

California Air Resources Board

**Public Hearing to Consider
the Proposed California Corporate
Greenhouse Gas Reporting
and Climate-Related Financial Risk Disclosure
Initial Regulation**

**Final Statement of Reasons for Rulemaking,
Including Summary of Comments
and Agency Response**

**Attachment 3
Board Hearing
Oral Testimony**

*Public Hearing Date: February 26, 2026
Agenda Item No.: 26-1-3*

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

ZOOM PLATFORM

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM
1001 I STREET
SACRAMENTO, CALIFORNIA

THURSDAY, FEBRUARY 26, 2026

9:20 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

APPEARANCES

BOARD MEMBERS:

Lauren Sanchez, Chair

John Balmes, MD

John Eisenhut (Remote)

Dean Florez (Remote)

Paula Stigler Granados, PhD

Lynda Hopkins

Assemblymember Corey A. Jackson

Patricia Lock Dawson

Tania Pacheco-Werner, PhD

Cliff Rechtschaffen

Miguel Santiago

Susan Shaheen, PhD

Senator Henry Stern

Diane Takvorian

STAFF:

Steve Cliff, PhD, Executive Officer

Courtney Smith, Principal Deputy Executive Officer

Edie Chang, Deputy Executive Officer, Planning, Freight & Toxics

Shannon Dilley, Chief Counsel

Chanell Fletcher, Deputy Executive Officer, Equity, Communities and Environmental Justice

APPEARANCES CONTINUED

STAFF:

Christopher Grundler, Deputy Executive Officer, Mobile Sources and Incentives

Femi Olaluwoye, Deputy Executive Officer, Southern California Headquarters & Mobile Source Compliance

Rajinder Sahota, Deputy Executive Officer, Climate Change and Research

ALSO PRESENT:

Chloe Ames, NextGen California

Tina Andolina, Senator Ben Allen

Paul Angeja, Heart of Gold

Diane Asuncion, City of Santa Clara

Catherine Atkin, Carbon Accountable

Lindsay Battenberg, Clean Energy Buyers Association

Cathy Becker, Green America

Nick Blair, Association of California Water Agencies

Casey Brahms, Southern California Edison

Tim Carmichael, California Council for Environmental and Economic Balance

Madeline Cline, Dairy Institute of California

Consuelo

Jeffrey Crawford, Azuri

Jacob Defant, Agricultural Council of California

Cristhian Tapia Delgado, Pacific Environment

Elizabeth Derbes, Natural Resources Defense Council

APPEARANCES CONTINUED

ALSO PRESENT:

Tanya DeRivi, Western States Petroleum Association

Sarah Deslauriers, California Association of Sanitation Agencies

Doreen Dyt, California Dairies, Inc.(CDI)

Evan Edgar

Sean Edgar, Clean Fleets

Jeffrey Gorham, American Council of Renewable Energy(CORE)

Tyler Hengen, American Iron and Steel Institute

Paul Henkin

Amy Holm, The Climate Registry

Dave Jones

Stephanie Jones, Environmental Defense Fund

Dylan Kahle, ECO

Jonathan Kendrick, CalChamber

Annebelle Klein, American Coatings Association

Dawn Koepke, Association of California Life and Health Insurance Companies

Karl Koesser, EnergyTag

Gilbert Lara, BioCom

Meghan Loper, American Council of Life Insurers

Bill Magavern, Coalition for Clean Air

Danish Mir, Brisk Flow.ai

Gracyna Mohabir, California Environmental Voters

APPEARANCES CONTINUED

ALSO PRESENT:

Sarah Pollo Moo, California Retailers Association

Rick Morris

Caroline Nagy, Americans for Financial Reform

Brent Newell, Leadership Counsel for Justice and
Accountability

John Norwood, Zenith, Liberty Mutual, American Fidelity,
Pacific Life Insurance Companies, Independent Insurance
Agents and Brokers of California

Konstantin Parkhomenko, Sandia National Laboratories

Neil Perry, Swiss Re

Katie Pettibone, CompWest, Zurich North America

Jake Rascoff, Ceres

Rama Reddy, Pacific Gas & Electric

Nicole Rice, California Renewable Transportation Alliance

Denni Ritter, American Property Casualty Insurance
Association

Michelle Savage, XBRL US

Stephanie Schlea, U.S. Tire Manufacturers Association

Chris Shimoda, Supply Chain Federation

Melissa Strand, Reinsurance Association of America

Seren Taylor, Personal Insurance Federation of California,
National Association of Mutual Insurance Companies

Abby Taylor-Silva, Kahn, Soares & Conway

Andries Verschelden, Good.Lab

John Wenger, Corebridge Financial

APPEARANCES CONTINUED

ALSO PRESENT:

Mary Zuccarello, As You Sow

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PROCEEDINGS

1
2 CHAIR SANCHEZ: Good morning. The February 26th,
3 2026 public meeting of the California Air Resources Board
4 will come to order. Board Clerk, good morning. Will you
5 please call the role.

6 BOARD CLERK FRENCH: Dr. Balmes.

7 BOARD MEMBER BALMES: Here.

8 BOARD CLERK FRENCH: Mr. Eisenhut.

9 BOARD MEMBER EISENHUT: Here.

10 BOARD CLERK FRENCH: Senator Florez.

11 BOARD MEMBER FLOREZ: Florez here.

12 BOARD CLERK FRENCH: Councilman Guerra.

13 Supervisor Hopkins?

14 BOARD MEMBER HOPKINS: Present.

15 BOARD CLERK FRENCH: Assemblymember Jackson.

16 ASSEMBLYMEMBER JACKSON: Mayor Lock Dawson.

17 BOARD MEMBER LOCK DAWSON: Here.

18 BOARD CLERK FRENCH: Dr. Pacheco-Werner.

19 BOARD MEMBER PACHECO-WERNER: Here.

20 BOARD CLERK FRENCH: Mr. Rechtschaffen.

21 BOARD MEMBER RECHTSCHAFFEN: Here.

22 BOARD CLERK FRENCH: Assemblymember Santiago.

23 BOARD MEMBER SANTIAGO: Here.

24 BOARD CLERK FRENCH: Dr. Shaheen.

25 BOARD MEMBER SHAHEEN: Here.

1 BOARD CLERK FRENCH: Senator Stern?

2 Dr. Stigler Granados.

3 BOARD MEMBER STIGLER GRANADOS: Here.

4 BOARD CLERK FRENCH: Ms. Takvorian.

5 BOARD MEMBER TAKVORIAN: Here.

6 BOARD CLERK FRENCH: Chair Sanchez.

7 CHAIR SANCHEZ: Here.

8 BOARD CLERK FRENCH: Madam Chair, we have a
9 quorum. Thank you.

10 CHAIR SANCHEZ: Thank you.

11 I will cover a few housekeeping items before we
12 get started. We are conducting today's meeting in person
13 as well as offering remote options for public
14 participation, both by phone and on Zoom. Anyone who
15 wishes to testify in person should fill out a request to
16 speak card available in foyer outside the Board room.
17 Please turn it into the Board assistant prior to the
18 commencement of the item.

19 If you are participating remotely you will raise
20 your hand on Zoom or dial star nine if calling in by
21 phone. The clerk will provide further details regarding
22 how public participation will work in a moment. For
23 safety reasons, please note the emergency exit to the rear
24 of the room through the foyer. In the event of a fire
25 alarm, we are required to evacuate this room immediately

1 and go down the stairs to the lobby and out of the
2 building. When the all-clear signal is given, we will
3 return to the auditorium and resume the hearing.

4 A closed captioning feature is available for
5 those of you joining us in the Zoom environment. In order
6 to turn on subtitles, please look for a button labeled
7 "CC" at the bottom of the Zoom window and is -- as is
8 shown in the example on the Screen now. I would like to
9 take this opportunity to remind everyone to speak clearly
10 and from a quiet location, whether you are joining us in
11 Zoom or calling in via phone.

12 Interpretation services will be provided today in
13 Spanish for both in-person and Zoom attendees. If you are
14 joining us using Zoom, there is a label -- there is a
15 button labeled "Interpretation" on the Zoom screen. Click
16 on that interpretation button and select Spanish to hear
17 the meeting in Spanish.

18 If you are joining us here in person and would to
19 listen to the meeting in Spanish, please speak to a Board
20 assistant and they will provide you with further
21 instructions. I want to remind all of our commenters to
22 speak slowly and pause intermittently to all the
23 interpreters the opportunity to accurately interpret your
24 comments.

25 THE INTERPRETER: Good morning, everybody.

1 (Interpreter translated in Spanish).

2 THE INTERPRETER: Gracias.

3 CHAIR SANCHEZ: Gracias.

4 I will now ask the Board clerk to provide more
5 details regarding public participation

6 BOARD CLERK FRENCH: Thank you, Chair Sanchez.

7 Good morning, everyone. I will provide
8 additional information on public participation for today's
9 meeting. We will first call in-person commenters who have
10 turned in a request-to-speak card and then call commenters
11 who are joining us remotely. If you are joining us
12 remotely and wish to make a verbal comment, you must be
13 using Zoom webinar or calling in by phone. If you are
14 watching the webcast, but you wish to comment remotely,
15 please register for the Zoom webinar or call in.
16 Information for both can be found on the public agenda for
17 today's meeting.

18 To make a verbal comment, we will be using the
19 "Raise Hand" feature in Zoom. If you wish to speak on a
20 Board item. Please virtually raise your hand, as soon as
21 the item has begun to let us know that you wish to speak.
22 If you are using a computer or tablet, there is a "Raise
23 Hand" button and if you are calling in on the telephone,
24 please dial star nine to raise your hand.

25 When the comment period begins, the order of

1 commenters is determined by who raises their hand first.
2 We will call each commenter's name and will activate each
3 commenter's audio when it is their turn to speak. For
4 those calling in, we will identify you by the last three
5 digits of your phone number. We will announce the next
6 three commenters or so in the queue, so you are ready to
7 testify when we come to you. Please note your testimony
8 will not appear by video. For all commenters, please
9 state your name for the record before you speak. This is
10 especially important for those calling in by phone. Each
11 commenter will have a time limit of two minutes, although
12 this may change at the Chair's discretion. During public
13 testimony, you will see a timer on the screen. For those
14 calling in by phone, we will let you know when you have 30
15 seconds left and when your time is up.

16 For anyone giving verbal comments today in
17 Spanish, please indicate so at the beginning of your
18 testimony and our interpreter will assist you. During
19 your comment, please follow any instructions the
20 interpreter provides and please note your time will be
21 doubled if you require interpretation.

22 If you have additional remarks regarding other
23 topics, please sign up to speak during the open comment
24 public period, which takes place at the conclusion of the
25 meeting. To submit written comments, please visit CARB's,

1 "Submit and View Written Comments" section on the public
2 agenda on our webpage for links to submit your comment.

3 Written comments will be accepted until the Chair
4 closes the record. If you experience any technical
5 difficulties, please call (805)772-2715 so an IT person
6 can assist.

7 Thank you. I'll turn the microphone back to
8 Chair Sanchez.

9 CHAIR SANCHEZ: Thank you. Thank you.

10 Before we dive into today's items, as this is the
11 first Board meeting of 2026, I wanted to start by wishing
12 everyone a Happy New Year and by welcoming two new Board
13 members to CARB's Board.

14 Miguel Santiago seated here on my right was
15 appointed in December to the Assembly-appointed seat on
16 CARB's Board. Assemblymember Santiago served in our State
17 Legislature from 2014 to 2024, where he held leadership
18 roles, including as Majority Whip and Assistant Majority
19 Leader, and worked on issues ranging from environmental
20 justice, to income inequality, to housing and education
21 affordability. Welcome, Board Member Santiago.

22 BOARD MEMBER SANTIAGO: Thank you.

23 (Applause.)

24 CHAIR SANCHEZ: Also welcoming Paula Stigler
25 Granados, who was recently pointed by Governor Newsom to

1 represent the San Diego Air Pollution Control District.
2 Dr. Stigler Granados is an environmental and global health
3 researcher at San Diego State University's School of
4 Public Health. Her work focuses on transboundary air
5 pollution, climate science, and environmental health
6 disparities in communities disproportionately burdened by
7 pollution.

8 Welcome.

9 (Applause).

10 CHAIR SANCHEZ: Exciting. Exciting.

11 As we welcome these two new Board members, I
12 would also like to bid a fond farewell to several of our
13 colleagues. A special thank you to Hector De La Torre,
14 who was a tireless advocate for clean air and public
15 health during his 14-year tenure on the Board. If he's
16 watching somewhere remotely, thank you, Hector, for your
17 years of service.

18 (Applause.)

19 CHAIR SANCHEZ: I would also like to bid a fond
20 farewell to Mayor Todd Gloria and Supervisor Dawn
21 Ortiz-Legg. Thank you both for your dedication to CARB's
22 work and to the health and well-being of the people of
23 California.

24 (Applause).

25 CHAIR SANCHEZ: As we turn to the primary

1 business of the first Board meeting of the year, I also
2 want to express my sincere gratitude to each of you. I
3 get emotional. The work you bring to this Board, your
4 expertise, your judgment, your commitment to the public
5 good is the foundation of the work we do here. And we
6 have our work cut out for us. Many important and
7 challenging topics will be brought to this Board this
8 year. Decisions that will shape the air we breathe, the
9 climate that our children inherit, and the strength of our
10 state's economy. I look forward to robust discussion and
11 partnership and debate through these issues together and I
12 want to thank each of you in advance for your engagement
13 and your commitment to this state.

14 The work we do here is critical. The decisions
15 we make at this table will not only matter for the 40
16 million people who call California home, but for the
17 jurisdictions around the world who are watching what we
18 do. I am proud to serve alongside each of you as we carry
19 that responsibility forward.

20 Awkward pause.

21 The first item on the agenda is Item number
22 26-1-1, public meeting to consider proposed UC agreement
23 with the University of California, Berkeley, titled
24 "Equipment Lead Times and Supply Chain Alternatives for
25 the Phase-out of Sulfur Hexafluoride Gas-Insulated

1 Equipment." If you are here with us in the room and wish
2 to comment on this item, please fill out a request to
3 speak card as soon as possible and submit it to a Board
4 assistant.

5 If you are joining us remotely and wish to
6 comment on this item, please click the "Raise Hand" or
7 star nine button now. We will call on both in-person and
8 remote commenters when we get to the public comment
9 portion of this item. This item is listed on the agenda
10 to comply with Board approval requirements in Government
11 Code section 1091, because one Board member is affiliated
12 with UC Berkeley. Therefore, Board Member Shaheen will
13 abstain from the discussion and vote.

14 Thank you, Dr. Shaheen.

15 Dr. Cliff, good morning. Happy New Year. Would
16 you please summarize the item.

17 EXECUTIVE OFFICER CLIFF: Thank you, Chair
18 Sanchez and Happy New Year as well. It's a little bit
19 into the year, but --

20 CHAIR SANCHEZ: A little late.

21 (Laughter).

22 EXECUTIVE OFFICER CLIFF: -- it feel strange, but
23 I love that you did that.

24 Good morning, sulfur hexafluoride, or SF6, is a
25 potent greenhouse gas commonly used as an insulator in

1 electricity transmission and distribution equipment.

2 In 2021, CARB adopted the regulation for reducing
3 greenhouse gas emissions from gas-insulated equipment to
4 drive down emissions of SF6 from the electricity sector.
5 One major component of the regulation is to phase out the
6 acquisition of SF6 insulated equipment starting in 2025.
7 During the early implementation phase of this requirement,
8 some entities have indicated that manufacturer's product
9 availability and extended supply chain lead times present
10 challenges to complying with CARB's regulatory phaseout
11 schedule.

12 The proposed study will describe the document the
13 manufacture -- describe and document the manufacturing and
14 supply chain landscape of both SF6 equipment and non-SF6
15 alternatives based on market data obtained from the
16 manufacturers and other stakeholders involved. The study
17 will characterize availability as lead times for
18 acquisition of SF6 and non-SF6 equipment that are
19 commercially available at present, as well as lead times
20 to commercial availability of non-SF6 equipment under
21 development.

22 This concludes my summary of the item. Thank
23 you.

24 CHAIR SANCHEZ: Thank you. We will now hear from
25 the public who raised their hand to speak on this item.

1 Will the Board clerk please call on the commenters.

2 BOARD CLERK LEVRINI: Good morning. Thank you.
3 Rama Reddy.

4 RAMA REDDY: Chair and Board members, thank you
5 very much. My name is Rama Reddy and I represent Pacific
6 Gas and Electric.

7 Good morning, Chair and Board members. Thank you
8 very much. My name is Rama Reddy and I am from Pacific
9 Gas and Electric. And I -- and thank you for this
10 opportunity to kind of present our view on this point.
11 PG&E strongly supports the Board's decision to partner
12 with uC Berkeley to study the equipment lead times and
13 supply chain alternatives for SF6 phaseout. This is a
14 critical step.

15 As a utility, our responsibility is to deliver
16 safe, reliable and affordable power to our customers while
17 keeping CARB's climate -- or California's climate goals in
18 mind. The success of SF6 regulation ultimately depends on
19 whether utilities can actually procure, install, and
20 operate compliant equipment on the timelines required
21 without compromising grid reliability. We believe the
22 study can play an essential role in aligning policy intent
23 with real world execution, and we offering PG&E's full
24 support in partnership in this work.

25 There is also some key areas that we would like

1 to -- and create and recommend as part of the study, one
2 of which is high voltage market readiness. At some
3 voltages while we see that, you know, we have some
4 products available, but as we go into high voltages, the
5 technology still remains limited and immature. So the
6 study should clearly distinguish lead times by voltage
7 class and regulatory timelines with the phaseout of
8 commercially available technology.

9 The second one is interoperability and
10 standardization. SF6, you know, right now is standardized
11 across all type of equipment in how its supplied, but, you
12 know, with some of the technologies available now
13 (inaudible) past grants and specialized designs, this
14 raises concerns around when to lock in long-term
15 maintenance and supply chain resiliency. And these risks
16 need to be clearly understood.

17 BOARD CLERK LEVRINI: Thank you. This concludes
18 your time.

19 RAMA REDDY: Thank you.

20 BOARD CLERK LEVRINI: Thank you. And that
21 completes our in-person commenters. We will now move into
22 Zoom.

23 Diane Asuncion, I have activated your mic. You
24 may unmute and begin.

25 DIANE ASUNCION: Good morning, members of the

1 Board and Chair. I'm an Electric Program Manager with the
2 City of Santa Clara's Electric Department Silicon Valley
3 Power. And while this is a consent item on the agenda,
4 the City of Santa Clara as a public utility actively
5 navigating through SF6 GIE procurements and acquisitions
6 to meet ongoing system expansion needs, would like to
7 express support for approval of the proposed UC agreement.

8 We appreciate CARB's effort to assess the
9 specific challenges and supply chain issues that industry
10 may be facing while maintaining compliance with regulatory
11 requirements. SVP would look forward to the outcome of
12 this study and would be happy to participate by way of
13 providing data or any other information to assist. Thank
14 you for your time.

15 BOARD CLERK LEVRINI: Thank you.

16 Phone number ending in 813, I have activated your
17 mic. You may unmute and begin.

18 Phone number ending in 813, I have activated your
19 mic. You may unmute and begin.

20 Okay. I'm going to go ahead and I believe this
21 concludes our Zoom commenters

22 CONSUELO: Hello. Hello. Hello.

23 BOARD CLERK LEVRINI: Okay. Now, we can hear
24 you. Go for it.

25 CONSUELO. Okay. Thank you so much. Okay. So,

1 hi. My name is Consuelo. And I am calling in from San
2 Diego County. And I am here today to address the
3 hypocrisy of this agency, because it mirrors so many
4 others.

5 You all claim to want to protect California air
6 quality, yet every single day, there are airplanes flying
7 overhead leaving long lingering trails that do not
8 disappear like normal condensation. They spread --

9 BOARD CLERK LEVRINI: I think we lost sound on
10 your side.

11 All right. I believe this concludes our Zoom
12 commenters. Thank you.

13 CHAIR SANCHEZ: Thank you very much.

14 I now close the record on this agenda item. Do I
15 have a motion and a second to approve this item.

16 BOARD MEMBER SANTIAGO: So moved.

17 BOARD MEMBER BALMES: Second.

18 CHAIR SANCHEZ: Well, everybody is excited on --
19 yes, new year energy. Great.

20 Board clerk, would you please call the rest of
21 the roll.

22 BOARD CLERK FRENCH: Dr. Balmes?

23 BOARD MEMBER BALMES: Yes.

24 BOARD CLERK FRENCH: Mr. Eisenhut?

25 BOARD MEMBER EISENHUT: Yes.

1 BOARD CLERK FRENCH: Senator Florez?
2 BOARD MEMBER FLOREZ: Florez, aye.
3 BOARD CLERK FRENCH: Supervisor Hopkins?
4 BOARD MEMBER HOPKINS: Yes.
5 BOARD CLERK FRENCH: Mayor Lock Dawson?
6 BOARD MEMBER LOCK DAWSON: Aye.
7 BOARD CLERK FRENCH: Dr. Pacheco-Werner?
8 BOARD MEMBER PACHECO-WERNER: Yes.
9 BOARD CLERK FRENCH: Mr. Rechtschaffen?
10 BOARD MEMBER RECHTSCHAFFEN: Yes.
11 BOARD CLERK FRENCH: Assemblymember Santiago?
12 BOARD MEMBER SANTIAGO: Yes.
13 BOARD CLERK FRENCH: Dr. Stigler Granados?
14 BOARD MEMBER STIGLER GRANADOS: Yes.
15 BOARD CLERK FRENCH: Ms. Takvorian?
16 BOARD MEMBER TAKVORIAN: Yes.
17 BOARD CLERK FRENCH: Chair Sanchez?
18 CHAIR SANCHEZ: Yes.
19 BOARD CLERK FRENCH: Madam Chair, the motion
20 passes.
21 CHAIR SANCHEZ: Great. Thank you.
22 The next item on the agenda is item number
23 26-1-2, public meeting to hear a report on the California
24 Air Resources Board program priorities for 2026.
25 If you here with us in the room and wish to

1 comment, please fill out a request-to-speak card as soon
2 as possible and submit it to one of our Board assistants.
3 If you are joining us remotely and wish to comment on this
4 item, please raise hand or dial star nine. We will first
5 call on in-person commenters, followed by remote
6 commenters when we get to the public comment portion of
7 this item.

8 Dr. Cliff, thank you for presenting these
9 priorities to us. We look forward to your presentation
10 and the discussion. Over to you.

11 EXECUTIVE OFFICER CLIFF: Thank you, Chair,
12 Sanchez. So as is tradition, the first meeting of each
13 year -- fir CARB Board meeting of each year, the Executive
14 Officer presents priorities for the coming year.

15 And this year, we did something a little bit
16 different, we put out a memo. So for folks online, you'll
17 be able to get this and access this from the agenda, and
18 for Board members, it should be in your packet. That was
19 sent to the Board on January 28. And although, we've had
20 a few changes to the Board since then, hopefully all of
21 you have had a chance to read that.

22 We thought that it was important to still get
23 this memo out in early January. So I just wanted to note
24 that, that it is a resource for both the Board and the
25 public to refer to.

1 (Slide presentation).

2 EXECUTIVE OFFICER CLIFF: So I want to start by
3 emphasizing that our mission to protect public health and
4 our environment has never been more significant. With the
5 unfounded and persistent attacks on CARB's programs
6 attempting to thwart our progress, we must continue to
7 push back and move forward.

8 As an agency, we are extremely fortunate to have
9 the leadership of the Governor, this Board and our
10 Legislature. Much of the work we are advancing this year
11 is focused on the implementation of laws that advance
12 California's clean air and climate goals.

13 [SLIDE CHANGE]

14 EXECUTIVE OFFICER CLIFF: The data are clear that
15 air pollution disproportionately harms low-income
16 communities and communities of color, and as a data-driven
17 organization, we cannot achieve our mission without
18 addressing these racial and socioeconomic inequities.

19 Science will continue to guide our work as we
20 address the real economic pressures that Californians are
21 facing. We have continued to demonstrate this through
22 strategic programs that create market stability and invest
23 in sustainable solutions that prioritize communities most
24 impacted by the harmful effects of air pollution.

25 [SLIDE CHANGE]

1 EXECUTIVE OFFICER CLIFF: A major focus area for
2 this year is driving clean transportation forward. Our
3 Drive Forward Initiative is launching the next phase of
4 California's clean transportation strategy, combining
5 incentives, outreach, partnerships, and regulations to
6 ensure every Californian benefits from cleaner air and
7 affordable clean vehicle options.

8 We are partnering with other State agencies and
9 industry to advance voluntary programs that accelerate
10 zero-emission technologies and working with DGS to
11 identify opportunities to leverage State procurement, and
12 engaging with the public and industry as staff develop the
13 next generation of light-duty and heavy-duty vehicle
14 regulatory and incentive programs.

15 For the off-road sector, we are continuing the
16 development of the next generation of emission standards
17 for off-road engines and equipment, also known as Tier 5,
18 while we implement existing regulations like the
19 Commercial Harbor Craft Rule, Ocean-Going Vessels
20 At-Berth, and Transportation Refrigeration Unit rules,
21 working closely with regulated entities to take advantage
22 of existing compliance flexibilities. We're exploring
23 strategic opportunities to build upon existing regulations
24 and are seeking public input and engagement on developing
25 regulatory changes to rules that will continue to clean up

1 freight.

2 [SLIDE CHANGE]

3 EXECUTIVE OFFICER CLIFF: The Legislature's
4 extension of the Cap-and-Invest Program to 2045 supports
5 continued investment in pollution reduction, clean
6 transportation, and energy affordability. Staff's
7 proposal, now open for public comment, includes 2026
8 regulatory amendments to update the cap for 2045, protect
9 ratepayers, and maintain economic and job stability
10 through free allowance allocation to industry.

11 California's 2022 Scoping Plan identifies carbon
12 removal as necessary to achieve carbon neutrality by 2045.
13 SB 905 directed us to establish a Carbon Capture,
14 Utilization, and Storage Program. Staff are working with
15 other State agencies, local air districts, and the public
16 to develop a regulation expected to address monitoring,
17 reporting, public safety, and financial responsibility
18 that will come to the Board later this year.

19 We will be launching three innovative tools to
20 support equitable investments that will benefit
21 disadvantaged and low-income communities.

22 CARB is also supporting the sale of E15 gasoline
23 and developing a permanent fuel specification proposal for
24 Board consideration this year. We will continue
25 interagency collaboration to address dispensing, storage

1 equipment capability, vehicle compatibility, and labeling.

2 We will also update regional greenhouse gas
3 reduction targets under SB 375, which is designed to
4 reduce greenhouse gas emissions from passenger vehicles by
5 reducing the need to drive and providing more options for
6 those to travel by aligning transportation, housing, and
7 land-use planning.

8 Finally, recognizing that buildings are a major
9 source of greenhouse gas emissions, staff will continue to
10 engage the public on how best to address these emissions
11 through proposed regulatory concepts.

12 [SLIDE CHANGE]

13 EXECUTIVE OFFICER CLIFF: A key priority for CARB
14 this year will be to hold our ground and show our
15 resilience by continuing to defend our authority under the
16 Clean Air Act. The legal attacks facing California target
17 core programs that cut air pollution and fight climate
18 change, all while the federal government rescinds critical
19 protections under national law. Our priorities are clear:
20 move forward under our established authority to set
21 cost-effective, feasible standards to reduce air
22 pollution, maintain regulatory certainty for businesses
23 and communities, and hold federal agencies accountable.

24 [SLIDE CHANGE]

25 EXECUTIVE OFFICER CLIFF: We will continue our

1 efforts to address historical inequities and deliver
2 tangible benefits to communities disproportionately
3 impacted by pollution and climate change. Targeted air
4 quality data are critical to serve communities with the
5 greatest need. We are implementing the Statewide Mobile
6 Monitoring Initiative, a program supported through funding
7 from the Legislature that enhances the Community Air
8 Protection Program by providing block-level air quality
9 data for criteria pollutants, greenhouse gases, and toxics
10 for over 60 AB 617 communities.

11 Staff are also collaborating with the Department
12 of Conservation to implement SB 1137, which establishes
13 health protection zones around sensitive receptors near
14 oil and gas operations, developing performance standards
15 for systems that can rapidly detect leaks and alert
16 operators before nearby communities are impacted.

17 Implementation of the Community Air Protection
18 Program remains a priority for us and the State. The
19 Governor's Proposed Budget provides for \$177 million this
20 fiscal year. Beginning in '26-'27, there is now ongoing
21 funding for CAPP in the Greenhouse Gas Reduction Fund,
22 which will allow CARB and local air districts to focus on
23 air quality improvements for almost half of California's
24 disadvantaged population.

25 Next, I want to -- (clears throat). Excuse me.

1 I want to highlight our new toxics strategy. We are
2 developing a unified, forward-looking roadmap to guide our
3 toxics work over the next 20 years and beyond. This
4 roadmap will build upon the existing foundational work
5 carried out by CARB and air districts to identify a path
6 forward for more effectively addressing toxic air
7 pollutants statewide.

8 The toxics strategy will not only shape the
9 future of our toxics work, it will also serve as a model
10 for how we tackle complex, cross-cutting, environmental
11 challenges.

12 [SLIDE CHANGE]

13 EXECUTIVE OFFICER CLIFF: We couldn't achieve our
14 work without the help of partners across the State. Our
15 colleagues at other State agencies will continue to be
16 critical to success. And, of course, coordination with
17 air districts is more critical than ever to ensure
18 consistent enforcement and monitoring of air quality
19 standards. Considering the federal rollbacks on climate
20 protections and air quality, these collaborations main --
21 help maintain strong action, safeguard public health, and
22 advance California's climate goals despite weakened
23 national policies.

24 Thank you.

25 CHAIR SANCHEZ: Thank you, Dr. Cliff.

1 We will now turn to public comment for those of
2 you who wish to speak on this item

3 Board clerk, would you please call on the
4 commenters.

5 BOARD CLERK LEVRINI: First commenter, I have
6 Nick Blair.

7 NICK BLAIR: Good morning. Thank you, Chair
8 Sanchez, Board members for the opportunity to speak today.
9 Nick Blair with the Association of California Water
10 Agencies. Our approximately 470 public agency members are
11 responsible for 90 percent of the water delivered to
12 cities, farms and businesses in California.

13 As you consider the 2026 priorities, I want to
14 encourage further consideration of funding in incentive
15 gaps of what is available to public agencies more bodily,
16 and in our case public water agencies, seeking to comply
17 with the Advanced Clean Fleet Regulation.

18 Today, most available incentive funding is
19 structured towards fleets that already go above and beyond
20 electrification requirements. That approach can work for
21 voluntary programs, but as it stands, public agencies are
22 the only fleets required to comply with ACF, and many are
23 still working to comply with baseline compliance efforts.

24 As I've discussed with many on the Board
25 recently, my members are concerned about the availability

1 of vehicle models to meet their needs and cost is a very
2 real component of that. The recent Ford news in
3 particular was a huge monkey wrench for a number of our
4 members' compliance, timelines and plans without funding
5 pathways explicitly designed to support ACF compliance.
6 We fear CARB risks slower implementation of ACF, uneven
7 outcomes across communities, and further pressure on
8 public agencies and rate payers. Our agencies faced high
9 infrastructure costs as well as make-ready construction,
10 utility upgrades, and constrained fleet turnover
11 schedules.

12 So unless this is addressed, it could result in
13 misalignment for us all. I've also brought this up with
14 CARB staff who I continue to work diligently on with the
15 ACF amendments. And it's been noted that my concern here
16 rises above ACF as a rulemaking. So I am bringing it here
17 to you today. I think it was kind of addressed in the
18 presentation, but wanted to be sure to bring that up. We
19 encourage the Board to direct and align funding
20 eligibility for ACF compliance, so public agencies can
21 meet the requirements on schedule. And I believe that
22 this ask aligns with the overarching theme of what's being
23 proposed today.

24 Thank you for the opportunity to speak and look
25 forward to continuing to work with you.

1 BOARD CLERK LEVRINI: Thank you. Our next
2 speaker Evan Edgar.

3 EVAN EDGAR: Board members, my name is Evan
4 Edgar. I represent the public sector heavy-duty haulers.
5 CARB has been pushing electrification, billions and
6 billions of dollars without guardrails. It's been my
7 tradition to come here every year, twice a year for four
8 years, pushing the California Battery Directive following
9 the European Battery Directive adopted in 2022.

10 Now, what the Battery Directive does is three
11 major things. It has battery recycling. There was a
12 bill, SB 615 Allen in 2014 that was vetoed by the
13 Governor. Come on. You're pushing electrification.
14 Let's recycle the batteries. Lets adopt that as a
15 priority.

16 Number two, the carbon intensity by a third
17 party. Now, zero-emission vehicles are not zero. I'll
18 say that again, zero-emission vehicles are not zero when
19 it comes to carbon intensity. We presented a study two
20 years ago showing that the charging of the battery is plus
21 15 and the manufacturing of the battery is plus 5. We're
22 plus 20, but the public is hearing zero emissions.

23 They are not zero. There was a bill two years
24 ago, AB 1012, that had that up to direct CARB in order to
25 do the carbon intensity life-cycle analysis for batteries.

1 And they did make it out of committee. CARB staff should
2 be opposing -- was opposing it. They should be supporting
3 it, because I don't think CARB staff can handle the truth.
4 Zero-emission vehicles are not zero.

5 And finally is the sourcing and supply of due
6 diligence of these batteries. These are blood batteries
7 coming from the Congo, rare minerals of slave labor.
8 Twice a year for four years is my tradition to provide
9 that data staff and have deaf ears. Not once has anybody
10 talked about the blood batteries. And every up here --
11 I'm up here with environmental justice during the Scoping
12 Plan of 2022 and they agreed. So everything I talked
13 about today, the Environmental Justice Advisory Committee
14 supports this. I tried to integrate it into the 2022
15 Scoping Plan, but I will integrate it in the 2027 Scoping
16 plan, and really (inaudible) backwards, not forwards.

17 BOARD CLERK LEVRINI: Thank you.

18 Nicole Rice.

19 NICOLE RICE: Good morning, Chair Sanchez and
20 members. Nicole Rice, President of the California
21 Renewable Transportation Alliance and happy to be here
22 with you again and happy new year, always glad to say that
23 also.

24 CRTA fully supports the overarching goal that was
25 just outlined, improving air quality while maintaining

1 economic stability for California's most vulnerable
2 communities. This is exactly why CRTA is urging the Board
3 to integrate near-term deployment of omnibus-enable 50
4 milligram NOx trucks into CARB's policy and plans,
5 including the Drive Forward Heavy-Duty Strategy. These
6 clean air combustion trucks are commercially available
7 today because of CARB's leadership. And at this time of
8 regulatory uncertainty, California can leverage them to
9 maintain air quality progress while zero emission
10 platforms continue to scale.

11 Low-NOx trucks powered by renewable fuels, like
12 renewable natural gas, will not replace the long term ZEV
13 transition, but they will enable the mission critical
14 benefits of that transition, which is immediate emission
15 reductions, especially in regions that are burdened by
16 pollution, preventing the 175 tons per day NOx increase by
17 2037 that staff outlined in its recent update to the SIP.
18 To accomplish this, we respectfully ask the Board to do
19 the following, explicitly include low-NOx trucks powered
20 by renewable fuels in your strategic plans, especially for
21 hard-to-electrify heavy-duty trucking sectors, provide
22 adequate targeted funding to accelerate their deployment
23 with a priority in nonattainment regions, affirm the SB 1
24 useful life protections for trucks purchased today under
25 future regulations to restore market confidence and to

1 continue to work with the districts to ensure they have
2 full access to all of these technologies.

3 Thank you.

4 BOARD CLERK LEVRINI: Thank you. We now have
5 Sean Edgar.

6 SEAN EDGAR: Good morning, Chair Sanchez and
7 Board members. Sean Edgar. I'm the Director of Clean
8 Fleets based here in Sacramento. A couple refinements on
9 program priorities just presented by the Executive
10 Officer. My colleague Nicole Rice did a great job of
11 summarizing, essentially we've been stuck in neutral for
12 the last year, and understanding you have federal
13 challenges, but fleets that we work with, Fortune 500
14 companies, the refuse sector, other folks that really want
15 to leverage into cleaner fuels are stuck in neutral. So
16 clear guidance from the Board. We understand that ZEVs
17 are a priority, but there's really no safe harbor
18 statement I would say for corporate America or small
19 companies to want to make an investment into low carbon
20 fuels today. So a clear statement for fleets that want to
21 go low NOx now would be extremely helpful as a refinement.
22 I'm a Panelist on the Drive Forward effort. I look
23 forward to participating in that, but we want to get out
24 of being stuck in neutral.

25 Second, I heard the statement about clean

1 affordable fuels, including E15 and that's great. I
2 didn't really hear any prioritization for renewable
3 natural gas. Just as a matter of fact, renewable natural
4 gas reduces toxic air contaminants. It's zero diesel
5 emissions, right?

6 When I first started working in front of this
7 Board, 26 years ago, the priority was reducing the
8 public's exposure to diesel exhaust. Renewable natural
9 gas eliminates toxic air -- TACs, as it relates to diesel
10 exhaust. So there's really no support for fleets that
11 want to -- especially SB 1383 fleets that can make their
12 own fuel, either renewable natural gas or RNG from
13 organics. There's really no support in the document for
14 any of those fleets, so I encourage you to do that.

15 And then finally, under improving organizational
16 operations, I captured the statement to align spending to
17 statutory mandates, and that should include SB 210. The
18 current CTC, I would clarify it as a fleet implementation
19 disaster. Your vehicle information system, reporting
20 system is inadequate for the public. You've collected
21 over \$50 million in fees from fleet operators who want to
22 do the right thing, but you've got a dysfunctional
23 computer system. So I need to have (inaudible).

24 Thank you.

25 BOARD CLERK LEVRINI: Thank you. And that

1 concludes our in-person commenters. We will move over to
2 Zoom. We currently have six commenters in Zoom with their
3 hands raised. I will start with phone number ending in
4 672. I have activated your mic. You may unmute and
5 begin.

6 CONSUELO: Okay. So I switched phones. Can you
7 hear me?

8 (Echoing)

9 BOARD CLERK LEVRINI: Okay. It's echoing. Do
10 you have another laptop?

11 CONSUELO: Okay. Can you hear me now?

12 BOARD CLERK LEVRINI: Yes, that's good

13 CONSUELO: Because I don't want to be cut off
14 this time, because I might be saying something unpleasant.

15 And, yeah, I guess I will just start off where
16 I -- wait. Before I start my time, I just wanted to say
17 considering that there are only a handful of people
18 calling in out almost 40 million people, if you can just
19 give the people a little bit of a chance to try to
20 reconnect, because I really don't know what happened on
21 that last call. And considering that you guys started
22 over 20 minutes after 9, that's very disrespectful. So,
23 yeah, Happy New Year.

24 Again, this is Consuelo calling from San Diego
25 County. And I wanted to say regarding this item that if

1 the priority is health of the people, then why is it that
2 we have -- sorry, I've get to get to my notes -- the air
3 quality. Every single day, like I mentioned, planes are
4 flying overhead and there are things that have been
5 actually tested, like snow and rain, and what they've been
6 tested for was -- or what they found were aluminum oxide,
7 barium, strontium, copper sulfate, potassium iodide, and
8 other particles. So again, I just feel like this item
9 is -- it's all about further control of the government.
10 Again, the priority of the health of the people is just --
11 it's just words. And quite frankly, it's just really sad
12 and disturbing that only a handful of people listen in on
13 these meetings. Okay. I have the next item to speak on.

14 BOARD CLERK LEVRINI: Thank you.

15 Okay. Our next commenter in Zoom is Cristhian
16 Tapia. And I apologize if I mispronounce any other name.
17 I have activated your mic. You may unmute and begin.

18 CRISTHIAN TAPIA DELGADO: Good morning, Chair
19 Sanchez and CARB Board members. My name is Cristhian
20 Tapia Delgado. I'm a Climate Campaigner with Pacific
21 Environment and a Long Beach Port Community resident.
22 Thank you for the overview of CARB's 2026 program
23 priorities.

24 As the Board considers the Agency's focus areas
25 for the coming year, I want to underscore the importance

1 of ensuring that ocean-going vessel emissions remain a
2 central and time-sensitive priority. Ports and
3 port-adjacent communities continue to bear a
4 disproportionate share of pollution from ocean-going
5 vessels. OGV emissions are among the largest remaining
6 sources of NOx and PM in the South -- in the South Coast
7 Air Basin and other port regions directly affecting public
8 health and regional team and timelines. Delaying this
9 sector has immediate and measurable consequences for
10 communities living near our major ports.

11 The timing is especially critical for several
12 reasons. First, the international landscape is shifting
13 developments that the IMO will influence fuel pathways,
14 investment decisions, and fleet transition timelines.
15 California has historically lead in setting standards that
16 shape global markets. If we do not act with clarity and
17 urgency, we risk ceding that leadership and the economic
18 and environmental benefits that come with it.

19 Second, port infrastructure decisions being made
20 today, including terminal expansions, grid investments,
21 and fuel supply planning will lock in emission profiles
22 for decades. Aligning CARB's regulatory trajectory with
23 infrastructure timelines is essential.

24 Regulatory certainty now accelerates private
25 investments in ZE technologies and clean air fuels.

1 Finally, communities have waited too long for measurable
2 reductions. Ensuring that 2026 priorities include clear
3 progress on OGV standards, implementation timelines and
4 enforceable outcomes is an environmental and equity
5 imperative.

6 For these reasons, Pacific Environment strong
7 urges that OGV emission reductions for in-transit
8 requirements, fuel planning with the CEC, and alignment
9 with green shipping corridor initiatives, remains a
10 defined and accelerated priority within CARB's 2026
11 program focus.

12 The window for influence is open, but not
13 indefinite. The decisions made in 2026 will shape the
14 next decade maritime emissions.

15 Thank you.

16 BOARD CLERK LEVRINI: Thank you.

17 Our next commenter in Zoom I have Paul Henkin. I
18 have activated your mic. You may unmute and begin.

19 PAUL HENKIN: Good morning. Paul Henkin here
20 from San Diego County. Welcome to Ms. Stigler Granados
21 from UCSD. Hopefully, this will result in quick
22 resolution of the Tijuana River Valley pollution rather
23 than the political dithering and more studies. Limiting
24 the need for driving sounds rather fascist. AB 1421 for a
25 gas tax study seems to be a good idea and there are a few

1 other conspirations which play into the proposed study.

2 Currently, California collects \$0.61 per gallon
3 in tax -- gas taxes, which help pay for road maintenance
4 and infrastructure. That revenue has been decreasing as
5 more drivers switch to electric and other clean energy
6 vehicles. Gas car users should not have to pay all the
7 taxes for road repairs. And especially since gas-powered
8 cars are less expensive and used more by lower income
9 persons, gas powered vehicles should not be paying all of
10 the tax.

11 EVs and other gas-powered vehicles need to pay a
12 similar tax for fuel. Road user charges on gas, hybrid,
13 EV, hydrogen-powered or other, if implemented equally
14 would be fair, but there are two important reasons why
15 there should be a charge on EVs. One, EVs are heavier and
16 damage the road more, and two, EVs also require more
17 extensive fire and medical service if they catch on fire.
18 So I hope that you will help to get this enacted.

19 BOARD CLERK LEVRINI: Thank you. We have three
20 more commenters left in Zoom. Our next is Patricia
21 Angeja. I have activated your mic. You may unmute and
22 begin.

23 PATRICIA ANGEJA. Good morning, everyone. My
24 name is Patricia Angeja. I am the treasurer for Amador's
25 Heart of Gold a newly formed nonprofit organization. Our

1 purpose is to provide financial, emotional, and
2 educational support to families affected by childhood
3 cancer residing in Amador County.

4 In only the past two years, there have been six
5 cases of childhood cancer diagnosed in Amador County. One
6 new case that we just learned of recently. The limited
7 resources available in our rural county led to the forming
8 of this organization by two of the moms of children with
9 cancer whose goal it is to have Amador's Heart of Gold be
10 the organization families turn to when they have a
11 diagnosis.

12 I urge the California Air Resources Board to have
13 environmental testing be done as it -- having six cases
14 diagnosed in the last two years. Three of the cases are
15 in Ione with them diagnosed within eight months of each
16 other. And they live less than one miles from each other.
17 It seems to be more than just a coincidence.

18 Per the California Cancer Registry, there were 14
19 cases of childhood cancer in Amador County in the 10-year
20 span between 2014 and 2023, which is the most recent data
21 they have. Our six known cases in just two years is an
22 increase of 4.8 times the amount of cases that we saw in a
23 10-year span. This should be a huge concern. Myself and
24 many others in our community, including the families of
25 the childrens with -- children with cancer believe there

1 has to be something with our environment.

2 When I spoke at another State environmental
3 agency meeting, an anonymous source reached out afterwards
4 and shared the following. Mule Creek Prison started a
5 coffee roasting program with CalPIA in 2020. I don't know
6 how the facility operates its wastewater or air emissions,
7 but coffee roasting produces the chemical diacetyl, both
8 airborne and waste products, which would not show up in
9 routine tests.

10 In addition, we have the California Air Training
11 camp, which have retardants and suppression (inaudible)
12 containing TFAs. Please have our environment tested, so
13 that families do not have to endure the trauma that is
14 childhood cancer.

15 Thank you.

16 BOARD CLERK LEVRINI: Thank you.

17 Our next speaker Brent Newell. I have activated
18 your mic. You may unmute and begin.

19 BRENT NEWELL: Good morning, Madam Chair, members
20 of the Board. I am representing Leadership Counsel for
21 Justice and Accountability today. And I want to first
22 acknowledge and appreciate all of the priorities that have
23 been identified by staff in the presentation and the
24 memorandum that was circulated to the Board, especially
25 the environmental justice priorities.

1 There is one environmental justice priority
2 Leadership Counsel would like to elevate that was not
3 discussed and this is an important issue in the San
4 Joaquin Valley where very large industrial dairy
5 operations have a massive air quality impact and climate
6 impact through the methane emissions from livestock waste
7 manure management.

8 Senate Bill 1383, which was adopted back in 2013
9 requires that CARB achieve a 40 percent reduction of
10 methane from livestock manure management by 2030. CARB is
11 not on track to achieve that amount of emissions
12 reductions. In 2024, Resolution 24-14, adopted by the
13 Board, directed staff to begin implementation of -- or
14 begin regulatory development during 2025. There were no
15 public facing activities during 2025. And in early 2026,
16 there is an information solicitation that is open for
17 public comment.

18 It is critical that the regulations are adopted
19 and implemented by 2028, as directed by the Board in
20 Resolution 24-14. So Leadership Counsel respectfully
21 requests that the Board discuss this important issue and
22 direct staff to elevate its priorities.

23 BOARD CLERK LEVRINI: Thank you.

24 Our final commenter, Sarah Deslauriers. I have
25 activated your mic. You may unmute and begin.

1 SARAH DESLAURIERS: Hi. Can you hear me okay?

2 BOARD CLERK LEVRINI: We sure can.

3 SARAH DESLAURIERS: Excellent. Good morning,
4 Chair Sanchez, Board members, and staff. I'm Sarah
5 Deslauriers, as was mentioned. I'm the California
6 Association of Sanitation Agencies Director of Air,
7 Climate, and energy programs, where we represent over 90
8 percent of the sewerred population of California and we
9 support and stand in partnership with CARB to protect
10 public health and the environment, while also maintaining
11 our resilient essential public services. For us, that
12 means the wastewater and collection, treatment, and the
13 provision of recovered resources, recycled water, energy,
14 fuel nutrients, carbon, and organic matter for improving
15 soil health across California landscapes.

16 We support our fellow organizations and the
17 comments regarding the Advanced Clean Fleet regulations,
18 and considerations for which we are working with staff
19 right now, as well as the need for continued work on
20 addressing the impacts to the implementation of Senate
21 Bill 1383.

22 We also work in partnership with staff on the air
23 toxics reductions through the Community Air Protection
24 Program and have since the development of that in 2018
25 through 2019 and 2021 updates -- or adoption and updates.

1 We have, as a sector, sector-wide, served as statewide
2 group in partnership with local air districts and the Air
3 Resources Board in working on a strategy for local
4 governments or the wastewater sector within the waste
5 sector in general.

6 And we just want to agree with and highlight the
7 critical importance of partnerships, especially with the
8 air districts - and we see that you noted that in the
9 memo, appreciate that - as well as OEHHA, the Department
10 of Pesticide Regulation, but very critical to that are
11 your local governments. And so we appreciate that
12 relationship and want to continue working on all of these
13 issues with you.

14 Thank you.

15 BOARD CLERK LEVRINI: Thank you.

16 And that concludes our commenters for this item.

17 CHAIR SANCHEZ: Thank you very much.

18 Staff, are there any comments that were raised
19 that you would wish to address?

20 EXECUTIVE OFFICER CLIFF: No.

21 CHAIR SANCHEZ: Thank you. This is an
22 informational item only, so there is no need to close the
23 record. Board members, any questions or comments?

24 Yes, Dr. Balmes.

25 BOARD MEMBER BALMES: Just one quick comment. I

1 strongly endorse the priority to look into air toxics
2 better, and, you know, I've been pushing air toxics for a
3 long time. I'm glad we're -- glad you guys caught up with
4 me.

5 CHAIR SANCHEZ: Thank you, Dr. Balmes.

6 Dr. Shaheen.

7 BOARD MEMBER SHAHEEN: Thanks so much, Chair. I
8 wanted to just also wish everybody a Happy New Year,
9 particularly Dr. Cliff from the dais here. But good
10 morning, everyone. And I wanted to thank Dr. Cliff and
11 the CARB team for the comprehensive overview of our 2026
12 priorities. The breadth of work underway reflects the
13 urgency of our climate and air quality challenges, as well
14 as the complexity of CARB's current operating environment.

15 I appreciate the continued emphasis on
16 science-based decision-making, affordability, and also
17 equity. Those areas are clearly essential this year.
18 2026 is not just about setting ambition, but is also about
19 delivering results at scale.

20 So the first item I'd love to discuss with you,
21 Dr. Cliff, and other members of the team is the Drive
22 Forward Initiative. So I'm really encouraged to see the
23 emphasis on zero-emission vehicle adoption and moving us
24 forward. But I want to highlight, in particular,
25 something, Dr. Cliff, you and I have spoken about before,

1 which is the used vehicle market.

2 So most low and moderate income households are
3 actively participating in the used car marketplace. And
4 we know incentives work for new vehicle acquisition. But
5 if the used vehicle market doesn't move, then the fleet
6 does not move. So I'm interested in your perspectives in
7 how Drive Forward will tackle the secondary market
8 barriers, including affordability, financing, and also
9 battery confidence.

10 EXECUTIVE OFFICER CLIFF: Thank you, Dr. Shaheen.
11 Yeah, one of the things that we're directed to do as part
12 of the Governor's budget proposal is to look at used
13 vehicles as part of the incentive program for light-duty
14 vehicles. So that's something that we're working on
15 developing. We're certainly interested in that. I should
16 also note that we still have some funds in the Drive Clean
17 Assistance Program which does provide incentives for
18 low-income consumers statewide, as part of the Clean Cars
19 4 All type program. So those are the two opportunities.

20 We've also been engaging pretty directly with
21 manufacturers of vehicles to try and better understand
22 how, for example, vehicles that come off lease could stay
23 in California, such that we can continue to get the
24 emissions benefits of those vehicles when they come off
25 lease. And so perhaps ways to continue to incentivize

1 that is something that we could do.

2 BOARD MEMBER SHAHEEN: Wonderful. I knew you
3 would be on top of it, but it's such a complex issue,
4 right, with the used car marketplace. I have an
5 additional follow-on question related to SB 375, which I
6 have a great deal of interest in. And looking at 2026 and
7 the regional GHG target update, obviously progress has
8 been made, but VMT as many of you know, vehicle miles
9 traveled, remains very challenging. And also a companion
10 piece of legislation, SB 743, is uneven in terms of its
11 implementation. So, our land use and transportation tools
12 must work together, if we are serious about meeting our
13 climate goals.

14 So I'd welcome staff's thoughts on the largest
15 performance gaps and whether more guidance or alignment is
16 needed with 375 and 743 or any other thoughts you have on
17 this matter.

18 EXECUTIVE OFFICER CLIFF: Sure. I'll start and
19 maybe Chanell would like to fill in. I think one of the
20 challenges that we have with SB 375 is that it's
21 fundamentally a planning law. It encourages those to
22 coordinate the planning with climate goals, but doesn't
23 provide, for example, money for implementation and doesn't
24 require implementation. And so we have otherwise
25 persistent challenges in addressing vehicle miles

1 traveled, in particular because funding gaps exist to
2 ensure that we're implementing the plans and we know that
3 the options that are available to Californians, and
4 especially affordable options aren't as plentiful as we
5 would like.

6 So our SB 150 report kind of looks at that on an
7 ongoing basis, so that we can determine where those gaps
8 are and how we can better support the planning
9 implementation. And there have been some real
10 opportunities there, for example, REAP and REAP 2.0, where
11 opportunities to help fund and support the implementation
12 of those plans.

13 SB 743 I think was an important way to address
14 specifically one area of California law that would
15 otherwise undermine our ability to reduce vehicle miles
16 traveled by rather than focusing on level of service as a
17 way to understand the potential environmental impacts of a
18 transportation project, instead looking at VMT could get
19 directly at the issue to help better align the goals with
20 one another.

21 So I know that that has been a challenge that
22 many MPOs are facing, and transportation planners, and
23 those who are in the transportation space. We're not
24 directly involved in the implementation of SB 743, but are
25 certainly supporting, where we can, it's implementation to

1 help it better align with the State's climate goals.

2 BOARD MEMBER SHAHEEN: Yeah. I'd love to hear
3 from you, Chanell.

4 DEPUTY EXECUTIVE OFFICER FLETCHER: I'm happy to.
5 I think that Dr. Cliff did a great job kind of laying out
6 some of the challenges that we face around the
7 implementation of SB 375 and I think some of the
8 challenges with SB 743.

9 I did want to just kind of highlight some of the
10 opportunities that I think we're seeing this year. Some
11 of you may know that the California State Transportation
12 Agency now has kicked off a Sustainable Communities Task
13 Force. And thank you so much, Board Member Shaheen for
14 being one of the Co-Chairs of that. That I think we are
15 really seeing as an opportunity to start to talk with the
16 MPOs, with industry with a lot of the environmental
17 organizations that are part of that task force to really
18 start thinking about how do we tackle some of these more
19 complex issues around 375. I think, as Dr. Cliff
20 mentioned, it is a planning law, but we really are
21 thinking about implementation.

22 We know kind of like some of the things that we
23 need and can we work together in that space to identify
24 some of those things. And so that, to me, feels like a
25 really big opportunity. And I think also, as you

1 mentioned, Dr. Cliff, we do have the 375 targets, as I
2 call them. I think on the slide they were called the
3 regional GHG, you know, targets. Either way, that also
4 feels like another opportunity, I think, really, one, to
5 get our Board engaged, understand some of these issues
6 that we're kind of flagging. We so have a joint meeting
7 with CTC and HCD also coming up, where we'll talk about
8 some of these things as well. You'll hear some of the
9 challenges that the regions are facing. And I think it's
10 a really good opportunity for our Board to start to
11 understand and start to think about some of the ways in
12 which I think we can work collaboratively with the
13 regions, with other stakeholders to start to address some
14 of those things.

15 So I do think that the challenges, I think as Dr.
16 Cliff laid out, are immense, but I do think there's a lot
17 of opportunity this year and I'm really excited about some
18 of the things that I think we'll bring to the Board to
19 really highlight the ways in which we are wanting to work
20 collaboratively on addressing some of those challenges.

21 BOARD MEMBER SHAHEEN: Wonderful. Well, I look
22 forward to working in partnership with all of you on these
23 challenges on SB 375.

24 Just, in closing, I wanted to also note that I
25 really appreciate the discussion on the budget pressures

1 and the zero-based budgeting that we're facing here.
2 CARB, our success in 2026 will depend not only strong
3 policy design, but on sustained implementation capacity.
4 So ensuring that our CARB team has the tools and resources
5 is going to be absolutely critical to deliver on these
6 ambitious goals. So, greatly appreciate all the hard work
7 of the CARB team. And I really want to be part of this,
8 and focus, and coordinate, and continue engagement across
9 communities in the state. So thank you.

10 CHAIR SANCHEZ: Thank you, Dr. Shaheen.

11 Over to you, Dr. Pacheco-Werner.

12 BOARD MEMBER PACHECO-WERNER: Thank you, Chair.
13 Thank you so much, Dr. Cliff and staff. I especially
14 appreciate the calling out of partnerships, because I do
15 think that now, more than ever, partnerships are really
16 critical to the continuation of all of our goals. And I
17 do specifically want to do a call-out to thank Dr. Cliff,
18 the Chair, and staff for all the work that you're doing to
19 sustain and enhance partnerships in the San Joaquin
20 Valley.

21 To that end, I do think that as we undergo new
22 processes for further regulations to bring to the Board,
23 including the Tier 5 off-road equipment, that those strong
24 partnerships are going to -- and the opportunity for
25 community engagement are going to be a really critical

1 component to ensuring not just that we have a regulation
2 that's passed, but a regulation that is implemented to the
3 maximum effect, because that's what brings the emissions
4 reductions, right, not the exemptions, the people that are
5 actually able to implement what we set forth here. And I
6 think that partnerships on the front end can maximize that
7 opportunity.

8 On the SB 375 question, I do also think that
9 continuing to find opportunities -- and I do thank
10 Chanell's team for this, continuing to find opportunities
11 to expand relationships with local governments is really
12 critical. And I hope that, you know -- and however I can
13 be of help to highlight the successes that have happened,
14 so that we can see how those can be applied across
15 jurisdictions will, I think, help us move forward in a
16 positive direction there.

17 And finally, on the budget priority issues, you
18 know, I can attest that, you know, right now there are
19 effective programs to ensure critical emission reductions
20 that are zeroed out, right? And I do think that we can't
21 shy away from that and calling it out at a moment where we
22 need every single emission reduction that we can take. So
23 I do -- I do look forward to seeing how we can also help
24 in that matter to ensure that those programs receive the
25 funding that is needed to ensure these critical emission

1 reductions in all of our areas across California. So
2 thank you so much.

3 CHAIR SANCHEZ: Thank you.

4 Board Member Takvorian.

5 BOARD MEMBER TAKVORIAN: Good morning and Happy
6 New Year to all of you. I just wanted to say a couple of
7 things. I really appreciate the preparation of this memo
8 that I think really well represents the Board's unwavering
9 commitment to reducing air and climate pollution, despite
10 the assault from the federal government -- the current
11 federal government on our communities, also on our cities,
12 and state, and specifically on CARB's leadership. This
13 memo says, and we are saying, every day we're moving
14 forward.

15 And I especially appreciate our continued focus
16 on reducing pollution in the most impacted communities,
17 our low income and communities of color. And CARB's work
18 provides statewide resources, rules and guidance, while
19 enabling the local air districts and communities to engage
20 in meaningful ways to carve a way forward that recognizes
21 the unique needs of each district in California. And I've
22 had the opportunity to see those close up with the
23 Consultation Group on 617 work, along with Dr. Balmes.
24 And I've obviously known about that work for a number of
25 years, but I've really appreciated working with staff and

1 really -- and also with community members and
2 representatives to the Consultation Group who are really
3 empowering communities and moving that work forward. So
4 it's so important that that continue to happen.

5 I think, as we all know, CARB's appropriate focus
6 on transportation sources is critical to our future, and
7 California has certainly accelerated the country's
8 transition to zero-emission vehicles through our rules and
9 incentives. And while we recognize the setbacks to our
10 regulatory efforts and the budget challenges that we have,
11 I'm hopeful that we will continue to prioritize support
12 for heavy-duty zero-emission vehicles that impact our EJ
13 communities so severely. So, perhaps Dr. Cliff can share
14 his thoughts about CARB's plans in that regard.

15 I just want to say two other things and I --
16 before I ask you to comment on that. And I would like to
17 agree with Dr. Balmes that reinforcing CARB's work on air
18 toxics and increasing our collaborative work with other
19 agencies. Especially OEHHA and their work on
20 CalEnviroScreen, I think is certainly important, again
21 particularly in EJ communities.

22 So lastly, just gratitude to Chair Sanchez, to
23 our Executive Officer Cliff, and to all of CARB staff, and
24 our Board members who are working so hard to bring these
25 priorities to fruition in these really challenging times.

1 So, Dr. Cliff, if you could just talk a little
2 bit more about what -- how you're thinking about we can --
3 how we can move forward in the heavy-duty environment,
4 particularly related to incentives, that would be really
5 helpful to me.

6 EXECUTIVE OFFICER CLIFF: Thank you, Board Member
7 Takvorian. Yeah, so a couple thoughts there. First, we
8 are finalizing the Advanced Clean Fleets Regulation
9 consistent with the Board's direction from last September.
10 So we'll plan to get the 15-day amendments out shortly.
11 So that's one aspect of our work on heavy-duty vehicles.

12 Secondly, we are working on regulatory amendments
13 for upcoming consideration by the Board. That's part of
14 our Drive Forward Initiative. So we have the Drive
15 Forward light-duty as well as Drive Forward heavy-duty.
16 And staff has been working with stakeholders to continue
17 to understand what the next phase of regulations will be
18 for heavy-duty vehicles. And then with regard to
19 incentives, specifically last year's budget did include
20 funds for the heavy -- Medium- and Heavy-Duty Vehicle
21 Incentive Program, HVIP, that would continue to
22 incentivize zero-emission heavy-duty vehicles. That
23 Program did not receive additional funding in the
24 Governor's proposal this year, but there is money left in
25 the budget that we're still working on from last year.

1 And then I think importantly, the Board's
2 direction on the Low Carbon Fuel Standard was to dedicate
3 the Clean Fuel Reward monies towards medium- and
4 heavy-duty vehicles, rather than the light-duty vehicle
5 market.

6 So, we're working to stand up that Clean Fuel
7 Reward or the CFR Program for heavy-duty vehicles. And
8 that should be a lot of support -- additional support for
9 electric heavy-duty vehicles going forward.

10 BOARD MEMBER TAKVORIAN: Thank you.

11 CHAIR SANCHEZ: Thank you, Board Member
12 Takvorian.

13 Supervisor Hopkins.

14 BOARD MEMBER HOPKINS: Thank you. I actually
15 just wanted to take a moment to echo Dr. Pacheco-Werner's
16 calls for collaborations, especially with local air
17 districts, and government entities, and agencies. And I
18 also wanted to take a moment to welcome my new colleagues.
19 I'm really excited to have, you know, join the Board. One
20 of my biggest surprises joining the Board was people's
21 intense and immediate desire to communicate with me, so
22 welcome to that. You know, I don't I got as many requests
23 for meetings as I did when I first joined the Board.

24 And so that's actually why I want to commend
25 staff on I think the final slide. The top priority was

1 transparency and communication. And I think that there is
2 so, quite frankly, little of that going on nationally that
3 we have an opportunity right now to be a role model for
4 appropriate, considerate communication with all of our
5 stakeholders. And I just want to commend Chair Sanchez
6 for her deep-seated commitment to that and staff for your
7 work, because I think that one of the things I'm proud to
8 serve on this Board is because I feel like we are now
9 really listening very carefully to EJ communities, also to
10 the regulated communities and to addressing their ongoing
11 concerns. So I look forward to seeing the 15-day changes
12 on the ACF, and just thank you, everyone, for the work.
13 This was a wonderful memo and I think it sets a great tone
14 for this year.

15 CHAIR SANCHEZ: Well said. Thank you, Supervisor
16 Hopkins.

17 Board Member Rechtschaffen.

18 BOARD MEMBER RECHTSCHAFFEN: Dr. Cliff, had a
19 quick follow-up. What is the time frame for the Clean
20 Fuels Reward Program being stood up.

21 EXECUTIVE OFFICER CLIFF: The plan is by summer
22 to have that stood up. Thank you.

23 CHAIR SANCHEZ: All right. Any additional
24 comments, reflections from the Board?

25 Welcome. Welcome. Yes, please, Dr. Stigler

1 Granados.

2 BOARD MEMBER STIGLER GRANADOS: Thank you. I
3 just wanted to say thank you, Chair Sanchez and staff for
4 a very warm welcome. I'm very excited to be here. And I
5 just also wanted to echo what several other Board members
6 have said about the air toxics strategy moving forward.
7 As you know, in our border communities and our EJ
8 communities in San Diego County, we're dealing with
9 ongoing public health crisis due to toxics from our
10 wastewater issue and also other issues. And so, I really
11 appreciate the fact that we're going to take a deeper look
12 at that, especially considering public health implications
13 of those air toxics. So thank you for the warm welcome
14 and for allowing me to be here to share this experience
15 with you all.

16 CHAIR SANCHEZ: Thank you. Thank you. Okay.
17 Center Stern, any comments?

18 SENATOR STERN: Thank you, Madam Chair. I'll
19 just say thanks to the new folks here. It's a pleasure to
20 have you all on board. I don't -- I'm not going to be
21 voting with you, but I just sort of sit here and try not
22 to second guess every other thing you say, and hopefully
23 like get us all working together. It's good to have my
24 colleague who I used to serve in the Legislature with and
25 I think that the beauty of these ex officio positions is

1 that we can iterate. And it doesn't have to just be a --
2 this sort of bilateral process, but that we can be paying
3 attention to the good work you're doing. So, for
4 instance, hearing that Clean Fuel Rewards timeline
5 calendar is actually very helpful, because we're making a
6 push right now around heavy-duty funding in the
7 Legislature, around sustainable freight and making sure
8 that GGRF is serving environmental justice priorities.

9 So when I hear things like that, I can take it
10 back. So just see me as hopefully a resource here and,
11 yeah, looking forward to the conversation this afternoon.
12 Item-wise we're on the general points, right? Yeah. So,
13 that's all. Thanks.

14 CHAIR SANCHEZ: Thank you. Thank you. All
15 right. Wonderful. Well, staff let me just echo my fellow
16 Board members in gratitude, Dr. Cliff, for you and the
17 entire team in putting together the comprehensive memo,
18 and as Supervisor Hopkins said, really setting the tone
19 for what promises to be an ambitious year here at the Air
20 Board. We look forward to supporting all of your work, to
21 working with our partners, local governments, air
22 districts. In the Legislature, let's rock and roll.

23 With that, the last item on the agenda is Item
24 number 26-1-3, public hearing to consider the Proposed
25 California Corporate Greenhouse Gas Reporting and

1 Climate-Related Financial Disclosure Initial Regulation.

2 A Board member has notified the Board of the
3 member's need to attend and participate remotely.

4 Pursuant to subdivision (j)(2) of Government Code section
5 11123.2. In accordance with that subdivision of
6 Government Code section 11123.2, the Board shall take
7 action to approve the exemption and shall request a
8 general description of the circumstances relating to the
9 member's need to participate remotely at this meeting.

10 Board Member Eisenhut, will you please read your
11 statement.

12 BOARD MEMBER EISENHUT: Yeah, that would be me.
13 Thank you, Chair. I intended to participate in this
14 meeting in person today. However, I have a temporary
15 physical illness that precludes my attending in person,
16 and I need to attend remotely. (Coughs). Excuse me. And
17 due to the -- due to the nature of the illness, I am
18 requesting permission to participate remotely as -- well,
19 I'm not reading precisely, but I think the -- I'm
20 conveying the intention -- to participate due to a limited
21 and temporary disability. Thank you.

22 CHAIR SANCHEZ: Thank you, Board Member Eisenhut.
23 Board members, any questions?

24 No. To satisfy the statutory requirements, the
25 Board must vote to allow Board Member Eisenhut to

1 participate remotely and count towards our quorum for this
2 item. Do I have a motion and a second?

3 BOARD MEMBER SANTIAGO: So moved.

4 BOARD MEMBER HOPKINS: Second.

5 CHAIR SANCHEZ: We are just feeling it. I love
6 it.

7 Board Clerk, would you please call the roll.

8 BOARD MEMBER FRENCH: Dr. Balmes?

9 BOARD MEMBER BALMES: Yes.

10 BOARD CLERK FRENCH: Senator Florez?

11 BOARD MEMBER FLOREZ: Yes.

12 BOARD CLERK FRENCH: Supervisor Hopkins?

13 BOARD MEMBER HOPKINS: Yes.

14 BOARD CLERK FRENCH: Mayor Lock Dawson?

15 BOARD MEMBER LOCK DAWSON: Aye.

16 BOARD CLERK FRENCH: Dr. Pacheco-Werner?

17 BOARD MEMBER PACHECO-WERNER: Yes.

18 BOARD CLERK FRENCH: Mr. Rechtschaffen?

19 BOARD MEMBER RECHTSCHAFFEN: Yes.

20 BOARD CLERK FRENCH: Assemblymember Santiago?

21 BOARD MEMBER SANTIAGO: Yes.

22 BOARD CLERK FRENCH: Dr. Shaheen?

23 Dr. Stigler Granados?

24 BOARD MEMBER STIGLER GRANADOS: Yes.

25 BOARD CLERK FRENCH: Ms. Takvorian?

1 BOARD MEMBER TAKVORIAN: Yes.

2 BOARD CLERK FRENCH: Chair Sanchez?

3 CHAIR SANCHEZ: Yes.

4 BOARD CLERK FRENCH: Madam Chair, the exception
5 passes.

6 CHAIR SANCHEZ: Thank you. Looking at the
7 lawyer.

8 BOARD MEMBER EISENHUT: Thank you.

9 CHAIR SANCHEZ: We're good to go. Thank you,
10 Board member Eisenhut. Welcome. Welcome.

11 BOARD MEMBER EISENHUT: Thank you.

12 CHAIR SANCHEZ: If you're here with us in the
13 room and wish to comment on this item, please fill out a
14 request-to-speak card as soon as possible and submit it to
15 our Board assistant. If you are joining us remotely and
16 wish to comment on this item, please click the "Raise
17 Hand" button or dial star nine now. There are quite a few
18 who have already done that. Please -- we will call on
19 in-person commenters first and then move to remote
20 commenters when we get to the public comment portion of
21 this item.

22 To date, California has established robust
23 greenhouse gas reporting and verification programs that
24 have enabled the State to meet and even exceed its
25 emission goals.

1 The California Legislature passed two bills in
2 2023, the Climate Corporate Data Accountability Act,
3 Senate Bill 253, and the Climate Related Financial Risk
4 Act, Senate Bill 261. This legislation was subsequently
5 amended in 20 -- by SB 219 in 2024. These laws are
6 intended to generate greater transparency around corporate
7 greenhouse gas emissions and climate-related financial
8 risks.

9 With these climate disclosure laws, California
10 joins other jurisdictions around the world, including the
11 European Union, the United Kingdom, Japan, and others, who
12 have already established similar programs. In addition,
13 since the passage of these laws, we've seen similar
14 legislative efforts in other states around this nation.

15 The proposed regulation before the Board today is
16 CARB's first step in implementing these laws and focuses
17 on establishing a fee program to fund program
18 administration, as well as a first-year-only reporting
19 deadline in 2026 for greenhouse gas emissions reporting
20 under Senate Bill 253.

21 Principal Deputy Executive Officer Courtney
22 Smith, would you please introduce the item.

23 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH:

24 Absolutely. Thank you, Chair Sanchez.

25 To begin, however, I'd like to acknowledge that

1 those who are recused from this item have left the Board
2 meeting room and Zoom or will do so now.

3 As you noted, Chair, today's proposed regulation
4 is just the first step in CARB's implementation of
5 California's climate disclosure laws, and as such, is
6 narrowly focused on three main components:

7 First establishing a fee program to recover and
8 pay for the costs of administering these new reporting
9 programs. Second, specifying key definitions necessary to
10 assess fee and program applicability, and third,
11 establishing the first-year-only reporting deadline for SB
12 253. SB 253 requires reporting to begin in 2026 and
13 directs CARB to determine the specific reporting deadline
14 by regulation.

15 Staff will follow up with a subsequent and
16 separate rulemaking later this year to establish reporting
17 details and deadlines for 2027 and beyond.

18 To inform the development of this proposed
19 regulation, staff has engaged in an extensive public
20 process, which started back in 2024. This engagement
21 included multiple public workshops attended by thousands
22 of stakeholders, the release of guidance documents,
23 numerous meetings with external stakeholders, and the
24 review of more than a thousand public comments and email.

25 The level of public engagement undertaken by

1 staff reflects the significance of these programs within
2 California's broader climate strategy. This commitment to
3 public engagement will continue through 2026 and beyond,
4 and we -- as we continue to work with regulated entities
5 and stakeholders on program implementation, and as we work
6 to clarify the remaining elements of the law that are
7 outside of the scope of today's proposed rulemaking. Our
8 implementation of these laws aim to take a balanced
9 approach that incorporates stakeholder feedback, including
10 phasing in requirements and making efforts to reduce
11 reporting burdens as the program launches.

12 I will now ask John Chung of the Industrial
13 Strategies Division to begin the staff presentation.

14 (Slide presentation).

15 ISD AIR POLLUTION SPECIALIST CHUNG: Thank you,
16 Ms. Smith. Good morning, Chair Sanchez and members of the
17 Board. My name is John Chung, and I am the lead staff for
18 this initial regulation regarding SB 253 and SB 261.
19 Today, I am pleased to present on the proposed California
20 Corporate Greenhouse Gas Reporting and Climate-Related
21 Financial Risk Disclosure Initial Regulation.

22 Next slide, please.

23 [SLIDE CHANGE]

24 ISD AIR POLLUTION SPECIALIST CHUNG: California
25 has decades of experience with climate data reporting. AB

1 32 set the State's first economy-wide emissions reduction
2 target in 2006 and authorized CARB to collect
3 climate-related data. Since then, CARB has built a strong
4 portfolio of climate-related data reporting programs
5 including the mandatory Greenhouse Gas Reporting
6 Regulation and the Low Carbon Fuel Standard. SB 253 and
7 SB 261 build on CARB's existing climate data reporting
8 portfolio, with the goal of generating greater
9 transparency around corporate greenhouse gas emissions and
10 climate-related financial risks.

11 [SLIDE CHANGE]

12 ISD AIR POLLUTION SPECIALIST CHUNG: Both SB 253
13 and 261 apply to large public and private entities and
14 require them to disclose their global emissions and
15 climate-related financial risks, not just their footprint
16 here in California. For example, major entities like
17 Apple, Google, Amazon and PG&E would be subject to these
18 programs.

19 To cover the cost of these programs, the statutes
20 provide CARB with authority to assess annual fees on
21 regulated entities. SB 253 requires entities with over \$1
22 billion in annual revenue and doing business in California
23 to disclose their corporate greenhouse gas emissions. The
24 statute also requires these entities to submit their first
25 reports by a date determined by CARB in 2026 with data

1 assurance.

2 SB 261 requires entities with over \$500 million
3 in annual revenue and doing business in California to
4 disclose their climate-related financial risks. The
5 statute requires these entities to submit their first
6 reports by January 1, 2026. CARB provided further
7 guidance on SB 261 as part of a December 2025 enforcement
8 advisory. Many of the key programmatic details are set by
9 statute, such as who reports what and by when.

10 [SLIDE CHANGE]

11 ISD AIR POLLUTION SPECIALIST CHUNG: Climate
12 disclosure is no longer a niche policy, but rather a new
13 global baseline. As shown on this map, jurisdictions
14 representing approximately 60 percent of global GDP have
15 or are in the process of adopting some form of
16 internationally recognized sustainability standard. This
17 shift from voluntary to mandatory disclosures has been
18 driven by investor and broader stakeholder demand for
19 comparable and standardized data to better understand
20 entities' climate impacts and risks.

21 While action at the federal level remains stalled
22 and data is disappearing from websites, California
23 continues to move forward as a global leader for climate
24 data transparency in all forms. Other states are also
25 taking notice of CARB's progress on climate disclosure

1 with the latest example being the State of New York, whose
2 Senate recently passed a climate disclosure bill.

3 [SLIDE CHANGE]

4 ISD AIR POLLUTION SPECIALIST CHUNG: To inform
5 the development of these programs, staff have engaged in
6 an extensive public process over the past year. Staff
7 have held dozens of stakeholder meetings across diverse
8 sectors such as business industries, non-governmental
9 entities, and other jurisdictions. Before we posted our
10 proposed regulation, staff also released several guidance
11 documents to over 70,000 subscribers, held three public
12 workshops with over 4,000 registrants each, responded to
13 over 1,000 email inquiries, and reviewed over 500 public
14 feedback letters. Staff also released the proposed
15 rulemaking package several weeks before the formal comment
16 period began to allow for additional time for stakeholder
17 review.

18 [SLIDE CHANGE]

19 ISD AIR POLLUTION SPECIALIST CHUNG: Now moving
20 on to the scope of today's main item, the initial
21 Regulation has three major components. First, it
22 establishes a fee structure to recover -- to recover
23 program costs, as directed by the statutes. Second, it
24 defines key applicability terms. And third, it sets a
25 first-year-only reporting deadline for SB 253.

1 ISD AIR POLLUTION SPECIALIST CHUNG: I will now
2 introduce some of the key terms that define eligibility
3 for the proposed regulation.

4 The statutes have revenue thresholds but do not
5 define revenue. After extensive public feedback, staff
6 are proposing to align the definition of revenue with
7 existing definition of gross receipts from the California
8 Revenue and Taxation Code. This alignment represents a
9 straightforward choice, as stakeholders support this
10 definition for being standardized across all entities, and
11 it is verifiable through existing California tax filings.

12 [SLIDE CHANGE]

13 ISD AIR POLLUTION SPECIALIST CHUNG: Similarly,
14 the statutes do not define what it means to be doing
15 business in California. Staff are proposing to align the
16 definition of "Doing business in California" with certain
17 components of definition from the California Revenue and
18 Taxation Code.

19 For the purposes of this proposed regulation, an
20 entity is considered to be doing business in California if
21 it is organized or commercially domiciled in California,
22 or if its sales in California exceeds the amount set by
23 the Franchise Tax Board.

24 To determine an entity's sales in California,
25 wholesale sales of electricity are not included,

1 consistent with the letter of legislative intent submitted
2 by Senator Wiener and Senator Stern, and public feedback
3 received during this rulemaking.

4 [SLIDE CHANGE]

5 ISD AIR POLLUTION SPECIALIST CHUNG: The statutes
6 also allow for parent entities to submit a consolidated
7 report on behalf of their in-scope subsidiaries to
8 streamline compliance, and in addition, staff are also
9 allowing for a consolidated fee payment at the parent
10 level to reduce administrative burden where possible.

11 The statutes do not define parent-subsidary
12 relationships. Therefore, staff are proposing to align
13 the definition of parent-subsidary relationships with the
14 existing Cap-and-Invest Program's definition of direct
15 corporate association to maintain consistency across CARB
16 programs.

17 To provide further clarity, staff have worked
18 closely with stakeholders and released public materials to
19 help navigate parent-subsidary relationships, including a
20 "Frequently Asked Questions" document with a section
21 dedicated to common scenarios.

22 [SLIDE CHANGE]

23 ISD AIR POLLUTION SPECIALIST CHUNG: Moving on
24 from definitions, this slide and the following slide cover
25 a list of proposed exemptions in the regulation:

1 non-profit or charitable organizations, as well as
2 government entities, consistent with the statutes' intent
3 to apply only to business entities; entities in the
4 business of insurance, which are excluded from SB 261.
5 The insurance exclusion has been extended to SB 253 to
6 avoid duplication with existing reporting requirements
7 from the California Department of Insurance.

8 [SLIDE CHANGE]

9 ISD AIR POLLUTION SPECIALIST CHUNG: Entities
10 whose only activity in California consists of wholesale
11 electricity transactions, consistent with the letter of
12 legislative intent submitted by Senator Wiener and Senator
13 Stern. Entities whose only business activity in
14 California consists of payroll-related activities to avoid
15 capturing those with limited economic nexus to California.

16 [SLIDE CHANGE]

17 ISD AIR POLLUTION SPECIALIST CHUNG: The second
18 major component of this regulation is to establish a fee
19 structure, as both SB 253 and SB 261 provide CARB with
20 authority and a directive to assess annual fees. CARB has
21 experience with implementation fees, including through our
22 AB 32 Cost of Implementation Fee Regulation. Each entity
23 subject to each program will be assessed a flat fee
24 annually to cover administration and implementation costs.

25 After having explored alternative fee structures,

1 including pursuing an emissions-based fee, the proposed
2 flat fee structure was determined to be the option most
3 streamlined and predictable for the regulated entities.

4 Under the proposed structure, fees for each
5 program will be calculated based on annual program costs
6 and number of regulated entities. Program costs include a
7 loan amount borrowed to fund initial administration and
8 implementation.

9 If there is any excess or shortfall in fees
10 collected for any given year, such excess or shortfall
11 will be considered in next year's fee calculation, based
12 on our experience implementing CARB's AB 32 Cost of
13 Implementation Fee Regulation. Staff estimate the annual
14 program fee will range from \$2,000 to \$7,000 per entity,
15 which varies based on program applicability. At most, the
16 fee represents less than 0.001 percent of the lowest
17 applicable revenue threshold.

18 [SLIDE CHANGE]

19 ISD AIR POLLUTION SPECIALIST CHUNG: The last
20 component of this regulation is to establish the
21 first-year only reporting deadline for SB 253, as the
22 statute requires CARB to set a reporting deadline for
23 2026. Staff propose August 10th, 2026, as the first-year
24 reporting deadline, which aligns with the mandatory
25 Greenhouse Gas Reporting Regulation deadline and provides

1 each entity with 6 to 18 months lead time after the end of
2 the relevant fiscal year before reporting.

3 [SLIDE CHANGE]

4 ISD AIR POLLUTION SPECIALIST CHUNG: Based on
5 public feedback, staff are proposing the following
6 timeline, which guarantees all entities at least six
7 months to compile and report. This timeline takes into
8 consideration variability in fiscal year ends to give
9 maximum flexibility.

10 February 1st, 2026 is the cutoff date that
11 determines which year's data an entity should report on
12 August 10, 2026. If an entity's fiscal year ends on or
13 before February 1st, that entity will report fiscal year
14 '25-'26 data and will have at least six months to compile
15 and report.

16 The blue scenario shows an entity with a fiscal
17 year ending on January 31st, and as illustrated in the
18 graphic, that entity would have six months before the
19 August 10th deadline.

20 If an entity's fiscal year ends after February
21 1st, that entity will report fiscal year '24-'25 data and
22 would have at most 18 months following the end of that
23 '24-'25 fiscal year to compile and report.

24 The orange scenario shows an entity with a fiscal
25 year ending on February 2nd, and as illustrated in the

1 graphic, it would have an 18-month window to report its
2 '24-'25 fiscal year data before the August 10th deadline.

3 We have received some feedback asking for a
4 rolling deadline. However, a single reporting deadline
5 improves administrative efficiency and predictability for
6 both regulated entities and the state fiscal accounting
7 needs. While entities may use their own fiscal year data,
8 a uniform submission deadline allows CARB to manage
9 oversight and provide information to the public in a more
10 streamlined manner.

11 [SLIDE CHANGE]

12 ISD AIR POLLUTION SPECIALIST CHUNG: To further
13 support initial compliance with the SB 253 reporting, CARB
14 will exercise its enforcement discretion for the
15 first-year submissions. The goal of enforcement
16 discretion is to prioritize a smooth phase-in and
17 good-faith compliance in the early implementation phase.

18 As stated in our 2024 December Enforcement
19 Notice, for the first reporting year, CARB will exercise
20 enforcement discretion and does not intend to pursue
21 penalties for entities that were not collecting or
22 planning to collect data at the time the Enforcement
23 Notice was issued.

24 Likewise, if an entity was collecting, or
25 planning to collect data and not obtaining data assurance,

1 CARB will exercise enforcement discretion. This approach
2 of support for compliance over enforcement is similar to
3 approaches taken in launching other new programs at CARB.

4 [SLIDE CHANGE]

5 ISD AIR POLLUTION SPECIALIST CHUNG: Beyond
6 enforcement discretion, staff have also released public
7 resources to provide guidance and assist entities with SB
8 253 compliance. This includes a "Frequently Asked
9 Questions" document that responds to reoccurring questions
10 or statements from stakeholders, and additional greenhouse
11 gas reporting considerations. Staff also released a draft
12 Scope 1 and Scope 2 emissions reporting template and
13 solicited feedback, and this template is available as an
14 optional tool for organizing data in 2026.

15 [SLIDE CHANGE]

16 ISD AIR POLLUTION SPECIALIST CHUNG: To summarize
17 the public feedback that reflected in this proposal, Staff
18 have not only pushed back the SB 253 reporting deadline
19 from initially-proposed June 30 to August 10th, but also
20 accounted for varying fiscal year-end reporting
21 considerations in addition to exercising enforcement
22 discretion. Staff also considered exemptions relating to
23 nonprofit and government entities, those in the business
24 of insurance, and entities with limited economic nexus to
25 California.

1 on Scope 3 emissions.

2 This concludes my presentation. Thank you, and I
3 will now pass it back to Chair Sanchez.

4 CHAIR SANCHEZ: Thank you very much, staff.
5 Appreciate the presentation and overview.

6 I'd now like to welcome one of our partners in
7 the Legislature on this effort, who is here with us today,
8 Senator Scott Wiener. Welcome your brief -- your remarks.

9 SENATOR SCOTT WIENER: Great. Thank you so much,
10 Madam Chair and Commissioners. I am very grateful for
11 being here and I want to acknowledge my partner for years
12 on this effort, Senator Stern. I'm very happy that we are
13 finally here with adoption of at least this initial set of
14 regulations.

15 This SB 253 is an incredibly important step for
16 California in terms of corporate transparency and in terms
17 of climate action, particularly in an era when the federal
18 government, under the Trump administration, is doing
19 everything in its power to destroy any and all -- any and
20 all climate action at the federal level. Even the
21 smallest scintilla of climate action, they're trying to
22 eliminate. It is critically important that California
23 lead. And transparency is a critical part of that. And
24 I'm grateful to the Board, to staff for working with us.

001.1

25 This has been a multi-year process. Sorry. I'm

1 recovering from a cold, so I apologize for my voice. It
2 took us multiple years and several tries to pass this
3 through the Legislature, because of a massive well-funded
4 opposition campaign from industries that do not want to
5 disclose their carbon emissions. They don't want to
6 disclose their footprint, because they know that it might
7 not reflect well on them.

8 And we have, of course, seen that same opposition
9 play out here during the rulemaking process. They're
10 trying to get another bite at the apple. And I appreciate
11 the Board standing firm that -- to make clear that the
12 Legislature has passed this law. This is the law of
13 California and the Board is implementing it, so thank you
14 for standing strong and proposing -- for proposing a very
15 solid initial implementing regulation, understanding that
16 there is more work to do. And I know there have been
17 procedural complexities. And I am grateful to the Chair,
18 the Board, and the staff for working to really implement
19 the intent of the Legislature. And I'm excited about this
20 step.

001.2

21 One thing I do -- the only criticism I have of
22 the proposal has to do with the treatment of the insurance
23 industry. And as noted in the presentation, the
24 Legislature's intent with respect to the insurance
25 industry is crystal clear. It was excluded from SB 261,

001.3

1 and it was not excluded from SB 253. So the law of
2 California is that the insurance industry is included in
3 SB 253's carbon disclosure requirement. And so I do not
4 believe that the Board has the authority to remove an
5 industry that was included by the Legislature.

6 Now, I understand the rationale of the proposal,
7 and that is that the Department of Insurance has a process
8 around carbon disclosures for insurance industries -- for
9 the insurance companies.

10 However, that disclosure, as I understand it, is
11 not mandatory. It is voluntary. And even though CDI
12 wants insurance companies to do it, it is not required.
13 And so if we have CDI having a voluntary carbon disclosure
14 and then the insurance industry is then exempt from SB
15 253, or from these regulations, then we will have
16 insurance companies that effectively fall through the
17 cracks and are not captured.

18 When we -- and I also want to be clear that
19 when we passed SB 253, and this was my intent, and I
20 even -- we put an amendment in to make clear, that we do
21 not want to duplicate disclosures. And we don't want to
22 create make-work for corporations that are already doing
23 disclosures. And we have a specific provision in SB 253
24 that if, for example, another jurisdiction, whether
25 eventually is the federal government or if it's the EU or

1 another state, requires all or part of what SB 253
2 requires, then you can simply append those -- that
3 disclosure to another jurisdiction to this disclosure.

4 So if the other jurisdiction -- and CDI I believe
5 would qualify. If an insurance company is -- makes a
6 disclosure under the CDI process, that fully encompasses
7 what SB 253 requires it to disclose, then there's no
8 reason to duplicate it. The insurance company, I believe,
9 would simply be able to append its CDI disclosure and
10 satisfy the CARB -- or the SB 253 requirement. If the CDI
11 disclosure only gave you half of what SB 253 required, you
12 can append that and then supplement it with the other
13 half.

14 So we don't want to create make-work or
15 duplication. And so I understand the spirit of what -- of
16 what the proposed regulation is trying to do. However,
17 because the CDI carbon disclosure is voluntary, I do not
18 believe it is within the spirit or the language of SB 253
19 to exempt the industry. And again, if they're disclosing
20 everything to CDI that 253 requires, then just append it.
21 We don't want to create make-work, but we do not want to
22 exempt an industry.

23 And with that, I will conclude. Thank you so
24 much for all your work.

25 CHAIR SANCHEZ: Thank you, Senator. I know I

1 speak on behalf of many Californians who greatly
2 appreciate your leadership on this and so many issues.
3 Thank you for your time. Thank you for joining us today.
4 And I know I personally have appreciated the partnership
5 on this -- on this regulation. We'll look forward to
6 addressing the issues you raised in your comments. And I
7 know staff is ready to engage on those as well, after
8 turning to public comment, which we will do so now. So
9 Board clerks, will you please begin calling on the
10 commenters. I believe we have quite a few

11 BOARD CLERK LEVRINI: Thank you, Chair Sanchez.
12 The public sign-up closure for this item will close in 30
13 minutes.

14 We currently have 17 commenters in person, who
15 have turned in a request-to-speak card. I apologize in
16 advance if I mispronounce any names and I would like to
17 remind all commenters to please speak slowly and clearly
18 into the microphone for our interpreters and court
19 reporter.

20 And I will start with our first commenter, Casey
21 Brahms.

22 CASEY BRAHMS: Good morning, Chair Sanchez and
23 members of the Board, Casey Brahms here with Southern
24 California Edison. Thank you very much for this
25 opportunity. We would like to express our support for the

002.1

1 proposed California Corporate Greenhouse Gas Reporting and
2 Climate Related Financial Risk Disclosure initial
3 regulation. We appreciate the ongoing constructive
4 conversations between CARB staff and the utility industry
5 throughout the development of this proposal. Thank you,
6 Senators.

002.2

7 The framework presented today represents an
8 important step towards implementing transparent, reliable,
9 climate-related reporting and we value the thoughtful
10 engagement that has helped shape it. As strong partners
11 in the state's broader electrification and decarbonization
12 efforts we are committed to continuing this collaborative
13 relationship as the regulation moves into implementation.
14 In particular, we welcome the opportunity to work closely
15 with CARB over the coming year to refine program details,
16 ensure clarity around compliance timelines, and develop
17 working deadlines that support both accuracy and reporting
18 in the state's climate goals.

002.3

19 We encourage CARB to set forth SB 253 GHG
20 reporting deadlines that allow companies like Edison
21 International to submit complete, accurate, and
22 third-party verified inventories. Our full inventory can
23 be verified each year no earlier than late October. We
24 look forward to remaining an active partner in this
25 process and to contributing constructively during upcoming

002.4

1 workshops and technical discussions.

2 Thank you for your consideration and your
3 continued collaboration.

4 BOARD CLERK LEVRINI: Thank you.

5 Our next commenter Tanya DeRivi.

6 TANYA DeRIVI: Good morning Chair Sanchez and
7 members of the Board. The Western States Petroleum
8 Association reminds the Board that the U.S. Chamber and
9 other organizations have filed a federal lawsuit seeking
10 to have SB 253 and 261 declared unconstitutional.

11 During oral argument last month, the Ninth
12 Circuit Court of Appeals expressed concerns regarding the 003.1
13 legality of certain aspects of both laws. Given the
14 significant remaining legal uncertainty, we urge the Board
15 to defer any further actions to implement these laws,
16 pending final resolution of legal challenges. WSPA
17 supports this legal challenge, but filed comments on the
18 following matters.

19 One, that flexibility for reporting entities to 003.2
20 address data availability challenges for the initial SB
21 253 report should be preserved. Two, optionality for 003.3
22 entities to select boundary approaches for reporting
23 should be retained. Three the proposed record keeping
24 requirements should be revised to limit burdens on 003.4
25 reporting entities meeting an appropriate threshold of

1 doing business in California. Four, the draft Scope 1 and
2 2 reporting template should remain optional and entities 003.5
3 should be allowed to submit verified emissions data from
4 their own reports. Five, more granular emissions
5 disclosures beyond the aggregated Scope 1 and 2 totals 003.6
6 should remain optional and should not be subject to
7 separate third-party verification.

8 Six, limited assurance requirements for initial
9 reports should not be enforced and flexibility and 003.7
10 efficiency in the verification process should be
11 supported. Seven, parent companies should be allow to 003.8
12 make a single combined fee payment for their subsidiaries
13 that are directly subject to the regulation. Eight, all 003.9
14 SB 261 related definitions and requirements should be
15 removed from this rule. And nine, the definition of 003.10
16 required revenue should not include legal defense fees.

17 Thank you for CARB's ongoing stakeholder
18 engagement and for considering our comments.

19 BOARD CLERK LEVRINI: Thank you.

20 Next commenter Dave Jones. And just to
21 reiterate, sign up for this item will close at 11:35.

22 DAVE JONES: Madam Chair, members of the Board,
23 Dave Jones. I had the privilege of serving as your
24 Insurance Commissioner from 2011 to 2018 and I'm here
25 testifying in my individual capacity as a resident of the

1 State of California.

2 Thank you for all your terrific work on this
3 regulatory series. I rise, however, in opposition to the
4 proposed exemption, carving out insurers from having to
5 comply with the regulations as it relates to SB 253.

004.1

6 Right now, the Department of Insurance
7 administers the NAIC Climate Risk Disclosure Survey. On
8 the face of that survey, it's described as a voluntary
9 risk management tool. And while some companies are
10 reporting Scope 1 and Scope 2 emissions, they're not
11 required to report Scope 3. And all companies are not
12 reporting all emissions. So there is not duplication.

13 Number two, the Legislature did not give you the
14 authority to exempt insurance companies from regulations
15 under SB 253. The legislature decided, thanks to Senator
16 Stern's very able leadership, to include an explicit
17 exemption for insurers to report under SB 261, because
18 there is a TCFD aligned reporting currently going on. But
19 there is not emissions reporting required. And the
20 Legislature in SB 253 expressly did not include an
21 exemption for insurance companies.

004.2

22 So I respectfully submit that you lack the
23 authority to exempt insurers from regulations under SB 253
24 as it relates to greenhouse gas emissions reporting and it
25 would be contrary to the legislation to do so. I,

1 therefore, strongly urge you to strike the language at
2 regulatory section 96071(b)(2), which is within your
3 authority to do so, in that that regulation is properly
4 before you. There's been comment on that particular
5 provision, and you have it within your authority to strike
6 the offending language which provides for an exemption
7 that exceeds your statutory authority and is contrary to
8 the Legislature's intent.

9 Happy to take any questions you might have and
10 I'm sorry for the rapidity of the testimony, but as I see
11 I've got three seconds left. Thank you.

12 BOARD CLERK LEVRINI: Thank you.

13 Amy Holm.

14 AMY HOLM: Thank you and good morning, CARB Board
15 and staff. Thank you for the opportunity to provide
16 comments today. I am Amy Holm, Executive Director of The
17 Climate Registry. And as mentioned in our written
18 comments that we've submitted previously, TCR is very
19 supportive of CARB's work to develop and implement the
20 Climate Reporting and Disclosure Programs. TCR is a
21 leader in credible greenhouse gas reporting and disclosure
22 and we bring more than two decades of experience in
23 preparing states and reporters for GHG regulation.

24 TCR strongly supports CARB's ongoing efforts to
25 implement the 2 -- SB 253 and SB 261 programs. The

005.1

005.2

1 proposed initial regulations being considered today is a
2 foundational milestone in establishing a transparent and
3 robust climate reporting system in California. CARB's
4 proposed fee structure is an appropriate and necessary
5 mechanism to cover the reasonable cost of implementing and
6 administering these programs.

7 TCR is very encouraged to see CARB's steady
8 progress and hopes to see continued momentum on the
9 development of this program. We look forward to ongoing
10 opportunities to engage in this process and greatly
11 appreciate CARB's consideration of stakeholder feedback in
12 the process.

13 Thank you so much.

14 BOARD CLERK LEVRINI: Thank you. Chris Shimoda.

15 CHRIS SHIMODA: Board Madam Chair, members of the
16 Board, Chris Shimoda testifying today on behalf of the
17 Supply Chain Federation, a national trade association
18 representing major segments of the supply chain.

19 Thank you for the opportunity to comment. SCF
20 submitted a coalition letter on behalf of California's
21 goods movement industry, including retail, maritime,
22 trucking, and industrial real estate stakeholders raising
23 two issues.

24 First, given the fee-setting authority in this
25 regulation, we urge the Board to bring any major changes

1 in future -- in the future to fees or associated program
2 costs to the Board as an item for public comment so that
3 regulated and covered entities can provide feedback on
4 those changes.

5 Second, we'd ask for a change to the initial
6 reporting deadline from August 10th to December 31st to
7 give reporting entities under the Climate Disclosure Rules
8 a minimum 12 months from the end of their fiscal years to
9 complete data collection, internal validation, and
10 third-party assurance. And these are very complex
11 reports, where data lags or situations like mergers and
12 acquisitions can delay reporting.

006.2

13 Although assurance is not required for this
14 year's reporting, publicly traded companies will be very
15 reluctant to release any investor-facing information,
16 which these reports are, without having undergone
17 third-party verification.

18 As a substitute possibly for the 12-31 reporting
19 deadline, we'd ask that the agency consider enforcement
20 flexibility for this first year for companies who face
21 delays in data collection or assurance, but are willing to
22 report to the agency and pay fees on time.

23 So in other words as flexibility is already being
24 provided for entities who are not collecting data, we'd
25 ask that similar flexibilities provided for covered

1 entities, who want to provide CARB the most accurate and
2 third-party assured data possible.

3 This flexibility will be critical now and into
4 the future as these rules and similar rules in other
5 states create bottlenecks for assurance services.

6 Thank you.

7 BOARD CLERK LEVRINI: Thank you.

8 Meghan Loper.

9 MEGHAN LOPER: Good morning. Meghan Loper here
10 on behalf of the American Council of Life Insurers, or
11 ACLI, and we do appreciate the opportunity to comment and
12 thank the staff for their engagement with our industry.

13 The insurance industry has been engaged in
14 climate risk reporting for nearly two decades. We support
15 CARB's proposed language in Sections 96071(b)(2) and
16 96072(a)(5) to exempt insurers from reporting. This
17 appropriately recognizes the long-standing role of the
18 California Department of Insurance as our primary
19 regular -- regulator.

20 Insurers are already reporting insurance-specific
21 climate disclosure framework that provides regulators with
22 information on governance, risk management, strategy,
23 emissions without creating duplicative or consistent --
24 inconsistent reporting obligations. We look forward to
25 continued collaboration as the regulations are finalized.

1 BOARD CLERK LEVRINI: Thank you.

2 Jonathan Kendrick.

3 JONATHAN KENDRICK: Good morning, Chair Sanchez
4 and members of the Board. Jon Kendrick, California
5 Chamber of Commerce. We submitted written comments
6 addressing the need for reporting and timing flexibility,
7 given the complexity of the required data, as well as some
8 due process concerns including the absence of a formal
9 mechanism challenge a determination that an entity is
10 covered by these statutes. Today, I want to briefly
11 highlight two legal vulnerabilities that we've seen in the
12 proposed regulations.

008.1

13 First, the inclusion of, "legal defense of this
14 article", in the definition of "Required Revenue" is
15 incredibly problematic. This appears to be drawn from the
16 AB 32 cost of implementation fee regulations, but there's
17 a critical distinction. Under the COI framework, recovery
18 of legal defense cost is narrowly tied to the defense of
19 the subarticle that establishes the fee collection
20 mechanism itself.

008.2

21 Here by contrast, the proposal would require
22 regulated entities to fund the legal defense of the entire
23 climate disclosure program and its underlying policy
24 mandates. That expansion materially alters the nature of
25 the fee. It risks transforming a regulatory fee into an

1 unauthorized tax under Prop 26, and raises concerns over
2 violation of the right to petition. It compels that the
3 regulated community to finance the State's adversarial
4 legal advocacy against them, regardless of who prevails,
5 creating a systematic chilling effect on the pursuit of
6 judicial view.

7 Now second, no standard regulatory --
8 standardized regulatory impact assessment has been
9 performed. Although the ISOR characterizes this as a
10 limited fee package, the proposal makes substantive
11 determinations as to who must comply and who is exempted
12 from compliance. Those determinations of who must comply 008.3
13 and who is exempt drive hundreds of millions of dollars of
14 cumulative compliance costs for those who are not
15 exempted.

16 The annual costs are substantially higher than
17 the \$28 million estimated in the ISOR. It clearly crosses
18 the \$50 million threshold for performing SRIA and without
19 evaluating that, you don't have the ability to see the
20 economic impact.

21 BOARD CLERK LEVRINI: Thank you. That concludes
22 your time.

23 JONATHAN KENDRICK: Thank you.

24 BOARD CLERK LEVRINI: Thank you.

25 Okay. And I do want to mention sign-up for this

1 item to speak will be closing in 15 minutes.

2 Our next speaker is Madeline Cline.

3 MADELINE CLINE: Thank you. Good morning, Chair
4 Sanchez and Board members. Madeline Cline on behalf of
5 the Dairy Institute of California. Thank you for the
6 opportunity to comment.

7 Dairy Institute members support California's
8 climate goals and are committed to sustainability. Our
9 comments today focus on ensuring these regulations are
10 workable, legally sound and flexible enough to avoid
11 unnecessary compliance burdens that do nothing to advance
12 emission reductions. While we appreciate CARB's attempt
13 to align SB 253 reporting with the MRR, the proposed
14 deadline does not create true efficiency as the reported
15 different timelines of data. We support a reporting -- a 009.2
16 rolling reporting window tied to a fiscal entity's year,
17 which would reduce confusion and relieve pressure on the
18 already limited pool of third-party assurance providers.

19 We support the flat fee structure for clarity and 009.3
20 administrative efficiency. However, fees must remain
21 strictly limited to CARB's actual and reasonable
22 implementation costs, as required by law. We are
23 concerned about the inflation indexing not tied to program 009.4
24 costs, contingency reserves retained indefinitely, and the
25 inclusion of litigation defense costs.

1 The proposed daily compounding penalties are
2 excessive particularly for technical or first timer
3 errors. We urge CARB to adopt proportional one-time
4 penalties, clear cure periods and distinctions between
5 minor errors and intentional misconduct. We'd also like
6 to stress that there must be a clear timely process for
7 companies to challenge or clarify their covered entity
8 status. Until a determination is made, fees and reporting
9 obligations should be paused to prevent unnecessary costs
10 and penalties on wrongly identified entities.

009.5

009.6

11 In closing, we respectfully ask CARB to revise
12 these regulations to improve clarity, stay within
13 statutory authority, and reduce unnecessary compliance
14 burdens, so that this foundational rulemaking supports
15 both climate goals and a viable competitive dairy
16 processing industry.

009.7

17 Thank you for your consideration.

18 BOARD CLERK LEVRINI: Thank you.

19 Michelle Savage.

20 MICHELLE SAVAGE: Thank you, Chair Sanchez and
21 members of the Board. My name is Michelle Savage. I'm
22 with XBRL US. We are a nonprofit data standards
23 organization with a mission to improve the efficiency,
24 transparency, and quality of business reporting through
25 the adoption of open reporting standards. The standard

1 that we support called XBRL, eXtensible Business Reporting
2 Language. It is not a product. It's not a service. It
3 is an open freely available data standard that enables
4 information to be reported in structured machine-readable
5 format. It is used widely by millions of organizations
6 reporting to more than 130 regulators.

7 In the United States, public companies report in
8 XBRL to the Securities and Exchange Commission, banks to
9 the FDIC, and utilities to the Federal Energy Regulatory
10 Commission. And they've been doing so as long as -- as
11 long ago as 2005. We support the proposed rule. We see 010.1
12 this -- the satisfaction -- the implementation of SB 253 010.2
13 and 261 as particularly critical right now, given the lack
14 of federal programs on climate. My comments pertain
15 specifically to what we believe will be the second phase
16 of rulemaking, which will address reporting contents and
17 format, assurance and other timing issues.

18 We respectfully recommend that in the next phase
19 of rulemaking, CARB includes requirements for data to be
20 submitted in digital structured standardized format using 010.3
21 an open standard such XBRL. Data submitted in digital
22 format is easier and less costly to collect, process and
23 analyze. Second, data quality will improve because
24 structured granular data enables automation validation
25 rules to check for errors, and standards establish a

1 common language. Third, this approach aligns with
2 international programs, including the EU's corporate
3 sustainability reporting directive, and IFRS reporting
4 programs around the world. And last, small entities that
5 do not have global footprint can use spreadsheet based
6 reporting tools that are adapted to generate data in the
7 same format. Thank you.

8 BOARD CLERK LEVRINI: Thank you.

9 Bill Magavern.

10 BILL MAGAVERN: Good morning. Bill Magavern with
11 the Coalition for Clean Air in support of the proposed 011.1
12 rule with one important amendment. We supported the
13 climate disclosure laws when they were in the legislative
14 process and think that their implementation will add an
15 important element to California's pioneering climate
16 program. And at a time when the Trump administration's
17 rollbacks will actually exacerbate climate change and kill 011.2
18 thousands of Californians every single year, it's
19 important for the State to continue being a role model for
20 the rest of the country and climate disclosure is part of
21 that. We agree with most of the choices that the staff 011.3
22 have made in this proposal, but we oppose the exemption
23 for insurance companies from SB 253 reporting.

24 As you heard from Senator Wiener, if the 011.4
25 Legislature had wanted to exempt the insurance industry,

1 it would have done so. It chose not to, and therefore I
2 don't think it's even legal for you to give them the
3 exemption.

4 Secondly, the rationale for the exemption is
5 inaccurate, as you heard from Commissioner Jones. The
6 Department of Insurance disclosure is not enforceable, not
7 comparable to what is required by this law. We know the
8 insurance industry plays an important role in climate
9 change, so it is important for them to be covered. So,
10 urge you to make that change and move forward with
11 implementation.

12 Thank you.

13 BOARD CLERK LEVRINI: Thank you.

14 Gracyna Mohabir.

15 GRACYNA MOHABIR: Good morning, Chair and members
16 of the Board. Gracyna Mohabir with California
17 Environmental Voters. I appreciate the opportunity to
18 comment today. As one of the co-sponsors of SB 253 and a
19 strong supporter of SB 261, EnviroVoters is incredibly
20 glad to see the initial regulation before the Board this
21 morning. This is the first and much needed step in the
22 process of getting these programs off the ground and it
23 reaffirms California's continued commitment to leading
24 globally on climate.

25 These laws provide a platform for meaningful

012.1

1 corporate accountability and transparency on climate
2 change. For consumers, decision-makers, investors and the
3 people of California at large, in the midst of a warming
4 climate and living in a state that boasts the fourth
5 largest global economy, we have to be informed about the
6 climate trends from of the largest actors that are doing
7 business in our state.

012.2

8 I would also like to take a moment to thank that
9 CARB staff for their comprehensive thorough work to get
10 this regulation developed in a timely manner. Adoption of
11 this initial reg is necessary for establishing a durable
12 administrative structure, so both CARB and reporting
13 companies have predictability about the program's
14 operation for years to come.

012.3

15 Additionally, with the finalization of key
16 definitions included within the initial reg, this will
17 provide certainly regarding what entities are covered
18 under these programs.

19 We respectfully ask that the proposed exemption
20 of insurers from SB 253 reporting requirements be removed.
21 We understand staff's intent with this exemption.
22 However, I want to echo the comments that were made by
23 Senator Wiener and others in the room today that this
24 strays from the legislative intent of SB 253. Keeping
25 this group of entities included is necessary for thorough

012.4

1 reporting from this sector and for preserving the
2 integrity of the program.

3 We are looking forward to continuing to work with
4 staff on the next chapter of regulation for these
5 programs. This rule is a key step for our state to double 012.5
6 down on its commitment to climate leadership. I urge the
7 Board's aye vote today and thank the Board for their
8 climate leadership.

9 BOARD CLERK LEVRINI: Thank you.

10 Catherine Atkin.

11 CATHERINE ATKIN: Good morning, Chair Sanchez and
12 Board. I'm Catherine Atkin an attorney with Carbon
13 Accountable. Carbon Accountable had the opportunity to
14 develop the original bill policy that became Senator Scott
15 Wiener's SB 253 and playing an advisory role over the
16 three years it made its way through the Legislature.
17 We're also a co-sponsors of both 253 and 261.

18 We strongly believe that these landmark bills
19 will usher in a new era -- actually laws now, a new era of 013.1
20 corporate transparency and provide critical
21 decision-useful climate information to investors,
22 consumers and the public.

23 The State of California, and CARB implementing
24 agency, has long been a global climate environmental 013.2
25 leader and has a track record of enacting game-changing

1 policies. I want to thank Chair Sanchez and the CARB
 2 team, led by Sydney Vergis, for the leadership in
 3 developing these initial set of regulations. We very much
 4 appreciate the opportunities to provide stakeholder
 5 engagement, the numerous workshops, and the templates and 013.3
 6 supporting documents for companies just getting on a start
 7 in corporate disclosure.

8 We think the initial regulations will ensure
 9 order and certainty for companies and support the 013.4
 10 provisions and definition of doing business in California,
 11 as well as the fee structure and fee enforcement. 013.5

12 Regarding, the applicability provisions, we support the 013.6
 13 proposed exemption for tax exempt nonprofit organizations 013.7
 14 and government entities. With regards to the proposed
 15 exemption of insurance companies, we support Senator
 16 Wiener's proposal to remove the proposed exemption from 013.8
 17 the regulation to confirm with the statutory language and
 18 intent of the law.

19 Thank you, Board, and again staff, for your
 20 leadership today and for what will come next as we, here 013.9
 21 in California, provide national and global leadership when
 22 it's so sorely needed.

23 Thank you.

24 BOARD CLERK LEVRINI: Thank you.

25 We will now go to Tina Andolina

1 TINA ANDOLINA: Good morning, Chair, members of
2 the Board. Thank you for this opportunity to provide a
3 statement on behalf Senator Ben Allen. He sends his
4 regrets for not being able to make it here in person. And
5 I will read his statement.

6 "I appreciate the opportunity to express my
7 support for the adoption of the initial regulations to 014.1
8 implement SB 253 and SB 256. Today's vote is a critical
9 first step in standing up these landmark climate
10 transparency programs. These laws were designed to
11 provide transparency to consumers, investors and
12 policymakers, so they can evaluate corporate climate
13 claims based on real data. At a time when our State 014.2
14 continues to face escalating wildfire, extreme heat and
15 climate driven disasters, accurate and comprehensive
16 emissions disclosure is not optional, it is essential.

17 "However, I am concerned about the proposed
18 exemption for insurance companies under 253. First, the
19 Legislature did not authorize this exemption. The statute
20 applies broadly to large entities doing business in
21 California, and therefore the Board lacks authority to 014.3
22 narrow its scope absent clear statutory direction.

23 "Second, insurance companies are not peripheral
24 actors in the climate economy. They are central.
25 Insurers influence capital flows, shape risk pricing,

1 determine underwriting standards and increasingly drive
2 climate-related investment decisions. Their underwriting
3 and investment portfolios can enable or constrain high
4 emitting activities. Excluding them would leave a
5 significant portion of climate-related financial exposure
6 outside the disclosure framework.

7 "Third, removing insurers undermines the
8 principle of a level playing field and creates unequal
9 treatment and weakens the comprehensiveness that gives
10 these laws their value. I respectfully urge the Board to
11 remove the insurance exemption and encourage the Board to
12 work with industry to obtain any Scope 1 and 2 data they
13 may be reporting to DO -- the Department of Insurance and
14 to incorporate that into to 253, and support the vote
15 today to approve the regulation."

16 Thank you.

17 BOARD CLERK LEVRINI: Thank you.

18 Sign up for this item will be closing in four
19 minutes.

20 Our next commenter is Jacob DeFant.

21 JACOB DeFANT: Good morning to the Board. My
22 name is Jacob DeFant. I'm with Agricultural Council of
23 California, representing 15,000 farmers and farmer-owned
24 cooperatives across the state, ranging from small farms to
25 some of our world's best known brands. We appreciate

015.1

1 CARB's work to implement Climate Corporate Data
2 Accountability Act and the Climate Related Financial Risk
3 Act.

4 Our members recognize the importance of both and
5 many are already engaged in voluntary sustainability 015.2
6 reporting, emissions tracking and climate risk
7 assessments. However, the proposed regulation must be

8 workable and reflective of real-world agricultural 015.3
9 operations. First, the economic impact of this rulemaking
10 is significant and likely exceeds the threshold of a major
11 regulation. Thousands of entities will face substantial
12 direct compliance costs, including data systems,
13 third-party assurance, and value chain emissions tracking. 015.4

14 We encourage CARB to conduct a full and
15 transparent impact assessment so policymakers and
16 stakeholders like us may understand the true cost of
17 Cal -- to California's economy including agriculture.

18 Second, the proposed August 10th reporting
19 deadline creates an artificial bottleneck. Agricultural
20 businesses operate on diverse fiscal years and often
21 depend on third-party data across complex supply chains.
22 As Scope 2 and Scope 3 requirements expand later in the 015.5
23 regulatory process, flexibility will be essential. A
24 rolling deadline or a December 31st submission date would
25 provide more realistic compliance timelines while

1 preserving accountability.

2 Third, the fee structure must remain strictly
3 tied to the reasonable cost of implementation, including
4 litigation defense costs, automatic contingency add-ons,
5 and CPI escalators risks over collection. Regulatory fees
6 should cover actual administration -- administrative
7 costs, nothing more.

0156

8 Finally, enforcement should reflect the
9 disclosure-based nature of these statutes. Clear cure
10 periods, mitigation factors for good faith compliance, and
11 codified safe harbors, particularly for early reporting
12 years, will improve data quality and encourage compliance.

0157

13 And we thank you for your work on that.

14 For more details, I encourage CARB to look at our
15 public comment letter submitted by a coalition of
16 Agricultural Council of California.

17 Thank you.

18 BOARD CLERK LEVRINI: Thank you.

19 Danish Mir.

20 DANISH MIR: Good morning, Madam Chair and
21 esteemed members. I'm Danish Mir. I have spent over a
22 decade in carbon accounting and CARB reporting. From
23 practitioner side, what we are seeing right now is a rapid
24 entry to the world AI will be reading reports created by
25 AI.

1 In this automated loop, (inaudible) isn't enough.
2 To maintain trust, data, must be viewed across entire
3 value chain from the smallest upstream vendor to the
4 largest global enterprise. Under such structure data
5 isn't just a technical requirement, it's strategic
6 necessity. By implementing a semantic layer, like that of
7 eXtensible Business Reporting Language, XBRL, will ensure
8 the transparency and auditability that an AI to AI
9 ecosystem requires. It's a digital DNA that ensures
10 information remains accurate and accountable as it moves
11 between machines. Data is fluid across value chains and
12 is easily accessible across upcoming mandates in U.S. and
13 globally EU, Japan, Mexico and Africa.

14 Thanks.

15 BOARD CLERK LEVRINI: Thank you. Tim Carmichael

16 TIM CARMICHAEL: Good morning. Tim Carmichael
17 with the California Council for Environmental and Economic
18 Balance for the -- good to see you, Chair Sanchez and
19 other Board members. For those that don't know us, we're
20 a nonprofit, nonpartisan organization working on
21 environmental policy in California. Our members are very
22 large employers and labor unions.

23 Given the shortness of the testimony, let me
24 highlight just a few key elements. What we like in the
25 proposal is the enforcement discretion, the flat fee,

1 the -- and no assurance requirements in 2026. What we
2 continue to believe needs changing, calculation of the
3 fees, the definition of doing business in California, the
4 payment and collection of fees, and the deadline for
5 reporting.

017.2

6 Let me give you a few more specifics. On the
7 calculation of fees, this is our greatest concern. The
8 Air Resources Board does not yet know all of the costs.
9 They don't have accurate information to determine how many
10 entities will be reporting and there are still legal
11 issues that need resolving. So we believe strongly that
12 CARB should not collect fees in 2026, so there's more time
13 to fill in the blanks, answer the questions that need to
14 be answered and to get the fee structure right.

017.3

15 Doing business in California, it's a pretty
16 sample phrase, but as we and many others, including your
17 staff, have worked on it, it's more complicated than you
18 can imagine. The proposed definition unintentionally
19 brings in entities without a meaningful connection to
20 California. For example, entities without employees,
21 facilities, or even physical operations in California may
22 be captured in the net of the definition that's being
23 proposed.

017.4

24 Payment and collection of fees, we're requesting
25 additional flexibility to allow entities 90 days to pay

017.5

1 these instead of 60.

2 And the last point is the deadline reporting we
3 strongly support the delay of the deadline to December
4 31st. And thank you to the staff for all their hard work
5 on this.

6 BOARD CLERK LEVRINI: Thank you.

7 And Dylan Kahle.

8 DYLAN KAHLE: Close enough. Thank you.

9 Good morning and Happy New Year's to the esteemed
10 Board. My name is Dylan Kahle and I am here with my
11 colleague Joshua Pietak. We represent ECO and engineering
12 and consulting firm right in the beautiful city of
13 Sacramento. Eco has been working with California Air
14 Resources Board on the engine certification and emissions
15 compliance side for 26 years. We have multiple existing
16 clients who fall under SB 253 jurisdiction that have asked
17 us for guidance and we are here on their behalf.

18 The principal concern of our clients is that they
19 do not have internal greenhouse gas quantification and
20 reporting systems in place and they are concerned about
21 being able to submit anything of value in terms of Scope 1
22 and 2 emissions by August 10th.

23 Now, we've seen the good faith guidance in the
24 enforcement notice and the FAQ 19, and we appreciate it.
25 What we are asking for today is that the Board clarify and

1 codify the good faith framework for first-year filing,
2 such that companies who fall under SB 253 jurisdiction,
3 but do not have Scope 1 or Scope 2 quantification
4 capabilities at this time can remain on the right side of
5 California Air Resources Board compliance. Our clients
6 need that certainty.

7 Finally, if anyone attending this hearing wants
8 to continue the conversation, my email is dylan,
9 D-Y-L-A-N, @SB253compliance.com. I look forward to
10 collaborating with any and all as we navigate this Nascent
11 regulatory environment together.

12 Thank you for your time and attention to this
13 matter.

14 BOARD CLERK LEVRINI: Thank you. And I do just
15 want to say sign-up to speak for this item has closed.
16 Our last in-person commenter is Gilbert Lara.

17 GILBERT LARA: Good morning, Madam Chair and
18 members of the Board. My name is Gilbert Lara
19 representing BioCom, the largest life sciences trade
20 association advocating for the pharmaceutical,
21 biotechnology, and medical technology sectors throughout 019.1
22 the state. As you consider the initial regulation and
23 prepare for subsequent rulemaking, we want to reiterate
24 the complexities of Scope 3 emissions present a unique
25 hurdle for our industry.

1 The emission encompass everything from upstream
2 supply chain investments to downstream processing,
3 transportation, consumer use, and the end-of-life
4 treatments for our progress. The sheer volume of these
5 data points assessing Scope 3 emissions with true accuracy
6 prove incredibly difficult.

7 To avoid duplicative reporting, we urge CARB to
8 align its implementation and future reporting requirements
9 with existing federal and international standards.

10 Maintaining alignment with recognized global standards
11 will streamline the logistical burden and ensure emissions
12 are reported accurately. Most importantly, it will allow
13 for the continued on-time delivery of essential medical
14 technologies to the patients who depend on them most.

019.2

15 Thanks

16 BOARD CLERK LEVRINI: Thank you. And that
17 concludes our in-person commenters. We will now move to
18 our Zoom commenters.

19 BOARD CLERK FRENCH: The first Zoom commenters is
20 Jake Rascoff. I have activated your microphone. You may
21 unmute and begin.

22 JAKE RASCOFF: Thank you, Madam Chair and members
23 of the Board. I'm here on behalf of Ceres, a nonprofit
24 advocacy organization whose investor network includes
25 roughly 200 institutional asset owners and asset managers.

1 We also have a company network that includes more than 50
2 of the largest global companies and banks.

3 Many of our member companies and investors have
4 expressed strong support for the passage and
5 implementation of these laws. There is substantial
6 corporate demand for standardized and consistent climate
7 reporting requirements and a significant majority of
8 large-cap and mid-cap U.S. companies are already
9 voluntarily disclosing information on climate and
10 sustainability risks.

11 More to the point, these California laws are
12 underpinned by the recommendations of the Task Force on
13 Climate-Related Financial Disclosure, or TCFD. And in
14 2024, 65 percent of companies in the Russell 1000 Index
15 reported in alignment with the TCFD recommendations

16 I raise these points to underscore the breadth of 020 1
17 investor and corporate support for these laws, the
18 market's readiness to comply, and the critical role
19 standardized disclosures play in protecting investors,
20 improving market functioning, and enabling economy-wide
21 risk management. Companies are well positioned to comply
22 with these laws and now they uniformly request regulatory
23 certainty as they build the internal capacity to comply
24 with them. Predictability is critical to these
25 businesses' ability to make informed decisions and to

1 allocate resources efficiently.

2 I want to applaud the diligent work of the CARB
3 staff in drafting a very comprehensive and workable
4 regulation here, and Ceres urges the Board to adopt the
5 regulation.

020.2

6 Finally, we noted in our recent comment letter on
7 this proposed regulation that while SB 261 explicitly
8 included legislative text carving out insurance companies,
9 SB 50 -- 253 did not, so we echo the other comments
10 expressing that insurers should remain subject to SB 253.
11 And in the forthcoming regulation for reporting deadlines
12 in subsequent years, we would encourage a later reporting
13 deadline.

020.3

020.4

14 Thank you.

15 BOARD CLERK FRENCH: Thank you. Annebelle Klein.
16 I have activated your microphone and you may begin.

17 ANNEBELLE KLEIN: Good afternoon. My name is
18 Annebelle Klein, on behalf of the American Coatings
19 Association here in Washington D.C. In addition to the
20 written comments that I previously submitted, I am here to
21 provide the Board with the following recommendations
22 regarding the agency's proposed regulations for SB 253 and
23 SB 261 to alleviate any undue burden imposed on the paint
24 and coatings industry.

021.1

25 First, businesses within the paint and coatings

1 industry should be exempt from the reporting requirements
2 of both climate related disclosure laws, as these
3 companies are already subject to a plethora of reporting
4 requirements in both air quality and toxics regulations in
5 the state. Simply put, CARB's proposed regulations
6 reporting requirements and free assessments will
7 negatively impact the paint and coatings industry by
8 piling on additional reporting obligations and stringent
9 fees to companies already operating in the state of
10 California.

11 As such, given CARB's existing oversight of the
12 paint and coatings industry in the state of California,
13 ACA respectfully urges the Board to exempt businesses
14 within the paint and coatings industry from these two laws
15 reporting requirements.

16 Second, ACA believes that the Scope 3 GHG
17 emissions reporting requirement under SB 253 should be
18 disregarded by CARB. As generally understood, these types
19 of emissions are generated by upstream and downstream
20 partners in the chain of manufacturing, and ACA members do
21 not have access to this type of information. As such,
22 extraordinary efforts will be required to obtain this
23 information, which will significantly raise costs for
24 industry. Moreover, this reporting requirement
25 significantly increases the chance of their being double

021.2

021.3

1 emissions reported by submitters.

2 And finally, echoing some of the -- some of the
3 previous comments from today, ACA would recommend that
4 CARB extend its currently proposed reporting deadline
5 under SB 253 from August to December 31st, 2026 at the
6 earliest.

021.4

7 Thank you for your consideration.

8 BOARD CLERK FRENCH: Thank you.

9 The next commenter is Seren Taylor. I have
10 activated your microphone. You may unmute and begin.
11 Thank you.

12 SEREN TAYLOR: Got it. Good morning, Madam Chair
13 and members. Seren Taylor on behalf of the Personal
14 Insurance Federation of California, and the National
15 Association of Mutual Insurance Companies. And thank you
16 for the opportunity to comment today.

17 We submitted a comprehensive letter outlining our
18 support for CARB's proposed approach to exempt insurers
19 consistent with the existing statutory exemption in the
20 Health and Safety Code. We believe the regulatory
21 clarification is appropriate to ensure continuity across
22 the climate disclosure statutes. And absent such
23 alignment, insurers will face overlapping and inconsistent
24 climate disclosure obligations at a time the insurance
25 market is already facing extraordinary challenges in

022.1

1 California, and we don't want to make those worse.

2 For more than 15 years, insurers have been
3 subject to insurance-specific climate disclosures
4 developed by the National Association of Insurance
5 Commissioners called the Climate Risk Disclosure Survey.
6 And there has been a hundred percent compliance in
7 California.

8 Beginning in 2022, the survey was expressly
9 structured around the Task Force on Climate-Related
10 Financial Disclosures four core pillars: governance;
11 strategy; risk management; and metrics and targets. And
12 to be clear, the metrics and targets section specifically
13 includes disclosure of Scope 1, Scope 2, and when
14 appropriate, Scope 3 greenhouse gas emissions. You can
15 review those reports right now on the California
16 Department of Insurance website, where there's an online
17 dashboard and historical overview.

18 The proposed regulation appropriately recognizes
19 the elected Insurance Commissioner's primary jurisdiction
20 over insurance, climate disclosures, and avoids
21 duplicative regulation, while reserving robust climate
22 risk oversight to the existing insurance regulatory
23 framework.

24 And lastly, I'd note it is also consistent with
25 Section 2 of SB 253, which clearly states the regulations

1 should ensure that emissions reporting is structured in a
2 way that minimizes duplication of effort.

3 Thank you for your time on this important and
4 complex issue.

5 BOARD CLERK FRENCH: Thank you.

6 The next commenter is Rick Morris. I have
7 activated your microphone and you may unmute and begin.

8 RICK MORRIS: Thank you to the Board and staff
9 members for your work here. My name is Rick. I'm with
10 Public Citizen, a national NGO with thousands of members
11 in California, around 3,000 of whom have submitted
12 comments to you. We also submitted a letter to the effect
13 of what I'm going to say with 40 organizational sign-ons.

14 So first of all, thank you for your progress in
15 implementing these crucial climate risk disclosure laws
16 that give consumers and regulators the tools they need to 023 1
17 assess corporate claims of decarbonization. Research
18 confirms that disclosures prompt statistically significant
19 emissions reductions.

20 And to echo several other commenters, in order to
21 live up to the letter and spirit of the law, CARB must not
22 create an exemption for insurance companies under SB 253, 023 2
23 which requires covered entities to disclose their
24 greenhouse gas emissions. There are three main reasons
25 why the insurance carve-out must be closed. First,

1 exempting insurers violates the statutory text and
2 legislative intent of SB 253, and therefore exceeds the
3 Board's authority, which opens the door to legal
4 challenges. I won't restate what was said by the Senator
5 and former Insurance Commissioner.

6 Second, exempting insurers from mandatory
7 reporting is a terrible public policy. Given the
8 industry's essential role in driving the climate crisis
9 through its underwriting and investing in fossil fuels.
10 If when you look at the financing of fossil fuel projects,
11 insurance is required in order to unlock the giant loans
12 and financial packages that enables them to be built.

13 The insurance industry's reckless response to
14 climate driven extreme weather in California, in
15 particular by raising rates, rejecting and underpaying
16 valid claims, and abandoning whole markets together has
17 been reckless and Californians deserve better.

18 Thank your time and I appreciate your work.

19 BOARD CLERK FRENCH: Thank you.

20 Next is Jeffrey Crawford. You may unmute. I
21 have unact -- I've activated your microphone.

22 JEFFREY CRAWFORD: Thank you, Madam Chair. My
23 name is Jeffrey Crawford. I represent a Azuri. That's
24 A-Z-U-R-I dot I-O. We're a specialized climate, nature,
25 risk and disclosure consultancy and have been working with

1 standard setters and many covered entities to assess their
2 risk and repair climate-related financial risk reports.

3 We support the resolution and proposed initial
4 regulations, and are appreciative of all the hard work
5 CARB has done to develop this regulation and the
6 supporting guidance.

024.1

7 Now, recognizing the enforcement notice and
8 pending the Ninth Circuit Court's decision, for companies
9 planning to voluntarily report and prepare for possibly
10 future mandated reporting, it would be very helpful to
11 receive clarification around any formal transitional
12 relief related to the assessment and disclosure of
13 climate-related risk under the "Strategy" section. The
14 greatest impacts and risk often lie in company supply
15 chains. Health and Safety Code section 38533, paragraph 2
16 defines climate-related financial risk and includes risk
17 to supply chain specifically, among others. However,
18 under the climate-related financial risk disclosures
19 checklist for minimum CARB requirement for disclosure for
20 the strategy pillar, supply chain, or the wider value
21 chain, is not mentioned.

024.2

22 This might lead to mistaken believe that
23 supply chain risk should not be included in their
24 assessments and disclosures. This appears to be at
25 conflict with the overarching statute. Furthermore,

1 Appendix A of the Climate-Related Financial Risk
2 Disclosure Initial Regulation references the published
3 guidance, but does not include reference to any formal
4 transitional relief related to supply chain coverage, like
5 we see other national jurisdictional climate disclosure
6 regulations.

7 We support inclusion of supply chain risk, but
8 would appreciate any clarification around this area,
9 including a potential modification to ensure covered
10 entities can properly meet minimum statute requirements.
11 Thank you very much. We appreciate CARB's work in this
12 area and your continued leadership.

13 BOARD CLERK FRENCH: Thank you.

14 Next is Konstantin Parkhomenko. I have activated
15 your microphone. You may unmute. And begin.

16 KONSTANTIN PARKHOMENKO: Yes. Thank you very
17 much, everybody. I am Konstantin Parkhomenko. I
18 represent Sandia National Laboratories. Together with our
19 colleagues at Lawrence-Livermore. We do a lot of good for
20 the country and for the state of California. And I wanted
21 to bring to the Board's attention first our written
22 comments, which I do encourage you to read. And second, a
23 fairly large gap and fairly important gap that I hope this
24 body can address.

25 So there has been a lot of talk today about

1 legislative intent. Well, let's ask ourselves what are
2 these laws really meant to address? These laws were meant
3 to really encourage transparency and designs from the
4 beginning to target profit-oriented corporations.
5 Laboratories, such as Sandia, are federally funded
6 research and development centers. We don't really have
7 profits. We don't have sales. We don't sell anything.
8 We exist solely to run these laboratories on behalf of the 025.2
9 federal government. And the way the law is currently
10 defined, the proposal will, I think, unintentionally
11 include national laboratories, such as ours, within the
12 scope of these, disclosure requirements.

13 But we don't own any property in the state. All
14 the property is federal property. The mission is a
15 federal mission. We have only one client and we have only
16 one contract, which is the contract with the Department of
17 Energy. So I would strongly encourage this body to take a
18 look at our written comments and carve out a reasonable
19 exception to where we can still perform our mission and
20 are not subject to these burdensome and confusing
21 requirements, which are meant for the industry, but not
22 for national laboratories, such as ours. Thank you.

23 BOARD CLERK FRENCH: Thank you.

24 Next, is John Wenger. I have activated your
25 microphone. You may unmute and begin.

1 JOHN WENGER: Thank you. John Wenger here for
2 Corebridge Financial, speaking in support of CARB's
3 proposed insurer exemption. CARB's proposed exemption for
4 insurers is appropriate for this rulemaking, because it
5 aligns with CDI's longstanding regulatory role and avoids
6 duplicative and inconsistent reporting. Insurers already 026.1
7 report on climate risk. The insurance industry has been
8 conducting climate-related reporting for nearly 20 years
9 under an insurance-specific framework overseen by CDI,
10 covering governance, risk management, strategy and
11 emissions.

12 Existing insurance disclosures are comprehensive
13 and consistent nationwide. We believe -- we also believe
14 that the exemption should be at the group level. Climate
15 disclosures are prepared on a consolidated insurance group 026.2
16 basis and capture subsidiaries and affiliates. So group
17 level reporting prevents unnecessary duplication and
18 fragmentation and currently provides sufficient climate
19 information to the state.

20 Thank you.

21 BOARD CLERK FRENCH: Thank you.

22 Next is Dawn Koepke. I have activated your
23 microphone and you may begin.

24 DAWN KOEPKE: Thank you. Dawn Koepke on behalf
25 of the Association of California Life and Health Insurance

1 Companies.

2 ACLHIC, appreciates the opportunity to comment on
3 these proposed regulations and we thank staff for their
4 thoughtful consideration of the industry's position.

5 As highlighted in its letter earlier this month,
6 the insurance industry has been actively engaged in
7 climate reporting for nearly 20 years. Therefore, ACLHIC
8 supports CARB staff's proposed language in sections
9 96071(b)(2) and 96072(a)(5) to exempt insurers from
10 reporting, as this aligns with the long-standing role of
11 our statewide elected regulator.

12 Insurers are already subject to a comprehensive
13 insurance-specific climate disclosure regime overseen by 027.1
14 the California Department of Insurance, which provides
15 regulators with robust information on governance, risk
16 management, strategies, and emissions. This reporting
17 mechanism covers virtually the entire U.S. insurance
18 marketplace while also appropriately avoiding duplicative
19 and potentially inconsistent reporting.

20 ACLHIC respectfully disagrees with the
21 characterization that insurance reporting is deficient and
22 that reporting through CARB would yield substantively new
23 information.

24 ACLHIC also respectfully emphasizes the
25 importance of applying this exemption at the consolidated

1 insurance group level. In practice, insurer climate
2 disclosures are often prepared on a group basis and
3 already capture relevant information for subsidiaries and
4 affiliates, including non-insurance entities that support
5 insurance operations. Clarifying in the final regulations
6 that group level reporting to the Department of Insurance
7 satisfies any reporting requirements under the Health and
8 Safety Code for otherwise non-exempt non-insurance
9 entities simply makes sense.

027.2

10 It would reflect the industry's existing
11 regulatory practice, align with statutory intent, and
12 prevent unnecessary fragmentation or duplication of
13 disclosures across affiliated entities.

14 ACLHIC looks forward to continued collaboration
15 as these regulations are finalized. Thank you.

16 BOARD CLERK FRENCH: Thank you.

17 Next is Melissa Strand.

18 MELISSA STRAND: Good morning. This is Melissa
19 strand on behalf of Levine Strategies. On behalf of our
20 client, the Reinsurance Association of America, we support
21 keeping the insurance exemption in the existing language.
22 Eliminating this exemption would create a duplicate,
23 burdensome and extensive reporting requirement that our
24 members companies already provide to the Department of
25 Insurance. Thank you.

028.1

1 BOARD CLERK FRENCH: Thank you.

2 Next is Caroline Nagy. I have unmuted -- I have
3 activated your microphone. You may unmute.

4 CAROLINE NAGY: Hi. Good morning. My name is
5 Caroline Nagy and I represent Americans for Financial
6 Reform, a nonpartisan and nonprofit coalition working to
7 lay the foundation for a strong, stable and ethical
8 financial system, one that services the economy and the
9 nation as a whole.

10 With the passage of two groundbreaking corporate
11 disclosure laws, California is set to bring standardized,
12 corporate, climate reporting to the U.S., which will allow
13 accountability for firms that are driving the climate
14 crisis and benefits for those who are actually
15 decarbonizing their operations. We thank CARB for the 029.1
16 substantial transparency and opportunity to engage, and
17 urge you to keep pushing this process along.

18 Companies that disclose emissions to a regulator
19 and the public are shown to decrease their emissions more
20 quickly, so this rule will help mitigate climate change.
21 We support all aspects of the proposed fee regulation,
22 except the unjustified exception from emissions reporting
23 for insurance companies.

24 We are extremely concerned that the Board 029.2
25 proposed to exempt insurance companies. So this would

1 generate a substantial gap in reporting for an industry
2 that is tightly linked to the State's climate-related
3 challenges. For everyday Californians who are impacted by
4 climate change, insurers are perhaps the most important
5 corporate entities that they will engage with and see
6 transparency from on climate costs and harms.

7 Insurers decide how much consumer's climate costs
8 will rise, if they will be able to keep their home and
9 rebuild after disaster. And they are deeply contributing
10 to the crisis at the same time through their investments
11 and underwriting in fossil fuels.

12 While insurers complain about climate-related
13 losses, the truth is that the industry posted near record
14 profits of nearly \$60 billion in underwriting alone across
15 the country in 2025, and that excludes investment and
16 profits. The public is right to seek this transparency
17 and accountability from insurers and the existing methods
18 are not up to task. CARB must deliver a plan to cover
19 insurers and begin disclosing full scope emissions, as per
20 the plain language of SB 253.

21 Again, we thank you so much for your significant
22 efforts.

23 BOARD CLERK FRENCH: Thank you.

24 Next, we have a call-in number ending in 813. I
25 have activated your microphone. You may unmute and begin.

1 CONSUELO: Can you hear me?

2 BOARD CLERK FRENCH: Yes.

3 CONSUELO: Okay. Thank you. Okay. So let's see
4 SB 218, SB 25 -- okay. So I'd like to ask what about
5 transparency with airplanes -- airplanes are emitting 030.1
6 stuff into the stratosphere, these stratospheric air
7 ejections, affecting many here in my county on a daily
8 basis. And you all seek transparency, air quality and so
9 what about disclosing why these plains are being allowed
10 to release stuff like aluminum, barium, copper, sulfate,
11 potassium, iodide...

12 BOARD CLERK FRENCH: I believe we may have lost
13 your audio.

14 CONSUELO: You have. I'm sure you have. Can you
15 hear he now?

16 BOARD CLERK FRENCH: Yes. Thank you.

17 CONSUELO: Can you hear me now? Okay. It's 030.2
18 funny how you keep losing my audio when I mention things
19 pertaining to what's being released in the stratosphere.
20 I will ask, why it is? Why is it okay for you guys to
21 declare that you care about the air quality when you Don't
22 address things that are happening right above us?

23 As I said, it's a pattern with these agencies.
24 You don't care about what the people have to say, and
25 you're prioritizing monitoring the people, managing any

1 behavior of the people, and that's what's really
2 happening, Wiener if you're still in the house.

3 Policies that move us to tightly controlled,
4 highly surveillance, and living environments under
5 frameworks under the United Nations agenda for the 21st
6 century. That's what's happening. I'm going to say this
7 clearly, you are not above the consequences of what you
8 help implement. You are not --

9 BOARD CLERK FRENCH: Thank you.

10 The next commenter is Neil Re[SIC]. I have
11 activated your microphone. You may begin.

12 NEIL PERRY: Hi. Thank you. So my name is Neil
13 Perry. I am representing Swiss Re a reinsurer and primary
14 insurer. Thank you for your time today. I just want to
15 quickly echo some of the points that have been made
16 earlier as it relates to the insurance industry. We do
17 support the proposed insurer exemption by CARB in Senate
18 Bill 253, as well as the exemption already in place for 031.1
19 Senate Bill 261, as they recognize CDI's long established
20 regulatory authority and working to supervise the
21 industry.

22 We support the exemptions for a number of
23 reasons, but first kind of remaining primarily regulated
24 by CDI would avoid any duplicative or inconsistent
25 reporting requirements. Also, considering those 031.2

1 duplicative requirements, the industry has conducted
2 climate-related reporting for about 20 years under an
3 insurance-specific framework that covers emissions, risk
4 management, governments and strategy, which has been
5 overseen by CDI.

6 And I just want to know too here that this
7 required framework, it is required for the U.S.
8 industry -- or the insurance industry with direct written
9 premiums over \$100 million nationwide, and as result this
10 captures over 1,700 companies making up over 85 percent of
11 the market and that share is growing, and those are based
12 off of CDI's figures from 2023.

13 And lastly, I would just want to note that the
14 industry's disclosures are completed on a group level
15 basis and we would recommend that the exemption apply 031.3
16 similarly at the group level, and this would kind of help
17 prevent any of that further fragmentation or duplication.
18 Thank you.

19 BOARD CLERK FRENCH: Thank you.

20 Next, we have Sarah Moo. You may unmute and
21 begin. Thank you.

22 SARAH POLLO MOO: Thank you. I am Sarah Polo Moo
23 representing the California Retailers Association and we
24 appreciate the opportunity to continue to provide comments
25 on the rulemaking for Senate Bills 253 and 261. CRA is

1 the only statewide trade association representing all
2 segments of the retail industry. The California Retailers
3 Association works on behalf of California's retail
4 industry, a driving force of California's economy with
5 over 400,000 retail establishments, and an annual gross
6 domestic product of 330 billion and one-fourth of
7 California's total employment.

8 The retail industry is committed to the goals of
9 SBs 253 and 261 as amended by SB 219 and has made
10 investments in sustainability practices and appreciates
11 the opportunity to participate in the rulemaking process.

12 We continue to have concerns regarding both SBs
13 253 and 261, which include the following. Gross receipts
14 should exclude intercompany transactions. Revenue has the
15 same meaning as gross receipts under section 25120(f)(2)
16 of the California Revenue and Taxation Code. Gross 032.1
17 receipts should exclude any intercompany transactions as
18 defined under Cal Code regs 25106.5-1(b)(1).

19 Calculation of fees, the current fee structure
20 does not achieve the stated goal of the law, because it
21 assesses the fee based on corporate structure, i.e.
22 allocates a fee to each entity or subsidiary that meets
23 the criteria for reporting, not at the level of the 032.2
24 organization where financial/investment in pollution
25 abatement decisions are made.

032.3

1 Use of definitions is another concern. The
2 California Retailers Association recommends aligning key
3 definitions in the regulation with widely accepted
4 international reporting standards, for example, using the
5 GHG protocol definitions for Scope 1 and 2 emissions,
6 defining subsidiary in line with international finance --
7 financial reporting standards or generally accepted 032.4
8 accounting principles rather than relying on the concept
9 of influence.

10 CRA's view is that closer alignment with global
11 frameworks should reduce the risk of differing
12 interpretations and support better comparability across
13 companies. And these comments are the newest comments
14 that we've made in addition to a number of comments we
15 made throughout the rulemaking process.

16 Thank you.

17 BOARD CLERK FRENCH: Thank you.

18 Next is Stephanie Jones.

19 STEPHANIE JONES: Good afternoon, Chair Sanchez
20 and members had of the Board. My name is Stephanie Jones.
21 And I am a Senior Attorney at Environmental Defense Fund.
22 EDF thanks the Board and CARB staff for their diligent
23 work to implement California's vital climate risk
24 disclosure laws. EDF supports the proposed initial rule
25 That is before the Board today. This rule is a key step 033.1

1 in CARB's implementation of programs that will increase
2 the consistency and reliability of public reporting of
3 corporate greenhouse gas emissions and climate-related
4 financial risks. Improved reporting will benefit
5 investors, consumers, and the broader public.

6 EDF commends the proposal's incorporation of 033.2
7 California Tax Code definitions, grounding the revenue in
8 doing business in California parameters for coverage, and
9 that well-established and widely familiar framework
10 provides reliability, clarity and efficiency for regulated
11 entities regulators and end users of information alike.

12 EDF asks that CARB reconsider its proposed 033.3
13 exclusion of insurers from SB 253 emissions reporting
14 requirements, if not in this initial rulemaking, then in
15 subsequent amendments. EDF supports all of the other 033.4
16 proposed exclusions, which align clearly with legislative
17 text and intent.

18 In closing, EDF emphasizes that strong evidence
19 supports the benefits of these disclosure programs set
20 forth in CARB staff's Initial Statement of Reasons report.
21 These disclosure programs will indeed provide accurate,
22 comparable, and decision-useful climate information to
23 investors, lenders, insurers and the public in California,
24 and ultimately result in beneficial reductions in GHG
25 emissions.

1 With climate harms to Californian's health,
2 environment, and economy already present and escalating
3 every year, these common sense corporate transparency
4 requirements are urgently needed. EDF appreciates CARB's
5 consideration of public input throughout this
6 implementation process. Thank you.

7 BOARD CLERK FRENCH: Thank you.

8 Next, we have a call-in phone number ending in
9 982. I have activated your microphone. You should be
10 able to unmute and begin your comment.

11 Once again, that's a phone number ending in 982,
12 you may unmute and begin your comment.

13 UNIDENTIFIED COMMENTER: Sorry, I pushed the
14 wrong button. Yes, I would just like to take note in the
15 record of the fraud, waste, and abuse that's taking place,
16 because you guys are talking about climate disclosures. 034.1
17 As one of the callers said before, you know, there's --
18 you could just look at our skies and see the things that
19 are being sprayed. In fact, it's black carbon, it's human
20 DNA graphing. The list goes on and on with all of the
21 toxic things that are being sprayed, and all of the
22 programs that are being done that are also using chemicals
23 and toxics things that fall down upon the people. It's
24 nano-particulates. In fact, it makes fires, you know, go
25 further and faster burning.

1 And so, when you guys are sitting here talking
2 about transparency, and accountability, and you want to
3 enforce things and have compliance, you know, you guys
4 need to be transparent with the people about what's really
5 going on, because all the data that you guys are
6 collecting is based off of fraud and you spew propaganda.
7 And so these peep it -- people believe or, you know,
8 obviously aren't doing their own research to really
9 understand, because if you're getting data an information
10 from people who are pushing an agenda, then all of the
11 information that you're going to get and be pushing is
12 flawed, because you're not paying attention to the
13 geoengineering and the things that are happening to
14 manipulate the weather.

15 And so you want to -- you know, in the times when
16 you guys sit here and exempt things, and then you're
17 sitting here acting like telling the people that put --
18 making electric trucks, like freight, into -- like that
19 that's going to help with commerce or do anything. It's
20 actually going to impede it. Have you guys ever talked to
21 drivers that drive those trucks and what that would be
22 like, the amount of weight that they have to pull? And
23 how are you even going to regulate that? People can't
24 even come into California and deliver goods, because they
25 don't have an electric truck or you're just going to

1 charge them so much that people can't even afford the
2 goods that they're going to get.

3 Everything you guys do is inverted and it's just
4 really sad to see that you can sit up there with a
5 straight face and act like what you're doing is actually
6 beneficial to the people, it's going to save lives, when
7 in fact, it's not. It's harming people's lives, because
8 you're not telling them the truth. And you guys need to
9 like really course correct.

10 BOARD CLERK FRENCH: Thank you.

11 Next, we have Denni Ritter. Denni Ritter, I have
12 activated your microphone. You may unmute.

13 DENNI RITTER: Thank you. Good morning --
14 afternoon, actually, Madam Chair and members of the
15 California Air Resources Board. My name is Denni Ritter
16 and I'm here on behalf of the American Property Casualty
17 Insurance Association. We are the national trade
18 association representing the majority of home, auto,
19 workers' compensation, and commercial insurers.

20 We're here today to support CARB staff's proposed
21 exemption for insurers under Health and Safety Code
22 section 38532, consistent with the Legislature's clear
23 exemption in section 38533. The statute expressly 035.1
24 recognizes that insurers are subject to a distinct and
25 comprehensive regulatory framework under the California

1 Department of Insurance.

2 Extending the exemption ensures continuity and
3 coherence across the statutes. Without this alignment,
4 insurers could face overlapping or potentially
5 inconsistent disclosure requirements, despite the
6 Legislature's clear decision to place insurers under the
7 primary oversight of insurance regulators. For more than
8 15 years, insurers in California have reported
9 climate-related risks through the National Association of
10 Insurance Commissioners' Climate Risk Disclosure Survey.

11 Since 2022, that survey has been aligned with the
12 task force on climate-related financial disclosure and is
13 structured around governance strategy, risk management,
14 and metrics and targets. It already provides regulators
15 with robust decision-useful and insurance-specific climate
16 disclosures tailored to the unique risk profile of
17 insurers. 035.2

18 Insurance regulation is fundamentally different
19 from other corporate sectors, particularly in areas such
20 as solvency, capital adequacy, enterprise risk management,
21 and group supervision. The Department of Insurance has
22 deep subject matter expertise in evaluating climate risk
23 with related risks within that prudential framework. 035.3

24 Finally, as in the proposed exemption will ensure
25 statutory consistency, avoid duplicative regulation, and

1 preserve appropriate insurance regulatory oversight.

2 Thank you so much for your consideration.

3 BOARD CLERK FRENCH: Thank you.

4 Next is Elizabeth Derbes. I have activated your
5 microphone. You may unmute and begin.

6 ELIZABETH DERBES: Thank you. I'm Elizabeth
7 Derbes from the Natural Resources Defense Council, an
8 international nonprofit environmental organization with
9 more than three million members and online activists. We
10 thank CARB and its staff for their work on this very
11 important regulation. We are in support of almost all
12 aspects of the proposed regulation, but I want to echo the
13 comments, in particular of Senator Wiener, and former 036.1
14 Commissioner Dave Jones, and other commenters thus far in
15 urging the Board to eliminate the proposed exclusions for
16 insurance companies.

17 The staff report states correctly that SB 261
18 excludes business entities subject to regulation by the
19 Department of Insurance. The propose regulation would
20 extend that exclusion to the application of SB 253. As 036.2
21 previously stated by other commenters, this is not
22 authorized by the plain terms of SB 253. Other commenters
23 have spoken to the exclusion of insurance companies from
24 SB 261's reporting mandate, because they are already
25 subject to climate risk oversight by the California

1 Department of Insurance, and are required to report
2 climate risk information.

3 This information is not duplicative of the 036.3
4 information that would be required by reporting under SB
5 253. Eliminating the proposed exclusion for insurers
6 would not result in duplicative reporting. There is no
7 parallel requirement for emissions reporting that applies
8 to insurers that would justify excluding them from SB
9 253's mandate. And there are, in fact, large gaps in U.S.
10 insurer's voluntary emissions reporting. As the gentleman
11 from the insurance industry said, you can look at the
12 filings made by insurers on the Department of Insurance's
13 website and you will see that, in fact, three of the top
14 ten California insurers made no emissions disclosures at
15 all.

16 We thank the Board for its work on this issue and
17 the staff as well.

18 BOARD CLERK FRENCH: Thank you.

19 Next is Cathy Becker. Cathy, you may begin.

20 CATHY BECKER: Good afternoon. My name is Cathy
21 Becker. I'm the Responsible Finance Campaign Director at
22 Green America. We represent over 300,000 consumers
23 nationwide with quite a few in California.

24 Thank you for drafting the proposed rules to 037.1
25 establish fees, timelines, and definitions for

1 California's Corporate Greenhouse Gas Disclosure laws.
2 Your work will provide comparable and reliable information
3 on how companies doing business in California are
4 impacting the climate. We do seek one change in the
5 proposed rules. Please remove the exemption from 037.2
6 reporting for entities regulated by the Department of
7 Insurance.

8 California is experiencing a property insurance
9 crisis, driven by increasing frequency and severity of
10 climate disasters caused by burning fossil fuels. From
11 2018 to 2023, non-renewal rates in California rose 82
12 percent, home insurance premiums are up 55 percent, and
13 one in five Californians are now going without home
14 insurance.

15 Yet, even though major insurers are asked to pay
16 for climate damages, they're also contributing to climate
17 change by ensuring and investing in fossil fuels. For
18 example, major insurers of LNG export terminals in the
19 Gulf south, include Liberty Mutual, AIG, Zurich, The 037.3
20 Hartford, Travelers, and Berkshire Hathaway. These
21 terminals will emit 1.3 billion metric tons of greenhouse
22 gases, similar to adding 345 coal plants.

23 As of 2019, the insurance industry had a total of
24 582 billion invested in coal oil and gas. The largest
25 investor is Berkshire Hathaway 95.8 billion, including the

1 top investor in Chevron. State Farm has 20.6 billion and
2 so on. These large insurance companies are insuring and
3 investing in fossil fuels at the root of the climate
4 crisis. They should report their Scope 1, 2 and 3
5 emissions under California law.

6 And so for these reasons, we urge you to remove
7 the exemption on large insurance companies under the
8 Climate Disclosure rules. Thank you.

9 BOARD CLERK FRENCH: Thank you.

10 Next, we have Lindsay Battenberg. Lindsay, you
11 may begin.

12 LINDSAY BATTENBERG: Hi. This is Lindsay
13 Battenberg with the Clean Energy Buyers Association.
14 Thanks so much for the opportunity to comment today. CEBA
15 is a business association that activates corporate energy
16 buyers to advance low-cost, reliable, carbon-free
17 electricity. Our members comprise one-fifth of the
18 Fortune 500 and include institutional energy customers of
19 every type and size. CEBA strongly supports California's
20 clean energy goals and our members are committed to
21 ambitious, science-based climate action. 038.1

22 We're aware the regulation currently before the
23 Board is primarily focused on reporting for the first year
24 of California's program for Scope 1 and 2 emissions.
25 However, going forward, it will be important for CARB to

1 clarify how the California GHG reporting program will
2 incorporate updates to the Greenhouse Gas Protocol
3 Corporate Accounting and Reporting Standard, which SB 253
4 requires the program to align with through at least 2033.

5 CEBA has been deeply engaged in the ongoing
6 public consultation regarding revisions to the GHG
7 protocol Scope 2 guidance, which helps companies build the
8 internal business case to pursue carbon emissions-free
9 energy. The guidance is undergoing a revision that may
10 not be finalized until 2027, with an implementation date
11 likely further in the future. 038.2

12 Therefore, we urge CARB to allow companies to use
13 the existing GHG protocol Scope 2 guidance from 2015 for
14 SB 253 reporting through 2033. CEBA and its members are
15 invested in the success of California's climate disclosure
16 reporting. By allowing companies to use the 2015 guidance
17 through 2033, CARB can provide regulatory certainty for
18 reporting entities without jeopardizing the intent or
19 timeline of SB 253.

20 We welcome further dialogue and offer our
21 expertise to help shape solutions that are both rigorous
22 and feasible. Thank you.

23 BOARD CLERK FRENCH: Thank you.

24 Next is John Norwood.

25 JOHN NORWOOD: Good morning, Madam Chair and

1 members. My name is John Norwood. I'm speaking on behalf
2 our clients Zenith, Liberty Mutual, American Fidelity,
3 Pacific Life Insurance Companies, and the Independent
4 Insurance Agents and Brokers of California.

5 In the interest of time, I would just like to 039.1
6 reiterate the comments made by APCIA, ACLHIC, ACLI, and
7 the Personal Insurance Federation in support of the
8 current exemption for the insurance industry. I just want
9 to add that at a time when California is working hard to
10 attract insurers to return to the California market, the
11 addition of additional and duplicative regulations will
12 not assist in that process.

13 Thank you very much for the time.

14 BOARD CLERK FRENCH: Thank you.

15 Next is Abby Taylor-Silva.

16 ABBY TAYLOR-SILVA: Good morning -- or good
17 afternoon now. Abby Taylor-Silva with Kahn, Soares &
18 Conway representing several agricultural organizations
19 throughout the state.

20 We are just calling in to urge CARB to address a
21 few concerns before finalizing this rule. First on the
22 SRIA, the regulatory package qualifies as a major 040.1
23 regulation under the APA with economic impacts exceeding
24 the \$50 million threshold. We really encourage CARB not
25 finalize this rule without first completing a formal

1 standardized regulatory impact assessment. 040.2

2 Additionally, on reporting deadline flexibility,
3 the proposed August 10th deadline will create capacity
4 constraints and inflated costs as thousands of companies
5 simultaneously compete for a limited pool of qualified
6 assurance providers. So we recommend either a rolling
7 deadline based on fiscal year-end or a unified December 31
8 deadline to better align with actual data collection
9 cycles.

10 Additionally on fee authority, the Health and 040.3
11 Safety Code provisions authorize CARB to recover only
12 reasonable costs in administering greenhouse gas reporting
13 programs, not litigation defense. And on enforcement, the
14 enforcement provisions fail to distinguish between
15 wilfulness conduct and good faith error, and first-time
16 and repeat violations. So we really encourage CARB to 040.4
17 incorporate graduated penalties, safe harbors, cure
18 periods to ensure equitable enforcement.

19 These concerns are consistent with those raised
20 by CalChamber. And so we urge CARB to please address
21 these items before adopting this final rule.

22 Thank you for your consideration.

23 BOARD CLERK FRENCH: Thank you.

24 Next is Andries Verschelden.

25 ANDRIES VERSCHELDEN: Thank you, Chair Sanchez,

1 the CARB Board, and staff. My name is Andries
2 Verschelden. I am CEO of Good.Lab. We're a climate
3 consulting and software company and working with many
4 companies that are subject to SB 253.

041.1

5 In prior communication, CARB has indicated that
6 companies may submit a statement affirming that they were
7 not measuring emissions and had no intention of measuring
8 emissions as of the enforcement notice date, and that such
9 a submission may be accepted in lieu of filing Scope 1 and
10 Scope 2 emission data in 2026. We would like to express
11 concern about the implications of this approach.

12 As currently understood by many companies, this
13 pathway creates a regulatory gray area. A company
14 submitting such a statement is not reporting emissions as
15 required by statute. Yet, it may not expect enforcement
16 action by CARB. That distinction is significant. Many
17 businesses are subject to financing agreements,
18 procurement contracts, and other commercial competence
19 that require them to remain in compliance with all
20 applicable laws and regulations. An approach staff relies
21 on discretionary nonenforcement rather than clear
22 statutory compliance will expose companies to commercial
23 risk.

041.2

24 Greater clarity on the good faith option will
25 help regulated entities align their legal, commercial, and

1 operational obligations responsibly. Thank you for your
2 consideration.

3 BOARD CLERK FRENCH: Thank yo.

4 Next is Stephanie Schlea. I have activated your
5 microphone. You may begin.

6 STEPHANIE SCHLEA: Hello and thank you, Chair
7 Sanchez, and members of the Board for the opportunity to
8 provide public comment today on the proposed California
9 Corporate Greenhouse Gas Reporting and Climate-Related
10 Financial Risk Disclosure initial regulation. My name is
11 Stephanie Schlea and I'm the Vice Present of Environment,
12 Health, Safety and Sustainability for the U.S. Tire
13 Manufacturers Association.

14 USTMA is the national trade association for tire
15 manufacturers that produce tires in the United States.
16 Our members are committed to continuous improvement of
17 their performance of their products, work in consumer
18 safety and environmental stewardship. USTMA would like to
19 reiterate previous comments provided to the Board related
20 to fees. We continue to advocate for a revenue based
21 tiered fee system, based of different ranges of 042.1
22 California-specific revenue incomes of the reporting
23 entities, rather than the proposed flat fee system tied to
24 programs costs and number of reporting entities.

25 USTMA maintains that a tiered fee system would

1 reasonably connect a party's fees to the extent of the
2 party's presence and market access in California.

3 Thank you again for the opportunity to comment.

4 BOARD CLERK FRENCH: Thank you.

5 Next is Paul Henkin.

6 PAUL HENKIN: Okay. Paul Henkin here. I hope
7 you can hear me. Hello. Can you hear me?

8 BOARD CLERK FRENCH: We can hear you. 043.1

9 PAUL HENKIN: Thanks. Data gathered needs to be
10 in one digital format that everyone can understand.
11 Otherwise, its value will be limited. People who have to
12 decipher the data may make mistakes or simply not have
13 time and ignore it. 043.2

14 No to fees for reporting especially on partial
15 reporting. If there's a fee, reporting should be 043.3
16 complete. It's crazy if you limit reporting to just Scope
17 1 and 2. We should know all emissions, especially the
18 toxic ones. For instance, we should know how harmful
19 things like leaded aviation fuel are. Government limiting 043.4
20 reporting to just one or several things is what gets us
21 into trouble, like certain areas needing clean-up while
22 the populations who are really suffering are ignored. And
23 when people look at this sort of partial pollution data,
24 that is a big part of focusing on things which are not as
25 serious, like decarbonization over plastics.

1 And I certainly hope if there are fees, it 043.5
2 applies to all business, including insurance or things
3 that do not be seem to be pollution generators. If they
4 report on climate risk, maybe CARB can simply edit a
5 report, edit a copy in its report. 043.6

6 In reference to Senator Wiener's comments we know
7 which businesses are polluters, so whether or not they
8 want to hide it should not matter. We have enough
9 resources, like handheld pollution monitors, to verify
10 who's generating what. Another (inaudible) fees are
11 unneeded.

12 BOARD CLERK FRENCH: Thank you.

13 Next, we have Jeffrey Gorham. Jeffrey, I have
14 unmuted your microphone. You may begin.

15 Jeffrey, you may unmute and begin your comment.

16 JEFFREY GORHAM: Hello. Sorry about that. Can
17 you hear me?

18 BOARD CLERK FRENCH: Yes. Thank you.

19 JEFFREY GORHAM: Fantastic.

20 Thank you, Madam Chair and members of the Board.
21 My name is Jeffrey Gorham and I'm ACORE's Director of
22 Policy and engagement.

23 ACORE is a 501(c)(3) national nonprofit
24 organization that works to accelerate the transition to a
25 clean energy economy. ACORE's membership spans the energy

1 value chain, including project developers, institutional
2 investors, corporate buyers of clean energy,
3 manufacturers, electric power generators, retail energy
4 providers, and other stakeholders.

5 We appreciate that this hearing is focused on fee
6 issues, reporting deadlines, and key-definitions, and
7 understand that future draft regulations will address
8 additional program details. With this in mind ACORE wants
9 to provide high-level recommendations for CARB to consider
10 in drafting future regulations. Specifically, we 044.1
11 encourage CARB to clarify that companies can continue
12 reporting under the current greenhouse gas protocol Scope
13 2 guidance, which was in place when SB 253 was enacted, at
14 least until 2033.

15 In addition, CARB should specify that any updated
16 GHG protocol standards would not be automatically required
17 of reporting entities. Any potential mandatory adoption
18 of updated standards after 2033 should be subject to 044.2
19 notice and comment rulemakings for transparency and
20 consistency.

21 There are two primary reasons that CARB should
22 clarify that reporting entities can continue to rely on
23 the current greenhouse gas protocol Scope 2 guidance, at
24 least through 2033. First, the existing Scope 2 guidance
25 is widely in use today. Continuing to allow it will

1 minimize reporting entities' compliance burdens and
2 provide reporting entities with new flexibility in the
3 early years of California's new regulatory scheme.

4 Second, the existing Scope 2 guidance has a
5 demonstrated track record of promoting investment in clean
6 energy, whereas some of the updates under consideration
7 could undermine existing incentives to invest in clean
8 energy sources. Thank you very much for your
9 consideration

10 BOARD CLERK FRENCH: Thank you. Next, we have
11 Chloe Ames.

12 CHLOE AMES: Great. Thanks, all. Good
13 afternoon. My name is Chloe Ames. And I'm a Climate
14 Policy Advisor with NextGen California. Thank you to the
15 Board and CARB staff for all of your work and leadership
16 on SB 253 and SB 261 regulations.

17 We are here today to state our strong support for
18 the timely passage and adoption of these initial
19 regulations to advance corporate climate ambition and
20 transparency. However, similar to many other comments
21 today, we respectfully ask the Board to remove the
22 proposed exemption for insurance companies. As Senator
23 Weiner and others have stated, this exemption goes against
24 the legislative intent of SB 253.

25 With this exemption, we urge the Board's aye vote

1 on these regulations, this initial regulation is the first
2 critical step in establishing comprehensive, climate
3 transparency, and accountability for Californians. Thank
4 you for your time and all of your work on developing these
5 regulations.

6 BOARD CLERK FRENCH: Thank you.

7 Next, we have Mary Zuccarello.

8 MARY ZUCCARELLO: Hello. My name is Mary
9 Zuccarello. I am here today on behalf of As You Sow and
10 as a resident of Monterey County. As You Sow is the
11 nation's nonprofit leader in shareholder advocacy and we
12 have represented investors on climate-related matters
13 since 2013. 046.1

14 As You Sow strongly supports both SB 253 and SB
15 261. Through emissions reporting, companies come to
16 understand not only the sources of emissions created
17 across their enterprises, but also where efficiencies and
18 improvements can be gained by reducing those emissions,
19 which improves competitiveness. When assessing Scope 3
20 emissions, companies also gain knowledge about their
21 suppliers and their supply chain risk. While we support 046.2
22 both laws, we join Senator Wiener, Dave Jones, EDF, NRDC,
23 and many others commenting today in urging the Board to
24 reconsider the proposed exemption of insurance companies
25 from SB 253's greenhouse gas emissions reporting

1 requirements.

2 The Legislature did not exempt insurance
3 companies from SB 253. It could have done so, but did
4 not, and we believe that that deliberate choice should be
5 honored. Allowing insurance companies to avoid reporting
6 emissions is to deny critical information to investors,
7 the public, regulators and the companies themselves. This
8 is especially true, given that insurance companies
9 continue to invest in and insure high-carbon companies.
10 Their emissions matter.

11 Major insurers hold tens of billions of dollars
12 in fossil fuel investments and underwrite high-emitting
13 projects, which represent substantial and material climate
14 risk. The existing reporting frameworks do not require
15 standardized greenhouse gas accounting or cover financed
16 and insured emissions. We respectfully request that the
17 Board remove the proposed exemption for insurance
18 companies. Thank you.

19 BOARD CLERK FRENCH: Thank you.

20 Next, we have Tyler Hengen.

21 TYLER HENGEN: Hi. Thank you. I'm Tyler Hengen,
22 Director of Sustainability with the American Iron and
23 Steel Institute. To start, you know, we commend and thank
24 CARB on its transparency with the development of this
25 program and appreciate the frequent opportunities to

047.1

1 provide commentary and engage with the agency throughout
2 the process.

047.2

3 However, we feel that it's critical to identify
4 what we see as a fatal flaw that we need to make sure that
5 all are aware of. CARB is proposed to advance regulations
6 that unfairly burden American manufacturers with reporting
7 requirements that don't equitably apply to their foreign
8 competitors. In our eyes, this is completely
9 unreasonable. In the case of the American steel industry,
10 we produce the world's cleanest steel. Of the major steel
11 producing countries, the U.S. has the lowest carbon
12 dioxide emissions per ton of steel produced and the lowest
13 energy intensity, and the industry has not shied away from
14 providing emissions and risk disclosure publicly.

15 Under these regulations though, manufacturers of
16 steel could potentially evade all disclosure requirements
17 while still doing business in California. To not require
18 equivalent data from foreign competitors punishes American
19 companies who have been doing the right thing all along.
20 Excluding non-U.S. based companies is an invitation for
21 manipulation or deceit.

047.3

22 These regulations reward foreign companies that
23 have no ties to this state and simply operate through
24 vendors. A foreign steel company using vendors could sell
25 an unlimited quantity of dirty steel into California with

1 no disclosure requirements at all. Greenwashing and
2 avenues for evasion of disclosure are essentially baked
3 into these regulations.

4 Should California implement these regulations in
5 the way that they're currently proposed, the State will
6 not be able to defensively -- defensibly use this 047.4
7 information to support any claims of progress towards
8 climate neutrality. California will be relying on data
9 that is incomplete at best, intentionally manipulated at
10 worst. These regulations will not only fall short of
11 their goal, but will hinder U.S. manufacture in the
12 process.

13 California can and must do better. Thank you.

14 BOARD CLERK FRENCH: Thank you.

15 Next, we have Doreen Dyt. You may begin Doreen.
16 I have activated your microphone.

17 DOREEN DYT: Thank you for the opportunity to
18 provide comments on this initial regulation. My name is
19 Doreen Dyt with California Dairies, Inc., or CDI. CDI is
20 a milk marketing and processing cooperative co-owned by
21 roughly 280 family-owned California dairy farms.

22 The comments I want to make today in relation to
23 this proposed regulation and their impact on our 048.1
24 cooperative are twofold and address why a cooperative
25 should be excluded from this rule, as well as the

1 potential for duplicative reporting, if entities such as
2 ours are not exempted. We appreciate CARB's intention to
3 remove this burden from nonprofit or charitable
4 organizations that are tax exempt under the internal
5 revenue code.

6 Exempting cooperatives would be aligned with
7 exempting nonprofits and government entities because they
8 share similar characteristics by operating on a nonprofit
9 basis for a member benefit rather than profit
10 maximization. Therefore, we ask that this definition be
11 expanded to include nonprofit cooperative organizations
12 organized under the provisions of Chapter 1 of Division 20
13 of the Food and Agricultural Code.

048.2

14 To our second point, California Dairy farmers
15 have led the way in implementing sustainable practices on
16 farm that reduce GHG inventories. As such, we use our
17 Scope 3 information as a competitive differentiator for
18 our farms. Publicly disclosing this information removes
19 that opportunity for our California-based farmers to
20 benefit from their reductions they've invested in.

21 We are deeply concerned with the risk this 048.3
22 regulation poses for overestimating GHG emissions for
23 agriculture. Our business is deeply interconnected with
24 other dairy processors that will be subject to this
25 reporting. For example, we may ship some of our farmer's

1 milk to another processor. The secondary processor will
2 request our Scope 3 emissions and both companies will
3 include those emissions in their footprints resulting in
4 the risk for double counting across our sector. We firmly
5 believe our nonprofit cooperative structure serves as
6 grounds to exempt us from these reporting requirements and
7 protect our California farmers.

048.4

8 For the reasons stated above, we ask that
9 agricultural cooperatives such as ours be included in the
10 list of exempted entities. Thank you again. I'm happy to
11 answer any questions.

12 BOARD CLERK FRENCH: Thank you.

13 We have two more Zoom commenters.

14 The next is Karl Koesser.

15 Karl, you may unmute and begin.

16 KARL KOESSER: Hello, Board and staff. My name
17 is Karl Koesser, testifying on behalf of EnergyTag. Thank
18 you for the opportunity to comment, in addition to the
19 detailed written testimony we've already provided. We are
20 an independent clean energy nonprofit and we hold
21 positions on all three major greenhouse gas standards and
22 target-setting bodies, and have advised U.S. policies,
23 including California's own Power Source Disclosure Rules
24 set to begin in 2028.

25 We support the core goals of the proposed 049.1

1 regulation, recognizing it's focused on moving SB 253
2 forward in establishing reporting requirements for 2026.

3 We acknowledge that subsequent rulemaking is where
4 reported requirements will be more thoroughly developed.
5 SB 253 calls specifically for companies to use the Greenhouse
6 Gas Protocol Scope 2 methodology. We wish to make it 049.2
7 clear how important it is for regulations to establish
8 direct coordination with the updated greenhouse gas
9 protocol Scope 2 guidance, which are currently ongoing and
10 expected to be finalized by the end of 2027.

11 Proposed revisions dramatically improve the
12 accuracy, comparability, and decision usefulness of
13 corporate Scope 2 inventories in line with the intent of
14 SB 253. While aligning with the updated global standard,
15 we'll reduce duplicative reporting burden on companies and
16 ensure the data is genuinely comparable and decision
17 useful. Therefore, EnergyTag recommends that CARB commits
18 to a rulemaking in 2028 to adopt the finalized greenhouse
19 gas protocol Scope 2 updates and ensure continued
20 alignment between SB 253, the greenhouse gas protocol, and
21 a number of other emerging global and U.S. Standards for
22 emissions reporting.

23 Thank you.

24 BOARD CLERK FRENCH: Thank you.

25 Our last speaker Zoom commenter Katie Pettibone.

1 I have activated your microphone and you may being, Katie.

2 KATIE PETTIBONE: Thank you. Can you hear me?

3 BOARD CLERK FRENCH: Yes.

4 KATIE PETTIBONE: Okay. In the interests of
5 time, especially as I'm boarding a plane, I just want to
6 thank the Chair, the Board members and the staff for all
7 the work on this. On behalf of the subsidiary of CompWest
8 AF Group as well as Zurich North America, we would echo
9 the comments of APCIA, PIF, ACLHIC, Zurich. Also we'd 050.1
10 like to particularly echo the comments of Swiss Re. I
11 will thank you for your time and look forward to further
12 conversations.

13 BOARD CLERK FRENCH: Thank you.

14 Madam Chair, that concludes the commenters

15 CHAIR SANCHEZ: Thank you very much to all of our
16 public commenters and Board Clerk. We are going to move
17 to a brief lunch and then we'll come back and ask staff to
18 address the issues raised in the public comment and then
19 look forward to Board discussion and consideration. It is
20 12:40, so let's return at 1:15, please.

21 Thank you very much.

22 (Off record: 12:40 p.m.)

23 (Thereupon a lunch break was taken.)

24 (On record: 1:21 p.m.)

25 CHAIR SANCHEZ: All right. Welcome back. Hello.

1 Hello.

2 Oh, sorry.

3 Okay. Thank you so much. Welcome back to the
4 February 26th meeting of the California Air Resources
5 Board. I hope everyone enjoyed a nice lunch. We are now
6 turning to staff addressing issues that were raised in
7 public comment. As I was listening to the public
8 commenters in the room and on Zoom - thank you for
9 everyone who was able to share their remarks - I think we
10 have three big buckets of issues. The first being the
11 exemption of insurance companies from the Senate Bill 200
12 -- 253 reporting, second being the reporting deadline and
13 timeline, and third being a bucket of legal and litigation
14 questions and issues that were raised.

15 Before we proceed with staff kind of outlining
16 and addressing those comments, I want to ask Board
17 members, was there another bucket we wanted to -- a fourth
18 bucket?

19 Nope. That three -- those three cover it.

20 Okay. Courtney Smith, over to you. Thank you.

21 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Great.
22 Thank you, Chair Sanchez. Really appreciate the
23 opportunity to respond to much of what you've heard today.
24 So to start in terms of concerns raised around the
25 exemption for insurance agencies, I did want to first

1 start and thank Senator Wiener for joining us and for
2 Senator Allen for sending staff and for their comments.

3 We, too, very much value corporate transparency,
4 as does the Senator. In addition to that, we also, as
5 we've worked to put together this regulatory proposal for
6 you, are trying to balance that also with good governance.
7 So that has been our charge and our focus.

8 I think, you know, as we've heard some of the
9 comments and concerns around the proposed exemption, we've
10 also heard, you know, personally some concerning
11 statements from me around CARB's legal authority. And so
12 I wanted to start by just -- starting there and clarifying
13 that, you know, from our perspective, CARB does have the
14 authority and frankly the obligation to be able to
15 implement the statutory direction that we're getting for
16 the full suite of statutes in order to carry out Health
17 and Safety Code that was established by SB 253.

18 Because we do have some new Board members, I
19 thought I would just talk broadly about how we approach
20 this. So in instances where there is a legislative
21 mandate and CARB needs to provide additional clarity in
22 order to carry out those statutory requirements, we often
23 promulgate regulations to provide that clarity. And it's
24 in instances where the statute may not be perfectly
25 self-implementing or in instances where there are gaps.

1 And so it is not only within our authority, but also
2 really our duty to provide that additional clarity, so
3 that way regulated entities are able to understand how to
4 comply with those statutory requirements in a way that's
5 consistent and clear.

6 We believe that the proposal that is before you
7 does just that. We propose to exempt not only insurance
8 companies, but also nonprofit entities and government
9 entities in keeping with what we believe to be the full
10 suite of intent that you gather when you read the
11 statutory language.

12 In particular, there's one element of statute
13 that we were really attempting to be responsive to, which
14 led to us proposing the exemption for insurance and
15 entities, and that's 25832(c)(D)(c), which directly
16 requires that when CARB promulgates regulations to carry
17 out this, that we do so in a way that ensure that the
18 reporting system minimizes duplicative efforts. And so
19 you've heard a lot today about how there is another
20 California State agency that has requirements for
21 insurance companies to provide this data. And so I do
22 want to talk a little bit about that in particular,
23 because I think that there's some misunderstandings around
24 what that program is.

25 So the California Department of Insurance

1 obviously regulates insurance providers in the state.
2 They have been actually very concerned and focused on
3 climate risk for the State of California for a long time.
4 So their disclosure program was established back in 2010.
5 And through this program, they do require -- I know we
6 heard, you know, some statements about disclosures being
7 voluntary. So I want to be clear that they do require
8 that insurance companies complete a survey. And that
9 survey is focused on not only climate risk elements, but
10 also it does include elements of emissions. And that's
11 one thing I just wanted to make sure folks are really
12 clear on.

13 Their survey is predicated on a long established
14 reporting regime that was developed by the Task Force on
15 Climate-Related Financial Disclosures. This is a task
16 force that was created as part of a G20 body. So lots of
17 rigor and sets a -- you know, a global standard and best
18 practice. And this is something that, you know, the
19 Department of Insurance actually requires their insurance
20 providers to complete. It is a requirement.

21 The elements that that contains is broad
22 sweeping. It definitely requests information that have to
23 do more on climate risk. So it asks insurers to respond
24 to climate change, what their response is. It requires
25 them to disclose investments to talk about the mitigations

1 that they are undertaking, financial solvency, importantly
2 risk management, and then also their carbon footprint. So
3 they are required to disclose their Scope 1, Scope 2, and,
4 if applicable, their Scope 3 emissions.

5 And so because there is this preexisting
6 reporting framework within the State of California that
7 requires it, we very much felt that it was a duplicative
8 effort to require those entities to report that same
9 information in our program as well.

10 I will also offer that in terms of the scope of
11 entities that report to their program, it is much more
12 comprehensive than what it would be using the statutory
13 thresholds established by statute here. In 2023, they had
14 more than 1,700 companies respond to their survey, which
15 represent over 85 percent of the entire U.S. insurance
16 market. So very, very comprehensive.

17 And so that is why we proposed to you all that,
18 you know, from our read, we think it's a very reasonable
19 good governance approach to propose exempting insurance
20 companies from reporting here, given that we already have
21 an existing required framework at our sibling agency. And
22 we want to make sure that we are aligning with that very
23 clear statutory requirement that we avoid duplicative
24 efforts.

25 CHAIR SANCHEZ: Thank you for that, Ms. Smith.

1 If you could outline comments to the other two buckets
2 about, I will then close the record and welcome Board
3 discussion and questions.

4 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Very
5 good. Yes. We've also heard some comments from folks
6 concerning timing, and in particular a concern that our
7 proposed approach for the deadline for just this 2026
8 reporting time frame is insufficient to be able to report.
9 As you probably saw on the slide, we are proposing an
10 approach that has a cutoff based on an entity's fiscal
11 year. And this is because, I'm sure you can appreciate
12 that all companies have different fiscal years. And so we
13 did need to make some decisions, so that way folks were --
14 we were able to balance certainly wanting to give enough
15 time to folks -- for folks with also ensuring that we are
16 getting the public and daylighting information in a timely
17 manner.

18 So, the approach that we outlined does have that
19 cutoff. And, you know, the six-month time frame that I
20 know a lot of folks are really focused on, I just want to
21 emphasize that is the shortest possible time frame for
22 some entities. The vast, you know, majority of reporters
23 will have longer, and again it's dependent on when their
24 fiscal year ends. I think, you know, based on the
25 engagement we've had with the public, you know, we believe

1 that that time frame is more than sufficient for this
2 first year. And that's especially true because of the
3 enforcement discretion that we provided to entities over a
4 year ago back in December of 2024, where we made clear
5 that we are really looking, you know, to build this
6 program. And that is going to be an iterative process
7 through time.

8 And so that enforcement discretion allows for
9 entities to provide us any data that they have already
10 collected or were planning to collect at the time that we
11 had issued that enforcement notice. Like I said, we
12 really want to be mindful of the ramp-up that it will take
13 for some companies to put the systems in place, to collect
14 this information, and so because we are allowing for
15 flexibility in what is reported this year, we think that
16 for those entities who do have fiscal years that put them
17 in a position of only having six months past the end of
18 their fiscal year to report, that that is sufficient to be
19 able to report the information that we've laid out this
20 year.

21 And then I will move to I think the last bucket
22 you outlined, which is litigation. I will just
23 acknowledge and note that there is active litigation in
24 this arena. And so I'm going to invite our Chief Counsel,
25 Shannon Dilley to talk more with you about that.

1 CHIEF COUNSEL DILLEY: Thank you, Courtney. Yes,
2 so as mentioned, there is active litigation, and the case
3 is Chamber of Commerce versus Sanchez. On November 18th,
4 2025, the Ninth Circuit Court of Appeals issued an order
5 against enforcement of SB 261.

6 In response, CARB issued an advisory indicating
7 that it would not be taking enforcement action, and that
8 we would be providing update as the case moves along. The
9 case is still pending.

10 So what does this mean? While the -- while the
11 case is on appeal, CARB is not enforcing 261. There's a
12 different between enforcement and development of a
13 regulation. So here, what we are doing is we are
14 developing a regulation. We are not enforcing SB 261.

15 We'll continue to abide by the Ninth Circuit's
16 injunction for as long as the injunction remains in
17 effect. And I should also note that the injunction is not
18 against SB 253. Thank you.

19 CHAIR SANCHEZ: Great. Thank you team for
20 speaking to those issues. I will now close the record on
21 this agenda item. However, if it is determined that
22 additional conforming modifications are appropriate, the
23 record will be reopened and a 15-day Notice of Public
24 Availability will be issued.

25 If the record is reopened for a 15-day comment

1 period, the public may submit comments on the proposed
2 changes, which will be considered and responded to in the
3 Final Statement of Reasons for the regulation. Written or
4 oral comments received after this hearing date but before
5 a 15-day notice is issued will not be accepted as part of
6 the official record on this agenda item. The Executive
7 Officer may present the regulation to the Board for
8 further consideration, if warranted, and if not, the
9 Executive Officer shall take final action to adopt the
10 regulation after addressing all appropriate conforming
11 modifications.

12 With that, I move to Board member questions and
13 discussions, hoping we can stick to the three buckets as
14 outlined. Dr. Balmes, I saw that you had a question on
15 our first bucket regarding the insurance exemption.

16 Please.

17 BOARD MEMBER BALMES: Yes. Thank you, Chair.
18 So, Courtney, I may have gotten confused by not paying
19 close enough attention to your opening remarks about this
20 bucket. But I recall Senator Wiener saying that the
21 reporting to the Department of Insurance was voluntary,
22 even if many of the insuring -- insurance companies did
23 provide the information. But you kept using the word
24 "required". Can you clarify?

25 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Yes.

1 I'd be happy to. So I am looking actually at the notice
2 that just sent, their insurers, this past summer. And
3 it's very clear that all participating insurers are
4 required to report using the Task Force on Climate-Related
5 Financial Disclosure aligned Climate Disclosure Risk
6 Survey. And as mentioned, that survey includes in it a
7 prompt for entities to be able to disclose their Scope 1,
8 Scope 2, and if applicable, Scope 3 greenhouse gas
9 emissions.

10 That data is publicly available on their website.
11 They have a Power BI dashboard that allows you to compare
12 years. So it's also very transparent that they provide
13 that information for the public. Certainly, we have been
14 and plan to continue to engage with our colleagues and
15 our -- our staff have been so great at really engaging
16 with their counterparts at the Department of Insurance.
17 And so, you know, we absolutely can continue that
18 conversation, particularly as we start to transition to
19 the next regulation, where we are going to be tackling
20 Scope 3. You know, to the extent that there, you know,
21 are -- is information or gaps where, you know, in that
22 collaboration with the Department of Insurance we believe
23 needs to be additionally collected, we can work with them
24 to figure out the best way to do that, so that way we are
25 not duplicating it in two separate reporting regimes.

1 BOARD MEMBER BALMES: And just to highlight
2 something I clearly heard from you was that 1,700
3 different entities reported to the Department of
4 Insurance, which would be way more than the number that we
5 would have, if we didn't give the exemption for insurance.

6 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: That's
7 correct. Their threshold for reporting is an entity
8 underwriting, right, so issuing an insurance policy for
9 100 million or more, which, of course, is a fairly low
10 threshold. And that's why you're seeing their reporting
11 regime capturing 85 percent or more of the entire United
12 States insured.

13 BOARD MEMBER BALMES: And I'm sure I'm not the
14 only Board member who would say this, but I really
15 appreciate your staff working closely with the Department
16 of Insurance. That's the kind of collaboration I'd like
17 to see crossing silos. Thank you.

18 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Thank
19 you, Dr. Balmes.

20 CHAIR SANCHEZ: Thank you, Dr. Balmes.

21 Board Member Rechtschaffen.

22 BOARD MEMBER RECHTSCHAFFEN: I just wanted to
23 clarify what I think I heard you say going forward --

24 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Okay.

25 BOARD MEMBER RECHTSCHAFFEN: -- and tell me if

1 this is correct --

2 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Yes.

3 BOARD MEMBER RECHTSCHAFFEN: -- that we're going
4 to continue working with the Department of Insurance to
5 make sure that we're in sync and to make sure that if we
6 are relying on what they're doing, that their rules are as
7 comprehensive and cover as many types of emissions as ours
8 do, and that we remain in synch that way. Is that what I
9 hear you saying?

10 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH:

11 Absolutely. And, you know, just to step back,
12 the staff have done a really amazing job. I'm sure you
13 can appreciate -- and you saw on the slide, right, there
14 are a lot of jurisdictions around the world who are
15 already requiring this kind of reporting. There are
16 international reporting standards. Certainly, we are
17 directed to use some of those. But the point is, is there
18 is a large body of reporting already happening. And so,
19 as we've approached this, it's been a top focus for us to
20 learn what that landscape is, so that way we are able to
21 leverage it, and build upon it, and also in the spirit of,
22 you know, what we understand the statutory intent to be,
23 to avoid duplication. So that's absolutely correct. We
24 have -- you know, we absolutely plan to continue those
25 engagements as we move through the next year plus and

1 think about the next regulatory effort that we have to
2 bring to ensure clarity for the remaining provisions of
3 the law.

4 BOARD MEMBER RECHTSCHAFFEN: Thank you.

5 CHAIR SANCHEZ: Thank you, Board Member
6 Rechtschaffen.

7 Board Member Eisenhut, I see you on the line.
8 Please.

9 You're on mute Board Member Eisenhut.

10 BOARD MEMBER EISENHUT: Thank you. I've got one
11 question for clarification and one comment. First, the
12 clarification with regard to the litigation and the
13 reporting, it's my assumption that when those two are
14 honored or aligned, that the reporting requirement is part
15 of the regulation will not be in effect until the
16 litigation is settled, is that a correct assessment?

17 CHIEF COUNSEL DILLEY: So in relation to SB 261,
18 that will not be enforced. The regulation will go into
19 effect as we will be submitting this to the Office of
20 Administrative Law. But again, it will not be -- what the
21 injunction is against is enforcement.

22 BOARD MEMBER EISENHUT: Okay. Okay. And on
23 the -- on the insurance exemption -- and I accept staff's
24 recommendation on this, but I have a -- I have a request.
25 In order to provide more transparency and allow folks who

1 have an interest in this topic to secure the information
2 from a single source, can we somehow align our dashboard
3 reporting, so that it provides either the summary of the
4 information from the Insurance Commissioner, or, at the
5 very least, a link to that information, so folks who have
6 an interest can use a one stop shop in essence for their
7 searches?

8 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Yes.
9 Thank you so much for that question. Absolutely. We are
10 more than happy to provide a link to the Department of
11 Insurance webpage, where folks can access the publicly
12 available information. Again, they have that back to
13 2010, so I think it will be a very comprehensive approach.
14 So appreciate the suggestion and we absolutely can do
15 that.

16 BOARD MEMBER EISENHUT: Okay.

17 CHAIR SANCHEZ: Thank you, Board Member Eisenhut.
18 Any other comments on the insurance issue?
19 Yes, Supervisor Hopkins.

20 BOARD MEMBER HOPKINS: Yeah. Just one question
21 that I had is what are the consequences of someone not
22 filling out that for CDI? In other words, sort of how can
23 we hold an accountability piece if someone is not
24 complying with that? Is there leverage?

25 DEPUTY EXECUTIVE OFFICER SAHOTA: Thank you,

1 Supervisor Hopkins. Rajinder Sahota here. I can help
2 answer that question. There are many programs at the
3 State level where we depend on data from our sister
4 agencies. And to the extent that they are required to
5 implement, and enforce, and hold accountable those
6 entities, we would work with them to make sure that we
7 understand what challenges there may be or what the plan
8 is to make sure that they have the comprehensive
9 reporting.

10 We certainly can't come in and take enforcement
11 on their program, but this is just part of how we work
12 with our sister agencies to make sure that we understand
13 what challenges there may be and if we can assist in any
14 way to making sure that, you know, the data that we want
15 to make available to our stakeholders is available on
16 their website.

17 BOARD MEMBER HOPKINS: Great. So essentially you
18 would notify them and then they would move forward with
19 kind of their actions to ensure that that information is
20 being reported to CDI?

21 DEPUTY EXECUTIVE OFFICER SAHOTA: That's correct.
22 We would be perfectly fine to continue to collaborate and
23 share with them any information about anyone that may be
24 missing from their reporting that we feel would be
25 captured by ours, if we had done it. Of course, there's

1 going to be a gap, because our thresholds our higher, so
2 we may not get everybody. But that kind of
3 agency-to-agency coordination is something manage we
4 already do in other areas.

5 BOARD MEMBER HOPKINS: Perfect. Thank you so
6 much.

7 CHAIR SANCHEZ: Okay. I would love -- let's put
8 up a pin in the insurance bucket of issues right now. I
9 know that we have a Board member texting me from the
10 airplane, excited to jump in on this issue once he lands
11 and is back online. So we will come back to that and
12 welcome your comments, Senator Stern.

13 Moving on to bucket number two briefly, the fee
14 and reporting deadline. Courtney, appreciated your kind
15 of overview around the flexibilities given and the 6- and
16 18-month time frame. Board members any comments or
17 questions on the fees?

18 Yes, Supervisor Hopkins.

19 BOARD MEMBER HOPKINS: Thank you. One of the
20 things that was brought up by a member of the public was
21 the question around mergers or acquisitions, and things
22 that could potentially complicate the timeline. And so I
23 was just curious if we have the opportunity to offer
24 extensions in sort case-specific, where there may be
25 something that there is an unforeseen complication that

1 makes reporting by August difficult?

2 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: So
3 part of the enforcement discretion approach that we
4 provided for folks last January really invites them
5 provide and make a good faith effort. And so, you know,
6 being able to engage with each reported entity to
7 understand, like I said, like what data they have
8 available, what processes they've had in place, if any.
9 If not, what efforts they're planning to take to be able
10 to start and build their internal processes to collect.
11 Those are absolutely conversations we plan to have.

12 Like I said, we're trying to ensure that we are
13 working with entities and understands that in the same way
14 we're building this program, many, you know, companies
15 will be as well. So that is definitely a conversation
16 that we can have with them around, that good faith effort.

17 BOARD MEMBER HOPKINS: Okay. So that is
18 something that could actually -- a conversation that could
19 take place before the deadline, because I recognize that
20 some people would rather ask for forgiveness than
21 permission, but for those who want to ask for permission,
22 rather than forgiveness, you could essentially, you know,
23 send an email or give them documentation of yes, you
24 can -- you know, it's okay to take a couple of extra
25 months. We see that you're making a good faith effort.

1 So it's not like they're worried about kind of pushing
2 past that deadline without permission.

3 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH:

4 Absolutely. You know, our staff have been really
5 great about engaging one-on-one with those who believe
6 that they are covered by this law. And we are here to
7 demystify, clarify, continue to engage on concerns that
8 folks have, and that door is very much open.

9 BOARD MEMBER HOPKINS: Thanks. And then my last
10 question is just in terms of that timeline, there were
11 also questions raised about the determination of to which
12 corporations this will apply, in terms of potentially
13 applying to, you know, companies that don't actually have
14 employees or physical locations in California, which -- so
15 I guess how do we make that determination and how do we
16 notify those companies, because for instance if a company
17 didn't think that they were required to comply and then a
18 you months go by and they find out that they are, that
19 could potentially result in a delay of timeline.

20 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: That
21 is also why we are treating this as a building year. You
22 know, I think as we -- first, let me say, you know, the
23 staff -- and we've done -- you know, taken many steps to
24 try and move us toward really understanding what the body
25 of reported entities are. We've purchased third-party

1 data. We've put out a preliminary list of who we believe
2 is reporting and have gotten feedback on that. So through
3 that process, we are honing in on who we anticipate to
4 report.

5 Of course, and this is actually part of the staff
6 proposal, you know, there may be instances where there are
7 companies through time where they may not actually hit the
8 threshold, but then at some point they do, right? They've
9 got a great financial year. One of the things that we're
10 doing to again make sure that there is enough lead time
11 for folks to understand if they have to comply is we are
12 proposing that they have to report based on the revenue
13 threshold that is the lowest for the two previous fiscal
14 years.

15 So that gives companies enough -- you know, if
16 they hadn't been reporting and all of a sudden their
17 revenue shifted, such that they are above the threshold,
18 they have more runway to be able to prepare. And so that
19 approach is very much embedded in the proposal before you.

20 BOARD MEMBER HOPKINS: Thank you so much. So
21 just to sort of confirm. What I'm hearing is that August
22 is a goal that we expect progress towards, but it is not a
23 drop-dead deadline, if there are extenuating circumstances
24 and someone is actually making a good faith effort to
25 comply.

1 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: No.
2 The August deadline is a deadline we are expecting folks
3 to report to us on. In terms of the ability for entities
4 to provide -- you know, to recognize, right, that entities
5 may have challenges with, you know, meeting the full
6 requirements of what is in statute, we have offered that
7 enforcement discretion to allow them to give us what they
8 have. So it's very simply, whatever you had when we
9 issued that enforcement discretion in December, please
10 provide it to us.

11 And if you weren't collecting data at that time,
12 that's fine too. Let us know what your plan is to do
13 that, so we can demonstrate that there is a good faith
14 effort being made.

15 BOARD MEMBER HOPKINS: Okay. So you need to have
16 something in by August, but you don't need to have
17 everything in by August, if it is -- if there are
18 challenges with full completion, is that --

19 CHIEF COUNSEL DILLEY: If I could just add, just
20 because, you know, reporting is something that we do in a
21 lot of our regulations. So we have a very long history of
22 working with entities. It's always case by case, right?
23 There might be a situation where someone does have certain
24 circumstances that requires enforcement discretion. I
25 mean, you know, what we have in the regulation is the law.

1 Again, there's the enforcement discretion that Courtney
2 was discussing, but I think rather than, you know, talking
3 through hypotheticals, you know, if there are companies
4 that have issues, they would work with us early on. And
5 we have, for example, a whole enforcement section that
6 works with companies to get them into compliance, if they
7 are having issues.

8 And so, there's a whole enforcement policy we
9 utilize. And so we have a good working history with the
10 companies, but I think we need to be careful about saying
11 don't need to comply, because again, you know, the -- what
12 is in the regulation is the deadline.

13 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: I also
14 want to point out part of the reason why in our regulation
15 we are proposing to have the August 10th deadline, and it
16 is critical for folks to meet that deadline, is because
17 that information is foundational for us to be able to
18 identify who we need to send notices for for purposes of
19 assessing the fees. So that is how that is structured.

20 And, you know, this approach is the same type of
21 approach that is taken in other regulatory programs. SO
22 there is precedent there.

23 BOARD MEMBER HOPKINS: I appreciate the answers.
24 I recognize I'm trying to get clarity around flexibility,
25 which is challenging, right, because you're trying to be

1 flexible and I'm trying to see like how, and it's a hard
2 question to answer.

3 DEPUTY EXECUTIVE OFFICER SAHOTA: So Supervisor
4 Hopkins, just building on what my colleagues said here,
5 we've rolled out a mandatory greenhouse gas reporting
6 program, HFC program, many, many reporting programs, and
7 we know from experience that it can take the first few
8 years to actually understand the universe of whose
9 reporting, make sure that they understand the
10 requirements.

11 And so, just like with those other programs, we
12 are going to be focused on assisting for compliance and
13 doing what we can to have a smooth and efficient rollout
14 of the program. That is always the goal for every program
15 such as this one at CARB.

16 CHAIR SANCHEZ: Thank you, Supervisor Hopkins.

17 Any additional questions on the deadline for
18 reporting fee structure?

19 No. Okay. Seeing none, we'll move to the third
20 bucket of issues, litigation, on which we can't ask that
21 many questions, or general comments, which Board Member
22 Rechtschaffen I recognize you want to.

23 Any litigation questions before I turn.

24 No.

25 Board Member Rechtschaffen, over to you.

1 BOARD MEMBER RECHTSCHAFFEN: I'm happy to wait
2 for Senator Stern, if he's available, Chair, but otherwise
3 I'll --

4 CHAIR SANCHEZ: He is not, so please. Thank you.

5 BOARD MEMBER RECHTSCHAFFEN: Okay. I will go
6 ahead then. Well, I want to -- I want to commend the
7 staff for all the pragmatic changes to make this easier to
8 implement, and less burdensome to businesses, including
9 the enforcement discretion that you just outlined.

10 And I want to thank you, Courtney, for your
11 clarification that we will continue to work to ensure that
12 if we rely on the Department of Insurance disclosures that
13 their rules are mandatory and that they are as extensive
14 as ours. That's a very helpful clarification.

15 I want to just step back, take two minutes to put
16 this in context. This -- these rules and this statute are
17 very important. Of course, as we've heard, we have a
18 federal administration that says the earth is flat, black
19 is white, and climate change is a hoax. And we know
20 that's not the case. We know that climate change is here,
21 accelerating, and that if it's left unchecked, poses an
22 existential threat to us.

23 I want to highlight three very important things
24 about this rule. One, it's fundamentally a conservative
25 free-market based approach. It just requires businesses

1 to provide information about their emissions and risks.
2 It doesn't compel them to install any pollution control
3 equipment, make any changes in their businesses.

4 And this is information the public has a right to
5 know, investors have a right to know, community members,
6 insure -- and others, as they make decisions about where
7 they want to put their money, who they want to do
8 businesses with.

9 And as you heard from one of the commenters, as
10 you saw I think it was, the spotlight in the sunshine can
11 make companies more efficient and more competitive. So
12 it's a very free market approach.

13 Number two, many large companies are already
14 calculating their emissions and risks, if they're governed
15 by voluntary industry codes. We heard staff say it's
16 close to two-thirds of jurisdictions around the world.
17 There are many other voluntary codes. And beyond that,
18 companies are calculating these emissions of risk, because
19 they live in the real world. They don't live in a world
20 of ideological fantasies where we're not going to be
21 facing climate change.

22 They know that their businesses will operate in
23 this world and that they have to plan for that
24 possibility. And we've got comments in the record. A
25 study from UCLA showed that about close to 88 percent of

1 S&P 500 company are disclosing their Scope 1 and 2
2 emissions. And close to 70 percent are disclosing Scope 3
3 emissions.

4 And then finally, although we didn't design this
5 rule to regulate beyond our jurisdiction. This will have
6 important spill-over effects. It will benefit people
7 nationally, internationally, because once businesses
8 disclose information, consumers, investors elsewhere will
9 benefit from this knowledge. And as staff pointed out
10 earlier, people look to California, and they follow our
11 example.

12 So for all these reasons, I'm strongly supportive
13 of today's regulation.

14 CHAIR SANCHEZ: Thank you, Board Member
15 Rechtschaffen for those comments.

16 Yes, Dr. Balmes.

17 BOARD MEMBER BALMES: Thank you, Chair. I just
18 want to second Mr. Rechtschaffen's comments. I totally
19 agree with them. Surprise. Surprise. No.

20 And again, I think staff has done a really good
21 job of trying to deal with this relatively complex, but
22 very important effort to have transparency. And on the
23 insurance companies in particular, I think most insurance
24 companies are paying a lot of attention to their risks
25 related to climate change.

1 So I don't feel like it's going to be a big --
2 despite some testimony heard today, I don't think it's
3 really going to be that much of a hardship for insurance
4 companies, especially if they're already reporting to the
5 Department of Insurance most of what we need them to
6 report.

7 As senator Wiener said, they can just, you know,
8 pass over what they've sent to the Department of Insurance
9 if that becomes necessary. But I really appreciate
10 staff's effort on this and the continued effort to work
11 with the Department of insurance. And I think the
12 presentation has been great. And Courtney, you've done a
13 great job at dealing with our questions in those three
14 buckets.

15 CHAIR SANCHEZ: Thank you, Dr. Balmes.

16 Appreciate those comments as well.

17 Either new -- either of our new members, any
18 comments, questions for -- no.

19 Yes, Supervisor Hopkins.

20 BOARD MEMBER HOPKINS: I also just want to say
21 thank you so much for the wonderful staff work that went
22 into this and to the engagement. I recognize that I
23 believe there was already an extension provided from the
24 original proposal in terms of the timeline for compliance.
25 And I'm going to try restating what you said one more

1 time, which is that we have a rule and we also have
2 compassion, right, to sort of work with individuals on a
3 on-on-one basis, as we shift into complying with this new
4 regulatory framework. Is that an accurate way of phrasing
5 it?

6 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH:

7 Absolutely. We -- and maybe if I might submit,
8 you know, we're very much in the business of following the
9 law and we need to do it in a way that's reasonable. And
10 so that is the needle that we are threading as we move
11 forward.

12 BOARD MEMBER HOPKINS: Great. Third time is the
13 charm. I think I got it right this time, but thank you so
14 much. And I also really appreciate your work with CDI and
15 the clarity that you provided around this. I'm really
16 excited to -- it't not getting us across the finish line.
17 I think it's more the starting line in a way, right? But
18 thank you so much for all of your deep engagement with
19 stakeholders and for the work that went into this. I'm
20 thrilled to support it.

21 CHAIR SANCHEZ: Thank you, Supervisor Hopkins.
22 Appreciate those remarks and your support as well.

23 We're joined by Senator Stern. Yes, please.
24 Senator Stern, the floor is yours.

25 SENATOR STERN: Yeah. Thanks. And apologies for

1 a somewhat informal unprofessional circumstances on which
2 I've got to remotely weigh in here. But I've been
3 listening throughout the pendency of the hearing.

4 I guess I want to get some clarification before
5 you all take the vote on exactly how -- what the sort of
6 staff response is going to look like in a subsequent
7 meeting about how to resolve these concerns about an
8 unauthorized exemption in the reg. Is the -- the way I'm
9 understanding, and maybe staff can clarify, but you'll
10 be -- you'll be clarifying that, in fact, there is not a
11 blanket exemption in the reg, but that, in fact, you'll
12 be looking at ways to meet the non-duplication
13 requirements in SB 253 and streamline the reporting
14 process. And to the extent that -- sorry. And to the
15 extent that the -- a company is reporting say to CDI or
16 compelled to report to CDI, that that would be able to
17 count towards their compliance obligation, but not their
18 compliance obligation sort of wouldn't exist anymore.

19 I don't know if we have that language ironed out
20 yet, but I wanted to try to get specific, because I think
21 it will -- it will be important for myself, and I know for
22 my joint author on this measure, to know that we're sort
23 of just adhering to the non-duplication requirements, but
24 still respecting the lack of an expressed authorization
25 around exemption?

1 DEPUTY EXECUTIVE OFFICER SAHOTA: So Senator
2 Stern, this is Rajinder, Deputy Executive Officer for
3 Climate. On that point what we're planning to do is
4 continue to work with the Insurance Commission, the
5 Department of Insurance, to make sure that we fully
6 understand the kind of data that they are collecting,
7 which we have a good idea about, since they've got so much
8 public transparency on their website, and
9 cross-referencing that with what's in 253 and making sure
10 that that data is already being collected. So confirming
11 that.

12 If there's any gaps, we will then have a public
13 conversation, as part of a subsequent rulemaking to see if
14 we need to close those gaps. But right now, what we think
15 is and believe is that all of the data that would be
16 collected under 253 under Scope 3 as one of those 15
17 categories is already being reported to the California
18 Department of Insurance. But we will do our homework on
19 that and avoid duplicative reporting.

20 SENATOR STERN: Appreciate that, Deputy Executive
21 Director. I guess, yeah, so that was the -- you mentioned
22 Scope 3 just now. We certainly don't want to get ahead of
23 that process that's going to be underway for the rest of
24 the year. So it's good to hear that they won't be
25 exempted from that Scope 3 process. But on the Scope 1

1 and 2 issue, that we're trying to get resolved today, am I
2 hearing you right that they are also -- you'll also be
3 coordinating with CDI to make sure that that data reported
4 to CDI is going to be used for compliance purposes, but
5 not that there will be sort of again a blanket exemption
6 from compliance overall for Scope 1, 2 and 3?

7 DEPUTY EXECUTIVE OFFICER SAHOTA: We will confirm
8 and make sure that we're being transparent on the
9 reporting of Scope 1 and Scope 2, as it applies to
10 insurance companies to the Department of Insurance. So we
11 will close that loop as well.

12 SENATOR STERN: Okay. I would love to see the
13 reso language before once you -- before you guys get it
14 all ironed out here, but that -- that's been the main
15 concern for myself and my colleagues, who have been
16 counting on me to relay their remarks. So appreciate you
17 guys taking a second. And again, apologies for the
18 informal circumstances.

19 CHAIR SANCHEZ: Thank you, Senator Stern. Thank
20 you Rajinder. Happy Birthday.

21 Board Member Rechtschaffen, a response.

22 BOARD MEMBER RECHTSCHAFFEN: Well, I can't
23 respond to that about Rajinder's birthday.

24 (Laughter).

25 BOARD MEMBER RECHTSCHAFFEN: Chair Sanchez and

1 Courtney, I couldn't quite hear everything Senator Stern
2 said, but I'm just wondering if you would be open to
3 considering a resolution that directs the Executive
4 Officer to do essentially what he was suggesting that we
5 direct the Executive Officer to coordinate with the
6 Department of Insurance to evaluate future propose --
7 future regs as necessary to make sure that compliance --
8 to make sure that insurance companies are included within
9 the scope of this law, if similar data is not provided to
10 the Department of Insurance. So in other words, just
11 stating our intent in the formal resolution for staff to
12 do what we've just been talking about. So I'm wondering
13 if you might be open to that.

14 CHAIR SANCHEZ: That is certainly something I
15 would be open to. I'm looking to other Board members,
16 nodding. Yes. Staff, any thoughts on that kind of
17 direction on the inclusion of resolution language?

18 PRINCIPAL DEPUTY EXECUTIVE OFFICER SMITH: Yeah.
19 So we are perfectly comfortable putting in resolution
20 language what we've already committed to, which is to
21 continue to work with the Department of Insurance. I do
22 just want to -- maybe we can confirm and maybe I can offer
23 up some language and you can let me know if this aligns
24 with what you're expecting.

25 So I think what I'm hearing is that the Board is

1 directing the Executive Officer, or their designee, to
2 coordinate with the California Department of Insurance in
3 order to evaluate and propose future regulatory
4 requirements, as appropriate, to include insurance
5 companies within the scope of Health and Safety Code
6 Section 38532, which is SB 253, provided that they're not
7 otherwise required to submit that emissions data to the
8 California Department of Insurance. And perhaps we can
9 also add in that we will strive to minimize any
10 duplicative reporting burden to the extent feasible.

11 BOARD MEMBER RECHTSCHAFFEN: Yes. Thank you.
12 That would capture very well what I was talking about.

13 CHAIR SANCHEZ: Great. Wonderful. Much
14 appreciated. Any additional comments?

15 No.

16 Okay. With that additional amendment to the
17 resolution, the Board has before them Resolution number
18 26-1, amended. Do I have a motion and a second.

19 BOARD MEMBER RECHTSCHAFFEN: So moved.

20 BOARD MEMBER BALMES: Second.

21 CHAIR SANCHEZ: We have to come up with third and
22 fourth. Yes. Thank you.

23 Board Clerk would you please call the roll.

24 BOARD CLERK FRENCH: Dr. Balmes?

25 BOARD MEMBER BALMES: Yes.

1 BOARD CLERK FRENCH: Mr. Eisenhut?

2 BOARD MEMBER EISENHUT: Yes.

3 BOARD CLERK FRENCH: Supervisor Hopkins?

4 BOARD MEMBER HOPKINS: Yes.

5 BOARD CLERK FRENCH: Mr. Rechtschaffen?

6 BOARD MEMBER RECHTSCHAFFEN: Yes.

7 BOARD CLERK FRENCH: Assemblymember Santiago?

8 BOARD MEMBER SANTIAGO: Yes.

9 BOARD CLERK FRENCH: Dr. Stigler Granados?

10 BOARD MEMBER STIGLER GRANADOS: Yes.

11 BOARD CLERK FRENCH: Chair Sanchez?

12 CHAIR SANCHEZ: Yes.

13 BOARD CLERK FRENCH: Madam Chair, the motion
14 passes.

15 CHAIR SANCHEZ: Wonderful. Thank you.

16 And so concludes today's meeting of the
17 California Air Resources Board.

18 Nope. I'm so sorry. I jumped the gun. It is --
19 I've been out of practice since we haven't met since
20 November. Luckily some veterans here on the Board.

21 So it passes. Yay. Congratulations, team.

22 (Applause)

23 CHAIR SANCHEZ: Thank you, staff. We will now
24 move to open comment. For those who wish to provide a
25 comment regarding an item of interest within the

1 jurisdiction of the Board not listed on today's agenda.
2 The clerk will call on those who have submitted a
3 request-to-speak card. And if you are joining us remotely
4 and wish to comment, please click the raise hand button or
5 dial star nine now.

6 Will the Board clerk please call on those who
7 have requested to speak. Thank you.

8 BOARD CLERK FRENCH: Thank you, Chair.

9 We do not have any in-person commenters who have
10 submitted a request-to-speak card. We do have two Zoom
11 commenters.

12 The first Zoom commenter is Paul Henkin.

13 Paul, I have activated your microphone. You may
14 unmute and begin.

15 PAUL HENKIN: Good afternoon. Paul Henkin here.
16 Hoping you had a good lunch.

17 It disturbs me that there is so much focus on
18 decarbonization leading to VMT 15-minute cities, battery
19 storage facilities, EVs, increased wildfire dangers, and
20 other anti-people things. San Diego allows toxic kilns in
21 residential areas. The county allows lead in aviation
22 fuel near schools, toxic weed killers and pesticide fumes.
23 There are plastic fumes and chemically altered con trails
24 all over. Get rid of these and you probably won't need
25 all the decarb stuff.

1 We need to be a lot more creative and not write
2 off every natural causes, something we simply can't
3 control. In fact, I noticed when reading an article about
4 air pollution that meat eaters produce about two times as
5 many GHGs as vegetarians. Meat is tougher, harder to chew
6 and digest. So how committed to low GHGs are you?

7 Anyway, here is my list of what causes climate
8 change, man-made causes that we can easily control,
9 industry, plastics manufacturing, mining and construction
10 industries, fashion industry, big agribusiness, EV BIS,
11 burning during house and wildfires, air pollution, con
12 trails and chem trails, air pollution from manufacturing
13 chemicals, water pollution, greenhouse gas emissions, and
14 waste generation.

15 Thank you.

16 BOARD CLERK FRENCH: Thank you.

17 Our last Zoom commenter is a call-in phone number
18 ending in 813. I have activated your microphone and you
19 may begin your comment.

20 CONSUELO: Okay. Thank you for that. And I
21 don't think it's been that long for you to forget about
22 people who concerned, but perhaps you just really don't
23 want to hear from us.

24 Okay. So I guess I just want to address the
25 accountability. And, you know, your guys's possible

1 litigation where accountability is ignored. You know,
2 maybe Californians are looking up at the skies and asking
3 serious questions. And like the previous concerned
4 citizen mentioned, you know, we see heavy air traffic
5 leaving long lasting particulate trails and spread out to
6 create a haze. People are concerned about what we are
7 breathing. They are concerned about respiratory illness,
8 chronic inflammation, autoimmune conditions, and rising
9 cancer diagnoses.

10 At the last -- earlier item, a women from Amador
11 County was speaking on behalf of some kind of Heart of
12 Gold Foundation. Anyway, long story short, she -- you
13 know it's sad that whether you agree with every conclusion
14 or not, the concern is real. The fear is real. The
15 illnesses are real. And when people feel dismissed
16 instead of heard, that's when litigation becomes a
17 possibility from the people. If this agency has the
18 power, the data, the technology to monitor and mitigate
19 air quality threats, then the public deserves
20 transparency. We deserve clear answers. We deserve
21 independent testing. We deserve open investigations when
22 communities raise alarms. It is deeply disturbing when
23 the same agencies tasked with protecting the public and
24 their health appear unwilling to fully address the biggest
25 concerns citizens bring forward.

1 As I said before, you are not above what you
2 implement. Systems built without transparency and trust
3 will not spare your families or your community's. If
4 policies are being shaped by interests beyond people's
5 California, that is betrayal of your public service. You
6 have a choice. You can be a part of real change,
7 transparent change, accountable change --

8 BOARD CLERK FRENCH: That concludes our comments.

9 CHAIR SANCHEZ: Thank you.

10 I'll close with another warm welcome to our two
11 new Board members. Thank you for being here. And the
12 February 26th, 2026 Board meeting of the California Air
13 Resources Board is now adjourned.

14 Thank you.

15 (Thereupon the California Air Resources Board
16 meeting adjourned at 2:12 p.m.)

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