



## CALIFORNIA CARBON SOLUTIONS COALITION

Building Climate Smart Solutions for California

July 31, 2024

California Air Resources Board  
1001 I Street  
Sacramento, California 95814

Submitted Electronically

### **RE: Comments on July 10, 2024 Cap-and-Trade Program Workshop**

The California Carbon Solutions Coalition and undersigned labor organizations and businesses appreciate the opportunity to provide comments in response to the July 10, 2024 Cap-and-Trade Program Workshop.

The California Carbon Solutions Coalition is the state's leading business and labor organization working to support the rapid deployment of carbon capture, utilization and sequestration (CCUS) technologies to reduce greenhouse gas emissions and deliver high-quality jobs for Californians.

California's cap-and-trade program is a major component of the state's strategy to cost-effectively cut greenhouse gas emissions (GHG) on the path to carbon neutrality by 2045. CCUS is a key GHG emission reduction strategy that can support achievement of this goal. As the California Air Resources Board (CARB) considers cap-and-trade program updates, including increased programmatic stringency, it will be essential to ensure that the program fully accounts for the significant GHG emission reduction benefits that CCUS and carbon dioxide removal technologies can deliver.

### **CCUS and Carbon Removal are Key Decarbonization Technologies Necessary to Achieve State Climate Goals**

California's 2022 Climate Change Scoping Plan identifies CCUS as a key strategy to support achievement of state climate goals, including the establishment of a 20MMT capture and removal target for 2030 and a 100MMT target for 2045.<sup>1</sup> Senate Bill 905 (Caballero, 2022)

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<sup>1</sup> [See 2022 California Climate Change Scoping Plan](#)

requires CARB to develop a Carbon Capture, Removal, Utilization and Storage Program in recognition of the need to move expeditiously to bring critically needed projects on-line to capture, remove and permanently and safely sequester greenhouse gas emissions.<sup>2</sup> The Biden Administration and the United States Congress have also worked to make billions of incentive funds (many of which are one-time or limited-term opportunities) available to a range of CCUS technology and infrastructure projects that our state is ideally positioned to take advantage of – if projects are able to move forward in the near-term.

### **Regulatory Certainty is Needed to Support Ongoing Investment in CCUS Project Deployment**

Full accounting for emission reductions achieved via CCUS for compliance under the cap-and-trade program will provide crucial regulatory certainty to support the necessary ongoing investments that many California companies are making to deploy these technologies.

California has a multitude of industrial, fuel and power generating facilities that can deploy CCUS to deliver up to 60MMT/year in GHG reductions – nearly twice as much as the entire buildings sector in the state.<sup>3</sup> A number of these facilities, including many that participate in the state's cap-and-trade program, are actively investing in CCUS projects and technologies. These investments are occurring as a direct result of the clear policy direction and incentives that California and the federal government have provided to support deployment of greenhouse gas eliminating technologies like CCUS. However, ongoing action to build out and further the regulatory framework for deployment of CCUS in California is needed to ensure that project investments and project deployment can proceed. Incorporation of CCUS as a compliance strategy in the cap-and-trade program is a key part of this approach that CARB should take now as part of this rulemaking.

### **The Cap-and-Trade Program Should be Updated to Fully Account for CCUS & Carbon Removal as Emissions Reduction and Compliance Strategies**

As detailed by CARB staff at the July 10, 2024 workshop, achieving the state's 2030 and 2045 climate goals will require increased cap-and-trade programmatic stringency.<sup>4</sup> CARB has also previously recognized (e.g., June 14, 2023 Joint Cap-and-Trade workshop) the need to evaluate opportunities to account for emission reductions that CCUS can deliver under the program.<sup>5</sup> As CARB takes action to update the program, it is essential to ensure that CCUS is accounted for as an emission reduction strategy that entities in the program can utilize to comply with the declining cap and decreasing supply of allowances. This will be key in helping to prevent leakage, maintaining stable prices, and avoiding undue consumer impacts.

While we appreciate and support the ongoing work that CARB and other state agencies will continue to undertake to develop a robust CCUS program pursuant to Senate Bill 905, taking this step now is a key action that will build on the signal that California has sent about the role that CCUS will need to play in helping to meet our state climate goals.

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<sup>2</sup> [See Senate Bill 905 \(2022\)](#)

<sup>3</sup> [See Stanford University/Energy Futures Initiative](#)

<sup>4</sup> [See Cap-and-Trade Program Workshop, May 31, 2024](#)

<sup>5</sup> [June 14, 2023 Joint Cap and Trade Workshop](#)

We look forward to ongoing engagement with CARB and all stakeholders as part of this process.

Respectfully,

Calpine  
Carbon Terravault  
California Carbon Solutions Coalition  
California State Pipe Trades Council  
California & Nevada State Association of Electrical Workers  
Clean Energy Systems  
Coalition of California Utility Workers  
IBEW 1245  
Pacific Gas & Electric Company  
Southern California Gas Company  
UA Local 250, Los Angeles  
UA Local 342, Oakland