

of different operational structures, reporting entities are given some flexibility to set their operational boundaries in a manner that best suits their circumstances. However, all reports submitted should adhere to the following:

(1) To the extent feasible, reporting entities should establish operational boundaries in a manner that is consistent with the entity's existing legal, managerial and financial structure; and

(2) The reporting entity should establish operational boundaries that will result in accurate and comprehensive reports of its greenhouse gas emissions and sequestration.

(b) In general, a reporting entity should select operational boundaries so as to encompass all emissions and sequestration associated with facilities and vehicles that are wholly owned and operated by the named and defined entity. 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.

§ 300.5 Submission of an entity statement.

(a) *Initial entity statement requirements.* When an entity first reports under these Guidelines, the reporting entity must provide the following information in its entity statement:

(1) The name to be used to identify the reporting entity. This should be the name commonly used to represent most of the activities being reported, as long as it is not also used to refer to substantial activities not covered by the entity's reports.

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

(3) The names of any large subsidiaries or organizational units that *will* be covered comprehensively by the entity's reports;

(4) A description of the entity and its primary economic activities, such as electricity generation, product manufacturing, service provider, freight transport, or household operation;

(5) A description of the types of operations, facilities, processes, vehicles and other emission sources or sinks covered in the entity's inventories;

(6) The names of the entities that share the ownership or operational control of significant facilities or sources included in the reporting

entity's report, and certify that, to the best of the preparer's knowledge, the direct greenhouse gas emissions and sequestrations in the entity's report are not included in the 1605(b) report of any of those other entities for the same calendar year;

(7) Identification of the first year for which the entity will report emissions and the base year or base period from which emission reductions will be calculated.

(b) *Reasons for changing the scope of entity reports.* From time to time, entities 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 operational boundaries, its base year (or base period) or, since many entities are dynamic by nature, other elements of its Entity Statement or reporting methods. For example, companies buy and sell business units, and equity share arrangements evolve. The dynamic nature of economic activity may pose a challenge for the objective of a comprehensive and accurate documentation of greenhouse gas emissions and sequestrations from year to year. 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 reporting entity's base year or base period. The Technical Guidelines under this part provide more specific guidance on how such changes should be reflected in entity reports and emission reduction calculations.

(c) *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) Significant changes in the entity's organizational (geographic or operational) boundaries. In particular, the entity statement 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 outside the U.S.;

(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; 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.

(2) If very substantial changes have occurred, then the reporting entity is required to submit a new Entity Statement that provides a complete and current overview of the entity's operations, facilities and emission sources.

§ 300.6 Emissions inventories.

(a) *General.* The objective of the entity-wide reporting standard is to provide a comprehensive inventory of an entity's total net greenhouse gas emissions, including all six greenhouse gases listed in paragraph (f) of this section and all emissions and sequestration associated with changes in terrestrial carbon stocks. The reporting entity should report all of the covered greenhouse gas emissions from within the entity, using the methods specified in the Technical Guidelines (to be issued subsequently). Entity-wide reports are a prerequisite for the registration of emission reductions by entities with average annual emissions of more than 10,000 tons of CO₂ equivalent. Entities that have average annual emissions of less than 10,000 tons of CO₂ equivalent are eligible to register emission reductions associated with specific activities without also reporting an inventory of the total emissions.

(b) *Direct emissions inventories.* (1) Direct greenhouse gas emissions that must be reported are those emissions resulting from stationary or mobile sources within the organizational boundaries of an entity, including but not limited to emissions resulting from combustion of fossil fuels, process emissions, and fugitive emissions. Process emissions should be reported (e.g., PFC emissions from aluminum production) along with fugitive emissions (e.g., leakage of greenhouse gases from equipment).

(2) Entities should separately report emissions of greenhouse gases from combustion of biomass fuels or biomass-