

March 21, 2025

Chair Liane M. Randolph
California Air Resources Board
1001 I Street
Sacramento, CA 95814
CC: Senator Henry Stern, Senator Scott Wiener

RE: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219

Dear Chair Randolph and Staff,

We write on behalf of Beyond Alliance, Center for Climate and Energy Solutions, Ceres, Conservation International, and Environmental Defense Fund in response to the Information Solicitation issued on December 16, 2024.

California's leading climate disclosure regulation under SB 253 and 261 will play an important role in increasing the transparency of climate related data by companies covered by the laws. Many covered entities invest in a variety of market-based instruments such as environmental attribute certificates (EACs) including voluntary carbon credits,¹ Renewable Energy Certificates, sustainable aviation fuel certificates, and other commodity-specific or energy carrier certificates as part of their climate action and climate risk mitigation strategies. Today, these voluntary mitigation actions are not captured consistently in company greenhouse gas inventories due to a lack of clear inventory accounting guidance. Specifically, the Greenhouse Gas Protocol (GHGP) does not provide detailed guidance on quantifying or characterizing mitigation impacts from these instruments, nor does it provide a standardized reporting template to transparently communicate important details about those instruments². California can improve the transparency and comprehensiveness of corporate climate reporting by enabling companies to report on the full suite of actions and instruments they are using to address their climate impact and mitigate climate risks.

Many covered entities may wish to voluntarily disclose these mitigation and climate risk reduction efforts to address investor interest in climate-related financial risk strategies or to substantiate corporate climate claims. To facilitate reporting for covered entities who voluntarily

¹ An [EAC is defined by the Science Based Targets Initiative](#) as a contractual instrument used to quantify, verify and track the environmental benefits associated with climate mitigation. EACs are used in a wide range of pollution control regulations and voluntary climate action systems, most notably the voluntary carbon market, and are increasingly used in voluntary emissions reduction programs to facilitate investment by companies in low carbon solutions that may or may not be directly related to their own supply chains.

² The exception is the GHGP's current guidance on the use of market based accounting for Scope 2 emissions.

choose to invest in such instruments, CARB should provide guidance in the form of suggested data fields, standard disclosure format, or sample reporting templates, and by endorsing additional sources of guidance that ensure transparency and consistency in reporting by companies that actively utilize market instruments.

California SB 261, Section 2 (b) (5) contemplates the potential for climate related financial risk reports to include a description of a covered entity's voluntary climate mitigation efforts.

To the extent a climate-related financial risk report contains such a description of a covered entity's greenhouse gases or voluntary mitigation of greenhouse gases, the state board may consider covered entity's claims if those claims are verified by a third-party independent verifier.³

Additionally, California SB 253 requires companies to report their GHG emissions in line with the Greenhouse Gas Protocol Guidance and Standards (GHGP). Page 60 of the GHGP's Corporate Accounting and Reporting Standard explicitly states that market-based mechanisms such as offsets and carbon credits "...should be reported in [a company's] public GHG report under optional information—either in relation to a target or corporate inventory."

Providing disclosure templates would align with existing GHG Protocol guidance for reporting emissions from Scopes 1, 2 and 3, while addressing existing gaps in reporting on voluntary mitigation actions of GHGs. It is timely for CARB to provide such direction as the GHG Protocol is currently undergoing revisions that are not anticipated to be complete before at least 2028, if not later, leaving companies without a transparent and standardized method for reporting on these activities for at least the next two years.

Guidance for voluntary mitigation descriptions should highlight easily accessible information useful to investors evaluating the impacts of voluntary mitigation action on a covered entity's business. In its Climate-related Disclosure Rule⁴, the U.S. Securities and Exchange Commission (SEC) recognized the utility of basic information regarding mitigation efforts to investors assessing the risk, efficacy and financial impacts of a covered entity's climate related financial risk strategy.

Based in part on this rationale, the SEC rule required the following information to be disclosed when carbon offsets or RECs are used as a material component of a covered entity's plan to achieve climate-related targets or goals:

- the amount of carbon reduction or removal represented by the carbon credits or the amount of generated renewable energy represented by the RECs;
- the nature and source of the carbon credits or RECs;
- a description and location of the underlying projects; any registries or other authentication of the carbon credits or RECs; and
- the cost of the carbon credits or RECs.

In addition, the GHG Protocol Scope 2 Guidance recommends additional features about RECs be disclosed including:

³ SB 261; HSC Section 38533(b)(5)

⁴ <https://www.sec.gov/rules-regulations/2024/03/s7-10-22>

- Age of the facility that generated the renewable energy credits
- Any incremental funding that was needed to finance the original project
- Energy resource type (i.e., “mix”, “multiple renewables” or a specific resource)

The above elements may represent useful reference points for potential CARB guidance. Guidance may be expanded further to highlight information relevant to specific voluntary mitigation investments, which is elaborated below.

Carbon Credits and Offsets

California AB 1305, Voluntary Carbon Market Disclosures (2023-2024), requires certain disclosures from entities that “purchase or use” carbon credits in connection with “net zero,” “carbon neutral,” or other claims implying greenhouse gas netting or reductions to its carbon dioxide or greenhouse gas emissions.

Section 44475.1⁵ requires publication of the following information:

- The name of the business entity selling the offset and the offset registry or program.
- The project identification number, if applicable.
- The project name as listed in the registry or program, if applicable.
- The offset project type, including whether the offsets purchased were derived from a carbon removal, an emission reduction, or a combination of both, and site location.
- The specific protocol used to estimate emissions reductions or removal benefits.
- Whether there is independent third-party verification of company data and claims listed.
- This section does not apply to entities that do not operate within the state or do not purchase or use voluntary carbon offsets sold within the state.

AB 1305 directs regulated entities to publish the above information “on the entity’s internet website” but does not provide further instruction regarding the form of required disclosures nor provide explanatory definitions for key terms. An effort to pass additional legislation with clarifications on AB 1305 disclosure (AB 2331) failed to move forward to a final vote in 2024, despite broad support from regulated entities and the author of AB 1305, an indication of the necessity for additional clarification.

As part of this rulemaking, CARB could consider setting forth this suite of disclosure elements, along with helpful clarifications, in voluntary disclosure guidance. Guidance on these elements may streamline and clarify compliance for those entities covered by AB 1305 that also wish to disclose voluntary mitigation efforts in climate related financial risk reports under SB 261.

Current guidance for voluntary mitigation efforts also highlights information showcasing the extent and impact of ambitious corporate climate action. The Voluntary Carbon Market Integrity Initiative’s Corporate Claims Code outlines a four-step process articulating how companies can make assurable enterprise-wide claims which reflect the credible voluntary use of carbon credits in support of collective efforts to reach global net-zero no later than 2050. The third step requires that companies making VCMI claims transparently report relevant information pertaining to retired credits.

Information required to be disclosed by VCMI’s Corporate Claims Code includes:

⁵ California AB 1305 Voluntary Carbon Market Disclosures (2023-2024)
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB1305

- number of credits purchased and retired
- carbon crediting program name
- project name
- project ID
- retirement serial number
- retirement date
- issuing registry for each credit used
- host country
- credit vintage
- methodology
- project type
- corresponding adjustment, if applicable
- information related to how the credit promotes equity and generates co-benefits to ecosystems and local economies, if associated with additional third-party certification regarding social or environmental integrity (e.g., SDGs label, SD Vista, Climate, Community and Biodiversity Standards, etc.)

These VCMI Claims Code disclosure requirements are the product of extensive stakeholder engagement and input from stakeholders across all sectors and regions, which may indicate broad support for and feasibility of this suite of disclosures.⁶

AB 1305 also notes that companies wishing to make environmental marketing claims should include:

“(a) All information documenting how, if at all, a “carbon neutral,” “net zero emission,” or other similar claim was determined to be accurate or actually accomplished, and how interim progress toward that goal is being measured. This information may include, but not be limited to, disclosure of independent third-party verification of all of the entity’s greenhouse gas emissions, identification of the entity’s science-based targets for its emissions reduction pathway, and disclosure of the relevant sector methodology and third-party verification used for the entity’s science-based targets and emissions reduction pathway. (b) Whether there is independent third-party verification of the company data and claims listed.”

Other than for companies using GHG Protocol Guidance for the entity’s greenhouse gas emissions, independent third-party verifiable guidance on all of these points is either incomplete, unclear, or does not exist. Companies making voluntary environmental or climate claims or commitments may wish to utilize these disclosure tools to enable third party assurance of the company data and claims, as required by AB 1305 and SB 261.

⁶ VCMI Claims Code, Executive Summary, at p. 6 (“The Claims Code is the result of two years of research and engagement with stakeholders across all sectors and regions, including road-testing of a provisional version, published in 2022, and two public consultations. Following the publication of the VCMI Claims Code in June 2023, VCMI carried out extensive engagements with a diverse set of stakeholder groups, including a VCMI Stakeholder Forum, Early Adopters Group and Expert Advisory Group.”)

Other Types of Environmental Attribute Certificates (EACs)

Today, existing guidance provides direction on how to account for only a fraction of the growing list of mitigation investments and climate action strategies companies are implementing across their value chains. To overcome the significant challenges of decarbonizing Scope 3 emissions, companies may take mitigation action by investing in decarbonization projects via the purchase of environmental attribute certificates (EACs)⁷. These instruments enable companies taking voluntary action to overcome a wide range of data, market, financial, and other real-world implementation challenges that necessitate market based instruments and accounting approaches.

To facilitate consistent and transparent reporting and the disclosure of information by covered entities reporting under SB 219, CARB could provide reporting templates for voluntary use by those companies who choose to disclose their use of market based instruments to accomplish voluntary GHG mitigation objectives.

Appendix A (attached to this letter) includes a set of indicative reporting table templates for the most common types of EACs:

- **Table 1** is an indicative example of multiple ledger reporting template that includes Scope 1, 2 and 3 reporting per the GHG Protocol integrated with fields for reporting all EACs, including RECs and carbon credits, with relevant attribute information.
- **Table 2** is an indicative example of an AB 1305 compliant carbon credit retirement disclosure table
- **Table 3** is an indicative example of a Renewable Energy Certificate (REC) reporting table
- **Table 4** is an indicative example of a Renewable Thermal Certificate (RTC) Retirement Disclosure Table
- **Table 5** is an indicative example of a Sustainable Aviation Fuel Certificate (SAFc) Retirement Disclosure Table
- **Appendix B** includes a comparison of the various reporting and disclosure elements for each EAC type, including Carbon Credits (per AB 1305), Renewable Energy Certificates and Low Emissions Fuel Certificates.

These tables provide a summary of the relevant attributes we recommend be used to characterize each of the major EAC types as they have been described in this letter.

The undersigned emphasize the voluntary nature of these recommendations, with respect to both the covered entity's decision to engage in voluntary mitigation of greenhouse gases, as well as the covered entity's decision to include information about such mitigation in climate related financial risk reports (beyond what the applicable laws require). The example tables below are indicative in nature only and are intended to illustrate the structure and type of

⁷ Greenhouse Gas Protocol, [Scope 2 Guidance](#), Table 8.1

reported information companies may wish to disclose related to their inventory and voluntary GHG mitigation actions.

We encourage CARB to consider these inputs as an important opportunity to ensure consistent, comparable and transparent reporting on the full range of voluntary mitigation actions companies may be undertaking. Thank you for your consideration.

Sincerely,



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Director
Beyond Alliance



Jake Rascoff
Director, Climate Financial Regulation
Accelerator for Sustainable Capital Markets
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Appendix A.
Indicative Reporting Table Templates

Table 1. Indicative GHG Inventory and Voluntary Mitigation of GHG Reporting Table Template For reporting period of XX-YY			
	Reporting Elements	Data Fields	
		Metric Tons CO ₂ e	Link to Verification Report
Part A: Emissions Inventory			
A	Scope 1: Direct Emissions (from owned or controlled sources)		
B	Scope 2: Indirect Emissions from Purchased Energy (Location Based)		
C	Scope 2: Indirect Emissions from Purchased Energy Sources (Market Based)		
D	Scope 3: All other indirect Emissions in the Value Chain		
Part B: Voluntary Mitigation of Greenhouse Gases			
	Mitigation tracked by environmental attribute certificate (EAC) type	Number of Units Retired in reporting period (Metric Tons CO ₂ e reduced) if applicable	Link to EAC specific reporting Table
E	Renewable Energy Certificates (RECs)		
F	Renewable Thermal Certificates (RTCs)		
G	Sustainable Aviation Fuel Certificates (SAFc)		
H	Carbon Credits		
J	Other relevant EAC types ⁸		

⁸ For example, this could include other emerging EACs for low carbon commodity products, voluntary retirement of allowances, etc.

K	Other voluntary mitigation actions that aren't currently captured in any of the categories above ⁹		Link to description of voluntary mitigation actions
Total Number of EACs Retired in Reporting Period (metric tons CO ₂ e reduced)			

Table 2. Indicative Carbon Credit Retirement Disclosure Table

Table 2. Indicative Carbon Credit Retirement Disclosure Table For time period of XX-YY		
	Reporting Elements	Data Fields
Data Field	Total Number of Credits Retired in reporting period	Sum of all 1.B fields
1	Project XYYY	
1.A	Project Name	(Each project would complete one of these tables)
1.B	Total number of credits retired from this project in reporting period	
1.C	Name of Entity Retiring Credit*	
1.D	Registry or Program where certificates were issued and retired	
1.E	Link to proof of retirement certificates and relevant serial numbers	(appendix or link to external document)
1.F	Project ID/Registration Number (if applicable)*	
1.G	Location of project (county and country)*	
1.H	Offset Project Type (avoided emission, emission reduction, emission removal, combination)*	

⁹ There may be actions that companies are taking on a voluntary basis to undertake voluntary GHG mitigation activities, but that are not reflected in reported GHG inventory totals and/or are not issued under a third party certification system or standards (e.g. investment in energy efficiency, enabling infrastructure, Research and Development of new low carbon technologies, etc). These actions may be reported both quantitatively and qualitatively and measured in greenhouse gas emissions impact, investments or expenditures, or on an qualitative reported actions basis. CARB may wish to include additional reporting lines for these types of actions that would otherwise go unreported/disclosed.

1.I	Methodology or Protocol Name and Version*	
1.K	Validation Verification Body (VVB) Name or third party assurance provider*	
1.L	Link to Verification Report*	(appendix or link to external document)
1.M	Credit Vintage(s)	
1.N	Other relevant data (additional certifications or standards)	
2	Project XYYY	
2.A-2.N	Report data lines 2.A-2.N for each additional project	
*Indicates AB 1305 required/compliant reporting element		

Table 3. Indicative Renewable Energy Certificate (REC) Retirement Disclosure Table

Indicative Renewable Energy Certificate (REC) Retirement Disclosure Table For time period of XX-YY		
	Reporting Elements	Data Fields
Data Field	Total Number of Credits Retired in reporting period	Sum of all 1.B fields X
1	Project XYYY	
1.A	Project Name (e.g. renewable energy generator ID)	(Each project would complete one of these tables)
1.B	Total number of credits retired from this project in reporting period	
1.C	Name of Entity Selling Credit (e.g. renewable energy generator operator)	
1.D	Registry or Program where certificates were issued and retired	
1.E	Link to proof of retirement certificates and relevant serial numbers	(appendix or link to external document)
1.F	Project ID/Registration Number (if applicable)	
1.G	Location of project (electric grid region or country)	
1.H	Methodology or Protocol used to calculate avoided emissions from REC-tracked electricity generation (if those results are included in the reporting company's GHG report) (Name and Version)	
1.I	Credit Vintage(s) (Time periods RECs were issued)	
1.J	Other relevant information (additional certifications or standards)	
2	Project XYYY	
2.A-2.N	Report data lines 2.A-2.J for each additional project	

Table 4. Indicative Renewable Thermal Certificate (RTC) Retirement Disclosure Table

Table 4. Indicative Renewable Thermal Credit (RTC) Retirement Disclosure Table For time period of XX-YY		
	Reporting Elements	Data Fields
Data Field	Total Number of Credits Retired in reporting period	Sum of all 1.B fields X
1	Project XYYY	
1.A	Name of Entity Retiring Credit	
1.B	Total number of credits retired in reporting period	
1.C	Registry or Program where certificates were issued and retired	
1.D	Link to proof of retirement certificates and relevant serial numbers	(appendix or link to external document)
1.E	Project ID/Registration Number (if applicable)	
1.F	Location of project (region or country)	
1.G	Carbon intensity (CI) score (if provided and applicable)**	
1.H	Identify type of CI score provided (full lifecycle CI, partial lifecycle CI, injection point CI)**	
1.I	Fuel feedstock(s)	
1.J	Methodology or Protocol used to determine carbon intensity (CI) (Name and Version)	
1.K	Name of verification provider, and verification status, of CI data	
1.L	Credit Vintage(s)	
1.M	Other relevant data (additional certifications or standards)	

2	Project XYYY
2.A-2.N	Report data lines 2.A-2.M for each additional project
** For more information on CI data with RTCs, review the M-RETs Renewable Thermal Operating Procedures	

Table 5. Indicative Sustainable Aviation Fuel Certificate (SAFc) Retirement Disclosure Table

For time period of XX-YY		
	Reporting Elements	Data Fields
Data Field	Total Number of Credits Retired in reporting period	Sum of all 1.B fields X
1.A	Type of SAFc (sustainable aviation fuel certificate for end users (SAFcE) or sustainable aviation fuel certificate for air transport providers (SAFcA))	
1.B	Total number of credits retired in reporting period	
1.D	Batch number(s) or Unit block IDs of the SAF retired	(appendix or link to external document)
1.D	GHG emissions reduction (mt of CO ₂ e) or GHG core LCA value (gCO ₂ e/MJ)	
1.E	Name of Entity Retiring the SAFc	
1.F	Registry where certificates were issued and retired	
1.G	Certification scheme of the fuel	
1.H	Location of project (county and country)*	
1.I	Feedstock used to produce the SAF	
1.J	Methodology or Protocol Name and Version*	

1.K	Credit Vintage(s)	
1.L	Other relevant data (additional certifications or standards)	
2	Project XYYY	
2.A-2.L	Report data lines 2.A-2.L for each additional project	
For definitions and additional SAFc recommended reporting elements via the SAFc Registry Rulebook .		

Appendix B
Comparison of Carbon Credit, REC, and Low Emission Fuel Certificate Reporting Elements

Reporting Element	Carbon Credits (consistent with AB 1305)	REC	LOW EMISSION FUEL CERTIFICATE (e.g. SAF, RNG)
Name of Entity Selling Certificate	Yes	Yes	Yes
Registry for Certificate Transaction (if used)	Yes	Yes	Yes
Location of EAC Generation (location as defined by EAC registry or insurance standard e.g. grid region)	Yes	Yes	Yes
Age of Facility generating the EAC		Yes	N/A
Method for Calculating EAC Emission Intensity or Emission Reduction (if information is included with the EAC)	Yes	Yes	Yes
Certification Scheme Used for EAC Emission Intensity or Emission Reduction (or for Inputs to Calculation) (if applicable)	Yes	N/A	Yes
Status of Third Party Verification (Y/N) of EAC Emission Intensity or Emission Reduction (or for Inputs into the Intensity Calculation)	Yes	N/A	Yes
Level of Assurance for Verification	Yes	N/A	Yes
EAC Baseline		N/A	If any representations based on a baseline included on EAC
Process or Method for Calculating EAC Baseline		N/A	If any representations based on a baseline included on EAC
Time Period of EAC-Generating Activity (as determined and reported by EAC registry or issuance standard)	Yes	Yes	Yes
Date of EAC Registration in Registry	Yes	Yes	Yes
Unit of Measure for EAC	Yes	Yes	Yes
Retirement Confirmation Number(s)	Yes	Yes	Yes
Retirement Date		Yes	Yes
Disclosure of the EAC category (Removal, avoidance, reduction)	Yes	N/A	Yes, if any representations of emission reductions are included on EAC
Life Cycle Emission Factor of Fuel	N/A	N/A	Yes
Proof of Sustainability Number for Fuel	N/A	N/A	Yes
Chain of Custody Model Associated with EAC or Inputs to EAC	N/A	N/A	If Chain of Custody Model Applied