

For further information please contact us on 0845 094 9240

Carbon Reduction Commitment (CRC)

The Carbon Reduction Commitment (CRC) starts in April 2010 and aims to improve carbon efficiency and reduce the level of CO₂ emissions generated by commercial and public sector organisations and infrastructure in the UK.

The Government estimates that the CRC sector represents 10% of the UK's CO₂ emissions (51 million tonnes annually) and by 2020 expects to achieve an annual saving of 4.4 million tonnes of CO₂ through the scheme. Organisations in the scheme must record energy use very carefully and are incentivised to make energy savings through a CRC league table which will pay bonuses to the best performers but penalise the worst.

Action now on CRC has long lasting cash benefits.

Does this apply to you?

If your organisation used over 6000 MWh (6 million kWh units) of electricity during 2008, and had at least one half hourly meter (HHM), you are liable to join the CRC scheme. If you had one HHM but used over 3000 MWh you will have to provide an information disclosure. Energy record keeping is mandatory under the scheme in which you must report electricity, gas, oil and other fuel use, excluding transport.

In the private sector organisations being targeted include hotel chains, large office and small industrial facility users, and large retailers including supermarkets. In the public sector CRC affects central government departments, the NHS, housing associations and local authorities. Action now on CRC has long lasting cash benefits.

Key Benefits

- Limits liability for CRC fines and penalties and escalating energy costs
- Reduces your energy costs and attracts CRC rewards
- Provides your organisation with information as to its energy use making energy efficiency part of the decision making process
- Maintains or enhances corporate reputation, especially by comparison with sector competitors because the CRC league table will highlight the best and worst performers
- Poor performance could lead to investor pressure

Relevant Legislation:

- Draft Order of the Carbon Reduction Commitment (CRC) published 12th March 2009 by the Department of Energy and Climate Change (DECC)
- Climate Change Act 2008



CRC Requirements

- You will need to register for CRC between 1 April and 30 September 2010
- You must keep accurate records of all energy consumption in your buildings, STARTING NOW – the qualifying measurement period for the introductory phase is the 2008 calendar year. Internal audit procedures for this process must be robust
- You must report an evidence pack, detailing your energy consumption
- You must buy allowances to cover the energy you expect to use each year initially – this could amount to approximately 10% on top of your energy bill. Some or all of this may be returned to you after six months, depending on how your consumption and your league table position changes

The best performers should receive a 10% bonus in Year 1, the worst a 10% penalty, meaning extra CRC allowances may have to be purchased in the secondary trading market. These bonuses or penalties will rise steadily to +/- 50% by Year 5 and may go up to +/-100%

Becoming CRC Compliant

Envos will conduct its CRC Corporate Assessment to ascertain if your organisation needs to register for CRC.

This includes a review of:

- Corporate structure – including subsidiaries, joint ventures and franchises
- Carbon and energy data quality
- Billing information
- Estate register – including landlord and tenant relationships
- Current energy and carbon reduction policy

The CRC Corporate Assessment will tell you if your organisation needs to register for CRC with the Environment Agency or alternatively provide an Information Disclosure to them. It will also include a Board Report outlining the impact of CRC on your organisation including cash flow, operational and personnel implications with recommendations contained in a CRC Action Plan.

The CRC Action Plan will include:

- Carrying out a Carbon2020™ Audit to measure your organisation's carbon footprint and qualify for the Carbon Trust Standard, part of the early action metric used to calculate your organisation's costs for the first year of CRC

- Managing the CRC process including completing evidence packs, producing annual budgetary and carbon reports, purchasing and selling allowances, incorporating the growth metric where appropriate and dealing with audit and regulatory issues
- Recommendations for increasing energy efficiency and reducing carbon emissions
- Yearly certification of carbon emissions and compliance with the Carbon Trust Standard

Envos can assist in improving your energy efficiency, reducing your costs and therefore maximise the benefit of participating in the CRC.

Penalties for Non-Compliance

If you do not register for the scheme within the deadline, you will receive a fine of £5000 and further fines for not reporting your energy data including £500 per working day of registration delay, £5,000 for failing to provide a footprint report by 31st July each year plus £0.05 per tonne of CO₂ per working day of reporting delay, doubled after 40 days.

Management Consultants KPMG say that non-compliance will cost your organisation twice as much as it will cost to integrate the systems to become compliant with CRC. Ultimate responsibility for CRC can go to your organisation's top level. Mis-information or non-compliance could lead to a criminal record. The Environment Agency anticipates auditing 20% of participants each year.

Who We Are

Envos is one of the leading independent providers of energy and environmental auditing and consulting services. We operate throughout the UK and offer specialist environmental services, energy assessments and certification, including Carbon2020™ Audits, Energy Performance Certificates (EPCs) and Display Energy Performance Certificates (DECs).

This document is intended for information only and is not a comprehensive guide to the Carbon Reduction Commitment. As the legislation governing the Carbon Reduction Commitment has not been finalised, you should not take any action, or refrain from taking action, based solely on the information contained in this document.