

April 13, 2026

Lauren Sanchez, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

**Subject: California Water Association Comments on SB 253 and SB 261
March 2026 Workshop**

Dear Chair Sanchez,

On behalf of the California Water Association (CWA) and its 84 member utilities, thank you for the opportunity to provide input on the California Air Resources Board's (CARB) proposed regulations implementing SB 253 and SB 261. CWA represents investor-owned drinking water utilities regulated by the California Public Utilities Commission (CPUC), serving more than 6 million Californians. Our members are committed to environmental stewardship and support the State's broader climate goals.

We appreciate the opportunity to submit comments following the March 23, 2026 workshop. The implementation of SB 253 and SB 261 introduces new compliance obligations for water utilities that have not historically been subject to climate reporting mandates. CWA offers the following comments to help improve clarity, flexibility, and overall workability of the proposed framework for our members.

Scope 3 Reporting – Support for Broad Applicability

CWA strongly supports option one, Broad Applicability, for Scope 3 reporting. This approach provides the necessary flexibility for our members to report the most relevant and material emissions categories while recognizing the practical challenges associated with Scope 3 data collection.

Under Broad Applicability, reporting entities should be permitted to designate certain Scope 3 categories as *de minimis* where those categories are not relevant, material, or feasible to report. To support this framework, CARB should establish clear thresholds — CWA recommends a 5 percent materiality threshold, consistent with the Greenhouse Gas Protocol Corporate Standard.

Under this approach, if improved data or changes in operations result in emissions changes exceeding this threshold, entities would restate and update disclosures in subsequent years. This will allow organizations to prioritize the emissions categories most relevant to their business operations.

CWA also urges CARB to recognize the inherent limitations in Scope 3 data availability. Many reporting entities will rely on spend-based estimation methodologies, and data collection will remain complex and resource-intensive. Providing flexibility under Broad Applicability will help ensure that



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disclosures are both feasible and decision-useful, while maintaining alignment with existing voluntary and mandatory reporting frameworks.

Reporting Timelines and External Factors

As noted in our previous comments, the proposed August 10 reporting deadline presents significant challenges for reporting entities.

CWA reiterates its recommendation that CARB adopt a “rolling” submission schedule, under which reports are due twelve months following the close of each entity’s fiscal year. This approach would provide equitable treatment across entities with varying fiscal calendars and ensure sufficient time to compile, verify, and assure emissions data.

A rolling deadline would also help distribute demand for limited third-party assurance services throughout the year, reducing costs and improving data quality. This is particularly important as assurance requirements evolve from limited to reasonable assurance and as Scope 3 reporting is incorporated.

Timing concerns are further compounded by reliance on external data sources. For example, many companies, including large water utilities, use the U.S. Environmental Protection Agency’s Emissions & Generation Resource Integrated Database (eGRID) factors to calculate Scope 2 emissions under the location-based methodology. These factors are typically released annually but have not yet been published this year, creating additional uncertainty for entities attempting to meet the August 2026 deadline.

Without greater flexibility, reporting entities may face compressed timelines that jeopardize both compliance and data accuracy.

Costs and Customer Affordability

Overall, these regulations represent a substantial shift for regulated water utilities. Full compliance with SB 253 and SB 261 will require significant operational and financial investment. Many utilities currently lack the infrastructure, systems, and specialized expertise necessary to meet these requirements. Compliance will necessitate new data collection processes, internal staffing, system upgrades, legal consultation, and third-party assurance.

Based on member feedback, the costs presented to date appear to be underestimated. For example, limited assurance for Scope 1 and Scope 2 emissions alone is estimated to cost between \$70,000 and \$150,000 annually, not including substantial internal staff time. With the addition of Scope 3 reporting, total compliance costs are expected to reach hundreds of thousands of dollars per year for many utilities.

These costs will largely be incurred within California operations, though some expenses may also be distributed across corporate headquarters located in other states. As regulated entities, water utilities must carefully manage costs to maintain affordability for customers. The financial burden associated with compliance will ultimately impact ratepayers, raising important considerations for both affordability and regulatory coordination with the CPUC.



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CWA and its member utilities remain committed to supporting California's climate goals and advancing responsible environmental stewardship. However, it is critical that the regulatory framework for SB 253 and SB 261 be workable, flexible, and reflective of the operational realities facing newly covered entities.

Thank you for your consideration of these comments. If you have any questions or would like to discuss further, please feel free to reach out to me at jcapitolo@calwaterassn.com.

Sincerely,



Jennifer Capitolo, Executive Director



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