



May 28, 2026

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on SB 253 Initial Regulation and Response to March 2026 CARB Public Workshop on SB 253 – Climate Corporate Data Accountability Act

To Whom it May Concern,

We appreciate the opportunity to provide comments on the initial regulation for SB 253, as this regulation poses significant risks for California Dairies, Inc. (CDI), a farmer-owned milk marketing and processing cooperative representing nearly 300 family-owned California dairy farms. As detailed below, risks include, but are not limited to, the disruption of supply chain investments made directly to farms coupled with the financial burden of reporting, both of which will result in a higher market price of food to consumers, as well as the inevitable result of premature accounting systems creating mass liability of inaccurate accounting for greenhouse gas emissions.

A passive omission of the guaranteed consequences of enacting this regulation would be irresponsible of the California Air Resource Control Board (CARB). Please see the comprehensive breakdown below to understand the severity of the operational, economic, and environmental distortions that will arise should this regulation move forward without substantial revision. These impacts extend far beyond administrative inconvenience; they threaten the long-term viability of family farms, undermine ongoing sustainability progress, and create systemic uncertainty across the dairy supply chain.

1. Market and Competitive Disadvantage

The proposed regulations pose a significant risk of competitive disadvantage to California, farmer-owned cooperatives, especially in the global marketplace.

- **Valuable Market Intelligence:** CDI, like many others, views our proprietary carbon accounting and supply chain data as critical market intelligence that provides many advantages. The strategic use of this data allows for targeted sustainability initiatives that directly benefit our family-owned member farms, resulting in improvements of a farm's environmental footprint, aiding them to meet California's strict regulatory requirements and create an additional revenue stream. The irresponsible disclosure of such data would eliminate CDI's ability to secure supply-chain investments, thus taking



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money from our farmer's pockets, and release supply chain partners from their responsibility to engage with farms to reach shared emission reduction goals.

- **Risk of External Exploitation:** Mandatory public disclosure of this data, particularly Scope 3 emissions (as required by SB 253), will provide an undue advantage to competitors, especially those based outside of California and the U.S. (e.g., New Zealand-based suppliers). Competitors not subject to the same disclosure requirements could exploit this transparency to weaken our market position and erode our global competitiveness.

2. Economic Impact on the Agricultural Sector

These regulations will have direct and negative economic consequences for the California agricultural sector.

- **Farmer Cost Burden:** Complying with the extensive reporting requirements of SB 253 will necessitate significant investments in external consultation, data management systems, and personnel (such costs are currently offset by supply chain investments, secured by strategic use of this proprietary information). These compliance costs would inevitably be passed back to our member farms; again, taking money from farmer pockets. These expenses come at a time when producers are already navigating inflationary pressures, volatile feed markets, and rising labor costs. For many farms, the cumulative burden will exceed their capacity to absorb additional regulatory expenses, forcing difficult decisions about scaling back operations, delaying sustainability investments, or exiting the industry entirely. This result contradicts California's stated goals of supporting resilient, climate-smart agriculture.
- **Consumer Cost Burden:** Compliance will require new software systems, third-party verification, specialized consultants, and ongoing data management, costs that disproportionately affect small and mid-sized family farms. The resulting operational strain will reverberate throughout the supply chain and ultimately raise food prices for all consumers.

3. Irrelevance of Disclosure

The scope and intent of disclosure programs are fundamentally misaligned with the nature and purpose of farmer-owned cooperatives. As a not-for-profit cooperative, CDI is organized under the provisions of Chapter 1 of Division 20 of the Food and Agricultural Code. CDI is a farmer-owned cooperative and is not a publicly traded company subject to such SEC regulations or state investments. As CARB has made exemptions to remove this burden from non-profit or charitable organization deemed tax-exempt under the Internal Revenue Code, we ask that



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CARB extend an equivalent exemption to agricultural cooperatives, whose structure, purpose, and regulatory obligations differ fundamentally from those of publicly traded companies. SB 253 would impose significant and unnecessary burdens on family-farm-owned organizations that were never contemplated as covered entities under this statute. Such alignment would ensure that SB 253 is implemented in a manner consistent with legislative intent.

4. Inadequate Accounting Systems

The regulation undermines the unique structure of agricultural supply chains, the complexities of avoiding double accounting of GHG emissions, and creates supply chain dependency on resources that are widely recognized as premature and unreliable.

- **Inevitable Inaccurate Accounting:** SB 253 relies on greenhouse gas accounting methodologies that remain in early stages of development and lack the precision required for regulatory enforcement. Scope 3 emissions accounting, in particular, is widely acknowledged to carry high uncertainty and methodological variability. Both the Science Based Targets initiative (SBTi) and the Greenhouse Gas Protocol, the two most widely recognized global authorities on corporate emissions accounting, have publicly acknowledged the significant limitations and uncertainties inherent in current greenhouse gas accounting methodologies, particularly Scope 3 calculations. The GHG Protocol has stated that Scope 3 data often relies on industry averages, incomplete supplier information, and estimation techniques that introduce substantial variability and uncertainty. Likewise, SBTi has recognized that existing Scope 3 accounting frameworks lack the precision and consistency necessary for reliable, enforceable reporting and has indicated that methodological improvements will require years of additional development before they can be considered robust. The credibility of these organizations underscores the seriousness of these concerns: if the governing bodies responsible for defining global emissions accounting standards caution against the reliability of current Scope 3 methodologies, it is unreasonable to impose regulatory liability on entities required to report under frameworks that the standard-setters themselves deem incomplete and unstable.
- **Duplicative Accounting:** SB 253's reporting structure creates unavoidable double-, triple-, and even quadruple-counting of agricultural emissions across interconnected supply chains. For example, if CDI and its roughly 25 secondary processing partners all disclose Scope 3 emissions tied to the same underlying milk supply, each entity will report the identical upstream emissions as its own. This artificially inflates the total emissions attributed to California agriculture, distorting the sector's environmental footprint and misrepresenting its progress toward sustainability. Such systemic over-counting erodes confidence in emissions inventories, undermines the credibility of corporate sustainability reporting, and risks misleading policymakers and the public. By generating inflated and inconsistent emissions totals, the regulation ultimately works



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against California's climate objectives and its stated mission to support a resilient, data-driven, and sustainable agricultural economy.

- **Misdirected Liability:** Requiring reported emissions using immature tools will inevitably produce inconsistent, incomplete, or inaccurate data. Yet the regulation assigns liability for these inaccuracies to reporting entities, creating exposure to penalties, litigation, and reputational harm. This dynamic punishes good-faith actors for methodological shortcomings that are outside their control and undermines confidence in the resulting emissions inventories.

5. Impact on Food Affordability and Consumer Access

The cumulative effect of compliance costs, supply chain disruptions, and administrative burdens will be higher prices for dairy products in California. Dairy is a staple food category; even modest price increases disproportionately affect low-income households and food-insecure communities. California consumers face some of the highest food costs in the nation; layering additional regulatory-driven expenses onto essential nutrition products will exacerbate inequities and reduce consumer access. Any climate policy that increases food insecurity without delivering measurable emissions reductions is misaligned with the state's broader public-interest obligations.

6. Threats to Long-Term Sustainability Progress

California dairy producers have invested heavily in methane reduction technologies, renewable energy projects, and regenerative farming practices. These initiatives, many achieved by the specific supply chain investments SB 253 would eliminate, are delivering real, quantifiable emissions reductions. SB 253 risks undermining this progress by redirecting limited capital away from proven climate solutions and toward administrative compliance. Instead of accelerating decarbonization, the regulation may stall or reverse momentum by forcing farms to prioritize paperwork over innovation. A regulatory framework that penalizes early adopters by misrepresenting the reality of greenhouse gas emissions quantified through unreliable accounting methodologies and diverts resources from effective mitigation strategies is counterproductive to California's climate goals.

7. Need for Stakeholder Engagement and Practical Revision

Given the magnitude of the impacts described above, it is essential that CARB engage directly with agricultural stakeholders—particularly farmer-owned cooperatives—to develop a more workable approach. A revised framework should prioritize accuracy, feasibility, and alignment with existing sustainability programs. It should also recognize the unique structure of agricultural supply chains and the limitations of current emissions accounting methodologies. Without such engagement, the regulation risks imposing burdens that are disproportionate, ineffective, and ultimately harmful to the very communities driving California's climate leadership.



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In conclusion, California Dairies, Inc. urges CARB to fully consider the profound and unavoidable consequences outlined in this letter before advancing the proposed regulation under SB 253. Without meaningful revisions, the rule will impose disproportionate burdens on family-owned dairy farms, undermine existing sustainability investments, and introduce significant uncertainty into an already strained food supply chain. We remain committed to transparency, environmental stewardship, and constructive collaboration; however, these goals cannot be achieved through a framework that is unworkable in practice and punitive in effect. We respectfully request that CARB reevaluate the current proposal and engage directly with impacted stakeholders to develop a more practical, science-based, and economically responsible path forward.

Please see the attached March 2026 CARB Public Workshop on SB 253 summary of questions presented and CDI's responses in red.

Regards,

A handwritten signature in black ink, appearing to read "Dixie Martinho".

Dixie Martinho
Sustainability Manager

A handwritten signature in black ink, appearing to read "Darrin Monteiro".

Darrin Monteiro
Chief Member Relations Officer



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March 2026 CARB Public Workshop on SB 253 – Summary of Questions Presented

Q: If your company reports under another jurisdiction's program, what elements of that framework should CARB take into account?

California Dairies, Inc. reports under the CARB Mandatory GHG Reporting Regulation and the CARB Cap-and-Invest Program.

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?

See above narrative, '3. Irrelevance of Disclosure'. CARB must extend an exemption to agricultural cooperatives in order to implement SB 253 in a manner consistent with legislative intent, protect our vulnerable food system's ability to secure supply chain investments, and align with California's stated goals of supporting resilient, climate-smart agriculture.

Organizational Boundaries

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

See above narrative, '4. Inadequate Accounting Systems'. CARB should consider alternative boundary-setting approaches that better reflect the operational realities of agricultural cooperatives and the acknowledged methodological limitations identified by both the GHG Protocol and SBTi. Both governing bodies have openly stated that current accounting systems—especially Scope 3—lack the precision, data availability, and methodological consistency required for reliable regulatory enforcement. Given these constraints, CARB should evaluate boundary-setting frameworks that prioritize feasibility, data quality, and proportionality. Considering the explicit statements from SBTi and the GHG Protocol that current Scope 3 methodologies are not expected to reach reliability in the near future, CARB should avoid mandating boundary approaches that depend on these immature systems.

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

Entities should be required to explain their organizational boundary choice in a manner that is transparent, technically grounded, and aligned with the limitations acknowledged by the global standard-setters. Entities should describe the degree of operational control they have over emissions sources and the quality and availability of data. This is especially important given the GHG Protocol's admission that Scope 3 data often relies on estimates, proxies, or industry averages. Entities should reference how their chosen boundary aligns with the GHG Protocol and SBTi guidance, including the standard-setters' own statements about methodological uncertainty. This demonstrates good-faith adherence to globally accepted frameworks. Entities



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should explicitly identify where data gaps, methodological inconsistencies, or supplier-level limitations prevent accurate Scope 3 reporting. This is consistent with SBTi's acknowledgment that Scope 3 accounting remains underdeveloped and will require years of refinement. Where emissions categories are excluded due to unreliable or unverifiable data, entities should explain why inclusion would produce misleading or inaccurate results. This aligns with the principle, endorsed by both SBTi and the GHG Protocol, that inaccurate reporting is more harmful than incomplete reporting.

Accounting Methods

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

CARB should prioritize information that improves clarity and verifiability without adding unnecessary complexity. Simple check boxes or fields indicating where data is measured versus estimated, and where industry averages or default emission factors are used. A high-level indication of data completeness and quality (e.g., "complete," "partial," "estimated") so regulators understand the confidence level of reported figures.

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

California Dairies, Inc. currently relies on widely recognized frameworks while acknowledging their limitations:

- Scope 1: We primarily use a location-specific, activity-based approach, relying on direct fuel consumption data (e.g., natural gas, diesel, gasoline, propane) and applying standard emission factors from established references (e.g., EPA or equivalent). Where metered data is available, it is used directly; where not, we use purchase records and operational logs.
- Scope 2: We use the location-based method as our primary approach, based on electricity consumption from utility bills and grid-average emission factors.
- Scope 3: For Scope 3, we use a hybrid of spend-based and activity-based methods, depending on data availability. In many categories, particularly upstream agricultural inputs and downstream distribution, we must rely on secondary data, industry averages, and proxy factors, consistent with current GHG Protocol guidance. We agree with SBTi and GHG Protocol statements, that these methods carry significant uncertainty and are not yet suitable for high-stakes regulatory enforcement.

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

CARB should explicitly allow a range of accounting methods, provided they are transparently disclosed and grounded in recognized frameworks. This flexibility is essential given the acknowledged limitations of current methodologies, especially for Scope 3. Where credible,



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sector-specific protocols exist (e.g., for agriculture, dairy, or manure management), CARB should allow their use, even if they deviate in some respects from generic corporate accounting guidance, provided they are transparent and scientifically grounded.

Emission Factors

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

Emission factors should meet criteria that ensure transparency, scientific credibility, and practical applicability, especially given the acknowledged limitations of current Scope 3 methodologies by both the GHG Protocol and SBTi.

- **Source Credibility:** EFs should originate from recognized scientific or regulatory bodies (e.g., EPA, IPCC, GHG Protocol, sector-specific peer-reviewed studies).
- **Relevance:** EFs must be appropriate for the specific sector, geography, and activity. For agriculture, this includes factors that reflect biological variability and regional production practices.
- **Uncertainty Disclosure:** EFs should include uncertainty ranges or confidence ratings. This is consistent with the GHG Protocol's acknowledgment that many Scope 3 categories lack reliable, high-quality data.
- **Update Frequency:** EFs should be based on the most recent available science, with clear versioning to ensure consistency across reporting years.

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

- Identify the EF source (e.g., EPA AP-42, IPCC AR6, GHG Protocol database),
- Explain why the EF is appropriate for the activity, sector, and boundary conditions
- Describe known limitations, uncertainty ranges, or data gaps associated with the EF. This aligns with SBTi and GHG Protocol guidance acknowledging methodological uncertainty.

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

- Identify whether the change was due to updated science, revised regulatory guidance, improved sector-specific data, or correction of an error.
- Note whether the change aligns with updated guidance from the GHG Protocol, SBTi, IPCC, or other recognized authorities.



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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?

Reporting entities should be able to treat certain Scope 3 categories as de minimis where they are demonstrably immaterial to total emissions and/or not reasonably feasible to quantify with current methods. This is consistent with the reality that many Scope 3 categories rely on highly uncertain data, proxy factors, or incomplete supplier information, as acknowledged by leading standard-setters.

Q: What specific thresholds, definitions, or decision frameworks should CARB use to determine when a Scope 3 category is considered de minimis to be reported?

1. Assess materiality: Estimate order-of-magnitude contribution using best-available data.
2. Assess feasibility: Evaluate data availability, cost, and methodological robustness.
3. Document rationale: If both low materiality and low feasibility are present, the category may be designated de minimis, with a short narrative explanation.

This approach aligns with existing reporting practices and acknowledges that not all Scope 3 categories are equally measurable or impactful.

Q: How should CARB weigh reporting flexibility against alignment with current mandatory and voluntary practices and other international standards?

CARB should be directionally aligned with international standards while explicitly building in flexibility where those same standards acknowledge that current methods, especially for Scope 3, are not yet reliable for strict regulatory enforcement. Explicitly recognize sector and size differences; agricultural cooperatives and family-farm-based supply chains cannot be treated identically to large, vertically integrated corporations.

Option 2: Sectoral Phase-In

Q: Are these sectors the appropriate starting point for a phased approach to Scope 3 reporting? What factors should CARB consider in confirming or adjusting this prioritization?

See above narrative. The suitability of any sector depends on the maturity of available accounting methods, the feasibility of obtaining reliable data, and the degree of operational control entities have over upstream and downstream emissions. Given that both the GHG Protocol and SBTi have explicitly acknowledged that Scope 3 methodologies remain highly uncertain and are not expected to reach reliability in the near future, CARB should exclude the agricultural sector. Premature inclusion risks generating inaccurate inventories, imposing disproportionate burdens, undermining the credibility of the program, as well as additional consequences listed in the narrative above.



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Option 3: Category Phase-In

Q: Are these the appropriate categories to prioritize for initial reporting based on data availability and relevance across sectors?

See above narrative. CARB should validate it's list of categories to prioritize for initial reporting to only include those that reflect mature methodologies methods, not just perceived importance.

Standards Accepted in Other Jurisdictions

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

As international bodies finalize climate-specific assurance standards, CARB should allow their use to avoid locking entities into outdated frameworks.

Q: Approximately how many GHG assurance engagements can your organization complete annually for limited assurance?

Assurances are limited to the methodologies available. As Scope 3 methodologies remain highly uncertain, we can continue to complete what is required for Scope 1 reporting under the CARB Mandatory GHG Reporting Regulation and the CARB Cap-and-Invest Program.

Q: What cost ranges are reporting entities currently experiencing for limited assurance engagements?

Costs of reporting under the CARB Mandatory GHG Reporting Regulation and the CARB Cap-and-Invest Program total over \$100,000 annually. For cooperatives and family-farm-based supply chains, these costs are burdensome relative to margins and available administrative capacity.

Q: What factors are driving assurance costs, and how do costs vary across entity size, sector, and assurance level?

The higher the perceived regulatory and legal risk, the more work assurance providers must perform to support their opinion. Considering the acknowledged immaturity of Scope 3 methodologies in the agricultural sector, posing significant regulatory and legal liability, costs will be exorbitant. See above narrative, '2. Economic Impact on the Agricultural Sector'. Family-farms are unable to absorb the financial burden, costs will be redistributed throughout the supply chain and ultimately raise food prices for all consumers.



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Cost Estimates

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).

For agricultural cooperatives, actual costs are likely to be higher due to the complexity of data collection across hundreds of independently operated family farms and the immaturity of Scope 3 methodologies. Because SBTi and the GHG Protocol have acknowledged that Scope 3 methodologies remain inaccurate and unstable, we anticipate the need to invest heavily in data collection, data analysis and methodology development, reporting systems and software costs, assurance costs, and internal labor 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.

For a California-based agricultural cooperative, the majority of costs will be incurred in state. Costs may be directed to out-of-state or international service providers, particularly for Scope 3 and assurance work.



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