



May 4, 2026 | *Submitted Electronically*

Lauren Sanchez, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Comments on 15-Day Proposed Cap-and-Invest Regulations**

The California Municipal Utilities Association (CMUA) and the Golden State Power Cooperative (GSPC), collectively referred to as “Joint Public Power,” appreciate the opportunity to provide comments on the California Air Resources Board’s (CARB’s) 15-day proposed amendments to the Cap-and-Invest Program (Program), released for public comment in April 2026 (Proposed Regulations).

CMUA represents 85 publicly owned electric, gas, water, and wastewater utilities statewide, which are governed by locally elected boards and are accountable to the communities that they serve. CMUA members provide energy to approximately 25 percent of Californians and are committed to maintaining safe, reliable, and affordable electric and natural gas service while advancing the state’s climate goals.

Golden State Power Cooperative represents California’s small, not-for-profit electric cooperatives and rural electric utilities. GSPC members provide electric and broadband service to roughly 35,000 homes and businesses in the most remote areas of California. GSPC’s five members are as unique as the communities they serve and are governed by locally elected boards of directors that strive to improve the quality of life in their service territories by providing affordable and reliable electric service.

Publicly owned utilities (POUs) and electric cooperatives also provide significant community benefits through locally tailored programs and services that support energy affordability and greenhouse gas (GHG) emissions reductions. The Program’s allowance allocations to POUs and cooperatives are an important mechanism for mitigating Program compliance costs that would otherwise be borne by customers, while also supporting investments that reduce GHG emissions.

As public power associations, our position is specific to elements of the program that directly impact our members and affect electricity affordability. Our detailed comments and recommendations are provided below.

**I. 2027–2030 EDU Allocations**

Joint Public Power appreciates that CARB’s 15-Day Changes make a significant improvement to the electrical distribution utility (EDU) allocation methodology originally proposed in the

January 2026, 45-day Language to better account for Renewable Portfolio Standard (RPS)-compliant procurement that may still carry a Cap-and-Invest compliance obligation. Incorporating this “effective RPS” into the EDU allocation is constructive and addresses some stakeholder concerns raised by many electric utilities, including Joint Public Power and the Joint Utilities Group, about the adverse impacts on electricity ratepayers that would have resulted from the initial proposal in the 45-day language.

Joint Public Power also agrees that it is reasonable for CARB to update the RPS adjustment in tandem with the change to incorporate the effective RPS, consistent with stakeholder comments to account for RPS compliance that still retains a Cap-and-Invest obligation.

The 15-Day Changes, however, still represent millions of dollars in reduced allowance value for some utilities as compared to the original allocations approved by the Board in 2017, which will translate to a loss of benefits for utility customers. Similarly, the 15-Day Changes do not resolve the utilities’ concern with revising fixed EDU allocations in the middle of the 2021-2030 allocation period. Even with the improved effective RPS, updating midstream undermines the regulatory certainty on which POUs relied when making early clean energy investments and long-term procurement decisions. Such changes are contrary to CARB’s intent that POUs and cooperatives reduce emissions, thereby lowering their compliance obligations, in order to use the remaining allowance value to support further GHG-reducing investments and customer affordability programs.<sup>1</sup> Altering the fixed allocation framework during the established allocation period weakens that incentive structure, penalizes utilities that acted early to reduce emissions, and discourages further early action to reduce emissions.

Accordingly, in the interest of maintaining affordability for electric customers, we encourage CARB to keep the original Table 9-4 allocation as a minimum allocation to keep EDUs whole.

## **II. POU Allowance Allocation Methodology for Post-2030**

Joint Public Power supports the proposal to defer a comprehensive assessment of post-2030 allocation to a subsequent rulemaking. In that rulemaking, Joint Public Power supports the use of an effective RPS approach in the EDU allocation methodology so that allocations more accurately reflect the emissions and compliance obligations associated with RPS-compliant procurement, rather than assuming all RPS-eligible resources are zero-emitting. Further, Joint Public Power encourages CARB to coordinate closely with stakeholders ahead of setting finalized allocation values to help ensure that the post-2030 allocations are transparent, durable, and closely aligned with ratepayer affordability objectives and resource planning needs.

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<sup>1</sup> See CARB’s 2017 Final Statement of Reasons at page 39, “Staff supports utilities’ taking voluntary action to reduce GHG emissions from electricity generation. Given that EDU allowance allocation is based on cost burden, this is one of the reasons that ARB has opted to set fixed EDU allowance allocations for 2021-2030. Any changes that utilities make to reduce GHG emissions will reduce their GHG costs while not changing their allocations, thus resulting in a net benefit. This incentive is inherent to the Cap-and-Trade Program and applies in all sectors that see costs from the Program.”

Once the post-2030 allocations are adopted using the effective RPS framework, they should remain fixed for the duration of the applicable period. The Program must provide regulatory certainty for affected stakeholders or risk disincentivizing utility proactive decarbonization efforts. POU make long-lead procurement, financing, and infrastructure decisions based in part on expected allowance value. If those allocations can later be revised downward after utilities have relied upon them, the Program will cease to provide the planning certainty necessary to support timely and cost-effective decarbonization investments.

We appreciate the myriad important programs supported by the greenhouse gas reduction fund (GGRF) and recognize that direct allocations impact the fund. The full benefit of EDU allocations are passed through to California's electricity customers, and publicly owned electric utilities and electric cooperatives investments in emissions reductions funded by the value of allocated allowances is the most direct and immediate way to provide benefits to California's electricity customers and address electricity affordability.

### III. Public Utility Gas Corporation Terminology

CARB correctly identified and explained an important terminology correction in the 15-day Notice of Public Availability. As CARB states on page 24 of the Notice, in section 95893(b)(1)(A)(1), "investor-owned natural gas supplier" was changed to "public utility gas corporation" to align the terms with the existing definition of "natural gas supplier" in section 95802 of the Regulation, and CARB explained that the change is necessary for clarity and consistency in the use of terms throughout the regulation.

Despite correctly identifying the necessary change, section 95893(b)(1)(A)(1) of the proposed modified text in Appendix A-1 inadvertently uses the term "publicly owned gas corporations," which is neither defined in the Regulation, nor used elsewhere, rather than the correct "public utility gas corporation." To rectify this error, section 95893(b)(1)(A)1 should be corrected to reference public utility gas corporation, consistent with the section 95802 definition and the explanation provided in the 15-day Notice of Public Availability.

Joint Public Power also supports the proposed addition of new 95893(d)(3)(B) that recognizes natural gas supplier use of allowance value on programs and measures approved either by the CPUC or by the board of a Publicly Owned Utility prior to September 1, 2026. This change is necessary to ensure that investments and planning made in reliance on authorized uses under the Program are not adversely impacted by subsequent amendments to the rules. The 15-day changes correctly recognize the harm to natural gas supplier ratepayers that would occur should these planned and approved expenditures be retroactively subject to the rule changes.

Finally, Joint Public Power requests that the final Regulation clarify that the new section 95893(d)(8) added in the 15-Day Changes applies only to public utility gas corporations. Although the language in section 95893(d)(8) clearly identifies only "public utility gas corporations," the discussion in the Notice of Public Availability is problematic in that it states "In sections 95893(d)(1) and (2), the references to sections 95893(d)(3) through 95893(d)(8) were updated to sections 95893(d)(3) through 95893(d)(9). These changes were needed to reflect the addition of a new section 95893(d)(8) **and to ensure that it is clear that all the**

**applicable limitations in section 95893(d) apply to publicly owned natural gas utilities and public utility gas corporations.”** (Emphasis added).

#### IV. Conclusion

Joint Public Power appreciates the opportunity to provide these comments. CARB’s 15-Day Changes make meaningful improvements over the January 2026 proposal, and we appreciate CARB’s responsiveness to stakeholder concerns regarding affordability, implementation, and regulatory clarity. That said, while the effective RPS generally improves EDU allocations, and thus customer benefits, the impact across utilities is varied and muted by the mid-transition update of the underlying resource and load information, which undercuts Program certainty and early action investments. Joint Public Power urges CARB to ensure that protecting ratepayers remains a focal point as changes to the Program are developed. Joint Public Power looks forward to continued collaboration with CARB and other stakeholders to help ensure that the Program is implemented in a manner that is both equitable and effective.

Sincerely,



Derek Dolfie  
Senior Director of Energy  
California Municipal Utilities Association (CMUA)



Jessica Nelson  
General Manager  
Golden State Power Cooperative (GSPC)