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VIA ELECTRONIC POSTING

<https://carb.commentinput.com/?id=ekNF7gTx2h>

February 9, 2026

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento CA, 95814

Dear Sir or Madam:

Kern Energy (Kern) is providing comments on the California Air Resources Board's (CARB) proposed regulations implementing the Corporate Climate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261). While this regulatory package is positioned as establishing the fee programs for these two programs, it further establishes key foundational components critically related to the broader implementation of these laws. Kern is specifically commenting on the following aspects: (1) Reporting Deadline for Emissions Data Under SB 253 is Untimely and (2) Definitions of Covered Entity and Reporting Entity Do Not Adequately Account for Volatile Business Sectors.

Kern operates a 27,000 barrel per day refinery located in California's San Joaquin Valley that has been in continuous operation for more than 90 years. A family-owned and operated company with 200 employees, Kern plays an important role in leveling the supply and price playing field for petroleum products in the San Joaquin Valley, supplying critical transportation fuels to agricultural operations, major transportation corridors, local industry, and the public - all while facing stiff competition from much larger refiners in Los Angeles and San Francisco. Kern fills a critical space as the last small refinery producing CARB's unique reformulated gasoline (CaRFG) and diesel which underscores the significant challenge of operating a small refinery in California.

1. Reporting Deadline for Emissions Data Under SB 253 is Untimely

The proposed regulation establishes August 10, 2026, as the first deadline for all reporting entities to submit the emissions data required under SB 253, which Staff indicates should streamline reporting responsibilities by aligning with the existing verification deadline under the existing Mandatory Reporting Regulation (MRR). Kern respectfully requests the reporting deadline instead be no earlier than September 10.

Kern appreciates Staff's goal of streamlining reporting responsibilities and timing for entities subject to MRR and corporate climate emissions reporting, however establishing August 10 as the reporting deadline will have the opposite effect. SB253 requires entities to report emissions data based on the fiscal year, while MRR and required verification use data based on the calendar year. This collection and verification of compliance data for a single report requires immense working hours across multiple departments within an organization. Aligning these due dates will actually create the additional burden of meeting two separate and equally intensive regulatory deadlines simultaneously. For a small refinery with a relatively limited support staff and resources, the duplicity of MRR verification and reporting SB 253 emissions data will fall on the shoulders of the same personnel. Pushing the corporate climate emissions reporting deadline back to September or later will allow Kern's staff to attentively work through the MRR verification process and adequately transition to SB 253 emissions reporting, resulting in a more timely and accurate completion of both.

2. Definitions of Covered Entity and Reporting Entity Do Not Adequately Account for Volatile Business Sectors

Kern encourages Staff to reexamine the proposed definitions for "Covered Entity" and "Reporting Entity," as proposed in Section 96202(a), and provide for the most recent three fiscal years of an entity's revenue for determining applicability under these new regulations. As these definitions are proposed, two fiscal years is simply inadequate for determining whether an entity's revenue exceeds the applicable threshold. Kern recognizes Staff's intent to mitigate the potential for entities to cycle in and out of the programs due to unforeseeable or one-off type scenarios, and cautions Staff that two years is too narrow to achieve this objective.

In both the Initial Statement of Reasons and the Informative Digest of Proposed Action, Staff note these programs are targeted at large entities; however, revenue is only one of many metrics that can assess the size of an entity. Revenue alone serves as a poor proxy for the size of an organization, its emissions profile, or its ability to absorb new compliance costs. In the example of the high-volume/low-margin nature of the refining industry, and the volatile nature of two independent commodity markets, make gross revenue inaccurate in depicting the size of the business entity. Kern understands CARB must account for revenue because this metric is prescribed in the law, and believes this requirement further underscores the need to allow for no less than a three-year review of fiscal year revenue to determine program applicability.

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Kern appreciates CARB's consideration of Kern's comments. As always, Kern is committed to working with Staff throughout this regulatory process. Please do not hesitate to reach out to me or Brooke Holland at (661) 845-0761 with any questions.

Sincerely,

A handwritten signature in black ink that reads "Melinda Palmer". The signature is written in a cursive style with a large, stylized "M" and "P".

Melinda Palmer
VP – Regulatory & Public Affairs
Kern Energy