February 9, 2026

California Air Resources Board

Subject: *LLNL Comments on Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation*

CARB:

Lawrence Livermore National Laboratory (LLNL) is a federally funded research and development center (FFRDC) owned by the United States Department of Energy, National Nuclear Security Administration (DOE/NNSA) and operated by Lawrence Livermore National Security, LLC (LLNS). LLNL's mission is to strengthen national security through development and application of world-class science and technology to enhance the nation's defense and to reduce the global threat from terrorism and weapons of mass destruction. All real assets at LLNL are the property of the federal government. LLNS operates LLNL under a Management and Operating (M&O) contract with extensive federal oversight for the benefit of the nation and to meet national security requirements.

California's Climate Corporate Data Accountability Act (SB 253) and Climate-Related Financial Risk Act (SB 261) require covered entities to report and disclose greenhouse gas emissions and climate-related financial risks. CARB's proposed regulations implementing SB 253 and SB 261 apply to entities with revenues over $1 billion and $500 million, respectively. "Revenue" is based on the definition of "gross receipts" pursuant to California Revenue and Taxation Code §23120(f)(2). The proposed regulations also exempt government entities and companies that are majority-owned by government entities.

First, clarification is needed regarding whether the entirety of LLNS's federally funded budget is considered "revenue" within the scope of the proposed regulation. LLNS is subject to extensive federal oversight and scrutiny in how it spends this budget. While LLNS is a limited-liability company doing business in California as a partnership, the entity's actual revenue, from a tax perspective, is the management fee from which taxable income is calculated. As an M&O contractor, LLNS's zero net reimbursables and costs from its federally funded budget are rolled up into the financial statement (for the purpose of apportionment) to allocate the taxable fee that the partnership receives for management of LLNL. Within the context of the proposed regulation, LLNS's contract fee is more appropriate to consider as the total revenue amount within the context of the proposed regulations. Therefore, LLNS recommends that CARB exclude, from the calculation of revenues, the federal funds used solely for the operation of a federal facility and assets, as proposed in the Enclosure below.

Second, LLNS' unique position as an M&O contractor to the federal government presents additional challenges to the execution of the proposed disclosures required by SB 253 and 261. All real assets from which greenhouse gas emissions originate at LLNL come from the operation

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of a federal facility and related assets. Any climate-related financial risks LLNS identifies as part of its disclosure obligation would be directly associated with the operation of a federally-owned national laboratory site such as LLNL. As currently written, LLNS would be required to disclose such information on behalf of an otherwise exempt federal entity; yet if the federal government operated LLNL directly, they would be exempt from reporting requirements. For these reasons, LLNS recommends that CARB extend the exemption currently proposed for Section 96201 and 96071(b)(3) to apply to DOE M&O contractors exclusively managing a federal facility, as proposed in the Enclosure below.

In conclusion, LLNS recommends that CARB clarify certain elements defining applicability of its greenhouse gas and climate-related financial risk disclosure regulations to DOE M&O contractors such as LLNS. Specifically, CARB should either exclude from the calculation of revenue federal funding provided solely to operate federal facilities, or CARB should expressly exempt M&O contracting contractors that exclusively manage federal facilities from the reporting requirements.

Sincerely,

SCOTT WILSON (Affiliate)

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Scott Wilson
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Enclosure: Proposed Regulatory Language

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Enclosure

Proposed Regulatory Language

Article 6: California Climate Disclosures

Subarticle 1: General Requirements for California Climate Disclosures Reporting

§ 96070. Purpose

The purpose of this article is to establish certain requirements pursuant to sections 38532 and 38533 of the Health and Safety Code. The climate change disclosure reporting programs set forth in this article are also colloquially referred to by the legislative bill numbers that originally enacted them: Senate Bill (S.B.) 253 (2023), the Climate Corporate Data Accountability Act, codified at Health & Safety Code Section 38532; and SB 261 (2023), the Climate-Related Financial Risk Act, codified at Health & Safety Code Section 38533.

NOTE: Authority cited: Sections 38532, 38533, 39600 and 39601, Health and Safety Code.

Reference: Sections 38532 and 38533, Health and Safety Code.

§ 96071. Applicability.

(a) This article applies to reporting entities and covered entities, as defined in section 96072.

(b) This article does not apply to the following entities:

(1) Non-profit or charitable organizations that are tax-exempt under the Internal Revenue Code;

(2) A business entity that is subject to regulation by the Department of Insurance in this state, or that is in the business of insurance in any other state.

(3) Federal, State and local government entities, and companies that are majority-owned by government entities (>50.00%); and companies

whose primary purpose is to operate federally funded research and development centers (FFRDCs) including national laboratories on behalf of a federal government agency such as the United States Department of Energy.

(4) A business entity whose only activity within California consists of wholesale electricity transactions; and

(5) A business entity whose only business in California is employee compensation or payroll expenses, including teleworking employees.

NOTE: Authority cited: Sections 38532, 38533, 39600 and 39601, Health and Safety Code.

Reference: Sections 38532 and 38533, Health and Safety Code.

§ 96072. Definitions.

(a) For the purposes of this article, the following definitions apply:

(1) "Business entity" means a corporation, partnership, limited liability company, or other business entity formed under the laws of the state, the laws of any other state of the United States or the District of Columbia, or under an act of the Congress of the United States.

(2) "CARB" means the California Air Resources Board.

(3) "Climate Accountability and Emissions Disclosure Fund" means the account where proceeds of the Health and Safety Code section 38532 implementation fee are deposited, and from which moneys are continuously appropriated for use by the state board for purposes of administering the Climate Corporate Data Accountability Act established by Health and Safety Code section 38532.

(4) "Climate-Related Financial Risk Disclosure Fund" means the account where the proceeds of the Health and Safety Code section 38533 implementation fees are deposited, and from which moneys are continuously appropriated for use by the state board for purposes of administering the Climate-Related Financial Risk program established by Health and Safety Code section 38533.

(5) "Covered entity" means a corporation, partnership, limited liability company, or other business entity formed under the laws of the state, the laws of any other state of the United States or the District of Columbia, or under an act of the Congress of the United States with total annual revenues in excess of five hundred million United States dollars ($500,000,000) and that does business in California. The entity's revenue amount shall be determined by the lesser of the entity's two previous fiscal years of revenue. "Covered entity" does not include a business entity that is subject to regulation by the Department of Insurance in this state, or that is in the business of insurance in any other state.

(6) "Debt" means those loans obtained by CARB, and required by the Legislature to be repaid, to carry out sections 38532 and 38533 of the Health and Safety Code.

(7) "Doing business" shall have the same definition as set forth in section 23101(a) of the California Revenue and Taxation Code.

(8) "Doing business in California" means doing business and meeting either of the criteria set forth in subsections 23101(b)(1) or 23101(b)(2) of the California Revenue and Taxation Code. Wholesale sales of electricity do not count for purposes of determining an entity's sales in California under Revenue and Taxation Code section 23101(b)(2).

(9) "Implementation Fee" means the fee set by the state board and assessed annually on a reporting entity or covered entity.

(10) "Parent" means a business entity that has ownership interest in or control of another business entity by direct corporate association as specified in section 95833 of Title 17 of the California Code of Regulations. The indicia determining ownership or control are set forth in section 96072(a)(6).

(11) "Reporting entity" means a partnership, corporation, limited liability company, or other business entity formed under the laws of this state, the laws of any other state of the United States or the District of Columbia, or under an act of the Congress of the United States with total annual revenues in excess of one billion United States dollars ($1,000,000,000) and that does business in California. The entity's revenue amount shall be

determined by the lesser of the entity's two previous fiscal years of revenue.

(12) "Required Revenue" (RR) means the total amount of funds necessary to recover the costs of implementation of expenditures under the programs established by Health and Safety Code sections 38532 or 38533, respectively, for each fiscal year, based on the number of personnel positions, including salaries and benefits, contracting costs, and all other costs, including legal defense of this article, as approved in the California Budget Act for that fiscal year.

(13) "Revenue" has the same meaning as "gross receipts" under section 25120(f)(2) of the California Revenue and Taxation Code, excluding gross receipts of federal funds solely used for the management and operation of federal facilities.

(14) "Scope 1 Emissions" means, as defined in Health & Safety Code Section 38532(b)(3), all direct greenhouse gas emissions that stem from sources that a reporting entity owns or directly controls, regardless of location, including, but not limited to, fuel combustion activities.

(15) "Scope 2 Emissions" means, as defined in Health & Safety Code Section 38532(b)(4), indirect greenhouse gas emissions from consumed electricity, steam, heating, or cooling purchased or acquired by a reporting entity, regardless of location.

(16) "Subsidiary" means a business entity that another business entity has ownership interest in or control of by direct corporate association as set forth in section 95833 of Title 17 of the California Code of Regulations. A subsidiary may operate as a separate legal entity but is under the control of the parent entity due to this direct corporate association which can influence the subsidiary's operations, management, or financial decisions. The following indicia of control determine ownership or control:

(A) Greater than 50 percent of ownership of any class of listed shares, the right to acquire such shares, or any option to purchase such shares of the other entity;

(B) Greater than 50 percent of common owners, directors, or officers of the other entity;

(C) Greater than 50 percent of the voting power of the other entity;

(D) In the case of a partnership other than a limited partnership, greater than 50 percent of the interests of the partnership;

(E) In the case of a limited partnership, greater than 50 percent of control over the general partner or greater than 50 percent of the voting rights to select the general partner; and

(F) In the case of a limited liability corporation, greater than 50 percent of ownership in the other entity regardless of how the interest is held.

(17) "Total Required Revenue" (TRR) means Required Revenue with a 10% contingency adjustment to cover unforeseen costs or reductions in revenue, plus the Debt.

NOTE: Authority cited: Sections 38532, 38533, 39600 and 39601, Health and Safety Code.

Reference: Sections 38532 and 38533, Health and Safety Code.