outside the United States, a listing of each country in which such activities occur; and

(5) 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) Reporting entities are required to annually review and, if necessary, update their entity statements.

(2) From time to time, a reporting 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. A reporting 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. Changes in the scope of reporting made on or before May 31 of a given calendar year must be reflected in the report submitted covering emissions and reductions for the following calendar year. Reporting entities may choose to postpone incorporating changes in the scope of reporting made after May 31 until submitting the report covering emissions and reductions for the year after the following calendar year. However, in no case should there be an interruption in the annual reports of entities registering emission reductions. Chapter 2 of the Technical Guidelines (incorporated by reference, see §300.13) 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 reporting entity’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 reporting 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 subentities 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 reporting 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 the first six categories of gases listed in the definition of “greenhouse gases” 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 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 (although a reporting entity often makes these types of adjustments when calculating emission reductions under the guidelines). Entity-wide inventories are a prerequisite for the registration of emission reductions by entities with average annual emissions of more than 10,000 metric tons of CO$_2$ equivalent. Entities that have average annual emissions of less than or equal to 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, but such entities should inventory and report the emissions associated with the specific activity(ies) they do cover in their reports.

(b) Quality requirements for emission inventories. The 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 methods. Entities that intend to register emission reductions must use emission inventory methods that result in a quantity-weighted average quality rating of at least 3.0.

(1) Entities may at any time choose to modify the measurement or estimation methods that they use for their current or future year emission inventories. Such modifications would enable entities to gradually improve the quality of the ratings over time, but prior year inventories may be modified only to correct significant errors.

(2) Entities that have had their emission quantities and the quantity-weighted quality rating of their emissions inventory independently verified may report their emissions and average quality ratings by greenhouse gas, indirect emissions and sequestration, rather than by source or sink category.

(3) Entities that certify that they have used only A or B methods, may forego indicating in their reports the quality ratings of the methods used and may forego calculating the quantity-weighted average quality of their emission inventories.

(c) Using estimation methods not included in the Technical Guidelines. An entity may obtain DOE approval for the use of an estimation method not included in the Technical Guidelines (incorporated by reference, see §300.13) if the method covers sources not described in the Technical Guidelines, or if the method provides more accurate results for the entity’s specific circumstances than the methods described in the Technical Guidelines. If an entity wishes to propose the use of a method that is not described in the Technical Guidelines, the entity must provide a written description of the method, an explanation of how the method is implemented (including data requirements), empirical evidence of the method’s validity and accuracy, and a suggested rating for the method to DOE’s Office of Policy and International Affairs (with a copy to EIA). DOE reserves the right to deny the request, or to assign its own rating to the method. By submitting this information, the entity grants permission to DOE to incorporate the method in a future revision of the Technical Guidelines.

(d) Direct emissions inventories. Direct greenhouse gas emissions that must be reported are the 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 (e.g., PFC emissions from aluminum production) must be reported along with fugitive emissions (e.g., leakage of greenhouse gases from equipment).

(e) 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, an entity must include the indirect emissions from the consumption of purchased electricity, steam, and hot or chilled water in the entity's inventory as indirect emissions. To avoid double counting among entities, the entity must report all indirect emissions separately from its direct emissions. Entities should use the methods for quantifying indirect emissions specified in the Technical Guidelines (incorporated by reference, see §300.13).

(2) Entities may choose to report other forms of indirect emissions, such as emissions associated with employee commuting, materials consumed or products produced, although such other indirect emissions may not be included in the entity's emission inventory and may not be the basis for registered emission reductions. All such reports of other forms of indirect emissions must be distinct from reports of indirect emissions associated with purchased energy and must be based on emission measurement or estimation methods identified in the Technical Guidelines (incorporated by reference, see §300.13).

(f) Entity-level inventories of changes in terrestrial carbon stocks. Annual changes in managed 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 emissions inventory. Entities should use the methods for estimating changes in managed terrestrial carbon stocks specified in the Technical Guidelines (incorporated by reference, see §300.13).

(g) Treatment of de minimis emissions and sequestration. (1) Although the goal of the entity-wide reporting requirement is to provide an accurate and comprehensive estimate of total emissions, there may be small emissions from certain sources that are unduly costly or otherwise difficult to measure or reliably estimate annually. An entity may exclude particular sources of emissions or sequestration if the total quantities excluded represent less than or equal to 3 percent of the total annual CO₂ equivalent emissions of the entity. The entity must identify the types of emissions excluded and provide an estimate of the annual quantity of such emissions using methods specified in the Technical Guidelines (incorporated by reference, see §300.13) or by using the Simplified Emissions Inventory Tool (SEIT). The results of this estimate of the entity's total excluded annual emissions must be reported to DOE together with the entity's initial entity statement.

(2) After starting to report, each reporting entity that excludes from its annual reports any de minimis emissions must re-estimate the quantity of excluded emissions after any significant increase in such emissions, or every five years, whichever occurs sooner.

(h) Separate reporting of domestic and international emissions. Non-U.S. emissions included in an entity's emission inventory must be separately reported and clearly distinguished from emissions originating in the U.S. Entities must identify any country-specific factors used in the preparation of such reports.

(i) Covered gases. Entity-wide emissions inventories must include the emissions of the first six categories of named gases listed in the definition of "greenhouse gases" in §300.2. Entities may report chlorofluorocarbons and other greenhouse gases with quantifiable climate forcing effects as long as DOE has established a method for doing so, but such gases must be reported separately and emission reductions, if any, associated with such other gases are not eligible for registration.

(j) 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 must be converted into CO₂ equivalent units using the global warming potentials for each gas in the International Panel on Climate Change's Third Assessment (or most recent) Report, as specified in the Technical Guidelines (incorporated by reference, see §300.13). Entities should specify the units used (e.g., kilograms, or metric tons). Entities may need to use the standard conversion factors specified in the Technical Guidelines to
convert existing data into the common units required in the entity-level report. Emissions from the consumption of purchased electricity must be calculated by region (from the list provided by DOE in the Technical Guidelines) or country, if outside the United States. Consumption of purchased steam or chilled/hot water must be reported according to the type of system and fuel used to generate it (from the list provided by DOE in the Technical Guidelines). Entities must convert purchased energy to CO\textsubscript{2} equivalents using the conversion factors in the Technical Guidelines. Entities should also provide the physical quantities of each type of purchased energy covered by their reports.

§ 300.7 Net emission reductions.

(a) Entities that intend to register emission reductions achieved must comply with the requirements of this section. Entities may voluntarily follow these procedures if they want to demonstrate the achievement of net, entity-wide reductions for years prior to the earliest year permitted for registration. Only large emitters must follow the requirements of paragraph (b) of this section, but small emitters may do so voluntarily. Only entities that qualify as small emitters may use the special procedures in paragraph (c) of this section. Entities seeking to register emission reductions achieved by other entities (offsets) must certify that these emission reductions were calculated in a manner consistent with the requirements of paragraph (d) of this section and use the emission reduction calculation methods identified in §300.8. All entities seeking to register emission reductions achieved by other entities (offsets) must certify that these emission reductions were calculated in a manner consistent with the requirements of paragraph (e) of this section. Only reductions in the emissions of the first six categories of gases listed in the definition of “greenhouse gases” in §300.2 are eligible for registration.

(b) Assessing net emission reductions for large emitters. (1) Entity-wide reporting is a prerequisite for registering emission reductions by entities with average annual emissions of more than 10,000 metric tons of CO\textsubscript{2} 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, eligible avoided emissions and sequestration relative to the entity’s established base period(s). This assessment must include all entity emissions, including the emissions associated with any non-U.S. operations covered by the entity statement, although the reductions achieved by non-U.S. operations must be separately tallied prior to being integrated with the net emission reductions achieved by U.S. operations. It must include the annual changes in the total emissions of the entity, including the total emissions of each of the subentities identified in its entity statement. 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.

(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 entity may exclude them from its estimate of net emission reductions. The entity must identify as one or more distinct subentities the sources of emissions excluded for this reason and describe the reasons why it was not practicable to assess the changes that had occurred. DOE believes that few emission sources will be excluded for this reason, but has identified at least two situations where such an exclusion would be warranted. For example, it is likely to be impossible to assess the emission changes associated with a new manufacturing plant that produces a product for which the entity has no historical record of emissions or emissions intensity (emissions per unit of product output). However, once the new plant has been operational for at least a full year, a base period and base value(s) for the new plant could be established and its emission changes assessed in the following year. Until the emission changes of this new subentity can be assessed, it should be identified in the entity’s report as a subentity for which no assessment of emission changes is practicable. The other example involves a subentity that has reduced its