

8 October 2010

## What's next on the agenda?

The registration deadline for the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme has now passed (30th September), with much of the media attention highlighting the many organisations that have yet to register for this mandatory carbon trading scheme.

However, energy consultancy energyTEAM has warned that for the estimated 3,000 organisations that have cleared the first hurdle, attention should now be focused on the next area of compliance.

Every organisation that is required to register for the CRC as a full participant is now tied into the scheme until at least 2013. During this first year, they must produce a footprint report that covers most of their energy supplies across the entire organisation, for almost every type of fuel, from the 1st April 2010 to 31st March 2011. Only by understanding their footprint can they begin to reduce it.

Depending on the legal structure of a group, a single CRC participant may be responsible for a wide variety of organisations and energy supplies for which it has very little knowledge, influence or control. "So, if you haven't started already, then the best time to start work on the footprint report is right now," said Brian Rickerby, joint MD of energyTEAM.

"Preparing the report can be a complicated process, and many organisations are going to need the help of experts like us to ensure that all the required information is gathered and presented properly. What participants need to keep sight of is that this is not compliance and form filling for its own sake - the whole scheme is all about reducing emissions and overall business costs. We encourage management at senior level to look on this as a potential profit centre."

Under the CRC rules, landlords may be responsible for the energy supplied to their tenants, an overseas parent can be responsible for all UK energy supplies within its group, local authorities can be responsible for their state funded schools, and franchisors can be responsible for all of their franchisees. Similarly, there are many more ways in which different organisations can be brought together to act as a single CRC participant, especially where companies may share an ultimate parent, or joint ventures and private equity funds are involved.

Once the organisational structure has been fully explored, the compliance procedure will need to consider a wide array of energy supplies that are being consumed. Half hour and non-half hour electricity, gas, diesel, oil, coal and LPG must all be accounted for, as well as a long list of more unusual fuels including peat, waste and even scrap tyres. Then there are specific rules that apply to the use of Combined Heat & Power (CHP), the import and export of steam and heat, on-site renewables and green grid electricity, all of which make the process of developing the footprint report far from obvious or trouble-free.

Having identified which fuels to include or exclude from the footprint report, each participant must identify how to record the energy consumption, and how best to maintain the records for future audit. Manual meter readings, automated meter readings, supplier records, delivery notes, invoices and estimates are likely to be just some of the sources that can be used to gather the information for the footprint report. Again, there are more rules from the CRC to cover special circumstances including Climate Change Agreements, Renewable Obligation Certificates and Feed-in-Tariffs.