

Carbon Reduction Commitment Quarterly Stakeholder Update

7 October 2009

Dear Stakeholder,

This update is to announce the publication of the Government response to the recent consultation, and to make you aware that the Environment Agency in its central administrator role, and on behalf of the other regulators, will shortly be contacting potential participant organisations regarding publication of qualification guidance for the scheme.

Government Response to the Consultation on the Draft Order to Implement the CRC

The UK Government together with the devolved administrations held a 12 week consultation earlier in the year around the technical detail of the legislation to implement the scheme and to address some outstanding policy issues on recent proposals. We were grateful to receive over 250 responses from stakeholders which provided very useful input. After careful consideration of the feedback, Government has now published its response which is available on the DECC and devolved administration websites. For ease the DECC web publication is at:

<http://www.decc.gov.uk/en/content/cms/consultations/crc/crc.aspx>

The Carbon Reduction Commitment will now be known as the CRC Energy Efficiency Scheme (CRC). The new words have been added to better reflect the primary objective of the scheme which is the achievement of carbon emission reductions through increased energy efficiency.

The most important changes to the CRC policy as a result of the consultation include:

Cash flow

The first sale of allowances in April 2011 will now only require participants to purchase allowances for the year ahead and no longer for the previous year as well. This comes after stakeholder concern regarding the impact of a double sale on their cash flow. As a result, the first year of the Introductory Phase will therefore become a monitoring period.

Principal Subsidiaries

Large subsidiaries that would qualify in their own right can now choose whether to disaggregate themselves from their organisational group and participate independently. To reflect these changes, Principal Subsidiaries are now referred to as Significant Group Undertakings.

Early Action Metric

Organisations which have demonstrated commitment to reducing their emissions either by achieving the Carbon Trust Standard, or accreditation from an equivalent scheme can use this to be counted towards the Early Action metric. The relative weighting of this metric in the overall performance score, compared to the Absolute reduction and Growth metrics, will be reduced more gradually to better recognise early action taken, from 100% in the first year, 40% in the second year and 20% in the third year.

Treatment of renewables

The CRC will treat electricity which receives a Feed In Tariff in the same way as electricity which is issued a Renewable Obligation Certificate, and has simplified the approach to reporting and accounting for renewably generated electricity. As an energy efficiency mechanism, CRC will not provide additional incentives for renewable generation. We will, however, publish alongside the performance league table, the organisations increase in onsite renewable generation together with energy efficiency savings. This will allow organisations to gain reputational credit for their investment in onsite renewables.

Public Sector Organisations

The definition of a public sector organisation has been simplified to create better clarity for participants in the CRC. Organisations designated as a 'public authority' in the Freedom of Information Act 2000 and the Freedom of Information Act (Scotland) 2002 will participate in CRC on the basis of their individual FOI/FOI (S) listing, unless they are legally part of another body, in which case they would participate as part of that parent body.

CRC qualification pack mailing exercise

Qualification and registration guidance for potential CRC participants ("Qualification Pack") will be published at the end of October. This set of guidance includes the following documents:

- Am I in? A guide for qualification and organisation structure;
- Register as a CRC Participant; and
- Making an Information Disclosure

These guidance documents will be available on regulators' websites. For ease, the Environment Agency website is at: www.environment-agency.gov.uk/crc

The Environment Agency is the Administrator for the CRC throughout the UK, and will also be the scheme regulator in England and Wales. The Department of the Environment for Northern Ireland and the Scottish Environment Protection Agency are the other regulators.

When the guidance is published, the Environment Agency will write to all potential participant organisation addresses with information on how to access the guidance. It will not mail the guidance itself to avoid organisations receiving parts of the guidance which may not be relevant to them, and to reduce paper waste.

The CRC regulators decided to release this guidance after the Government issued its response to the consultation so that organisations receive complete and accurate information that would not be subject to change. In the interim, to help organisations prepare for the CRC, a number of CRC Brief Guidance documents have been created. These include:

- Early Action Metric
- Automatic Meter Reading
- Making an Information Disclosure

You can find these documents at www.environment-agency.gov.uk/crc.

In May this year, a letter was sent to all Half Hourly Meter billing addresses introducing the CRC scheme and its obligations. The Environment Agency has now amended its database, and where possible, grouped together billing addresses that fall under the same company name. This should help to prevent organisations receiving duplicate letters. If your organisation receives more than one letter in the October mailing, you can contact the UK CRC helpline so that we can update your details.

CRCHelp@environment-agency.gov.uk

Events

During the next few months, a number of CRC events are taking place across the country. These include the following:

- 10th November: Environment 09; London
- 25th November: Civils 09; London
- 26th November: National Performance Advisory Group for the NHS; London
- 8th December: Holyrood CRC Conference; Edinburgh

You can also view a message to stakeholders from the UK Government Minister for the CRC, Joan Ruddock, on the DECC website www.decc.gov.uk/crc

Should you have any enquiries about CRC, please contact the UK helpline at CRCHELP@environment-agency.gov.uk

Kind regards,

The CRC Team

