Maintaining Climate Integrity in California’s Cap and Invest Program

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GRID ALTERNATIVES

Today’s Agenda

- Background on The Climate Center
- Shana Lazerow, Legal Co-Director, Communities for a Better Environment
- Chloe Ames, Climate Policy Advisor, NextGen Policy
- Danny Cullenward, Shleifer Senior Fellow, University of Pennsylvania
- Paul Mason, Vice President of Policy & Incentives, Pacific Forest Trust
- Q&A
- Wrap Up & Take Action

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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The Four Pillars of Climate-Safe CA

Phase out polluting fuels

Scale up carbon drawdown

Build resilient, affordable energy for all

Fund climate action now

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GHG Emissions Reduction Targets

Achieved AB 32 target in 2014

2020 Target

431

$MMTCO_2e$

1990 Levels (AB 32)
Achieved early

2030 Target

40% ↓

Below 1990 levels under SB 32 legislation.

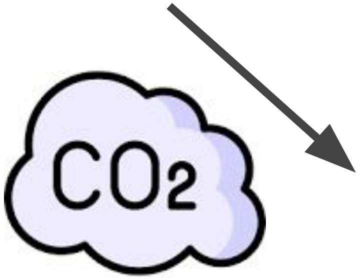
2045 Target

85% ↓

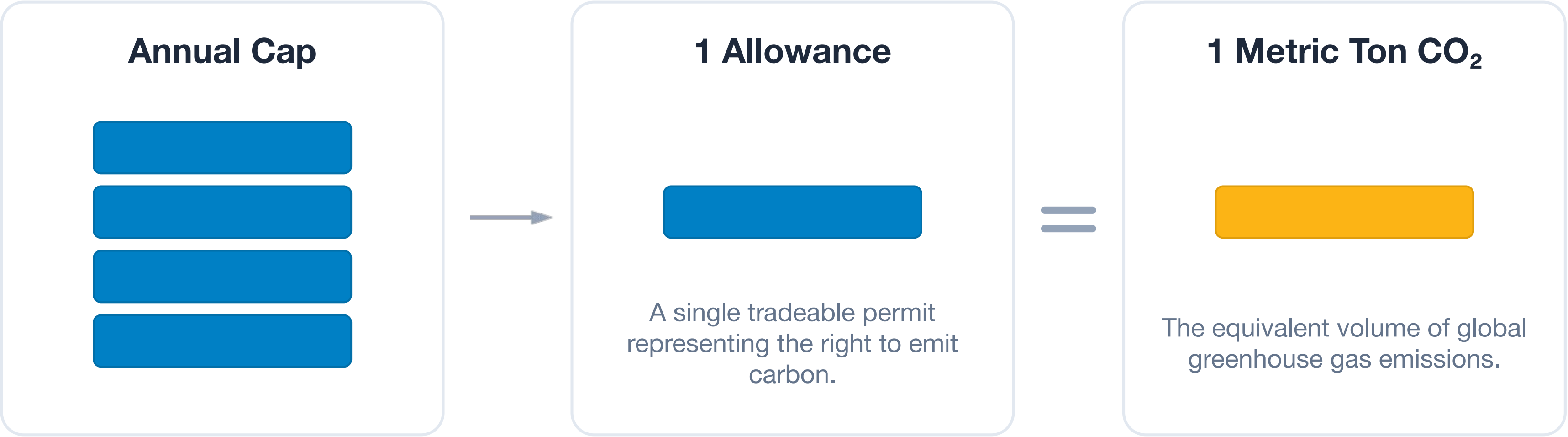
Below 1990 levels under AB 1279 mandate.

GHGs included in statute: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

The Cap and Invest Program



- The California Cap and Invest Program plays a pivotal role in the state's efforts to reduce greenhouse gas emissions.



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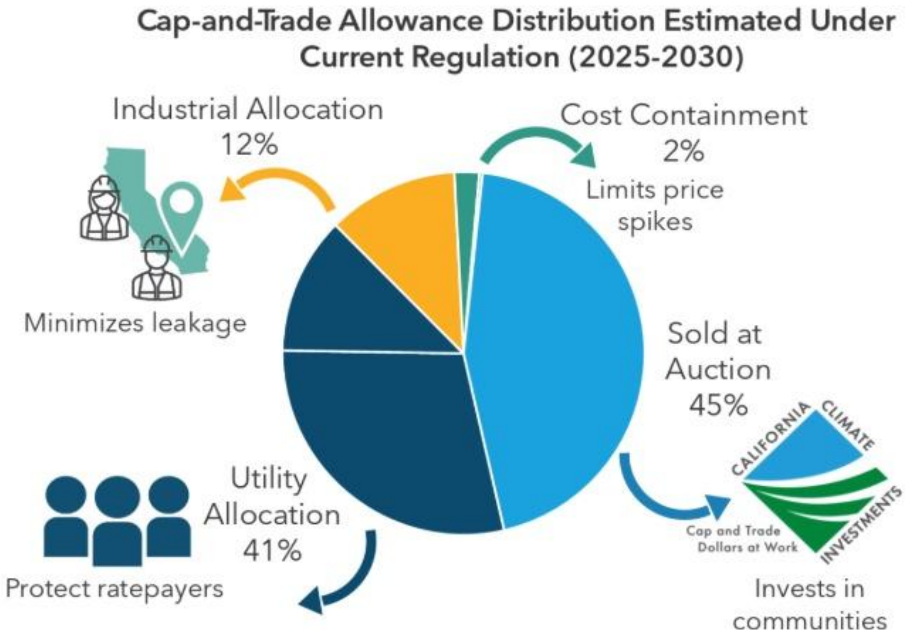
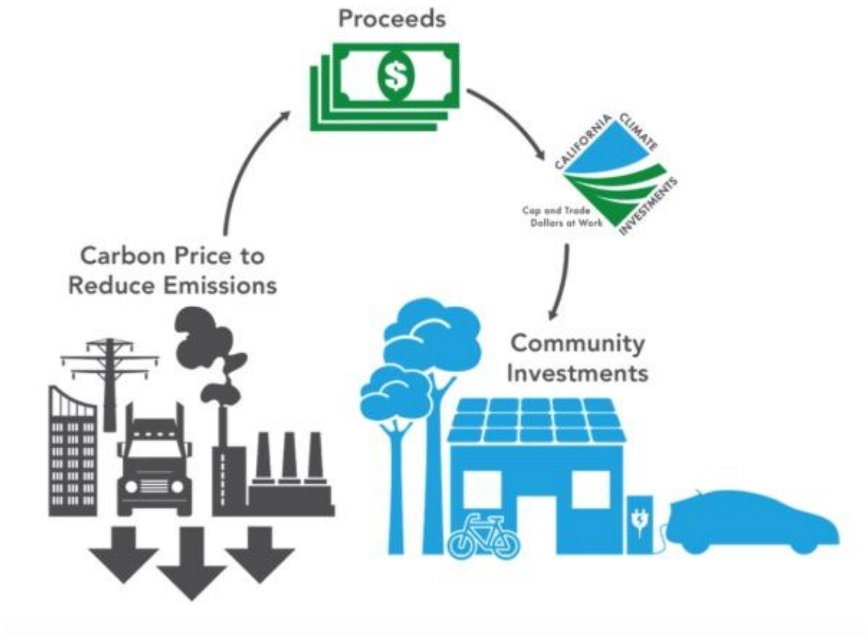
Where does the money go?





Legislative changes made to Cap and Invest

AB 1207 (Irwin, 2025)

- ➔ Reauthorized through 2045; renamed program to “Cap & Invest”; tied the emissions cap to CA’s 2030 & 2045 climate targets
- ➔ Increased offsets to up to 6%, but put them “under the cap”

SB 840 (Limon, 2025)

- ➔ Made changes to Greenhouse Gas Reduction Fund (GGRF) priorities
- ➔ Required CARB to reevaluate the offsets program

CARB's 2026 Rulemaking

Initial rulemaking package released in mid-January

- ➔ Removed ~118M allowances from 2027-2030 allowance budgets
- ➔ Shifted allowances from natural gas utilities to electric utilities
- ➔ New, limited Manufacturing Decarbonization Incentive (MDI)

Final rulemaking package released in April, and adopted by the Board in May

- ➔ Doubled MDI from $2B to $4B
- ➔ Added ~118M allowances above the cap

Speakers

Shana Lazerow
Communities for a Better Environment

Chloe Ames
Next Gen Policy

Danny Cullenward
University of Pennsylvania

Paul Mason
Pacific Forest Trust

Call to Action!

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Save the date for our next webinar: Thursday, September 17th

Unlocking the Potential of Next Generation Geothermal Energy in California

Cap and Invest Basics