Searles Valley Minerals

9401 Indian Creek Parkway, Suite 1000
Overland Park, KS 66210

Public Comment on Proposed Cap-and-Invest Program Amendments

Submitted to: California Air Resources Board
Submitted by: Searles Valley Minerals
Re: Phased Industrial Decarbonization and Leakage Prevention
Date: May 28, 2026

INTRODUCTION AND SUMMARY

Searles Valley Minerals (SVM) appreciates the opportunity to comment on the California Air Resources Board's (CARB) 15-day Amendments to the proposed amendments to California's Cap-and-Invest program and Discussion Item 26-3-3 on CARB's May 28-29, 2026, Board Meeting Agenda. As SVM expressed in our prior comments on the originally proposed 45-day Amendments to the Cap-and-Invest program, SVM is in an Emissions Intensive Trade Exposed (EITE) industry that faces significant global competition for the production of critical minerals, such as borate products. SVM's cost exposure under the Cap-and-Invest program has exacerbated SVM's risks of losing business to global suppliers of boron and related products. To address the risk of ongoing emissions leakage among EITE industries like SVM's and to fulfill CARB's statutory directives to minimize leakage, CARB should create a unique product-based benchmark for boron produced from brine. We also encourage CARB to provide direction to staff to prepare an energy-based benchmark while it continues to collect and evaluate data from brine-based borate operations.

DISCUSSION

I. CARB Should Create a Unique Product-Based Benchmark for Borate Products Extracted from Brine.

In our March 9, 2026 comments on the proposed 45-day Amendments to the Cap-and-Invest program, SVM recommended the addition of a product-based benchmark specifically for borate extracted from brine to be added to the regulation because SVM's process is considerably different from the pit mining operations the existing borate benchmark was based upon. SVM has also provided CARB with data demonstrating that the brine-based borate products are more emissions intensive than open-pit mining operations.

While CARB did make some additions to the product-based allowance benchmarks in the 15-day Amendments, such as for automobile and light-duty vehicle manufacturing, no such accommodation was made for brine-based borate operations.

SVM noted that our operations are shifting to focus on borate products in part because global demand for borate is strong and soda ash faces trade exposure risks and cost differentials far in excess of free allocations. It is also important to note that borate products are listed as critical minerals because they are essential to high-tech, green energy, and agricultural industries, yet face high supply risks due to concentrated, limited global deposits (primarily in the U.S. and Turkey). Borate products are crucial for EV batteries, solar panels, insulation, fertilizer, and strengthening steel/glass.

Historically, SVM used waste heat from its soda ash process to manufacture its borate products. In the absence of soda ash production, SVM will need to produce considerably more steam to produce the same quantity of borate products. The current product-based benchmark for borate is based on the Rio Tinto facility, which is an open

pit mining operation. We also understand that CARB evaluated the production of borate products relying on thermal energy from soda ash at SVM's facility when CARB developed the original borate benchmark.

SVM appreciates that CARB generally attempts to create single benchmarks, but here as in other cases such as the natural gas sector, and processing of food and other products, brine production and open-pit mining are fundamentally different processes that merit distinction in the Cap-and-Invest regulation. SVM's operation requires considerably more thermal energy to extract borate from the brine and process it. Allocating to SVM using a benchmark based on a different type of facility will not encourage more efficient operations. A brine-based operation cannot be converted to an open pit mining operation. Moreover, due to the loss of waste heat from the soda ash operations, SVM anticipates that the current product-based benchmark for borate will only cover 30% of SVM's expected emissions obligation before the application of the cap-adjustment factor.

We appreciate that this recommendation may require analysis by CARB of verified emissions data. We believe that verified data from prior emissions years can be presented demonstrating the projected under-allocation for brine-based borate products and CARB can reasonably deduce how much waste heat was supplied for borate mining in the past. Accounting for the allocation needs of brine-based borate in this rulemaking will help ensure that brine-based borate products are not subject to leakage and potentially, full facility closure before another rulemaking can be completed. Moreover, creating a brine-based benchmark will also free up capital for SVM to continue to evaluate decarbonization of the existing coal boilers at the SVM facility.

CONCLUSION

SVM is pursuing practical, stepwise decarbonization under operational constraints common to heavy industry. Refinements to the Cap-and-Invest program that recognize phased transitions and address leakage risks, particularly in EITE industries like SVM's would better align regulatory incentives with real-world conditions while preserving environmental integrity.

Respectfully submitted,

/s/ Dennis Cruise
Dennis Cruise
President
Searles Valley Minerals, Inc.
9401 Indian Creek Pkwy, Ste 1000
Overland Park, KS 66210
T: 913-344-9501
Email: cruise@svminerals.com