

Ms. Lauren Sanchez  
Chair, California Air Resources Board (CARB)  
1001 "I" Street  
P.O. Box 2815  
Sacramento, CA 95812

May 4, 2026

***Comments on 15-Day Proposed Amendments to Rulemakings: 1) Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, 2) Mandatory Reporting of Greenhouse Gas Emissions***

Dear Chair Sanchez:

National Cement Company of California (NCC) provides these comments in response to CARB's proposed amendments to the two Cap-and-Invest rulemakings (15-Day Amendments) published on April 14, 2026, and following the initially proposed amendments (45-Day Amendments) published in January 2026.

And, in addition to our initial comment letter dated March 9, 2026, as well as comments we submitted via the Coalition for Sustainable Cement Manufacturing & Environment (CSCME) – representing all five cement producers located in California – both in the 45-Day Amendments comment period and the current 15-Day Amendments comment period.

While the amendments do have constructive elements, we remain concerned about the long-term economic viability of the California cement industry based on items not addressed from our prior comments. If the Board adopts the regulations as proposed, we urge CARB to address these remaining items with urgency at the earliest possible rulemaking opportunity.

**1. Absence of a Border Carbon Adjustment (BCA) to achieve carbon cost parity with imports**

Each year moving forward under Cap-and-Invest without a BCA makes NCC and the California industry even less competitive against imports. It is unfair that our CAF

continues to decline while this fairness gap continues to widen. It is impossible for NCC and the California industry to commit to meaningful step-change investments without protection against imports via a BCA.

We urge CARB to commit to specific timelines to implement a BCA for the cement sector. For extensive supporting detail and rationale, please see the initial NCC and CSCME comment letters submitted in response to the 45-Day Amendments.

## **2. Support for changes to Manufacturers Decarbonization Incentive (MDI) Program**

We support the changes in the 15-Day Amendments to broaden eligibility for MDI uses to include: 1) biomass capital costs, 2) biomass procurement capped at 50% of usage, 3) process emissions capital costs, and 3) carbon capture, utilization and storage (CCUS) capital costs. We appreciate CARB's recognition of these project types as essential for the cement sector's decarbonization roadmap.

We further support the increase in the spending window to the end of two compliance periods following the compliance period of the MDI allowance budget year – translating to a timeline of six to seven years.

## **3. Opposition of SCM incentives that are counterproductive to SCM adoption in the cement sector**

As noted in the initial NCC and CSCME comment letters, the allocation of allowances to producers of supplementary cementitious materials (SCMs) is inconsistent with the established purpose of leakage assistance. Leakage assistance is based on increased costs associated with a mandated carbon price. Entities that are not exposed to material carbon costs are not at risk of leakage and therefore should not receive increasingly scarce industrial allowance allocations that are designed to mitigate such risk.

As proposed, if SCM producers receive their own leakage assistance allocation tied to supplying concrete producers, they have a significantly reduced incentive to sell their product to cement producers. Instead, they would be encouraged to sell directly to concrete plants, capture their own allowance allocation, and leave cement producers without the SCM supply needed to take advantage of the expanded definition of cement output as proposed in the MRR Regulation. The result is that two provisions of the same regulation are at cross-purpose with each other: one creates an incentive for cement producers to blend SCMs, while the other diminishes the supply of SCMs available for that blending.

We further note an inconsistency in the design of the new code language. Section 95891 of the Cap-and-Invest Regulation specifies that output for SCM producers is measured according to “the quantity of SCMs reported by the SCM producer.” However, Table 9-1 specifies that SCM producers are measured according to their output of “Finished Cement” and receive a corresponding benchmark allowance identical to Cement Manufacturers for output of Finished Cement. Critically, SCMs and Finished Cement are not identical products, and they have significant differences in their carbon intensity.

This position is not intended to undermine the usage of SCMs in cement. NCC remains firmly committed to producing blended cements. We are the leading blended cement producer in California via Type 1L / Portland Limestone Cement. And we are introducing the next generation of blended cement, Type 1P / Limestone Calcined Clay Cement (LC3), into the market presently.

For a detailed rationale on opposing the allocation of allowances to SCM producers, please see the CSCME comment letter submitted in response to the 15-Day Amendments.

#### **4. Inadequate import reporting requirements and inconsistency with CARB’s SB 596 Strategy**

CARB’s proposal to apply reporting requirements on the carbon-intensity of imported cement is positive development toward leveling the playing field.

However, CARB’s proposal to use a single Cement GHG Emissions Intensity of 0.758 MT CO<sub>2</sub>e/short ton of cement, in the absence of facility-specific data, is problematic. (15-Day Amendments to MRR Regulation, Appendix A-1, pages 198-201)

It is unclear how this methodology is derived, and it ignores a components-based approach accounting for each significant factor of cement production. CARB has this data available via CSCME’s current and prior submissions, and as documented in CARB’s Draft SB 596 Net-Zero Cement Strategy published in 2025.

For detailed rationale and recommendations on improving the importer requirements, please see the CSCME comment letter submitted in response to the 15-Day Amendments.

Thank you for the opportunity to provide comments. We appreciate your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Dearing', with a stylized, cursive script.

Jon Dearing  
Vice President, Public Affairs  
National Cement Company of California

CC: Honorable Steven S. Cliff, Ph.D., Executive Officer, California Air Resources Board  
Rajinder Sahota, Deputy Executive Officer, California Air Resources Board  
Edie Chang, Deputy Executive Officer, California Air Resources Board  
Mark Sippola, Chief, California Air Resources Board  
Rachel Gold, Esq. Supervisor, California Air Resources Board  
Mihoyo Fuji, Staff Air Pollution Specialist, California Air Resources Board  
Michael Turgeon, Staff Air Pollution Specialist, California Air Resources Board