

# CRC

## Energy Efficiency Carbon Commitment

A carbon compliance guide from MITIE

The CRC Energy Efficiency Scheme will affect many

**businesses and organisations, possibly yours.** This document provides an insight into the way the mechanism works, the key milestones in the process and more importantly what you can do to manage its impact and minimise the consequences.

[What you need to know](#)

[The TRUE cost of carbon](#)

[Countdown to CRC](#)

[Evidence Packs](#)

[How CarbonCare can help](#)

[CarbonCare 6 step approach](#)

[CarbonCare ACTIONS not words](#)

April 2013	1st capped phase begins and variable price carbon allowance auctions commences
October 2012	Second recycling payment is returned
July 2012	Second Annual Footprint report is due
April 2012	Second sale of allowances to cover the 2013 year
October 2011	First recycling payment made. Companies receive allowances plus or minus a bonus or penalty payment
July 2011	Year 1 emission reports must be submitted
April 2011	First fixed price sales of allowances
April—Sept 2010	Registration period
April 2010	Official start of CRC scheme and start of first compliance year
Sept 2009	Regulator issues Qualification Packs
July 2009	Letter issued to potential qualifying organisations by Environment Agency
2008	Qualification year for determining CRC

## WHAT YOU NEED TO KNOW...

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is a mandatory scheme designed to cut carbon emissions using a "cap and trade" principle.

The CRC will apply to organisations that consumed more than 6,000 MWh of total half-hourly metered electricity in 2008 (and are not already registered in the European Union Emissions Trading Scheme (EUETS) or party to a Climate Change Agreement (CCA)). That means an electricity spend in excess of £420,000, depending on your tariff.

If your company is part of a group, you will need to consider if your emissions will be reported by your Group, or whether you will register as a Significant Group Undertaking (SGU) and participate in the CRC in your own right.

[MORE](#)

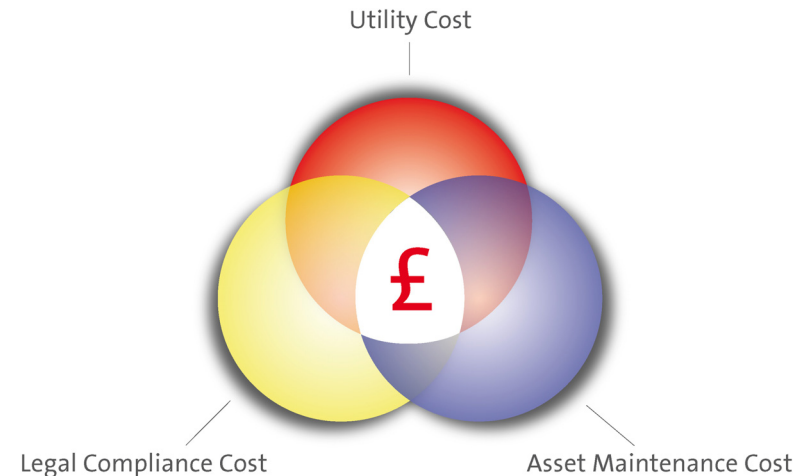
[HOME](#)



## THE TRUE COST OF CARBON

The launch of the CRC will create additional complexity for UK businesses and organisations in the way they manage their CO<sub>2</sub> emissions and of course overlays an additional administrative burden. The CRC also introduces a new dimension to the cost of energy. In addition to the cost of procuring the utilities and managing the assets that deliver the heating, cooling and in some cases the operation of manufacturing processes, there is also the cost of CRC allowances and compliance cost. An organisation with an aggregate annual total consumption of 6,000 MWh of electricity and 1,000 MWh of natural gas would have emissions of 3,407 tCO<sub>2</sub>, and the cost of purchasing the CO<sub>2</sub> allowances in CRC terms will be £40,884. Thereafter, the costs will be dependent on just how much CO<sub>2</sub> emission savings you drive from your business. Unfortunately, ignoring the CRC carries an even greater cost with significant fines potentially even prosecution for criminal offences such as falsification of records or fraud.

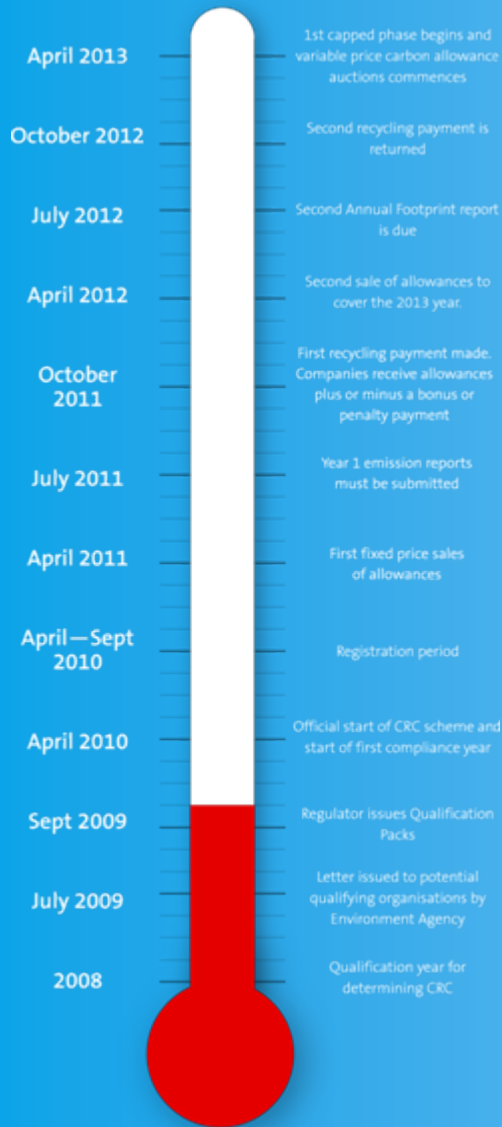
The Total Cost of Energy Used



[BACK](#)

[MORE](#)

[HOME](#)



## COUNTDOWN TO CRC

The key CRC programme timings are shown in our timetable (left, and high quality PDF below). The CRC begins its first Phase in April 2010 and all organisations must register for the CRC during the period April 2010 – September 2010. Failure to do so and failure to comply with the payments and ongoing reporting requirements of the scheme will result in heavy financial penalties and even prosecution.

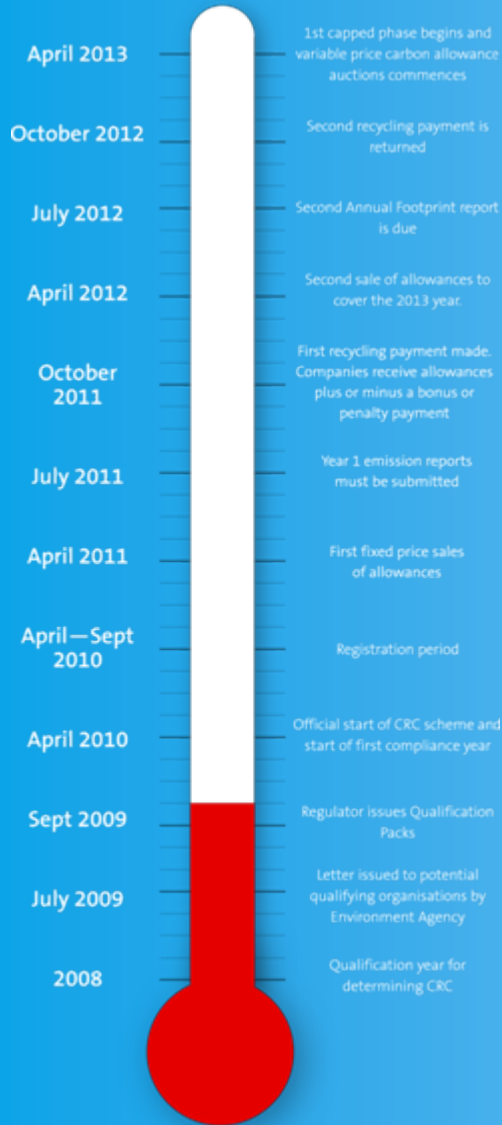
The first year of the CRC from April 2010 – March 2011 will be a reporting-only year. Thereafter, each participant will be required to purchase emissions allowances equal to 100% of their predicted annual emissions. The cost of allowances during the introductory phase will be a fixed £12 per tonne of CO<sub>2</sub>.

In April 2011 each participant will have to purchase carbon emissions allowances from the Government to cover their forecast emissions for 2011-2012.



Countdown to CRC





## COUNTDOWN TO CRC

Following this initial period participants can buy and sell allowances. Organisations that have reduced consumption will be able to sell and those with increased emissions will be forced to buy carbon allowances.

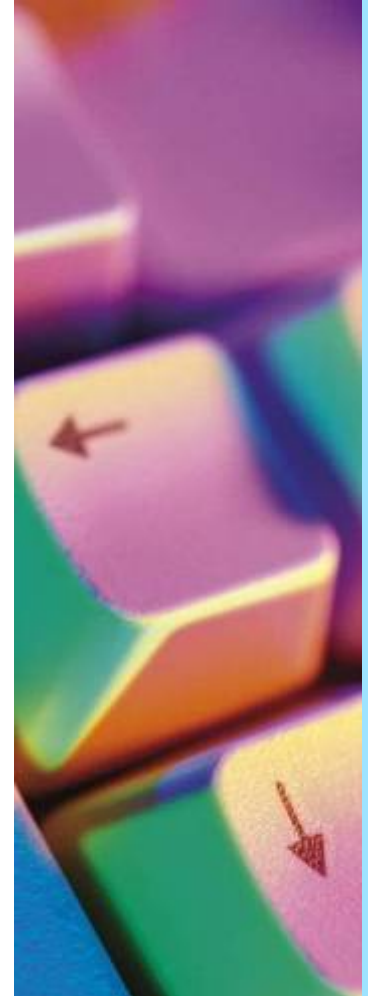
To provide additional visibility, all participating organisations, (of which there are an estimated 5,000 in the UK) will have their emissions reduction performance recorded on a League Table. The table acts as a reputational driver, as it will publish the organisations' performance within CRC. It will also publish details on onsite renewable energy generation.

In addition the table will be a tool used to calculate the recycling payment made to each participating organisation. For example if your organisation reduces your energy use emissions, you are likely to receive a bonus payment in excess of your annual emission allowances spend, whilst an organisation with increasing emissions should expect a penalty.

[BACK](#)

[MORE](#)

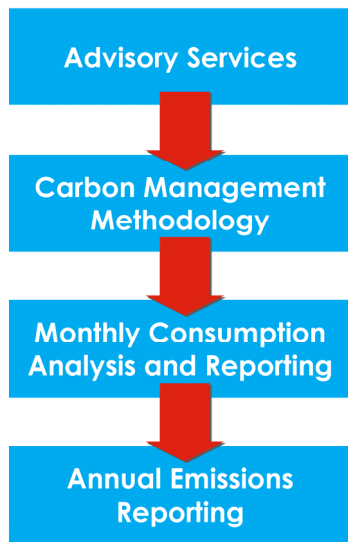
[HOME](#)





## HOW TO COMPLY

### 4 KEY STEPS TO COMPLIANCE



### TIMING

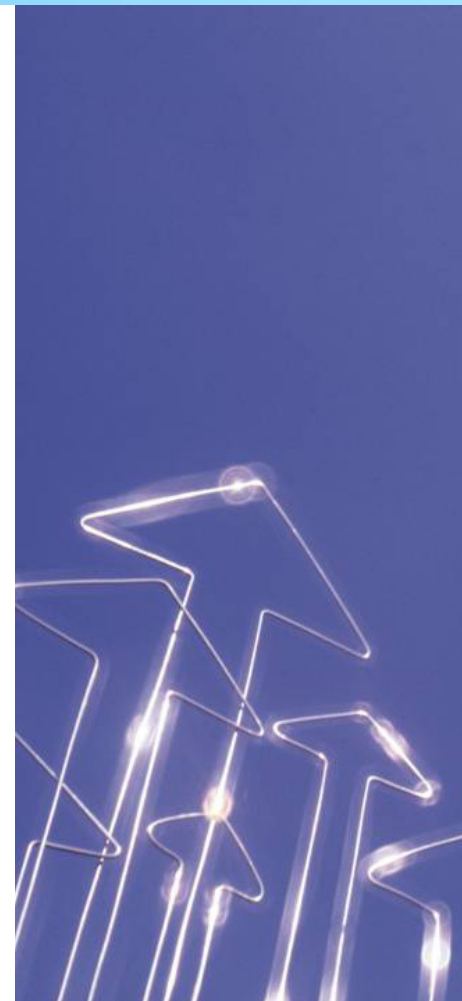
Need to be completed by April 2010

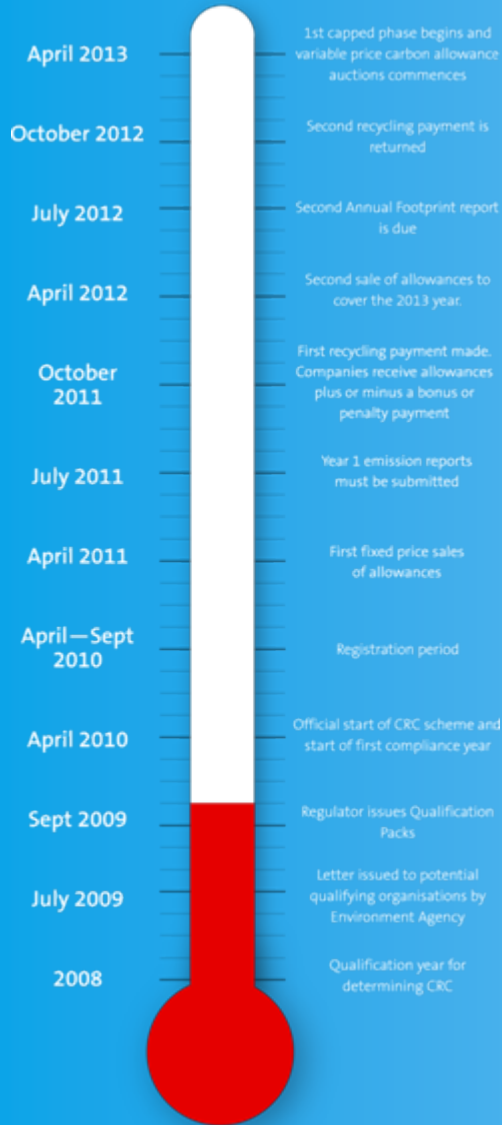
Monthly

Annually

[BACK](#)

[MORE](#)





## EVIDENCE PACKS

Monitoring and reporting of all aspects of CRC will be achieved through self-certified Evidence Packs detailing;

- **Structural records** – details about the organisation, named individuals responsible for managing the scheme, and methods of energy consumption measurement
- **Data Records** – including half-hourly data, details of consumption of all fuels and financial data about the organisation
- **Special Event Records** – covering situations and events that may influence the accuracy of the audit trail, such as a change in the company structure, change in the utility supplier, or meter failures

[BACK](#)

[MORE](#)

[HOME](#)



April 2013	1st capped phase begins and variable price carbon allowance auctions commences
October 2012	Second recycling payment is returned
July 2012	Second Annual Footprint report is due
April 2012	Second sale of allowances to cover the 2013 year
October 2011	First recycling payment made. Companies receive allowances plus or minus a bonus or penalty payment
July 2011	Year 1 emission reports must be submitted
April 2011	First fixed price sales of allowances
April—Sept 2010	Registration period
April 2010	Official start of CRC scheme and start of first compliance year
Sept 2009	Regulator issues Qualification Packs
July 2009	Letter issued to potential qualifying organisations by Environment Agency
2008	Qualification year for determining CRC

## HOW CARBONCARE CAN HELP

The CRC is a compliance issue and simply cannot be ignored because of both the financial implications and reputational risk involved. It's also a complex mechanism with a considerable administrative burden. Not only does the CRC represent a resource-draw on your organisation, but also a significant impact on your finances should you be unable to control carbon emissions. Of course, that's the whole point of the CRC – to incentivise organisations to be responsible and efficient with their energy.

The driver for most organisations will be to ensure they incur minimal penalties as a result of the introduction of CRC – and that means firstly compliance with the regulations and secondly reducing CO<sub>2</sub> through a pro-active programme of energy consumption reduction.

This is where MITIE can really help your organisation, because energy management has been at the very core of our service offering for over 40 years. Through CarbonCare we can provide organisations like yours with a joined-up solution for reducing energy use and put you in a strong position for when the CRC starts to operate. Administratively MITIE can manage the transition into the CRC and deliver the savings you need to achieve with guaranteed results.

[BACK](#)

[MORE](#)

[HOME](#)





## CARBONCARE TAKES A 6 STEP APPROACH TO PUTTING YOU ON THE LOW-CARBON PATH

- 1 Raising awareness** – helping your organisation and its staff make the link between energy use, carbon emissions, and climate change.
- 2 Innovative ideas** – Bringing you new ideas, technologies, and innovations, and showing you how best to exploit them
- 3 Data management** – From establishing an accurate carbon footprint for your site, to more effective utilities procurement, bill validation, and reporting.
- 4 Carbon compliance** – Ensuring you comply with your legal energy obligations including CRC Energy Efficiency Scheme.
- 5 Guaranteed reductions** – Giving you better energy efficiency and lower CRC obligations through improved maintenance and operations, change in behaviour, and no/low-cost initiatives.
- 6 Renewable energy** – Designing and installing cleaner renewable energy technologies including wind, solar and geothermal.

[BACK](#)

[MORE](#)

[HOME](#)

Carbon  
Compliance  
Knowledge  
Effective  
energy data  
Cleaner energy

**more**

**less**

Emissions  
Costs  
Energy Use  
Carbon  
Footprint

## CARBONCARE – ACTIONS NOT WORDS

We'll adapt the CarbonCare solution to suit your business needs. We realise that what works for a modern London Office block won't necessarily work in a large industrial manufacturing plant. We have a record of delivering results in every sector – MITIE's existing CarbonCare customers include the likes of Tesco, E.ON and North Somerset Council.

All these organisations are enjoying reduced Carbon emissions as a result of the programmes we've implemented. But at the same time, they've also reduced their costs because with CarbonCare we can prove that it is possible to simultaneously reduce CO<sub>2</sub> emissions and cost.

MITIE has been involved in Emission Trading since 2002. No one company is better placed to help you face up to the challenge of the CRC. Let us show you how. To find out more:

Visit our CarbonCare website: [www.mitie.com/carboncare](http://www.mitie.com/carboncare)

Call: **0800 085 3208** to access one of our energy experts

e-mail: [carboncare@mitie.co.uk](mailto:carboncare@mitie.co.uk)

[BACK](#)

[HOME](#)