



May 4, 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,

On behalf of 1PointFive, thank you for the opportunity to comment on the California Air Resources Board's (CARB's) 15-Day Notice of Public Availability of Modified Text for the Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market Based Compliance Mechanisms. We appreciate CARB staff's responsiveness to stakeholder input and the clarifications and refinements reflected in the proposed modifications.

Support for the Manufacturing Decarbonization Incentive (MDI)

We support CARB's inclusion and refinement of the Manufacturing Decarbonization Incentive (MDI) allocation framework. We also encourage CARB to revise the proposed framework to include electricity generation facilities, which are currently excluded, where qualifying investments can deliver durable, verifiable greenhouse gas emissions reductions. As described in the notice, CARB proposes to create and track Manufacturing Decarbonization Incentive Allocation Allowances and to populate a dedicated reserve account (the "Build Up California Reserve Account") to support MDI allocation, with allowances introduced only when facilities demonstrate qualifying investments that reduce facility greenhouse gas emissions.

Carbon capture, utilization, and storage (CCUS) as an MDI eligible mechanism.

We strongly support CARB's direction to include carbon capture, utilization, and storage (CCUS) as a mechanism to achieve emissions reductions under the MDI framework. The notice proposes a new eligible project category for equipment that captures CO₂ emissions that are verified as sequestered or utilized, contingent on development and Board approval of an appropriate quantification methodology and incorporation into the Regulation in a subsequent rulemaking. We support this approach and encourage CARB to continue advancing the necessary quantification and verification framework so that CCUS can be credibly and transparently implemented.



Thank you again for the opportunity to provide comments.

Sincerely,

1PointFive