Independent Emissions Market Advisory Committee
California Environmental Protection Agency
Coastal Hearing Room, 1001 I Street, Sacramento, CA 95812
With remote participation via Zoom
1:30pm to 3:30pm, July 2, 2026

Meeting minutes — July 2, 2026

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

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

Chair Fowlie announced the presence of a quorum and brought the meeting to order at 1:33pm.

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 February 11, 2026, IEMAC meeting

Chair Fowlie made a motion to approve the minutes from February 11, 2026; Vice Chair Cullenward seconded. An opportunity for public comment followed. No comments were offered.

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

The minutes were approved.

4. CARB update on California's Cap-and-Invest design and implementation

The IEMAC heard this item out of order to accommodate CARB's scheduling needs. The IEMAC heard a presentation from Mark Sippola, CARB Branch Chief for the Cap-and-Invest program.

Vice Chair Cullenward asked where one could find the CARB analysis used to determine the total allowance budgets, as well as where one could find CARB analysis on the effect of offering more allowances beyond annual budgets. Mr. Sippola responded that the regulatory record includes this information and indicated that Manufacturing Decarbonization Incentive (MDI) allowances would induce additional emission reductions. Vice Chair Cullenward asked for specific document references and asked to clarify whether the MDI program required "additional" emission reductions pursuant to Health and Safety Code section 38562(d)(2). Mr. Sippola discussed the broader context informing CARB's decisions and kindly agreed to follow up with specifics in writing; he also confirmed that the MDI program does not require additional emission reductions.

Member Sutter asked for clarification on whether, for MDI projects that do not achieve their intended outcomes, the value of the allowances would be returned to CARB or whether the allowances themselves would be returned to CARB. Mr. Sippola indicated he would need to confirm the regulatory text to provide a formal answer but indicated his informal understanding that it would be allowances, rather than dollar values. Mr. Sippola also indicated that matters like these could be discussed at the public workshop on the MDI program, which has not yet been scheduled.

Chair Fowlie referenced the CARB presentation, which indicated that the increase in allowance allocations to address industrial leakage concerns would not result in allocations exceeding covered emissions, and asked whether this statement accounts for the effect of the MDI program. Mr. Sippola confirmed that this statement does not include the effect of the MDI program.

Member Kerstein asked whether CARB had any information on the anticipated date of the workshop to address the MDI program. Mr. Sippola indicated that no date had been set, but that Board Resolution 26-7 requires the workshop to be held prior to any issuance of MDI allowances and suggested that issuance would not occur before next fall.

Chair Fowlie asked whether the information provided for the future MDI workshop would be accompanied by the CARB report on leakage that was mandated by AB 398. Mr. Sippola indicated that there was no release date for the AB 398 report on leakage at this time. Vice Chair Cullenward asked whether it was due by the end of 2025, pursuant to AB 398, and Mr. Sippola indicated that various concerns, including global economic instability, prevented CARB from publishing the report.

An opportunity for public comment was offered.

A member of the public observed that different views were expressed at recent legislative hearings about the impact of the Manufacturing Decarbonization Incentive program on the Greenhouse Gas Reduction Fund and noted that these discussions identified the potential for CARB and LAO to coordinate on technical analysis going forward. The member of the public recommended the IEMAC consider addressing this topic in its future work.

No action was taken.

5. Discussion of Cap-and-Invest design elements/recent changes

Vice Chair Cullenward introduced a discussion of cap-and-invest program issues. In addition to the items listed on the agenda, Committee members also identified two additional relevant topics:

- Changes in the utility climate credits
- The effect of the MDI program on GGRF revenue

Vice Chair Cullenward referenced the IEMAC's work on allowance allocations in Chapter 3 of the IEMAC's 2024 Annual Report and suggested that a similar project that breaks down allocations on an annual basis could be helpful in light of recent program decisions and upcoming deliberations on post-2030 allocations. Member Sutter expressed support for this approach, and along with Member Kerstein noted that such an analysis should include the MDI program and the effect of putting offsets "under" the cap (i.e., reducing allowance supplies based on actual offset usage).

a. Determination of annual allowance budgets

Vice Chair Cullenward indicated that he was unable to identify where CARB provided analysis and reasoning behind its selection of annual allowance budgets (e.g., to demonstrate the consistency of these technical choices with statutory targets) and requested input from other Committee members on where this information could be located.

The Committee did not identify any specifics. Vice Chair Cullenward indicated his interest in submitting this question to CARB.

b. Effect of adding allowances in excess of allowance budgets

Vice Chair Cullenward noted that the MDI allowances were created in excess of allowance budgets, which functionally expands the supply of compliance instruments. Vice Chair Cullenward indicated that he was unable to identify where CARB provided analysis of the anticipated effect of this expanded compliance instrument supply on California's ability to achieve its statutory emission limits and requested input from other Committee members on where this information could be located.

Member Sutter noted her concern about issuing allowances in excess of allowance budgets.

The Committee did not identify any specifics. Vice Chair Cullenward indicated his interest in submitting this question to CARB.

c. Operation of the new Manufacturing Decarbonization Incentive program

The Committee discussed the new MDI program and how it would operate. Several Committee members noted that Board Resolution 26-7 provides direction to CARB's executive officer to hold a public workshop before any MDI allowances would be issued and suggested that this could provide a focal point for the IEMAC's work going forward.

Members discussed several related technical and legal questions, including the extent to which (1) the program regulations approved in May are self-executing, such that they are not dependent on any further program development from CARB, or (2) whether the MDI workshop to which CARB has committed might require or lead to additional MDI program developments. Various members indicated their understanding that CARB is not bound to make any changes to the MDI program based on the workshop, but that CARB could potentially consider making changes if it so decides.

Members expressed general interest in focusing work on the MDI program going forward.

d. 2030 GHG targets and the Scoping Plan update

Vice Chair Cullenward indicated his view that recent program design changes may raise questions about California's ability to achieve the 2030 emissions limit and suggested that this may have implications for the upcoming scoping plan process.

The Committee's deliberations on this point were interrupted by the arrival of CARB's representative, however, so the Committee paused this agenda item to head agenda item 4 above. Following the conclusion of agenda item 4, there was not sufficient time to continue deliberations on this last item, so the Committee agreed to move on to agenda item 7.

An opportunity for public comment was provided; no comments were offered.

No action was taken.

6. IEMAC 2.0: Discussion of IEMAC process, impact, and how can we fulfill our role more effectively

The IEMAC heard this item after agenda item 3 to accommodate CARB's scheduling.

Chair Fowlie introduced the IEMAC's statutory mandate, including as revised in the 2025 legislative reauthorization, and identified two opportunities for potential improvement:

- Being more responsive to timely requests throughout the year, potentially by having IEMAC leadership coordinate with CARB and legislative staff members at the beginning of the year; and
- Changes to the annual report process, including by shifting focus to a hearing with the Joint Legislative Committee on Climate Change Policies (JLCCCP) with a report based on work prepared for the hearing and ex post summary of what took place at the hearing.

The Committee discussed:

- Issues of consensus-building and the diversity of member perspectives;
- The value of expressing consensus, where it can be found;
- The value of expressing different points of views clearly, where consensus is lacking;
- The value of a JLCCCP hearing as a potential forum for expressing views;
- The importance of independence;
- The importance of addressing policy priorities, as identified by CARB and the Legislature;
- The value of written products and the challenge of producing them quickly; and
- Better modes of engagement with CARB.

Members discussed a general interest in exploring a new mode of work that focuses on timely interventions and products other than a detailed written report, such as by preparing for a legislative hearing and producing a written summary of that hearing as the Committee's annual report.

Chair Fowlie indicated that she would circulate a written proposal for the Committee's consideration after the meeting. Chair Fowlie noted that any new approach taken for the Committee's work this year need not be adopted on a permanent basis.

An opportunity for public comment was provided; no comments were offered.

No action was taken.

7. Public Comment on Items not on the agenda

An opportunity for public comment was provided; no comments were offered.

No action was taken.

8. Adjournment

Chair Fowlie adjourned the meeting at 3:31pm.