

based fuels (e.g., wood waste, landfill gas, ethanol from corn, charcoal). The Technical Guidelines (to be issued subsequently) will specify the applicable list of biomass fuels or biomass-based fuels.

(c) *Inventories of indirect emissions associated with purchased energy.* (1) To provide a clear incentive for the users of electricity and other forms of purchased energy to reduce demand, the consumption of purchased electricity, steam, and hot or chilled water must be included in a reporting entity's inventory as indirect emissions. To avoid double counting among entities, the reporting entity must report all indirect emissions (as defined in § 300.2) separately from its direct emissions. Reporting entities should use the methods for quantifying indirect emissions specified in the Technical Guidelines.

(2) Reporting entities may also choose to report other forms of indirect emissions, such as emissions associated with employee commuting, materials consumed or products produced, although emission reductions associated with such other indirect emissions are not eligible for registration. All such reports of other forms of indirect emissions must be clearly distinguished from reports of indirect emissions associated with purchased energy. The Technical Guidelines also address the reporting of these other types of indirect emissions.

(d) *Entity-level inventories of changes in terrestrial carbon stocks.* Annual changes in terrestrial carbon stocks should be comprehensively assessed and reported across the entity and the net emissions resulting from such changes included in the entity's inventory of its net emissions. In other words, activities that lead to the release of carbon to the atmosphere must be reported along with activities that sequester carbon. This is necessary to provide an accurate entity-wide estimate of net greenhouse gas emissions. Entities should use the methods for estimating changes in terrestrial carbon stocks specified in the Technical Guidelines.

(e) *Treatment of de minimis emissions and sequestration.* Although the goal of the entity-wide reporting Guidelines is to provide an accurate and comprehensive estimate of total entity-wide emissions, there may be small emissions from certain sources that are unreasonably costly or difficult to quantify. A reporting entity may exclude particular sources of emissions or sequestration if the total quantities excluded represent less than 3 percent of the total annual CO₂ equivalent

emissions of the entity or less than 10,000 metric tons of CO₂ equivalent, whichever is less. The entity must identify the types of emissions excluded and provide a short justification as to why an estimate was not included in the entity's report.

(f) *Covered gases.* (1) Entity-wide emissions inventories must include all emissions of the following greenhouse gases:

- (i) CO₂
- (ii) CH₄
- (iii) N₂O
- (iv) HFCs
- (v) PFCs
- (vi) SF₆

(2) Entities may also choose to report other greenhouse gases, as defined in section 300.2, but such gases are to be reported separately and any emission reductions associated with such other gases are not eligible for registration.

(g) *Units for reporting.* Emissions and sequestration should be reported in terms of the mass (not volume) of each gas, using metric units (e.g., metric tons of methane). Entity-wide and sub-entity summations of emissions and reductions from multiple sources shall be converted into carbon dioxide equivalent units using the global warming potentials for each gas. Entities should specify the units used (e.g., kilograms, or metric tons). Where necessary, reporting entities must use the standard conversion factors specified in the Technical Guidelines to convert existing data into the common units required in the entity-level report. Consumption of purchased electricity must be reported by region (from a list to be provided by DOE in the Technical Guidelines). Consumption of purchased steam or chilled/hot water must be reported according to the type of system and fuel used to generate it (from a list provided by DOE in the Technical Guidelines). Purchased energy will be converted to carbon dioxide equivalents using conversion factors in the Technical Guidelines.

§ 300.7 Net entity-wide emission reductions.

(a) *Assessing entity-wide emission reductions.* (1) 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. Net annual entity-wide emission reductions must be based, to the maximum extent practicable, on a full assessment and sum total of all changes in an entity's emissions, avoided emissions and sequestration relative to the entity's established base year (or base period), plus any emission offsets. All changes

in emissions, avoided emissions, and sequestration must be determined using methods that are consistent with the guidelines described in § 300.8 of this part, and in compliance with all other relevant DOE guidelines.

(2) If it is not practicable to assess the changes in net emissions resulting from certain entity activities using at least one of the methods described in § 300.8 of this part, the reporting entity may exclude them from its estimate of net entity-wide emission reductions. The reporting entity must describe the sources excluded for this reason from the entity's assessment of its net emission reductions, the reasons why it was not practicable to assess the changes that had occurred, and the approximate quantity of emissions or sequestration not assessed.

(3) A reporting entity should also exclude from the entity-wide assessment of changes in emissions, avoided emissions and sequestration any emissions or sequestration that have been excluded from the entity's inventory.

(b) *Assessing the emission reductions of entities with small emissions.* Entities with average annual emissions of less than 10,000 tons of CO₂-equivalent emissions are not required to inventory their total emissions or assess all changes in their emissions, avoided emissions and sequestration in order to register their reductions. They may register the emission reductions that have occurred since 2002 and that are associated with certain activities, as long as they perform a complete assessment of the annual emissions and sequestration associated with all of the activities of the same type, determine the changes in the emissions, avoided emissions or sequestration associated with these activities, and certify that the reductions reported were not caused by actions likely to cause increases in emissions elsewhere within the entity's operations. For example, a farmer may report emission reductions associated with tree plantings on a single wood lot, but must assess and report the net sequestration resulting from the farmer's management of all woodlots within the entity's boundaries.

(c) *Net emission reductions achieved by third parties (offsets).* Net emission reductions achieved by third parties may be included in an entity-wide assessment of emission reductions as long as:

(1) The emission reductions reported were calculated using the same method(s) that would have been applicable if the third party that achieved the emission reduction had chosen to report it directly to DOE.