

Amari Jones Scriven (Amari Jones Scriven)

Please see the attached letter with Nucor's comments on the proposed amendments to the Cap-and-Invest Regulation

March 9, 2026

California Air Resources Board
1001 I Street,
Sacramento, CA 95814

Re: Comments on Proposed Amendments to the Cap-and-Invest Regulation

To Whom It May Concern,

Nucor Corporation appreciates the opportunity to comment on the California Air Resources Board's proposed amendments to the Cap-and-Invest Regulation. Nucor is the largest steel producer in the United States, and California Steel Industries (CSI) operates the only steel mill currently producing steel in California. As such, CSI is uniquely exposed to the cumulative cost impacts of the Cap-and-Invest Program and therefore has a significant stake in any changes to the program.

First, Nucor appreciates CARB's decision to maintain the existing free allowance allocation framework for the steel sector. As described in the Initial Statement of Reasons' discussion of industrial leakage prevention and product-based allocation, the proposed amendments do not alter the benchmark-based allocation methodology or industry assistance factors applicable to steel. This approach appropriately recognizes steel as an emissions-intensive, trade-exposed industry with a distinct emissions and cost trajectory. Preserving this structure is critical to mitigating emissions leakage, particularly given CARB's acknowledgement that industrial competitiveness and leakage risk remain relevant considerations as the cap tightens. CSI already faces higher electricity and compliance costs than out-of-state competitors, and any reduction in effective assistance would materially increase the risk of production and emissions shifting out of California.

Second, Nucor requests additional clarity and safeguards regarding the proposed transition of allowance value associated with energy use from natural gas suppliers and electric distribution utilities to direct allocation by CARB. While CARB states that this transition is expected to be approximately revenue-neutral in aggregate, the facility-level impacts for energy-intensive, trade-exposed industries remain uncertain, particularly for sectors such as steel that continue to rely heavily on natural gas for core production processes. In addition to uncertainty regarding total value, the proposed shift raises important questions regarding timing, cash-flow impacts, and potential tax treatment, as the replacement of utility bill credits with annual allowance allocations changes both how and when facilities receive leakage-prevention assistance. Nucor therefore respectfully requests confirmation that this transition will not result in a net monetary or financial disadvantage to California Steel Industries, including through changes in cash-flow timing or tax exposure. We further encourage CARB to closely monitor implementation and retain flexibility to adjust the approach if unintended cost increases or inequitable impacts on covered industrial facilities emerge, consistent with the proposed regulatory text addressing utility allocation and allowance consignment.

Finally, Nucor encourages CARB and the Legislature to ensure that the Manufacturing Decarbonization Incentive Allocation remains aligned with real-world industrial operations. There are physical and

technical limits to electrification in heavy industry. Steelmaking remains heavily dependent on natural gas, and meaningful near-term emissions reductions often come from energy efficiency improvements and performance upgrades to reduce emissions from existing natural-gas-fired equipment. Nucor strongly encourages CARB to include projects focused on improving the efficiency and emissions performance of gas-fired industrial equipment so they are clearly eligible for this allowance allocation. Excluding or deprioritizing these projects would disadvantage industries for which electrification alone is not a feasible decarbonization pathway and would undermine the effectiveness of the State's overall climate strategy.

Nucor supports California's climate goals and remains committed to continued emissions reductions and investment in lower-carbon steel production. We appreciate CARB's consideration of these comments and look forward to continued engagement as the rulemaking proceeds. If you have any questions or require additional information, please feel free to contact us at amari.jones@nucor.com.

Sincerely,

A handwritten signature in blue ink that reads "Amari Jones". The signature is fluid and cursive, with the first name "Amari" and the last name "Jones" clearly legible.

Amari Jones Scriven
Manager of Corporate Sustainability
Nucor Corporation