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March 21, 2025

Rajinder Sahota, Deputy Executive Officer
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

RE: Information Solicitation for Implementation of Senate Bill (SB) 253 and SB 261

Pacific Gas and Electric Company (PG&E) appreciates this opportunity to provide feedback to the California Air Resources Board (CARB) on topics related to the implementation of SB 253 (Wiener, Statutes of 2023) and SB 261 (Stern, Statutes of 2023), as amended by SB 219 (Wiener, Statutes of 2024).

As California's largest energy provider, we embrace our foundational role in helping to transition the state to a decarbonized and more climate-resilient economy. We also believe it is essential that stakeholders have access to information that allows them to assess and understand the risks and adaptation strategies associated with climate change.

We aim to be transparent about our progress addressing climate change and have been publicly reporting climate-related information for many years on both a mandatory and voluntary basis:

- We have measured, independently verified, and publicly reported a comprehensive greenhouse gas emissions inventory since 2003. Each year, we voluntarily report our third-party verified Scope 1, 2, and 3 greenhouse gas emissions and carbon dioxide emission rate for delivered electricity with The Climate Registry, a non-profit organization.
- We report third-party verified greenhouse gas emissions from our facilities and operations to CARB and the U.S. Environmental Protection Agency (EPA) under mandatory reporting requirements. We also report methane emissions from our gas operations to the California Public Utilities Commission (CPUC) on an annual basis.
- We published a voluntary Climate Strategy Report in 2022 to share our climate goals, including a goal to achieve a net-zero energy system in 2040.[1] The report, which aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), shares our actions and plans to address climate change, along with the potential physical impacts of a changing climate and associated weather patterns.

[1] PG&E Climate Strategy Report available at: https://www.pge.com/climate

- We published a service area-wide Climate Adaptation Vulnerability Assessment (CAVA)[2] using the best-available climate projections for California to evaluate climate hazards and risks to our assets, operations, and services and filed the assessment with the CPUC in 2024.[3]
- Our joint Annual Report on Form 10-K includes significant information related to climate change risks and impacts, as well as our greenhouse gas emissions.
- We have voluntarily disclosed climate-related information, including a more comprehensive greenhouse gas emissions inventory, in an annual Corporate Sustainability Report[4] for nearly two decades.
- We have voluntarily responded to the CDP's Climate Change Questionnaire since 2005.

PG&E supports California's efforts to further standardize climate-related disclosures and are pleased to provide comments on selected aspects of the Information Solicitation. Generally speaking, PG&E encourages CARB to establish a flexible framework for SB 253 and SB 261 implementation that allows reporting entities to produce meaningful climate disclosures in a way that aligns with existing reporting frameworks and mechanisms and minimizes reporting burdens and associated costs.

SB 253: Climate Corporate Data Accountability Act

Alignment with Existing Standards and Frameworks: We appreciate that SB 253 was modeled on an existing reporting framework and guidance, specifically the Greenhouse Gas Protocol. We encourage CARB to also enable reporting entities to utilize the emissions reporting and verification protocols of The Climate Registry, which hundreds of organizations—including PG&E—use to report and verify their Scope 1, 2, and 3 greenhouse gas emissions; additionally, The Climate Registry has developed an Electric Power Sector Protocol, which should be incorporated.

We also encourage CARB to enable reporting entities to utilize the emissions reporting and verification protocols of CARB's Mandatory Reporting Regulation, which PG&E uses to report greenhouse gas emissions data that is incorporated into our more comprehensive emissions inventory with The Climate Registry.

Using established greenhouse gas emissions reporting frameworks will allow for alignment with existing processes, reduce the reporting workload and costs, and provide stakeholders with more comparable, useful disclosures. Also, we recommend that CARB monitor updates to these existing reporting protocols and standards and establish mechanisms for regulatory updates that account for evolving standards.

[2] Executive Summary of PG&E's CAVA report: https://www.pge.com/assets/pge/docs/about/corporate-responsibility-and-sustainability/CAVA-executive-summary.pdf
[3] Full text of CAVA available at: https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4914-G.pdf
[4] Corporate Sustainability Report available at: http://www.pgecorp.com/sustainability

Timing of Reporting Greenhouse Gas Emissions Data: We recommend that CARB allow a one-year lag on reporting greenhouse gas emissions data to allow time for the preparation of accurate and verified emissions data and to align with existing schedules for emissions reporting.

For example, under our mandatory reporting to CARB, PG&E currently reports emissions data in April and completes the third-party verification in August. Additionally, annual reporting of emissions data to U.S. EPA is currently not finalized until it is publicly published in October. PG&E also reports electricity supply data to the California Energy Commission (CEC) in June under the Power Source Disclosure Program, followed by a verification process with the CEC. Additionally, on a voluntary basis, PG&E reports Scope 1, 2, and 3 greenhouse gas emissions data to The Climate Registry mid-year and completes the third-party verification later in the year.

A one-year lag would meet stakeholder needs by ensuring that information is complete, verified, and points to longer-term trends, while avoiding any additional reporting burden or uncertainty created by reporting an estimate earlier in the process. A one-year lag would enable emissions disclosures to be consistent with data reported to CARB, other regulatory bodies, and voluntary emissions reporting registries.

Scope 3 Emissions: We recommend that CARB provide clear guidance on required Scope 3 emissions reporting. This includes relying upon the established frameworks and protocols referenced above but also providing interpretative guidance where there is ambiguity on Scope 3 reporting. By definition, Scope 3 emissions are more complex to measure and report since they are not directly under the control of an entity. This is particularly the case for "upstream" Scope 3 emissions, which, for most companies, largely rely on estimated values. We encourage CARB to acknowledge these inherent limitations and allow for reasonable flexibility and a phased implementation for Scope 3 emissions.

SB 261: Climate-Related Financial Risk Disclosure

Alignment with Existing Standards and Frameworks: We appreciate that SB 261 was modeled on an existing reporting framework and guidance, specifically the TCFD. We support a reporting approach based on TCFD principles. However, TCFD was incorporated into the International Sustainability Standards Board (ISSB) Standards and disbanded in 2023, which creates uncertainty about the scope of what is required in the biennial climate-related financial risk report intended to "disclose an entity's climate-related financial risk and measures adopted to reduce and adapt to climate-related financial risk."

PG&E strongly recommends that CARB allow voluntary reporting to the CDP, including making the response publicly available, to count as meeting the SB 261 requirement. The CDP is aligned with both the TCFD and the ISSB S2 climate disclosure standard. Doing so would be consistent with how SB 261 explicitly allows compliance to be satisfied by “voluntarily using a framework that meets the requirements” of the law.

Flexibility and Optionality: For SB 261, we recommend that CARB give reporting entities a menu of acceptable reporting frameworks that would satisfy compliance. We advocate for flexibility; we do not believe reporting entities should be required to pick a specific reporting method and consistently use it year-to-year, though we recommend that reporting entities indicate when and why they are changing which reporting framework they use.

This approach would minimize duplication of effort without sacrificing transparency, and it would give companies sufficient flexibility as reporting standards develop and mature. As with the emissions reporting frameworks, we recommend that CARB monitor updates to the various third-party reporting protocols and standards and establish mechanisms for regulatory updates that account for evolving standards.

We appreciate the opportunity to participate in this dialogue and provide feedback to inform the implementation of this important legislation. We look forward to working to promote transparency and consistency across industries to help better inform stakeholders about climate-related risks and opportunities. If you have any questions, please reach out to me or Fariya Ali (fariya.ali@pge.com).

Sincerely,

/s/

Chris Benjamin
Director, Corporate Sustainability