August 10, 2026
Aaron McGregor, Air Resources Supervisor
C/O Clerks' Office
California Air Resources Board
1001 I Street
Sacramento, California 95814

Via Electronic Submission https://ww2.arb.ca.gov/lispub/comm/bclist.php

Re: Proposed California Corporate Greenhouse Gas Reporting: 15-Day Modifications

Dear Mr. McGregor:

The American Chemistry Council (ACC) appreciates the opportunity to comment on the California Air Resources Board's proposed modifications to the California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure regulations. ACC represents leading chemical manufacturers and businesses engaged in the chemistry enterprise. ACC members operate facilities and supply chains across the United States and globally, manufacture products essential to a wide range of sectors, and are subject to an increasingly complex landscape of environmental, sustainability, and disclosure requirements.

ACC and its members recognize the importance of providing investors and other stakeholders with decision-useful information has long supported voluntary disclosure frameworks that promote transparency, consistency, comparability, and practicality, including disclosure approaches grounded in established materiality principles. At the same time, ACC remains concerned that state-level requirements, including California's climate disclosure statutes and implementing regulations, create substantial compliance obligations for companies engaged in interstate commerce and risk contributing to an increasingly fragmented regulatory landscape. ACC continues to believe that broadly applicable disclosure mandates, particularly those affecting entities operating outside the state, should be addressed at the federal level for legal, procedural and substantive reasons.

ACC also encourages CARB to continue prioritizing interoperability with existing sustainability disclosure frameworks and reporting regimes. Companies should be able to leverage existing audited and assured disclosures to satisfy overlapping reporting obligations wherever possible, reducing duplicative reporting, unnecessary complexity, and compliance costs while maintaining transparency and comparability.

As discussed in ACC's previous comments, the underlying statutes and regulations raise significant concerns regarding regulatory overreach, extraterritorial impacts, legal uncertainty, and implementation burden. While these changes represent constructive steps toward addressing several of ACC's prior comments, significant concerns remain. Subject to these concerns, ACC provides the following comments on the proposed modifications.

1. Applicability and Scope

CARB's revisions related to "doing business in California," revenue calculations, and treatment of interbusiness and certain electricity transactions provide limited improvements to one of the most significant areas of concern raised by the rule – regulatory overreach into interstate commerce and related legal, procedural, and substantive impacts.

However, concerns remain regarding the breadth of entities potentially subject to the regulations and the continued application of California-specific disclosure requirements to companies engaged in interstate commerce.
ACC remains concerned that entities with limited connections to California may nevertheless become subject to substantial reporting obligations.

To the extent the state proceeds with a program targeting non-California companies with limited business activities in California, ACC respectfully requests that CARB expressly refine the applicability provisions and ensure that the final regulations reduce business uncertainty and limit the rule's impact on federal commerce.

2. Consolidated Reporting and Corporate Structure

The proposed revisions addressing parent companies, subsidiaries, consolidated reporting, and consolidated fee payments offer increased clarity regarding how complex corporate structures may satisfy reporting obligations. However, questions remain regarding the practical application of these provisions across diverse corporate structures and circumstances. Additional clarity would improve consistency, reduce compliance uncertainty, and help avoid unintended reporting burdens. ACC respectfully requests that CARB provide additional guidance regarding the circumstances under which consolidated reporting is permitted and how these provisions should be applied in practice.

3. Emissions Reporting Requirements

The proposed revisions concerning initial reporting obligations, including clarifications relating to Scope 3 emissions reporting and first-year implementation requirements, provide important direction for entities preparing for compliance. However, significant challenges remain regarding emissions data collection, data availability, methodological consistency, and implementation across large and complex organizations. More broadly, CARB's apparent overbroad interpretation of materiality underpinning requirements like scope 3 reporting remain major flaws in the framework of the state program. These challenges are particularly acute where reporting obligations extend beyond data and systems currently maintained by reporting entities. Although CARB has proposed a phased implementation approach, the modified regulations would initially require reporting for Scope 3 categories that may not be material to some reporting entities and may require collection of data that companies do not currently maintain. CARB's responses also indicate that additional Scope 3 categories may be required in future years, significantly increasing compliance complexity, cost, and uncertainty for regulated entities.

ACC respectfully requests that CARB continue prioritizing practical and administrable reporting requirements and provide additional flexibility where necessary to support accurate reporting. This would include limiting the scope of any scope 3 reporting obligations, recognizing that lack of data or the cost of gathering data may be a limiting factor

ACC also requests additional clarity regarding CARB's Scope 2 greenhouse gas speciation requirements. Because the most commonly used publicly available Scope 2 emissions factor sources do not appear to provide gas-specific factors for PFCs, HFCs, and NF_3, CARB should either align reporting requirements with established Scope 2 methodologies or provide flexibility to avoid repetitive explanations and unnecessary reporting burden where such data are not reasonably available.

Additionally, the revised first-year reporting requirement still lacks sufficient clarity. Specifically, consistent with CARB's November 18, 2025 workshop materials, CARB should explicitly clarify that entities that develop their own GHG or sustainability reports that include Scope 1 and 2 emissions data would be permitted to submit the relevant emissions data from these reports, and that limited assurance is not required for first-year submissions.

4. Implementation and Administration

The proposed revisions relating to reporting deadlines, fee administration, recordkeeping requirements, and related implementation provisions reflect recognition of the substantial effort required to establish new reporting systems and compliance processes. However, the program continues to impose significant administrative burdens and costs on regulated entities, and unreasonable timelines, particularly as companies work to implement compliance systems while regulatory requirements continue to evolve. ACC would welcome the opportunity for further dialogue with CARB staff on opportunities to improve clarity, reduce unnecessary complexity, and facilitate efficient implementation.

5. Timing and Compliance Readiness

CARB's proposed extension of the initial reporting deadline and related revisions addressing implementation reflect acknowledgement of the practical challenges associated with first-year compliance. Notwithstanding these changes, the implementation timeframe for the rule remains unreasonable, if not unworkable for companies that have established complex data collection, analysis, and reporting systems across a range of data points, metrics, and reporting platforms. Many companies require time and resources to develop governance structures, data systems, and reporting processes necessary to comply with the regulations, while important regulatory details continue to be refined. ACC respectfully requests that CARB extend the implementation date for this rule for at least one year from the revised regulatory rule, while expanding existing implementation accommodations, phased compliance measures, or timing adjustments.

Looking Forward

The 15-day rule represents a constructive step by CARB to acknowledge some of the areas of concern raised by ACC and others with respect to the clarity, workability, and administrability of the final regulations. ACC appreciates the revised rule text and understands the significant challenge facing CARB to develop such a complex reporting requirement. ACC respectfully urges CARB to address the remaining concerns identified above, in ACC's prior submissions, and those of other affected entities. We would welcome the opportunity to share additional information on the practical implications and barriers to implementation raised here and in our primary comments (attached).

Sincerely,

Charles Franklin

Charles Franklin
Senior Director, Energy, Climate and Environment
Regulatory and Scientific Affairs
American Chemistry Council