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RE: Comments in Response to March 23, 2026 SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program

Together with our clients World Energy, Highly Innovative Fuels, and EcoEngineers, AJW appreciates the opportunity to provide comments in response to CARB's March 2026 workshop request for feedback and commend the agency's continued efforts to design a corporate greenhouse gas disclosure program that supports meaningful climate reporting. We recognize the significant work underway to implement this first-in-the-nation framework and offer the following comments to support consistent and practical implementation. These comments are provided by a group of sustainable aviation fuel (SAF) stakeholders with direct experience addressing the accounting, procurement, and reporting issues discussed below. In particular, we offer our input in response to the below questions raised in the workshop materials:

> (1) What additional information for Scope 1 and 2 reporting should CARB consider in developing final reporting templates? and
>
> (2) How should CARB weigh reporting flexibility against alignment with current mandatory and voluntary practices and other international standards?

In response to these questions, we ask CARB to ensure that the SB 253 reporting templates expressly allow reporting entities to disclose renewable fuel purchases, including sustainable aviation fuel, through procurement mechanisms such as book and claim. The templates should include a dedicated entry field for these emissions to support clear, consistent, and transparent reporting.

There is currently a reporting gap within the Greenhouse Gas Protocol regarding how procurement of low carbon fuels using market-based mechanisms should be accounted for. This gap directly affects comparability across reports, as reporters use differing methods to disclose these purchases - if they disclose them at all. The lack of clear guidance creates barriers to market participation for both consumers and producers. These market instruments (such as book and claim) already underpin how low-carbon fuel transactions occur in practice and, in many cases, are the only feasible way to support credible emissions claims in shared infrastructure systems. In other words, procurement is already occurring through these mechanisms because physical segregation or mass balancing is often not economically viable.

Scope 2 reporting recognizes this reality by allowing entities to transparently report the use of contractual instruments through a market-based structure, specifically for electricity. Comparable guidance does not yet exist for Scope 1 and Scope 3. Accordingly, the reporting templates should include a dedicated line item for these mechanisms in Scope 1 and Scope 3 reporting, consistent with the structure already established for Scope 2. Doing so would enable transparent, consistent, and auditable reporting of these transactions.

The discussion below provides further detail on the practical considerations associated with this recommendation.

Why low-carbon fuels present a unique accounting challenge

Consumption of low-carbon fuels often occurs through shared delivery infrastructure, which makes it impracticable to physically match specific low-carbon molecules to a specific activity or flight (e.g., pipelines, shared storage, airport fueling systems). In these settings, purchasers rely on attribute-based procurement (e.g., verified certificates and similar contractual instruments) rather than physically segregated deliveries. This allows corporate buyers to support SAF use without requiring physical delivery to a specific aircraft.

The core problem for SB 253 implementation is that **GHGP's current Scope 3 guidance does not clearly specify whether—or how—attribute-based low-carbon fuel procurements should be reflected in Scope 3 disclosures**, nor does it set minimum conditions for consistent treatment across reporters and assurance providers.

Without coordinated clarity from CARB, the renewable fuels sector faces foreseeable outcomes including inconsistent reporting, conservative default treatment that effectively excludes fuel attributes from disclosure, and unintended barriers that could disadvantage California's low-carbon fuel markets and corporate customers.

Market impact

SB 253 will shape not only disclosure practice, but the economics of low-carbon fuel procurement. Corporate purchasers buy low-carbon fuels (or their attributes) to (1) meet internal climate targets, (2) respond to investor and customer expectations, and (3) credibly disclose progress in public reporting.

Where accounting treatment is unclear—particularly where assurance providers lack a consistent, auditable basis to evaluate attribute-based procurements—reporting entities may default to overly conservative approaches or refrain from purchasing low-carbon fuels. In some cases, corporations may continue purchasing low-carbon fuels but decline to reflect those purchases in disclosed emissions profiles because accounting and assurance expectations are not sufficiently defined. That outcome undermines comparability and reduces the value proposition of voluntary procurement.

The market implications are straightforward: if purchasers cannot consistently and credibly disclose the emissions impact of low-carbon fuel procurement under SB 253, demand signals weaken—reducing willingness to pay for fuel attributes and dampening investment in production capacity and enabling infrastructure. Providing clear, standardized treatment for attribute-based low-carbon fuel procurement is therefore necessary to avoid unintended barriers and preserve the integrity and scalability of California's low-carbon fuels markets.

Why Now

Efforts to develop accounting guidance for market-based procurements are underway, but the timelines are multi-year, and companies investing in low-carbon fuel supply and procurement require clarity now as they seek to build viable markets.

GHGP is working to close this gap through its Scope 3 and Actions & Market Instruments (AMI) workstreams, including development of a multi-statement reporting structure intended to make market instruments and contractual claims more transparent and consistently reportable. However, GHGP's published workplans indicate that—even if milestones are met—this process will extend over multiple years: the Scope 3 workstream anticipates a draft for public consultation in Q3–Q4 2026 and a revised standard around Q4 2027, while the current AMI workstream consultation runs through May 2026 and a complete draft AMI Standard for public consultation in 2027. Recent GHGP experience also suggests timelines can extend—for example, the Land Sector and Removals work spanned 2020–2026 (recently published).

Precedent

The low-carbon fuels market is developing on timelines that require regulatory clarity well before the completion of the Greenhouse Gas Protocol's Actions and Market Instruments (AMI) work, and sufficient precedent already exists to support near-term action.

Recent Greenhouse Gas Protocol guidance explicitly recognizes the need for jurisdiction-specific clarity where reporting rules are not yet defined. The Land Sector and Removals guidance notes that, in the absence of detailed requirements, companies may look to applicable regulatory schemes in their jurisdiction to determine how to disclose activities supported by alternative traceability approaches. This establishes a clear opportunity for regulators to provide practical direction where existing standards leave gaps.

Similarly, emerging international standards are formalizing these approaches. The International Organization for Standardization (ISO) standard ISO 22095-3:2026 — Chain of custody — Part 3: Requirements and guidelines for book and claim establishes consistent terminology and requirements for book-and-claim systems and other contractual traceability approaches. Together, these developments demonstrate that transparent reporting of market-based mechanisms is both feasible and increasingly standardized, reinforcing the role of regulators in providing clear, implementation-ready disclosure direction where accounting guidance remains unclear.