

April 13, 2026

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted electronically

Re: CRC Comments on March 23, 2026, SB 253 Climate Disclosure Workshop

Dear Chair and Board Members:

California Resources Corporation (CRC) appreciates the opportunity to comment on the California Air Resources Board's (CARB's) "SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program" held on March 23, 2026. CRC is an independent energy and carbon management company committed to providing affordable, reliable energy to Californians while advancing the state's climate objectives. We have set a goal of achieving responsible net-zero greenhouse gas emissions by 2045 and are actively investing in the technologies necessary to meet that target.

CRC respectfully requests that CARB:

1. Designate verified MRR submissions as satisfying SB 253 Scope 1 obligations for all MRR-obligated facilities, carry forward MRR's general applicability reporting thresholds into SB 253¹ and allow companies to maintain existing emissions classification frameworks to avoid duplicative reporting;
2. Adopt Option 1 (broad applicability) for Scope 3 reporting with a 5% materiality threshold, permitting companies to exclude categories that represent less than 5% of total Scope 3 emissions; and
3. Refrain from imposing limited assurance requirements until CARB has assessed whether the existing pool of qualified GHG verifiers — already constrained by the 6-year primary rotation requirement², and 3-year cooling-off / reengagement restriction³— can meet the surge in demand SB 253 will create.

These changes are necessary to ensure the program achieves its statutory objectives in a manner that is cost-effective, operationally feasible, and avoids duplicative regulatory burden on reporting entities and CARB staff alike.

I. Background

CRC operates oil and gas fields throughout California and supplies in-state refineries that produce fuels Californians rely upon. CRC also operates electric generation facilities that support its operations and deliver excess electricity to the grid. Through our Carbon TerraVault business, CRC is developing carbon capture, utilization, and storage (CCUS) and carbon dioxide removal projects designed to permanently store CO₂ underground.

CARB already subjects CRC to rigorous, facility-level GHG emissions reporting under the Mandatory Reporting Regulation (MRR), including third-party verification. CRC has invested years in building the

¹ Cal. Code Regs. tit. 17, § 95101(a)(1)(B)(6)

² Cal. Code Regs. tit. 17, § 95130(a)(2)

³ Cal. Code Regs. tit. 17, § 95130(a)(3)

reporting infrastructure, internal controls, and compliance processes that support data quality and regulatory alignment. SB 253 implementation should build on that foundation — not impose a parallel, inconsistent reporting obligation alongside it.

II. CARB Should Leverage Existing MRR Reporting Infrastructure to Satisfy SB 253 Scope 1 Obligations and Avoid Duplicative Burdens on In-State Operators

CRC strongly urges CARB to designate verified MRR submissions as satisfying SB 253 Scope 1 reporting obligations for all MRR-obligated facilities. In-state upstream operators like CRC have met MRR's facility-level Scope 1 emissions reporting requirements for years, with comprehensive third-party verification under Subarticle 5 (§§95150–95157). These verified submissions already capture the direct emissions information SB 253 seeks to disclose. Requiring those same entities to reformat, recalculate, or re-verify identical underlying data in a separate CARB template would impose administrative burden without producing any corresponding improvement in data quality or utility for decision-making.

CRC has urged this same approach in other rulemakings: CARB should leverage existing regulatory frameworks rather than duplicate them. Requiring entities to maintain two parallel Scope 1 inventories — one for MRR and one for SB 253 — risks creating discrepancies in publicly reported emissions figures that could confuse investors, regulators, and other stakeholders, even where the underlying activity data is identical. CARB should not adopt a regulatory design that produces two different Scope 1 figures for the same company, covering the same facilities, in the same reporting year.

CRC further requests that CARB carry forward MRR's general applicability reporting thresholds into SB 253¹. MRR's facility-level applicability thresholds reflect a considered regulatory judgment that emissions below certain levels do not warrant the full cost and burden of verification. The same logic applies under SB 253. If CARB does not replicate these thresholds, operators must choose between collecting and disclosing unverified data from sub-threshold facilities — compromising data integrity — or incurring the cost of verifying emissions that MRR has already determined are too small to warrant it. Neither outcome serves the statute's goals.

CRC additionally requests that CARB allow companies to maintain their existing fleet emissions classification frameworks for SB 253 purposes. CARB's March 2026 workshop slides indicate that company vehicles should be treated as Scope 1 emissions under SB 253. However, this classification differs from how MRR treats fleet emissions. Requiring reclassification solely for SB 253 purposes would further fragment the regulatory landscape and introduce additional inconsistencies across a company's reported emissions. CRC urges CARB to allow companies to maintain consistency with their existing MRR-based classification where a reasonable and documented methodology supports it.

III. CARB Should Adopt Option 1 for Scope 3 Reporting With a 5% Materiality Threshold

Scope 3 emissions reporting is inherently complex, particularly for large upstream operators whose emissions profiles vary significantly from other industries. CRC therefore urges CARB to adopt a broad applicability framework for Scope 3 reporting that incorporates a meaningful materiality threshold —

¹ Cal. Code Regs. tit. 17, § 95101(a)(1)(B)(6)

one that allows companies to focus disclosure on the categories that are actually significant to their operations rather than a prescribed list that may have little relevance to their emissions profile.

CRC's own Scope 3 inventory illustrates the importance of this approach. A prescriptive set of priority categories such as Business Travel, Purchased Goods and Services, Fuel- and Energy-Related Activities, Employee Commuting, and Waste Generated During Operations collectively represent approximately 3.5% of CRC's total Scope 3 emissions. By contrast, Categories 10 (Processing of Sold Products) and 11 (Use of Sold Products) represent approximately 91% of CRC's total Scope 3 inventory. Mandating reporting on categories that are essentially immaterial to an upstream operator's footprint — while leaving the two dominant categories to each company's discretion — would produce disclosure that is neither accurate nor decision-useful for investors or other stakeholders.

CRC therefore requests that CARB adopt an explicit materiality threshold providing that companies need not report any Scope 3 category representing less than 5% of their total Scope 3 emissions inventory. The GHG Protocol's own guidance grounds this threshold — that guidance treats errors or omissions exceeding 5% of total inventory as materially misleading. The threshold provides a clear, quantitative standard that focuses disclosure on what matters most for each reporting entity, while preserving flexibility across diverse industries and corporate structures.

IV. CARB Must Address Verifier Market Capacity Before Imposing Assurance Requirements

CRC is concerned about the feasibility of the assurance timeline CARB has indicated for Scope 1 and Scope 2 GHG emissions beginning in 2027. CRC grounds this concern in direct operational experience: CRC already engages third-party verification firms for its MRR and other GHG emissions in our voluntary corporate sustainability reporting. Through that process, CRC has observed firsthand that the market for qualified GHG verifiers in California is already constrained. Only a limited number of firms possess the technical expertise, accreditation, and bandwidth to conduct rigorous facility-level GHG assurance.

SB 253 will substantially increase demand for these services by adding a large number of new reporting entities that have never previously engaged third-party GHG verification. At the same time, CARB's existing 6-year verifier rotation requirement — which CARB designed to ensure independence — further limits each company's available pool of eligible verifiers. The combination of surging new demand and a structural restriction on verifier reuse will likely create significant bottlenecks, drive up costs, and in some cases make it genuinely impossible for reporting entities to secure qualified verifiers within the required timeframe.

CRC respectfully urges CARB not to implement the limited assurance requirement for Scope 1 and Scope 2 emissions until CARB has conducted a formal assessment of whether the existing verifier market — accounting for the rotation restriction — can absorb the anticipated increase in demand. If that assessment reveals a capacity shortfall, CARB should develop a concrete plan to address it before assurance requirements take effect. CARB's options might include expanding the pool of accredited verifiers, providing lead time for new entrants to develop expertise, or phasing in assurance requirements as capacity expands.

V. Conclusion

CRC appreciates CARB's ongoing efforts to implement SB 253 in a manner that is effective, efficient, and operationally workable. Recognizing MRR reporting as satisfying Scope 1 obligations, adopting a materiality-based approach to Scope 3 disclosure, and ensuring verifier market capacity before assurance requirements take effect would allow the program to achieve its statutory objectives without imposing unnecessary and duplicative burdens on California's in-state operators.

CRC looks forward to continued engagement with CARB as this rulemaking proceeds.

Sincerely,

A handwritten signature in black ink, appearing to read "J Marshall". The signature is fluid and cursive, with the first name "J" being particularly prominent.

Jason Marshall
Vice President – Regulatory Affairs
California Resources Corporation