



May 26, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Chair Lauren Sanchez
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Members of the Board
California Air Resources Board (CARB)
1001 I Street
Sacramento, CA 95812

RE: Proposed 15-Day Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation: Significant Concerns from Environmental Groups must be addressed without delay

Dear Governor Newsom, Chair Sanchez, and CARB Board Members and Staff:

Last year, the California legislature passed and Governor Newsom signed into law a reauthorization of the Cap-and-Invest program, extending California's economy-wide emissions reduction program and shoring up an essential source of funding for near- and medium-term ratepayer relief and investments in healthy, resilient communities.

We write to you now with extreme concern that elements of the latest rulemaking proposal, released on April 14th, 2026, run counter to the legislation because they fundamentally undermine the integrity of the emissions cap, put California's ability to meet its statutory 2030 climate target at risk, and jeopardize billions of dollars in funding to support climate investments and energy affordability. Proposed partially in response to massive lobbying efforts by fossil fuel interests – some of the most profitable companies in the world – these amendments reflect a major departure from the legislative intent of AB 1207 and SB 840.

To uphold program integrity, meet California's 2030 climate commitment, and save households money, we, the undersigned organizations, request that CARB update and finalize the regulation in time to implement changes this fall with the following critical revisions:

1. Remove the Manufacturing Decarbonization Incentive (MDI) mechanism from the proposal immediately and retire 118M allowances so that regulations can be swiftly adopted to secure

program outcomes this fall without harming the integrity of the emissions cap or jeopardizing the 2030 climate target.

2. Ensure program amendments do not undermine legislative commitments to maintain affordability and adequate levels of program funding for the California Climate Credit and Greenhouse Gas Reduction Fund (GGRF), most critically for AB 617 communities and community air protection programs. The current proposal significantly increases free allowances to industry, effectively shifting billions from household affordability measures to polluting industries.

The revisions we are requesting are the minimum necessary to ensure this program does what the Legislature directed it to do: deliver cost-effective emissions reductions aligned with California's climate targets and protect and strengthen affordability benefits for California families. CARB has the ability and the time to make these surgical changes before issuing a final regulation for a Board vote, without delaying the implementation of rule updates this fall.

California cannot afford to get this wrong. At a time when federal climate leadership has collapsed and the costs of inaction are rising for communities across the state, California's ability to meet its climate commitments requires a Cap-and-Invest program that functions as designed, with a real and declining emissions cap.

Thank you for considering the above comments and for implementing these recommendations into the final Cap-and-Invest regulation.

Sincerely,

David Moller, P.E.

Lead

Marin Electrification Council

Ken Strong

Director

Marin Conservation League

Jody D. Timms, Ph.D.

Co-director

350 Marin

Al Grumet

Co-chair

Sustainable Mill Valley