

Independent Emissions Market Advisory Committee  
California Environmental Protection Agency  
Sierra Hearing Room, 1001 I Street, Sacramento, CA 95812  
With remote participation via Zoom  
11:00am to 1:00pm, February 11, 2026

### **Meeting minutes — February 11, 2026**

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

IEMAC voting members Fowlie, Holt, and Nation joined virtually from their teleconference locations. IEMAC voting members Cullenward and Sutter were present in the Sierra Hearing Room. IEMAC non-voting member Kerstein was present in the Sierra Hearing Room.

Chair Fowlie announced the presence of a quorum and brought the meeting to order at 11:13pm.

#### **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 November 3, 2025, IEMAC meeting**

Member Sutter made a motion to approve the minutes from November 3, 2025; 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 minutes were approved.

#### **4. Discussion of 2025 IEMAC Annual Report chapter drafts**

Chair Fowlie noted that the regulatory implementation process for AB 1207 and SB 840 is now underway and is expected to conclude in approximately May 2026. Chair Fowlie asked chapter author leads to provide a brief introduction to their draft chapters, followed by discussion from the full committee.

**a. Cost containment**

Member Nation introduced the cost containment chapter, which contains three sections on allowance-related mechanisms, offsets, and auctions. The committee discussed potential clarifications on how technology may enable new offset protocols, the effect of market linkage on long-term compliance costs, the price ceiling, and an editorial suggestion to better indicate which policy elements are fixed by statute or open to discretionary interpretation in the regulatory implementation process.

**b. Affordability**

Chair Fowlie introduced the affordability chapter, which focuses on energy price impacts with an emphasis on the design of the climate credit. The committee discussed three recommendations on the use of utility revenues for volumetric rate reductions; on spreading out utility customer climate credits beyond summer months (to support broader fuel-switching incentives), noting that there may be differences in how to analyze the issue for allowances that are directly allocated to electric utilities versus those that are transitioning from natural gas to electric utilities per AB 1207; and clarifying the impact of the program's carbon price on natural gas and gasoline prices.

**c. Integrity**

Member Sutter introduced the integrity chapter, which focuses on how the cap-and-invest program can be designed to achieve the state's climate goals. The committee discussed reductions in the allowance budgets through 2030, the use of revenue from the sale of price ceiling units, and the ISOR proposal to remove allowances in a jurisdictional account to implement legislative direction to put offsets "under the cap." The committee discussed three potential recommendations on each of the chapter subsections.

**d. Industry**

Chair Fowlie introduced the industry chapter, which clarifies the relationship between emissions leakage and economic leakage; reviews the history by which CARB has addressed leakage in the program; and evaluated the output-based allocation mechanism in use and proposed in the ISOR. The committee discussed potential recommendations for CARB to review the industrial leakage risk classifications and parameters, as well as to explore potential border carbon adjustments for specific commodities (rather than a broad-based approach).

**e. Revenue**

Member Cullenward introduced the revenue chapter, which reviews how allowance budgets and allowance allocations shape program revenue (with the GGRF-funded allowances as the "residual" after all other allocations are made) and the apparent disconnect between the funding levels

anticipated in SB 840 versus the scenario analyzed in the ISOR. The committee discussed making observations about the challenge of identifying the residual share of allowances left over for the GGFR in the current rulemaking and the apparent disconnect between the SB 840 funding levels and the ISOR, noting the ISOR analysis is based on a set of assumptions. .

**f. Other items to include in introduction, conclusion, other chapters**

The committee did not discuss material for the introduction or conclusion.

An opportunity for public comment was provided. A member of the public asked if the draft chapters were available for the public, and Chair Fowlie indicated they are not but that there will be a draft report released for public comment before its final approval.

No action was taken.

**5. Next steps toward completion of the 2025 IEMAC Annual Report and dissemination of findings**

The committee set an internal deadline of producing chapter revisions by Monday, February 23, noting that one committee member may require some additional time. The committee would then have a final opportunity to make edits before a public draft of the report is released.

The committee discussed dissemination of the final report, including engagement with the Joint Legislative Committee on Climate Change Policies.

An opportunity for public comment was provided. A member of the public asked if there will be an opportunity for public comment on the draft report. Chair Fowlie confirmed that there would be an opportunity for public comment provided.

**6. Public Comment on Items not on the agenda**

An opportunity for public comment was provided.

A member of the public referenced analysts' views about the ISOR, with some expressing the view that offsets under the cap will reduce allowance budgets and others noting that industrial allocations may increase. The committee appreciates the comment and noted the difficulty of projecting allowance allocations under the proposed regulations.

**7. Adjournment**

Chair Fowlie adjourned the meeting at 12:38pm.