§ 300.5 Submission of an entity statement.

(a) *Determining the type of reporting entity*. The entity statement requirements vary by type of entity. For the purposes of these guidelines, there are three types of entities:

(1) Large emitters that intend to register emission reductions;

(2) Small emitters that intend to register emission reductions; and

(3) Emitters that intend to report, but not register emission reductions.

(b) *Choosing a start year*. Entities that intend to register reductions must first choose a start year. The first entity statement describes the make-up, operations and boundaries of the entity, as they existed in the start year. For a large emitter, the start year 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 emission reductions and the last year of the initial base period(s). The entity's emissions in its start year or its average annual emissions over a period of up to four years ending in the start year determine whether it qualifies to begin reporting as a small emitter. For entities intending to register emission reductions, the start year may be no earlier than 2002. For entities not intending to register reductions, the start year may be no earlier than 1990.

(c) *Determining and maintaining large or small emitter reporting status*. (1) Any entity that intends to register emission reductions can choose to participate as a large emitter, but only entities that have demonstrated that their annual emissions are less than or equal to 10,000 metric tons of CO_2 equivalent may participate as small emitters. To demonstrate that its annual emissions are less than or equal to 10,000 metric tons of CO_2 equivalent, an entity must submit either an estimate of its emissions during its chosen start year or an estimate of its average annual emissions over a continuous period not to exceed four years of time ending in its chosen start year, as long as the operations and boundaries of the entity have not changed significantly during that period.

(2) An entity must estimate its total emissions using methods specified in Chapter 1 of the Draft Technical Guidelines (incorporated by reference, see §300.13) or by using the Simplified Emission Inventory Tool (SEIT) provided by EIA and also discussed in Chapter 1. The results of this estimate must be reported to EIA. [Note that emission estimates developed using SEIT would have quality ratings of less than 3.0 and therefore would not meet the emissions inventory requirements of the revised Guidelines.]

(3) After starting to report, each small emitter must annually certify that the emissions-related operations and boundaries of the entity have not changed significantly since the previous report. A new estimate of total emissions must be submitted after any significant increase in emissions, any change in the operations or boundaries of the small emitter, or every five years, whichever occurs first. Small emitters with estimated annual emissions of over 9,000 metric tons of CO_2 equivalent should re-estimate and submit their emissions annually. If an entity determines that it must report as a large emitter, then it must continue to report as a large emitter in all future years in order to ensure a consistent time series of reports. Once a small emitter becomes a large emitter, it must begin reporting in conformity with the reporting requirements for large emitters.

(d) *Entity statements for large emitters intending to register reductions*. When a large emitter intending to register emission reductions first reports under these guidelines, it must provide the following information in its entity statement:

(1) The name to be used to identify the participating entity;

(2) The legal basis of the named reporting entity;

(3) The criteria used to determine:

(i) The organizational boundaries of the reporting entity, if other than financial control; and

(ii) The sources of emissions included or excluded from the entity's reports, such as sources excluded as *de minimis* emissions.

(4) The names of any parent or holding companies the activities of which

will not be covered comprehensively by the entity's reports;

(5) The names of any large subsidiaries or organizational units covered comprehensively by the entity's reports. All subsidiaries of the reporting entity must be covered by the entities reports, but only large subsidiaries must be specifically identified in the entity statement;

(6) A list of each country where operations occur, if the entity is including any non-U.S. operations in its report;

(7) A description of the entity and its primary U.S. economic activities, such as electricity generation, product manufacturing, service provider or freight transport; for each country listed under paragraph (d)(6) of this section, reporters should describe the economic activity in that country.

(8) A description of the types of emission sources or sinks to be covered in the entity's emission inventories, such as fossil fuel power plants, manufacturing facilities, commercial office buildings or heavy-duty vehicles;

(9) The names of other entities that substantially share the ownership or operational control of sources that represent a significant part of the reporting entity's emission inventories, and a certification that, to the best of the certifier's knowledge, the direct greenhouse gas emissions and sequestration in the entity's report are not included in reports filed by any of these other entities to the 1605(b) program; and

(10) Identification of the start year.

(e) *Entity statements for small emitters intending to register reductions.* When a small emitter intending to register emission reductions first reports under these guidelines, it must provide the following information in its entity statement:

(1) The name to be used to identify the participating entity;

(2) An identification or description of the legal basis of the named reporting entity;

(3) An identification of the entity's control over the activities covered by the entity's reports, if other than financial control;

(4) The names of any parent or holding companies the activities of which will not be covered comprehensively by the entity's reports;

(5) An identification or description of the primary economic activities of the entity, such as agricultural production, forest management or household operation; if any of the economic activities covered by the entity's reports occur outside the U.S., a listing of each country in which such activities occur;

(6) An identification or description of the specific activity (or activities) and the emissions, avoided emissions or sequestration covered by the entity's report, such as landfill gas recovery or forest sequestration;

(7) A certification that, to the best of the certifier's knowledge, the direct greenhouse gas emissions and sequestration in the entity's report are not included in reports filed by any other entities reporting to the 1605(b) program; and

(8) Identification of the start year.

(f) *Entity statements for reporters not registering reductions.* When a participant not intending to register emission reductions first reports under this part, it must, at a minimum, provide the following information in its entity statement:

(1) The name to be used to identify the reporting entity;

(2) A description of the entity and its primary economic activities, such as electricity generation, product manufacturing, service provider, freight transport, agricultural production, forest management or household operation; if any of the economic activities covered by the entity's reports occur outside the United States, a listing of each country in which such activities occur; and

(3) A description of the types of emission sources or sinks, such as fossil fuel power plants, manufacturing facilities, commercial office buildings or heavy-duty vehicles, covered in the entity's reports of emissions or emission reductions.

(g) *Changing entity statements.* (1) Reporters are required to annually review and, if necessary, update their entity statements.

(2) From time to time, an entity may choose to change the scope of activities included within the entity's reports or the level at which the entity wishes to report. An entity may also choose to change its organizational boundaries,

its base period, or other elements of its entity statement. For example, companies buy and sell business units, or equity share arrangements may change. In general, DOE encourages changes in the scope of reporting that expand the coverage of an entity's report and discourages changes that reduce the coverage of such reports unless they are caused by divestitures or plant closures. Any such changes should be reported in amendments to the entity statement, and major changes may warrant or require changes in the base values used to calculate emission reductions and, in some cases, the entity's base periods. However, in no case should there be an interruption in the annual reports of entities registering emission reductions. Chapter 2 of the Draft Technical Guidelines (incorporated by reference, see § 300.13), the Emission Reduction Guidelines, provides more specific guidance on how such changes should be reflected in entity statements, reports, and emission reduction calculations.

(h) *Documenting changes in amended entity statements.* A reporter's entity statement in subsequent reports should focus primarily on changes since the previous report. Specifically, the subsequent entity statement should report the following information:

(1) For significant changes in the entity's scope or organizational boundaries, the entity should document:

(i) The acquisition or divestiture of discrete business units, subsidiaries, facilities, and plants;

(ii) The closure or opening of significant facilities;

(iii) The transfer of economic activity to or from specific operations covered by the entity's reports, such as the transfer of operations to non-U.S. subsidiaries;

(iv) Significant changes in land holdings (applies to entities reporting on greenhouse gas emissions or sequestration related to land use, land use change, or forestry);

(v) Whether the entity is reporting at a higher level of aggregation than it did in the previous report, and if so, a listing of the subsidiary entities that are now aggregated under a revised conglomerated entity, including a listing of any non-U.S. operations to be added and the specific countries in which these operations are located; and

(vi) Changes in its activities or operations (*e.g.*, changes in output, contractual arrangements, equipment and processes, outsourcing or insourcing of significant activities) that are likely to have a significant effect on emissions, together with an explanation of how it believes the changes in economic activity influenced its reported emissions or sequestrations.

§ 300.6 Emissions inventories.

(a) *General.* The objective of an emission inventory is to provide a full accounting of an entity's emissions for a particular year, including direct emissions of all six categories of greenhouse gases identified in § 300.2, indirect emissions specified in paragraph (e) of this section, and all sequestration or other changes in carbon stocks. An emission inventory must be prepared in accordance with Chapter 1 of the Draft Technical Guidelines (incorporated by reference, see § 300.13). An inventory does not include avoided emissions or any offset reductions, and is not subsequently adjusted to reflect future acquisitions, divestitures or other changes to the reporting entity. Entity-wide inventories are a prerequisite for the registration of emission reductions by entities with average annual emissions of more that 10,000 metric tons of CO_2 equivalent. Entities that have average annual emissions of less than 10,000 metric tons of CO_2 equivalent are eligible to register emission reductions associated with specific activities without also reporting an inventory of the total emissions.

(b) *Quality requirements for emission inventories.* The Draft Technical Guidelines (incorporated by reference, see § 300.13) usually identify more than one acceptable method of measuring or estimating greenhouse gas emissions. Each acceptable method is rated A, B, C or D, with A methods usually corresponding to the highest quality method available and D methods representing the lowest quality method that may be used. Each letter is assigned a numerical rating reflecting its relative quality, 4 for A methods, 3 for B methods, 2 for C methods and 1 for D