre-populate annually based on maximum potential offset usage. CARB will know the maximum Offsets that can be used for compliance during 2026 (for 2025 emissions) before it needs to set 2027 auction supply. Applying this calculation to 2027 requires no new infrastructure — only an earlier start date. Historical usage suggests retirements in 2027 would likely be only ~10 million allowances — modest in absolute terms but meaningful as a market signal that the strengthened program architecture from the 2025 reauthorization bill is fully operational beginning in 2027. (45d-CCF-382.3)

Comment:

The CCMC encourages CARB to consider implementing the "Offsets Under the Cap" (OUTC) mechanism one year earlier than proposed. Implementing OUTC one year earlier than proposed would better align with AB 1207's urgency clause and would achieve additional near-term emissions reductions. Under the revised approach, by December 8, 2026 (rather than December 8, 2027), CARB would transfer allowances into the Allowance Removal for Offset Use Account equal to the total covered emissions reported and verified in MRR for 2025, multiplied by the applicable quantitative usage limit for compliance offsets. Under the current proposal, the offset usage limit is pegged to the verified emissions year (4 percent in 2025). The CCMC encourages CARB to consider whether to retain this approach or instead peg the offset usage limit to the budget year from which allowances are removed, which could better align removals with the applicable allowance budget. The CCMC believes that implementing OUTC one year earlier is also consistent with the principle of non-retroactivity. The revised approach relies on 2025 reported and verified emissions solely to produce the most accurate and reliable estimate of emissions for purposes of calculating the number of allowances associated with the offset usage limit. It uses historical emissions data only as an input into a forward-looking calculation and does not impose new requirements, alter compliance obligations, or modify regulatory treatment for any past compliance period. Finally, the proposed approach would not be inconsistent with the regulations going into effect in September 2026. (45d-EC-439.2)

Comment:

Assembly Bill (AB) 1207 requires CARB to implement a policy of placing offsets under the cap (OUTC). At a high level, this policy requires CARB to remove and subsequently retire an allowance from circulation for each offset used for compliance beginning with 2028 allowance budgets. The result of OUTC is increased environmental ambition, because each offset used for compliance is effectively matched by a reduction in the allowance supply. If OUTC is implemented beginning in 2027, rather than 2028 as proposed, then an additional estimated 15 million tons of allowances would be removed from circulation in the sixth compliance period. In short, CARB has an opportunity to achieve greater pre-2030 ambition by beginning implementation of OUTC one year earlier than currently planned. (45d-CPC-440.1)

Agency Response:

No changes were made in response to these comments. AB 1207 sets the quantitative usage limit for compliance offset credits at six percent of a covered entity's compliance obligation through 2045. CARB staff's proposed mechanism to remove allowances for compliance offset use begins with the 2028 allowance budget year, which corresponds with the portion of offsets retired in 2027 for 2026 covered emissions, which is the first full emissions year after AB 1207 was enacted in mid-2025. Thus, removing allowances from the 2027 budget for 2026 offset use would require applying this mechanism retroactively for covered emissions which occurred prior to the passage of AB 1207.

Removing allowances for offset use also increases environmental stringency in a manner that is inherently uncertain, as the number of compliance offsets retired each year varies based on facility covered emissions, offset credit availability, and compliance strategies. Due to the timing of AB 1207, these removals are occurring at the same time CARB is removing 118 million allowances from 2027-2030 annual budgets to reflect technical adjustments to the GHG Emission Inventory and support achieving the 2030 GHG reduction target.

Staff's proposed AB 1207 implementation mechanism to remove allowances for offset use smooths out volatility in these retirements over the duration of a compliance period and cannot control for the inherent uncertainty in the number of offsets, within the offset limits of six percent, that are ultimately used for compliance. Beginning implementation of this requirement with the 2028 budget year avoids retroactivity for emissions that occurred before the passage of AB 1207 and provides time for the market to internalize this increase in program stringency that goes beyond the new allowance budgets that decline 11 percent per year from 2027 through 2030. This approach also helps to mitigate the volatility, uncertainty, and emissions leakage risk that may occur if the more stringent annual budgets and allowance removals for offset use are both implemented beginning in 2027.

D-2.3 Comment:

The goal of offsets is to provide cost-containment. To that end, a compliance entity should make a choice between buying an allowance or an offset based on their prices. And the allowance permit price faced by compliance entities should reflect actual offset usage, not presumed offset usage. The current proposal presumes that total offset usage annually is 6% of the annual cap (which has not been historically the case). Thus, when a compliance entity makes an offset purchase decision, it is facing an allowance price that already assumes how many offsets will be used. This odd circularity distorts the functioning of the carbon market by raising allowance prices and driving more offset usage. (45d-Meng-239.1)

Agency Response:

No changes were made in response to this comment. Compliance offset credits are an important cost containment feature of the Program and generally have lower average prices than GHG allowances where the limiting factors for compliance offset use are the quantitative usage limit, covered entity emissions, and availability of compliance offsets under a limited number of credited offset projects. Removing allowances from future budgets by applying the conservative assumption that the full six percent of the quantitative usage limit for offsets will be used for compliance does not distort the fundamental cost relationship between these two types of compliance instruments or change the incentive to purchase one type over the other for Program compliance.

D-2.4 Comment:

The rationale for adjusting the cap before actual offset usage presumably is to avoid discrete jumps in the annual cap (and thus GGRF revenue). But the current proposal does not eliminate that problem: there would still be a jump in the annual cap and GGRF revenue, in the form of a positive jump at the start of every compliance period as unused allowances in the offset account from the previous compliance period is added back to the annual cap. In other words, this proposal creates a positive spike in the cap and GGRF revenue at the start of every compliance period rather than the current negative spike. (45d-Meng-239.2)

Agency Response:

No changes were made in response to this comment. The proposed mechanism to implement allowance removals for offset use, as required by AB 1207, smooths out predictable volatility in the number of allowances offered for auction in the year following a jump in offset use during a full compliance period compliance event. The proposed mechanism removes allowances from future budgets in advance by applying the conservative assumption that the full six percent of the quantitative usage limit for offsets will be used for compliance. If actual compliance offset use during a compliance period is lower than the quantitative usage limit, the corresponding number of excess allowances will be returned to future quarterly auctions. Applying a conservative forward-looking assumption, rather than a prediction for actual use based on historic averages, protects the market from unanticipated negative allowance supply shocks in the event that more than the projected number of compliance offsets are used for compliance during a compliance period.

Critically, this approach minimizes energy cost spikes, volatility, and compliance challenges for covered entities facing an unexpectedly limited allowance market. While the conservative assumption for offset use does mechanically tighten the allowance market by assuming full potential uptake up to the offset limit, it does so in a predictable manner, and any excess allowances returned to the Auction Account after a compliance period are split up over the next three calendar years, further minimizing volatility, rather than returned to the market all at once which may artificially depress allowance prices or produce a single-year increase in the GGRF.

D-2.5 Comment:

The key is to lower caps after actual offset usage; that is to lower the cap in a subsequent compliance period after actual offset usage in the preceding compliance period. To avoid a negative spike in the cap and GGRF revenues in the first year of the next compliance period, the adjustment can be prorated across the years of the subsequent compliance period. For example, suppose 100 tons of offsets were used across all compliance entities during the 2027-2028 compliance period as reported at the end of 2028. CARB can lower the cap by 50 tons in 2029 and by 50 tons in 2030 during the 2029-2030 compliance period. This will then be repeated in subsequent compliance periods. In summary, an alternative implementation that CARB can adopt is to (i) reduce the cap in a subsequent compliance period following actual offset usage in a given compliance period and (ii) to prorate that cap reduction annually across the years of the subsequent compliance period. (45d-Meng-239.3)

Agency Response:

No changes were made in response to this comment. The commenter's proposed alternative implementation mechanism does not achieve the smoothing function intended by staff's proposal in section 95871(j) because the number of offsets used during a compliance period does not match the number of offsets used *for* that compliance period. In the example provided in the comment, 2027 has a full triennial compliance event while 2028 has an annual event, where entities only need to surrender compliance instruments for only 30 percent of the previous year's covered emissions. The 2027 triennial compliance event also includes offsets used for a portion of 2024 and 2025 covered emissions, which are outside the scope of this provision (see response to comment D-2.2). The actual total number of offsets used for covered emissions during the 2027-2028 compliance period will not be known until 2029. Determining allowance removals based on offsets used during the previous compliance period, rather than covered emissions, will lead to highly inconsistent removals between compliance periods due to the mismatch between emissions years and compliance years, and the difference in total offsets used during two-year versus three-year compliance periods. The comment's proposed mechanism would remove three years of offset use from a two-year compliance period, and vice versa, once alternating compliance period lengths begin after 2030 pursuant to section 95840. In contrast, staff's proposed mechanism smooths out allowance removals in a predictable manner by calculating the maximum number of compliance offsets that could be used for total covered emissions each year, and gradually reintroducing any excess allowances removed.

D-2.6 Comment:

Anchoring annual allowance withdrawals to the theoretical maximum offset usage may result in the removal of more allowances from near-term supply than is necessary in years when actual offset usage is below that maximum threshold. If actual offset utilization remains materially below the maximum allowable level, the account could accumulate a significant volume of allowances that are temporarily withheld from the market. While these allowances would eventually be returned to auction under the proposal, the interim tightening of allowance supply could contribute to unnecessary price pressure. CARB has appropriately recognized this possibility and has invited stakeholder feedback on whether alternative implementation approaches may better balance statutory compliance with market stability. CalChamber recommends that CARB retain the core account-based smoothing mechanism but incorporate additional safeguards to ensure that the mechanism does not unintentionally constrain allowance supply. (45d-CCC-374.18)

Agency Response:

No changes were made in response to this comment. See response to comment D-2.4 for discussion on why staff proposed determining allowance removals for offset use based on a conservative assumption of full uptake of the quantitative usage limit for compliance offsets. Lower average prices for compliance offsets compared to GHG allowances is an important cost containment feature of offsets and incentivizes their use up to the quantitative usage limit; CARB will continually monitor actual offset use to determine in a future rulemaking whether further adjustments to this proposed implementation mechanism are needed.

D-2.7 Comment:

CARB should consider establishing a mid-period review or within-compliance-period true-up mechanism that would allow excess allowances held in the account to be returned to auction earlier if actual offset usage trends materially below the maximum assumed level. Such a provision would help ensure that the account functions as a supply-smoothing mechanism rather than as a source of unnecessary scarcity. (45d-CCC-374.19)

Agency Response:

No changes were made in response to this comment. Compliance offset use during annual compliance events in the interim years of a compliance period, where entities surrender compliance instruments to fulfill only 30 percent of their total annual covered emissions, is inherently unpredictable. The majority of compliance offsets used during a compliance period are not surrendered until the full compliance period compliance event, which covers a full year of covered emissions plus the other 70 percent of covered emissions not addressed during the prior year annual compliance event(s). Covered entities may pursue different compliance strategies for an annual versus full compliance period compliance event that obscures any detectable trend in compliance offset use prior to CARB determining the number of allowances in the Allowance Removals for Offset Use Account to be returned to the Auction Account pursuant to section 95871(j)(3).

D-2.8 Comment:

Preserve offset programs and the Greenhouse Gas Reduction Fund (GGRF) by preventing double-counting and promptly returning unused allowances to maintain market liquidity. CARB should reevaluate its treatment of offsets to mitigate compliance burdens. Consistent with AB 1207's directive, CARB is proposing to remove allowances from annual budgets corresponding to offset use for compliance. WSPA appreciates CARB's efforts to establish a regulatory framework that integrates offset usage into the annual allowance budget. However, WSPA remains concerned that the proposed method for removing allowances – specifically the assumption of 100% offset utilization and the slow timeline for reintroducing unused volumes – risks creating an artificial market shortage of GHG allowances and increasing compliance costs for regulated entities without providing a corresponding environmental benefit.

Initial offset removal: CARB's proposal to initially remove allowances from the budget based on a 100% utilization rate of the offset usage limit fails to account for actual offset usage within the program. Historically, actual offset usage has rarely reached the maximum allowable limit. CARB's "worst-case scenario" accounting approach significantly overestimates the volume of allowances that need to be retired. By front-loading these removals, CARB is effectively tightening the cap beyond its intended stringency and reducing the availability of compliance instruments in the short-term. WSPA urges CARB to adopt a more balanced approach by basing initial allowance removals on historical average usage data, which would provide a more accurate reflection of market behavior while still maintaining the integrity of the cap.

Timing for reintroducing unused allowances: The proposed timeline for reintroducing unused allowance volumes to the auction is too slow to support effective market liquidity. If CARB removes allowances based on maximum potential offset use, any volume that remains unused should be returned to the market as quickly as possible to prevent price distortions and ensure consistent funding for the GGRF. Under the existing timeline, these unused volumes may be held out of circulation for years, trapping liquidity and reducing the resources available for statewide climate and equity programs. WSPA recommends that CARB implement an expedited reconciliation process to return unused allowances to the auction within the following calendar year, thereby ensuring that the market remains responsive to actual compliance needs.

Double-counting: It is imperative that CARB's implementation of AB 1207 avoid "double-counting" of emissions reductions. The 2022 Scoping Plan Update and the cap decline trajectory analysis through 2030 were already designed with the anticipated use of offsets under this program. Because CARB has already accounted for a certain volume of offsets in its long-term modeling, removing 100% of allowances for all offsets used under AB 1207 effectively penalizes the market twice for the same compliance activity. CARB should refine its removal calculations to account for those offsets already managed within the 2030 cap, ensuring that the regulation remains consistent with the statutory mandate and preserves affordability. (45d-WSPA-381.11)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment D-2.4 for discussion on why staff proposed determining allowance removals for offset use based on a conservative assumption of full uptake of the quantitative usage limit for compliance offsets, and why any excess allowances returned to the market are split up over the next three calendar years rather than returned all at once. Further, CARB staff sees no incidence of double-counting under this provision as the full number of allowances transferred to the APCR corresponding to the increased quantitative usage limit for compliance offsets in the 2018 rulemaking (22,726,000) has already been met by actual compliance offset use from 2021-2025. The new requirement in AB 1207 will apply to compliance offsets beyond the number of allowances transferred to the APCR in 2018, beginning with offsets retired in 2027 for 2026 covered emissions. CARB will provide transparent reporting on allowance removals for offset use and will monitor these mechanics as implementation commences to determine whether further changes are needed in a future rulemaking to ensure accurate accounting and market stability.

D-2.9 Comment:

CFCC appreciates CARB's effort to clarify how offsets will be implemented within the allowance budget under AB 1207 (Irwin, Chapter 117, Statutes 2025). In general, the proposed framework appears to improve administrative clarity and reduce uncertainty regarding how offset use will interact with the cap. Offsets have long served as a cost-containment mechanism within the program, and a transparent and predictable approach to integrating offset use into the allowance budget is important for maintaining confidence in both the offset program and the broader market. The approach described in the Initial Statement of Reasons, which removes allowances corresponding to offset use rather than allowing offset utilization to translate into additional emissions within the cap, appears to align with the statutory intent of AB 1207. By tying offset use to allowance removals from the cap, CARB preserves the overall emissions trajectory while maintaining the compliance flexibility that offsets provide. This structure also appears to reduce the potential for year-to-year variability in auction volumes that could otherwise arise if offset use fluctuates significantly. A predictable treatment of offset use can help stabilize market expectations for both compliance entities and offset project developers. From an implementation standpoint, the proposal also appears to simplify the relationship between offset use and the allowance budget. Establishing a clear and consistent accounting treatment reduces ambiguity about how offsets affect the cap and should make it easier for market participants to understand how offset utilization translates into allowance supply over time. Greater transparency in this area may also help address some longstanding misunderstandings about the role offsets play in the program. At the same time, CFCC encourages CARB to ensure that the implementation framework continues to recognize the operational realities of the offset program. Offset project development and credit issuance often occur on timelines that differ from compliance-year dynamics, particularly for forestry projects where verification cycles, measurement intervals, and credit issuance processes can span multiple reporting periods. Ensuring that the allowance removal mechanism accommodates these timing differences will help avoid unintended administrative complications and maintain the efficiency of existing project development practices. Overall, CFCC believes the proposed approach represents a constructive step toward integrating offsets more transparently within the cap structure. Clarifying the treatment of offsets under AB 1207 should help smooth program implementation, improve market understanding, and preserve the role of offsets as a cost-containment tool while maintaining the integrity of the cap. (45d-CFCC-436.1)

Agency Response:

No changes were made in response to this comment. CARB appreciates the support of the Proposed Amendments. Allowance removals under this provision only occur once compliance offsets are used for compliance, not when they are issued for eligible offset projects. See Agency Response to comment D-2.4 for discussion on why staff proposed determining allowance removals for offset use based on a conservative assumption of full uptake of the quantitative usage limit for compliance offsets.