Manufacturing Decarbonization Incentive - Request for Information

Issue Date: October 26, 2026

Responses Due: November 20, 2026

To: All Interested Parties

From: California Air Resources Board (CARB)

Subject: Manufacturing Decarbonization Incentive (MDI) Request for Information

Introduction and Overview

On May 29, 2026, CARB approved amendments to the Cap-and-Invest Regulation and issued Board Resolution (BR) 26-7. BR 26-7 includes direction for staff to develop implementation materials to facilitate implementation of the Manufacturing Decarbonization Incentive (MDI) and to take various actions to evaluate MDI effectiveness and potential future changes. Effective September 1, 2026, the MDI requirements are established in section 95891(g) of the Cap-and-Invest Regulation (Regulation).

Through this Request for Information (RFI), CARB is inviting input and recommendations from interested parties regarding implementation of the MDI, including input on the direction provided in BR 26-7. Input will also help inform a future public workshop.

Responders do not need to respond to every question. Please identify the question(s) you are responding to by question number when submitting your responses. CARB requests responses by November 20, 2026. Please submit responses via CARB's public docket.

Disclaimer

CARB will not be responding to submitted responses. Respondents are advised to not include any confidential or proprietary information in responses to this RFI, as submitted information may be publicly disclosed or be subject to the California Public Records Act.

Request for Information

1. What types of implementation support materials would be helpful for potential MDI applicants?
2. How might CARB best evaluate additional elements of MDI that could further support the methane reduction targets under SB 1383?
3. What types of objective information do you suggest could be used to determine an eligible MDI project's need for financial incentive?
4. How might CARB best evaluate other potential mechanisms, beyond the requirements of section 95891(g)(7) and (8) of the Regulation, that might further strengthen the requirements that: (1) MDI allowance value be used solely for eligible expenditures that achieve facility GHG emissions reductions; and (2) any MDI allowances not used for eligible expenditures, including any portion of GHG reductions not achieved in the application, are returned to CARB?
5. Beyond emissions reporting and verification required under the Mandatory GHG Reporting Regulation (MRR) and the information entities will be required to provide under section 95891(g) of the Regulation, is there additional information you suggest CARB use to evaluate the effectiveness of the MDI?
6. How might CARB evaluate the total number of allowances available for the MDI?
7. How might CARB evaluate additional elements related to compliance period limits on awarding MDI allowances beyond those established in the Regulation, which include an upper limit established by the maximum cap adjustment factor modifier of 0.8?
8. How might CARB evaluate additional sector limits beyond the categories specified in section 95891(g)(9) of the Regulation, and what would be the basis for any such limits?
9. How might CARB evaluate elements to prioritize MDI projects that achieve both GHG and air pollution benefits and/or other co-benefits, including workforce transition, and what would be the objective criteria for such prioritization?
10. Are there elements that you suggest could further support new facilities in the Cap-and-Invest Program?
11. If you are a covered facility, are you considering submitting an MDI application?
    a. If so, which of the eight eligible MDI project types listed under sections 95891(g)(2)(A)-(H) of the Regulation are you considering and why? Staff understands that the business decision to apply for the MDI may be considered confidential business information, and therefore CARB may receive limited response to this question.