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May 4, 2026

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

**RE: Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms – EXTREMELY STRONG CONCERNS**

Dear Chair Sanchez:

Sierra Business Council (SBC) writes to express its **extremely strong concerns** about the Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Proposed Amendments), released by the California Air Resources Board (CARB) on April 14, 2026.

Sierra Business Council is a triple-bottom-line nonprofit organization serving the economic, environmental, and social needs of the Sierra Nevada region. SBC works to achieve regional resilience and prosperity by building sustainable rural economies, providing businesses with technical assistance and development strategies, and delivering services to increase energy efficiency and reduce carbon emissions.

With gas prices over \$7 per gallon, limited to nonexistent transit options, and high rates of energy-burdened households, the communities of our rural Sierra Nevada region struggle daily with affordability. However, SBC has long operated with the knowledge that reducing the impacts of climate change offers both short- and long-term solutions for both affordability and economic opportunity that our region needs. Now more than ever, California needs to embrace those climate solutions and build the economic strategies of the 21st century, including electrification, climate-forward land use and development, and natural resource stewardship. Now more than ever, it is clear that those strategies cannot be rooted in fossil fuels. We appreciate CARB's efforts to balance affordability with emissions reductions, but the



Proposed Amendments represent a concerning turn away from California’s climate commitments that, simply put, Californians cannot afford.

The Proposed Amendments are untenable on several levels. First, we are gravely concerned about the proposal to release 118 million metric tons of allowances into the market, providing nearly \$3.5 billion in subsidies and increasing emissions to a level likely incompatible with California’s statutorily mandated 2030 emissions reduction targets. This move would drag out California’s reliance on fossil fuels, reduce the long-term strength and efficacy of our flagship climate policy, and compromise our position as an international climate leader. Moreover, success is far from guaranteed: any improvements in affordability would still depend on 1) the resolution of international geopolitical conflict and supply chain disruptions beyond the reach of any state policy decision; and 2) the willingness of the oil and gas industry — the very entities responsible for climate change, who misled the public for decades about their role in and knowledge of the problem, and who are currently enjoying record-breaking profits — to pass along savings to customers.

Second, the proposal would effectively deplete the Cap-and-Invest revenue that flows to the Greenhouse Gas Reduction Fund (GGRF) and funds California Climate Investments — the program that invests in the mitigation and adaptation strategies that reduce the impacts and costs of climate change. GGRF is an essential element of California’s strategy to build climate resilience and economic affordability through programs that advance low-carbon transportation, affordable transit-oriented housing, community clean air programs, low-income home weatherization, nature-based climate solutions like wildfire resilience and the preservation of agricultural land, and more. Disinvestment in these programs would slow the energy transition when it should be accelerating, impair our ability to adapt even as climate impacts increase, and add burden to environmental justice communities that can ill afford it.

Climate mitigation and adaptation are not optional. Rather, public policy focused on reducing emissions and adapting to the consequences of climate change is as essential as public safety services. Climate-driven risks and disasters are significant contributors to the cost-of-living crisis and will only grow over time. Any trade-offs made now to prioritize limited, short-term benefits come at the expense of long-term stability and resilience. We cannot throw away our umbrella as the storm grows stronger.

We thank CARB for their diligent — and difficult — efforts in this rulemaking process. We urge you to work in partnership with the state legislature to identify solutions that preserve our landmark climate policies and deliver the economic relief that Californians so desperately need, and we stand ready to support that effort.

Sincerely,



*Steven R. Frisch*

Steven Frisch

President, Sierra Business Council