

## **WattTime Comments in Response to CARB’s Draft Regulatory Materials for California Climate Disclosure Legislation: Senate Bill 253**

WattTime is encouraged that the California Air Resources Board (CARB) is [proposing implementation guidelines](#) for [Senate Bill 253](#).<sup>1</sup> However, CARB must consider an important technical contradiction in the proposal as currently drafted. Specifically, Section 38532, subdivision (c)(1)(A)(ii), which establishes the use of the Greenhouse Gas Protocol (GHG Protocol) Corporate Standard for emissions reporting, conflicts with the legislative intent of driving emissions reductions because the GHG Protocol Corporate Standard is not designed to accurately reflect or drive reductions in greenhouse gas emissions and does not do so. The GHG Protocol Corporate Standard is not an appropriate framework for advancing the emissions-reduction priorities established by SB 253, and CARB should consider alternative frameworks.

Subdivision (c)(1)(A)(ii) dictates that “A reporting entity shall, beginning in 2026, measure and report its emissions of greenhouse gases in conformance with the Greenhouse Gas Protocol standards and guidance, including the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard developed by the World Resources Institute and the World Business Council for Sustainable Development.” Section 1, subdivision (h) justifies these new regulations by stating that “Accurate and comprehensive data ... is required to determine a company’s direct and indirect GHG emissions, also known as its carbon footprint, and to effectively identify the sources of the emissions and develop means to reduce the same.”

However, CARB should note that the GHG Protocol Corporate Standard explicitly states that it does not accurately measure or reduce indirect (scopes 2 and 3) emissions. The Corporate Standard states “Reductions in indirect emissions (changes in scope 2 or 3 emissions over time) may not always capture the actual emissions reduction accurately.”<sup>2</sup> This is because the Corporate Standard, and therefore the corresponding Scope 2 Market-Based Method and Location-Based Method, are built on attributional accounting, which allocates “responsibility to entities for emissions/removals arising from specified sources/sinks,” in order to help “establish emissions quotas and/or track emissions over time.”<sup>3</sup> It is essential that CARB take note that the attributional accounting methodology currently prescribed by the GHG Protocol is designed to measure changes only in a company’s in-boundary emissions. Transfers of emissions to other companies are explicitly not included. Therefore, to date, there is no evidence that when an individual company reports reductions in its Scope 2 emissions under this framework, overall emissions have actually reduced.

As experts such as Professor Matthew Brander state, “Problems arise... when attributional methods are used to inform decisions aimed at reducing GHG emissions because attributional methods do not tell us about consequences that occur outside the entity’s defined inventory boundary. As a result, decisions can be blind to indirect impacts and actors can be misled into

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<sup>1</sup> [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=202320240SB253](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253)

<sup>2</sup> <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

<sup>3</sup> <https://ghginstitute.org/2021/04/21/the-most-important-ghg-accounting-concept-you-may-not-have-heard-of-the-attributional-consequential-distinction/>

implementing actions that lower their entity's attributed emissions while inadvertently increasing global emissions."<sup>4</sup>

The heart of this misalignment is that attributional accounting inherently relies on average emissions rates to assign emissions to entities. While average rates are suitable for estimating an entity's share of total emissions in a reporting context, they do not reflect the incremental emissions consequences of specific operational decisions and thus do not effectively drive emissions reducing behavior. The limitations of attributional accounting and average emissions rates is material in practice. When the California Public Utilities Commission evaluated emissions outcomes from energy storage deployment under the Self-Generation Incentive Program (SGIP),<sup>5</sup> it found that using average grid emissions rates did not align with actual emissions outcomes — storage dispatch based on average rates could, in some cases, increase net emissions.<sup>6</sup> For that reason, SGIP now uses marginal emissions data,<sup>7</sup> which are specifically designed to capture the emissions impact of discrete load and generation changes and thus better guide emissions-reducing decisions. The GHG Protocol has explored incorporating marginal emissions rates into Scope 2 guidance, but has not adopted them at this time.

Furthermore, the [currently proposed updates to the GHG Protocol's Scope 2 Guidance](#) perpetuate the problem that changes in Scope 2 inventories do not drive real world emissions reductions. The proposed updates to the Scope 2 Market-Based Method include requirements for deliverable, hourly matching, but excludes the crucial third pillar of additionality. There is overwhelming academic evidence that in order for deliverable, hourly matching to be more effective than the current annual matching framework at driving towards decarbonization, it must be coupled with strict additionality requirements and reporting entities would need to reach upwards of 80% matching. Without additionality and near-complete levels of matching, emissions may actually *increase*.<sup>8, 9,10,11,12</sup>

SB 253 tasks CARB with quantifying and causing emissions reductions using the GHG Protocol. Therefore, we propose that CARB needs to use frameworks from the GHG Protocol that are designed for this purpose, specifically the [The GHG Protocol for Project Accounting](#) (Project Protocol). The Project Protocol establishes methods for measuring the global impact of different actions and the [Guidelines for Quantifying Emissions Reductions from Grid-Connected Electricity Projects](#) establishes guidance specific to the electricity sector. In fact, the GHG Protocol Corporate Standard reinforces this, stating that "In cases where accuracy is more important, it may be appropriate to undertake a more detailed assessment of the actual

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<sup>4</sup> <https://www.tandfonline.com/doi/full/10.1080/17583004.2022.2088402#d1e160>

<sup>5</sup> <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/self-generation-incentive-program/self-generation-incentive-program-evaluation-reports>

<sup>6</sup> <https://www.vox.com/energy-and-environment/2019/12/2/20983341/climate-change-california-batteries-emissions-watttime>

<sup>7</sup> <https://content.sgipsignal.com/>

<sup>8</sup> <https://watttime.org/news-and-insights/watttimes-formal-complaint-to-the-greenhouse-gas-protocol-on-the-scientific-merit-of-its-scope-2-proposal-claim/>

<sup>9</sup> <https://docs.google.com/spreadsheets/d/1IH8oplQGAN7bIAUJSiYSJFDE9IXLEv2umsg9744tp0U/edit?gid=0#gid=0>

<sup>10</sup> [https://zerogrid.org/wp-content/uploads/dlm\\_uploads/2025/05/iai-review-research-voluntary-energy-procurement.pdf](https://zerogrid.org/wp-content/uploads/dlm_uploads/2025/05/iai-review-research-voluntary-energy-procurement.pdf)

<sup>11</sup> [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=5375940](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5375940)

<sup>12</sup> <https://watttime.org/news-and-insights/analysis-mandatory-hourly-matchings-high-costs-would-likely-kill-so-much-clean-energy-procurement-it-would-increase-total-long-run-emissions/>

reduction using a project quantification methodology.”<sup>13</sup> The Advanced Markets Instruments (AMI) Working Group, as part of the GHGP revision process, is also developing potential new approaches to assessing the consequential emissions impact of companies. Other suitable options include pairing the GHGP Corporate Standard with strict and mandatory additionality tests or a system using California’s SGIP marginal emissions signal.

Because they rely on attributional accounting and average emissions factors, neither the Scope 2 Location-Based Method nor the Scope 2 Market-Based Method is equipped to measure or drive actual emissions reductions at the company level. CARB should consider the more appropriate purpose-built accounting approaches described above.

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<sup>13</sup> <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>