

CRC Energy Efficiency Scheme (CRC)

Formerly known as the Carbon Reduction Commitment is mandatory in UK from April 2010

The CRC is a mandatory **UK-wide scheme** to encourage organisations to save energy and reduce their carbon emissions. It starts in **April 2010**. The regulations to implement the CRC are being laid before parliament in Dec 09 and will be formerly published shortly after this.

Who will the carbon reduction commitment affect?

The CRC will mainly affect large private and public sector organisations. An organisation can be made up of many businesses.

You are likely to be covered by the CRC if your organisation's electricity is metered by at least one "settled" **half hour meter** (HHM) and you buy on the half hour market. Your electricity supplier can tell you if you buy electricity on the half hour market.

If your organisation's half hourly metered electricity use was **above 6,000 megawatt-hours (MWh)** in 2008 you will have to participate fully in the CRC. If your half hourly metered electricity use was below 6,000MWh in 2008 you will have to make an '**information disclosure**' of your electricity consumption to the CRC registry.

Landlords and tenants will need to co-operate together to work out their combined carbon footprints. How Landlords recover CRC charges from tenants or share gained allowances with them are not part of the scheme **except** landlords are not under any obligation to pass savings onto tenants and tenants are not obliged to save energy. The CRC should therefore encourage more positive dialogue between landlords and tenants.

A useful document has been produced by the Green Property Alliance which sets out some clear guidance on tenant and landlord issues. **For a free PDF copy please email info@paschali.co.uk**

State-funded schools in England, Scotland and Wales will be covered by the CRC. However, they will be included as part of their local authority, not as individual organisations.

What will you have to do?

If the CRC applies to you, you will have to trade carbon allowances and cut carbon emissions. The CRC will cover both electricity use and direct emissions from energy use, including gas and fuel oil.

There will be no overlap with existing schemes. The CRC will not cover:

- emissions that climate change agreements (CCAs) already cover
- direct emissions that are included in the European Union emissions trading scheme (EU ETS)
- organisations that have more than 25% of their energy use emissions in CCAs.

Before the scheme starts

If your electricity supply comes through half-hourly meters, or 70kVA meters in Northern Ireland, and you exceed the 6,000MWh limit, you will have to comply with the CRC.

In **June to July 2009** the Environment Agency should have written to all UK billing addresses with half hourly meters. The Environment Agency is the **Scheme Administrator** for the whole of the UK.

If you receive a letter you will need to take action under the CRC. It is important that the letter reaches the right person in your organisation. The letters will be sent to billing addresses, not head offices. Therefore you should ask on-site staff to pass on this information as necessary. The letter will provide details of your half-hourly meters, and explain what you need to do next.

You will need to provide evidence to the Scheme Administrator of your electricity consumption from **1 January 2008** to **31 December 2008**. If you do not have records of your electricity consumption, your electricity supplier will be able to help you get this information.

When the scheme starts

If your business falls within the CRC, you will have to:

1. **register** online
2. **measure** and record your business' **energy use** (ie electricity, gas, fuel oil, coal, liquefied petroleum gas etc)
3. **calculate** your **carbon dioxide (CO2) emissions annually** (excluding transport emissions)
4. **provide annual energy data** to the Scheme Administrator, via an online registry
5. **buy allowances**, corresponding to your emissions from energy use
6. **submit** an **annual report on your emissions** to your environmental regulator, ie the Environment Agency in England and Wales, the Northern Ireland Environment Agency (NIEA) and SEPA in Scotland
7. **surrender allowances** equivalent to your emissions to the Scheme Administrator at the end of the year
8. **trade allowances** with other businesses if you have bought too many or too few allowances

The Scheme Administrator will produce a **performance league table** each year. The money raised from the sale of allowances will be redistributed when you surrender your allowances at the end of the year. Each organisation will receive a different amount than they originally paid for their allowances, according to their performance during the year. There will be a three-year introductory phase from **April 2010**, with fixed price sales of allowances. The **first sale of allowances** will be in **April 2011**, with a fixed price of £12/tCO₂. You will then have to buy allowances from this time every year. From **April 2013**, there will be a sale of allowances each year via an **auction**. The government will limit (cap) the total number of allowances available each year to ensure that overall emissions fall.

How can my organisation be rewarded for performing well?

Apart from the major savings likely to be made in energy costs, the league table will show clearly which businesses are managing their carbon footprints well and which ones are not. **Who wants to be at the bottom of a league table?** In the initial years of the scheme you can **ensure your position is near the top** (and therefore receive more allowances than you paid for) by:

1. Obtaining Carbon Trust Accreditation
2. Installing AMR (Automatic Meter Readers)

However, to become Carbon Trust Accredited you must be able to show some historic performance in energy saving or carbon reduction of up to two years, and be subject to an assessment. This is fairly straight forward for most business but needs preparation time. Email info@paschali.co.uk for more info.

Further information on the CRC Energy Saving Scheme can be obtained from:

- Email: info@paschali.co.uk – save the searching and cut through the contradicting information!
- www.carbontruststandard.com
- www.environment-agency.gov.uk/business/topics/pollution/111597.aspx

Information provided by [Paschali Engineering & Management Consulting](http://www.paschali.co.uk) (extracted from several sources)