

SUBJECT TO APPROVAL BY THE IEMAC

Independent Emissions Market Advisory Committee
California Environmental Protection Agency
Coastal Hearing Room, 1001 I Street, Sacramento, CA 95812
With remote participation via Zoom
2:00to 4:00pm, November 3, 2025

Meeting minutes — November 3, 2025

1. Call to order, roll call, and establishment of quorum

IEMAC voting members Nation and Sutter were present in the Coastal Hearing Room.
IEMAC voting members Fowlie, Holt, and Cullenward joined virtually from their teleconference locations.

IEMAC non-voting member Kerstein joined virtually from their teleconference location.

Chair Fowlie announced the presence of a quorum and brought the meeting to order at 2:05pm.

2. Welcome, introductions, and meeting purpose

Chair Fowlie welcomed committee members and members of the public.

No action was taken.

3. Discussion and possible action to approve minutes from September 25, 2025, IEMAC meeting

Chair Fowlie made a motion to approve the minutes from September 25, 2025; Vice Chair Cullenward seconded. An opportunity for public comment followed. No comments were offered.

Votes in favor: Cullenward, Fowlie, Holt, Nation, Sutter

Votes in opposition: None

Not voting: Kerstein

The minutes were approved.

4. Form 700 reporting and conflict of interest protocols

Chair Fowlie addressed the new requirements under Health and Safety Code Section 38591.2(b)(3) and expressed concern about the Committee's ability to recruit and retain members under the new requirements. Chair Fowlie specified that these concerns do not relate to the requirement to file a Form 700 but relate instead to the other requirements that may follow from the new statutory

provisions. Chair Fowlie indicated that she was coordinating with legal counsel to understand specifically what requirements apply.

Committee members Nation, Sutter, and Holt expressed concerns that the new requirements affect them. Vice Chair Cullenward asked to clarify what specific concerns Committee members have and observed that CARB and the Legislature operate under the same requirements.

Several Committee members expressed an interest in understanding what specific requirements apply. Chair Fowlie indicated that she would follow up with CalEPA's legal team.

An opportunity for public comment was provided. No comments were offered.

No action was taken.

5. Discussion and possible action to update the IEMAC Handbook

Vice Chair Cullenward introduced the draft November 2025 IEMAC Handbook update, noting that the Handbook reflects (rather than sets) Committee policy and can be modified to reflect any changes. Vice Chair Cullenward thanked CalEPA attorney Salwa Bojack for her contributions to the update and indicated that the primary changes relate to the requirements of Health and Safety Code Section 38591.2(b)(3), including the requirement that Committee members file Form 700 and the provisional advice received from the FPPC and CalEPA that Committee members may be subject to the general requirements of the Political Reform Act.

Committee member Nation asked whether the text of the handbook had been reviewed and approved by CalEPA Legal. CalEPA Deputy Secretary Sarah Izant responded that CalEPA Legal had reviewed and approved the text.

Committee member Nation motioned to approve the updated handbook; Chair Fowlie seconded. An opportunity for public comment followed. No comments were offered.

Votes in favor:	Cullenward, Fowlie, Holt, Nation, Sutter
Votes in opposition:	None
Not voting:	Kerstein

The November 2025 IEMAC Handbook was approved.

6. Discussion of 2025 IEMAC Annual Report chapter outlines

Chair Fowlie invited lead authors of the five draft chapters to present outlines.

Committee member Nation opened a discussion on the cost containment chapter and identified four priority topics: (1) price stability tools, (2) offsets integrity and supply, (3) utility allocations, and (4)

allowance auction reforms. Committee member Nation invited colleagues for feedback. Chair Fowlie suggested that utility allocations may be better addressed in the affordability chapter, as they primarily concern the allocation of cost burdens rather than factors that determine the total cost burden. Vice Chair Cullenward agreed and suggested that offsets no longer meaningfully contribute to cost containment, now that they are “under” the allowance cap. Committee member Sutter suggested that the question of overall allowance budgets should be included in the report, whether here or in another chapter.

Chair Fowlie opened a discussion on the affordability chapter and provided broader context on state policy discussions about affordability as well as the tradeoffs presented between affordability and environmental ambition in recent legislation. Chair Fowlie discussed the importance of the climate credit and considerations related to the statutory direction. Vice Chair Cullenward indicated his view that the Committee should report price impacts as a function of allowance prices for electricity, natural gas, and gasoline. Chair Fowlie observed the challenge of doing this for all utility customers classes, notably industrial customers. Committee member Sutter expressed enthusiasm for ongoing conversations about the climate credit, including at the California Public Utility Commission.

Committee member Sutter opened a discussion on the environmental integrity chapter and focused on changes related to recent legislation, specifically those related to the use of revenues collected at the price ceiling. Committee member Sutter observed that the previous model would have implemented a “tonne for tonne” approach, using revenues to deliver a tonne of emission reductions and/or carbon removals for each price ceiling unit sold. In contrast, the new statute directs that the revenues be used for purposes including direct household rebates and investments to reduce household energy costs. Committee member Sutter indicated an interest in exploring the balance of rebates and investments to support policy objectives. Vice Chair Cullenward suggested that the question of the overall allowance budget CARB adopts is a critical issue for environmental integrity, particularly since CARB is now proposing a less ambitious allowance budget than was the case before legislative reauthorization. Committee member Kerstein noted that the policy decision to put offsets “under” the cap also addresses environmental integrity.

Committee member Holt opened a discussion on the industry chapter and emphasized an interest in leveraging market mechanisms, addressing leakage protections and industrial assistance factors, and addressing non-cap-and-invest policies including mandates. Committee member Holt emphasized the lack of funding for key industry priorities, the cost of electricity for industrial customers, and workforce considerations. Vice Chair Cullenward suggested that it may be helpful to organize topics that directly address cap-and-invest regulatory implementation, program spending considerations, and non-cap-and-invest considerations.

The Committee temporarily paused this agenda item at 3:02pm to receive a presentation from CARB Deputy Executive Officer Rajinder Sahota (see agenda item #7 below) and returned to this agenda item at 3:16pm.

Vice Chair Cullenward opened a discussion on the revenue chapter and apologized to colleagues for not sharing an outline in advance of the meeting. Vice Chair Cullenward indicated an interest in briefly summarizing how policy decisions in the other chapters would affect revenue outcomes, including the choice of allowance budgets, the share of allowance budgets dedicated to the Greenhouse Gas Reduction Fund, the price of allowances at auction, and adjustments to allowance supplies related to putting offsets “under” the cap. Vice Chair indicated his goal of providing a spreadsheet tool to project near-term revenue expectations given user assumptions about allowance prices, but indicated that this may not be possible without additional technical detail from CARB that may not be available in time to inform the annual report. Chair Fowlie suggested the chapter emphasize that the cost of California achieving its goals increases with the loss of federal support.

An opportunity for public comment followed.

A member of the public referenced the decision to put offsets “under” the cap, indicated their view that this substantially reduced offsets’ contribution to cost containment, and offered to send a study quantifying this effect to the Committee.

A member of the public referenced AB 32’s mention of California’s leadership role on climate policy as particularly important, including today, and suggested the Committee consider mentioning the possibility of linkage with cap-and-invest programs in other jurisdictions.

A member of the public suggested that the Committee distinguish between short-term and long-term cost impacts, and also noted that price volatility can be lowered with clear direction on the program’s price floor and the possible introduction of an emissions containment reserve.

No action was taken.

7. Update on California Air Resources Board (CARB) policy implementation of California's carbon market

The Committee heard a presentation from CARB Deputy Executive Officer Rajinder Sahota. Ms. Sahota reviewed recent legislative activity and upcoming regulatory action, including the cap-and-invest program re-authorization (AB 1207, SB 840); regulations for carbon capture and storage (SB 905); climate disclosure laws (SB 253, SB 261); implementation of the Low Carbon Fuel Standard and deployment of zero-emissions vehicles; and actions to defend the state against federal attacks and to defend climate science. Ms. Sahota also reviewed key issues in the upcoming cap-and-invest regulatory process, including a staff proposal to orient the program around a 40% reduction in statewide emissions by 2030 (rather than the 48% reduction identified in the 2022 Scoping Plan); considerations related to putting offsets “under” the cap; leakage protections; and the transition of utility allowance allocations in the post-2030 period. Ms. Sahota indicated a goal of a rulemaking process beginning in the second quarter of 2026.

Vice Chair Cullenward asked Ms. Sahota whether her recent comparison of a research presentation from UC Berkeley researcher Dr. Barbara Haya to the Trump administration's attack on the US EPA climate change endangerment finding also extended to the IEMAC's work, given that Dr. Haya's presentation referenced the 2024 IEMAC report and addressed most of the same peer-reviewed academic studies. Ms. Sahota disclaimed making any such comparison and invited members of the public to review her remarks.¹

Chair Fowlie asked Ms. Sahota how CARB was addressing the policy tradeoffs between legislative direction to pursue ambitious climate policy and legislative direction to prioritize affordability issues. Ms. Sahota described the cap-and-invest program as a cost-effective policy mechanism and indicated her view that the legislature had encouraged CARB to implement it to support both policy priorities.

Vice Chair Cullenward asked Ms. Sahota what technical information CARB would present to demonstrate that the allowance budget it selects is consistent with the lower statewide emissions target staff now propose to support. Ms. Sahota indicated that this information would likely be provided in the Initial Statement of Reasons.

Due to Ms. Sahota's limited availability, no opportunity for public comment was possible.

No action was taken.

8. Preparation for the release of the 2025 IEMAC Annual Report

Chair Fowlie suggested that the Committee members plan to review chapter drafts at the next meeting on December 8, 2025. In order to provide sufficient time for all members to comment on draft chapters, Chair Fowlie asked members to circulate drafts by December 1, 2025.

An opportunity for public comment was provided. No comments were offered.

No action was taken.

9. Public comments on items not on the agenda

An opportunity for public comment was provided. No comments were offered.

No action was taken.

10. Adjournment

Chair Fowlie adjourned the meeting at 3:36pm.

¹ A recording of the October 16, 2025 meeting of CARB's Environmental Justice Advisory Committee can be found at <https://www.youtube.com/watch?v=Nfpn0FDamgl>. Ms. Sahota's remarks begin at 1:31:15.