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Re: **California Greenhouse Gas Reporting Rules**

March 23, 2026 CARB Workshop – Post Workshop Comments

Dear California Air Resources Board:

These comments are submitted by Christopher P. Perzan, President and Attorney, Kyndenos LLC, an environmental and sustainability law firm. I appreciate the opportunity to submit these comments on the greenhouse gas (GHG) emissions disclosure regulations under development under SB253 to the March 23, 2026 workshop and related materials. The comments are submitted on the firm's own behalf. While informed by discussions with impacted companies and the firm's experience, these comments are not submitted on behalf of any client and do not reflect the thoughts or opinions of anyone but the undersigned. These comments are limited to two areas: greenhouse gas accounting methods, with a focus on supplier-specific methods, and costs. A sound approach to both topics is necessary to ensure a workable rule.

Scope 3 Supplier-Specific Methods

Background

The choice of emission factors to apply to a particular dataset is critical for the accuracy of any full scope emissions calculation. This comment will be limited to those employed in scope 3 supplier-specific methods. In supplier-specific methods, typically a product vendor develops what is commonly referred to as a product carbon footprint (PCF) for their product which is, in turn, supplied to and used by the product purchaser to develop their footprint by applying the PCF emission value to the number of products purchased. I am aware of companies that have developed well over 50,000 product-specific PCFs for the use of customers. These have been developed often at the request of customers who are

interested in developing more accurate data, as opposed to using spend or activity-based averages.

There are many companies that will not have access to methods like this for reasons such as the availability of this information in their industry or the lack of internal resources to collect, validate and use the information. As a result, a challenge facing CARB is to adopt methods that work for the spectrum of reporting companies of varying industries and maturities and still provide credible estimates of scope 3 emissions. Enabling this balance in the basic regulatory structure at this point is critical. Spend and activity-based methods must be part of the mix. It is important (and consistent with GHG Protocol) to both allow simpler methods while also recognizing as compliant those that do choose to use supplier-specific data, often at considerable investment. In addition, more precise methods are increasingly desired by institutional investors and markets.

This comment is to encourage CARB to specifically acknowledge as compliant sophisticated supplier-specific methods currently in use. Assurance and compliance should concentrate on the extent to which a company has conformed with the methodology it has adopted.

CARB Should Recognize PCF Standards for Supplier-Specific Accounting

There are well-recognized standards for supplier-specific EFs. I will mention the three common PCF standards that are in use for the creation of PCFs.¹ All of these enable cradle-to-gate emissions calculations for the product in question, with data that is traceable and primary for that product.

The most obviously relevant standard, since it is part of GHG Protocol (referenced in SB253), is the GHG Protocol Product Life Cycle Accounting and Reporting Standard (GHGP Product Standard). This standard sets detailed methods for the calculation of supplier-specific footprints and related accounting requirements. The International Organization for Standardization (ISO) has developed ISO 14067 covering carbon footprints of products, consistent with ISO life cycle assessment standards (ISO 14040, 14044). Both standards are robust, life cycle-aligned standards that are currently in active use by companies.

Partnership for Carbon Transparency (PACT) is an initiative launched by the World Business Council for Sustainable Development. PACT has developed a methodology that builds on the GHGP Product Standard and ISO 14067 and further outlines a standardized

¹ This comment will not try to describe these standards in detail due to their complexity, but they are available through their respective institutions. PACT: <https://www.carbon-transparency.org/>; ISO: <https://www.iso.org/standard/71206.html>; GHG Protocol: <https://ghgprotocol.org/product-standard>

architecture for exchanging PCF data. Companies use it both for guidance on calculation and for confidence in the transparency and exchange of data.

PCFs Generated and Used Under these Standards are Compliant

Systems that have been built on these frameworks should be acceptable for PCFs used in a SB253-compliant disclosure. CARB should allow flexibility in standard selection. A company using a PCF developed in conformance with that standard should be considered compliant. A firm should also be considered compliant if it uses PACT methodology overlaid on either other standard.

A hybrid approach should also be acceptable. A company may have access to PCF data for a percentage of the products it purchases, but use spend-based data for the rest. A hybrid method is very common as companies build out their capabilities and as those of their vendors mature.

For companies using PCFs, the rules and assurance criteria should be focused on whether the user of the PCF has applied it appropriately and accurately. Just as assurers should not be required to inquire into the accuracy of each emission factor in a dataset used in a spend-based calculation, EFDB or EEIO as examples CARB has referred to, the user's assurer should not be required to assure the development of the PCF. Assurers should be given guidance that they can assess compliance from the documentation contained in the PCF. PACT, for example, requires extensive information in data exchanges, including emissions, carbon attributes, IPCC characterization factors, relevant standards used, data integrity and verification information.² In this case, it should be sufficient for successful assurance to show that the PCF user requested and received the PCF data, reviewed that it was complete as expected and used it appropriately. CARB should avoid inadvertently creating an incentive to use spend-based databases due to difficulty achieving assurance for PCF-based methods.

There are methods other than those in the standards discussed that may similarly result in compliant product-specific calculations. However, companies that go above the minimum by using these standards in particular for some or all their metrics should be considered compliant if they are in good faith and in reasonable compliance with the requirements of those standards.

² See PACT Methodology v.3.0, section 6.1.

Costs of Scope 3

It is important to understand the level of costs involved in each methodology. The CARB presentation in the workshop stated that its estimated costs were an average of approximately \$82,000 for scope 1&2 and approximately \$8,000-26,000 for scope 3. It was not clear how those estimates were developed, but they are not realistic, particularly in the ratio. For comparison, a survey conducted by ERM as part of the SEC climate disclosure rulemaking found an average of \$237,000 for reporters of GHG disclosures.³

While not necessarily universal, it is extremely common for the cost of scope 3 to be multiples of that for scope 1&2. For most companies, scope 1&2 primarily involves collecting data on fuel combustion, electrical usage and appropriate emission factors. The data may be scattered across operations and must be compiled, but it is often internally available.

Scope 3 is different and almost always more expensive. It involves active inquiry into the value chain for data. It requires systems to collect and organize this data both internally and from third parties. Emission factors may be harder to identify and many companies seek technical assistance, particularly at the early stages. When specifications required to meet assurance expectations are included, both initial and ongoing expenses are considerable. Even under a relatively simple spend-based method, the costs for scope 3 would reasonably be expected to be higher than scope 1&2. For more complicated methods it would not be uncommon to see 3x to 10x that of scope 1 & 2 depending on the methodologies used, including the PCF methods discussed earlier in this comment. Companies that have set up PCF systems, both those creating them and using them, have made very significant investments.

³ https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/2022/climate-disclosure-survey_fact-sheet-april-2022.pdf

Conclusion

Once again, I appreciate the opportunity to submit these comments. I encourage CARB to find the right balance of flexibility, clarity and meaningful disclosure as it moves forward with these rules.

Thank you for your consideration of these comments.

Respectfully submitted,

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