

California Legislature Mulls Imposing Greenhouse Gas Emissions Disclosure Requirements

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Today, the California Senate Environmental Quality Committee is scheduled to hear [SB 260](#), aka the Climate Corporate Accountability Act. This bill would require the [California Air Resources Board](#) to adopt regulations develop and adopt regulations requiring business entities with total annual revenues in excess of \$1 billion and that do business in California publicly to disclose their greenhouse gas emissions. The bill requires of disclosure of three types of emissions:

- “Scope 1 emissions” - all direct greenhouse gas emissions that stem from sources that the reporting entity owns or directly controls, regardless of location, including, but not limited to, fuel combustion activities.
- Scope 2 emissions” - indirect greenhouse gas emissions from electricity purchased and used by the reporting entity, regardless of location.
- “Scope 3 emissions” - indirect greenhouse gas emissions, other than scope 2 emissions, from activities of the reporting entity that stem from sources that the reporting entity does not own or directly control and may include, but are not limited to, emissions associated with the reporting entity’s supply chain, business travel, employee commutes, procurement, waste, and water usage, regardless of location.

The reporting entity would also be required to disclose a greenhouse gas emissions reduction target that is "in line with the scale of reductions required to keep global warming at or below 1.5°C above preindustrial levels, and includes scope 1 emissions, scope 2 emissions, and scope 3 emissions". These disclosures must be independently verified by a third-party auditor, approved by the state board, with expertise in greenhouse gas emissions accounting.

If enacted, one wonders whether these requirements will be challenged on First Amendment or Dormant Commerce Clause grounds.

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