

demonstrate they have achieved emission reductions after 2002 and have met all other applicable requirements would have the identified reductions registered in the 1605(b) database under the name of reporting entity and the year the reduction was achieved.

Registering only reductions that are achieved after 2002 would focus the program on those reductions most likely to contribute to the achievement of the President's goal for reducing U.S. emissions intensity by 18% between 2002 and 2012. In addition, because all of the data required to register reductions would be relatively recent, it would help ensure that all entities have an equal opportunity to register emission reductions under the new program. Nevertheless, the revised Guidelines would continue to permit entities to *report* emission reductions back to 1991, the earliest year permitted by the authorizing statute, and reports that comply with the Guidelines would be made publicly available by EIA. DOE solicits public comments on this approach and any suggestions of alternative means of achieving the objectives outlined above.

#### *M. Sustaining Entity Reports of Emissions and Emission Reductions*

To register emission reductions in any future year, an entity would be required to submit ongoing annual reports that document the net, cumulative emission reductions achieved relative to the entity's base year (or base period). Only additions to cumulative emission reductions (relative to the chosen base year or base period) would be recognized in future years. This requirement would reduce the quantity of emission reductions eligible for registration in future years if the reporting entity experiences a net increase in output-adjusted emissions after beginning to report. This approach would preserve the recognition given to all previously registered emission reductions, even if an entity experienced net emission increases in the future or stopped reporting. DOE solicits comments on this approach and possible alternatives, including those that might permit or require DOE to delete previously registered emission reductions if an entity did not continue to submit annual reports. Ongoing, annual reporting would be required to maintain recognition for registered emission reductions resulting from sequestration.

#### *N. EIA Database and Summary Reports.*

The EIA Administrator would establish a public database including all data that meets the definitional,

measurement, calculation and certification requirements of the revised Guidelines. The database would provide summary information on each reporting entity's greenhouse gas emissions and its registered emission reductions, by year, according to the categories described above. The database would also provide access to all accepted reports.

#### *O. Cross-Cutting and Other Important Issues*

This section discusses various issues that affect more than one provision of the proposed revised Guidelines or were not highlighted in any of the preceding sections. DOE is seeking public comment on all of these issues, and certain specific questions are posed.

##### **1. Entity-Wide v. Sub-Entity or Project-Only Reporting**

The proposed Guidelines would highlight the net contribution of reporting entities to reducing greenhouse gas emissions, rather than sub-entity reductions resulting from actions taken in only some parts (rather than the whole) of the entity. This reflects the Administration's interest in fostering broad efforts by corporations, institutions and other entities to reduce their total emissions. Over time, individual companies and other entities often take many actions that either increase or decrease their emissions of greenhouse gases. It is the net effect of all of these actions on an entity's emissions that is the most important indicator of an entity's contribution to the President's goal of reducing U.S. emissions intensity. Under the revised Guidelines, most reporters would be able to register emission reductions only if they could demonstrate they had achieved a net reduction in their total emissions, relative to their physical or economic output. Small emitters, such as households, and some farms, forest operations, and small businesses, would be permitted to register the reductions achieved in just one area of activity, such as building operations or forestry, rather than accounting for all of their emissions, so long as they certify that these reductions are not a product of shifting emissions to non-reporting parts of the entity. In addition, the proposed Guidelines would continue to provide a mechanism for large emitters to report, but not register, the reductions resulting from individual actions or projects affecting a part of the entity's emissions, even if they could not demonstrate that they had achieved a net reduction in their total emissions, relative to their physical or economic output. DOE solicits comments on this approach and

on possible alternatives to this approach, including circumstances under which project-based or sub-entity reductions might be registered in the absence of net entity wide reductions.

##### **2. Treatment of Certain Small Emissions**

The proposed Guidelines would permit reporters to exclude certain emissions that are comparatively small, as well as all non-anthropogenic emissions. Specifically, an entity could exclude emissions from multiple sources (and multiple gases) as long as the total emissions excluded did not exceed 3% of its total emission inventory or 10,000 tons of CO<sub>2</sub> equivalent, whichever was smaller. This exclusion is intended to enable entities to exclude small, and possibly widely dispersed, emissions that are likely to be especially costly to monitor and report, but which would have little effect on the total emissions or emission reductions reported. However, this approach has some potential drawbacks. For example, very large emitters, such as large power generators or large energy intensive industries applying this standard would have to account for a very high percentage of their total emissions (in some cases over 99.9%). Accounting for such a high percentage of total emissions could be burdensome and would have little effect on the totals reported. Several possible alternatives exist. One option might be to provide for uniform percentage exclusion, such as permitting all entities to exclude up to 3 percent of their emissions. This could lead some large utilities or industries to exclude large quantities of emissions that would be relatively easy to include in their reports. Another possible alternative is the addition of a minimum percentage exclusion, such as 1 percent. Still another alternative might be to permit firms to exclude up to 3 percent or 10,000 tons of CO<sub>2</sub> equivalent, whichever is greater. DOE solicits comments on the approach proposed, as well as various alternatives approaches.

##### **3. Excluding the Effects of Changes in Output on Emissions**

The proposed Guidelines would strongly encourage the use of emissions intensity indicators as the basis for calculating emission reductions and would require that any method used to calculate emission reductions ensure that reductions caused by declines in the reporting entity's output be excluded. This would require entities to develop useful physical (and/or possibly economic) indicators of the output associated with the emissions being assessed. For power generators