CALIFORNIA AIR RESOURCES BOARD

November 2026

Fact Sheet on Holding Limits for Linked Cap-and-Invest Programs

This fact sheet provides information on the holding limits for the linked Cap-and-Invest Programs operated by California and Québec based on updated annual allowance budgets effective September 1, 2026.

Background

The holding limit is the maximum number of allowances that an entity or a group of entities with a direct corporate association may hold at one time. The holding limit applies separately to holdings of current vintage and future vintage allowances. Current vintage allowances have a vintage year corresponding to the current or previous calendar years, or are allowances purchased from the Allowance Price Containment Reserve. Future vintage allowances have a vintage year later than the current calendar year. The current vintage holding limit applies to all current vintage allowances as one group. Thus, in 2027 the current vintage holding limit covers an entity's holdings of 2013 through 2027 vintage allowances. However, the future vintage holding limit applies separately to each future vintage year. For example, in 2027 there is a separate holding limit for each of 2028, 2029, and 2030 vintage allowances.

This fact sheet explains how the California Air Resources Board (CARB) calculated the holding limits for 2018 through 2030 based on the annual allowance budgets of the linked programs.

Holding Limit Calculation

Section 95920(e) of the California Cap-and-Invest Regulation establishes the holding limit formula:

$$\text{Holding Limit} = 0.1 \times \text{Base} + 0.025 \times (\text{Annual Allowance Budget} - \text{Base})$$

In which:

"Base" equals 25 million metric tons of carbon dioxide equivalent (CO_2e), and

"Annual Allowance Budget" is the total number of allowances issued for the budget year in the linked programs.

The Québec regulations contain the same holding limit formula. Market participants from both jurisdictions must comply with the same holding limit based on the combined annual

allowance budget of the two programs. Table 1 shows the annual budgets of the two programs, as well as the total of the combined budgets for the linked programs.

Table 1: California, Québec, and Combined Linked Program Annual Allowance Budgets (millions of allowances)

Year	California Budget	Québec Budget	Combined Linked Program Annual Budget
2025	267.40	50.31	317.71
2026	254.00	49.08	303.08
2027	225.60	47.84	273.44
2028	200.80	46.61	247.41
2029	178.80	45.37	224.17
2030	158.80	44.14	202.94

Table 2 contains the holding limits that apply to all registered entities in the linked programs. For example, in 2027, each registered entity or direct corporate association of multiple registered entities may hold up to 8,711,000 allowances with a vintage of 2027 or earlier. In 2028, the current vintage holding limit will apply to allowances with a vintage of 2028 or earlier, and the new holding limit will be 8,060,250 allowances.

Table 2: 2018 through 2030 Holding Limit in the Linked Program (allowances)

Year	Holding Limit
2025	9,817,750
2026	9,452,000
2027	8,711,000
2028	8,060,250
2029	7,479,250
2030	6,948,500

Entities may purchase at auction allowances issued for future budget years. The holding limits in Table 2 apply separately to each future vintage. For example, in 2027 an entity may hold up to 8,060,250 vintage 2028 allowances and up to 7,479,250 vintage 2029 allowances.

Contact Information

For further information about the holding limit calculations, please contact the Cap-and-Invest hotline at (916) 322-2037 or *CACITSSRegistrar@arb.ca.gov*.