

IETA Comments on IEMAC 2024 Annual Report

31 January 2025

IETA welcomes this opportunity to comment on the Independent Emissions Market Advisory Committee (IEMAC)'s [draft 2024 annual report](#).

Complete Current Rulemaking to Align Cap-and-Trade Stringency with the 2045 Carbon Neutrality Target. IETA has consistently advocated for the continuation of CARB's rulemaking process to best enable the state to align the Cap-and-Trade (C&T) program with the 2022 Scoping Plan as well as California's 2045 Carbon Neutrality target. The program's flexibility and cost-effectiveness have been central to its success, and maintaining a strong market-based approach will be critical in achieving long-term decarbonization objectives. As in prior submissions to CARB, we reiterate that delaying or altering this process would introduce uncertainty, stalling planned investments in the state that create jobs and support innovation, and compromise the state's ability to meet its emissions reduction targets.

Importance of Extending the C&T Program Indefinitely in 2025. To ensure long-term market confidence and sustained emissions reductions, IETA advocates for the legislative extension of the C&T program beyond 2030 (i.e., to 2045 or without any sunset). Market certainty is fundamental for driving investments in clean technology, innovation, and job creation. The long-term success of the program depends on a stable policy framework that continues to provide clear and predictable market signals to support California's climate ambition. Importantly, [legal analysis](#) published by IETA in 2022, not only suggests a strong case for CARB's authority to extend the program through regulation, but also that a simple majority is all that's required for the legislature to approve post-2030 extension.

Opposition to No-Trade Zones. IETA remains concerned about recent unsupported recommendations advocating for the introduction of no-trade zones. Such measures are inconsistent with the fundamental principles of emissions trading, increase cost without providing benefits, and could fragment the market, reducing cost-effectiveness and hindering overall emissions reductions. Rather than imposing unsupported structural constraints on market flexibility, IETA recommends that efforts focus on complementary policies that address localized environmental concerns without compromising the integrity of the C&T program.

Addressing Claims Regarding Community-Level Emissions and Air Quality Impacts. We seek to correct misconceptions regarding the alleged negative community-level impacts of the C&T program. Empirical data demonstrate that the program has successfully driven statewide emissions reductions without increasing localized pollution levels. Assertions to the contrary are not supported by years of implementation experience as well as independent assessments.

Offset Considerations: IETA is concerned about the report's misrepresentation of compliance offsets, their accounting in the C&T Program, and their role in meeting California's statutory goals. Basing policy recommendations on selective and inaccurate information is problematic, especially given IEMAC's potential influence on CARB's forthcoming rulemaking. IETA urges IEMAC to revise the draft for a more balanced perspective while reconsidering any suggestions to remove or restrict offsets from the program.



Program Affordability Analysis Concerns: The report risks overstating the cost impacts of the Cap-and-Trade program on Californians by relying on artificially high price assumptions that exceed current market levels. Using 2023 data effectively “cherry-picks” a period when California Carbon Allowance (CCA) prices were significantly elevated compared to today’s market conditions. IETA recommends that IEMAC either update the analysis to reflect the most recent complete data or expand its scope to incorporate a longer-term average CCA price. Additionally, the statement that carbon pricing increased gasoline prices by 26 cents per gallon could be misleading without clarifying that this was a one-time impact rather than an annual increase, making it susceptible to misrepresentation. Furthermore, the claim that price movements within the \$24–\$56 range do not affect emissions may be an oversimplification, as some correlation likely exists, leaving the statement open to misinterpretation. IETA urges IEMAC to ensure the report findings are both accurate and framed in a way that minimizes the risk of misrepresentation. Providing additional context—such as illustrating incremental cost increases over time and incorporating a broader range of market conditions—would help prevent misleading conclusions and present a more balanced assessment of the true cost impacts of the Cap-and-Trade program.

