

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.