



## Matt Pennington

Manager, California State & Local Government Affairs

March 9, 2026

The Honorable Lauren Sanchez  
Chair, California Air Resources Board  
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### **Subject: bp's comments on CARB's proposed amendments to the California Cap-and-Invest program**

Dear Chair Sanchez and Members of the Board:

bp appreciates the opportunity to comment on CARB's proposed amendments to the California Cap-and-Invest program outlined in the Initial Statement of Reasons (ISOR). bp has supported California's Cap-and-Invest program from the beginning – backing its creation in 2006, its reauthorization in 2017 and 2025, and participating continuously since its inception.

The US is at the heart of bp's strategy – we have roots that go back more than 150 years here. All of bp's major businesses are active in the US, where we employ over 30,000 people and invest more than 40 percent of our global capital expenditure (\$6.1b of \$14.5b globally in 2025). bp aims to remain one of the US's top energy producers. Our approach includes investing in a growing upstream – increasing oil and gas production and building biogas; investing in our refineries; expanding our offers to road and aviation customers; and strategically partnering on low carbon energy, integrated with trading to serve commercial and industrial customers and data centers. bp's presence in California ranges from traditional convenience and mobility outlets to low carbon solutions – including solar, electric vehicle (EV) charging, and biogas – while continuing to play a vital role in meeting the state's transportation energy needs through its retail and fuel supply operations.

As CARB considers these amendments, we encourage the Board to carefully re-evaluate the treatment of emissions-intensive, trade-exposed (EITE) sectors and the implications for actual emissions reduction and the long-term competitiveness of domestic West Coast refining that serves California's energy needs. bp is concerned that tightening EITE obligations without proportionate safeguards could increase greenhouse gas (GHG) emissions leakage risk and erode the competitiveness of domestic facilities supplying California's energy markets.

Imported products from refineries in Asia compete with West Coast refineries yet face little or no carbon obligations, materially less stringent regulatory obligations, and in many cases access to discounted feedstocks. These structural cost advantages make it increasingly difficult for West



Coast production to remain competitive as compliance costs rise. Similar dynamics have contributed to erosion of competitiveness and displacement of production in Europe. Without safeguards to account for the role of foreign imports, tightening EITE obligations will widen cost differentials between California-serving facilities and global competitors over time, resulting in GHG emissions leakage. As domestic production is displaced by higher-carbon imports, California's energy supply reliability will be jeopardized.

We recommend strengthening GHG leakage safeguards for EITE sectors and ensuring that adjustments to industrial allocation account for global competitive dynamics and the risk of shifting supply toward less-regulated imports. Doing so will help mitigate GHG leakage risk and preserve the competitiveness of California-serving facilities while promoting an affordable, stable, and resilient energy supply as program stringency increases.

We also support California's continued efforts to pursue regional market linkage, including with Washington and Quebec, consistent with bp's view that linked markets strengthen regional collaboration, improve liquidity, and enhance market stability.

bp appreciates CARB's ongoing engagement with stakeholders and looks forward to continued dialogue as the Board finalizes these amendments.

Sincerely,

/s/ Matt Pennington

Matt Pennington  
Manager, California State & Local Government Affairs  
bp America Inc.

cc:

The Honorable Gavin Newsom, Governor, State of California  
The Honorable Siva Gunda, Vice Chair, California Energy Commission