



NRG Energy Inc.
1301 McKinney Street
Houston, TX 77010

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California Air Resources Board
Clerk of the Board
1001 I Street
Sacramento, CA 95814

Submitted Electronically

Subject: Public comments to March 23, 2026 Climate Disclosure Workshop

NRG Energy, Inc. (NRG) appreciates the opportunity to respond to the California Air Resources Board (CARB) SB 253 Workshop questions. NRG is leading the way by expanding what's possible toward a smarter, cleaner, empowered future for people, homes, businesses, and communities across California and beyond. Since 2014, NRG has voluntarily collected and disclosed its scope 1, scope 2, and business travel greenhouse gas (GHG) emissions, demonstrating a commitment to transparency and sustainability. With this experience, NRG is well positioned to provide real world examples of effective climate disclosure practices as well as insights into the ongoing challenges that entities may face in meeting evolving reporting standards.

Introductory Comments

NRG provides its recommendations in response to the specific questions set out below. We look forward to partnering with CARB to develop a simple, effective rule under which companies can be flexible in their reporting as this area of law and policy develops across the United States and the globe.

Overall, NRG believes that the rule should focus on 1) simplicity; 2) avoidance of duplication across jurisdictions; and 3) flexibility in choice of reporting methodologies. CARB should continue its climate disclosure leadership by establishing key criteria that draw on principles from a range of accounting methods without restricting corporate reporters' accounting or disclosure choices. We provide more detail on these policy goals in response to the questions below.

Responses to CARB SB 253 Workshop Questions

Q: Are there topics from the initial regulation adopted at the February 2026 Board hearing that need to be revisited, including reporting deadlines post 2026, applicability definitions, and/or exemptions?

NRG requests that CARB revisit the Scope 3 reporting and assurance timeline and, to the extent practicable, align reporting deadlines across Scopes 1, 2, and 3. In the February 2026 CARB Board hearing, the initial reporting deadline for SB 253 Scope 1 and 2 emissions was approved for August 10, 2026. Once Scope 3 reporting requirements are phased in, the August 10 deadline should be reconsidered to accommodate for the additional time for data collection, calculation, validation, and potential assurance. However, all scopes should be reported on the same timeline. Misaligned deadlines across scopes could require reporters to procure assurance over multiple submissions on separate timelines, materially increasing compliance costs without a commensurate improvement in data quality. CARB should seek alignment with other corporate reporting obligations and provide reasonable compliance flexibility to avoid unnecessary duplication and cost.

Additionally, CARB should re-evaluate the use of a mandatory reporting template. SB 253 was enacted with flexibility in reporting standards specifically to avoid the requirement that a multi-jurisdictional entity prepare separate reports for each entity in which emissions reporting is required. The use of a mandatory template would run counter to that intent and materially increase compliance costs for entities that submit in multiple jurisdictions.

Organizational Boundaries

Q: Are there other approaches to organizational boundary setting that CARB should consider?

The regulation should accommodate hybrid organizational boundary approaches that are consistent with greenhouse gas accounting practices. NRG currently uses a hybrid approach combining an equity share and an operational control organizational boundary where emissions from sources owned or controlled by NRG are accounted for. Our scope 1 emissions from jointly owned electric generating facilities in North America are allocated based on NRG's equity ownership share, and our scope 2 emissions are accounted for based upon operational control. To support accurate and transparent reporting, CARB should allow a "hybrid" option.¹

¹ To the extent that CARB utilizes a template, it should allow reporting entities to disclose such approach in a narrative field.

Q: How should entities explain their choice of organizational boundary?

NRG notes that it is standard practice for reporting entities to disclose the organizational boundary method applied in their GHG emissions report. However, requiring reporters to justify the selection of a particular boundary method is not standard practice in corporate GHG reporting and is not necessary where the methodology is clearly disclosed and applied consistently. Standard practice in the issuance of a GHG emissions reports is a description of the organizational boundary.

Accounting Methods

Q: What additional information for Scope 1 and 2 reporting should CARB consider in developing final reporting templates?

NRG requests clarification as to whether CARB intends to require use of the reporting template beginning in 2027 and, if so, whether CARB will allow submission of a reporter's independently assured corporate GHG emissions report in lieu of completing a duplicative template. As described above, SB 253's intent was to avoid requiring the preparation of different reports across multiple jurisdictions. At minimum, a future regulation should ensure that any required template aligns with existing data collection efforts and methodologies for which reporters already obtain assurance over, and CARB should provide stakeholders an opportunity to review and comment on any revised template prior to implementation to avoid compounding work and cost.

Q: What accounting methods does your organization currently use for Scope 1, 2, and 3 GHG estimation?

NRG uses spend-based, location- and market-based, activity-based, and supplier-specific methods, and selects the appropriate method based on data availability and data quality.

Q: Should CARB consider allowing other accounting methods? If so, which ones and why?

CARB should establish clear criteria for accounting methods while also allowing reporters flexibility to select the framework that best aligns with those requirements. By defining key parameters and outcomes, CARB can ensure consistency while enabling reporters to choose the methodology that also meets other regulatory or voluntary reporting obligations a reporter may face. This approach provides flexibility for reporters, while reducing reporting burden and cost of compliance.

Optionality for reporters to include both location-based and market-based accounting in Scope 2 calculations should be available. California has a long-standing history of valuing

market-based instruments that meaningfully reduce emissions, and allowing market-based accounting will ensure this support is carried through in the rule.

CARB should allow reporters to use recognized Scope 3 accounting methods—including spend-based, activity-based, and supplier-specific approaches—and, where appropriate, a combination of methods across and within categories. Data and emission factor availability and quality vary widely across Scope 3 categories; methodological flexibility enables reporters to use the best-available data and improves the quality of emissions estimates.

CARB should also ensure that corporate reporting frameworks appropriately recognize renewable fuels, including Renewable Natural Gas, and certified natural gas. These differentiated fuels expand the products corporations can leverage to reduce emissions and deliverable meaningful methane emissions reductions.

Emission Factors

Q: What criteria should emission factors meet to be used in this program?

Given the diversity of reporters and activities subject to SB 253, CARB should establish clear criteria for acceptable emission factors (e.g., transparency, representativeness, currency, and documentation) but should not prescribe an exclusive list of emission factor sources. Reporters rely on a range of established datasets depending on sector and geography, including sources such as the United Kingdom’s Department of Energy Security & Net Zero (DESNZ), US Energy Information Administration (EIA), Canada Environment and Climate Change, and sector-specific benchmarking resources. CARB should ensure that its criteria can accommodate emission factor datasets whose stewardship may evolve over time (e.g., datasets that transition from federal to academic maintenance) while maintaining appropriate quality controls.

Q: How should reporters document and explain their use of a particular emission factor, including proprietary models?

Disclosure of emissions factors is a standard aspect of assured GHG emissions reports. If CARB requires assurance, emission factors will be reviewed by the assurance provider and included in a final assurance report. During an assurance process, reporters disclose emission factors and provide references sufficient to support traceability, including the dataset name, version, and publication date (where available). Where proprietary models are used, documentation adequate to support assurance and transparency, consistent with protection of confidential business information and with methodologies used across other reporting jurisdictions. Requiring additional disclosure beyond what is included in the assured report could increase compliance burden without a commensurate improvement in transparency or data quality.

Q: How should reporters document and explain when changing EFs from a prior year?

Reporters should disclose the emission factors used in the reporting year. If a reporter makes a material change in emission factors relative to a prior year that could meaningfully affect reported emissions, CARB should allow a brief explanation of the change and its rationale.

Scope 3 Regulatory Option 1: Broad Applicability

Q: Should reporting entities be able to report as de minimis certain categories due to lack of relevance/materiality and/or feasibility? What specific thresholds, definitions, or decision frameworks should CARB use to determine when a Scope 3 category is considered de minimis to be reported?

NRG supports CARB staff's proposal to provide flexibility for reporters to omit Scope 3 categories they deem de minimis. A de minimis framework is important to focus measurement and assurance resources on the most material categories. As an administrable benchmark, CARB should consider allowing reporters to apply a quantitative de minimis threshold commonly used in practice (e.g., 5%), while retaining flexibility to address category-specific circumstances.

Scope 3 Option 2: Sectoral Phase-In

Assurance

Q: Are there assurance standards or frameworks not currently included in staff's proposed list that should be recognized and why?

NRG uses an American Institute of Certified Public Accountants (AICPA) assurance standard and requests that CARB ensure that AICPA standards remain recognized for purposes of SB 253 compliance. More generally, CARB should recognize all widely used assurance standards that support consistent, high-quality engagements.

Economic Analysis

Q: Are the costs presented today in the ballpark of your company's estimates for compiling, reporting, and assuring GHG emissions? In your response, please be as detailed as possible about the costs associated with specific aspects of GHG reporting (e.g., data collection vs. analysis, cost variations across scopes, limited and reasonable assurance) and which reporting methodologies apply (e.g., activity-based vs. spend-based).

NRG's experience indicates that the costs associated with compiling, reporting, and obtaining assurance of GHG emissions are materially higher than the estimates presented.

Key cost drivers include:

- Internal staff time for data collection, validation, documentation, and assurance support;
- Consultant support for complex calculations and/or staff augmentation;
- Third-party data and platforms (e.g., supplier engagement and supplier-specific inputs);
- Potential software products for data and reporting management
- Assurance costs for each required GHG submission, which are increasing as jurisdictional reporting requirements proliferate. Especially if Scope 1 and 2 reporting timelines differ from Scope 3, reporters may be required to procure assurance over multiple reports on separate timelines, materially increasing total assurance costs.

Q: Will most of the costs associated with reporting be incurred in state or through offices in other jurisdictions (e.g., headquarters in other states, countries)? Please provide an estimate (%), if possible.

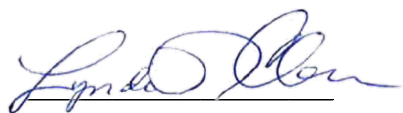
Most costs would be incurred through offices in other jurisdictions, with almost all costs incurred outside of California.

Additional Comments

As indicated above, NRG recommends that CARB not require the use of a mandatory reporting template and instead allow for the submission of assured reports, so long as those reports meet the principles of SB 253.

Conclusion

NRG appreciates CARB's consideration of these comments and looks forward to continued engagement as CARB finalizes implementation details for SB 253. Please do not hesitate to contact the undersigned should CARB staff have any questions regarding these responses.



Lynda Clemmons
Chief Sustainability Officer
NRG Energy, Inc.