

12 November 2025

IETA Comments: CARB Workshop on Potential Amendments to California Cap-and-Invest Program

The [International Emissions Trading Association](#) (IETA) welcomes this opportunity to provide brief input on potential amendments to the California cap-and-invest (C&I) program presented at the California Air Resources Board (CARB) workshop on 29 October 2025.

Rulemaking Timeline

We encourage CARB to complete C&I rulemaking **by early 2026**. Accordingly, we suggest releasing the 45-day package for formal rulemaking **before the end of the year**. This should provide the market with **greater certainty** on how the recent legislative amendments (i.e., AB 1207 and SB 840) are translated into regulatory language. It would **facilitate subsequent linkage with Washington State** by mid-2027.

Offset Provision

IETA is concerned that retiring allowances equivalent to the offset usage in the previous year will introduce **significant variability** in the supply of auction allowances. It will lead to substantial declines in the revenue collected by CARB in the years following major compliance deadlines. This issue was illustrated in the slide deck CARB presented during the workshop.

We propose that CARB first **estimate the number of offsets** that are projected to be used for compliance obligations each year through 2045, based on historical data. CARB can apply this information to **shave a consistent share of allowances** from the yearly caps, depositing them into **the APCR** (or related vehicle). Each year, allowances can be **retired from the APCR** in line with offset usage while retaining an APCR balance required and necessary for cost containment purposes. Through this methodology or a related approach, CARB can implement the AB 1207 offset provisions while avoiding the “lumpiness” in allowances caused by large retirements of offsets in the final year of a compliance period. This would also help prevent sudden price spikes triggered by a significant reduction in the supply of allowances.

IETA appreciates his opportunity to provide high-level comments following the workshop. We look forward to continued and close engagement with CAR through the formal rulemaking and 2026.



If you have questions about IETA's input, please contact Adarsh Srinivasan at srinivasan@ieta.org.