



Shell
ENERGY

Shell Energy North America
4445 Eastgate Mall, Suite 100
San Diego, California 92121

August 17, 2023

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via Upload to www.arb.ca.gov

RE: Comments on Second Workshop on Potential Amendments to the Cap-and-Trade Regulation

To the California Air Resources Board:

Shell Energy North America (US), L.P. (“Shell Energy”) markets and trades natural gas, power and environmental products and provides risk management support to wholesale and retail customers throughout North America. Shell Energy welcomes the opportunity to comment on the Workshop held July 27 on potential amendments to the Cap-and-Trade Regulation. As articulated in prior comments, Shell Energy supports the California Air Resources Board’s (CARB) continued refinement of the program, including consideration of a cap consistent with the 48% reduction in emissions compared to baseline by 2030, as laid out in the December 2022 Scoping Plan. Indeed, to meet the Scoping Plan’s emissions reduction goal, the Cap-and-Trade program must continue to play a fundamental role and those entities active in the program, particularly compliance entities, will need regulatory certainty to continue to participate effectively.

Shell Energy supports Staff’s modelling efforts and holistic approach to reviewing and considering refinements the program. In Shell Energy’s view, the annual allowance budget and prospective allowance reductions are of the utmost importance and special attention should be paid to ensure that the methodologies underlying any adjustments are clear, robust, and accurate prior to pursuing changes to other, more secondary design elements.

In addition, Shell Energy encourages Staff to consider preservation of certain design elements of the program which are key to ensuring affordability for end-users. Specifically, Shell Energy recommends preserving cost containment mechanisms, including the price ceiling, the allowance price containment reserve and offsets as a compliance pathway. The Compliance Offset Program is particularly important for responding to volatility and ensuring that entities retain flexibility for cost-effective compliance. As mentioned in prior comments, Shell Energy supports Staff updating the offset program protocols based on best available science and information.

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Finally, Shell Energy supports extension of the Cap-and-Trade program beyond 2030 and of modelling efforts through 2045 to inform future discussions. The program has undoubtedly served as an archetype for success for other jurisdictions and refinements to the program will continue to pave the way. Shell Energy appreciates the opportunity to submit these comments and looks forward to continued engagement.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'CLim', is positioned below the text 'Respectfully submitted,'.

Christa Lim
Director, Regulatory Affairs
Shell Energy North America (US), L.P.