Title 17. California Air Resources Board

Notice of Public Hearing to Consider Proposed California Carbon Capture, Removal, Utilization, and Storage Program Regulations and Associated Regulatory Amendments

The California Air Resources Board (CARB or Board) will conduct a public hearing at the date and time noted below to consider approving for adoption the Proposed Regulation for the California Carbon Capture, Removal, Utilization and Storage Program and related proposed amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Cap-and-Invest), the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR), and the Low Carbon Fuel Standard (LCFS).

Date: January 28, 2027

Time: 9:00 A.M.

In-Person Location:

California Air Resources Board
Byron Sher Auditorium
1001 I Street, Sacramento, California 95814

Remote Option:

Zoom

This public meeting may continue at 9:00 a.m., on January 29, 2027. Please consult the public agenda, which will be posted ten days before the January 28, 2027, Board Meeting, for important details, including the day on which this item will be considered and how the public can participate via Zoom if they choose to be remote.

Written Comment Period and Submittal of Comments

In accordance with the Administrative Procedure Act, interested members of the public may present comments orally or in writing during the hearing and may provide comments by postal mail or by electronic submittal before the hearing. The public comment period for this regulatory action will begin on October 30, 2026. Written comments not submitted during the hearing must be submitted on or after October 30, 2026, and received **no later than Monday, December 14, 2026.** Comments submitted outside that comment period are considered untimely. CARB may, but is not required to, respond to untimely comments, including those raising significant environmental issues. The Board also encourages members of the public to bring to the attention of staff in advance of the hearing any suggestions for

modification of the proposed regulatory action. Comments submitted in advance of the hearing must be addressed to one of the following:

Postal mail: Clerks' Office, California Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: https://ww2.arb.ca.gov/lispub/comm/bclist.php

Please note that under the California Public Records Act (Government Code section 7921.000 et seq.), your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

Additionally, the Board requests but does not require that persons who submit written comments to the Board reference the title of the proposal in their comments to facilitate review.

Authority and Reference

This regulatory action is proposed under the authority granted in California Health and Safety Code sections 38501, 38510, 38530, 38560, 38560.5, 38562, 38562.2, 38565, 38570, 38571, 38580, 39600, 39601, 39607, 39607.4, 39741.1, 39741.4, 39741.5, 41510, 41511, 41513, 42402, 42402.1, 42402.2, 42402.3, 42402.4, 42402.6, and 43018; and California Public Resources Code sections 71463 and 71464. This action is proposed to implement, interpret, and make specific California Health and Safety Code sections 38501, 38510, 38530, 38560, 38560.5, 38562.2, 38564, 38565, 38570, 38571, 38580, 39000, 39001, 39002, 39003, 39515, 39516, 39600, 39601, 39741.1, 39741.4, 39741.5, 41510, 41511, 43000; and sections 25000.5, 71463, and 71464 of the California Public Resource Code; 42 U.S.C. section 7545; and Western Oil and Gas Ass'n v. Orange County Air Pollution Control District, 14 Cal.3d 411, 121 Cal.Rptr. 249 (1975).

Informative Digest of Proposed Action and Policy Statement Overview (Gov. Code, § 11346.5, subd. (a)(3))

Sections Affected:

Proposed amendment to California Code of Regulations, title 17, division 3, chapter 1, subchapter 10, article 2, sections 95100, 95101, 95102, 95103, 95123, 95125, 95131.

Proposed amendment to California Code of Regulations, title 17, division 3, chapter 1, subchapter 10, article 4, sections 95481, 95486, 95489, 95490.

Proposed adoption in California Code of Regulations, title 17, division 3, chapter 1, subchapter 10, article 4.5, of sections 95700, 95701, 95702, 95703, 95704, 95704.1, 95704.2, 95704.3, 95704.4, 95704.5, 95704.6, 95704.7, 95705, 95706.

Proposed amendment to California Code of Regulations, title 17, division 3, chapter 1, subchapter 10, article 5, sections 95802, 95814, 95831, 95852.3, 95970, 95973, 95975, 95975.1, 95976, 95977, 95977.1, 95977.2, 95979, 95981, 95985, 95986, 95987, 95988, 95989, and proposed adoption of section 95983.1

Documents Incorporated by Reference (Cal. Code Regs., tit. 1, § 20, subd. (c)(3)):

The following documents, test methods, and model would be incorporated in the regulation by reference as specified by section:

- California Air Resources Board, "Greenhouse Gas Quantification Methodology for Carbon Capture and Sequestration under the Low Carbon Fuel Standard," October 2026. Incorporated by reference in section 95490.
- California Air Resources Board, "Geologic Carbon Storage Protocol," October 2026. Incorporated by reference in sections 95490, 95705, 95851, 95846 and 95852.3.
- 40 C.F.R. § 146.85. (December 10, 2010). Code of Federal Regulations, 8-1 2026 Edition. *2010-29954.pdf*. Incorporated by reference in section 95704.5.
- 40 C.F.R. § 146.93. (December 10, 2010). Code of Federal Regulations, 8-1 2026 Edition. *2010-29954.pdf*. Incorporated by reference in section 95704.1.
- 40 C.F.R. § 146.94. (December 10, 2010). Code of Federal Regulations, 8-1 2026 Edition. *2010-29954.pdf*. Incorporated by reference in section 95704.1.

Background and Effect of the Proposed Regulatory Action:

Background on the California Carbon Capture, Removal, Utilization, and Storage Program Regulation

California is experiencing increasing and widespread impacts from climate change, with extreme events occurring more frequently and with greater severity. Climate-driven disasters that once appeared decades away are now happening on a regular basis. In January 2025, destructive wildfires in Los Angeles driven by climate-intensified drought resulted in hundreds of fatalities,[1] the loss of more than 16,000 structures,[2] and economic damages exceeding $95 billion.[3] Wildfires, extreme heat, and drought events contribute to substantial public health harms and economic disruption.[4] These impacts reinforce the urgent need for substantial greenhouse gas (GHG) emission reductions and long-term carbon-management solutions to protect communities and reduce future harm.

California's statutory climate framework reflects this urgency. In 2022, the CARB Board adopted the 2022 Scoping Plan for Achieving Carbon Neutrality (CARB, 2022) (2022 Scoping Plan), which outlines a cost-effective and technologically feasible path to achieve carbon neutrality by 2045 and reduce statewide GHG emissions to at least 85% below 1990 levels by 2045 per statutory requirements in Assembly Bill (AB) 1279 (Muratsuchi, Chapter 337, Statutes of 2022). California achieved its 2020 target, returning to 1990 emissions levels six

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[1] McKoy, Jillian. (2025, August 7). "*Death Count for 2025 LA County Wildfires Likely Hundreds Higher than Official Records Show*" Boston University School of Public Health.
[2] California Department of Forestry and Fire Protection (CAL FIRE). 2025."*2025 Incident Archive*."
[3] Next 10, Center for Law, Energy & Environment, University of California, Berkeley. (2025, September 25). "*Costs of Climate Change: Financial and Economic Impacts on California and U.S. Households*."
[4] Hewitt, Alison. 2024. "*The Death Toll from Wildfire Smoke."* University of California Los Angeles.

years early in 2014, demonstrating the State's track record of climate-policy leadership. Still, even with aggressive decarbonization across all AB 32 (Nuñez, Chapter 488, Statutes of 2006) sectors, some residual emissions will remain in 2045 from sources that are difficult or infeasible to fully eliminate. Achieving the State's statutory climate goals requires prioritizing deep emissions reductions alongside carbon capture, utilization, and storage (CCUS) and carbon dioxide (CO_2) removal (CDR), including nature-based strategies (NBS) and other approaches such as direct air capture (DAC) and bioenergy with carbon capture and storage (BECCS).

As climate impacts have accelerated, science-based advice has laid out on what the path forward should be. In early September 2026, the United Nations Environment Programme (UNEP) released a new report called "Limiting Overshoot" (UNEP, 2026). The report provides a frank discussion that globally, we will not limit temperature increase to 1.5 degrees Celsius. However, missing that goal must not mean abandoning our efforts. The report clearly outlines that Carbon Capture and Storage (CCS). CCS and CDR have an important role in bringing warming below 1.5 degrees Celsius by the end of the century. Consistent with the 2022 Scoping Plan, however, the report does not view carbon management as a silver bullet—it is needed in addition to, not instead of sustained reduction in GHG emissions.

Senate Bill (SB) 905 (Caballero, Chapter 359, Statutes of 2022) directs CARB to establish the Carbon Capture, Utilization, Removal, and Storage Program (CCUS Program) to ensure effective oversight of carbon management projects. The statute requires CARB to ensure that all CCUS projects and CDR projects include strategies to minimize certain potential environmental impacts, including co-pollutant emissions from CCUS and CDR technologies and construction and transportation related air and water pollution impacts. SB 905 also directs CARB to establish robust, long term financial responsibility, seismic monitoring, and leak detection requirements for GCS sites that remain active through injection operations and extend for at least 100 years after CO_2 injection ceases. In addition, the legislation requires operators of GCS sites to demonstrate effective prohibitions on drilling or other subsurface extractive activities that could penetrate the storage reservoir, thereby protecting containment integrity throughout injection activities and long-term monitoring. These statutory obligations are intended to ensure long-term containment integrity and make certain that operators remain accountable for preventing seismic activity and CO_2 leakage from posing any risk to public health, safety, or the environment throughout the full life of a GCS site. Except for injecting concentrated CO_2 fluid produced by CCS for enhanced-oil recovery in California, which was explicitly prohibited by SB 1314 (Limón, Chapter 336, Statutes of 2022), SB 905 also authorizes CARB to support additional methods of utilization or storage of captured CO_2, including carbon capture for use in products.

Under direction of SB 905, this Proposed Regulation is part of a comprehensive statewide regulatory framework that ensures the safety, efficacy, and viability of CCUS and CDR in California. This Proposed Regulation is focused on ensuring that CCUS and CDR are deployed in alignment with California's long-term climate goals and in a manner that protects public health and safety, minimizes environmental impacts, and establishes foundational standards necessary for long-term CO_2 storage in California as identified by the Legislature. The Proposed Regulation aims to reinforce California's leadership in climate action by filling targeted regulatory gaps, improving oversight, and enabling responsible deployment of carbon management projects with policy support. The Proposed Regulation would establish the CCUS Program and set requirements for all CCUS project operators, including public disclosure of

monitoring plans, permit conditions, compliance status, and environmental summaries of mitigation activities. For geologic carbon storage (GCS) sites, the proposed regulations would require long-term monitoring, including air pollutant monitoring and mitigation, surface CO_2 monitoring, an extended period of subsurface CO_2 plume and pressure front monitoring, and seismic monitoring. The Proposed Regulations would also require GCS operators to incorporate seismic and leakage risks into their emergency and remedial response planning, maintain financial responsibility sufficient to cover 100-year post-injection obligations, information sharing with public stakeholders including members of adjacent communities about project development and operations, and establish binding legal agreements that prohibit drilling or extraction within the storage reservoir. These proposed actions complement, rather than duplicate or replace, the existing federal, state, and local regulatory authorities described below, while closing regulatory gaps to ensure CCUS and CDR technologies are deployed safely and in alignment with the State's climate and public health objectives.

The Proposed Regulation would also establish an administrative mechanism for certifying carbon management projects to support innovation and deployment of new methods as research and science advance. Additionally, the proposed regulatory action would amend the LCFS Carbon Capture and Sequestration Protocol and CARB's existing programs—such as Cap-and-Invest, MRR, and LCFS— to support carbon capture and the State's climate and public health objectives. The amendments related to the LCFS are procedural and do not substantively change existing requirements. CARB may also consider other changes to the sections affected, as listed on page 2 of this notice, or other sections within the scope of this notice, during the course of this rulemaking process.

While SB 905 has directions for several state agencies, this Proposed Regulation is focused on a narrower scope identified for CARB. These projects are already occurring under the existing structure prior to SB 905. Other components of SB 905 are being implemented by other State agencies or are outside the scope of this Proposed Regulation. The following agencies perform these responsibilities related to the implementation of SB 905 and related statutes (see Table 1 in section I of the Initial Statement of Reason (ISOR) for more detail):

California Natural Resources Agency:

- Framework for Geologic Storage Governing Agreements: Establishing Framework and recommendations on how to set agreements when two or more pieces of land sit above the same reservoir.

Office of the State Fire Marshal:

- Intrastate Carbon Dioxide Pipeline Safety Standards: Establishing minimum safety standards for carbon dioxide pipelines in the state, including requirements for design, construction, operation, testing, and emergency preparedness for CO_2 pipelines.
- Public Safety Oversight for Pipelines: Overseeing emergency response planning and pipeline integrity management to reduce risks from high-pressure CO_2 releases.

California Geological Survey:

- Seismic & Subsurface Monitoring: Providing geological consultation to agencies to support safe, permanent CO_2 storage, including regulatory requirements for seismic monitoring. Evaluating seismic risks and monitoring and reporting seismic activity and potential subsurface leakage to regulators.

- Suitability Assessment: Evaluating the suitability of geologic reservoirs for carbon storage to support regulators, pore space management considerations, and provide publicly available data.

Ultimately, SB 905 functions to build on, but does not replace, the robust pre-existing landscape of rules established by federal, state, and local authorities that remain fully in effect based on project scope and location. Carbon management activities are already underway in the state, and these requirements will help ensure a robust regulatory framework that advances climate action while safeguarding Californians (CARB, 2026a).

Objectives and Benefits of the Proposed Regulatory Action:

Following direction from AB 1279, the 2022 Scoping Plan identifies carbon management technologies as essential tools to reduce GHG emissions and achieve carbon neutrality. SB 905 directs CARB to develop a new CCUS Program that establishes regulatory requirements for carbon management projects operating in the State.

The primary objectives of the Proposed Regulation are to:

- Support overall deployment of CCUS and CDR projects to meet statutory climate targets as demonstrated in the 2022 Scoping Plan;
- Implement the California CCUS Program to reflect Health and Safety Code section 39741.1, subdivision (c);
- Adopt enforceable regulations requiring project operators to maintain financial responsibility for GCS projects as required by Health and Safety Code section 39741.5;
- Develop enforceable implementation, monitoring, reporting, and emergency response requirements to support the efficacy, safety, and viability of CCUS and CDR projects in alignment with authority provided by SB 905;
- Complement existing federal, state, and local permitting requirements associated with these project types and avoid creating duplicative regulatory requirements;
- Increase public transparency of CCUS and CDR project information; and
- Support alignment and integration with existing CARB programs.

The Proposed Regulation does not directly produce immediate benefits to public health, worker safety, or environmental conditions; however, it is expected to strengthen regulatory oversight of GCS sites and support achievement of the State's statutory climate targets. SB 905 directs CARB to develop a comprehensive regulatory program to support the safe, effective, and viable deployment of carbon management technologies, including CCUS and CDR. The Proposed Regulation advances this statutory direction by establishing requirements that improve long-term storage assurance, monitoring rigor, public awareness, and community engagement.

CARB staff anticipate the following benefits from the proposed regulatory action:

- Ensuring operational safety through strengthened monitoring, financial responsibility, and public disclosure requirements, which support safer CCUS and CDR activities;
- Supporting State climate goals by advancing carbon management project pathways that guarantee emissions reductions and removals are real, additional, quantifiable, and verifiable; and

- Improving long-term storage through binding agreements that prohibit activities that could cause leakage, along with extended and expanded financial responsibility provisions to ensure long-term monitoring and remedial actions.

Taken together, these anticipated benefits support the core intent of SB 905: to ensure safe, effective, and accountable deployment of CCUS technologies in California.

Summary of Proposed Regulations and Amendments

Consistent with the requirements of SB 905 and the rulemaking objectives, and to provide California with the one of the most comprehensive regulatory frameworks for CCUS and CDR deployment in the world, CARB staff are proposing regulatory requirements that build on a regulatory baseline where carbon management projects are already moving forward under existing requirements while leveraging incentives, as applicable. The Proposed Regulation adds additional requirements specified in SB 905 with a focus on filling regulatory gaps with additional monitoring and mitigation, an extended Post-Injection Site Care (PISC) monitoring timeframe, legal binding agreements, community communications, and expanded financial responsibility requirements for GCS sites, administrative requirements for carbon capture, and public transparency requirements for those who voluntarily choose to implement these projects. The CCUS Program would regulate entities voluntarily pursuing the following carbon management activities:

1. Carbon capture projects (capturing CO_2 from a concentrated stream such as a power plant);
2. Direct air capture projects (open air carbon capture); and
3. GCS sites (geologic carbon storage and injection).

The Proposed Regulation includes the following components:

- *Public Disclosure*. To support the safe, effective, and viable deployment of carbon management technologies, the Proposed Regulation includes several public disclosure requirements that would apply to operators of carbon capture projects, CDR projects, and GCS sites. Operators would need to maintain a public-facing webpage that provides key project information, including monitoring plans and periodic reports, permitting and regulatory information, existing air monitoring and mitigation activities, and emergency and remedial response plans, as applicable. This webpage would be accessible from the CARB website as well.

- *Geologic Storage Requirements*. The Proposed Regulation includes several requirements specific to GCS sites to further ensure the long-term storage of CO_2 and increased public access to project information. GCS operators must:
    - Monitor surface and subsurface CO_2 leakage from the storage complex;
    - Monitor ambient concentrations of criteria air pollutants and toxic air contaminants;
    - Implement strategies that minimize air quality impacts;
    - Perform risk-based seismic monitoring to reduce seismic impacts and the probability of an undetected leak;
    - Address seismic and leakage risks in emergency remedial response plans;

- Demonstrate long-term financial responsibility to support ongoing monitoring and mitigation costs even after injection is no longer happening;
- Provide proof of binding agreement to ensure no drilling or extraction activities penetrate the storage reservoir; and
- Engage with nearby communities to ensure transparent communication about project activities and impacts.

- *Alignment with Existing Programs*. The Proposed Regulation includes regulatory proposals and amendments to several of CARB's existing programs to support alignment and integration for carbon capture projects, CDR projects, and GCS sites with CARB's existing programs.

    - *Cap-and-Invest:* Proposed amendments to the Cap-and-Invest Program would clarify how CCS can be used as a method to reduce GHG emissions from covered entities.
    - *Carbon Management Projects and Quantification Methodologies*: The Proposed Regulation would establish criteria and procedures for the Executive Officer to review innovative and new carbon management projects.
    - MRR: Proposed amendments to the MRR would require monitoring, reporting, and verification provisions for all GCS sites operating in the state and claims of sequestered carbon.
    - *LCFS and Protocol:* Proposed procedural amendments to the LCFS would reflect updates to the GCS Protocol described below. The CCS Protocol under the LCFS would separate the accounting provisions and permanence provisions. The LCFS-specific accounting provisions would move from that protocol into a separate quantification methodology document, while the permanence provisions would become a standalone protocol called GCS Protocol. The GCS Protocol will continue to operate as a voluntary permanence certification program for CCS and DAC developers for all projects inside California and those outside of California seeking voluntary recognition under CARB's existing regulations.

Public Process

CARB Staff have engaged with the public since 2023 to support development of the CCUS Program. Between August 2023 through June 2026, CARB conducted three public workshops, released two written pre-rulemaking documents for stakeholder review and comment, and held 4 community listening sessions along with discussion with the Environmental Justice Advisory Committee (EJC). Staff also solicited written public feedback on several request for information and concept documents and met with interested parties throughout the development of the Proposed Regulation. A summary of the workshops, solicitation, and concept document summaries—including a consolidated table of outreach activities—can be found in Chapter XI of the Initial Statement of Reasons (ISOR).

Throughout 2026, CARB continued SB 905 engagement by convening statewide in-person and virtual community listening sessions on August 27, September 1, September 2, and September 8 to share updates, review draft materials, and invite public input both prior to the formal rulemaking period. CARB staff also presented during the EJC meeting on August 31,

2026 to ensure the most recently appointed members had the context and scope of the requirements for the SB 905 direction as it relates to the regulatory proposal. CARB staff also held two public non-voting meetings with the Board on SB 905, including a study session on April 23, 2026, and an Informational Hearing on September 24, 2026. The EJC also agendized SB 905 as a public comment item for their September 30, 2026, meeting. These engagement efforts strengthened transparency, supported public participation, and helped staff understand the scope of community and environmental justice advocates SB 905 priorities.

Comparable Federal Regulations

The U.S. Environmental Protection Agency (U.S. EPA) established the Class VI program under the federal Underground Injection Control (UIC) Program in December 2010, creating a regulatory structure dedicated to wells that store CO_2 underground. The Class VI program was designed to address the unique characteristics and long-term risks associated with large-volumes of injected CO_2. At its core, the Class VI program is designed to protect underground sources of drinking water (USDW). Class VI requirements reflect that regulatory prerogative by requiring characterization of the storage zone, ensuring well mechanical integrity, establishing monitoring requirements, and maintaining adequate financial responsibility to prevent endangerment of USDWs. Although these requirements may provide additional public and environmental safety benefits, their primary purpose is to protect USDWs.

SB 905 directs CARB to develop the CCUS program to ensure the safety, efficacy, and viability of projects operating in California, addressing risks beyond the federal Class VI program. More specifically, SB 905 authorizes CARB to adopt monitoring, reporting, seismic, environmental protection, and financial responsibility requirements necessary to ensure safe and effective deployment of CCS technologies. As required by this statutory direction, the Proposed Regulations address key regulatory gaps, long-term surface and subsurface leakage risk, seismic risk, long-term financial responsibility, and long-term legal protections from drilling and extraction activities that could compromise containment of CO_2.

CARB incorporated federal provisions where appropriate and added State-specific elements where federal standards are incomplete or insufficient to meet California's statutory mandate under SB 905. For example, while Class VI already includes subsurface CO_2 plume monitoring requirements that are sufficient to meet SB 905, those obligations end after the U.S. EPA-approved site closure. This occurs well before SB 905's mandate for monitoring to continue until 100 years after injection ceases, since the federal requirement ends 50 years after injection stops or at an alternative timeframe approved by the U.S. EPA Director. To address this regulatory gap, the Proposed Regulations would require leakage-related obligations for GCS operators to continue after U.S. EPA-approved site closure and extend through 100 years after injection ends.

The Proposed Regulation also expands on federal regulations by adding requirements for air pollutant monitoring and mitigation, surface CO_2 monitoring, extending financial responsibility coverage to 100 year after injection ends, broadening emergency and remedial response coverage to include seismic risk and long-term leakage risk, and legal agreements to prohibit drilling into the storage reservoir that may endanger containment of injected CO_2. These extensions are intentional, do not conflict with Class VI requirements, and are necessary to implement statutory direction provided by SB 905.

An Evaluation of Inconsistency or Incompatibility with Existing State Regulations (Gov. Code, § 11346.5, subd. (a)(3)(D)):

During the process of developing the proposed regulatory action, CARB conducted a search of any similar regulations on this topic and concluded these regulations are neither inconsistent nor incompatible with existing state regulations.

Disclosure Regarding the Proposed Regulation

Fiscal Impact/Local Mandate Determination Regarding the Proposed Action (Gov. Code, § 11346.5, subds. (a)(5)&(6)):

The determinations of the Board's Executive Officer concerning the costs or savings incurred by public agencies and private persons and businesses in reasonable compliance with the proposed regulatory action are presented below.

Under Government Code sections 11346.5, subdivision (a)(5) and 11346.5, subdivision (a)(6), the Executive Officer has determined that the proposed regulatory action would not create costs or savings to any State agency, would not create costs or savings in federal funding to the State, would not create costs or mandate to any local agency or school district, whether or not reimbursable by the State under Government Code, title 2, division 4, part 7 (commencing with section 17500), or other nondiscretionary cost or savings to State or local agencies.

Housing Costs (Gov. Code, § 11346.5, subd. (a)(12)):

The Executive Officer has made the initial determination that the proposed regulatory action will not have a significant effect on housing costs.

Significant Statewide Adverse Economic Impact Directly Affecting Business, Including Ability to Compete (Gov. Code, §§ 11346.3, subd. (a), 11346.5, subd. (a)(7), 11346.5, subd. (a)(8)):

The Executive Officer has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states, or on representative private persons.

Results of The Economic Impact Analysis/Assessment (Gov. Code, § 11346.5, subd. (a)(10)):

The economic analysis reflects only the new requirements placed on voluntary carbon management projects, not full project costs. Because carbon management projects already face high capital and operating expenses, and the Proposed Regulation could add further operational costs, it is uncertain whether new projects would be developed in response. Public analyses show substantial capital costs: industrial carbon capture in California ranges from about $156 million to $542 million, with additional transport and storage costs of roughly $12–

$65 million and $77–$98 million. DAC capital costs vary widely, from about $130,000 to $420 million. These ranges illustrate significant financial barriers and the need for incentives to support deployment. A detailed assessment of the economic impacts of the proposed regulatory action can be found in Chapter VIII of the ISOR.

Non-Major Regulation: Statement of the Results of the Economic Impact Assessment (EIA): (if applicable)

The creation or elimination of jobs within the State of California.

Staff does not anticipate that the Proposed Regulation will directly result in job creation or elimination in California. While carbon capture, CDR, and GCS activity may expand over time, project development depends on external factors such as capital investment, federal funding stability, and the availability of the federal 45Q tax credit.

The Proposed Regulation introduces additional monitoring, reporting, and equipment requirements, but these activities are similar to those already performed at carbon capture, CDR, and GCS sites. As a result, most new workload can be handled by existing staff or contractors, minimizing potential job impacts. Although the Proposed Regulation may indirectly increase demand for services such as monitoring technology, well installation, insurance or financial services, and environmental or legal consulting, staff expect these needs to be absorbed by current project teams and contractors.

Therefore, no direct job creation or elimination associated with carbon capture, CDR, or GCS activities is quantified.

The creation of new businesses or the elimination of existing businesses within the State of California.

Staff does not anticipate that the Proposed Regulation will directly create or eliminate carbon capture, CDR, or GCS businesses. Although new companies are emerging in California's carbon management sector, project development depends on many external and uncertain factors outside the scope of the Proposed Regulation. Carbon capture, CDR, and GCS sites require substantial capital investment, and the Proposed Regulation alone is unlikely to provide sufficient incentive for new business formation. Recent fluctuations in federal funding have also added uncertainty.

Additionally, projects must begin construction by 2033 to qualify for the federal 45Q tax credit, a key incentive mechanism for the emerging carbon management industry in the United States. Because permitting and California Environmental Quality Act (CEQA) review in California can take several years, projects not already in planning may be unable to secure approvals in time. As a result, the Proposed Regulation is not expected to directly spur development of new carbon capture, CDR, or GCS projects, though increased carbon capture use may raise demand for GCS capacity.

The Proposed Regulation provides regulatory clarity through expanded projects and minimum monitoring requirements, helping developers make informed investment decisions. It also imposes additional but relatively modest monitoring, reporting, and equipment costs. Since regulated entities already conduct similar activities, most new requirements can be met by existing staff or contractors, making major business restructuring unlikely.

While the mandatory elements of the Proposed Regulation are not expected to directly affect business creation or elimination, they may indirectly increase demand for services such as monitoring technology, well installation, insurance and financial services, and environmental or legal consulting. Staff expect these needs to be met by existing project teams and contractors. Therefore, any business creation or elimination associated with carbon capture, CDR, or GCS is not quantified.

The expansion of businesses currently doing business within the State of California.

As described above, the expansion of businesses in the regulated sector is not anticipated. However, the Proposed Regulation could drive a demand in the ancillary sectors providing technology and services for monitoring, well installation, insurance or financial services, environmental and legal consulting, and other similar services.

The benefits of the regulation to the health and welfare of California residents, worker safety, and the state's environment.

The Proposed Regulation is not expected to result in directly quantifiable benefits to the health and welfare of California residents, worker safety, and the state's environment. However, the proposed requirements would strengthen safety and effectiveness of Class VI geologic storage projects operating in California, ensuring the long-term storage of injected CO_2. The CCUS Program will also contribute to diversifying the State's methods for reducing GHG emissions, which will support California's climate goals. The success of the program is essential for California to achieve its net zero goals.

The benefits that are anticipated from the Proposed Regulation include:

- Ensuring operational safety through strengthened monitoring and public disclosure requirements, which support safer carbon management activities;
- Supporting State climate goals by advancing CDR projects that guarantee emissions reductions and removals are real, additional, quantifiable, and verifiable; and
- Improving long-term storage through binding agreements that prohibit activities that could cause leakage, along with extended and expanded financial responsibility provisions to ensure long-term monitoring and remedial actions.

Effects on Jobs/ Businesses

The Executive Officer has determined that the Proposed Regulation would not affect the creation or elimination of jobs within the State of California, the creation of new businesses or elimination of existing businesses within the State of California, or the expansion of businesses currently doing business within the State of California. A detailed assessment of the economic impacts of the proposed regulatory action can be found in the Economic Impact Analysis in the ISOR.

Benefits of the Proposed Regulation

- Support overall deployment of CCUS and CDR projects to meet statutory climate targets as demonstrated in the 2022 Scoping Plan;

- Implement the CCUS Program to reflect Health and Safety Code section 39741.1, subdivision (c);
- Adopt enforceable regulations requiring project operators to maintain financial responsibility for GCS projects as required by Health and Safety Code section 39741.5;
- Develop enforceable implementation, monitoring, reporting, and emergency response requirements to support the efficacy, safety, and viability of CCUS and CDR projects in alignment with authority provided by SB 905;
- Complement existing federal, state, and local permitting requirements associated with these project types and avoid creating duplicative regulatory requirements;
- Increase public transparency of CCUS and CDR project information; and
- Support alignment and integration with existing CARB programs.

A summary of these benefits is provided under the "Objectives and Benefits," section in the Informative Digest of Proposed Action and Policy Statement Overview Pursuant to Government Code section 11346.5, subdivision (a)(3) discussion on page 5.

Business Report (Gov. Code, §§ 11346.5, subd. (a)(11); 11346.3, subd. (d)):

In accordance with Government Code sections 11346.5, subdivisions (a)(11) and 11346.3, subdivision (d), the Executive Officer finds the reporting requirements of the proposed regulatory action that applies to businesses are necessary for the health, safety, and welfare of the people of the State of California.

Cost Impacts on Representative Private Persons or Businesses (Gov. Code, § 11346.5, subd. (a)(9)):

In developing this regulatory proposal, CARB staff evaluated the potential economic impacts on representative private persons or businesses. The total direct costs of the Proposed Regulation to private businesses are estimated to be $10.4 million in 2029—when the majority of projects are anticipated to be operational— and $11.7 million annually thereafter for total costs of $58.3 million over six years (the timeframe used for the economic analysis). The total direct costs to regulated entities in the private and government sectors are shown in the ISOR Chapter VIII and detailed cost calculations are provided in ISOR Appendix C. The Proposed Regulation would not result in any direct costs to individuals.

Effect on Small Business (Cal. Code Regs., tit. 1, § 4, subds. (a) and (b)):

The Executive Officer has determined under California Code of Regulations, title 1, section 4, that the proposed regulatory action would not affect small businesses. Staff found no small businesses affected by the regulation and amendments because current carbon-capture and GCS sites are operated by large oil and gas firms, require substantial capital investment, and staff lacked available industry data to determine small-business status.

Consideration of Alternatives (Gov. Code, § 11346.5, subd. (a)(13)):

Before taking final action on the Proposed Regulation, the Board must determine that no reasonable alternative considered by the Board, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law. Staff considered two alternatives to the proposed amendments as described in Chapter IX of the ISOR and determined that no alternative proposed was found to be less burdensome and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the authorizing law.

Environmental Analysis

CARB, as the lead agency for the Proposed Regulation, has prepared a Draft Environmental Impact Analysis (Draft EIA) under its certified regulatory program (California Code of Regulations, title 17, sections 60000 through 60008) to comply with the requirements of the California Environmental Quality Act (Public Resources Code section 21080.5). The Draft EIA concluded that implementation of the Proposed Regulation could result in: less-than-significant impacts, or no impacts to energy (short-term construction-related), GHG emissions, population and housing, public services, recreation and wildfire; and potentially significant adverse impacts to aesthetics, agriculture and forestry resources, air quality, biological resources, cultural resources, energy (long-term operational-related), geology and soils, hazards and hazardous materials, hydrology and water quality, land use, mineral resources, noise and vibration, transportation, tribal cultural resources and utilities and service systems. The Draft EIA, included as Appendix D to the ISOR, is entitled Draft Environmental Impact Analysis for the Proposed California Carbon Capture, Removal, Utilization, and Storage Program Regulations and Associated Regulatory Amendments. Written comments on the Draft EIA will be accepted during a 45-day public review period starting on October 30, 2026, and ending on December 14, 2026.

Special Accommodation Request

Consistent with California Government Code section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language; and
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerks' Office at *cotb@arb.ca.gov* or (916) 322-5594 as soon as possible, but no later than ten business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia;
- Documentos disponibles en un formato alterno u otro idioma; y
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al *cotb@arb.ca.gov* o (916) 322-5594 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

Agency Contact Persons

Inquiries concerning the substance of the proposed regulatory action may be directed to the agency representative Adam Moreno, Air Resources Supervisor II, Carbon Management Branch, (279) 208-7130 or (designated back-up contact) Nora Kennedy, Air Resources Supervisor, Strategies Assessment Section, (279) 208-7196.

Availability of Documents

CARB staff has prepared a Staff Report: Initial Statement of Reasons (ISOR) for the proposed regulatory action, which includes a summary of the economic and environmental impacts of the proposal. The report is entitled: *Proposed California Carbon Capture, Removal, Utilization and Storage Program Regulations and Associated Regulatory Amendments.*

Copies of the ISOR and the full text of the proposed regulatory language for the Proposed California Carbon Capture, Removal, Utilization and Storage Program, along with full text of the proposed regulatory language, in underline and strikeout format to allow for comparison with existing regulations, for the Low Carbon Fuel Standard, Mandatory Greenhouse Gas Reporting, and Cap-and-Invest Programs, may be accessed on CARB's website listed below, on October 27, 2026. Please contact Roberta Ruch, Regulations Coordinator, at *Roberta.ruch@arb.ca.gov* or (279) 208-7881 if you need physical copies of the documents. Pursuant to Government Code section 11346.5, subdivision (b), upon request to the aforementioned Regulations Coordinator, physical copies would be obtained from the Public Information Office, California Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, First Floor, Sacramento, California, 95814.

Further, the agency representative to whom nonsubstantive inquiries concerning the proposed administrative action may be directed is Roberta Ruch, Regulations Coordinator, at *Roberta.ruch@arb.ca.gov* or (279) 208-7881. The Board staff has compiled a record for this rulemaking action, which includes all the information upon which the proposal is based. This material is available for inspection upon request to the contact persons.

Hearing Procedures

The public hearing will be conducted in accordance with the California Administrative Procedure Act, Government Code, title 2, division 3, part 1, chapter 3.5 (commencing with section 11340).

Following the public hearing, the Board may take action to approve for adoption the regulatory language as originally proposed, or with non-substantial or grammatical modifications. The Board may also approve for adoption the proposed regulatory language with other modifications if the text as modified is sufficiently related to the originally proposed text that the public was adequately placed on notice and that the regulatory language as modified could result from the proposed regulatory action. If this occurs, the full regulatory text, with the modifications clearly indicated, will be made available to the public, for written comment, at least 15 days before final adoption.

The public may request a copy of the modified regulatory text from CARB's Public Information Office, California Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, First Floor, Sacramento, California, 95814.

Final Statement of Reasons Availability

Upon its completion, the Final Statement of Reasons (FSOR) will be available and copies may be requested from the agency contact persons in this notice, or may be accessed on CARB's website listed below.

Internet Access

This notice, the ISOR and all subsequent regulatory documents, including the FSOR, when completed, are available on CARB's website for this rulemaking at https://ww2.arb.ca.gov/rulemaking/2026/carbon-capture-removal-utilization-and-storage-program-regulation-sb-905

California Air Resources Board



Steven S. Cliff, Ph.D.,
Executive Officer

Date: October 20, 2026

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see CARB's website (ww2.arb.ca.gov).