California Council for Environmental and Economic Balance
369 Pine Street, Suite 720, San Francisco, CA 94104
1201 J Street, Suite 222-223, Sacramento, CA 95814
(415) 512-7890 | cceeb.org

August 11, 2026

Rajinder Sahota
Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

Dear Ms. Sahota,

Thank you for the opportunity to provide comments to the California Air Resources Board (CARB) regarding the California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure 15-day proposed regulation. The California Council for Environmental and Economic Balance (CCEEB) is a coalition of business, labor, and public leaders that works together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization that strives to provide pragmatic pathways - balancing the need to reduce emissions while keeping businesses competitive in California.

The proposed amendments provide additional clarity (notably, making clear that Scope 1 and Scope 2 emissions reporting in 2026 need only meet the requirements of Health and Safety Code section 38532(c)(2)(A)(i)(I) and 38532 (c)(2)(A)(ii)). The proposed amendments also extend the deadline to report Scope 1 and Scope 2 emissions from August 10 until November 10, 2026. CCEEB appreciates that the proposed amendments codify enforcement discretion for 2026. Rather than relying on guidance, the proposed amendments now state that in lieu of the Scope 1 and Scope 2 greenhouse gas emissions data for the prior fiscal year that is required to be submitted, an entity may submit Scope 1 and Scope 2 emissions from the reporting entity's prior fiscal year from information the entity already possess before December 5, 2024 or a statement from the entity's company letterhead indicating that the entity is not submitting a report because the entity did not possess Scope 1 or Scope 2 emissions information and was not collecting information before December 5, 2024. CCEEB supports these changes.

Despite these positive changes, CCEEB members have continued to express concerns with other portions of the initial regulation which have yet to be addressed.

Calculation of Fees-§ 96073. CARB's August 2025 Workshop provided an estimate of the program fees as well as an estimate of the number of covered and reporting entities under SB 253 and SB 261. CARB estimated the number of reporting entities under SB 253 at approximately 2,600, with fees estimated at $3,100 per entity. For SB 261, CARB estimated that the number of covered reporters at 4,150 with a fee of $1,400. However, CARB's November 2025 Workshop indicated that there are major holes in the data, imprecise revenue estimates, and outdated information. These issues create very significant concerns about the accuracy and reasonableness of the fee estimates.

It does not appear that CARB knows the exact universe of reporting entities. In addition, only the initial regulations have been proposed, and these regulations have undergone revision in the 15-day proposed regulation. Without knowing the exact number of reporting entities, the breadth of the regulatory requirements, and associated workload for CARB staff, CARB cannot accurately estimate fees per reporting entity for 2026 reporting. As a result, reporting entities cannot accurately budget for program fees in 2026.

Since CARB is allowing the data from multiple subsidiaries to be consolidated into a single report, CCEEB believes that the fees also be consolidated. In the event that CARB moves forward charging a fee for each subsidiary, despite a consolidated report, CARB should justify the separate and additional fees and explain where the costs have arisen.

In order to comply with Proposition 26, CARB must demonstrate by a preponderance of the evidence that the charge is no more than necessary to cover the reasonable costs of the government activity and bears a reasonable relationship to the payer's burden or benefits received from the governmental activity. Without this assurance, this fee becomes a tax.

CCEEB reiterates its suggestion that CARB should solely collect data in 2026 on the universe of covered and reporting entities, finalize the universe of regulatory costs, and delay fee collection until 2027. This approach will better ensure that CARB maintains a clear nexus between the costs of administering the program and regulated entities.

Applicability-§ 96071. CCEEB believes that CARB should establish a process to dispute CARB's determination that an entity is a "reporting entity" or "covered entity" subject to the requirements and fees of SB 253 and SB 261 prior to the imposition of fees, reporting obligations, or penalties.

Payment and Collection-§ 96074. The initial regulation proposes to require entities to pay the fee within 60 days. Given the magnitude of the fees and the time-consuming exercise for applicability determinations, CCEEB recommends extending the period to pay the fees to 90 days. This is consistent with the amount of time CARB has to make the reporting disclosures available on a digital platform.

Fee Enforcement-§ 96075. CCEEB disagrees that the failure to pay the full amount of and required fee should constitute a single separate violation for each day that the fee has not been paid, given that the harm does not accrue with each passing day. Instead, CCEEB recommends a cap on penalties arising due to the nonpayment of programs fees. The regulatory text should also explicitly incorporate the administrative penalty caps set forth in Health and Safety Code sections 38532 and 38533.

Reporting Under Health and Safety Code § 38532-§ 96076. While CCEEB appreciates the extension from August 10, 2026, to November 10, 2026, for reporting Scope 1 and Scope 2 emissions, CCEEB continues to believe that extending reporting until December 31, 2026, would comply with the statutory requirements in SB 253, provide additional time to gather and verify data, and ultimately produce more accurate data. CCEEB also requests that CARB provide clean instructions on the format in which reporting entities must submit their 2026 Scope 1 and Scope 2 emissions information.

CCEEB encourages CARB to continue with this proposed approach of directly tying the initial reporting requirements to the applicable provisions of the California Health and Safety Code, rather than developing a separate CARB-specific emissions accounting standard. Requiring the use of the Greenhouse Gas Protocol (GHGP) will promote consistency with global standards, reduce duplicative reporting and administrative burdens, and provide reporting entities with greater certainty regarding the methodologies and data they must use. Developing an independent CARB standard could create long-term misalignment with the GHGP and other widely used reporting frameworks, potentially requiring entities to maintain multiple accounting systems, reconcile inconsistent methodologies, and restate or revalidate previously reported information.

Other Comments- CARB's most recent workshop held on July 21, 2026, focused largely on proposed requirements for greenhouse gas reporting in 2027 and beyond (subsequent rulemaking). Since this information is not a part of the current comment period, CCEEB will submit separate comments specific to the July 21st workshop.

CCEEB appreciates the opportunity for additional comments on the proposed initial regulation. If you have any questions, please feel free to contact Kirstin Kolpitcke, Senior Associate at kirstink@cceeb.org or me at timc@cceeb.org.

Sincerely,

Tim Carmichael

Tim Carmichael
President and CEO
California Council for Environmental and Economic Balance (CCEEB)

cc: Sydney Vergis
Assistance Deputy Executive, Industrial Strategies Division