

The CRC Energy Efficiency Scheme

Do you qualify and what do you have to do?

The CRC Energy Efficiency Scheme (CRC), is the new UK-wide mandatory carbon emissions trading scheme which came into force on 1 April 2010. Recently the Environment Agency has indicated that CRC may apply to as many as 30,000 organisations (six times more than first estimated). So what does this mean for you?

The CRC in a nutshell

Who qualifies?

- > Private and public sector organisations (including subsidiaries and some Joint Ventures and franchises) that used an aggregate of over 6,000MWh of half hourly metered electricity **during 2008** (roughly equivalent to an electricity bill of £500,000 or more in that year) will be full participants
- > Organisations using less than 6000MWh of half hourly metered electricity during 2008 will also have CRC responsibilities (e.g. making information disclosure)

What do full participants have to do?

- > **Monitor** their UK energy use (electricity, gas and other fuels) from **1 April 2010**
- > **Register** for the CRC introductory phase with the scheme administrator (in England and Wales, the Environment Agency) by **September 2010**
- > **Purchase** annual carbon allowances for estimated future energy use (at an initial cost of £12 per tonne of carbon dioxide) **from April 2011 onwards**
- > **Report** annually on relevant emissions (first report due by **29 July 2011**)
- > **Surrender** carbon allowances to off-set against reported CRC emissions **from July 2012 onwards**
- > **Purchase** carbon allowances from the market to meet any shortfall in their organisation's needs
- > **Monitor, Register, Acquire Allowances, Report and Surrender Allowances** as appropriate for subsequent compliance years and phases of the CRC (the first trading year of the first capped phase commences in **April 2013**)

Payback and Penalties

- > Six months after buying carbon allowances, 'recycling' of the payments made will occur, based on baseline CRC emissions
- > A bonus will be added to or a penalty deducted from the recycling payment based on energy performance improvements assessed against performance in the previous year(s) and measured against the performance of others in an annually published CRC league table
- > There will be fixed and variable civil penalties, trading sanctions and adverse publicity for non-compliance
- > Certain breaches amount to a criminal offence (e.g. making false or misleading statements)

CRC initial timeline

January 2008 - 31 December 2008	<p>Qualification Period</p> <p>All private companies with at least one half hourly settled meter should determine the aggregate half hourly metered electricity consumption by its organisation during 2008.</p>
1 April 2010	<p>CRC Begins</p> <p>Start of the first compliance year.</p>
1 April 2010 - 30 September 2010	<p>Registration Period</p> <p>Register during the registration period. Amongst other things, this will require confirmation to the administrators about the organisational structure, identification of half-hourly meters, confirmation of half-hourly electricity used in qualification and nomination of a 'responsible person'.</p> <p>Make information disclosure if appropriate.</p>
1 April 2010 - 31 March 2011	<p>First Footprint Year</p> <p>Obtain a comprehensive and accurate record of your CO2 emissions in the footprint year. This requires the collation of records of all energy used across the organisation from 1 April 2010 to 31 March 2011 and will principally be extracted from utility bills, meter readings and fuel invoices.</p>
April 2011	<p>Purchasing of Allowances</p> <p>Obtain allowances during the Government auction in April 2011 to cover estimated emissions for April 2011 to March 2012.</p>
29 July 2011	<p>First Reports</p> <p>Submit your footprint and annual reports by 29 July 2011 covering total emissions, CRC emissions, any exemptions and any major organisational changes for the period 1 April 2010 to 31 March 2011.</p>
October 2011	<p>First Performance League Table</p> <p>The first performance league table, which ranks organisations according to energy efficiency improvements, will be published after collation of all footprint reports and annual reports and analysis of the information. The first recycling payments will be made in October 2011.</p>
April 2012	<p>Purchasing of Allowances</p> <p>Allowances must then be bought in April 2012 to cover estimated emissions for April 2012 to March 2013 and the second compliance year begins.</p>
July 2012	<p>Report and surrender</p> <p>Submit Annual Report for second compliance year and surrender allowances in respect of CRC emissions.</p>

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