

March 6, 2026

Steven S. Cliff, Ph.D.
Executive Officer, California Air Resources Board
1001 I Street, Sacramento, CA 95814

Dear Dr. Cliff,

CleanPowerSF, the City and County of San Francisco's Community Choice Aggregation (CCA) provider and participant in the Cap-and-Invest Voluntary Renewable Electricity (VRE) Program, urges CARB to restore a proposal made by its own staff to replenish the pool of allowances allocated to the currently depleted VRE reserve account, to the tune of 5.5 million allowances, upon final approval of the amendment package. CARB's more recent proposed amendments, released on January 20, would effectively end the VRE Program.

Use of a voluntary set aside program like the VRE reserve is a reasonable way to reconcile two overlapping regulatory programs in California, Cap-and-Invest and the Renewable Portfolio Standard. Absent a Cap-and-Invest Program, voluntary renewable energy procurement (above the requirements of the Renewable Portfolio Standard Program) conducted by load serving entities - often based on the ambitious climate targets of local governments or demand from individual customers - would serve to reduce emissions in the electricity sector with no spillover effects to other industries. In this way, these voluntary renewable procurements would clearly be reducing the level of emissions in the overall economy as voluntary procurement of renewables grows.

However, given that California *does* have a Cap-and-Invest Program, these same voluntary renewable energy procurements, which reduce emissions in the electric sector, can "free up" emissions allowances (that would have been claimed by the electric sector) to be used by other industries such that the overall amount of emissions in the California

CleanPowerSF is a program of the San Francisco Public Utilities Commission (SFPUC), an enterprise department of the City and County of San Francisco.

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OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

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economy may not be reduced as a result of the renewable procurement negating the emissions that would have come from other sources of electricity on the grid. Because California has a Cap-and-Invest Program regulating overall emissions in the economy, it is not possible to ensure that the voluntary renewable energy procurements reduced emissions economy-wide without an allowance being retired in the program associated with the negated emissions in the electric sector.

It was with similar logic in mind that CARB decided to create the VRE set-aside account as part of the 2010 Cap-and-Trade rulemaking,¹ and also to include a proposal to replenish the allowances allocated to the VRE reserve in its staff proposal contained in the 2024 Standardized Regulatory Impact Assessment (SRIA), published prior to issuing the currently proposed amendments. In the 2024 SRIA, CARB stated:

CARB staff is proposing to place a total of approximately 5.5 million additional allowances from 2025-2030 annual budgets into the Voluntary Renewable Electricity (VRE) Reserve account. The VRE Program recognizes investments in renewable electricity generation beyond what is required by the RPS, supporting the transition of the electricity sector to 100% zero-carbon generation by 2045, as mandated by SB 100.²

However, in its proposed amendments from January 2026, CARB reversed course, stating:

The SRIA described a concept to reserve of total of 5.5 million allowances from 2025-2030 annual budgets to replenish the VRE Reserve account, which would have continued implementation of the VRE Program and recognized voluntary investments in renewable electricity beyond State mandated requirements. The Proposed Amendments do not provide additional allowances to the VRE Reserve account.³

¹ California's Cap-and-Trade Program, [Final Statement of Reasons](#), October 2011, Voluntary Renewable Electricity (New Section 95841.1), Page 14

² Regulation for the California Cap on Greenhouse Gas Emissions and Market Based Compliance Mechanisms 2024 Amendments. [Standardized Regulatory Impact Assessment](#) (SRIA), 4/9/24, Page 11

³ Staff Report: [Initial Statement of Reasons](#), 1/20/26, Page 318

CleanPowerSF understands and appreciates that CARB faces difficult tradeoffs when it comes to allocating emissions allowances across the Cap-and-Invest Program between those sold at auction and the various covered and impacted entities. That said, the additional allowances that were proposed to be placed into the VRE, while enough to correspond to a significant portion of the voluntary renewable energy generated in California for the next several years, at 5.5 million allowances would not materially impact the overall economics of the Cap-and-Invest Program, which includes approximately 1 billion allowances in its budget for the next five years as currently proposed.⁴

On the other hand, eliminating VRE allowances would negatively impact the affordability and rate stability of voluntary renewable energy product offerings. If CCAs and other power providers that offer voluntary renewable energy products to their customers must purchase allowances to demonstrate additionality, significant new costs – and cost uncertainty – will be introduced, likely undermining the attractiveness of these products to consumers.

CleanPowerSF respectfully requests that CARB reinstate its proposal to place approximately 5.5 million allowances into the VRE account.

Sincerely,



Grace Kay
Acting Deputy Assistant General Manager, Programs and Services
SFPUC Power Enterprise



Dan Willis
Utility Specialist, Regulatory and Legislative Affairs
SFPUC Power Enterprise

⁴ [Proposed Regulation Order](#), 1/20/25, § 95841. Annual Allowance Budgets for Calendar Years 2013-2045