

(2) All of the reporting entities or other parties involved certify to DOE that they have agreed that the reporting entity should be recognized as the entity responsible for the reduction.

(d) *Adjusting for year-to-year increases in net emissions.* Net annual emission reductions are calculated normally relative to an entity's base year (or base period). However, if the entity has experienced a net increase (relative to the base year) in emissions for one or more intervening years, these increases must be subtracted from net emission reductions reported in future years.

§ 300.8 Calculating emission reductions.

(a) *Establishing base year (or base period) emissions.* In general, base year or base period emissions are those that occurred over the full year (or average annual emissions over the full multi-year period) immediately preceding the first year of calculated emission reductions. Base year or base period emissions may represent the whole entity, or specific sub-entities, but must be defined so as to correspond to the scope of the chosen emission reduction calculation. To ensure that the summation of entity annual reports accurately represents net, multi-year emission reductions, a specific base year or base period may be used to determine emission reductions in a given future year only if the entity has submitted qualified reports for each intervening year.

(b) *Calculation methods.* Entities must calculate any change in emissions, avoided emissions or sequestration using one or more of the methods described in this section. All changes must be calculated relative to a base year or base period established by the entity, unless the change results from an offset (see subsection 300.7(c)). In general, entities are encouraged to use changes in net emissions intensity as the primary basis for calculating changes in net, entity-wide emissions.

(1) *Changes in emissions intensity.* A reporting entity may use reductions in the rate of emissions per unit of output (emissions intensity) as a basis for determining emission reductions as long as the reporting entity demonstrates in its report that the measure(s) of output used in the emissions intensity metric is a reasonable indicator of the physical output or economic value produced by the activity associated with these emissions, and that acquisitions, divestures or changes in products have not contributed significantly to changes in emissions intensity.

(2) *Changes in absolute emissions.* A reporting entity may use changes in the absolute (actual) emissions (direct or

indirect) as a basis for determining net emission reductions, as long as the entity demonstrates in its report that any reductions derived from such changes were not achieved as a result of reductions in U.S. output, or major shifts in the types of products or services produced.

(3) *Changes in carbon storage (for actions within entity boundaries).* A reporting entity may use changes in carbon storage as a basis for determining net emission reductions as long as the reporting entity uses estimation and measurement methods that comply with DOE Technical Guidelines, and has included an assessment of the net changes in all sinks included in its inventory.

(4) *Changes in avoided emissions (for actions within entity boundaries).* A reporting entity may use changes in the avoided emissions associated with the sale of electricity, steam, hot water or chilled water generated from non-emitting or low-emitting sources as a basis for determining net emission reductions as long as:

(i) the measurement and calculation methods used comply with DOE Technical Guidelines, and

(ii) the reporting entity certifies that any increased sales were not attributable to the acquisition of a generating facility that had been previously operated, unless the entity utilized base year generation values derived from records of the facility's operation prior to its acquisition.

(5) *Project-based emission reductions (for actions within entity boundaries).* Emission reductions may be determined based on an estimate of the effects on emissions of a specific action, as long as the reporting entity demonstrates that the estimate is based on analysis that:

(i) Uses output, utilization and other factors that are consistent, to the maximum extent practicable, with the action's actual performance in the year for which reductions are being reported;

(ii) Excludes any emission reductions that might have resulted from reduced output or were caused by actions likely to be associated with increases in emissions elsewhere within the entity's operations; and

(iii) Uses methods that are in compliance with DOE Technical Guidelines. Entity-wide reporters should use this project-based approach only if it is not possible to measure accurately emission changes by using one of the methods identified in paragraphs (a)(1) through (a)(4) of this section.

(c) *Summary description of actions taken to reduce emissions.* Each reported emission reduction must be

accompanied by an identification of the types of actions that were the likely cause of the reductions achieved.

(d) *Emission reductions associated with plant closings, voluntary actions and government requirements.* Each report of emission reductions shall indicate whether the reported emission reductions were the result, in whole or in part, of plant closings, voluntary actions, or government requirements.

(1) If emission reductions were associated, in whole or part, with plant closings, the report should include an explanation of how such emission reductions did not result from a decline in the U.S. output of the reporting entity.

(2) If the reductions were associated, in whole or part, with government requirements, the report should identify the government requirement involved and describe the type of effect these requirements had on the reported emission reductions.

(e) *Determining the entity responsible for emission reductions.* The entity presumed to be responsible for emission reduction, avoided emission or sequestered carbon is the legal owner of the facility, land or vehicle which generated the affected emissions, generated the energy that was sold so as to avoid other emissions, or was the place where the sequestration action occurred. If ownership is shared, reporting of the associated emission reductions should be determined by agreement between the entities involved in order to avoid double-counting, and this agreement must be reflected in the entity statements filed and in any report of emission reductions. DOE will presume that an entity is not responsible for any emission reductions associated with a facility, property or vehicle excluded from its entity statement.

§ 300.9 Reporting and recordkeeping requirements.

(a) *Starting to report under the revised Guidelines.* (1) Entities may report emissions and sequestration on an annual basis beginning in any year, but no earlier than the base period of 1987–1990 specified in the Energy Policy Act of 1992. To be recognized under these revised Guidelines, all reports must conform to the measurement methods established by the Technical Guidelines. This requirement applies to entities that report to the revised Voluntary Reporting of Greenhouse Gases Program registry for the first time as well as those entities that have previously submitted emissions reports pursuant to section 1605 (b) of the Energy Policy Act of 1992.