



CRC compliance - it's not over yet!

Businesses need to prepare for the next deadline if they want to avoid substantial costs on carbon emissions

The registration deadline for the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme for any organisation that was using half-hourly metered electricity exceeding 6000MWh in 2008 was passed back in September 2010, and it is time to look ahead to the next stage of participating in this mandatory carbon trading scheme.

While changes are anticipated following the Comprehensive Spending Review, we simply do not yet know what these changes will be. The estimated 3,000 organisations that have cleared the first hurdle and registered should not delay on the next area of compliance, the Footprint Reports and evidence Packs that are due in July 2011, warns specialist energy consultancy energyTEAM.

CRC registrants must produce a footprint report that covers most of their energy supplies across the entire organisation, from the 1 April 2010 to 31 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," says Brian Rickerby, energyTEAM's joint managing director.

"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 and Power, 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.

"Only by understanding your footprint can you begin to reduce it," says Brian Rickerby.