IEMAC Meeting

OCTOBER 19, 2026

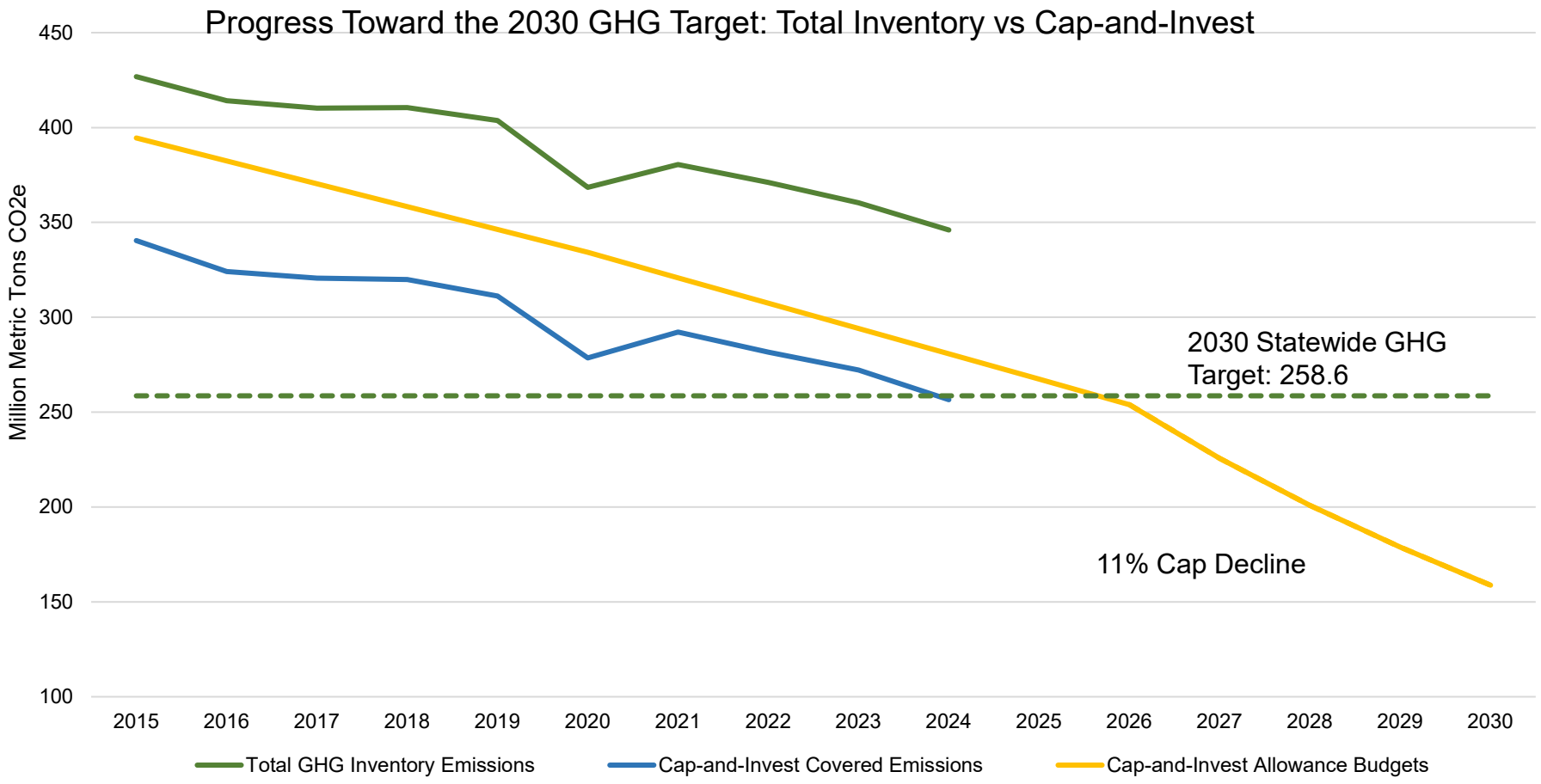


Updated Regulation Effective September 1

- CARB received final OAL approval and is now implementing the amended Cap-and-Invest Regulation. Key changes include:
  - Allowance budgets through 2045 aligned with GHG targets and Scoping Plan
  - Removal of allowances for offset use, per AB 1207
  - Transfer free allowances from natural gas to electric utilities, per AB 1207
  - Add post-2030 allowances to price containment reserve
  - Updated allowance allocation to industry for leakage mitigation and to electric utilities for ratepayer protection
  - Support near-term industrial GHG emissions reductions with new MDI allocation
- Board Resolution (BR) 26-7 directs staff on additional public engagement and implementation materials on the MDI

On Track for 2030 Target

Program continues to cover ~80% of emissions in the SB 32 target – 40% below 1990 level by 2030



Potential Program Linkage with Washington

- Currently linked with the Cap-and-Trade System of Québec (est. 2014)
- June 2026: the three jurisdictions signed a linkage agreement
- Early September 2026: CARB requested Governor Newsom consider and make the findings necessary for a future linkage
- Late September 2026: the Governor made the required findings
- Next steps:
  - CARB must complete a formal rulemaking process with Board adoption of regulatory amendments
  - Submit a readiness report to the Governor and the Secretary for Environmental Protection