



June 18, 2025

Assemblymember Jacqui Irwin
1021 O Street, Suite 6220
Sacramento, CA 95814

Senator Monique Limón
1021 O Street, Suite 7610
Sacramento, CA 95814

Senator Mike McGuire
1021 O Street, Suite 8518
Sacramento, CA 95814

Re: AB 1207 (Irwin) and SB 840 (Limón and McGuire) – Support if Amended

Dear Senate President *pro tem* McGuire, *pro tem-elect* Limón and Assemblymember Irwin:

Coalition for Clean Air's position on AB 1207 and SB 840 is support if amended. We acknowledge that these are placeholder bills for the eventual renewal of California's Cap-and-Trade program, and we have a number of recommendations we ask to have included as your bills move through the legislative process.

The renewal of California's Cap-and-Trade program will be one of the most significant policy decisions for climate that the Legislature will make for the next 20 years. As such, it is critical that any reauthorization address the following issues:

Protect environmental justice communities from continued pollution by improving Community Air Protection.

Just as the 2017 renewal of Cap-and-Trade by AB 398 (E. Garcia) included partner air quality legislation in AB 617 (C. Garcia), we urge you to assure that this year's renewal is accompanied by necessary air quality protections for disadvantaged communities. AB 617 created the Community Air Protection program, which promised to address the unhealthy level of air pollution in the worst-hit California communities. Eight years later, we have seen some progress through community-led plans, but our state still has by far the unhealthiest air in the nation, in violation of state and national standards for smog and soot, with disproportionate impacts on low-income communities of color. More must be done to fulfill the promise of AB 617, and the Legislature should listen to recommendations from those environmental justice communities.

Specifically, local and state agencies should be bound by the approved Community Emission Reduction Programs (CERPs), so that the impacts of land use and transportation decisions do not undermine the emission reductions sought by the CERPs. In addition, the statute should be

updated to address cumulative impacts by restricting new polluting land uses from entering already overburdened areas of our state.

Revamp Greenhouse Gas Reduction Fund spending to deliver affordable clean transportation and energy to low and moderate-income Californians.

We urge the Legislature to implement a revised Greenhouse Gas Reduction Fund spending plan that puts California's most underserved communities front and center. Revenues from allowance auctions should be used to help our most vulnerable households and communities to make the transition to a low-cost green economy. Targeted investments in equitable clean mobility, diesel-free goods movement, affordable housing near transit, and equitable building decarbonization will bring down household energy costs while reducing the emissions that are changing the climate and polluting our air.

Using GGRF to backfill General Fund obligations - as Governor Newsom proposed in his May Revise - would only harm frontline communities who depend on those funds to adapt to and mitigate the continued impacts of climate change in their communities.

Repeal oil industry loopholes that perpetuate pollution and reduce revenues.

AB 398 granted special favors to the oil industry that should be repealed: free allowances so they do not have to pay for the pollution they cause; and exemptions from direct regulation by either the Air Resources Board or the regional air districts.

In AB 398 the "industry assistance factor" was set at 100% for all industries, which has meant the granting of free allowances regardless of leakage risk. The biggest beneficiary of that policy change was the oil and gas industry, which received free allowances that the industry would have otherwise had to purchase at auction - directly robbing the Greenhouse Gas Reduction Fund of critical revenue that was needed to address priorities in our communities. ***In 2024 alone, the allowances given freely to the oil and gas industry are estimated to be valued at over \$890 million.***

Giving away hundreds of millions of dollars of free allowances to the oil and gas industry will not benefit consumers. Consumers did not see relief from the 2017 free allowance giveaway to industry - but the oil industry did see record profits. Rather than subsidizing the oil industry, we believe that supporting California households through equitable investments in the Greenhouse Gas Reduction Fund and the California Climate Credit — especially in ways that benefit lower income households — is the solution to our current affordability crisis. Therefore, the Legislature should return the setting of industry assistance factors to the Air Resources Board, advised by the Independent Emissions Market Advisory Committee, rather than continuing the dictated giveaway to polluters.

Update the Climate Credit to reduce electricity prices and keep climate solutions competitive.

We urge you to update the Climate Credit to more directly reduce residential electricity prices and save Californians money, while ensuring that climate solutions such as electric vehicles (EVs) and building electrification remain cost-competitive with fossil fuel alternatives. Specifically, the Climate Credit should be directed to lower electric usage prices, and the gas residential Climate Credit should be redirected to electric rate relief. These steps would support California's progress in the transition to heat pumps and EVs, while also more affordably keeping homes cool and prioritizing those most burdened by electricity costs.

For these reasons, we urge you to amend AB 1207 and SB 840 as recommended above. If you have any questions or would like to discuss our position further, please do not hesitate to call me at 916-214-0065 or email me, bill@ccair.org.

Respectfully,

A handwritten signature in cursive script that reads "Bill Magavern".

Bill Magavern
Policy Director