The Climate Center (Barry Vesser)

It is imperative that the integrity of the Cap and Invest market be maintained by ensuring that budgeted allowance allocations align with the target emission-reduction goals. This cap is and must continue to be binding and is currently at risk with the proposed regulations.

We need ambitious, bold policies that prioritize affordability and cost containment for California consumers and align with the state's climate goals. (If short, therefore we specifically recommend the following:)

California committed to advancing climate ambition while protecting consumers and supporting the overburdened communities most impacted by pollution and climate change. The Climate Center found that $8.6 billion has already been transferred to oil companies through Cap and Trade since 2013, with no evidence of lower gas prices or prevented refinery closures. Let's not further subsidize industry at the expense of affordability programs for Californians.

We specifically recommend:
1. Remove the MDI mechanism and retire at least 118.3 million allowances no later than 2030 to protect cap integrity and meet 2030 and 2045 climate targets.
2. Support efforts to make electricity more affordable and accelerate the transfer of fossil gas auction revenues to electric utilities.
3. End post-2030 free industry allocations pending updated leakage analysis and revised economic conditions
4. Require regular allowance supply evaluations to strengthen accountability, transparency, and emissions outcomes under Cap-and-Invest

The recent 15 day notice departs significantly from the ISOR by reversing the proposal to retire 118.3 million allowances from the carbon market. The removal of a minimum of 118.3 mi allowances is necessary to reach the mandated 2030 target; failure to do this removal will jeopardize CARB's ability to reach the mandated 2030 target as is clearly stated in CARB's October 25, 2025 workshop (slide 17) and webinar, and again in the ISOR on pages 34, and 327. What changed? We need to prioritize communities, affordability, meeting the state's statutory climate targets over subsidies to industries.

The MDI is not necessary to assist industry as the proposed amendments are ready include:

• On top of existing subsidies to refineries and other industries through the allocation of free allowances, the new proposal also increases Allowances for Industry by changing the formula for calculating the allowances for industry (including by increasing what is known as the "cap adjustment factor"), thereby increasing the number of their allowances. (These changes are in addition to the MDI allowances.)
• It also allows for a Delay for Refinery Compliance. Independent merchant refineries could delay certain compliance obligations by two years

We hope that the board will approve the April amendments, with clear direction to Executive Officer to retire the 118M allowances and removing the MDI completely from the final rulemaking.

Thank you for your service in the benefit of the public.