

CRC Energy Efficiency Scheme Strategy for Survival

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Obligation

- Measure carbon emissions accurately and provide an annual footprint report to Environment Agency;
- Produce an “evidence pack” (supporting info);
- Produce carbon allowances to cover emissions and surrender sufficient allowances to Environment Agency each year.

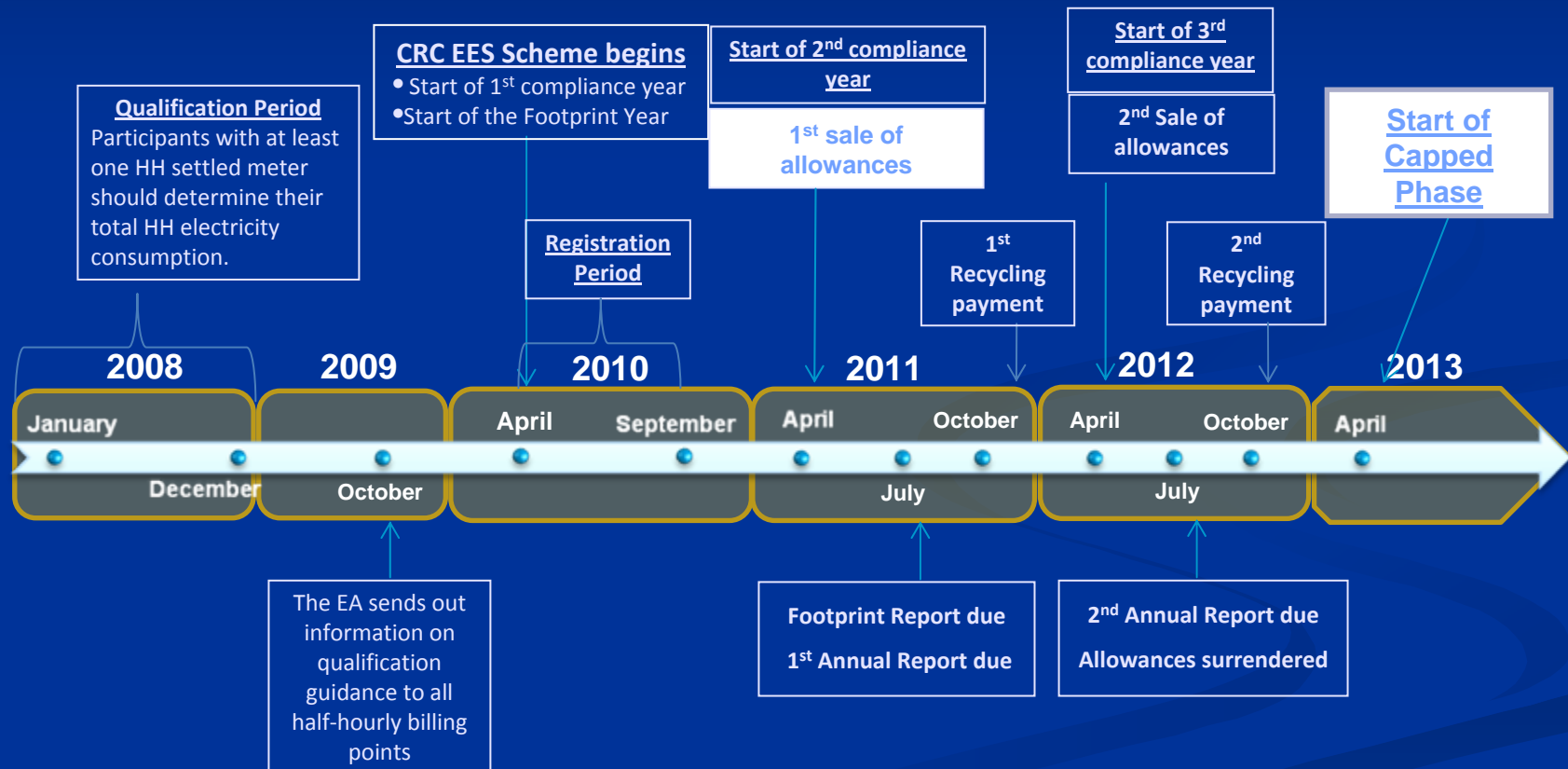
Phases

- 2010 – 2013 : Introduction phase. Allowances purchased from government for £12 per tonne CO₂;
- 2013 : capped phase starts. Government caps available allowances and fixed amount auctioned. Variable price could be higher.

Key Dates

- 1st April 2010 : First compliance year starts. Register organisation between 01/04/2010 – 30/09/2010;
- 1st April 2011 : 2nd compliance year starts. Organisation purchases allowances for carbon forecasts 2011 – 2012. (will need an accurate forecast);
- July 2011 : Footprint report required for 1st year 2010 – 2011;
- October 2011 : 1st recycling payment – returning money raised in April 2011.

Timeline



Reports

- **Footprint Report**
- Sets emission coverage for the phase
- Demonstrates compliance with '90% rule'
- Identifies CRC Emissions
- Once per phase (31 July 2011)

Reports

- **Annual Report**
- Report on actual CRC Emissions
- Provide information for the Performance League Table
- Link to Performance Commitment – surrendering emissions
- Every year (31 July 2011)

Annual Report 1

- **Data on Consumption:**
 - **by source**
 - **split in estimated and actual**
- Total core consumption of electricity
- Total core gas consumption
- Total non-core consumption per source
- Use of any other fuel not included in fuel table

Annual Report 2

- Total emissions of any Significant Group Undertaking that has not been disaggregated
- Data on Turnover/Revenue Expenditure
- Data on AMR and CTS coverage

Performance League Table

Metric	Yr 1	Yr 2	Yr 3	Future
Absolute	0%	45%	60%	75%
Early Action	100%	40%	20%	0%
Growth	0%	15%	20%	25%

Revenue Recycling

- Performance League Table component
 - Adds financial and reputational incentives
- Bonus or penalty payment based on position in league table
 - Year 1 maximum bonus or penalty of +/-10%
 - Year 2 maximum bonus or penalty of +/-20%
 - Year 5 maximum bonus or penalty of +/-50%

Strategy

- Determine sites eligible/ non-eligible;
- Ensure accurate data for 2008;
- Complete registration or information disclosure (non eligible).

Strategy

- April 2010 – March 2011

Monitor energy usage (ensure no estimates etc.)

Agree consumption

Strategy

- April – September 2010
 - Complete energy procedures;
 - Complete strategy documentation;
 - Prepare for footprint and annual reports;
 - Prepare an Internal Audit Certificate.
- Sample audits are to be completed.
- Every organisation can be expected to be audited in each phase.
- Penalties for non compliance.

Strategy

- April/May 2010

Early Action Metrics

Analyse benefits of Carbon Trust Standard or equivalent (organise if appropriate)

Analyse benefits of AMRs (organise if appropriate)

AMR

- Definition of AMR for gas and electricity must meet the following;
 - captures data on at least a half hour basis (electricity) or hourly (gas);
 - meter used for charging purposes (not submeter);
 - read remotely
 - made available to customer

Strategy

- April – September 2010

Agree Organisation Energy Profile

Carry out surveys as appropriate (Carbon Trust free surveys if available)

Discuss Carbon Trust Loan Scheme if available

Determine strategy for energy savings post April 2011.

Buying Allowances

- NEED FOR ACCURATE ASSESSMENT
- Sold at start of year;
- Sold by government;
- If need to purchase extra – secondary market or safety valve mechanism.

Buying Allowances

- Buying extra allowances;
 - secondary market – other CRC members, traders etc.
 - safety valve – government issue from EUETS pot. Transaction fee of £300. Never less than £12 fixed price.
- Revenue here is not part of the pot;
- Have excess – sell on secondary market or bank.
- All allowances cancelled at end of P1.

Buying Allowances

Through CRC Registry

- Introduction stage 3 year period;
 - £12 p/tCO₂;
 - No limit;
 - Issue within 3 days of payment.
- Capped Stage

Example

Simple example of exposure;

- CRC footprint 50,000 tCO₂
- Annual cost £600k
- Value at stake £120k

based on a maximum of +/- 10% bonus or penalty.

Accountancy

- Balance Sheet Implications;

April 2011

- forward purchase allowances for April 2011 – March 2012 (at least);
- recognise asset in form of allowance;
- recognise entitled to refund.

- Financing allowance purchase ;

- cash flow concerns as need to make financing arrangements for 6 months.

Accountancy

- Internal audit and reporting systems
 - recommended that carbon data is reviewed, challenged or assured.
 - review should be completed by a competent person.
- Risk Management
 - risk to reputation and branding;
 - specific boundaries which may not reflect current carbon footprint calculations;
 - financial penalties;
 - series of complex rules re mergers and acquisitions.

Further Information

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