Roseville Electric Utility
116 S Grant St.
Roseville, California 95678
Reliable Energy. Dependable Service.

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Ms. Rajinder Sahota
Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Roseville Electric Utility Comments on 45-Day Proposed Cap-and-Invest Regulations

Roseville Electric Utility ("Roseville Electric") appreciates the opportunity to provide comments on the California Air Resources Board's (CARB's) proposed amendments to the Cap-and-Invest Program (Program), released for public comment in January 2026 (Proposed Regulations).

As part of a full-service city, Roseville Electric serves over 72,000 electric customers with a population over 150,000 within our service territory. Roseville is a growing city with a 2% growth rate and is home to major industries including manufacturing, healthcare, and retail businesses. Currently, 66% of Roseville Electric's power is sourced from carbon-free and renewable resources and our utility devotes significant attention on meeting the state's greenhouse gas emission reduction requirements, energy efficiency programs, and the renewable portfolio standard program. Our utility is committed to providing safe, reliable and affordable electric service to the residents and businesses of the City of Roseville and our customers consistently report high satisfaction ratings for the services and programs provided.

Roseville Electric Utility writes to express our strong opposition to CARB's proposed amendments to the 2021-2030 Electrical Distribution Utility (EDU) allowance allocations. As proposed, CARB's revisions would significantly reduce the established 2027–2030 EDU allocations, materially increase costs for publicly owned utility (POU) customers, and undermine the planning certainty that POUs relied on when making early clean-energy investments.

Allowance allocations to POUs are provided on behalf of POU ratepayers. Under the Program, POUs are regulated entities through their ownership of electric generation and through power purchase agreements that include emissions costs in the price of power. POUs must set rates based on the cost of service, and the primary source of funding comes from rates. If CARB reduces allowances to POUs, many POUs will be forced to raise rates to cover the loss of these allowance values.

Based on CARB's revised EDU allocation table for 2027–2030, Roseville Electric is estimated to lose approximately **368,828** allowances (approximately **$22,129,680** in allowance value), based on the estimated average allowance price value of $60. These reductions would ultimately be borne by our customers through higher energy bills and/or reduced utility programs and services.

The fixed 10-year EDU allocation of allowances for 2021 to 2030, as established in the prior rulemaking, was intentionally designed to incentivize reductions in greenhouse gas (GHG) emissions from electricity generation while mitigating compliance-cost impacts for customers. In reliance on those established allocations, POUs planned and financed clean energy investments years in advance, relying on expected allowance value to help close financing gaps and keep customer electricity rates affordable. POUs that reduced emissions and needed fewer allowances for compliance were able to monetize the remaining allowance value and reinvest those funds in additional GHG-reducing projects and customer programs. CARB's proposed revisions to the 2027 to 2030 allocations could significantly erode that benefit and weaken incentives for continued early action.

Allowance value supports emission-reducing investments and customer programs, including clean energy procurement, energy efficiency, transportation electrification, and programs that support low-income customers. Roseville Electric has used GHG allowance proceeds to purchase renewable energy thereby reducing the cost of those purchases to our customers, provide bill credits, deliver electric vehicle rebates, and provide low-income and multi-family retrofits, among other uses.

With Assembly Bill (AB) 1207 (Irwin, Stats. 2025) now in effect, CARB's implementation of the Cap-and-Invest Program must reflect the Legislature's updated direction for the Program's reauthorization through 2045. Affordability was a central pillar of the legislation, and the statute makes clear that CARB must consider the effects of the regulations on affordability, cost-effectiveness, minimization of leakage in California, and achieving emissions reduction goals. Taken together, AB 1207 confirms that utility allowance allocations are not merely a compliance mechanism; they also serve an important ratepayer affordability function that CARB should preserve in this rulemaking.

CARB should ensure that protecting ratepayers remains a focal point as changes to the Program are developed. It is essential that any modifications to allowance allocations maintain strong protections for ratepayers while continuing to support California's clean energy and climate objectives.

For these reasons, Roseville Electric respectfully urges CARB to maintain the EDU allocations previously established for 2021-2030.

Thank you for the opportunity to provide feedback to CARB regarding the proposed amendments to the Program.

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