

Carbon Reduction Commitment Overview

What is the CRC?

- A mandatory cap & trade scheme for emissions targeted at large organisations in the non-energy intensive sector
- The CRC will start in April 2010
- The NHS is included in the scheme at present

How do you qualify?

- You are in if:
Organisation has one or more HHM settled on the half hourly market
and
Total half hourly metered electricity use was at least 6000MWh in 2008
- Organisations that fall under the 6000MWh threshold but use over 3000MWh will need to provide information on energy use to the regulator
- Once qualified all electricity, gas and on-site fuel (i.e. diesel or oil) use is included in the scheme

What do you need to do?

- Register for the scheme if you have at least 1 HHM – failure to register incurs a fine
- Prepare to participate if you pass the 6000MWh threshold
- Get a clear understanding of energy use
- Purchase allowances to cover emissions each year – first sale is fixed price, £12 per tonne of CO²
- Submit energy use data to regulator – inaccurate records and non-compliance attracts penalties.
- Gain director sign-off of carbon emissions data
- Forecast energy use each year in order to purchase credits
- Factor in cost of carbon to investment decisions
- Develop governance systems to manage process

Risks

- Reputational
- Regulatory
- Financial
- Organisational