

**Summary:** Based upon [CRC Energy Efficiency Order 2010](#) published March 17<sup>th</sup> 2010, which came into force on March 22<sup>nd</sup> 2010.

## **What is the CRC Energy Efficiency Scheme (CRC EES)?**

- Formerly know as the Carbon Reduction Commitment – name change reflects primary focus on energy efficiency.
- Mandatory ‘cap and trade’ scheme that came into force through the UK Climate Change Act 2008.
- Covering energy use emissions from ~5,000 large businesses not already covered by legislation.
- Participants required to purchase sufficient allowances to cover their annual CO<sub>2</sub> emissions.
- The cap will be tightened over time limiting the number of available allowances.

## **Who does this effect?**

- Companies that use greater than 6,000 MWh a year. **Although companies over 3,000 MWh will still need to make an [Information Disclosure](#).**
- Only locations where you pay the bill.
- Tenants:
  - If you rent space in a building owned by a company that falls under the CRC EES and they are responsible for paying the bills there could still be implications for you. Although the legislation states that the CRC EES should not be transferred to tenants, the landlord might try and reclaim money through additional service charges or a renegotiation of the contract. It is always a good idea to ask to see a breakdown of costs and invoices to support claims.
- Highest parent organisation responsible – although operating units can choose to report separately.
- UK operations only (similar approach is being considered USA, Australia, Canada and EU).

## **Next Steps / Actions**

The first thing you should do is work out whether you qualify: [Am I in?](#)

### **If you are in:**

1. Make sure you are kept up to date with all CRC developments: [www.decc.gov.uk/crc](http://www.decc.gov.uk/crc)
2. Sign up to the CRC EES mailing list [www.environment-agency.gov.uk/crc](http://www.environment-agency.gov.uk/crc)
3. Allocate responsibility – as well as someone who can understand your impacts and work on reductions you will need involvement from your finance team.
4. Decide if you are able to achieve the Early Action Metric and get the [Carbon Trust Standard](#) – you will need to be able to show a reduction in usage over the last three years.
5. Make your [Information Disclosure](#) : registration period: 1<sup>st</sup> April 2010 to 30<sup>th</sup> September 2010.

There are plenty of companies willing to help you sort out your obligations, but there is also a lot of guidance available from the Environment Agency and it is very possible to fulfil your responsibilities without paying a lot of money to consultants.

### **If you are not in but are situated in leased space with a landlord who is:**

1. Confirm how the landlord will be managing their responsibilities and what implications this might have for you.

**Funding**

- Allowances will cost **£12 per tCO<sub>2</sub>** for the three year introductory phase and then can be traded, meaning costs will vary.
- **This is not a tax** – revenue neutral to the HM Exchequer (no V.A.T.).
- Payments are recycled to organisations
  - +/- 10% yr1,
  - +/-20% yr2.....
  - +/-50% yr5, based upon position in a league table.
- This will be the only UK government environmental league table and therefore gain a lot of interest
- Criteria for league table:
  - **Early Action Metric** (recognition of action already taken)
    - Split between gaining the [Carbon Trust Standard](#) or an equivalent, although no clear equivalent standards have yet been recognised and the percentage of your energy that comes through Automatic Meter Readings(AMR)
    - The relative weighting of this metric will be reduced as time goes on (see below)
  - **Absolute Metric** (variance from previous year)
  - **Growth (Relative) Metric** (results intensity, e.g., tCO<sub>2</sub> / turnover)

| Metric weightings:              | Year 1 (Oct 2011) | Year 2 (Oct 2012) | Year 3 (Oct 2013) |
|---------------------------------|-------------------|-------------------|-------------------|
| <b>Early Action Metric</b>      | 100%              | 40%               | 20%               |
| <b>Absolute Metric</b>          | 0%                | 45%               | 60%               |
| <b>Growth (Relative) Metric</b> | 0%                | 15%               | 20%               |

- **Investment** – if you manage to stay in the top half of the league table, monies recycled should cover the costs for the following year throughout the introductory phase, so no extra money needed.
- Any additional money recycled could be invested in further energy management to ensure keeping your position in the league table.

**Further Information**

[A short guide to the CRC](#) by the UK Environment Agency  
 The UK Environment Agency also provides more guidance [here](#),  
 as does the UK Department of Energy and Climate Change [here](#).

**Timeline: Introductory Phase**

