

Carbon Reduction Commitment

www.defra.gov.uk/environment/climatechange/uk/business/crc/index.htm

Alan Aldridge

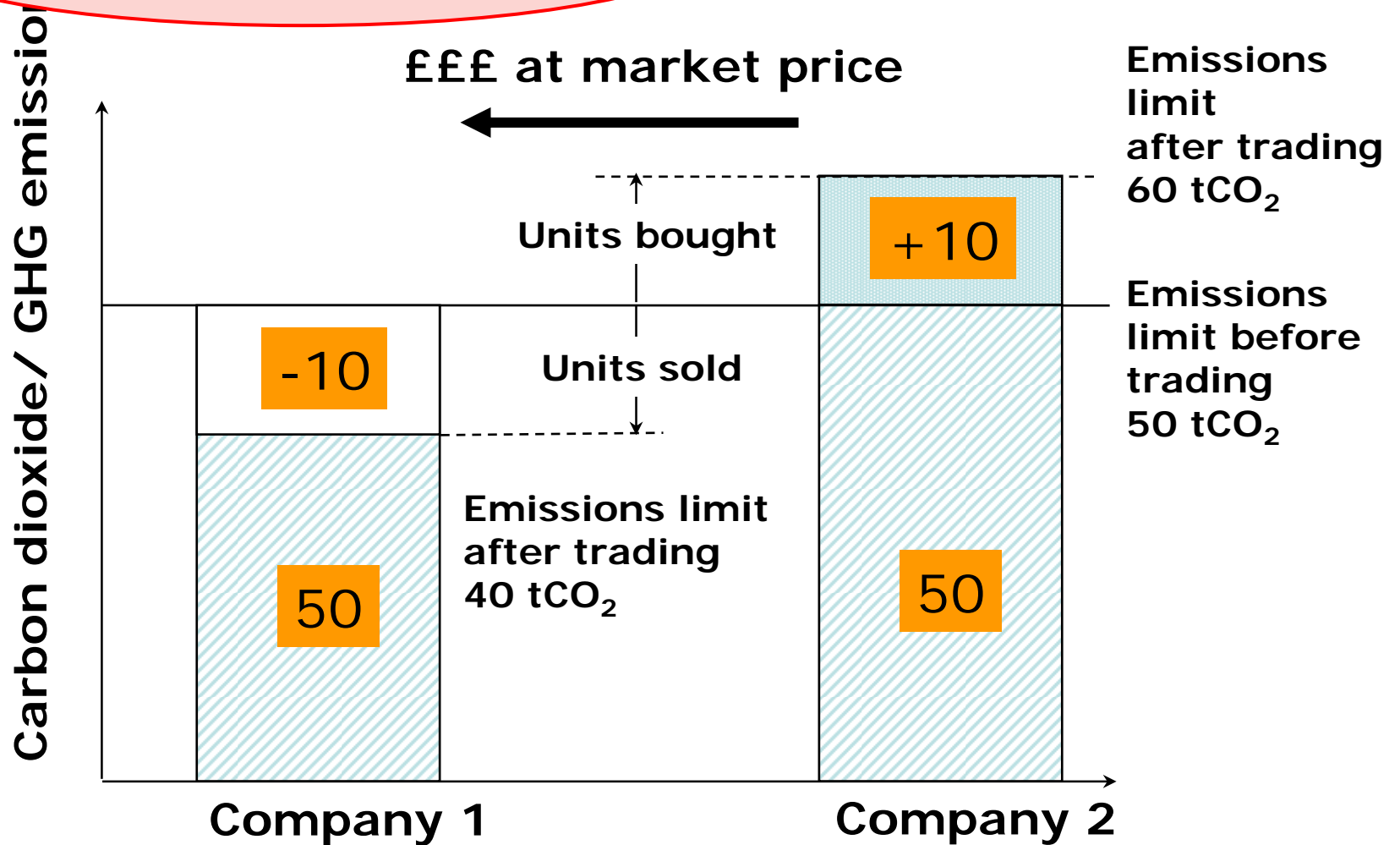
Executive Director

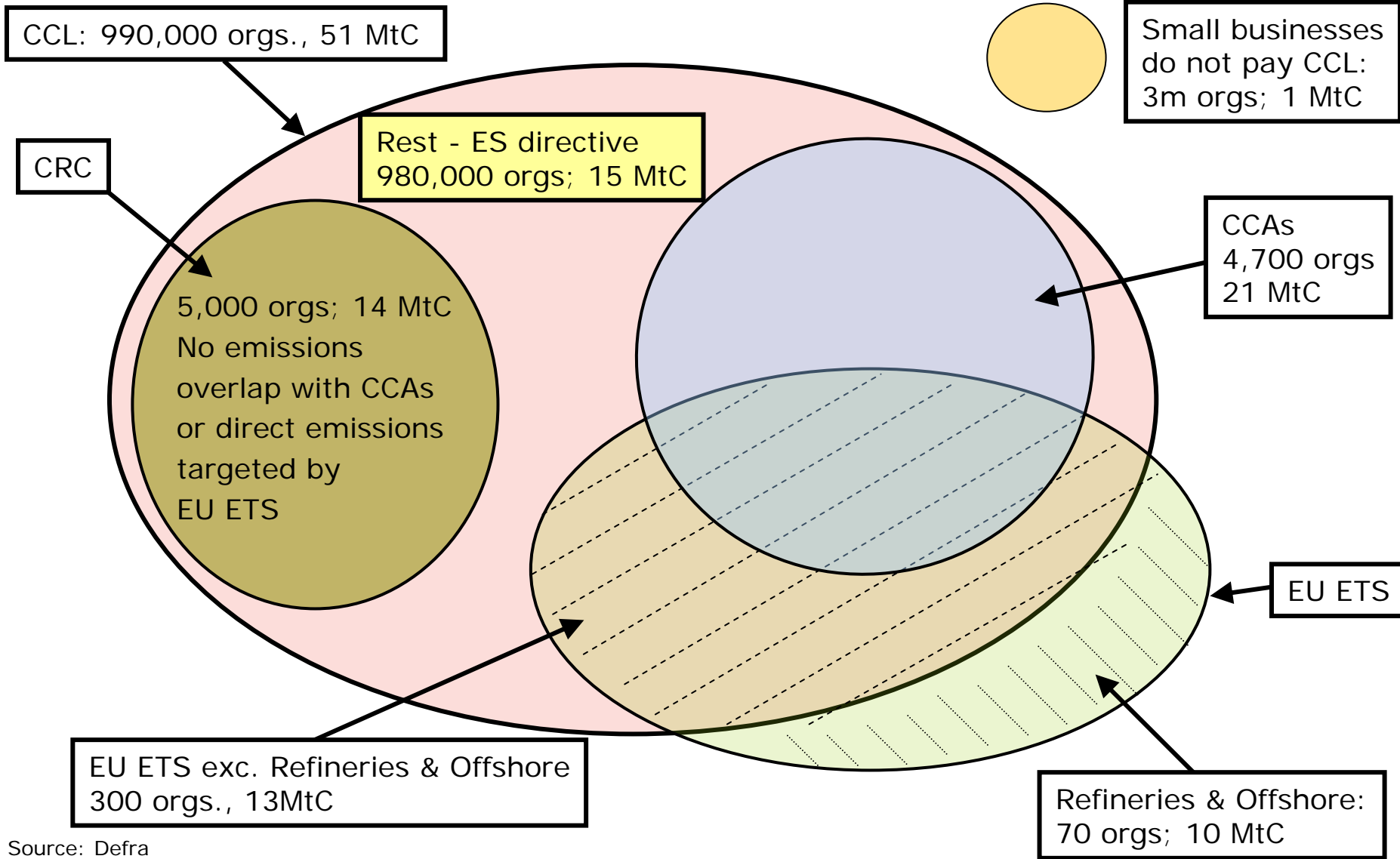
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Investment flows to lowest cost of carbon abatement





Source: Defra

- ▶ **UK wide scheme for 'large non-energy intensive' users**

- ▶ **Exclusions:**
 - ▶ All transport emissions
 - ▶ Organisations with over 25% emissions in Climate Change Agreements
 - ▶ Direct emissions sources covered by EU ETS

- ▶ **Includes:**
 - ▶ Electricity used on end-users site
 - ▶ Electricity used on EU ETS sites
 - ▶ Can include CCA site emissions IF coverage by CRC, EUETS, CCA is NOT above 90%

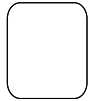
▶ **Qualification threshold:**

- ▶ Over 6,000 MWh from ALL half hour meters [70kVA in NI] includes mandatory **AND** voluntary HH meters
- ▶ At least 1 meter settled in half-hour market

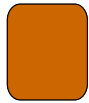
▶ **Once captured the emissions covered are:**

- ▶ 'Core sources':
 - ▶ Electricity: Half hour meters; Profile classes 5-8
 - ▶ Gas: All daily read meters; plus over 73.2 MWh pa.
- ▶ Other emission sources for at least 90% of all emissions Once per period e.g. 2010-2012; covers small emitters

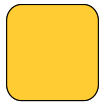
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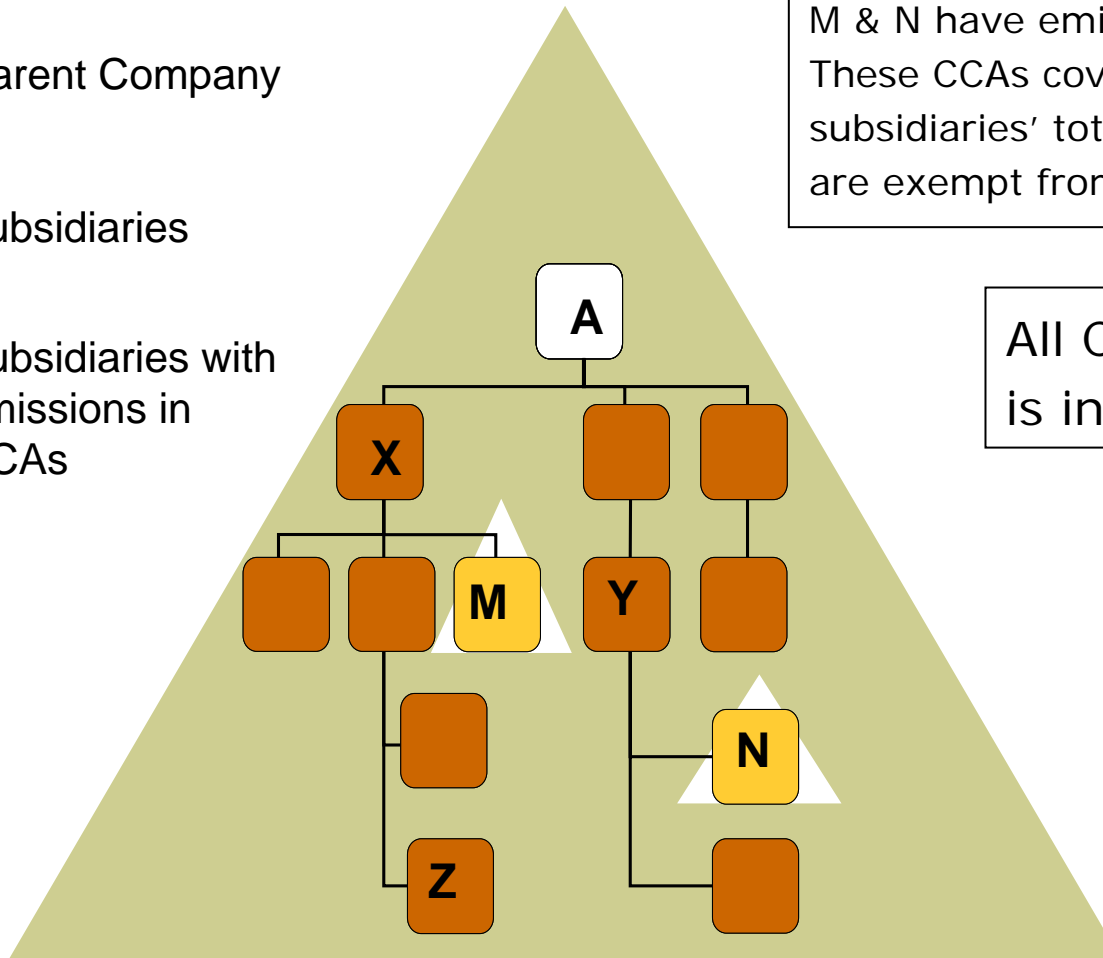
Parent Company



Subsidiaries



Subsidiaries with emissions in CCAs



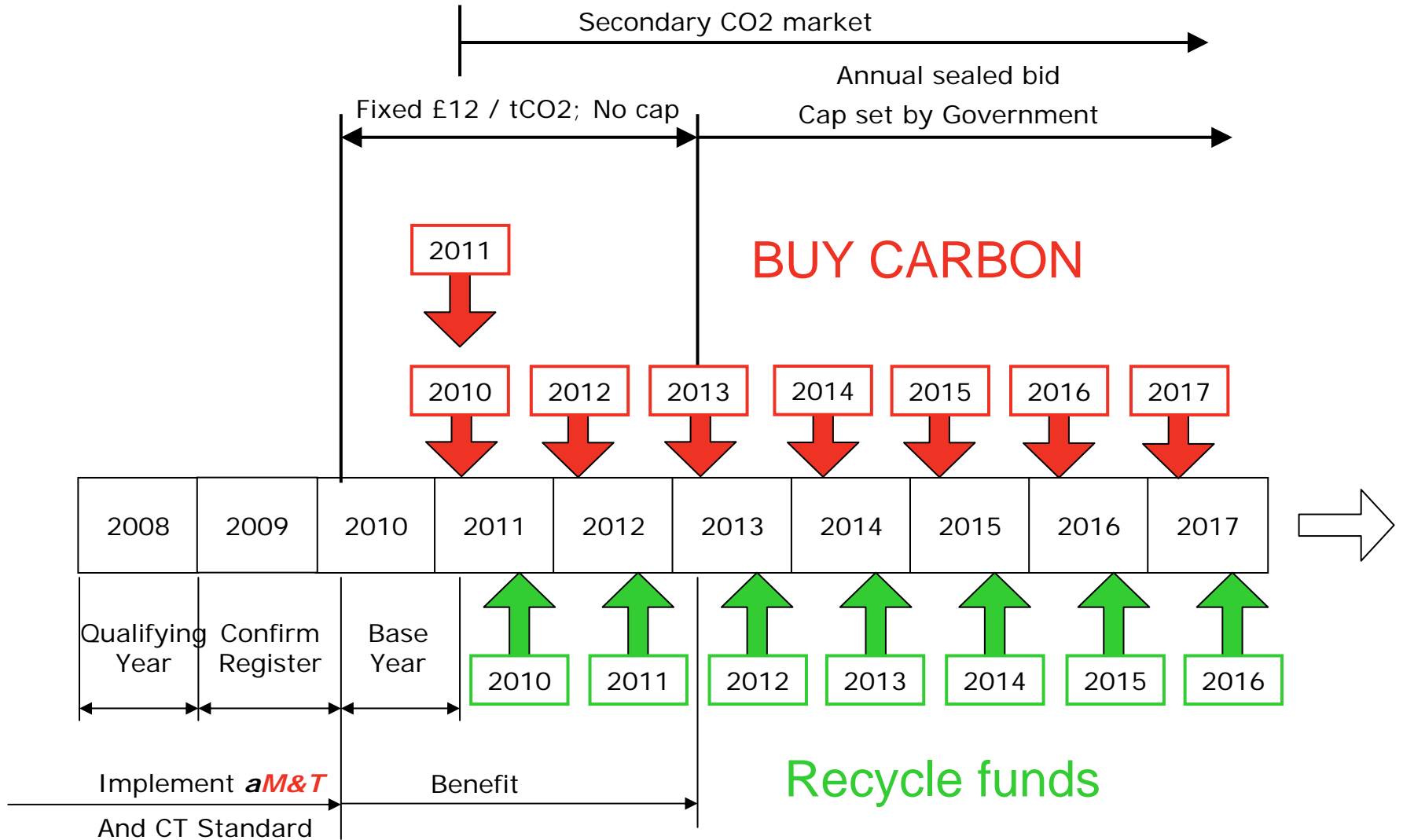
In this company structure, subsidiaries M & N have emissions covered by CCAs. These CCAs cover more than 25% of the subsidiaries' total emissions, therefore they are exempt from CRC.

All Central Government is included

- ▶ **Based on Financial Year rather than Calendar year**

- ▶ **All publicly funded schools part of scheme and included in Local Authority responsibility**
 - ▶ Includes 'academies'
 - ▶ No fixed rules about recycling of funds between LA and schools
 - ▶ NI still considering approach

- ▶ **Timetable revised**



- ▶ **Based on April 2010 to March 2011 emissions**
- ▶ **Adjusted for Bonus / Penalty in league table**
- ▶ **League table based on position in league table for each of 3 metrics = ranking say 1 [bottom] to 5,000 [top]:**
 - 60%** ▶ Absolute reductions vs. average reductions since year 1
 - ▶ Early action based on status at March 2010 and applied only to introductory phase 2010 - 2012
 - 20%** ▶ Provision of Automatic Meter Reading AMR and associated metering and software [= **aM&T**] ex. mandatory meters
 - 20%** ▶ Accredited to Carbon Trust Standard [previously EEAS]
 - ▶ Growth metric = CO₂ / £ [turnover or revenue]
- ▶ **Adjustment to +/- 10% in 2010 increasing 10% every year up to +/- 50%; Could be 100%**

- ▶ Enabled by Climate Change Bill
- ▶ Only direct participants and immediate agents can purchase carbon credits. Secondary carbon market - wider involvement
- ▶ Purchase only safety valve with EU ETS; May be minimum price
- ▶ Can request annual gas and electricity statement from utility supplier. 10% upward adjustment for estimated readings.
- ▶ Green tariffs do NOT affect the results - based on grid supplied electricity
- ▶ Self certification with 20% audit
- ▶ Regulated by EA/SEPA/DoE; Managed by Environment Agency
- ▶ Final consultation Autumn 2008

- ▶ **Is your organisation captured?**
- ▶ **Assess coverage needed to achieve 90% of emissions**
 - ▶ Optimise this to suit your organisation
 - ▶ Ensure you have accurate meter readings from now
- ▶ **Assess resource and expertise needed to implement the legal requirements over the next few years**
- ▶ **Consider strategy for approach and evaluate impact of different options**
- ▶ **Consider Carbon Trust Standard and *aM&T* installation by April 2010**
- ▶ **Determine cash flow and profit/loss implications**
- ▶ **Assess opportunity to use CRC to gain investment and reduce energy costs**

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