

December 8, 2025

Dr. Annalisa Schilla
Assistant Division Chief, Sustainable
Transportation and Communities Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on October 30, 2025 Embodied Carbon Reporting Technical Meeting

Dr. Schilla:

Thank you for the opportunity to provide comments on the California Air Resources Board's (CARB's) ongoing development of an embodied carbon reporting framework pursuant to AB 2446 (Holden, 2022), including the approaches discussed during the October 30, 2025 Building Embodied Carbon Reporting Technical Meeting (October Technical Meeting).

The California Chamber of Commerce (CalChamber) represents a broad cross-section of the business community, including manufacturers, importers, builders, developers, and property owners. Many of our members would be directly subject to the reporting obligations outlined in the staff presentations, while others would be indirectly affected through higher material costs, increased administrative burdens, and schedule impacts that flow through the construction process.

AB 2446 was enacted against the backdrop of California's ongoing housing shortage and rising construction costs. In its legislative findings, the Legislature expressly recognized that meeting the state's housing needs will require an increase in construction activity and that rising building material costs pose a threat to housing affordability. The statute reflects a legislative judgment that efforts to address embodied carbon should be implemented in a manner that does not increase construction costs or delay projects in ways that undermine the state's housing goals. That intent is reflected in the legislative finding that "[t]hrough conscious design to reduce materials used and the employment of low-carbon construction materials, the embodied carbon of a building can be reduced with no increased cost to the owner."¹

AB 2446, therefore, conditions implementation of its framework on feasibility and the avoidance of significant cost impacts.² Any tracking or reporting mechanism CARB elects to develop is authorized only to facilitate the statute's objectives,³ which necessarily require that reporting obligations be designed and evaluated in light of the statute's cost- and feasibility-conditioned implementation requirements.

As discussed below, several approaches outlined in the October Technical Meeting do not adequately reflect these statutory constraints. If incorporated into a final rule, the proposed requirements are likely to increase compliance costs across the construction supply chain and translate into higher construction costs and project delays, with resulting impacts on housing

¹ AB 2446 (Holden, 2022), Section 1(a)(10).

² See Health and Safety Code § 38561.3.

³ Health and Safety Code § 38561.3(c).

affordability, commercial development, and public infrastructure investment throughout California.

I. The Reporting Architecture Discussed Risks Operating as a Cost Driver

The reporting framework concepts presented at the October Technical Meeting would impose a layered set of obligations across manufacturers, importers, and project owners, with extensive data collection, disclosure, and recordkeeping requirements. Viewed in their entirety, the approaches outlined by staff would place reporting obligations at a scale and level of complexity that would generate significant compliance burdens and cost impacts throughout the construction supply chain, rather than serving solely as a supporting mechanism for AB 2446's implementation.

As described in the staff presentations, reporting obligations would be imposed at multiple stages of the construction process, including facility-level reporting by manufacturers, product-specific disclosures, importer reporting for out-of-state materials, and project-level reporting by entities undertaking covered construction. Each stage adds its own set of compliance tasks, systems, and verification requirements, with associated costs. Costs incurred upstream by manufacturers and importers are likely to be reflected in material prices, while additional administrative burdens placed on developers and builders will translate into higher overhead and longer project timelines. These layered requirements increase overall project costs and schedule risk across the construction process, even before any emissions-reduction targets are applied.

Prior to the next workshop, CARB should reevaluate the cumulative burden of the reporting concepts discussed at the October Technical Meeting to determine whether, in practice, they create new costs or operational burdens that are inconsistent with the limited, facilitative role AB 2446 assigns to reporting.

II. Several Specific Elements of the Proposed Framework Would Drive Significant Compliance Costs

Several elements of the reporting framework discussed during the October Technical Meeting would materially increase costs across the construction supply chain, not because of emissions-reduction requirements, but because of the structure and mechanics of the proposed reporting system.

At the manufacturing level, facility-specific reporting would require many entities to develop new data collection systems, accounting methodologies, and internal controls that do not currently exist. Compliance would often depend on specialized technical expertise, new software tools, and third-party consultants, creating recurring costs that are unrelated to changes in actual emissions performance.

Those costs would be compounded by product-level reporting requirements that seek emissions data at a level of detail that does not align with how materials are typically produced, sold, or documented. Differentiating emissions information by product for regulatory purposes would require new allocation methodologies, expanded recordkeeping, and additional verification,

increasing administrative burden without clearly improving the accuracy or comparability of reported data.

We also have concerns that CARB expects that emissions documentation be updated on a frequent, fixed cycle and at a facility-specific level. Developing and maintaining facility-specific emissions data or EPDs on a two-year update cycle would impose substantial ongoing administrative and verification costs, particularly where underlying production processes or inputs have not materially changed. For many manufacturers, especially those operating multiple facilities or producing standardized materials across locations, such requirements would necessitate repeated lifecycle assessments and third-party reviews that provide limited incremental informational value. A more flexible approach, one that allows longer update intervals, recognizes materially unchanged processes, and permits the use of representative or averaged data where appropriate, would better align reporting requirements with practical feasibility while preserving the usefulness of emissions information.

Importer obligations also raise a related concern. Importers generally do not control upstream manufacturing processes or emissions data and would be required to rely on third-party information, commission external assessments, or accept emissions values that may overstate the characteristics of the materials they supply. This approach shifts compliance responsibility to entities without meaningful control over the underlying data and embeds higher costs into materials before they reach the project level.

Finally, verification, documentation, and long-term recordkeeping requirements would add ongoing administrative and legal costs. Emissions values assigned in the absence of preferred data would influence procurement decisions and market behavior, creating strong incentives to pursue costly reporting pathways even where those pathways do not reflect improvements in actual emissions.

Taken together, these features produce a reporting framework in which costs are introduced at multiple stages, accumulate across the supply chain, and affect project timelines and pricing well before any emissions-reduction measures are applied. The result is a system that operates as a cost driver in its own right rather than as a narrowly tailored, facilitative tool consistent with AB 2446.

III. Cost and Revenue Reporting Is Outside the Scope of AB 2446 and Creates Unwarranted Burdens

AB 2446 does not mandate reporting of material costs, pricing, or revenue information as part of the embodied carbon framework. The statute directs CARB to develop a framework to measure and reduce the average carbon intensity of building materials and permits tracking or reporting mechanisms only to the extent necessary to support that effort. Nothing in Health & Safety Code section 38561.3 identifies commercial pricing, cost, or revenue data as relevant inputs to measuring embodied carbon intensity, nor is such information required to calculate emissions associated with material production.

Cost, pricing, and revenue information also constitute trade secret and confidential business information under California law. Pricing structures, production costs, margins, and revenue

allocation reflect proprietary business strategies that companies protect to maintain competitive position. Mandating disclosure of this information, particularly where it may be retained over time or incorporated into regulatory datasets, creates a substantial risk of competitive harm that cannot be mitigated through regulatory intent alone.

These concerns are especially acute for privately held companies. Unlike publicly traded firms, private companies do not disclose revenue information, and annual revenue often cannot be determined without significant internal accounting judgments across facilities, products, or contracts. Requiring revenue reporting would effectively force private companies to reconstruct and disclose sensitive financial information they are not otherwise required to make public, even though that information bears no relationship to embodied carbon performance.

CARB also cannot guarantee that cost, pricing, or revenue information submitted under the program would remain protected from public disclosure. Records held by CARB are subject to the California Public Records Act, which creates a presumption of disclosure and places final authority over confidentiality determinations with the courts. Even where CARB initially withholds information, third-party challenges, litigation, or inter-agency data sharing may ultimately result in disclosure. Once sensitive financial information is released, whether intentionally, inadvertently, or through aggregation, it cannot be meaningfully retrieved or contained.

CARB has multiple means to evaluate those impacts without requiring each reporting entity to disclose sensitive cost, pricing, or revenue data. Agencies routinely assess cost impacts using publicly available benchmarks and market indices. These approaches allow CARB to evaluate the magnitude and direction of potential cost impacts while avoiding unnecessary collection of commercially sensitive financial information.

For these reasons, reporting of material costs, pricing, or revenue information should be excluded from the embodied carbon reporting framework. Doing so is necessary to maintain alignment with the statute's scope, protect confidential business information, and avoid unnecessary legal risk.

IV. CARB Should Establish Clear Guardrails to Ensure Reporting Remains Proportionate and Scaled to Available Data

As CARB continues to develop an embodied carbon reporting framework, it is important to establish clear guardrails to ensure that reporting obligations remain proportionate, scalable, and aligned with the statute's limited authorization. AB 2446 contemplates reporting as a tool to inform implementation rather than an independent regulatory program. The framework should therefore prioritize simplicity, clarity, and consistency with existing business practices, rather than layering new requirements that operate as cost drivers in their own right.

In particular, CARB should design the reporting framework to rely, where possible, on information that is already collected or reasonably available in the ordinary course of business, and avoid requirements that depend on bespoke data products, proprietary financial information, or immature data tools. Where data gaps exist, the framework should

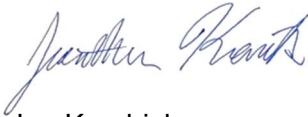
accommodate the use of proxies, averages, or transitional approaches, rather than forcing rapid adoption of costly or resource-intensive reporting methods.

CARB should also ensure that reporting requirements are phased and flexible, with sufficient time for data systems, methodologies, and markets to mature before additional obligations are imposed. Phased implementation should be tied to demonstrated improvements in data availability and comparability, not fixed deadlines that may outpace real-world feasibility. This approach would allow CARB to advance the statute's objectives while minimizing disruption to construction activity and supply chains.

Finally, CARB should evaluate reporting requirements holistically rather than in isolation. Even individually modest reporting elements can, when combined, impose significant cumulative burdens. A framework that accounts for the combined administrative, operational, and schedule impacts of reporting obligations will better align with the statute's intent and reduce the risk of unintended cost escalation. Embodied carbon reporting must be a narrowly tailored, informative component of AB 2446's implementation that does not inflate construction or material costs or require disclosure of sensitive financial information.

CalChamber appreciates the opportunity to provide comments on the reporting concepts discussed at the October Technical Meeting and looks forward to continued engagement with CARB as this process moves forward. If you have any questions or would like to discuss these comments further, please feel free to contact me at jonathan.kendrick@calchamber.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan Kendrick".

Jon Kendrick
Policy Advocate
California Chamber of Commerce

JK:nr