California Fuels and Convenience Alliance

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California Air Resources Board
1001 I Street
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RE: CFCA Comments – SB 253 Pre-Rulemaking (Scope 3, Organizational Boundaries, and Assurance Framework)

The California Fuels and Convenience Alliance (CFCA) represents approximately 300 members, including nearly 90 percent of all independent petroleum marketers in the state and more than half of the state's 12,000 convenience retailers. Our members, predominantly small, family- and minority-owned businesses, play a vital role in California's fuel supply chain, serving local governments, emergency services, school districts, transit companies, independent fuel retailers, and the agriculture industry.

We appreciate the opportunity to provide comments on the California Air Resources Board's (CARB) ongoing pre-rulemaking process for implementation of SB 253, the Corporate Climate Data Accountability Act. As CARB continues to develop the framework for 2027 and beyond, CFCA respectfully urges the Board to prioritize flexibility, feasibility, and scalability to ensure that reporting requirements are practical and implementable across a wide range of business models.

ORGANIZATIONAL BOUNDARIES

With respect to organizational boundaries, CFCA strongly encourages CARB to preserve maximum flexibility for reporting entities in selecting the approach that best reflects their operational and financial realities. While the proposed alignment with the Greenhouse Gas Protocol's equity share and control approaches is appropriate, many businesses, particularly those operating under franchise models, leased asset structures, or complex ownership arrangements, require additional flexibility.

CARB should explicitly allow hybrid or entity-defined approaches that align with internal management structures, financial reporting practices, and data availability. A one-size-fits-all framework would not accurately capture emissions profiles across diverse business types. Additionally, CARB should require only high-level, principles-based disclosure of boundary selection and rationale, rather than detailed mapping of all included and excluded entities, which would create significant administrative burden without improving data quality.

EMISSION FACTORS AND ACCOUNTING METHODS

CFCA urges CARB to adopt a flexible, principles-based approach to emission factors and GHG accounting methodologies. Reporting entities should be permitted to rely on a broad range of emission factor sources, including public datasets, industry averages, supplier-specific data, and internally developed or proprietary models. Given the evolving nature of emissions accounting, particularly for Scope 3, CARB should avoid prescriptive requirements and instead allow any reasonable and consistently applied methodology. Documentation requirements should be limited to high-level identification of data sources and general methodologies, with explicit protections for confidential and proprietary information. Entities should also be allowed to update emission factors and methodologies over time without penalty, with only minimal disclosure of changes, in order to support continuous improvement in reporting accuracy.

Additionally, rather than requiring companies to rely on a single GHG accounting method across all reporting, entities should be allowed to use different methods for different activities. Companies should also have the flexibility to shift methodologies over time, for example, using a spend-based method for a Scope 3 category in one reporting cycle and transitioning to an activity-based method in a subsequent cycle, without penalty. This approach ensures maximum flexibility for reporting entities while supporting continuous improvement in data accuracy.

FLEXIBILITY AND FEASIBILITY

As CARB considers regulatory options for Scope 3 reporting, CFCA strongly urges the Board to prioritize feasibility and flexibility. Scope 3 emissions data remains highly variable in both quality and availability, and overly rigid requirements will lead to inconsistent and unreliable reporting. CARB should allow reporting entities to designate categories as *de minimis* based on their own assessment of materiality, relevance, and feasibility, without imposing strict quantitative thresholds. A principles-based approach will enable companies to focus resources on the most meaningful emissions sources rather than expending disproportionate effort on categories that are immaterial or not reasonably measurable.

CFCA also supports a phased approach to Scope 3 reporting, by category, provided that such an approach remains flexible and responsive to differences in industry readiness and feasibility. For example, while business travel may appear straightforward to track and calculate, in practice it requires employees to document every flight, ride-share trip, and related activity. Much of this information is already reported elsewhere by other entities subject to similar requirements, resulting in duplicative and burdensome data collection for environmental compliance teams. This level of granularity imposes significant administrative costs without delivering meaningful value to consumers or the broader market. On the contrary, these requirements risk increasing costs for our members, which will ultimately be passed through to consumers, without a corresponding benefit in data quality or decision-making.

Thus, initial reporting should focus on categories that are widely understood and for which data is reasonably accessible, while allowing companies to defer or omit categories where data is not available. Rather than prescribing a fixed set of categories for all reporting entities, CARB should allow companies to determine which Scope 3 categories they are best positioned to report based on existing data collection practices. This approach would enable companies to manage compliance costs by focusing on the categories most readily available to them.

At most, CARB could consider requiring a limited number of core categories, while allowing all others to remain voluntary. Ultimately, if Scope 3 disclosures are intended to inform investors' assessment of risk, it is critical that the data reported be accurate. Reporting entities are best positioned to ensure accuracy, given their understanding of internal operations and available data.

SCOPE 3 REPORTING – FUNDAMENTAL CONCERNS

While our comments above focus on the implementation aspects of this regulation, CFCA emphasizes that the underlying requirement to report Scope 3 emissions creates substantial harm and arguably runs counter to the stated goal of providing meaningful risk assessments for investors regarding companies operating in California. Additionally, the requirement to report Scope 3 emissions remains unworkable, unreliable, and unfairly punitive, and it fails to align with the objective of advancing climate goals while maintaining affordability for California's small businesses.

Unlike direct (Scope 1) and indirect (Scope 2) emissions, Scope 3 emissions occur outside a company's direct control, making accurate reporting inherently difficult—if not impossible. These requirements impose an excessive burden on businesses by requiring them to track emissions from suppliers, distributors, and customers, many of whom may not operate in California and are not subject to similar reporting obligations. Additionally, Scope 3 emissions are inherently difficult to verify, as companies cannot compel third-party suppliers to disclose emissions data, resulting in estimates that are often inconsistent and unreliable.

If CARB's goal is to provide more accurate and decision-useful information to the marketplace, Scope 3 reporting requirements may have the opposite effect by introducing greater uncertainty. Overestimating or underestimating emissions due to incomplete or unreliable data can harm both businesses and the broader market. For example, a fuel distributor relying on estimated supplier data may overstate emissions and appear less environmentally responsible than it actually is, potentially impacting investor perception, creditworthiness, or business opportunities. Conversely, underestimating emissions could expose the company to regulatory or reputational risk if discrepancies are later identified. In either case, inaccurate reporting undermines the reliability of disclosures and creates unnecessary risk.

Furthermore, these requirements disproportionately impact small and mid-sized businesses that lack the legal, technical, and financial resources to conduct complex emissions tracking across their value chains. They also create a competitive disadvantage for California-based companies that must comply with these mandates while out-of-state and international competitors are not subject to comparable requirements.

For these reasons, CFCA urges CARB to eliminate Scope 3 emissions reporting requirements from SB 253 implementation. At a minimum, CARB should align with any forthcoming federal standards to avoid duplicative and inconsistent regulatory frameworks and should exempt small and mid-sized businesses from these requirements to prevent disproportionate economic impacts on local communities.

CONCLUSION

CFCA appreciates CARB's continued engagement and commitment to developing a workable SB 253 framework. As CARB moves forward with rulemaking for 2027 and beyond, we strongly urge the Board

to eliminate Scope 3 reporting requirements, while prioritizing flexibility in organizational boundary selection, emission factor usage, accounting methodologies, and assurance requirements. A principles-based, phased approach will reduce unnecessary compliance burdens, improve data quality over time, and ensure that reporting requirements are both practical and achievable for California businesses.

We thank you for the opportunity to provide feedback and look forward to continued collaboration throughout this process.

If you have any questions, please contact CFCA's Senior Policy Analyst, Gebriel Saleh, at gebriel@cfca.energy.

Sincerely,

Gebriel Saleh
Senior Policy Analyst