

May 4, 2026

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

**Re: Support for Manufacturing Decarbonization Incentive Amendment – 15-Day Notice (April 14, 2026)**

Dear Chair Sanchez and Members of the Board:

We write in support of a compliance-grade pathway for carbon dioxide removal (CDR) within the proposed amendments to the Manufacturing Decarbonization Incentive (MDI) set forth in CARB's 15-day notice, issued April 14, 2026. Specifically, our organizations welcome the inclusion of language authorizing manufacturing facilities to apply MDI allocation allowances toward costs related to projects that capture and store CO<sub>2</sub> emissions, subject to a Board-approved quantification methodology incorporated pursuant to section 95852.3.

Our organizations represent a coalition of carbon dioxide removal (CDR) developers and climate innovators committed to deploying technologies that permanently remove carbon from the atmosphere. It is our interpretation that this amendment is designed to create a compliance-grade pathway for engineered CDR and carbon capture, utilization, and storage (CCUS) technologies leveraged in projects across the state consistent with CARB's broader mandate under SB 905 and AB 1207. Assuming that interpretation is correct, we support the intent of this amendment and believe it can represent a meaningful step forward in establishing durable demand infrastructure for high-integrity carbon removal within California's Cap-and-Invest program and toward meeting the State's target of achieving carbon neutrality by 2045.

The amended language authorizing use of MDI allocation allowances to cover costs associated with the capture and storage of carbon dioxide sends a critical signal to CDR developers and investors that California is establishing compliance-grade pathways for carbon removal. This is precisely the kind of durable demand signal that early-stage CDR projects need to mobilize private capital, lower long-term costs, and accelerate commercialization. Integrating this mechanism into Cap-and-Invest will create a durable demand signal for engineered CDR and CCUS projects, unlocking private investment in California-based innovation.

We understand that the provision appropriately defers to Board-approved methodologies - much of this work will take place under the SB 905 framework. The rigor of the SB 905 process, including its emphasis on permanence, additionality, and verifiability, is well-suited to establishing the high-integrity standards necessary for CDR to function effectively as a compliance tool. Further, linking this portion of Cap-and-Invest to methodologies approved under SB905 future-proofs the regulation, enabling CARB to consider new technologies and pathways that provide permanent, verifiable, and additional removals as they are established over time.

We look forward to working with CARB and the Legislature to advance amendments that deliver both the demand signal CDR needs and the environmental accountability California requires.

Sincerely,

**Charm Industrial**

**Ebb Carbon**

**1PointFive**

**Heirloom**

**Climeworks**

**Stripe Climate**