



California Council for Environmental and Economic Balance

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April 13, 2026

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

Re: Comments regarding SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program (March 23, 2026)

Dear Ms. Sahota,

The California Council for Environmental and Economic Balance (CCEEB) appreciates the opportunity to provide comments to the California Air Resources Board (CARB) regarding the SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program held on March 23, 2026. 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 that strives to provide pragmatic pathways - balancing the need to reduce emissions while keeping businesses competitive in California.

Key Takeaway

Under Health and Safety Code Section 38532, which codifies SB 253 as amended by SB 219, “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 Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard developed by the World Resource Institute and the World Business Council for Sustainable Development...”

In developing the regulations implementing SB 253 (as amended by SB 219), CARB should simplify the entire regulatory process by directly requiring application of the Greenhouse Gas Protocol (GHGP) as contemplated by the statutory text. The GHGP is the world’s most widely used greenhouse gas accounting standard, with 97% of disclosing S&P 500 companies reported to the CDP using the GHGP (2023).

CARB does not need to reinvent the wheel. Using the GHGP will avoid unnecessary confusion, simplify the regulatory process, provide necessary flexibility, and reduce the time and money companies spend to comply with the statutory requirements, while providing the intended results and remaining consistent with the statutory text. Deviating from the GHGP risks substantially increasing compliance costs and increasing liability, without any additional benefits. Keep it simple; the protocol calls for the reporting of Scope 1 and 2 emissions, relevant Scope 3 emissions, and verified assurance. Anything else above and beyond the GHGP should be optional.

Proposed Approach for Setting Organizational Boundaries

CCEEB recommends that CARB require reporting entities apply the GHGP. Reporting entities can then use the GHGP organization boundary definitions that best reflect their businesses. Entities should only be required to state their chosen boundary to contextualize their provided emissions figures. No justification or additional explanation should be required, beyond the disclosure of the approach selected and any material changes from previous years.

Proposed Adjustments to Scope 1 and 2 Reporting (starting in 2027)

CARB should not require the use of their template for reporting under SB 253. Requiring use of the template in addition to the reporting required by other regulatory bodies would duplicate efforts and create additional administrative burden. If CARB moves forward with a template, it should be limited to the data points expressly required by SB 253 (as amended by SB 219) *and* required by the GHGP.

CARB should ask entities to disclose only gross global Scope 1 and 2 emissions in CO₂e, as outlined in SB 253 (as amended by SB 219), not as disaggregated individual gases. Disaggregating existing inventories will be challenging and require further data verification significantly increasing the already extensive data review burden reporting entities face when compiling their inventories.

The GHGP allows for reporting emissions data by emission source where this aids in transparency, however, doing so is optional. CARB should align its reporting requirements by leaving these disclosures optional. Further, there should be no requirement to report individual covered greenhouse gases by emission source, as this is not required by the GHGP.

CARB should refrain from requiring reporting emissions reductions or avoidance. Reporting of emissions reduction initiatives should remain optional due to challenges with getting the data needed to accurately calculate actual emissions reductions achieved. Data may be unavailable for many reasons outside a reporting company's control, such as being held by a third-party or not tracked in a way to facilitate analysis (i.e., some data available but lacks the necessary data points to calculate emissions reductions). Requiring this disclosure would ultimately increase

either the data verification burden placed on companies or potentially result in inaccurate disclosures based on faulty data or inconsistent methodology from the reporting entity.

Proposed Flexibility for GHG Accounting Methods

CARB should specifically require application of the GHGP. This would allow the inclusion of the GHGP's accounting methods without CARB creating new methodologies and allow for updates to the GHGP, without the need for corresponding regulatory updates.

Proposed Emission Factor Datasets

Any emission factor that is allowed under the available assurance standards already identified by CARB in their proposal, and in alignment with the GHGP should be available to reporting entities.

CARB should not require entities to report or explain their selection of emission factors directly to CARB. Entities review and disclose their use of emission factors as part of the verification and assurance process, per the GHGP. It should be left up to verifiers to review the applicability of certain emission factor sets to an entity's inventory. Further, some entities may be using hundreds of different factors in their analysis, so requiring entities to report and explain each factor will create significant administrative burden for more complex inventories.

CARB should not require entities to explain changes in the emission factors they used the prior year. Entities review and disclose changes to their methodology, including the use of emission factors as part of the verification and assurance process, per the GHGP. As such, it should be left up to verifiers to review these changes during that process.

Proposed Regulatory Options for Scope 3 Reporting and Scope 1 and 2 Assurance

CCEEB and its member companies believe company emissions reporting should be based on relevancy and climate-related risk to the individual company as allowed by the GHGP. Developing, prioritized categories for all reporting entities to report against and arbitrary de minimis thresholds is in direct contradiction to the GHGP. CCEEB supports a reporting option that applies consistently across all sectors and does not discriminate against any industry. The primary objective of SB 253 should be to provide decision-useful information to investors and consumers, instead of requiring estimates to document de minimis thresholds or exhaustive reporting of emissions that are not meaningful to that objective. Any final reporting option must also be operationally workable, avoiding requirements that lead companies to spend significant resources estimating categories that are not relevant or material, at the expense of driving action where it matters most.

On this basis, CCEEB does not support adoption of Option 1: Broad Applicability, Option 2: Sectoral Phase-In, or Option 3: Category Phase-In as currently proposed. We consider Option 1's broad sectoral coverage a strength, but oppose its reliance on de minimis concepts and

expectation that companies estimate emissions for categories that are not relevant. We oppose Option 2 because it limits coverage to certain sectors and only a portion of total potential emissions, which is inconsistent with a risk-based, sector-neutral approach. Option 3 offers some improvements in workability, as it prioritizes categories that are widely reported and more feasible to estimate. However, by phasing in additional categories toward full coverage of all 15 Scope 3 categories, it risks moving away from a relevancy- and risk-based approach and reintroducing similar workability and burden concerns as Option 1.

We propose a 4th option that all companies follow the GHGP and provide Scope 3 reporting on the most relevant categories to support decision-useful information to investors and consumers. CARB should align Scope 3 reporting with the GHGP. The relevant categories should be periodically evaluated, but a mandate should not be set to report on all 15 categories. The GHGP allows flexibility for different GHG accounting methods and provides that each company assess all the categories for relevance and then collect and report the data. The assurer is then responsible for verifying the approach is accurate. Finally, while we welcome inclusion of a safe harbor provision in SB 253 for good-faith Scope 3 disclosures through 2030, our overarching concern remains that the framework emphasize relevancy, a risk-based approach, and workability over de minimis-based requirements.

Economic Analysis

CARB has noted that it would “be most helpful to get cost-related comments by April 13,” even though the deadline for other comments was extended to June 1. Unfortunately, gathering economic costs in such a short time frame is extremely difficult. However, the overwhelming response from CCEEB members is that the economic estimates provided by CARB during the March 23 Workshop are woefully underestimated.

CARB estimates Scope 1 and Scope 2 emissions reporting costs at \$73,544, Scope 3 emissions reporting costs at \$87,498, and limited assurance for Scope 1 and Scope 2 emissions reporting at \$55,213, for a total cost of \$142,711. Additionally, CARB has indicated that the survey done by ERM during the 2022 Securities and Exchange Commission (SEC) climate disclosure rulemaking was used to assist with CARB’s estimates.

CCEEB requests that CARB review the report *Cost and Benefits of Climate-Related Disclosure Activities by Corporate Issuers and International Investors* which indicates that “The SEC notes the difficulty in quantifying current costs for corporate issuers based on such partial information, observing that: [c]osts related to preparing climate-related disclosures are generally private information known only to the issuing firm, hence such data are not readily available to the Commission. There is also likely considerable variation in these costs depending on a given firm’s size, industry, complexity of operations, and other characteristics, which makes comprehensive estimates difficult to obtain.”

CARB's estimate assumes a reporting company would need only a single employee to collect information, compile it, and keep it updated. This estimate is even less realistic for multinational companies or companies that have a footprint in multiple states.

CARB's estimate for assurance costs is based on a limited assurance standard as opposed to a reasonable assurance standard. Limited assurance involves a high-level review of data. Auditors examine a narrow sample and make broad inquiries, looking for signs that something might be wrong, but without actively verifying each element. Reasonable assurance is a more rigorous audit standard. Auditors are required to gather sufficient and appropriate evidence to conclude that the data is free from material misstatement. This includes:

- Verifying source documentation (e.g. weighbridge tickets, meter readings, invoices).
- Reviewing data systems and internal controls.
- Conducting risk-based sampling and cross-checks.
- Performing analytical reviews of calculations and traceability.

While it is generally true that initial costs for a new regulation are higher than ongoing costs; increasing standards from limited assurance to reasonable assurance, phasing in additional Scope 3 categories to report, and additional reporting requirements through the template for Scope 1 and Scope 2 will all increase costs, rather than reduce costs as time goes on. None of these additional costs are accounted for in CARB's estimates.

Initial Regulation Adopted in February 2026

CARB has asked if there are topics from the initial regulation adopted at the February 2026 Board hearing that need to be revisited. We believe CARB should revisit the following topics:

Calculation of Fees

The issue of the fees was one of the most often cited issues during the February Board hearing and yet it was not addressed by the Board. CARB's November Workshop raised the challenges and limitations with regards to estimating the fees. The Workshop Slides indicate that there are major holes in the data, imprecise revenue estimates, and outdated information. These issues create very significant concerns about the accuracy and reasonableness of the fee estimates. Without knowing the universe of fee payers, how can CARB accurately assess a fee?

Because of the high level of uncertainty in CARB's costs, the lack of clarity on what full regulatory compliance will require, ongoing litigation, and the unknown universe of who is actually reporting, CCEEB recommends that CARB not collect fees in 2026. In order to comply with Proposition 26, CARB must demonstrate by a preponderance of the evidence that the charge is no more than necessary to cover the reasonable costs of the government activity and bears a reasonable relationship to the payer's burden or benefits received from the governmental activity. Without this assurance, this fee becomes a tax.

CARB should collect data in 2026 on the universe of covered and reporting entities before collecting fees and finalize the universe of regulatory costs, resulting in a more accurate estimate. This approach will better ensure that CARB maintains a clear nexus between the costs of administering the program and regulated entities.

Going forward, CCEEB recommends CARB be fully transparent about any future changes in program funding needs and staffing levels, including proposed fee increases. CARB should bring any proposed changes to the Board as informational items and provide reporting entities the opportunity for public input.

Deadline for Reporting Under Health and Safety Code § 38532

The proposed regulation sets August 10, 2026, as the deadline for the first year of reporting for SB 253. CCEEB recommends extending this date until December 31, 2026, which would still comply with Health and Safety Code § 38532, establish a clear deadline, and provide the extra time that is needed to account for gathering and verifying data, the administrative strain imposed by this reporting requirement, and reflect the length of time needed for applicability determinations. Providing additional lead time will also lead to more accurate data and reduce uncertainty, ultimately benefitting consumers of the information, CARB, and the reporting entity.

In summary, CCEEB strongly recommends that CARB refrain from reinventing the wheel and instead simplify the process by relying on the foundational protocol, the GHGP, as it sets up California's Corporate Greenhouse Gas Reporting Program. We acknowledge that the GHGP Corporate Standard and other GHGP standards and guidance are in the process of being updated. Since their original publication, there have been many important developments in greenhouse gas accounting and reporting. "The aim of the updates will be to align with best practice approaches to ensure GHG Protocol standards for Scope 1, Scope 2 and Scope 3 are effective in providing a rigorous and credible accounting foundation for businesses to measure, plan and track progress toward science-based and net-zero targets in line with the global 1.5°C goal." It is important for CARB to monitor and engage in this process in order to ensure that updates are "subject to an inclusive, global, multi-stakeholder decision-making process with participation from business, NGOs, academia, and government worldwide."

Sincerely,



Tim Carmichael

President and CEO

California Council for Environmental and Economic Balance (CCEEB)