



Submitted electronically via CARB Comment Portal

June 1, 2026

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

Re: CMTA Feedback on SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program (March 23, 2026)

Dear Chair Sanchez:

On behalf of the California Manufacturers & Technology Association (CMTA), we appreciate the opportunity to provide comments on the concepts presented during the March 23, 2026, public workshop on the implementation of SB 253 and offer the additional feedback from the April 13th letter.

Implementation Timeline and Regulatory Certainty

CARB has made clear that the program is moving forward without delay. Scope 1 and 2 emissions must be reported by August 10, 2026, with Scope 3 reporting beginning in 2027. While CARB has provided limited short-term flexibility, such as delaying assurance requirements for Scope 1 and 2 in 2026, these accommodations are temporary and have not been incorporated into regulation. Rules governing the disclosures required in just four months are not yet available for the regulated community to assess. The lack of additional flexibility increases the urgency of resolving key design and feasibility concerns, particularly for complex manufacturing operations.

CMTA recommends CARB establish a consistent annual due date for SB 253 reporting that aligns with the level of effort it takes companies to collect and assure GHG data, with October 31 serving as a more practical reporting deadline.

Alignment to Greenhouse Gas Protocol (GHGP)

Under California Health and Safety Code (HSC) § 38532, which codifies SB 253 as amended by SB 219, “[a] reporting entity shall... measure and report its emissions of greenhouse gases in conformance with the Greenhouse Gas Protocol standards and guidance, including the Greenhouse Gas Protocol Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard....” CMTA suggests that CARB simplify its regulatory process by continuing to point to the GHGP standards as contemplated by the statutory text. CARB is introducing risk and potential misalignment with its process of establishing its own standard for GHG calculations and reporting.

Manufacturers increasingly operate within multiple domestic and international reporting regimes, including investor disclosures, customer requirements, and other governmental frameworks. Establishing California-specific accounting methodologies, terminology, or reporting requirements that diverge from the GHG Protocol would reduce comparability, increase compliance costs, and create duplicative reporting obligations without necessarily improving disclosure quality. CARB should prioritize interoperability with existing global reporting systems and avoid requirements that exceed or conflict with established GHG Protocol guidance. SB 253 directs reporting entities to report in conformance with the GHG Protocol, and CARB's implementation should preserve that statutory framework rather than create new California-specific reporting standards.

Scope 3 Reporting: Feasibility and Phasing

As discussed above, CMTA strongly recommends CARB require Scope 3 emissions reporting in alignment with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 emissions reporting remains the most significant concern and the core risk area under SB 253. CARB should rely on the global GHGP standard, which allows companies to report on the most “relevant” categories of Scope 3 for their businesses. This “relevant” approach outlined in GHGP already establishes clear thresholds for businesses to follow. CARB should not be determining its own thresholds.

The relevance and materiality framework established under the GHG Protocol recognizes that not all Scope 3 categories are equally significant across industries and business models. Accordingly, CMTA recommends CARB establish a de minimis threshold of five percent of total Scope 3 emissions and allow companies to exclude categories below that threshold or where data is not reasonably available. Requiring reporting across all categories regardless of materiality would substantially increase compliance burdens while potentially reducing the usefulness of disclosures by diverting attention away from the most significant emissions sources.

To support the value chain data collection and the challenges it brings, CMTA recommends CARB provide phase-in options regarding the assurance of Scope 3 data.

As proposed, Scope 3 reporting would require companies to account for emissions across the full value chain, obligating manufacturers to collect and estimate data from suppliers, distributors, and customers, many of whom are not subject to SB 253 and lack the resources or systems to generate reliable emissions data.

CMTA recommends CARB adopt a category-based phase-in approach that prioritizes the most feasible and commonly reported categories. Of the phase-in options under consideration, a category-based approach is most consistent with existing GHG Protocol implementation practices and would allow companies to focus resources on the most material and decision-useful categories first.

Supply Chain Data Challenges and Liability Risk

A central unresolved issue is how companies can ensure the accuracy of Scope 3 data

derived from third parties. Manufacturers will be required to rely on emissions information from entities outside their control, many of which lack the technical capacity to produce reliable data. CARB has not addressed how reporting entities can avoid liability when disclosures are based on incomplete or unverifiable inputs.

Need for Safe Harbors and Liability Protections

Given these constraints, CMTA recommends that CARB establish explicit safe harbor provisions for companies that make good-faith efforts to comply using reasonable, industry-accepted methodologies. Such protections are particularly important for Scope 3 reporting, where companies must rely on emissions information provided by suppliers, customers, logistics providers, and other third parties that may not yet have the systems, expertise, or resources necessary to generate reliable emissions data.

Without such protections, manufacturers face significant legal and reputational risks tied to disclosures that are inherently uncertain. Companies should not be subject to liability for inaccuracies in third-party data when they have exercised reasonable diligence and followed accepted accounting methodologies.

Organizational Boundaries

CARB should provide maximum flexibility to reporting entities by allowing them to select the organizational boundary approach most appropriate for their operations. CARB should explicitly align organizational boundary requirements with the GHG Protocol and avoid establishing California-specific approaches that diverge from globally recognized accounting standards. This flexibility is necessary to ensure consistency across reporting programs and accommodate the wide range of ownership and operational structures utilized by manufacturers.

The proposed use of financial or operational control approaches could require manufacturers to report emissions from partially controlled or contract operations, inflating reported emissions and creating inconsistencies across reporting regimes. For leased assets, CMTA recommends that CARB adopt a clear single-point-of-accountability rule: the party that exercises both authority to introduce and implement operating policies and responsibility for utility procurement shall be deemed the sole reporting entity for all Scope 1 and Scope 2 emissions associated with that asset.

CMTA urges California to focus its efforts on entities located within the state and eliminate extraterritorial expectations for parent or other subsidiary entities with limited to no connections to the state. Referring to the recent opinion of the Supreme Court in *Mayor & City Council of Baltimore v. B.P. P.L.C., et al.*, No. 11, September Term 2025 (Md. Mar. 24, 2026)(Booth, J.), in which the court held that state and local governments may not utilize state law to regulate greenhouse gas emissions beyond their jurisdictional boundaries, reasoning that such claims are displaced by federal common law and preempted by the Clean Air Act. Consistent with that reasoning,

CMTA respectfully submits that, consistent with the GHG Protocol, CARB should avoid imposing liability on reporting entities for emissions outside their operational control or

where data is not reasonably available, particularly for activities occurring beyond California's jurisdictional boundary. To the extent the proposed regulation would compel disclosure of emissions generated entirely outside California by entities with no operational nexus to the State, such requirements raise the same jurisdictional and preemption concerns identified by the Maryland court and risk exposing the regulatory framework to legal challenge.

Methodologies and Emission Factors

While CMTA appreciates CARB's recognition of multiple accounting methodologies, CARB should continue to recognize the full range of GHG Protocol-consistent methodologies, including spend-based, activity-based, supplier-specific, and hybrid approaches, while avoiding prescriptive requirements that limit methodological flexibility. Again, CARB should require conformance to the GHGP, which provides guidance for methodologies and emission factors and allow reporting entities to select the methodology most appropriate for the quality and availability of underlying data.

Reporting requirements should focus on transparency regarding methodologies and data sources rather than requiring extensive justification for methodological choices that are already consistent with the GHG Protocol. Requiring detailed explanations for accepted accounting approaches creates additional administrative burden and potential legal exposure without improving emissions accuracy or stakeholder understanding.

CARB is also considering requiring detailed public disclosure of emission factors used in GHG calculations. Such a requirement would exceed existing international frameworks, such as the EU's Corporate Sustainability Reporting Directive (CSRD), and would introduce additional reporting burden without providing decision-useful information to stakeholders. CMTA recommends that CARB avoid mandating granular public disclosure of emission factors and instead allow companies to rely on established, industry-accepted methodologies.

CARB should allow the use of industry-standard and proprietary models and provide clear guidance to ensure consistency while maintaining flexibility. For supplier-specific emissions factors, CARB should recognize emerging industry standards and frameworks, including initiatives such as the World Business Council for Sustainable Development (WBCSD) Partnership for Carbon Transparency (PACT), that improve consistency, comparability, and data quality across supply chains without prescribing a single methodology.

In addition, CARB should align with the GHG Protocol approach for addressing year-over-year changes in emissions by allowing companies to apply a defined materiality threshold (e.g., 5 percent) relative to a base year. When this threshold is exceeded, companies should rebaseline emissions and disclose the rationale for the change. This approach ensures that material changes are transparently reported while recognizing that variability may result from updates to emission factors and evolving methodologies.

Disclosure and Templates

To the extent CARB's proposed reporting templates or rulemaking concepts require disclosure of data elements not contemplated by the GHG Protocol—such as emissions intensity per dollar of revenue, which was included in the draft Scope 1 and 2 template—CARB risks exceeding this statutory limitation. CARB is requested to limit the amount of supplemental information that would be inherently part of the assurance process to avoid duplication of effort and align with the mandatory disclosure requirements as specifically outlined in bill SB 253.

Any reporting templates developed by CARB should serve as optional compliance tools rather than creating de facto reporting requirements beyond those explicitly established in statute or regulation. Companies should retain flexibility to leverage existing reporting systems and processes that already align with internationally recognized frameworks.

Confidentiality and Public Disclosure of Reported Data

CARB has not provided sufficient clarity regarding what emissions data and supporting disclosures will be made public versus treated as confidential business information. This lack of transparency creates significant concern, particularly where reported data may reveal proprietary operational details, supplier relationships, or competitively sensitive information.

CMTA urges CARB to clearly define and communicate its approach to data confidentiality, including robust protections for trade secrets and sensitive business information. Establishing clear guardrails will be critical to ensuring that companies can comply with reporting requirements without exposing themselves to competitive harm.

Assurance Requirements

The introduction of limited assurance requirements for Scope 1 and 2 emissions beginning in 2027 raises concerns regarding both cost and market capacity. Manufacturers will be required to rely on a limited pool of qualified third-party assurance providers, which could create bottlenecks and increase costs. CARB should consider phased or flexible implementation to reflect these constraints.

Economic Impacts

CARB's preliminary cost estimates, approximately \$135,000 to \$152,000 annually per entity, likely understate the true cost of compliance for manufacturers. These estimates do not fully account for:

- Supply chain data collection and engagement
- Internal staffing and IT system upgrades
- Legal and compliance review
- Ongoing assurance and verification costs

Real-world compliance costs for manufacturers are expected to be significantly higher, particularly given the complexity of Scope 3 reporting. Moreover, compliance costs extend beyond direct reporting expenses. Significant resources may be required to redesign internal systems, coordinate with suppliers and customers, evaluate legal exposure, and implement new governance processes. Excessively complex reporting

requirements risk diverting resources away from efforts to improve underlying emissions data quality and implement emissions reduction projects.

CMTA encourages CARB to work closely with industry to obtain more comprehensive cost data and incorporate these findings into the Standardized Regulatory Impact Assessment.

Conclusion and Path Forward

CMTA appreciates CARB's continued engagement with stakeholders and the opportunity to provide input. As implementation moves forward on an accelerated timeline, it is critical that CARB prioritize conformance to the GHGP versus developing its own standard, which would create misalignment with other global requirements and further complexities for companies that are working to comply with SB 253.

CMTA further encourages CARB to adopt a framework that is globally aligned, operationally practical, and focused on producing decision-useful disclosures. Companies require clear regulatory expectations, sufficient implementation lead time, and confidence in the durability of the final framework. CARB should prioritize conformance with the GHG Protocol, preserve flexibility for Scope 3 reporting, provide appropriate safe harbor protections for good-faith reporting efforts, and avoid creating California-specific requirements that increase compliance costs without improving disclosure quality. A program that becomes overly prescriptive or disconnected from existing reporting systems risks increasing costs, reducing comparability, and diverting resources from improving emissions data quality and achieving meaningful emissions reductions.

We look forward to working collaboratively to ensure that SB 253 is implemented in a manner that moves towards the state's climate goals while remaining feasible, transparent, and cost-effective for manufacturers. Should you have any questions, please contact eesquivel@cmta.net.

Sincerely,



Elizabeth Esquivel
Vice President of Government Relations
California Manufacturers and Technology Association