California Council for Environmental and Economic Balance
369 Pine Street, Suite 720, San Francisco, CA 94104
1201 J Street, Suite 222-223, Sacramento, CA 95814
(415) 512-7890 | cceeb.org

October 27, 2025

Rajinder Sahota
Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on the Draft Memo and Scope 1 & 2 GHG Reporting Template

Dear Ms. Sahota,

The California Council for Environmental and Economic Balance (CCEEB) appreciates the opportunity to provide comments on CARB's *Draft Memo* and *Scope 1 and 2 GHG Reporting Template* released October 10, 2025, pursuant to the Climate Corporate Data Accountability Act (SB 253, Wiener, 2023). CCEEB is a coalition of business, labor, and public leaders that works together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization.

Focus on Statutory Intent and Legislative Requirements

SB 253 was carefully structured to ensure that corporate emissions disclosures are consistent with existing national and international reporting systems. Health & Safety Code § 38532(c)(1)(D)(i) directs that "the emissions reporting [be] structured in a way that minimizes duplication of effort and allows a reporting entity to submit to the emissions reporting organization reports prepared to meet other national and international reporting requirements." Accordingly, CARB's template and guidance should be narrowly tailored to those elements required by statute, namely:

- annual disclosure of total Scope 1, Scope 2, and eventually Scope 3 emissions; and
- independent third-party assurance at the limited-assurance level beginning with 2026 data.

Elements beyond these statutory obligations, including optional or "decision-useful" fields, should remain voluntary and clearly identified as such to avoid regulatory overreach and maintain legal defensibility.

Alignment With Existing Frameworks and Avoidance of Duplicative Systems

CCEEB strongly supports CARB's stated goal of "streamlining reporting." However, the draft template currently includes data points that exceed SB 253's requirements and diverge from existing frameworks such as the GHG Protocol and Carbon Data Project (CDP). To achieve the statute's intent and to uphold California's role as a global climate leader, CARB should ensure that California's reporting framework functions as a "passport system" accepting equivalent disclosures prepared to meet other national or international standards.

The use of Intergovernmental Panel on Climate Change's (IPCC) Fourth Assessment Report (AR4) global-warming-potential (GWP) values rather than AR5 or AR6 also undermines alignment with current international reporting standards and introduces a California-specific calculation that complicates cross-jurisdictional comparability. CCEEB recommends that CARB adopt a minimum threshold of AR5 values consistent with the GHG Protocol and other reporting frameworks or clearly allow for reconciliation through conversion factors to align with MRR and 40CFR98.

Clarify Regulatory Intent of "Decision-Useful" Information

The *Draft Memo* repeatedly references the concept of "decision-useful" data. While CCEEB supports transparency, this term may be interpreted to imply that CARB intends to use reported data to inform or justify new regulatory requirements. Such an implication exceeds SB 253's legislative purpose, which is disclosure, not regulation, and risks adding uncertainty at a time when California industries are already facing cumulative regulatory strain, facility closures, and economic leakage.

We respectfully urge CARB to clarify in the final memo that "decision-useful" refers solely to investor and stakeholder understanding, not to future regulatory development.

Clarity on Applicability, Boundaries, and Enforcement

Companies remain uncertain about several key elements:

- how to determine whether they "do business in California" for purposes of both SB 253 and SB 261;
- how to address complex parent–subsidiary relationships in applying revenue thresholds; and
- how enforcement discretion will apply to the 2026 SB 261 reporting and fee deadline and the first-year Scope 1 and 2 reporting.

CCEEB recommends that CARB provide written clarification on these issues and affirm that entities making good-faith efforts to comply will not be penalized for inadvertent delays or reasonable methodological differences during initial implementation. CCEEB also recommends that CARB provide clarification regarding the timing and payment of any initial compliance fees. Existing law requires entities to pay a fee on an annualized basis for both types of reporting under SB 253 and SB 261, While SB 253 does not specify the date by which that annual fee must be paid, SB 261 requires a covered entity pay a fee to CARB "on or before January 1, 2026." Given CARB's delayed rulemaking (including the fee-related provisions), CCEEB urges CARB to provide written clarification that entities who do not (and cannot) pay an undetermined fee by January 1, 2026, will not be penalized.

Organizational Boundaries and Control Definitions

CCEEB supports maintaining flexibility for companies to use equity-share, financial-control, or operational-control approaches consistent with the GHG Protocol. Requiring a single approach would force some entities to reconstruct existing inventories, contravening legislative direction to minimize duplication and imposing substantial administrative costs without added environmental benefit.

CARB should also align definitions with the GHG Protocol by referencing "operational control" rather than "organizational control," and clarify treatment of leased facilities to prevent double-counting between

landlords and tenants—consistent with the principles of single-point accountability in the Mandatory Reporting Regulation (17 CCR § 95101 et seq.).

Assurance and Reporting Timelines

Given CARB's delayed rulemaking, it is infeasible for all companies to obtain limited assurance on 2025 data by mid-2026. CCEEB recommends that CARB extend the first reporting deadline to December 31, 2026, and phase in third-party assurance thereafter. CARB should confirm that enforcement discretion applies to any company submitting a good-faith report without limited assurance in the initial year.

Scope and Confidentiality of Data Collection

CARB should clearly define the intended use, scope, and confidentiality protections associated with all data elements collected through the template. This is critical to maintain consistency with the Administrative Procedure Act's requirements for necessity, clarity, and non-duplication (Gov. Code § 11349 et seq.). If a subsidiary is required to report emissions intensity in $mtCO_2e$ per millions of dollars of revenue, the rule should not force the subsidiary to disclose confidential economic data. Companies often may not report subsidiary revenues externally, so requiring an intensity figure for both the parent company and a subsidiary would be impractical and could expose sensitive revenue information. At minimum, the rule should allow subsidiaries to (a) provide emissions and permit the parent to calculate consolidated or subsidiary-level intensity centrally, (b) submit an aggregated or masked intensity that prevents back-calculation of revenue, or (c) otherwise avoid requiring disclosure of confidential economic information to derive intensity. Additionally, disaggregating data goes beyond the scope of the statute elements which require total emissions by scope type. Unclear or excessive data collection risks:

- exceeding CARB's statutory authority;
- disclosure of proprietary or competitively sensitive information; and
- undermining reliance on third-party assurance mechanisms already required under the law.

We urge CARB to issue a formal statement of data use and governance describing how each field supports statutory objectives, and to limit data fields accordingly.

Optional Fields and Future Reporting Years

CARB's proposal to include "optional fields" such as base-year emissions, intensity ratios, and detailed source-by-gas disclosures exceeds statutory requirements and may impose unnecessary administrative burden. CCEEB recommends that all optional fields remain explicitly voluntary unless incorporated through formal rulemaking, with appropriate cost-benefit evaluation.

Clarification Needed for Scope 2 T&D Losses Emissions Reporting

Electric utilities face a reporting gap under the current proposed Scope 2 draft template. As an example, Transmission and distribution (T&D) losses represent over 95% of Scope 2 emissions for one of our members and do not fit within the existing categories for purchased electricity, steam, heating, or cooling. Including T&D losses under these categories would misrepresent their emissions profile. We recommend not seeking disaggregated data to avoid collection of industry-specific emissions such as T&D losses that are not attributable to purchased energy.

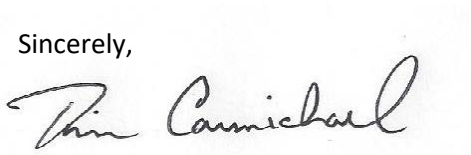
Conclusion

California's success in implementing SB 253 and SB 261 will depend on clear, consistent, and efficient regulatory design that promotes transparency without discouraging investment or creating duplicative burdens. CCEEB urges CARB to:

1. Limit reporting requirements to those expressly authorized by statute;
2. Align methodologies (including GWPs) with national and international frameworks to uphold the passport principle;
3. Clarify the meaning of "decision-useful" and limit its scope to investor transparency; and
4. Provide explicit guidance on applicability, enforcement discretion, and data-governance protections.

We appreciate CARB's engagement with stakeholders and stand ready to assist in refining these materials to ensure successful implementation consistent with California's environmental and economic goals. Please contact me or Mikhael Skvarla, CCEEB's governmental relations representative at CA Lobby at (916) 203-0443 should you have any questions or comments.

Sincerely,



Tim Carmichael
President and CEO
California Council for Environmental and Economic Balance (CCEEB)