



September 11, 2025

Rajinder Sahota, Deputy Executive Officer
California Air Resources Board
1001 I St.

Sacramento, CA 95814

Submitted to Electronic Docket and to climatedisclosure@arb.ca.gov

RE: Comments on Climate Disclosure Information Solicitation - August 21, 2025

Dear Deputy Executive Officer Sahota,

On behalf of the members of the Pacific Merchant Shipping Association (PMSA), we submit the following comments in response to the request for public feedback at the California Air Resources Board (CARB) Climate Disclosure Regulation Development Workshop, convened on August 21st. PMSA is a nonprofit trade association which represents owners and operators of U.S. and foreign flagged vessels, marine terminals, and maritime and goods movement businesses operating along the U.S. West Coast which will be impacted directly and indirectly by the proposed disclosure regulations.

PMSA appreciates that SB 253 and SB 261, the Climate Corporate Data Accountability Act (GHG Disclosure) and the Climate-Related Financial Risk Disclosure Act (Financial Risk Disclosure), are incredibly complex and impose very tight implementation deadlines for highly technical programs in which the state and many regulated industries all have very little experience. As a result, we appeal to CARB to only adopt a fully thought out, feasible, and truly effective set of regulations and to avoid Board consideration in December if the proposed regulations are not yet complete or ready for adoption.

We respectfully submit these recommendations and questions to CARB as staff further develop these important Climate Disclosures rules.

Climate Corporate Data Accountability Act – GHG Disclosure

Move the Deadline to Report to No Earlier Than December 31, 2026 and Provide for Adequate Report Preparation, Compliance for 3rd Party Delays, and Accommodations for Errors

The proposed deadline of June 30, 2026 aligns with the State's fiscal year, however, few businesses conduct business for this period as a fiscal year. This time varies across businesses and industries. Instead, PMSA recommends that CARB set the reporting deadline for no earlier than December 31, 2026 as a default reporting deadline, or allow entities to specify a reporting deadline consistent with a set period after the conclusion of their own fiscal year. An amount of time after the conclusion of a businesses' fiscal year is necessary in order to ensure adequate time to compile the necessary data,

review and QA/QC these data, draft a report, and then complete the third-party assurance and verification process. This provides for at least one year for an entity to begin to undertake this extensive and complex exercise. The June 30th deadline is simply unfeasible for many. The proposed date of June 30, 2026 is already later than the legislatively set date of January 1, 2026, so there is no reason as to why the initial Scope 1 and Scope 2 report cannot be submitted after 2026.

For example, in our industry it takes the Ports of Long Beach and Los Angeles ten months to complete their respective annual emission inventories. These reports are the model worldwide for the industry, are well-understood, have consistent methodologies, and have been honed over several decades of work; if it takes these experts ten months to conduct such an exercise for well-understood and regularly executed emissions inventories, imagine the time needed and the complexities that will be experienced by the thousands of entities which have never undertaken these new and more technically demanding efforts. Simply put, for these reports to be productive, reliable, and effective, their development will require ample time.

It was legislatively set that disclosures for Scope 3 emissions would begin sometime in 2027. CARB staff indicated that they may phase-in Scope 3 deadlines by industry. The transportation sector, which is traditionally considered the bulk of Scope 3, will need ample time to acquire data, as 2027 is only a little over one year away. Data collection for shipping and terminal operations across global fleets and supply chains will require significant effort. A slow and considered phase-in is highly urged for the freight sectors with its complex value chains as well as collaboration requirements with numerous third-parties across the globe.

PMSA also strongly urges a compliance extension for the reporting party if a delay is caused by the independent third-party who must be contracted with to provide the technical components of the assurance report. Other extensions for compliance should be considered when a reporting party experiences a delay in receiving data (especially scope 3) from a third-party, or experiences delays in consolidation efforts and enhancing data quality. If an entity is waiting on data from a supplier, for example, they should be provided additional time to receive and process these data. The alternative of submitting incomplete or simply inaccurate reports to meet a deadline and then having to amend a report for corrections is not conducive for staff or the covered entities' time. A clear process for corrections is also needed and should also still be outlined. Further, the rules should affirmatively grant enforcement discretion, and this discretion should be exercised, for a good faith effort to comply and to identify errors that are subsequently corrected, especially through 2030.

Use Established GHG Emission Frameworks In Order to Avoid New or Conflicting Standards

Fortunately, the law allows for the use of existing reporting standards, such as the well-regarded Greenhouse Gas Protocol, developed by the World Resources Institute and the World Business Council

for Sustainable Development. Various long established and trusted GHG scoping frameworks and guidelines exist. Several PMSA members already utilize some of these trusted frameworks, such as the GHG Protocol via IFRS S2.

We strongly encourage CARB to allow for the utilization of existing international protocols and just as strongly urge CARB to avoid stipulating the use of only one specific existing framework or creating one of their own modeled after these.

PMSA urges CARB to accept reporting which adheres to existing standards. Creating additional administrative work and costs to simply reformat the same data into a CARB template is nonsensical and wouldn't even aid the numerous assurance business which will be created to take advantage of this opportunity. For those that have never performed such a GHG accounting exercise, a template may indeed prove helpful, but for those entities that already have or that will be preparing comparable reports under existing guidelines with simply a different format that meet CARB minimum requirements, these formats should be permitted to be submitted in place of the templates.

Scope 3 emissions reporting is inherently subjective by nature, so a common template would not necessarily aid the exercise and could actually result in ineffective reporting and useless data. Further, as the relevant legislation was passed for the purpose of public transparency for individual entities' GHG emissions and financial risk, comparability is not necessary.

Climate-Related Financial Risk Disclosure Act – Financial Risk Disclosure

Climate Risk Data Year

Recognizing the novel and complex burden the Financial Risk Disclosure entails, CARB confirmed in the July Frequently Asked Questions document that the reporting entity may use data from the most recent fiscal years, which could be 2023/2024, for example. Alternatively, the most recent calendar year data should also be allowed to be used instead if that is how climate risk-related data is collected by an entity. Further, given this first reporting year flexibility, CARB should specify which subsequent years reporting shall continue from whichever data year was first utilized for the January 1, 2026 deadline.

Existing Frameworks and Templates

The legislation encourages alignment with existing frameworks, with the entity to elect one of their preference. CARB staff have said they will provide guidance on minimum requirements for this disclosure. We would advocate for the creation of a template report, but also not to require the use of a specific template, as with the GHG Disclosure Rule comments above. Please clarify that this set of minimum disclosure requirements shall be based on the reporting format as with established Climate

Financial Risk frameworks. PMSA urges continued focus on harmonization and flexibility in order to avoid redundant reporting, in recognition of the fact that many, including some PMSA members, already utilize trusted frameworks such as IFRS S1.

Doing Business in California Definition

The maritime community seeks clear guidance on how the “doing business in California” definition will be applied to mobile freight and transportation activities, especially in the stream of international commerce. These definitions will raise very specific questions and we reserve the right to raise future concerns about how these definitions will be applied. With respect to Scope 3 determinations in particular, these will have significant ramifications. For example, in whose scope are chartered vessels activities? For marine terminals, how are publicly owned leased port facilities valued as “property” and by whom? These will have significant technical, practical, and potentially legal consequences, and it will be imperative that we have clear guidance.

PMSA seeks additional specific consultation with CARB on this subject prior to the formal rulemaking process is initiated in this matter.

Parent-Subsidiary Relationship

PMSA understands that the covered entity has been confirmed as the subsidiary, not the parent company, which then presumes that the monetary threshold under both Climate Disclosures is per individual subsidiary. These relationships must be clearly defined and confirmed by CARB. Clarification is also sought as to how the annual fees would then be assessed and to whom. PMSA appreciates the flexibility for parent companies to elect to report for each covered subsidiary on their behalf as a consolidation option.

A Standard Regulatory Impact Assessment Must be Exercised for this Rulemaking

Thousands of businesses in California and beyond will incur significant costs and very heavy administrative burdens to comply with these Climate Disclosures. Comparable climate disclosure regulations proposed by the U.S. Securities and Exchange Commission were estimated to cost more than \$6 billion.¹ As CARB is aware, Government Code §116346.3 requires them to perform a Standard Regulatory Impact Assessment (SRIA) for any major regulation exceeding \$50 million in estimated costs. These Climate Disclosures will easily surpass this threshold, especially as Scope 3 emission reporting will oblige administrative costs on tens of thousands of businesses who are not themselves directly covered entities under the regulation(s), but are suppliers or vendors for those entities. Costs to direct (disclosing) and indirect entities (non-disclosing) must be analyzed for the Climate Disclosure regulations(s).

¹ <https://www.sec.gov/comments/s7-10-22/s71022-20132304-302836.pdf>

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PMSA appreciates the opportunity to comment on these significant and complex Climate Disclosure programs. Should there be any questions, please do not hesitate to contact PMSA at jmmoore@pmsaship.com.

Respectfully,

A handwritten signature in cursive script that reads "Jacqueline M. Moore". The signature is written in dark ink on a light-colored, slightly textured background.

Jacqueline M. Moore
Vice President