

Joint CCAs (John Newton)

Please see accompanying Joint CCA comment letter. Thank you.



Via Air Resources Board Comment Submission Portal and E-MAIL

May 4, 2026

Lauren Sanchez, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on April 14, 2026 Proposed Amendments to the Regulation for California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

The Joint CCAs,¹ collectively serving over 2.6 million California energy customers, appreciate the opportunity to comment on the California Air Resources Board (“CARB”) 2026 Amendments to the Cap-and-Invest (formerly Cap-and-Trade) Regulation (“Cap-and-Invest”), specifically the 15-Day Amendments of Proposed Amendments to the Regulation for California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms published April 14, 2026 (hereafter the “Proposed Revisions”). The Joint CCAs respectfully encourage CARB to adopt its earlier transition timeline to *narrow RPS adjustment eligibility after 2030* that supports continued progress toward California’s climate goals while minimizing unnecessary costs and disruption.

As load-serving entities (“LSE”), the Joint CCAs are actively engaged in the procurement of renewable resource products pursuant to California State law, California Public Utility Commission (“CPUC”) oversight of multiple programs including the Renewables Portfolio Standards (“RPS”) program, and their own Board-adopted clean energy policies and objectives.

The Joint CCAs’ comments are focused on Proposed Revisions to the RPS Adjustment regulation, specifically § 95852(b)(4)(F).² These revisions address the availability of the RPS Adjustment for Power Content Category (“PCC”) 2 Renewable Energy Credit (“REC”)-eligible resources used to meet Renewable Portfolio Standard (RPS) program requirements. In earlier iterations of this rulemaking, CARB proposed to sunset RPS Adjustment eligibility after 2030,³ an approach the Joint CCAs support as part of a longer-term transition toward cleaner, more directly deliverable renewable resources.

CARB now proposes to accelerate this transition by limiting RPS Adjustment eligibility to legacy RPS eligible resources that produce PCC 0 RECs beginning after 2026.⁴ While the Joint

¹ Comprised of Ava Community Energy; California Choice Energy Authority, with members Lancaster Choice Energy, Apple Valley Choice Energy, San Jacinto Power, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Energy for Palmdale’s Independent Choice, Pomona Choice Energy, and Santa Barbara Clean Energy; Central Coast Community Energy; and Pioneer Community Energy.

² See *Attachment A-1* (i.e., the Proposed Revisions), p. 120, available here https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2026/cap_invest/nc_a-1_ci_15d.pdf.

³ See *Staff Report: Initial Statement of Reasons* (“Statement of Reasons”), published January 20, 2026, p. 55, available at https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2026/cap_invest/nc_isor.pdf

⁴ Cap-and-Invest 2026 Rulemaking, Hearing Action and Supplemental 15 Day Notices posted April 14, 2026, viewable at <https://ww2.arb.ca.gov/rulemaking/2026/cap-and-invest2026>; *Notice of Public Availability of Modified Text and*

CCAs support the long-term direction of aligning Cap-and-Invest accounting with increasingly zero-emission resource portfolios, the proposed timeline raises concerns regarding near-term affordability, procurement stability, and the ability to maintain progress toward RPS targets without unnecessary cost increases to customers.

Ensuring a Stable and Affordable Transition

The proposed elimination of PCC2 eligibility for the RPS Adjustment represents a meaningful policy shift with direct implications for how LSEs, including utilities and CCAs, meet RPS requirements in the near term. Firmed-and-shaped resources—while not zero-emission in all hours—have played an important transitional role in enabling load-serving entities to meet RPS obligations while maintaining reliability and managing costs.

The RPS Adjustment has functioned as a bridge between two systems that are not perfectly aligned:

- the RPS program, which allows a limited share of PCC2 resources, and
- Cap-and-Invest accounting, which assigns emissions to certain delivery structures.

Abruptly removing that bridge before companion clean energy programs require, such as the RPS Program, or the system is fully able to rely on PCC1 and other zero-emission resources, risks creating a near-term mismatch between policy design and operational reality.

The Joint CCAs agree that, over time, procurement should shift toward cleaner, directly deliverable resources. However, the proposed change does not simply remove a duplicative benefit. It changes how certain compliant RPS resources are treated in a way that may increase costs for all RPS resources without necessarily accelerating the deployment of incremental zero-emission resources in the near term.

Adequate Time for Evaluation and Implementation

The proposed 2026 eligibility cutoff was introduced in the 15-day modifications and was not part of the earlier proposal. While the broader policy direction has been discussed, the specific timing and its interaction with procurement practices, contract structures, and compliance obligations were not previously analyzed in detail by stakeholders.

This change affects:

- existing long-term contracts,
- near-term procurement decisions, and
- the cost of maintaining RPS compliance through the end of the current decade.

A 15-day comment period does not provide sufficient time to evaluate these impacts in a rigorous manner. Additional time would allow stakeholders to assess how the proposal interacts with Cap-and-Invest compliance obligations, EDU allowance allocation, and the practical availability of alternative resources.

Providing a more complete evaluation process would support CARB's goals of maintaining both environmental integrity and cost-effectiveness. If more time is not available, the Joint CCAs recommend returning to the earlier proposal to end RPS Adjustment availability after 2030.

Avoiding Near-Term Market Disruption While Advancing Long-Term Goals

Advancing the eligibility cutoff to 2026 compresses the transition to approximately seven months. This is not aligned with typical procurement cycles, contract timelines, or the development timelines for new zero-emission resources.

Utilities and CCAs have made procurement decisions in reliance on existing program structures, including the RPS Adjustment. Abruptly changing those rules risks:

- increasing near-term compliance costs,
- limiting procurement flexibility, and
- creating avoidable disruption without delivering commensurate near-term emissions benefits.

A more gradual transition—such as maintaining eligibility through a defined period (e.g., three years)—would:

- allow procurement portfolios to adjust in an orderly manner,
- support continued investment in cleaner resources, and
- reduce the risk of cost increases to customers.

This approach would preserve CARB’s long-term objective of aligning emissions accounting with increasingly zero-emission portfolios, while ensuring that the transition is implemented in a way that is both practical and cost-effective.

Conclusion

The Joint CCAs support CARB’s long-term objective of aligning Cap-and-Invest with a cleaner electricity system and reducing reliance on higher-emitting resource structures over time. However, the proposed acceleration of the RPS Adjustment eligibility cutoff raises concerns regarding affordability, implementation timing, and near-term procurement impacts.

A more measured transition would balance:

- environmental integrity,
- market stability, and
- ratepayer protections.

The Joint CCAs respectfully encourage CARB to adopt a transition timeline to *narrow RPS adjustment eligibility after 2030* that supports continued progress toward California’s climate goals while minimizing unnecessary costs and disruption.

Sincerely,

/s/ John Newton

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