



May 4th, 2026
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Urgent Fixes Needed to Proposed 15-Day Cap-and-Invest Regulation Amendments

Dear CARB Staff and Board Members,

Californians are feeling the real impacts of climate disasters that are not just devastating our communities and lands, but also driving an affordability crisis. Families are bearing the costs of a warming climate through insurance premiums and utility bills, health expenses and hospital bills, higher prices on household goods, and are held hostage by Big Oil's price gouging at the pump. Cap-and-Invest is one of our state's biggest climate programs and is a critical source of funding for close to home community investments like transit, parks, clean cars, charging infrastructure, electrifying homes, and critical disaster response. The April proposal amending the program will slow our climate progress and gut the annual program revenue by \$2 billion a year at a time when our state is cutting safety net services across the board for Californians.

The California Air Resources Board (CARB) must immediately amend the proposal to ensure that the Cap-and-Invest program will benefit Californians, not provide polluters with excessive handouts:

- **Eliminate the Manufacturing Decarbonization Incentive (MDI)**, which would provide incentives to industry while depressing the allowance auction revenue
- **Correct the bloated free allowance allocation by lowering the cap adjustment factor**
- **Protect Cap-and-Invest revenues**, rejecting any changes that would reduce funding and jeopardize investments that help Californians address climate-driven cost increases.

The consequences of this proposal to the program's Greenhouse Gas Reduction Fund (GGRF) are severe. This dwindling pot of money has invested billions of dollars in dozens of critical programs – clean vehicle access, safe and affordable drinking water, wildfire resiliency, and affordable housing. A failing program will decrease dollars for our state's environmental

programs. Around nine billion dollars from this fund has already been invested in programs benefitting California's disadvantaged and low-income households, the "priority populations". This group is hit the hardest by the impacts of climate change and will be impacted the most by these programs going unfunded.

This proposal provides handouts to the oil and gas industry with no guarantee that fuel prices or emissions will go down. Californians would still be exposed to swings in the global oil market and the strong influence these corporations have in our state. While gas prices soar due to international supply shortages, oil companies are raking in record profits¹. Californians shouldn't be paying for subsidies to oil companies that don't bring prices down and take billions away from critical state funding.

At a time when California's leadership can provide a backstop against federal attacks and rising costs that are burdening families, we cannot afford to give corporate polluters more handouts. Now is the time for CARB to put Californians first.

With gratitude,

DocuSigned by:
Denise Kadara
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Denise Kadara | APA Board President

¹ [The Guardian, "\\$30m an hour: big oil reaping huge war windfall from consumers, analysis finds"](#)