



March 9, 2026

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

**Re: Ceres Comments — Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation**

Dear Chair Sanchez and CARB Board Members:

Ceres appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) proposed amendments to the Cap-and-Invest Program regulation.

Ceres is a nonprofit advocacy organization working to accelerate the transition to a cleaner, more just, and resilient economy. We inspire investors and companies — including the 80 major brands that make up the Ceres Policy Network — to advance actions and advocate for policies that reduce pollution and invest in solutions to build a cleaner economy.

Last year, Ceres—along with [a diverse group of over 40 businesses](#) — including IKEA U.S., Sierra Nevada Brewing Company, and REI Co-op — as well as several business associations and nonprofit organizations collectively representing nearly 1,000 companies — including Advanced Energy United, CALSTART, IETA, and the RNG Coalition, urged the California legislature to strengthen the state's Cap-and-Trade Program, saying “doubling down on California's successful Cap-and-Trade Program is the smartest way to tackle the climate crisis by prioritizing cost-effective achievement of California's climate targets, making California more affordable, and supporting California communities,” and also called on CARB to promptly resume its rulemaking thereafter.

As CARB considers updates to the program, we highlight three priorities critical to the program's continued success: timely rulemaking to provide market certainty, maintaining a durable Cap-and-Invest Program that continues to deliver economic benefits, and upholding strong environmental integrity. **Finalizing the updated Cap-and-Invest Program on schedule at the CARB Board Meeting on May 28 will be critical to providing the certainty businesses and investors need to plan and deploy long-term investments in decarbonization.**

**1. Timely implementation is essential for market confidence.**

Regulatory certainty is particularly important as companies make major capital investments in clean energy, electrification, and industrial decarbonization. Timely adoption of the rulemaking will help ensure the program continues to provide the predictable framework needed to support long-term planning and investment.

Prompt completion of the rulemaking as scheduled will also help preserve the stability of the broader carbon market, including existing program linkage that supports market confidence and price stability, while reinforcing California's leadership in market-based climate policy as linkage

expansion moves forward, positioning the state to benefit from future linkage opportunities with other jurisdictions like Washington.

Timely implementation following the May board meeting is essential to ensure the updated program takes effect on schedule for the next compliance cycle. Missing this window could delay implementation of program improvements and postpone the benefits of a strengthened Cap-and-Invest Program.

Overall, delays in completing the rulemaking on schedule would undermine the foundation and stability of the Cap-and-Invest program—introducing unnecessary uncertainty, weakening investor confidence, and slowing progress toward an expanded regional carbon market and California’s climate goals.

**2. The Cap-and-Invest Program is a proven cornerstone of California’s climate and economic strategy, and businesses across the state support a durable and ambitious program that continues to deliver economic, environmental, and equity benefits.**

Since its launch in 2013, the program has demonstrated that market-based climate policy can reduce emissions while supporting economic growth. By establishing a declining, economy-wide limit on greenhouse gas emissions, the program provides a clear framework for reducing pollution while allowing regulated entities flexibility to pursue the most cost-effective reduction strategies. The program also generates substantial public benefits through the reinvestment of auction revenues. Funds directed to the Greenhouse Gas Reduction Fund have supported investments in clean energy deployment, transportation electrification, climate resilience, housing, and community programs across the state, delivering tangible benefits to households, businesses, and disadvantaged communities.

Economic analyses consistently show that well-designed carbon markets can reduce emissions while supporting economic growth, innovation, and long-term affordability. [Modeling by EDF and Greenline Insights finds that extending California’s cap-and-trade program through 2045](#) could generate approximately \$47 billion in investment, \$55 billion in economic output, and more than 287,000 jobs across California, with impacts across sectors including construction, infrastructure development, and clean technology deployment.

[Updated modeling from Greenline Insights](#) further indicates that CARB could pursue a stronger near-term emissions trajectory while continuing to generate consumer benefits and cost savings, particularly for low- and moderate-income households.

Together, these findings reinforce the importance of maintaining a strong and durable Cap-and-Invest Program that continues to deliver emissions reductions, economic benefits, and affordability protections for California households.

**3. The program must maintain strong environmental integrity.**

We encourage CARB to maintain the strong environmental integrity that has characterized the program since its inception. A credible, transparent, and well-designed carbon market is essential to maintaining confidence among businesses, investors, and the public and to ensuring the continued effectiveness of California’s Cap-and-Invest Program.

As CARB finalizes the regulation, we encourage the Board to carefully consider stakeholder analysis and input aimed at strengthening the program's environmental integrity and near-term effectiveness. In particular, a joint letter submitted in this rulemaking by NextGen, NRDC, Earthjustice, The Climate Center, and EDF outlined recommendations to reinforce the program's climate ambition and market stability, including proposals to:

- **Tighten the 2027-2030 carbon allowance budgets to strengthen the market and preserve household affordability benefits.**
- **Adopt a more ambitious transition of the natural gas climate credit to reduce high summer electricity bills.**
- **Align allowance allocations with an updated assessment of leakage risk by 2031.**

Ceres supports the underlying objectives above of ensuring that the Cap-and-Invest Program maintains strong environmental integrity and delivers meaningful emissions reductions in the near term while continuing to provide long-term certainty for businesses and investors, and encourages CARB to consider these recommendations.

Ceres also recognizes that California's Cap-and-Invest Program has important implications not only for greenhouse gas emissions reductions, but also for the distribution of health-harming co-pollutants that disproportionately affect environmental justice communities. Ensuring that climate policy delivers meaningful benefits for overburdened communities remains an essential component of California's climate leadership.

**Ceres appreciates CARB's leadership in advancing this rulemaking and encourages the Board to move forward with timely finalization of the program updates to ensure continued certainty for businesses and investors supporting California's clean energy transition.**

Thank you for your leadership and for the opportunity to comment.

Sincerely,



Maggie M. Field  
Senior Manager, State Policy, West  
Ceres