

Clearing the Zero-Emission Path

A Review of Financial Transfers to Polluting Fuels via California Carbon Trading Programs

February 19, 2026



Presenters



Greg Karras, Community Energy reSource,
Report Lead Author



Jasmin Ansar, PhD, Senior Researcher, The Climate Center
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Clair Brown, PhD, UC Berkeley Professor of Economics and Director of
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Report Technical Reviewer



Moderator

Woody Hastings, Phase Out Polluting Fuels Program Director,
The Climate Center
Report Co-author



Our Mission

We're working to rapidly reduce climate pollution at scale, starting in California.

We believe in thriving, healthy communities. We envision a future where everyone in California enjoys clean air and water, renewable and reliable energy, healthy food, thriving nature, and more.

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Take Action

Send a comment to the
California Air Resources Board





Climate-Safe California

Together, we can make California the first state in the nation to become carbon negative.

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center

Guiding Principles

All of The Climate Center's work is guided by these core principles:

- 1. Follow the latest science**
- 2. Secure a just transition for fossil fuel workers and their families**
- 3. Prioritize climate justice with equitable access to true climate solutions**



Photo by Canva

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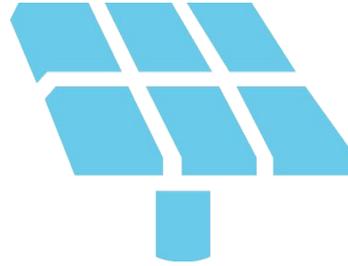
The Four Pillars of Climate-Safe CA



**Phase out
fossil fuels**



**Scale up
carbon
drawdown**



**Clean,
resilient,
affordable
energy for all**



**Fund
climate
solutions**



California Must Lead

California has the tools and know-how to lead on climate. When our elected officials accelerate the transition to clean energy, all of us will benefit.

California must lead on climate once again at the speed and scale required. Our communities deserve accelerated, equitable solutions.

Photo: Climate rally in Sacramento. Image by Tessa Richardson.

Key Takeaways

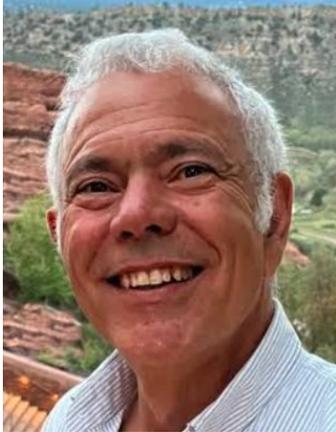
- Nearly \$28 billion funneled to corporate polluters
- Carbon Lock-in
- Technology neutrality is not OK
- Externalized pollution/health costs are a subsidy that are not taken into account
- Combustion vs. Electrification

Presenter



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Recommendations

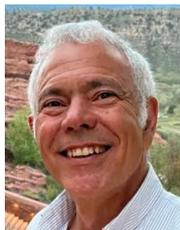
1. Carbon markets need stronger guardrails. Refinery-level emissions standards (“caps”) and the state’s recently challenged zero-emission vehicle (ZEV) standards are key examples of guardrails that appear essential to a properly functioning carbon market.
2. Climate policies must not fund combustion fuels that compete with much cleaner ZEVs.
3. Sustainable policy decisions to set up these guardrails and end these perverse subsidies must be based upon a fully transparent and democratic process with meaningful multi-stakeholder engagement.

Take Action!

Send a comment to the California Air
Resources Board



Your Questions, Please!



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Join us for our next webinar:

How Electric Vehicles and Solar Can Cut Costs and Boost Energy Resilience

Thursday, March 26, 10 am

Register on TheClimateCenter.org under “Events”

Take Action

Send a comment to the
California Air Resources Board



Thank you!

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