

March 21, 2025

California Air Resources Board

Subject: Measurabl Feedback on Implementation of SB 253 and SB 261

Dear California Air Resources Board,

Measurabl appreciates the opportunity to provide feedback on the implementation of Senate Bills 253 and 261, which require businesses to report greenhouse gas (GHG) emissions and climate-related financial risks. Measurabl is the world's most widely adopted sustainability data management platform for real estate, empowering more than 750 organizations across 93 countries to measure, manage, and report on sustainability performance. With over 18 billion square feet of real estate under management, Measurabl provides innovative software and data solutions that help investment managers, asset operators, and their capital providers, reduce their environmental impact, enhance reporting, and achieve their sustainability objectives. Our clients are among the businesses that will be affected by SB 253 and SB 261, and we are committed to supporting their compliance with these regulations.

General: Applicability

1. *SB 253 and 261 both require an entity that “does business in California” to provide specified information to CARB. This terminology is not defined in the statutes.*

1.a. We support CARB adoption of the interpretation of “doing business in California” found in the Revenue and Tax Code section 23101. Further, for real estate-related organizations, the definition of “does business in California” can extend to a business’ operations outside the state, where utility data, particularly downstream tenant emissions data, may be limited.

2. *What are your recommendations on a cost-effective manner to identify all businesses covered by the laws (i.e., that exceed the annual revenue thresholds in the statutes and do business in California)?*

2.a.b. We highlight the opportunity to simplify data collection and reduce reporting costs by limiting reporting requirements for real estate to properties physically located in California.

General: Standards in Regulation

3. *CARB is tasked with implementing both SB 253 and 261 in ways that would rely on protocols or standards published by external and potentially non-governmental entities.*

3.b.c. We welcome reliance on widely used existing standards to minimize duplication of effort. We highlight the International Sustainability Standards Board (ISSB) overseen by the IFRS

Foundation, which now has centralized authority for the Taskforce for Climate-Related Financial Disclosures (TCFD) and focuses on financially material sustainability risk. Harmonization of metrics and methodologies with common standards, such as ISSB, will encourage uptake via efficient data gathering and reporting workflows.

We highlight the opportunity to leverage the US Environmental Protection Agency (EPA) Emission & Generation Integrated Database (eGRID), which provides comprehensive and granular, location-based emissions factors for purchased electricity that can be leveraged by real estate investors and lenders reporting to CARB.

We highlight the guidance provided by the GHG Protocol for reporting entities establishing and consistently adhering to organizational boundaries to determine scope breakouts. Transparent disclosure of which method is applied—operational control, financial control or equity share—is recommended at minimum. The operational control method is most common among direct real estate investors (owners), however, the equity share method may best align with non-duplicative aggregate insights and encourage landlord-tenant and lender-borrower collaboration, aligning with the ethos of financed emissions.

General: Data Reporting

5. *Should the state require reporting directly to CARB or contract out to an “emissions” and/or “climate” reporting organization?*

For real estate organizations, allowing submission via the Environmental Protection Agency's ENERGY STAR Portfolio Manager (ESPM) would be ideal, given its broad adoption, location-based emissions calculation methodology, and fee free accessibility. Acceptance of standardized spreadsheets generated by ESPM or other applications, could be used in lieu of a direct integration between Cal e-GGRT and ESPM.

SB 253: Climate Corporate Data Accountability Act

7. *Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, 1 which allows for flexibility in some areas (i.e. boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, reporting by sector vs business unit, or others). Are there specific aspects of scopes 1, 2, or 3 reporting that CARB should consider standardizing?*

We welcome reliance on the GHG Protocol, which is considered a best practice framework for GHG accounting. We highlight that the GHG Protocol is already working in close collaboration with the ISSB to support widespread adoption of a common standard for GHG accounting.

We highlight the value of consistency and comparability that boundary setting delivers when the same boundaries are adhered to for year-over-year reporting.

We highlight the guidance provided by the GHG Protocol for reporting entities establishing and consistently adhering to organizational boundaries to determine scope breakouts. Transparent disclosure of which method is applied—operational control, financial control or equity share—is recommended at minimum. The operational control method is most common among direct real estate investors (owners), however, the equity share method may best align with non-duplicative aggregate insights and encourage landlord-tenant and lender-borrower collaboration, aligning with the ethos of financed emissions.

8. *SB 253 requires that reporting entities obtain “assurance providers.” An assurance provider is required to be third-party, independent, and have significant experience in measuring, analyzing, reporting, or attesting in accordance with professional standards*

a and b. We welcome the inclusion of third-party, independent assurance. Given current data collection and data access challenges related to upstream and downstream scope 3 emissions, we recommend starting with a limited assurance requirement and safe harbour provisions.

CARB-accredited MRR verifiers of GHG emissions already provides a framework for assurance providers and conflict of interest disclosures, which may be built on for efficiencies. Further, the GHG Protocol’s Technical Working Groups are currently working to clarify verification and assurance levels and providers. We highlight the opportunity to align not only with The GHG Protocol on the measurement and reporting of emissions, but also on assurance.

9. *How should voluntary emissions reporting inform CARB’s approach to implementing SB 253 requirements? For those parties currently reporting scopes 1 and 2 emissions on a voluntary basis:*

c. We highlight the annual cadence of existing government disclosure requirements and voluntary reporting regimes that capture a calendar year time period, which aligns with company annual and sustainability reporting cycles.

d. Depending on jurisdiction and reporting boundaries (e.g. asset-level vs. entity-level), the previous year’s data may not be available until March-May of the following year.

e. Within the real estate sector, the EPA’s Energy Star Portfolio Manager (ESPM) is commonly used for both voluntary and mandatory (municipal benchmarking compliance) reporting.

SB 261: Climate Related Financial Risk Disclosure

10. *For SB 261, if the data needed to develop each biennial report are the prior year’s data, what is the appropriate timeframe within a reporting year to ensure data are available, reporting is complete, and the necessary assurance review is completed?*

We highlight above the lag observed with previous year's data reporting and assurance. We therefore see April-June as an appropriate timeframe for data availability, reporting and assurance completion.

11. *Should CARB require a standardized reporting year (i.e., 2027, 2029, 2031, etc.), or allow for reporting any time in a two-year period (2026-2027, 2028-2029, etc.)?*

We highlight that a fixed reporting year is more straightforward and inline with other US energy and carbon benchmarking and performance standards disclosure compliance. Further, it better enables inter and intra company comparisons over time.

12. *SB 261 requires entities to prepare a climate-related financial risk report biennially. What, if any, disclosures should be required by an entity that qualifies as a reporting entity (because it exceeds the revenue threshold) for the first time during the two years before a reporting year?*

Following from the above feedback, if the entity qualified for the first time in 2025 and the next reporting year is 2027, then 2026 data would comprise its first CARB reporting, submitted in 2027.

13. *Many entities that are potentially subject to reporting requirements under SB 261 are already providing other types of climate financial risk disclosures.*

f. We highlight the widespread adoption of the Taskforce for Climate-Related Financial Disclosures (TCFD), which has been incorporated into the International Sustainability Standards Board (ISSB), overseen by the IFRS Foundation.

g. The approach to climate financial risk disclosure under the TCFD is focused on financially material climate risks, both transition and physical. The TCFD outlines 11 disclosure topics across four business functions—Governance, Strategy, Risk Management, and Metrics and Targets.

Within the real estate sector, the most critical (and financially material) climate risks include operational energy usage, carbon emissions, water usage, and waste (transition risks) and vulnerability and resilience to hazards, including wildfires, hurricanes, typhoons, sea level rise, extreme heat and cold, earthquakes, drought, water stress, and landslides (physical risks).

h. For reporting entities domiciled in Europe or with European institutional investors, the raft of sustainable finance regulations, including the EU Taxonomy, CSRD, and SFDR, require a more comprehensive double materiality approach to climate disclosures—financial risks to the business, but also business risks to the climate.



i. We highlight that the TCFD is now under the centralized authority of the ISSB, which is discussing proposed amendments to the IFRS S1 and S2. Potential updates may include, e.g. jurisdictional relief whereby emissions calculation methods other than the GHG Protocol may be permitted if an entity is subject to a jurisdictional authority or listed on an exchange that requires a different calculation method.

Measurabl is committed to assisting our clients with compliance and looks forward to further engagement with CARB on this critical initiative.

Thank you for your consideration.

Sincerely,

Measurabl, Inc.