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Submitted via CARB Public Comment Web Portal

Lauren Sanchez, Chair
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Re: Draft Reporting Template for Scope 1 and Scope 2 GHG Emissions

Chair Sanchez:

Environmental Defense Fund (“EDF”) respectfully submits the following comments to the California Air Resources Board (“CARB”) in response to its request for public input on the Draft Reporting Template for Scope 1 and Scope 2 GHG Emissions (“Draft Template”)¹ for entities subject to the requirements of Senate Bill (“SB”) 253. Founded in 1967, EDF is a nonprofit organization with more than 2.5 million members nationwide, including approximately half a million members in California. EDF has offices across the country, including in California, and a staff of scientists, economists, policy experts, and other professionals. EDF works to strengthen people’s ability to thrive in a changing climate and has long sought to improve disclosure and understanding of climate-related risks.

EDF strongly supports CARB’s efforts to increase consistency and reliability of public reporting of corporate greenhouse gas (“GHG”) emissions, which will benefit investors, consumers, and the broader public. EDF commends CARB for creating and inviting public input on the Draft Template as part of its process for developing guidance on SB 253 reporting. These comments provide recommendations on several specific potential improvements and clarifications for the Draft Template, beginning with those we view as the highest priority, as well as recommendations on additional potential guidance.

As an overarching principle, EDF encourages CARB to maximize alignment of its SB 253 implementation – particularly any mandatory rules – with other widely used reporting frameworks within the bounds set by the statute. This includes the GHG Protocol,² which SB

¹ CARB, Draft Reporting Template for Scope 1 and Scope 2 GHG Emissions (Oct. 10, 2025), https://ww2.arb.ca.gov/sites/default/files/2025-10/SB253_Draft_Scope1_2_GHG_Template.xlsx.

² See The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard: Revised Edition (2004), p. 63, <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf> (listing required and optional information fields for inclusion in a report following the GHG Protocol)

253 explicitly incorporates,³ as well as “other national and international reporting requirements,”⁴ like the International Sustainability Standards Board disclosure standards that consolidated multiple previous voluntary frameworks and are in use in an increasing number of jurisdictions.⁵ The interoperability fostered by such alignment enhances both feasibility for reporters and functionality for end-users.

Recommendations on Draft Template

Market-Based vs. Location-Based Scope 2 Emissions

EDF urges CARB to add disclosure fields to differentiate market-based and location-based Scope 2 emissions.⁶ These two distinct and parallel Scope 2 reporting methods are critically important for understanding both a business’s impact on localized emissions and the efforts a business is taking to procure renewable energy.⁷ Where relevant, optional disclosure fields (e.g., line 175 – “Enter Scope 2 emissions intensity”) should likewise ask for specification around whether these metrics are calculated using market- or location-based Scope 2 totals.

Contractual Instruments for Renewable Energy

EDF supports the Draft Template’s inclusion of transparent disclosure on contractual instruments for renewable electricity. However, EDF recommends that CARB adjust the phrase “direct contract” (Line 74 on sheet “Form”) to better and more expansively recognize the range of contractual instruments used by companies to purchase and make claims around renewable

[hereinafter “GHGP Corporate Standard”]; The Greenhouse Gas Protocol, Required Greenhouse Gases in Inventories: Accounting and Reporting Standard Amendment (2013), https://ghgprotocol.org/sites/default/files/2022-12/Required%20gases%20and%20GWP%20values_o.pdf [hereinafter “GHGP 2013 Amendment”].

³ CA Health & Safety Code § 38532(c)(2)(A)(ii) (“A reporting entity shall, beginning in 2026, measure and report its emissions of greenhouse gases in conformance with the Greenhouse Gas Protocol standards and guidance, including the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard ...”).

⁴ CA Health & Safety Code § 38532(c)(2)(D)(i) (directing CARB to ensure “[t]hat the emissions reporting is structured in a way that minimizes duplication of effort and allows a reporting entity to submit to the emissions reporting organization, if contracted for services, or the state board, reports prepared to meet other national and international reporting requirements, including any reports required by the federal government, as long as those reports satisfy all of the requirements of this section.”).

⁵ IFRS, IFRS Sustainability Standards Navigator, <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/> (last accessed Oct. 24, 2025); IFRS, Use of IFRS Sustainability Disclosure Standards by jurisdiction, <https://www.ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/use-by-jurisdiction/> (last accessed Oct. 24, 2025).

⁶ See The Greenhouse Gas Protocol, GHG Protocol Scope 2 Guidance (2015), <https://ghgprotocol.org/sites/default/files/2023-03/Scope%202%20Guidance.pdf>, pp. 25-27 (describing location-based and market-based accounting methods for Scope 2 emissions) [hereinafter “GHGP Scope 2 Guidance”]. Note that a public consultation on revisions to the Scope 2 Guidance is underway. The Greenhouse Gas Protocol, GHG Protocol Public Consultations, <https://ghgprotocol.org/ghg-protocol-public-consultations> (last accessed Oct. 24, 2025).

⁷ GHGP Scope 2 Guidance, *supra* note 6, at p. 7 (“Both methods are useful for different purposes; together, they provide a fuller documentation and assessment of risks, opportunities, and changes to emissions from electricity supply over time.”).

energy. For example: a direct contract with a renewable energy generator may be one pathway for purchasing and claiming renewable energy, but businesses can also rely on bundled or unbundled energy attribute certificates, supplier-specific emissions rates, or similar instruments to account for their market-based Scope 2 emissions.⁸ EDF recommends that CARB use the phrase “contractual instruments” rather than “direct contracts” in this instance to better align with existing guidance from GHG Protocol.

Similarly, this section asks reporters to “enter total emission reductions from direct contracts for renewable electricity (in mtCO₂).” It should be noted that contractual instruments for renewable electricity do not necessarily represent or convey emissions reductions, per se. Instead, these contracts typically convey the emissions profile of a unit of electricity – i.e., they are denominated in emissions per unit of energy (pounds CO₂ per megawatt-hour, for example). In the reporting template, it may be more appropriate to ask for the total consumption of renewable electricity (in MWh) rather than the total emissions reductions represented by the renewable commodity purchases. This could be supported by additional optional disclosures for the characteristics of each renewable commodity contractual instrument (e.g., country of purchase, sourcing method, vintage, etc.), the breakdown of on-site vs. off-site renewable energy procurement, and the emissions reduced or avoided from renewable energy consumption.

Materiality Definitions

While the Draft Template cites to the GHG Protocol Corporate Standard for its definition of “materiality threshold” and the Draft Template’s definition reflects certain concepts discussed in that document, it does not match the definition in that document’s Glossary.⁹ The Draft Template’s definition also differs from other widely used and more current definitions of materiality from reporting frameworks with similar purposes to SB 253 (e.g., the International Sustainability Standards Board).¹⁰ EDF encourages CARB to prioritize clarity and consistency for reporters and end-users alike on this important concept, including seeking further public input on it as relevant.

Biogenic Emissions

The Draft Template suggests that reporters can disclose their “Scope 1 biogenic direct (combustion) emissions” on an optional basis (line 176). EDF encourages CARB to clarify the expected reporting of biogenic emissions, and recommends that biogenic emissions reporting be

⁸ See GHGP Scope 2 Guidance, *supra* note 6.

⁹ See GHGP Corporate Standard, *supra* note 2, at p. 100 (“Materiality threshold ... A concept employed in the process of verification. It is often used to determine whether an error or omission is a material discrepancy or not. It should not be viewed as a de minimus for defining a complete inventory.”).

¹⁰ IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, para. 18, <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs1/> (“[I]nformation is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.”).

required outside of and alongside emissions scopes. In line with the GHG Protocol, which requires that companies disclose these emissions separately from emissions scopes,¹¹ disclosure of these biogenic emissions would help to form a more complete view of a business's climate risks and opportunities.

Individual GHGs and Global Warming Potential Values

EDF supports the Draft Template's inclusion of fields for separately reporting emissions of individual GHGs, an approach that aligns with the GHG Protocol.¹² This disaggregation is important for end-users to have a thorough understanding of a company's emissions profile and exposure to transition risk, for reasons including the outsize role that gases like methane play in driving short-term warming and GHG-specific regulations across various jurisdictions.

While the Draft Template recommends the use of AR4 as the source of global warming potential ("GWP") values, it should be noted that best practice – and the GHG Protocol's recommendation¹³ – is typically to use the most up-to-date set of IPCC GWP values available. As of writing, this would be from the IPCC's Sixth Assessment Report (AR6). Data reviewed by EDF suggest that only approximately 13% of corporate disclosures currently use Fourth Assessment Report (AR4 – 100 year) values, compared to 38% that rely on Sixth Assessment Report (AR6 – 100 year) and 35% that rely on Fifth Assessment Report (AR5 - 100 year). We recommend that CARB allows for the use of the most up-to-date GWP values (i.e., AR6) and require disclosure around which GWP set a company uses.

Recommendations on Additional Optional Disclosure Guidance on Mitigation Outcomes and Market-Based Instruments

While in some ways beyond the bounds of the Draft Template, EDF additionally notes for CARB certain recent developments that may inform further optional guidance on disclosures on mitigation outcomes and market-based instruments, which the memo accompanying the Draft Template indicates is under consideration.¹⁴ As EDF and several other organizations explained in comments responding to CARB's first information solicitation on implementation of these

¹¹ GHGP Corporate Standard, *supra* note 2, at p. 63 (including under required information "[e]missions data for direct CO₂ emissions from biologically sequestered carbon (e.g., CO₂ from burning biomass/biofuels), reported separately from the scopes").

¹² GHGP Corporate Standard, *supra* note 2, at p. 63 (including under required information "[e]missions data for all six GHGs separately (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) in metric tonnes and in tonnes of CO₂ equivalent"); GHGP 2013 Amendment, *supra* note 2, at p. 1 (adding nitrogen trifluoride (NF₃)).

¹³ See GHGP 2013 Amendment, *supra* note 2, at p. 1 ("When using the Corporate Standard, companies: a. Shall use 100-year GWP values from the IPCC. b. Should use GWP values from the most recent Assessment Report, but may choose to use other IPCC Assessment Reports."); see also The Greenhouse Gas Protocol, IPCC Global Warming Potential Values (2024), <https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20%28August%202024%29.pdf>.

¹⁴ CARB, California Corporate Greenhouse Gas Reporting Program: Scope 1 and Scope 2 Emissions Draft Reporting Template (Oct. 10, 2025), p. 3, https://ww2.arb.ca.gov/sites/default/files/2025-10/Draft%20Memo_Scope1%262TemplatePublicRelease.pdf.

disclosure requirements,¹⁵ “[m]any covered entities may wish to voluntarily disclose [their] mitigation and climate risk reduction efforts to address investor interest in climate-related financial risk strategies or to substantiate corporate climate claims,” and CARB can provide guidance to facilitate such voluntary disclosures. EDF has supported the recently launched Task Force for Corporate Action Transparency (“TCAT”),¹⁶ which provides both Mitigation Action Accounting and Reporting Guidance and Target Accounting and Reporting Guidance. EDF encourages CARB to consider the TCAT resources when developing any guidance on voluntary disclosures on these topics.

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EDF thanks CARB for its efforts to implement these crucial disclosure programs and its consideration of public input. Please do not hesitate to contact us to discuss further.

Respectfully submitted,

Jordan Faires, Senior Manager, Net Zero, EDF+Business
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¹⁵ Letter from Beyond Alliance et al. to Chair Liane M. Randolph, CARB (Mar. 21, 2025), <https://ww2.arb.ca.gov/form/public-comments/submissions/22226>.

¹⁶ Task Force for Corporate Action Transparency, <https://www.tcataction.org/> (last accessed Oct. 24, 2025).