

**Information Solicitation to Inform Implementation of  
California Climate-Disclosure Legislation:  
Senate Bills 253 and 261, as amended by SB 219  
General: Applicability<sup>1</sup>**

The California Air Resources Board (CARB or Board) is soliciting feedback to help inform its work to implement Senate Bills (SB) 253 (Wiener, Statutes of 2023) and 261 (Stern, Statutes of 2023), both as amended by SB 219 (Wiener, Statutes of 2024). This early solicitation step allows CARB to gather important information, from a wide range of stakeholders, relating to developing approaches to implementation. SB 253 and SB 261, both enacted in 2023, require business entities formed under the laws of California, the laws of any other state of the United States or the District of Columbia, or under an act of the Congress of the United States (“US-based entities”) to report specified greenhouse gas (GHG) emissions and climate related financial risks. The disclosures required under these laws will, among other things, improve transparency from companies regarding their GHG emissions and climate-related risk management practices to better inform the decision-making of California consumers, investors, and members of the public. The legislation will improve access to consistent, standardized information from the largest companies doing business in California about their GHG emissions, and the risks they face from the impacts of climate change. SB 253, the Climate Corporate Data Accountability Act, requires US-based entities with more than \$1 billion in annual revenue doing business in California to annually report all direct GHG emissions (scope 1), indirect GHG emissions from consumed energy (scope 2) and indirect upstream and downstream GHG emissions (scope 3). SB 219 amends parts of SB 253 regarding regulatory timelines, and the timing of scope 3 emissions reporting, fee payment, and other provisions. SB 261, the Climate Related Financial Risk Act, requires US-based entities with more than \$500 million in annual revenue doing business in California to biennially report any climate-related financial risks they have identified and any measures they have adopted to reduce and adapt to those risks. SB 219 amends parts of SB 261 on the timing of fee payment, among other provisions. CARB is conducting this solicitation step to gather information that will aid in implementing SB 253 and SB 261. The solicitation for feedback on the questions below will be open for 60 days. We also welcome any additional feedback that respondents feel is important for staff to consider regarding the implementation of SB 253 and SB 261. In responding to the questions below, it is most helpful to staff if respondents reference the question number with their response. Submittals will be publicly posted for transparency. CARB is already in the process of hiring staff.

Submit Comments: <https://ww2.arb.ca.gov/public-comments/public-comments-californiacclimate-disclosure-information-solicitation>

**Comment deadline:** March 21, 2025

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<sup>1</sup> [ClimateDisclosureQs\\_Dec2024.pdf](#)

## General: Applicability

1. SB 253<sup>2</sup> 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.

### **a. Should CARB adopt the interpretation of “doing business in California” found in the Revenue and Tax Code section 23101?**

**Response:** *Yes, CARB should adopt the interpretation of “doing business in California” found in the Revenue and Tax Code section 23101<sup>3</sup>. The article 1 of the section 23101 provides clear and objective ways to define if a company is doing business in California which can reduce misunderstandings in the interpretation of the term. However, before including the interpretation of the terminology in the statutes and in any other document with referred term, CARB should ensure this definition is clear for distinct types of businesses by simplifying its language and terms, providing clarification of definitions mentioned that are from other sections as example of the definition presented in paragraph 4 which refer to Section 25120 subdivision (e) or (f) , and by annually updating amounts presented in paragraph (2), (3) and (4) subdivision (b) in accordance with subdivision (h) of section 17041<sup>4</sup> which in 2024 considers “doing business in California<sup>5</sup>” companies and other business entities with threshold amount of California sales exceeding USD 735,019 or 25% of total sales. The Revenue and Tax Code Section 23101 does not make it clear if federal and state government entities that engage in any transaction for the purpose of financial gain within California is considered to be “doing business in California” and therefore be compliant to SB 253 and SB 261. Additionally, the report of the specified greenhouse gas (GHG) emissions and climate related financial risks should be restricted and limited to the entity “doing business in California” and not include other business’ operations outside the State.*

### **b. Should federal and state government entities that generate revenue be included in the definition of a “business entity” that “does business in California?”**

**Response:** *Yes, in the Revenue and Tax Code Section 23101 there is no distinction made differentiating the ownership of the business entity for that reason if it generates revenues, engages in any transaction for the purpose of financial gain and falls under the definition of “doing business in California” according to Revenue and Tax Code section 23101, these entities should be included in the definition and report its Scope 1,2 and 3 emissions.*

### **c. Should SB 253 and 261 cover entities that are owned in part or wholly owned by a foreign government?**

**Response:** *Not answered*

### **d. Should entities that sell energy, or other goods and services, into California through a separate market, like the energy imbalance market or extended day ahead market, be covered?**

**Response:** *Not answered*

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<sup>2</sup> [Bill Text - SB-253 Climate Corporate Data Accountability Act.](#)

<sup>3</sup> [California Code, RTC 23101](#)

<sup>4</sup> [California Revenue and Taxation Code Section 17041](#)

<sup>5</sup> [Doing business in California | FTB.ca.gov](#)

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)?

**a. For private companies, what databases or datasets should CARB rely on to identify reporting entities? What is the frequency by which these data are updated and how is it verified?**

**Response:** *CARB should rely on existing database or dataset which includes all companies doing business in California and are taxpayers. As it is an existing database the update process and audit already follow its own annual process.*

**b. In what way(s) should CARB track parent/subsidiary relationships to assure companies doing business in California that report under a parent are clearly identified and included in any reporting requirements?**

**Response:** *Not answered*

### **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.

**a. How do we ensure that CARB's regulations address California-specific needs and are also kept current and stay in alignment with standards incorporated into the statute as these external standards and protocols evolve?**

**Response:** *In order to address California-specific needs, CARB should base its regulations on global existing and broadly used standards like GHG Protocol<sup>6</sup>, for guidelines on measuring and managing GHG emissions, and IFRS<sup>7</sup> for climate related financial disclosures and, if the case, include any specific need, not addressed in the GHGP and IFRS standards.*

**b. How could CARB ensure reporting under the laws minimizes a duplication of effort for entities that are required to report GHG emissions or financial risk under other mandatory programs and under SB 253 or 261 reporting requirements?**

**Response:** *To ensure minimizing the duplication of the effort for the reporting entities, CARB should be aligned with global existing and broadly used standards like GHG Protocol, for guidelines on measuring and managing GHG emissions, and IFRS for climate related financial disclosures, and follow the reporting framework of also broadly known entities like CSRD<sup>8</sup> or ISSB<sup>9</sup>. By using known standards will minimize duplication of effort because most companies use these standards to report.*

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<sup>6</sup> [Standards & Guidance | GHG Protocol](#)

<sup>7</sup> [IFRS - ISSB and TCFD](#)

<sup>8</sup> Corporate Sustainability Reporting Directive

<sup>9</sup> International Sustainability Standard Boards

- c. To the extent the standards and protocols incorporated into the statute provide flexibility in reporting methods, should reporting entities be required to pick a specific reporting method and consistently use it year-to-year?

**Response:** *Not answered*

#### **General: Data Reporting**

4. To inform CARB's regulatory processes, are there any public datasets that identify the costs for voluntary reporting already being submitted by companies? What factors affect the cost or anticipated cost for entities to comply with either legislation? What data should CARB rely on when assessing the fiscal impacts of either regulation?

**Response:** *Not answered*

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

**Response:** *Report directly to CARB.*

6. If contracting out for reporting services, are there non-profits or private companies that already provide these services?

**Response:** *Non-profit: CDP<sup>10</sup>, GRI<sup>11</sup>, The Climate Registry<sup>12</sup>*

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<sup>10</sup> [CDP: Turning Transparency to Action](#)

<sup>11</sup> [GRI - Home](#)

<sup>12</sup> [The Climate Registry - Home Page](#)

## **SB 253: Climate Corporate Data Accountability Act**

7. Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, 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?

**Response:** *The specific aspects of scopes 1, 2, or 3 reporting should consider standardizing and giving clear directions on the following:*

- *Scope 1: give guidance on accounting for the energy attribute certificates (EACs) from renewable natural gas (biomethane and biogas), hydrogen and from other clean energy source not detailed in GHGP.*
- *Scope 2: standardize approach when market-based approach to account for scope 2 emissions is not possible by using the location-based method. Standardize source for local base emission factors<sup>13</sup> and residual mix<sup>14</sup>.*
- *Scope 3: guidance to incorporate EACs under Scope 3<sup>15</sup> reporting methodologies to reflect emissions reductions associated with renewable energy purchases.*

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 and applicable legal and regulatory requirements.

- a. For entities required to report under SB 253, what options exist for third-party verification or assurance for scope 3 emissions?**

**Response:** *Not answered*

- b. For purposes of implementing SB 253, what standards should be used to define limited assurance and reasonable level of assurance? Should the existing definition for “reasonable assurance” in MRR be utilized, and if not why?**

**Response:** *The Mandatory Reporting Regulation for GHG<sup>16</sup> should be aligned with standards like the ISSA 5000<sup>17</sup>, CSRD or ISO 14064-3<sup>18</sup> that can be considered global baselines for sustainability assurance and could be used to define both limited assurance and reasonable level of assurance under SB 253. Also, regarding the assurance engagement level, CARB should follow the example of more mature markets in reporting emissions that requires reporting companies to obtain “limited assurance” from a third-party verifier in their first reporting years and evaluate the feasibility to require a “reasonable assurance” level as reporting companies consolidates the implementation of processes and systems to collect and disclose the necessary information. The California’s Mandatory Reporting Regulation (MRR)<sup>19</sup> should be updated and complemented taking into consideration above cited regulation. The definition found in the MRR may not be sufficient to define the requirements: “Reasonable assurance means a high degree of confidence*

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<sup>13</sup> [Summary Data | US EPA](#)

<sup>14</sup> [Green-e® Residual Mix Emissions Rate Tables | Green-e](#)

<sup>15</sup> [Chapter3.pdf](#)

<sup>16</sup> [Mandatory Greenhouse Gas Reporting Regulation | California Air Resources Board](#)

<sup>17</sup> [IAASB-International-Standard-on-Sustainability-Assurance-ISSA-5000.pdf](#)

<sup>18</sup> [ISO 14064-3:2019 - ISO 14064 Part 3: Verification & validation of greenhouse gas statements](#)

<sup>19</sup> [Mandatory Greenhouse Gas Emissions Reporting | California Air Resources Board](#)

that submitted data and statements are valid.<sup>20</sup>”. Also, the MRR should include the definition of “limited assurance” level that is not defined in current’s regulation.

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. What frequency (annual or other) and time period (1 year or more) are currently used for reporting?**

**Response:** *Annual*

**d. When are data available from the prior year to support reporting?**

**Response:** *March*

**e. What software systems are commonly used for voluntary reporting?**

**Response:** *One of the most globally known and used is Sphera Cloud<sup>21</sup> and also the platform Cal e-GGRT<sup>22</sup>. However, there are companies that continue using Excel spreadsheets or other internal tools, so if one specific software available in the market is defined by CARB to be used as platform to input scope 1,2 and 3 information, the implementation of any application should be carefully planned to give time to learn how to use it prior to roll-out.*

#### **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?

**Response:** *Not answered*

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.)?

**Response:** *Not answered*

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?

**Response:** *Not answered*

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

**f. What other types of existing climate financial risk disclosures are entities already preparing?**

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<sup>20</sup> [Unofficial Electronic Version of the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions \(2018\)](#) – page 50

<sup>21</sup> [Sphera Cloud platform](#) / [Sphera](#) / [Environmental Accounting Software](#) / [Sphera](#)

<sup>22</sup> [Mandatory GHG Reporting - Online Reporting Tool](#) | California Air Resources Board

**Response:** *Not answered*

- g. For covered entities that already report climate related financial risk, what approaches do entities use?**

**Response:** *Not answered*

- h. In what areas, if any, is current reporting typically different than the guidance provided by the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures?**

**Response:** *Not answered*

- i. If not consistent with the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures, are there other laws, regulations, or listing requirements issued by any regulated exchange, national government, or other governmental entity that is guiding the development of these reports?**

**Response:** *Recently the Task Force on Climate-related Financial Disclosures<sup>23</sup> (TCFD) was disbanded and the IFRS Foundation<sup>24</sup> took over the monitoring of the progress of companies' climate-related disclosures. IFRS has its reporting regulations: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related. CARB should compare the requirements of TCFD and IFRS requirements<sup>25</sup> and make adjustments.*

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<sup>23</sup> [Task Force on Climate-Related Financial Disclosures | TCFD](#)

<sup>24</sup> [IFRS - ISSB and TCFD](#)

<sup>25</sup> [ifrs-s2-comparison-tcfid.pdf](#)