

## Information Regarding Cap-and-Trade Regulation Updates

Issued October 15, 2024

The California Air Resources Board (CARB) is issuing this notice to inform market participants and the public of the timing and topics for amendments to the Cap-and-Trade Regulation. A similar *notice* was issued by the Government of Québec, which operates the Québec Cap-and-Trade System that is linked with the California Cap-and-Trade Program. CARB staff aim to make a formal rulemaking proposal available for public comment in the coming weeks.

A joint California-Québec workshop to start an informal stakeholder process for discussing initial concepts to develop updates to the linked cap-and-trade systems was held June 14, 2023. CARB staff held six additional workshops and two community meetings in subsequent months to further discuss and solicit feedback on initial concepts. Workshop materials are available at the [Cap-and-Trade Meetings and Workshops](#) webpage. The formal rulemaking process will follow the Administrative Procedure Act with all applicable economic and environmental analyses and a robust public process with opportunities for stakeholders to comment verbally and in writing. CARB and the Government of Québec have collaborated to develop any updates pertaining to the linked carbon market. The scope of the expected amendments includes, but is not limited to:

- Removal of at least a total of 180 million allowances from 2026-2030 annual budgets from the auction and allocation pools of allowances to align with the 2022 Scoping Plan and reflect updates to the AB 32 Greenhouse Gas Inventory and up to 265 million allowances in aggregate removed from 2026-2045 annual budgets
- A one-time increase in the prices of the cost-containment provisions to better align with the most-recent federal assessment of the social cost of carbon
- Updates to triggers for a corporate association group among registered entities to deter and reduce opportunities for market manipulation
- Implementation and clarification updates to the offset protocols for Livestock Projects, Mine Methane Capture Projects, and Ozone Depleting Substances Projects based on the latest information and science
- Updates to allowance allocation to electrical distribution utilities and select industrial sectors to reflect updated data
- Updates to reflect the Extended Day Ahead Market being developed by CAISO