



March 9th, 2026

California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: EnviroVoters' Comments on Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation

Dear CARB Staff and Board Members,

EnviroVoters appreciates the opportunity to provide comments on the Proposed Amendments to the Cap-and-Invest program that were released January 20, 2026. EnviroVoters recognizes that this program remains one of the foremost pillars of our state's climate strategy and has yielded substantial emissions reduction through its implementation. Following the amendments shared in July of 2024, EnviroVoters shared comments expressing the need for greater ambition and commitment to protection of vulnerable communities. In 2025, California reaffirmed the state's commitment to climate leadership with the legislative reauthorization of this program until 2045, and with this must come strong delivery of ambitious emissions reductions and correction of key issues within the program. The amendments to this program must yield certainty on climate progress, affordability, and benefits for California communities that are most impacted by the climate crisis.

Allowance Budget & Assistance Factors

Regarding the Proposed Amendments to remove 118 million allowances from the 2027-2030 annual budgets, **we urge CARB to pursue a tighter proposal.** By enacting a more stringent allowance budget scenario than what has been proposed, California has the opportunity to drive emissions down quicker as we progress toward our statutory climate goals. Slashing emissions in the near-term poses greater immediate benefits for Californians as our state reckons with the historic greenhouse gas emissions that have warmed our climate and continue to do so.

Additionally, per AB 1207 (Irwin, Chapter 117, Statutes of 2025), CARB was granted authority to adjust the assistance factors for emissions intensive, trade-exposed industrial sector allowances beginning in 2031, which has historically been frozen to prevent against leakage. The Proposed Amendments would keep the assistance factors at 100% until 2035. **We are concerned that preserving the industry assistance factors at 100% until 2035 would not adequately deliver on climate goals or curate ideal program conditions.** We understand that external economic factors that could influence leakage were considered, however, similar to the allowance budget proposed in the ISOR, we urge reconsideration with greater program stringency in mind.

The Cap-and-Invest program is a pivotal aspect of the state’s climate action portfolio, as well as a key prong in spurring market development. Adjusting the 2027-2030 annual allowance budgets and assistance factors can yield increased industrial decarbonization. The ability to accelerate, as mentioned in the ISOR, is tied to “low-carbon energy, technology, and infrastructure across all aspects of the economy”. The most recent data shows that California has been powered by two thirds clean energy in recent years¹ and has rapidly scaled battery storage capacity to help us reach our 2045 clean energy goals². In short, the state is making timely and meaningful progress to support this level of acceleration. Moreover, by holding covered entities to a higher emissions reduction standard, greater revenue can be generated for the Greenhouse Gas Reduction Fund (GGRF). We acknowledge that the GGRF may not be a permanent source of funding as the Cap-and-Invest program achieves its goals, however we are concerned that there is a lost opportunity to bolster this fund, and in turn, provide greater resources to critical programs dependent on this stream of revenue. The vulnerability of these programs is especially stark given the federal dollars that have been clawed back, further underscoring the need for state environmental programs to adequately resourced.

Climate Credit Reform

AB 1207 additionally directs CARB to transition “support from gas corporations to electrical distribution utilities... on or before January 1, 2031” with a focus on minimizing impacts to ratepayers. We are appreciative of the opportunity to reform the Climate Credit. Energy affordability is top of mind for California households, and amending the distribution of this credit to bring down bills during the hottest months is paramount for households who are hit the hardest by the impacts of global warming. In addition to ensuring that Californians are able to use their power in the warmest, highest-billed months, keeping electricity bills low is a key price indicator that helps encourage the switch to zero-emission transportation and home appliances. The timeline in the Proposed Amendments to enact this transition from 2029 to 2036 means that this transition would conclude 5 years after the 2031 deadline set forth in AB 1207. **We urge completion of this transition by 2031 to meet this deadline, with reasonable flexibility for covered electrical utility entities who are facilitating the distribution of the credit.**

Meaningful Integration of EJAC Recommendations

We would like to underscore the consideration and integration of recommendations made by CARB’s Environmental Justice Advisory Committee (EJAC), which has previously been consulted on potential amendments to the program. Per the ISOR, the EJAC’s key recommendations from 2023 to 2025 include:

- “Eliminate free allowances for the industrial sector;

¹ <https://www.gov.ca.gov/2025/07/14/in-historic-first-california-powered-by-two-thirds-clean-energy-becoming-largest-economy-in-the-world-to-achieve-milestone/>

² <https://www.energy.ca.gov/news/2025-11/californias-battery-storage-fleet-continues-record-growth-strengthening-grid>

- Eliminate offsets;
- Restrict trading in priority environmental justice communities; and
- Prohibit crediting for Carbon Capture or Direct Air Capture projects”

The ISOR responds to the feasibility and implications of these changes named in previous years, however, **EnviroVoters would like to urge CARB staff to prioritize timely and thorough consultation of the EJAC in 2026 on the recent Proposed Amendments.** As the Cap-and-Invest program is honed, it is critical that delivering benefits to the state’s environmental justice communities is prioritized. The EJAC’s input on the Proposed Amendments, and subsequent work to integrate the points raised by this advisory body, is necessary to ensure that program updates are informed by an environmental justice lens.

Dairy Biogas

As dairy plays a major role in California’s economy, this industry has also contributed substantial impacts on the state’s environment and public health. Methane emissions from dairy livestock produce severe health consequences for individuals in the Central Valley regions, where substantial pollution is already concentrated. Many Central Valley residents share deep concerns about the lack of comprehensive regulation for controlling emissions from this sector. Methane management is not only critical for reducing the impacts of climate change, but it is also essential for protecting the health of communities who suffer disproportionately from pollution from large-scale dairy farms.

The current exemption from the compliance obligations for dairy and biogas biomethane under the program relies on the assumption that these emissions are inherently carbon neutral. However, this assumption does not consistently reflect the real-world emissions impacts associated with biomethane production and use. In the Central Valley, manure management, methane capture systems, processing, and transportation all contribute to additional emissions and environmental burdens that are often overlooked in regulatory frameworks. These impacts are not evenly distributed across the state; they are concentrated in rural Central Valley communities where large-scale industrial dairies operate near homes, schools, and farmworkers. By allowing exemptions from compliance obligations for biomethane, the proposed amendments risk creating incentives that expand industrial operations and streamline manure production. This would only further concentrate pollution impacting these communities. Instead of expanding exemptions as a way towards climate solutions, **CARB needs to ensure that dairy biomethane pathways are evaluated based on their full cycle emissions and cumulative community impacts. CARB must prioritize real emissions reductions while protecting the health and wellbeing of frontline communities.** For the Central Valley, this means ensuring that climate programs do not unintentionally incentivize pollution-intensive industries while leaving local residents with health consequences. Strengthening oversight of dairy biomethane and removing exemptions that undermine accountability will help ensure that California’s climate policies meaningfully benefit communities who are most impacted by pollution.

We appreciate the consideration of our recommendations to the Proposed Amendments to the Cap-and-Invest program, and thank CARB staff for their work to develop this proposal. The opportunity to improve upon this tool is significant; currently, our state faces a key moment in which affordability, bolstering our clean energy economy, and driving an ambitious path toward our state's climate goals are all being considered. These factors are not contradictory, and ambitious updates to the program can yield outcomes in which we are meeting our climate goals at an appropriate rate that prioritizes reducing emissions and impacts to people while continuing to deliver dollars to programs that benefit our communities. EnviroVoters remains committed to engaging with CARB throughout the Cap-and-Invest rulemaking process.

Regards,



Gracyna Mohabir
Clean Air & Energy Regulatory Advocate



Pa Houa Lee
Central Valley Regional Organizer