

STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0015  
(916) 319-2015  
FAX (916) 319-2115

DISTRICT OFFICE  
2151 SALVIO STREET, SUITE R  
CONCORD, CA 94520  
(925) 521-1511

E-MAIL  
Assemblymember.AvilaFarias@assembly.ca.gov



COMMITTEES  
AGING AND LONG-TERM CARE  
HOUSING AND COMMUNITY DEVELOPMENT  
INSURANCE  
MILITARY AND VETERANS AFFAIRS  
WATER, PARKS, AND WILDLIFE

March 5, 2026

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

**SUBJECT: Cap-and-Invest Regulatory Implementation of AB 1207: Protecting Electric and Natural Gas Utility Ratepayers**

Dear Chair Sanchez:

We, the undersigned members of the California State Legislature, write to urge the California Air Resources Board (CARB) to ensure energy affordability remains front and center in the implementation of the recently codified Assembly Bill (AB) 1207, which extended the Cap-and-Invest Program and directed CARB to modify certain components of the regulation. As CARB advances on its rulemaking to implement AB 1207, careful consideration must be given to reach a solution that supports both electric and gas affordability while advancing state climate leadership.

AB 1207 extends the Cap-and-Invest Program and includes direction intended to balance decarbonization with ratepayer protection. Section 4 of the bill codifies changes to Health and Safety Code Section 38562(b) and directs CARB to:

(B)(i) Design the regulations, including distribution of emissions allowances where appropriate, in a manner that transitions support from gas corporations to electrical distribution utilities, as defined in Section 95802 of Title 17 of the California Code of Regulations, on or before January 1, 2031, to minimize ratepayer impacts and achieve the purposes of this division.

Further, existing language in Health and Safety Code Section 38562 (b)(2) requires CARB to “ensure that activities undertake[n] to comply with the regulations do not disproportionately impact low-income communities.”

In combination, these sections underscore that the transition should minimize ratepayer impacts across **both** electricity and natural gas and place a priority on protecting low-income households.

CARB's initial proposal would transition natural gas allowances to electric utilities beginning in 2029 and complete in 2036. We recognize that this phased structure demonstrates an intent to mitigate abrupt cost shifts for households. However, we are concerned that this proposed transfer, and any alternative proposal that would further expedite the transfer, will disproportionately impact low-income constituents who continue to rely on gas service. We urge CARB to craft its regulatory update in a way that ensures the cumulative effects of the proposed changes do not result in unintended adverse impacts – i.e., higher overall energy costs for Californians, particularly for low-income households, residents of disadvantaged communities, and constituents who are already burdened by rising utility bills and infrastructure costs.

Energy affordability remains a critical issue statewide and must be at the forefront of CARB's considerations for how Cap-and-Invest allowances are allocated. Decisions made in this rulemaking could materially influence household energy bills for years to come. As CARB deliberates this issue, Californians deserve a clear-eyed perspective on the impact of the proposed changes on households, the majority of which continue to rely on natural gas as a necessary complement to their electric service.

CARB should continue to provide some level of ratepayer protection for gas customers, specifically one that ensures that our most vulnerable Californians – those who may not have the means or ability to electrify their end uses – are not left unfairly and inequitably carrying the cost of the transition.

Thank you for your thoughtful and timely attention to this matter. Ensuring a balanced, affordability focused approach in this Cap-and-Invest Program will help maintain public confidence in California's climate policies, an outcome we all support.

Sincerely,



ANAMARIE ÁVILA FARIÁS  
Assemblymember, 15<sup>th</sup> District



BLANCA PACHECO  
Assemblymember, 64<sup>th</sup> District



GREG WALLIS  
Assemblymember, 47<sup>th</sup> District



JOSH HOOVER  
Assemblymember, 7<sup>th</sup> District



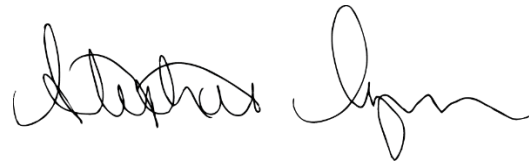
JEFF GONZALEZ  
Assemblymember, 36<sup>th</sup> District



LISA CALDERON  
Assemblymember, 56<sup>th</sup> District



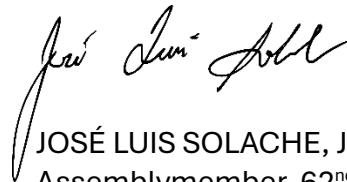
MARIE ALVARADO-GIL  
Senator, 4<sup>th</sup> District



STEPHANIE NGUYEN  
Assemblymember, 10<sup>th</sup> District



DAVID A. ALVAREZ  
Assemblymember, 80<sup>th</sup> District



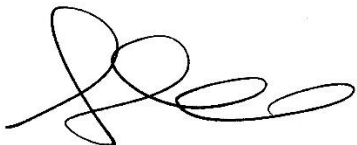
JOSÉ LUIS SOLACHE, JR.  
Assemblymember, 62<sup>nd</sup> District



ESMERALDA SORIA  
Assemblymember, 27<sup>th</sup> District



BLANCA E. RUBIO  
Assemblymember, 48<sup>th</sup> District



STAN ELLIS  
Assemblymember, 32<sup>nd</sup> District



JAMES C. RAMOS  
Assemblymember, 45<sup>th</sup> District



RHODESIA RANSOM  
Assemblymember, 13<sup>th</sup> District



JUAN CARRILLO  
Assemblymember, 39<sup>th</sup> District

CC: Dr. Steven Cliff, Executive Officer  
Rajinder Sahota, Deputy Executive Officer  
David Garcia, Director of Legislative Affairs  
Emily Wimberger, Chief of Staff & Policy Advisor