



March 21, 2025  
Rajinder Sahota, Deputy Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, California 95814

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

Dear Deputy Executive Officer Sahota,

The Clean Energy Buyers Association (“CEBA”) respectfully submits these comments to the California Air Resources Board (“CARB”) in response to CARB’s solicitation of feedback of December 16, 2024 to inform its work implementing Senate Bill 253 (“SB 253,” or the “Climate Corporate Data Accountability Act”) and Senate Bill 261 (“SB 261,” or the “Climate Related Financial Risk Act”).

**Who we are:** The Clean Energy Buyers Association (CEBA) is a 501(c)(6) business association that activates energy buyers and partners to advance low-cost, reliable, carbon emissions-free global electricity systems. CEBA’s more than 400 members represent more than \$20 trillion in market capital and include institutional energy customers of every type and size – corporate and industrial companies, universities, and cities, as well as project developers and service providers.

**Why we are submitting comments:** Many of our members have used the Greenhouse Gas Protocol (“GHG Protocol”) for nearly twenty years to estimate and voluntarily report corporate inventories. As such, we appreciate both the importance and the practical implications of its standards. We would like to share our overall support for CARB’s adoption of GHG Protocol accounting guidance in SB253 and SB261, and highlight practical aspects that CARB may want to consider in its adoption. As CARB considers its regulations, we offer to serve as a resource to CARB staff as they consider how to convert a voluntary system into a mandatory regime.

**Summary of our comments:** We think CARB’s implementation of SB253 and SB261 can help advance GHG accounting and reporting while supporting California’s broader objectives in corporate sustainability. We see value in leveraging the existing GHG Protocol to avoid multiple systems of GHG accounting both in the US and globally. However, it is important that CARB be aware of certain limitations of the GHG Protocol where moving to mandatory disclosure under the current GHG Protocol could create unintended consequences. Specifically, some corporate actions yield climate benefits that are not accounted for in the current GHG Protocol, while simultaneously leading to higher reported emissions for a company, thus potentially disincentivizing such actions. We therefore offer four suggestions to CARB: allow companies to make additional disclosures to convey the intended climate benefits; do not move ahead of the GHG Protocol in adopting new requirements; follow existing GHG

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Protocol guidance allowing for the use of market-based accounting; and maintain market predictability by prioritizing the promulgation of implementing regulations.

### **Limitations of the current GHG Protocol**

The GHG Protocol does not always account for emissions in the same way as some of California's climate regulations. As a result, some corporate actions urged by the State of California to reduce emissions are not recognized as emissions reductions under the GHG Protocol. This provides a disincentive for companies to invest in these important climate solutions. CARB should recognize instances where the Protocol does not align with California's own priorities regarding companies' actions, and where the Protocol may create disincentives for companies and hinder climate ambition.

Two examples illustrate this point:

- *Carbon-free electricity procurement* – Many companies prioritize deploying new capacity by investing in or signing long-term power purchase agreements (PPAs) with on-site solar, larger-scale off-site wind and solar, and community solar. The Protocol's Scope 2 accounting rules do not provide companies with adequate reporting options to demonstrate strategies that achieve relatively higher GHG reduction from those that achieve lesser impact.
- *Investments in emerging decarbonization technologies* – Numerous organizations are deploying innovative solutions to support emission reductions across their value chains, including e.g., investments in EV charging stations, long-duration energy storage, or renewable natural gas. However, the current GHG Protocol accounting framework does not always recognize the full emission reductions benefits of these strategies. For instance, providing public EV charging increases a company's reported Scope 2 emissions, whereas it has no recognized option to report the resulting emission reductions.

Many companies are hopeful that the Protocol's current update process will result in reforms and improvements to address current shortcomings. While we await the outcomes of the Protocol's update process, we propose CARB consider four implementation suggestions.

### **Implementation suggestions:**

1. **CARB should give reporting companies the option to make additional disclosures in addition to their Scopes 1-3 inventories as required by SB 253.** Such disclosures could provide companies the opportunity to discuss their climate actions that do not translate into inventory reductions and offer estimates of quantitative emissions impact. We encourage CARB to work with the GHG Protocol to ensure that GHG accounting rules align with California's own climate priorities and enable companies to contribute to California's efforts.
2. **Our members also encourage CARB not to get ahead of the Protocol in adopting new requirements that are not currently part of the Protocol's existing standards and guidance.** The Protocol has undertaken an extensive stakeholder engagement process which will evaluate whether potential changes can be reasonably and cost-effectively adopted by the wide range of companies of different sophistication and sizes that use the Protocol. For example, certain advocates have proposed that the Protocol adopt requirements for more granular time- and location-specific reporting in Scope 2. While some of our members support this approach for the long run, many are concerned about its implementation. Such a change would significantly increase the scope of data collection necessary to complete Scope 2 inventories. It would require the collection of hourly electricity consumption data, but this data often does not exist for many companies due to a lack of hourly metering infrastructures or because it is not shared by electricity suppliers. It also would add significant cost and complexity over existing Scope 2

requirements that involve annual inputs that are readily available to many companies today. The Protocol notes stakeholder concern about its adoption of such an accounting method.<sup>1</sup>

3. **CARB should follow existing guidance from the GHGP that allows for the use of market-based accounting**, which helps drive investments into carbon emissions-free energy and maintain flexibility for market participants. For many of our members, investment and procurement decisions on energy are influenced by whether the GHG Protocol offers a feasible pathway to reflect the resulting emission reductions in their Scope 2 reporting. Market-based accounting provides a powerful incentive for companies to buy energy from carbon emissions-free sources, more so than the location-based accounting also required by the current Scope 2 Guidance.
4. **CARB should prioritize the promulgation of implementing regulations.** Predictability is critical to the ability of our members to make informed decisions and allocate resources efficiently. Regulatory certainty from CARB will be indispensable as companies prepare to comply with these laws. We remain cognizant of the multiple competing priorities before the Board and the constraints under which CARB staff are working—but as we approach the July 1 statutory deadline for CARB to adopt regulations pursuant to SB 219, we respectfully urge CARB to prioritize the promulgation of implementing regulations that can guide our members' preparation for reporting in 2026.

CARB has a critical opportunity to align its implementation of SB253 and SB261 with both the evolving GHG Protocol and California's broader climate objectives. By being mindful of current limitations in the GHG Protocol and considering the implementation suggestions above, CARB can ensure that corporate climate leadership and innovative decarbonization efforts are fully incentivized and recognized, while avoiding imposing premature or overly complex requirements that could hinder participation and add unnecessary costs. We encourage CARB to collaborate closely with the GHG Protocol's ongoing update process to ensure that any future changes are both practical and effective in driving meaningful emissions reductions.

CEBA appreciates the opportunity to offer comments to CARB and will be happy to offer any clarifications or additional context now or in the future.

Respectfully submitted,

Markus Walther  
Director, GHG Accounting & Climate Standards

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<sup>1</sup> In collecting stakeholder feedback regarding certain changes, the Protocol notes that "some respondents expressed concerns about the difficulties and practicality of implementing these specific requirements. For example, some said that it might make it more difficult for organizations to participate in clean energy purchasing programs due to the challenge of collecting hourly electricity consumption data, limited procurement options to buy clean energy tracked on an hourly basis, and uncertainty identifying whether a clean energy resource could actually provide electricity to facilities that claim to be consuming the energy."

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