



How to Complete the CARROT Movement Report

Official Guidance from the California Registry
September 2008

Many of the California Climate Action Registry (California Registry) members are generating and submitting GHG inventories that represent a 2nd, 3rd, 4th, 5th, 6th+ year of reporting to the California Registry. This is truly a remarkable feat and our members should be very proud of themselves for continuing to report to the most rigorous registry in the nation.

As is natural in almost every inventory there are changes in your emissions between reporting years or compared to your baseline year, if you have chosen to select one. At a minimum whenever a change in your emissions represents an increase or decrease of +/- 10%, the California Registry **requires** you to input a factor describing the reason for this change in the **Movement Report** section of CARROT. This is true for both organic and/or structural changes that occur from year to year.

First let's review the basic differences between organic and structural changes.

Organic: An organic change occurs in an organization when it grows or declines to meet a change in demand or to adjust to the economy of the time. "Growth/decline refers to increase/decrease in production output, changes in product mix, plant closures and the opening of new plants. The rationale for this is that organic growth results in new or additional emissions to the atmosphere, whereas an acquisition only transfers existing GHG emissions from one company's balance sheet to another" (The Greenhouse Gas Protocol, 2001: <http://www.ghgprotocol.org/files/ghg-protocol-2001.pdf>).

Example 1: a small company is growing and needs to accommodate additional staff so they **lease** additional office space. Their inventory of emissions will of course grow in the year that they begin to occupy the additional office space but this increase of emissions is due to organic change.

Example 2: An independent power producer (IPP) that supplies power to a power utility is asked to supply more power during peak periods and has reduced electricity demands from one of its own facilities. To meet the additional demand from the power utility the IPP may run a turbine for longer hours but because of the reduced electricity demands from the facility it may be able to use less fuel at some of its boilers. These changes in business demands may cause a change in the inventory of +/- 10% but they are organic changes.

Example 3: Your company purchases power from a utility that also reports to the California Registry so you use their electricity deliveries metric instead of the eGRID factor to calculate your emissions from purchased electricity. One year the metric is high and the next year the metric is much lower, this change affects your inventory by decreasing your indirect emissions by 10%. Your company has not changed anything in its facilities or improved equipment hence this change is due to utility-specific metric and thus represents an organic change.

Example 4: Your company is experiencing a huge increase in demand so you **build** a new store. OR your company is experiencing reduced demand and so you **close** a store but **do not sell** the property. Both of these situations represent organic changes.

Structural: A structural change occurs when an organization:

1. merges or acquires a pre-existing facility or company;
2. divests or sells its assets;
3. outsources or contracts activities to an outside party that were previously conducted internally;
4. insources or conducts activities internally that were previously contracted to outside parties;
5. shifts emission sources or relocates operations into or out of the U.S. or State of California; and/or
6. **improves GHG accounting methodologies** (e.g., there are significant changes in emission factors or understanding of Global Warming Potentials)

See the General Reporting Protocol 3.0, Chapter 4 for examples of structural changes.

Whenever your organization experiences an organic or structural change this information should be captured in the **Movement Report** section of CARROT. This information will greatly aid the verifier during their verification activities and the California Registry during its final review of verified reports.

The screenshot shows the 'Climate Action Registry Reporting Online Tool' interface. The browser title is 'Entity Info (Continued)'. The page header includes the California Climate Action Registry logo and navigation links: 'Help', 'Contact Us', and 'Log Out'. The user ID is 'MMassa'. The main navigation tabs are 'Main', 'Entity Information', 'User Management', 'Facilities', 'Emission Data', 'Optional Reporting', and 'Reports'. The 'Entity Information' tab is active, showing a 'Summary' sidebar with details: Year: 2007, Entity Status: Initiated, Scope: CA, US, and Worldwide, Level: Facility, Revision Number: 001. The main content area is titled 'Marie's Trees' and contains a 'Movement Report' section. A lock icon indicates a warning: 'Please list the main factors that influenced the Entity emissions performance (such as acquisition, divestiture, outsourced activities, insourced activities, changes in production, and changed calculation methodology, etc) during the reporting year. To add a new factor, please click the 'Add Factor' button below.' Below this is a table with columns: Factor, Details, CO2e Amount, and Unit. One factor is listed: 'Increase in Production' with a CO2e Amount of 5,000 and Unit of metric ton. The details describe that on March 10, 2007, Marie's Trees added 10 additional companies for recycled paper collection, which will increase emissions in 2007 due to increased vehicle fleet and electricity usage at the LA processing plant.

The Movement Report is located on the 2nd page of the Entity Information tab. This report is **only** included in the Total Emissions Summary report and **NOT** in the public version of your CARROT report.

To add a factor to the Movement Report click on the Add a Factor button:



Input data in all of the fields and save your entry:

The screenshot shows the 'Marie's Trees' form in the 'Entity Information' tab. The form has a blue header with navigation tabs: Main, Entity Information (selected), User Management, Facilities, Emission Data, Optional Reporting, and Reports. The form title is 'Marie's Trees'. It contains the following fields:

- Factor:** A dropdown menu.
- Details:** A large text area for providing details.
- Amount of CO2e Affected:** A text input field.
- Unit:** A dropdown menu.

At the bottom right, there are two buttons: 'Save' and 'Cancel'.

There are a number of factors to choose from in the dropdown menu but if none of these apply select OTHER and provide details accordingly:

This screenshot shows the 'Marie's Trees' form with the 'Factor' dropdown menu open. The menu lists the following options:

- Acquisition
- Business Cycle Fluctuation
- Changed Calculation Methodology
- Decrease in Production
- Divestiture
- First Year Reporting
- Increase in Production
- Insourced Activities
- No Change
- Other
- Outsourced Activities

The 'Details' field is empty, and the 'Amount of CO2e Affected' and 'Unit' fields are also empty. The 'Save' and 'Cancel' buttons are visible at the bottom right.

The Movement report is now a **required** field but for many of you there may be **no significant change** in your inventory or this may be your **first year reporting**. If either of these situations is the case, select the appropriate factor and for the 'Amount of CO2e Affected' enter **ZERO** metric tons.

Examples of factors/items that could be included in a Movement Report:

Movement Report

🔒 Please list the main factors that influenced the Enity emissions performance (such as acquisition, divestiture, outsourced activities, insourced activities, changes in production, and changed calculation methodology, etc) during the reporting year. To add a new factor, please click the 'Add Factor' button below.

Factor	Details	CO2e Amount	Unit
Increase in Production  	On March 10, 2007 Marie's Trees added 10 additional companies from which it will collect recycled paper products. Processing this additional paper will increase our emissions in 2007. Increased emissions will occur in our fleet of vehicles and purchased electricity at the LA processing plant.	5,000	metric ton
Business Cycle Fluctuation  	For the LA office we will be using the LADWP electricity deliveries metric from 2006 (1238.52 lb/MWh) for our 2007 indirect emissions. This metric has decreased from the 2005 metric (1303.53 lb/MWh), which we used for 2006 emissions. This change in metric has resulted in a decrease of our indirect emissions.	151	metric ton
Changed Calculation Methodology  	For our 2004 inventory we estimated our Natural Gas emissions from our leased office space and included this in our inventory under stationary combustion. Then in 2006 the California Registry issued a clarification that direct emissions should not be estimated. We no longer include Natural Gas emissions from our leased office space and this has resulted in a decrease of direct emissions for our 2006 and all future inventories.	12	metric ton

NOTE: Don't forget to include a **date of occurrence** in your entry.

Then you may ask how does the California Registry use this information during its final review? Good Question!

The California Registry maintains a database of each member's verified direct and indirect emissions. When a new report is submitted for review this data gets added to the database and compared to prior reported years. This is a simple calculation that all members should perform on their data before verification and to have a sense of how their emissions are changing over time and in comparison to their baseline year, if they have selected one (See box for **How to Compare Emissions between Reporting Years**).

Whenever a member selects a baseline year the California Registry will conduct this comparison and if there is a change of +/- 10% we will ask the verifier if this represents an organic or structural change. **BUT** – this is where the Movement Report comes in – if the **Movement Report** explains that the difference is due to an organic change then

there is no need for us to ask the verifier for clarification and we are able to accept the report if nothing else is amiss. If the difference is due to a structural change and the member has selected a baseline year then the member should adjust their baseline data so that their data is comparable over time (see GRP 3.0, Chapter 4 for more information about adjusting the baseline year).

Did you know that even if your organization did NOT select a baseline year and a structural change occurs during a reporting year, that year's inventory should only represent a snapshot of the organization's inventory at the end of the year? For example if *Company A* sold one of its facilities

in June 2007 then ALL of the emissions from that facility should be removed from *Company A's* 2007 inventory. The emissions from the sold facility (for the period of January 1 – December 31, 2007) are now the responsibility of *Company B* that purchased the facility, including the emissions from the period during which *Company A* operated the facility. This is an international GHG accounting rule that aligns with financial accounting practices (The Greenhouse Gas Protocol, 2001: <http://www.ghgprotocol.org/files/ghg-protocol-2001.pdf>). There should **only** be **partial year reporting** of emissions when the change is **organic** and not structural, especially if the structural change represents a change of +/-10%.

Remember that if *Company B*, from the example above were also a member of the California Registry and they reported emissions from the facility for the period of January 1 – December 31, 2007 and *Company A* went ahead and reported emissions from that facility for the period of January 1 – June 30, 2007 this would mean that there would be double-counting of the same emissions. The goal of the California Registry staff is to avoid this situation at all costs and retain the integrity of its database!

In conclusion, the **Movement Report** is an **extremely** important part of your private CARROT report because, when completed correctly, it explains how your emissions are changing over time and if the change is organic or structural. Without it the California Registry is forced to ask the verifier to explain the changes and this typically adds a week or two to the final review process and thus delays the acceptance of your CARROT report.

Questions? Contact the Member Services Team (Email: help@climateregistry.org; Tel: 213-891-1444 ext. 2).

How to Compare Emissions between Reporting Years

Sample Data

YEAR	Direct	Indirect
2007	12,892.56	1,222.05
2006	10,556.24	1,887.65
2007/2006	1.221	0.647
% Comparison	22.132	-35.261

Calculation Explanation

YEAR	Direct	Indirect
2007	x	a
2006	y	b
2007/2006	x/y	a/b
% Comparison	$[(x/y)-1]*100$	$[(a/b)-1]*100$