



Carbon Reduction Commitment

Andy Mudd
Principal Consultant

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

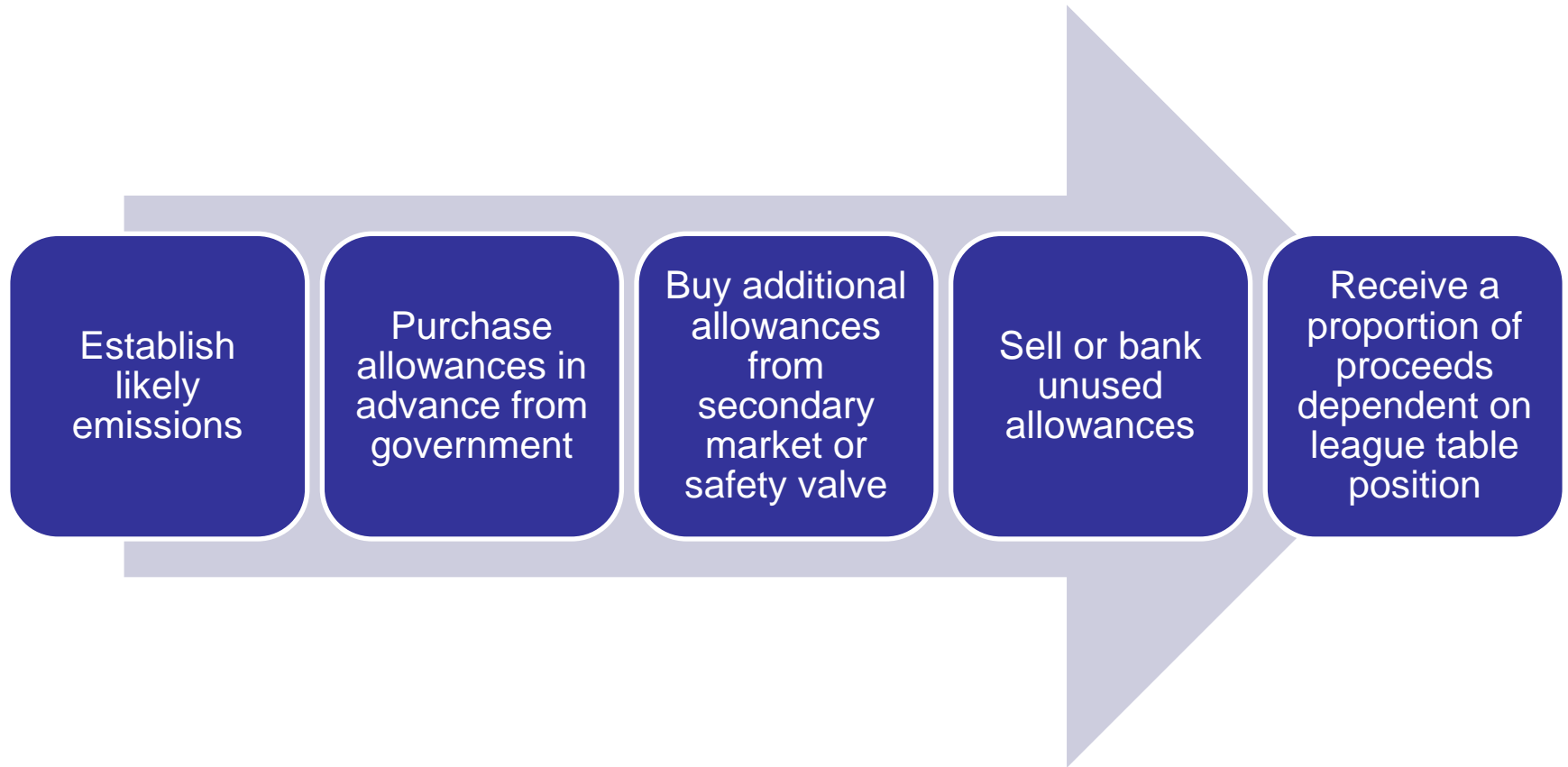
Reward high performers

- 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

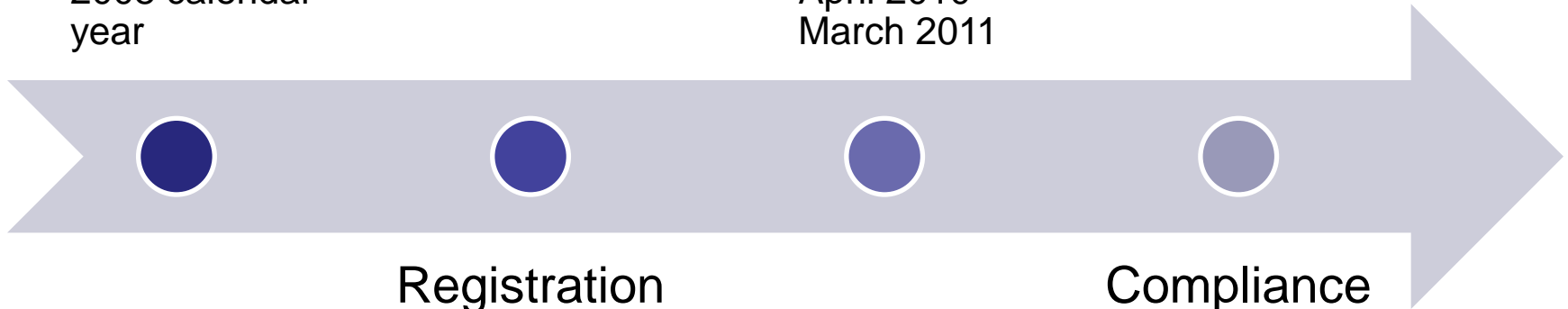
- April 2010 – March 2011

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



Andy Mudd

Association for Public Service Excellence (APSE)

Best Value Consultancy (BVC)

2nd Floor Washbrook House,

Lancastrian Office Centre,

Talbot Road, Old Trafford

Manchester M32 0FP

Tel 0161 772 1810

Fax 0161 772 1811

Email: amudd@apse.org.uk

Web: www.apse.org.uk

www.apse.org.uk