

- (3) Nitrous oxide (N<sub>2</sub>O)
- (4) Hydrofluorocarbons (HFCs)
- (5) Perfluorocarbons (PFCs)
- (6) Sulfur Hexafluoride (SF<sub>6</sub>)
- (7) Other gases or particles that have

been demonstrated to have significant, quantifiable climate forcing effects when released to the atmosphere in significant quantities and for which DOE has established or approved methods for estimating emissions and reductions (§300.1(f)) describes plans for periodically considering the addition of other gases or particles to this list).

*Indirect emissions* means greenhouse gas emissions from stationary or mobile sources outside the organizational boundary of an entity, including but not limited to the generation of electricity, steam and hot/chilled water that are the result of an entity's energy use or other activities.

*Net emission reductions* means the sum of all annual changes in emissions, avoided emissions and sequestration of the greenhouse gases specifically identified in §300.6(f), and determined to be in conformance with §§300.7 and 300.8 of this part.

*Offset* means an emission reduction that meets the requirements of this part, but is achieved by a party other than the reporting entity and has not otherwise been reported under this program.

*Reporting Year* means the year that is the subject of a report to DOE.

*Sequestration* means the removal of atmospheric CO<sub>2</sub> (carbon dioxide), either through biologic processes or physical processes, including capture, long-term separation, isolation, or removal of greenhouse gases from the atmosphere, such as through cropping practices, forest and forest products management or injection into an underground reservoir.

*Simplified Emission Inventory Tool (SEIT)* is a computer-based method, to be developed and made readily accessible by EIA, for translating common physical indicators into an estimate of greenhouse gas emissions.

*Sink* means an identifiable discrete location, set of locations, or area in which carbon dioxide (CO<sub>2</sub>) or some other greenhouse gas is sequestered.

*Source* means any process or activity that releases a greenhouse gas.

*Start year* means the year upon which the initial entity statement is based. For large emitters, it is the first year for which the entity submits a complete emissions inventory under this part. For all entities, it is the year immediately preceding the first year for which the entity intends to register reductions and the last year of the initial base period(s).

*Subentity* means a component of any entity, such as a discrete business line, facility, plant, vehicle fleet, or energy using system, which has associated with it emissions of greenhouse gases that can be distinguished from the emissions of all other components of the same entity; and, when summed with the emissions of all other subentities, equal the entity's total emissions.

*Total emissions* means the total annual contribution of the greenhouse gases specifically identified in §300.6(f) to the atmosphere by an entity, including both direct and indirect entity-wide emissions.

*United States or U.S.* means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and any other territory of the United States.

### § 300.3 Guidance for defining and naming the reporting entity.

(a) A reporting entity must be composed of one or more legally distinct businesses, institutions, organizations or households that are located, at least in part, in the United States and whose operations affect U.S. emissions of greenhouse gases. For the purposes of this program, a legally distinct entity is any holding company, corporation, subsidiary, partnership, joint venture, business, operating entity, government, government agency, institution, organization or household that is treated as a distinct entity under an existing U.S. Federal, state or local law. Businesses may be defined by a certificate of incorporation or corporate charters, Federal tax identification numbers, or other level of organization recognized by specific laws. Similarly, public or private institutions and organizations can define

their scope by referencing their charter, tax identification, or other legal basis.

(b) Entities that intend to register reductions are strongly encouraged to define themselves at the highest level of aggregation. To achieve this objective, DOE suggests the use of a corporate-level definition of the entity, based on filings with the Securities and Exchange Commission, or comparable institutional charters. While reporting at the highest level of aggregation is encouraged, it is recognized that certain businesses and institutions may conclude that reporting at some lower level is desirable. However, once an entity has determined the level of corporate or institutional management at which it will report (*e.g.*, the holding company, subsidiary, regulated stationary source, state government, agency, etc.), the entity must include all elements of the organization encompassed by that management level and exclude any organizations that are managed separately. For example, if two subsidiaries of a parent company are to be covered by a single report, then all subsidiaries of that parent company must also be included. Similarly, if a company decides to report on the U.S. and Canadian subsidiaries of its North American operations unit, it must also report on any other subsidiaries of its North American unit, such as a Mexican subsidiary.

(c) A name for the defined entity must be specified. For entities that intend to register reductions, this should be the name commonly used to represent the activities being reported, as long as it is not also used to refer to substantial activities not covered by the entity's reports. While DOE believes entities should be given considerable flexibility in defining themselves at an appropriate level of aggregation, it is essential that the name assigned to the reporting entity correspond closely to the scope of the operations and emissions covered by its report. If, for example, an individual plant or operating unit is reporting as an entity, it should be given a name that corresponds to the specific plant or unit, and not to the responsible subsidiary or corporate entity. In order to distinguish parent company from its

subsidiaries, the name of the parent company generally should not be incorporated into the name of the reporting subsidiary, but if it is, the name of the parent company usually should be secondary.

(d) An entity that does not intend to register reductions must report the legal basis for their entity and must specify a name for reporting purposes.

#### **§ 300.4 Selecting organizational boundaries for registering.**

(a) An entity that intends to register its entity-wide emissions reductions must determine, document, and maintain its organizational boundary for accounting and reporting purposes.

(b) Each such entity must disclose in its entity statement the approach used to establish its organizational boundaries, which should be consistent with the following guidelines:

(1) In general, entities should use financial control as the primary basis for determining their organizational boundaries, with financial control meaning the ability to direct the financial and operating policies of the entity with a view to gaining economic or other benefits from its activities. This approach should ensure that all sources, including subsidiaries, that are wholly or largely owned by the entity are covered by its reports.

(2) Entities may establish organizational boundaries using approaches other than financial control, such as equity share or operational control, but must disclose how the use of these other approaches result in organizational boundaries that differ from those resulting from using the financial control approach.

(3) Emissions from facilities or vehicles that are partially owned or leased, or not directly controlled or managed by the entity, may be included at the entity's discretion, provided that the entity has taken reasonable steps to assure that doing so does not result in the double counting of emissions, sequestration or emission reductions.

(4) If the scope of a defined entity extends beyond the United States, the reporting entity should use the same approach to determining its organizational boundaries in the U.S. and outside the U.S.