CRC Energy Efficiency Scheme
AEA was the principal technical advisor to the Government as it developed the regulations for the CRC

Paint IT Green: The Carbon Reduction Commitment

08/09/10, Hertfordshire

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Agenda

• CRC Overview and registration
• Annual reporting
• The performance league table and revenue recycling
• Carbon trading
• Questions
CRC Overview

+ Mandatory on organisations that fall under scheme – **including public sector**
+ Scheme already underway
+ Annual compliance cycle - **Penalty regime**
+ Allowance trading - **Market risks**
+ Performance league table - **Reputational driver**
+ Revenue recycle - **Financial implications**
Qualification
- > 6,000 MWh of qualifying electricity

Deadline
- 30th September, but you must complete the process by that date

Guidance
- SGU’s do not apply in public sector
- Mandated participants are only Central Government
Timelines

Registration
- Jan 08: HH Electricity

Footprint report
- Mar 10: All energy use
- Oct 10: CRC emissions, revenue, early action *

Annual compliance
- Mar 11: CRC emissions, revenue, early action **
- Mar 12: CRC emissions, revenue, early action **

Key:
- Green: Emission period
- Gray: Reporting period

* 2010/11 is a reporting year only
** CTS or eq. only
Annual/Footprint reporting

- Financial year compliance cycle
- Supply rules
- Own generation and treatment of renewables – potentially of significance for public sector
- Maintain an evidence pack
- Annual reporting – 10% uplift for estimates
- Audit not verification
Emissions metrics

Absolute metric
- % change in emissions compared with previous 5 year average

Growth metric
- % change in emissions/turnover compared with previous 5 year average

- Revenue applied for public sector
- Based on available data until 5-year history established

- Growth will be a key factor in determining league table position for organisations with data centres

Early action metrics
- % AMR coverage
- % CT Standard or equivalent coverage
Early Action Metric

Carbon Trust Standard equivalent

- The Environment Agency has approved the **Certified Emissions Measurement And Reduction Scheme** (CEMARS®) and the BS Kite Mark
- Others are still being considered

Automatic Meter Reading (AMR)

- Percentage of supplies (kWh) through qualifying meters compared to all non-mandatory HH electricity and gas over the footprint year
- Credit gained from point of installation, AMR qualifying supply – not retrospectively credited
- Metering a key part of data centre energy management

<table>
<thead>
<tr>
<th>1 April 2010</th>
<th>AMR meter installed</th>
<th>31 March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-qualifying supply</td>
<td>AMR qualifying supply</td>
<td>Non-qualifying supply</td>
</tr>
</tbody>
</table>
**Bonus/penalty implications**

- Next step – how much could you win or lose?

  - Example recycle payments (Organisation with ~£2m energy spend)

<table>
<thead>
<tr>
<th>Recycle date</th>
<th>Related emissions year</th>
<th>Payment to recycle pot</th>
<th>Maximum bonus/penalty</th>
<th>Maximum gain / loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2011</td>
<td>Early action only</td>
<td>£215,904</td>
<td>10%</td>
<td>£21,590</td>
</tr>
<tr>
<td>October 2012</td>
<td>2011/12</td>
<td>£215,904</td>
<td>20%</td>
<td>£43,181</td>
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<tr>
<td>October 2013</td>
<td>2012/13</td>
<td>£215,904</td>
<td>30%</td>
<td>£64,771</td>
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<tr>
<td>October 2014</td>
<td>2013/14</td>
<td>£215,904</td>
<td>40%</td>
<td>£86,362</td>
</tr>
</tbody>
</table>
Trading options

April 2010  April 2011  April 2012  April 2013

Government sale / auction

Secondary market

Safety valve

Scheme starts

Introductory Phase

Second Phase
Managing carbon market risks

• Understand compliance obligations
• Understand access to allowance market
• Review risks for possible trading approaches
• Develop a trading approach supported by internal emissions monitoring and forecasting
• Keep under review

Approach: develop a trading strategy following the above principles
“This new Coalition Government wants to boost energy efficiency in business because we know that saving energy saves money. The CRC will encourage significant savings through greater energy efficiency and importantly will make carbon a boardroom issue for many large organisations.

I understand the original complexity of the scheme may have deterred some organisations and I want to hear suggestions as to how we can make the scheme simpler in the future.”

Greg Barker, Energy and Climate Change Minister, 11th August 2010
Register now if you’ve not done so

Understand the requirements for annual compliance and make sure your systems are in place

Plan for the financial implications of the scheme

There is still time to take early action

Prepare for trading
AEA has launched CRC-Adv@ntage, an electronic personalised plan designed to help you with your carbon footprint appraisal and reporting

http://www.aeat.co.uk/cms/carbon-reduction-commitment/

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