

## CRC Media Briefing

### Key facts:

- We need to dramatically improve the UK's energy efficiency to deliver climate change targets and to ensure security of supply.
- From **1<sup>st</sup> April 2010**, large private and public sector organisations that had a half hourly meter during 2008 must register under a new mandatory emissions trading scheme;
- The CRC Energy Efficiency Scheme has been designed by the UK Government to help deliver its commitment to **reduce carbon dioxide (CO<sub>2</sub>) emissions by at least 80%** from 1990 levels by 2050;
- The scheme could **reduce CO<sub>2</sub> emissions by approximately 11.6million tonnes per year** by 2020 - the equivalent to taking roughly **four million cars** off the road;
- The scheme is also expected to save organisations money through reduced energy bills – **benefiting the economy by over £1billion by 2020**. The Carbon Trust calculates that by simply turning lights off in areas that aren't being used, businesses could shave 15 per cent off their energy bills.
- Around **20,000 organisations must register** for the scheme with the Environment Agency before the 30<sup>th</sup> September 2010;
- Of these, **around 5,000 organisations will be Participants** in the scheme. These organisations will be required to monitor emissions from energy consumption, report these emissions annually and purchase and surrender allowances from the Government for their CO<sub>2</sub> emissions;
- Failure to comply with appropriate deadlines or providing inaccurate information may result in civil sanctions and fines;
- Compliance with the scheme will also require financial, audit and carbon management adjustments. Therefore, Participants need to **start preparing for CRC now**.

### Top 10 sectors affected by CRC:

- Engineering;
- Plastics / chemicals;
- Public sector;
- Packaging / paper / board;
- Estates / construction / real estate;
- Hotels / restaurants;
- Steel;
- Food manufacturing;
- Retail;
- Printing.

### Who qualifies for CRC

All public and private sector organisations that had **at least one half-hourly electricity meter** (a meter that records energy use every 30 minutes) **during calendar year 2008** must register under the CRC Energy Efficiency Scheme with the Environment Agency between 1<sup>st</sup> April and 30<sup>th</sup> September 2010. This will account for approximately 20,000 large organisations.

Around 5,000 of these organisations will also be Participants in the scheme. Participants are identified by their 2008 electricity consumption: If the organisation has a half-hourly electricity meter and consumed **at least 6,000 Mega-Watt-hours of electricity** through all of its meters during 2008 (equivalent to an electricity bill of around £500,000), then it will need to participate in the scheme by monitoring energy consumption and purchasing allowances.

However, if the organisation has a half-hourly electricity meter but consumed less than this amount of electricity, it will be an Information Declarer. These organisations must register for the scheme and make an information disclosure. They will not have to purchase allowances.

### How the CRC Energy Efficiency Scheme works

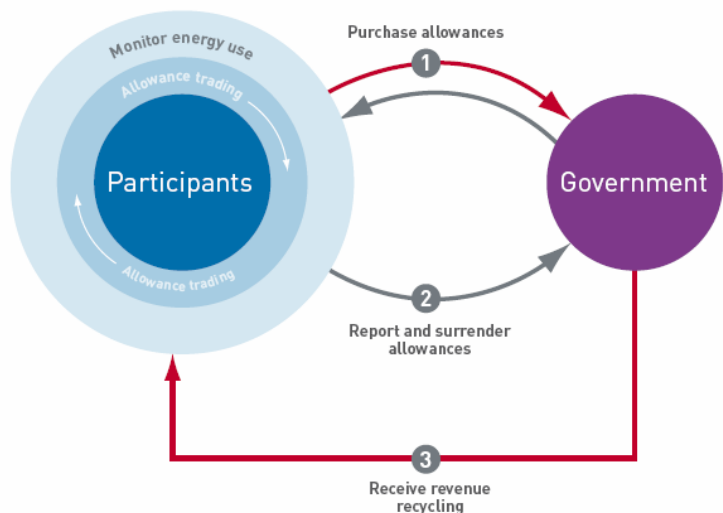
The CRC Energy Efficiency Scheme will be phased in over three years. Once fully operational, CRC Participants (about 5,000 organisations) will be required to monitor their emissions and purchase allowances for each tonne of CO<sub>2</sub> they emit at the beginning of each reporting year. The first sale of allowances happens in April 2011, covering projected CO<sub>2</sub> emissions April 2011 to April 2012. These allowances will be sold by Government for £12 per tonne of CO<sub>2</sub>.

The scheme is revenue neutral overall, meaning all revenue raised from selling allowances is re-distributed back to Participants according to their position in the annual Performance League Table.

As a consequence, Participants successful in reducing energy consumption will not only save money on energy bills, but will need to purchase fewer allowances and will receive greater financial reward through revenue recycling. These savings should be well in excess of the costs of participating in the scheme.

Participants that perform well will also be placed higher in the Performance League Table, which will be published annually by the Environment Agency. Being higher up the league table will have the added benefit of enhancing the organisation's reputation.

CRC cycle



### What else should Participants consider?

Participants will also need to consider the financial commitment their organisation will have to make in order to purchase allowances to emit carbon. During the CRC's introductory phase (2011/2012), one allowance, which equals one tonne of CO<sub>2</sub>, will cost £12. However, after the three-year introductory phase, the total number of allowances will be capped, and these allowances will be auctioned, rather than sold at a fixed price. As a result, the cost of purchasing allowances will become higher making it financially more attractive for CRC Participants to reduce their CO<sub>2</sub> emissions by introducing energy saving measures.

As a result, organisations should start looking for ways to reduce energy consumption now. For most organisations, the most effective ways to reduce CO<sub>2</sub> emissions are through simple steps, which improve energy efficiency in buildings. These are often inexpensive and will show instant results.

### Examples of simple ways to reduce CO<sub>2</sub> emissions:

<b>Heating</b>	<ul style="list-style-type: none"><li>• Set temperature levels relevant to the space and occupation levels</li><li>• Audit your heating controls to find out when your heats comes on and goes off</li><li>• Upgrading heating systems to more efficient ones</li><li>• Improve insulation</li><li>• Install double glazing</li><li>• Service boilers every year – a regularly serviced boiler can save up to 10% on heating costs.</li></ul>
<b>Lighting</b>	<ul style="list-style-type: none"><li>• Switch off non-essential lights – including those near windows</li><li>• Label light switches to make it easier for people to control individual rows of lights</li><li>• Switch to energy efficient lighting systems</li></ul>
<b>Office Equipment</b>	<ul style="list-style-type: none"><li>• Use plug-in time switches to switch off electrical items such as printers after hours</li><li>• Switch off any non-essential equipment</li><li>• Install power saving devises which switch off PC monitors when they are not in use e.g. The eco-button</li><li>• Use flat screen monitors – they can reduce monitor energy use by two thirds</li><li>• Enable energy saving features on your appliances, and reduce energy consumption by up to 30%</li><li>• Position photocopiers and printers in ventilated spaces or in cool areas such as the north side of a building, so that machines don't waste energy working overtime to stay cool, and even reducing air conditioning demand</li></ul>
<b>Motors and drivers</b>	<ul style="list-style-type: none"><li>• Turn off any motors that are left running during breaks or job changes – motors and drives use</li></ul>

	<p>almost 66% of the electricity consumed by UK industry.</p> <ul style="list-style-type: none"> <li>• Select higher efficiency motors: For little or no extra capital cost, higher efficiency motors will save you 3%-5% of energy compared to standard motors.</li> </ul>
<b>Refrigeration</b>	<ul style="list-style-type: none"> <li>• Use doors, night blinds or any other means to reduce energy wastage from fridges.</li> <li>• Only cool to the temperature you need – every 1°C saved could reduce your energy consumption by 2%.</li> <li>• Make sure you regularly service your units and inspect your compressors (according to the manufacturer’s instructions).</li> </ul>
For more ways to reduce CO <sub>2</sub> emissions visit <a href="http://www.carbontrust.co.uk/crc">www.carbontrust.co.uk/crc</a> .	

**Examples of technologies which improve energy efficiency and reduce CO<sub>2</sub> emissions:**

- **Voltage optimisation** (This technology prevents excess use of electricity and will be installed in 33 Environment Agency offices before the end of 2010, cutting the Environment Agency’s carbon emissions by between 700 to 900 tonnes annually and reducing energy bills by between £160,000 and £200,000. These cost savings mean that the new scheme will pay for itself in just three to four years);
- **Solar panels** to heat water;
- **Ground source heat pumps** to provide temperature control;
- **Building design** which maximises the use of natural light and ventilation.
- **Variable Speed Drives (VSDs)** (Pumps and fans use a high proportion of a building’s electricity – a Variable Speed Drive makes sure a fan or pump only operates at the speed necessary to fulfil current demands)

**CRC timeline**

For an illustrated timeline, click [here](#).

**April 2010 – March 2011**

Start of Footprint Year

April 2010: Start of Introduction Phase

April 2010: Start of Registration

- Organisations that qualify for CRC must register by 30 September 2010. A financial penalty will be imposed on organisations that fail to do this by the deadline

First Annual Reporting year

- Participants monitor energy use over the coming year 2010/11 in order to submit Annual Report in July 2011

April 2010: Start of the Footprint Year

- Participants monitor total energy use over the Footprint Year.

**April 2011 – March 2012**

Second Annual Reporting year

April 2011: First sale of allowances to cover forecast 2012/13 emissions

April 2011: End of first Annual Reporting year for Introductory Phase  
April 2011: Start of Second Annual Reporting year for energy use during 2011/12  
April 2011: First sale of allowances ( for forecast 2011-2012 emissions)  
April 2011: Start of Registration for Second Phase  
July 2011: First Annual Report due for 2010/2011  
July 2011: Footprint Report due  
October 2011: First league table published  
October 2011: First Recycling Payment: revenue from first sale 2011/12 recycled  
October 2011: End of Registration for Second Phase

### **April 2012 – March 2013**

Last year of Introductory Phase  
Third Annual Reporting year  
April 2012: Start of Third Annual Reporting year for energy use during 2012/13  
April 2012: Second sale of allowances for forecast 2012/13 emissions  
April 2012: First Annual Report for Second Phase  
July 2012: Second Annual Report due for 2011/2012  
July 2012: Allowances Surrenders for 2011/12 (second year)  
July 2012: Footprint Report due  
- Participants submit Footprint Report based on 2011/12 footprint period date  
October 2011: Second league table published  
October 2012: Second Recycling Payment: revenue from second sale 2012/13 recycled

### **April 2013 – March 2013**

July 2013: Third Annual Report due  
July 2013: Allowances Surrenders for 2012/13 (third year)  
April 2013: First sale of allowances  
- Participants bid for allowances for 2013/14 forecast emissions  
April 2013: Start of Second Annual Report year  
- Participants monitor energy use during the Second Year 2013/14

### **What is the role of the Environment Agency?**

The Environment Agency is the lead UK administrator for the scheme and will run the CRC registry. We are also the scheme regulator for England and Wales. As part of this work, we are working with organisations to help them understand their obligations and will provide as much guidance and information as is possible. To support this, since April 2009, we have had a CRC helpdesk in place to answer questions and have attended numerous events to educate organisations on CRC.

However, if organisations fail to comply with appropriate deadlines or provide inaccurate information, this may result in civil sanctions and fines. The scheme will be audited and enforced by the Environment Agency in England and Wales. SEPA will audit and enforce in Scotland. NIEA will do the same in Northern Ireland.

The Environment Agency is also a Participant in the CRC scheme. Our own target is to reduce our carbon emissions by 33% [22,000 tonnes] by March 2015 from 2006/07 levels.

**Case studies:**

Organisations which could provide good case studies on what they are doing to prepare for CRC include:

- Hilton Hotels
- The National Theatre
- The NHS
- The Fire Service
- First Direct
- University of Manchester
- Thames Water
- King's College London
- Land Securities Group Plc
- Tesco
- Sainsbury's
- Devon County Council
- Environment Agency

Case studies on how some of these organisations are reducing their carbon emissions can be found [here](#).

**Third party organisations / spokespeople:**

- Carbon Trust
- Carbon Trust Standard
- DECC

**Sources of further information:**

- CRC helpdesk: [crchelp@environment-agency.gov.uk](mailto:crchelp@environment-agency.gov.uk).
- [www.environment-agency.gov.uk/crc](http://www.environment-agency.gov.uk/crc)
- [www.carbontrust.co.uk/crc](http://www.carbontrust.co.uk/crc)
- [www.decc.gov.uk/crc](http://www.decc.gov.uk/crc)

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