

Carbon Reduction Commitment

Get rewarded for good performance

Carbon Reduction Commitment (CRC)

The CRC is a mandatory cap and trade scheme developed to reduce carbon emissions from non-energy intensive industries. It is aimed to include organisations whose activities are not covered by the EU Emissions Trading Scheme (ETS) or Climate Change Agreements (CCA).

It is designed to meet the Government's Climate Change Act 2008 targets of at least 80% cut in greenhouse gas emissions by 2050 and reductions in CO2 emissions of at least 26% by 2020, against a 1990 baseline.

Incentive: Estimated benefits to participants equal approximately £1 billion by 2020.

Who qualifies?

The mandatory cap and trade scheme will impact large companies and local authorities in the UK e.g. supermarket chains, hotel chains, office-based corporations, government departments and large local authorities. An Organisation is required by law to participate in CRC if:

- It has at least one half-hourly meter (HHM) settled on the half hourly (HH) market*
AND
- It consumed more than 6,000 megawatt hours (MWh) of electricity in 2008-calendar year- through these meters (equivalent to an annual electricity bill of ~£500,000).

Note: Organisations with at least one half-hourly meter (HHM) settled on the half hourly (HH) market that consumed less than 6,000 MWh through HH meters in 2008 are required to make an information disclosure but not fully participate in the scheme.

* There are **5 types of metering** that can be settled on the Half Hourly (HH) market:

- Mandatory HH meters
- Voluntary HH meters
- Remotely read Automatic Meter Reader (AMR)
- HH Light meters
- Pseudo HH metering readers (monitors electricity consumption for street furniture e.g. lights)

To confirm that a HH Meter is settled on the HH Market go to the supply number (MPAN) on your bill and check that it begins with "00".

Once qualified, gas, oil and non half-hourly electricity will need to be accounted for as well.

The first steps?

Responsibility for the CRC lies with the highest UK parent organisation, subsidiaries should be encouraged

to pass on energy usage data to the parent organisation.

September 2009: Qualification Packs will be sent to the billing address of each HHM settled on the half-hourly market.

April-September 2010: Registration Period

Organisations with total 2008 HH electricity consumption above 6,000MWh:

Legally required to register

- Register through a web based tool
- Disclose info on organisational structure and subsidiaries
- Provide contact info of the person(s) responsible for the organisation's participation
- Submit a list of all HHM settled on half hourly market
- Disclose total half hourly electricity consumption

Organisations with total 2008 HH electricity consumption less than 6,000MWh:

Legally required to submit an information disclosure

- Access the same web based tool
- Follow guidance and complete info disclosure

What emissions are included in CRC?

The emissions that are included in the scheme are called CRC emissions. These are the emissions of each participant for which it must purchase allowances each year. A participant states the sources of energy which will contribute to its CRC emissions in the Footprint Report. There are two rules that determine CRC emissions:

1. All your emissions from *core sources* of energy must be included in your CRC emissions, unless they are covered by EU Emissions Trading Scheme (EU ETS) or Climate Change Agreements (CCAs). *Core sources* are all emissions from the following sources:
 - all electricity consumed through HHMs
 - all electricity consumed through AMR meters
 - all electricity consumed through profile class 5-8 meters
 - all daily-read gas meters
 - all gas consumed through AMR meters
 - all non-daily metered gas consumption of more than 73,200 kWh per annum.
2. At least 90% of your total footprint emissions must be regulated either by CRC or by EU ETS or CCAs.

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How does it work?

Purchase **allowances** for each tonne of CO2 emitted - taking into account energy efficiency actions.

CRC begins with a 3 year introductory phase (April 2010-March 2013) where participants need to purchase allowances from the Government at a fixed price of £12/tCO2. In the next phase (starting 2013) allowances will be capped and auctioned out.

1. Purchase allowances

Throughout the year monitor energy and activities and in an **annual report** detail:

- CRC emissions for the year that passed
- turnover or revenue expenditures
- Early Action initiatives

Once in each phase (every 5 years) participants also need to complete a **footprint report**:

- based on the energy used during each footprint year (the first footprint year is Apr2010-Mar2011):
- outlines total energy use and emissions and electricity credits
- identifies the CRC emissions

4 key actions during the scheme year*

2. Monitor and report emissions

4. League table publicised & recycled payment is received

An annual league table is published and revenue from the sale of allowances is recycled back to participants.

The **league table** ranks the carbon reduction performance of each organisation based on the data provided in its annual report.

Payment recycled back is proportional to emissions of the year that passed and it incorporates a bonus/penalty depending on the organisation's position in the league table i.e.:

- Year 1 max bonus/penalty of +/-10%
- Year 5 max bonus/penalty of +/-50%

The first league table is based 100% on Early Action measures:

- Extent of voluntary installed Automatic Meter Readers (AMR) by the end of first year (50%)
- Extent of Carbon Trust Standard accreditation by the end of the first year. (50%)

3. Surrender allowances

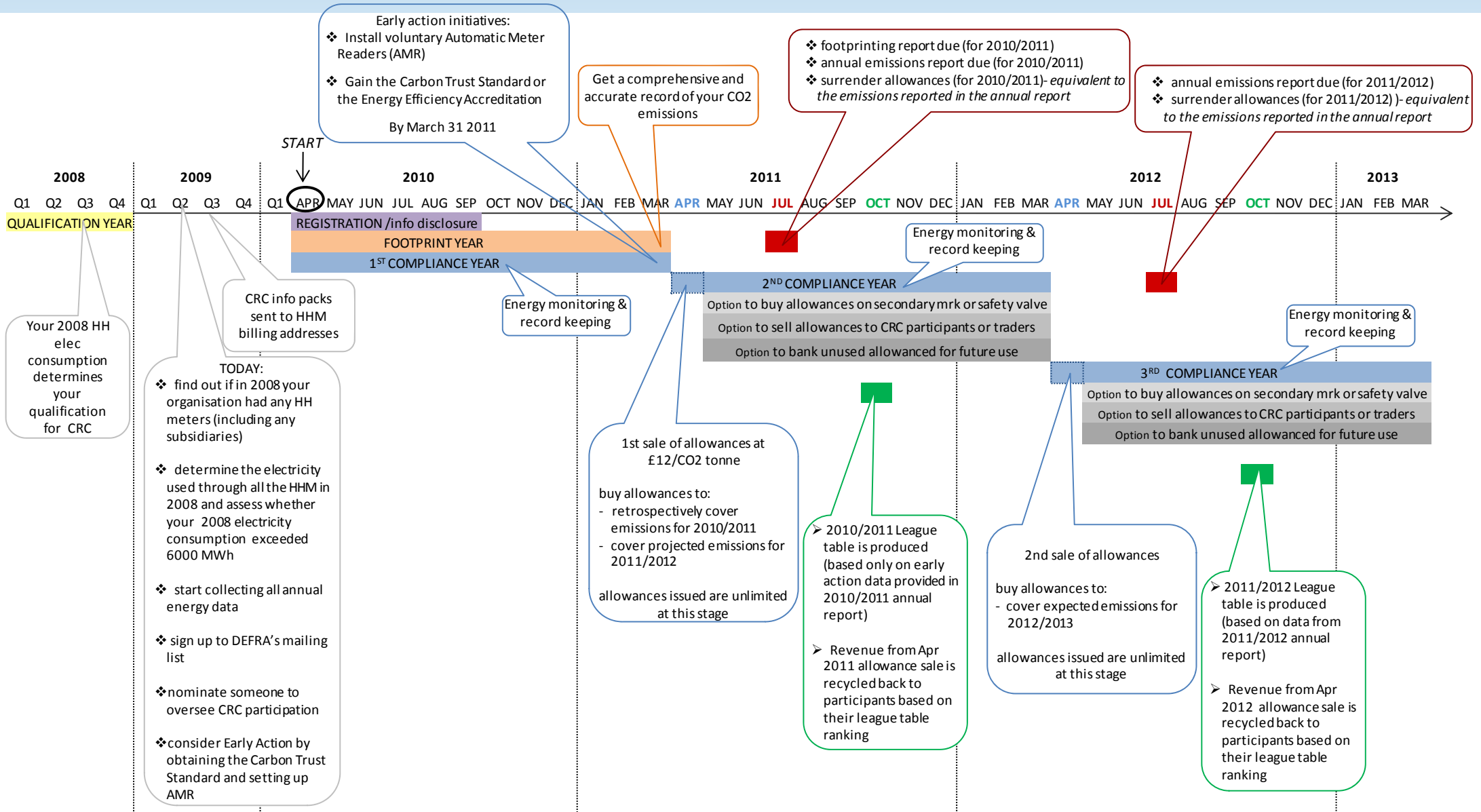
Surrender allowances for the year that passed, buy/sell allowance as appropriate.

Surrendered allowances are equivalent to the emissions reported in the annual report, i.e. if you report 1,000tCO₂, 1,000 allowances must be surrendered.

*Each scheme year runs from April to March like the financial year

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Timeline for introductory phase 2010-2013



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What are the implications for CRC participants?

NEGATIVE: Non-compliance is a criminal offense and penalties are wide ranging including:

- ✗ Failure to register (£5,000)
- ✗ Failure to disclose information (£1,000)
- ✗ Failure to provide footprint report (£5,000)
- ✗ Failure to provide annual report (£5,000)
- ✗ Incorrect reporting (£40 per tCO₂)
- ✗ Failure to hold/cancel sufficient allowances (£40/tCO₂)
- ✗ Failure to keep adequate records (£5 per tCO₂)

POSITIVE- Save energy, save carbon, save money:

- ✓ **Financial:** bonus payments for good performance, energy cost savings from implemented measures
- ✓ **Enhanced reputation:** from ranking higher than competitors in the published league table
- ✓ **Forward thinking:** Short term actions provide long term benefits.

How ABS can help you prepare for the CRC?

1. Scheme registration	<ul style="list-style-type: none">➤ Data management➤ Information disclosure
2. Early Action measures	<ul style="list-style-type: none">➤ AMR installation➤ Carbon Trust Standard
3. Reporting	<ul style="list-style-type: none">➤ Footprint report➤ Annual report
4. Advice	<ul style="list-style-type: none">➤ Energy Efficiency and Carbon Management

1. Scheme registration – *get started*

- We guide you through the process and help you acquire and process energy figures for data management to avoid registration penalties.
- We assist in the processing and submission of 'information disclosure' or registration for organisations that have at least one HHM settled on the half-hourly market. This includes collating electricity consumed from all HHMs.

2. Early Action measures – *get rewarded for early action*

- Installation of AMRs by 31 March 2011. We install data management systems and energy monitoring processes, this allows you to gather annual energy usage data by individual offices/stores or as entire estates.
- Assistance in gaining the Carbon Trust Standard To gain accreditation three years of data is required. The organisation must show footprint

reduction over the three years and achieve a 60% pass at the Carbon Management assessment which looks at carbon governance, management and accounting.

3. Reporting – *know where you stand at any time*

- Annual report- annual emissions must be reported by the last working day of July after the end of each compliance year (29 July 2011 for the first year).
- Footprint report- details total footprint emissions, CRC included emissions, any exemptions and sources and values of electricity credits. (for the introductory phase it is due by 29 July 2011)

4. Advice – *save energy, save carbon, save money*

- Energy and carbon management consulting:
 - We help collect data and establish a process to monitor energy consumption
 - We help with forecasting and budgeting for purchasing allowances and for potential penalties and bonuses.
 - We help you set carbon reduction targets and a strategy for achieving them
 - We conduct carbon and energy management motivational and technical workshops
 - We set up a strategic operational process for continuous improvement.

ABS' Continuous Commissioning (ConCom) process embodies all the requirements for the CRC. (for more info and case studies please visit our website)

Why ABS?

ABS employs experienced engineers, accredited Carbon Trust consultants and CIBSE certified Low Carbon Consultants and Energy Assessors.

Our philosophy is that buildings exist to fulfil the owner or occupier's business plan and to provide an efficient, safe and comfortable environment for users. It means that we take a client centred strategic view, informed by our hands-on experience of all phases of the building life-cycle.

Next Steps

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