



March 7, 2026

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

Re: Opposition to Proposed Amendments to the Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

Dear Chair Sanchez:

On behalf of the South Bay Association of Chambers of Commerce (SBACC), representing 14 chambers of commerce and thousands of employers across the Los Angeles South Bay region, we write to express strong opposition to the proposed amendments to the Cap and Invest program.

The South Bay economy is built around industries that depend on reliable and affordable transportation fuels. Aerospace manufacturing, construction, logistics, hospitality, and thousands of small service businesses operate in a regional economy where workers and businesses depend on surface transportation.

CARB's proposal would remove roughly 118 million allowances from the program between 2027 and 2030. This accelerated reduction will tighten the allowance market and increase compliance costs for fuel suppliers operating in California. Those costs will ultimately appear in the price of gasoline and diesel.

For the South Bay economy, higher fuel prices are not a theoretical concern. Contractors, delivery companies, service providers, and employees travel across multiple cities each day to support regional industries. Increased fuel costs act as a multiplier across the entire local economy.

The proposed amendments arrive at a time when California consumers and businesses are already facing some of the highest energy costs in the nation. Additional regulatory pressure on fuel markets will place a disproportionate burden on working families and small businesses that have limited ability to absorb rising transportation costs.

Recent refinery closures have already reduced California's refining capacity. As domestic supply tightens, the state has become increasingly dependent on imported refined products. The proposed amendments risk accelerating this trend by imposing additional compliance costs on in-state fuel production while demand for liquid fuels remains strong.

The SBACC urges CARB to revise the proposed amendments before final adoption and to fully evaluate the fuel price impacts associated with the accelerated reduction of allowances.

Climate policy must be implemented in a manner that protects both environmental goals and the economic stability of communities that depend on affordable transportation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeremy Harris", written in a cursive style.

Jeremy Harris

Board Chair

South Bay Association of Chambers of Commerce