

May 28, 2026

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

RE: Strong Support for the Manufacturing Decarbonization Incentive (MDI) – Adopt at the May 28 Board Hearing

Dear Chair Sanchez and Members of the Board:

We, the undersigned technology providers developing solutions for industrial decarbonization and our partners, write in strong support of the Manufacturing Decarbonization Incentive (MDI) included in CARB's 15-Day Amendments to the Cap-and-Invest Program. We urge the Board to adopt the proposed amendments to the Cap-and-Invest Program, including MDI, at the May 28, 2026 board hearing. In doing so the Board is continuing its commitment to taking cost-effective actions that drive down greenhouse gas (GHG) emissions to achieve statutory targets, while unleashing investments that foster innovation, create jobs, prioritize affordability with good union jobs, and serve as a model for other jurisdictions.

As companies commercializing technologies such as industrial electrification, alternative materials, low-carbon hydrogen, biomass-derived fuels, on-site renewables and storage, and carbon sequestration and utilization aligned with SB 905 (Caballero, 2022), as well as organizations supportive of technology advancement, we see MDI as a game-changing policy that will accelerate the deployment of the very solutions California needs to meet its 2030 and 2045 climate goals.

MDI is the critical market signal and deployment mechanism needed to deploy innovative climate technologies in the industrial sector.

Hard-to-abate industries (refining, cement, steel, chemicals, and manufacturing) face enormous capital costs and long asset lifetimes. Without targeted incentives, the innovative technologies we provide will continue to be delayed or deployed outside California as many impactful technologies have high abatement costs and won't scale without further support.¹ MDI directly addresses this by allowing eligible facilities to use the value of allowances to cover capital costs, electricity costs, and associated design, engineering, and permitting expenses for projects that capture, store, or reduce CO₂ emissions.

This creates the **first major, in-state market pull for our technologies at the scale required**. It de-risks early deployments, drives learning-by-doing, and builds the supply chains and expertise that will lower costs over time. By approving MDI, **California will send a clear and**

¹ This statement is consistent with the findings from the U.S. Department of Energy Report: [Pathways to Commercial Liftoff: Industrial Decarbonization](#)

powerful signal to innovators worldwide that the market for cutting-edge decarbonization technologies is open here. While other states have actively courted these technologies with incentives and policy support, **MDI positions California to lead**, attracting the best solutions and ensuring they are deployed in the state.

By enabling these investments to happen in California, MDI delivers real, verifiable, and additional emissions reductions while keeping high-value industrial activity, jobs, and tax revenue in the state. Without these investments, **California risks falling short of its 2030 and 2045 climate targets** and the ambitious goals outlined in CARB's Scoping Plan, while also forgoing the opportunity to expand a strong, clean-tech job base right here in California. It is precisely the type of pragmatic, innovation-focused tool the Legislature envisioned in AB 1207 (Irwin, 2025).

We strongly encourage the Board to adopt the proposed regulatory amendments at the May 28, 2026 hearing. **Approving the amendments to Cap-and-Invest, including the MDI provisions, will send a clear message that California is committed to both ambitious climate goals and practical industrial decarbonization.** We stand ready to partner with CARB and regulated facilities to ensure successful implementation of these projects.

Thank you for your leadership on this critical rulemaking. We look forward to continuing to work with you to make California the global leader in both climate ambition and clean technology deployment.

Sincerely,





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