



March 9, 2026

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Lauren Sanchez
Chair, California Air Resources Board

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

Dear Chair Sanchez,

We appreciate CARB's continued leadership in advancing California's climate goals and its thoughtful effort to align the Cap-and-Invest Program with the State's 2045 carbon neutrality target. We also support CARB's intent to expand pathways for carbon management, including carbon capture, utilization, and storage (CCUS), direct air capture (DAC), and carbon dioxide removal (CDR), consistent with the 2022 Scoping Plan and SB 905.

We respectfully urge CARB to reconsider the proposed removal of the term "geologic" from "geologic sequestration" within the Cap-and-Invest regulatory framework.

Regulatory consistency with federal programs.

At the federal level, "geologic sequestration" is a well-established and regulated term under both Internal Revenue Code Section 45Q and EPA's Class VI Underground Injection Control (UIC) program. These frameworks provide clear definitions, permitting pathways, monitoring and verification requirements, and long-term stewardship obligations for the secure storage of carbon dioxide in geologic formations. Removing "geologic" from CARB's regulatory language creates a divergence from federal programs that project developers, regulators, and financiers rely on for permitting, compliance, and financing. Alignment across CARB, EPA, and Treasury is especially important for projects that depend on stacked state and federal policy signals to reach financial close.

Avoiding ambiguity and preserving standards.

We understand and support CARB's objective to be inclusive of a broader range of carbon management pathways. However, removing "geologic" introduces ambiguity around permanence, durability, and storage integrity. Without the geologic qualifier, "sequestration" risks conflating secure storage regulated by the Class VI UIC program with utilization or storage pathways that may not provide equivalent long-term durability. This ambiguity could complicate



compliance accounting under Cap-and-Invest, create uncertainty for regulated entities, and undermine investor confidence in the environmental integrity of credited removals or avoided emissions. Geologic sequestration is distinct precisely because it is the gold standard for storage security and is subject to stringent site characterization, monitoring, post-injection site care, and long-term stewardship requirements. This distinction is also reflected in SB 905, which directs CARB to establish a regulatory framework for carbon capture and storage centered on the safe, permanent geologic storage of carbon dioxide.

Market signal clarity for CDR, DAC, and CCS

Cap-and-Invest sends critical market signals to developers, lenders, and technology providers. Clear and consistent definitions are essential to support project financing and timely deployment. Uncertainty regarding what qualifies as compliant “sequestration” and how CARB’s definitions align with federal eligibility criteria increases transaction costs and may inadvertently slow investment in high-integrity geologic storage projects that California’s climate modeling assumes will be necessary to meet 2045 goals.

At the same time, we encourage CARB to continue exploring ways to integrate CDR into the Cap-and-Invest framework and to create a meaningful and durable market signal for high-integrity removal pathways, consistent with the authority provided in statute and the direction outlined in the Scoping Plan. Clear recognition that durable CDR—including DAC paired with secure geologic storage—can play a role within California’s compliance market would help catalyze investment, accelerate innovation, and provide developers with the long-term policy certainty necessary to deploy these technologies at scale.

Similarly, it will be important for the program to thoughtfully incorporate point-source carbon capture and storage (CCS) as a compliance pathway where captured emissions are securely stored. Properly integrating CCS within the Cap-and-Invest framework can ensure that industrial and power-sector facilities have viable decarbonization pathways while maintaining the environmental integrity of the program. Providing clear policy signals around both CCS and CDR will help ensure California continues to lead in the deployment of a full portfolio of carbon management solutions.

A proposed alternative.

We support CARB’s goal of inclusivity and recommend retaining “geologic sequestration” as a defined, high-integrity category aligned with EPA Class VI and 45Q, while creating a separate, clearly defined category for non-geologic carbon sequestration pathways. This approach would preserve regulatory alignment with federal programs, maintain clarity for market participants, and allow CARB to thoughtfully incorporate innovative CDR pathways with appropriate durability, monitoring, reporting, and verification criteria—without diluting the meaning of secure sequestration.

We appreciate the opportunity to provide these comments and welcome continued dialogue with CARB staff.



Sincerely,

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