



Carbon Reduction Commitment

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Background



UNFCCC 1992

Kyoto protocol 1997

UK climate change programme

- National target of 20% below 1990 levels by 2010
- Climate change levy and Climate Change Agreements 2000
- UK emissions trading scheme

EU emissions trading system (EU ETS)

- Large combustion installations
- Commitment periods and targets in line with Kyoto
- Current phase ends 2012

UK Climate Change Act 2008

- 26% reduction in CO² emissions by 2020
- 80% reduction in CO² emissions by 2050

So what is the Carbon Reduction Commitment



- UK wide carbon trading scheme
- Mandatory for big users of electricity
 - Using more than 6000 MWh per year (i.e. An electricity bill of about £500,000 plus)
- Will affect 20,000 private and public bodies
- 5000 likely to be 'fully involved'

What is it supposed to achieve?



Overall reduction in carbon emissions to help meet UK commitment

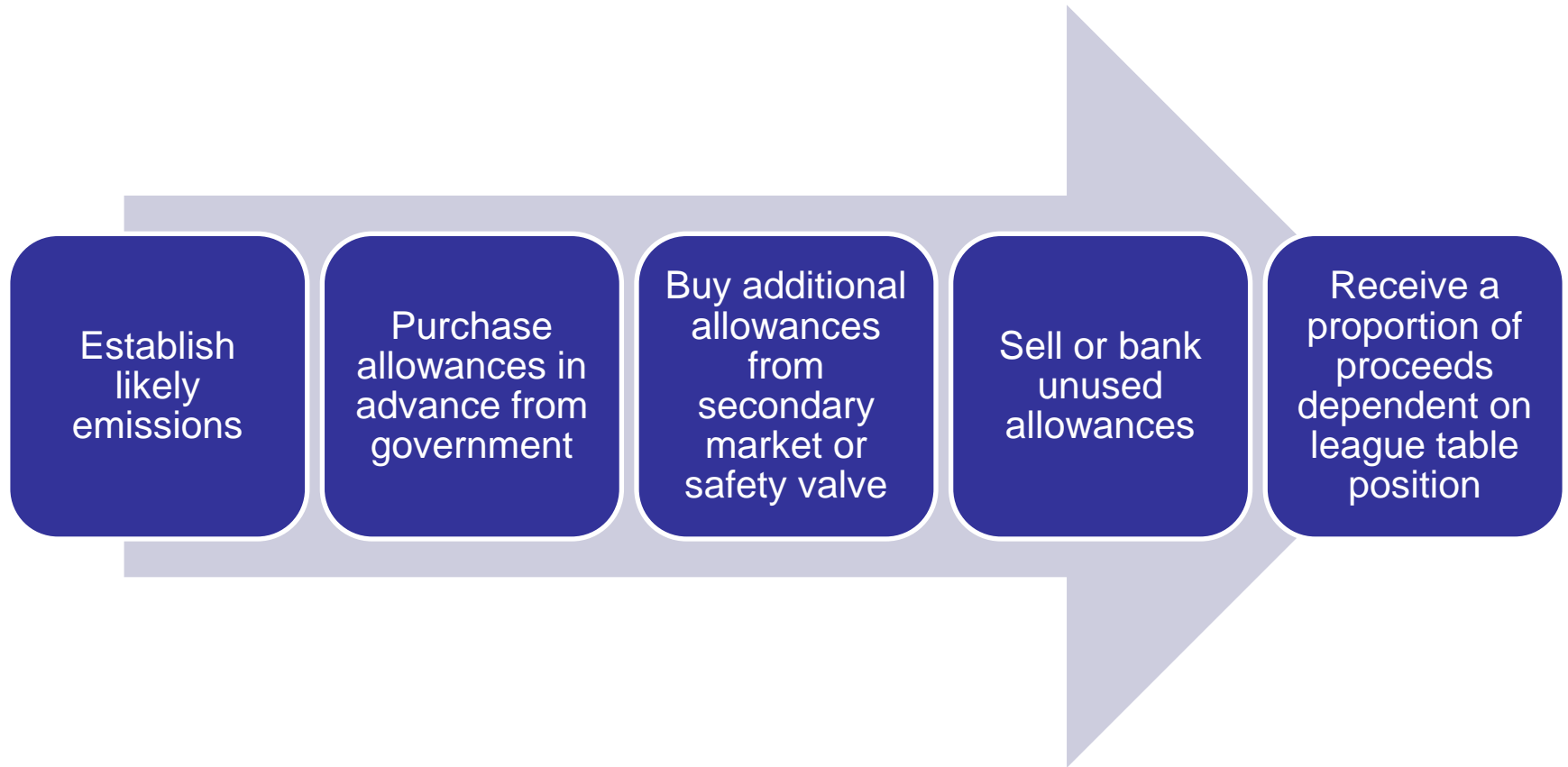
Reward high performers

- League table position
- Need to purchase fewer allowances
- Financial reward from proceeds

Punish poor performers

- League table position
- Need to purchase more allowances
- Financial penalty

How it works - overview





CRC Phases

- Introductory phase
- Capped phases
- Uncapped phases

Stages of CRC process in introductory phase



Qualification stage

- 2008 calendar year

Footprint stage

- April 2010 – March 2011

Registration stage

- April 2010 to Sept 2010

Compliance stage

- Each year from April 2010



Qualification – its all about electricity usage



Organisation with at least one half hour meter (HHM) settled on the half hourly market

- Includes
 - Mandatory
 - Voluntary
 - Half hour light meters
 - Pseudo HHMs

Using more than 6,000 MWh per year or more than 1,000 MWh when electricity for transport is excluded

- Includes
 - Above plus all remotely read automatic meters

Registration



- Provide information on organisation and subsidiaries
- Identify responsible person
- List HHMs settled on half hour market
- Disclose total half hourly electricity used

Footprint



Compile an accurate emissions record for footprint year

- Add up all energy used from all fuels
- Work out emissions for different fuels using standardised calculation
- Deduct emissions
 - For transport
 - Onward supply

Compliance



Include in CRC each year emissions from

- All core source emissions
 - Major electricity use
 - Major gas use
- All residual source emissions up to 90% total emissions level
 - Other fuels

Purchasing allowances – introductory phase



From
Government
in April 2011

- Allowances to match actual CRC emissions in 2010 and expected CRC emissions in 2011
- Fixed price of £12 per tonne
- No limit on allowances

Getting
additional
allowances
after April

- Secondary market
 - Price determined by market
- Safety Valve
 - If market price too high but not below EU ETS price



The league table

- Absolute metric
 - Relative change in organisation's CRC emissions
- Early action metric
 - Energy saving measures beforehand
 - Only measure for first year
- Growth metric
 - Allowing for business expansion

First five year implications of league



Phase	Year	Bonus/penalty rate
Introductory phase	Year 1	+/- 10%
Introductory phase	Year 2	+/- 20%
First capped phase	Year 3	+/- 30%
First capped phase	Year 4	+/- 40%
First capped phase	Year 5	+/- 50%

Fines and penalties



For non disclosure
of information

- £1000

For non
registration

- £5000 plus £500 per day

Not providing
footprint report

- £5000 plus £0.05 per day per tonne
of emissions

Non submission of
annual report

- As above

Implications for grounds departments



This is a corporate issue

- But scope for creation of 'internal trading scheme'

Most emissions will be secondary

- Key role in footprint year
- May be residual in compliance years

Links with other climate change policy initiatives

- Green waste composting
- Reuse and recycling



Transport?

- Movement of goods or people
- Except in areas of recreation, entertainment, culture etc
- All emissions from plant therefore included in footprint year
- Estimates accepted but 10% uplift so actual fuel bills better



Conclusions

- Key initiative to combat climate change
- Electricity use proxy measure
 - Affects users of all fuels
- May result in internal trading schemes
 - Will you be ready?
- Lots of work in footprint year even for lower users of electricity



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