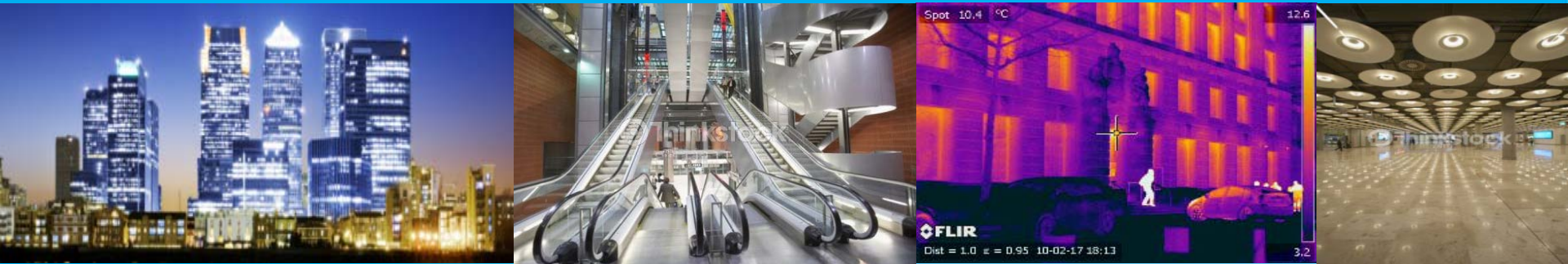


Consultation event on Simplifying the CRC Energy Efficiency Scheme 23rd May 2012

Consultation on Simplifying the CRC Energy Efficiency Scheme



Paul Wilson
Head of CRC team - DECC

CRC Energy Efficiency Scheme

- **Background**

- The CRC Energy Efficiency Scheme is a mandatory UK-wide trading scheme
- Targets emissions from large public and private sector organisations
- Registration for first phase closed 30 September 2010 - Over 2000 participants.
- First compliance year April 2010 - March 2011 – reporting only year

The CRC addresses a series of barriers

- **Key elements**

- Robust reporting regime
- Allowance purchase and trading
- Performance League Table

- **Stakeholder criticism**

- Opposition to ending revenue recycling
- Too complex, difficult to understand, and costly
- Overlap with other climate change/energy efficiency policies
- Does not accommodate natural business structures

Review of the CRC Energy Efficiency Scheme

- **Ministers committed to simplify the scheme**
 - Legislation changed as of 1 April 2011
 - Removal of approx 12,000 'information declarers'
 - Delay of start of Phase 2 - first compliance year now 2014/15
- **Evidence-gathering period in 2011**
 - Discussion papers in January
 - Next Steps paper in June
 - First year's reports in July
 - Administrative burdens survey in September
- **Formal consultation in 2012**
 - 27 March – 18 June
 - www.decc.gov.uk/consultations
- **Legislation by early 2013**

What is simplification all about?

“The objective of CRC simplification is to:

- Optimise the projected energy and carbon savings delivered by the CRC scheme;*
- Dramatically reduce the complexity, so the energy efficiency and carbon savings are delivered at the minimum administrative cost.”*

This consultation is about knowing whether we will achieve our aim?

A one-stage qualification test

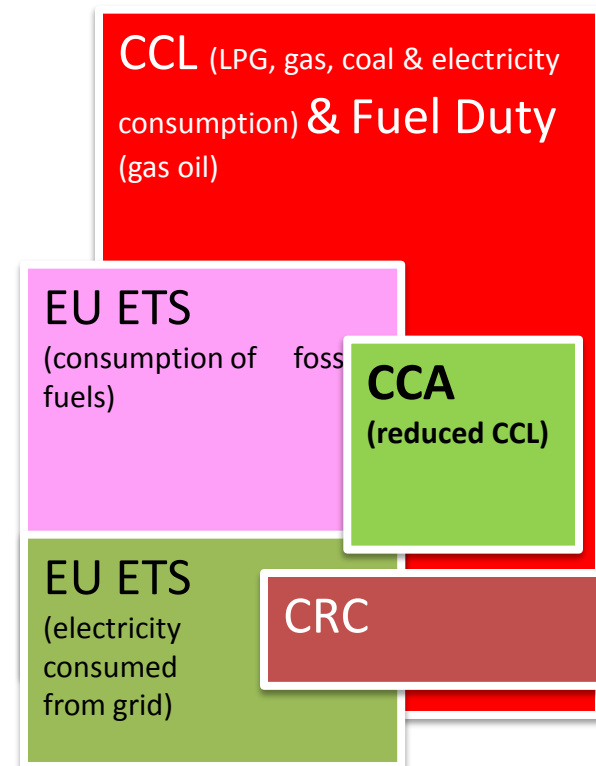
- **Fewer qualification criteria**
 - Qualification based on supplies through settled half hourly meters only from phase 2 onwards.
- **Retain the qualification threshold**
 - Retain the current 6,000MWh threshold, alongside other simplifications.

Improved supply rules

- **Simpler test for a CRC “supply”**
 - Removed requirement for payment
 - Dealing with streetlighting issue
- **From 29 to 4 fuels**
- **Remove domestic meters**
- **Remove electricity generating credits (EGCs)**
- **Landlord-tenant rule remains**
 - Exemption for a construction lease

More coherent policy framework

- **Fewer policy overlaps**
 - ETS installations and CCA facilities out of scope
 - Remove the 25% CCA exemption
- **Report on 100% of fuels**
 - No more 90% rule
 - De minimis for other fuels?
- **Align with emissions factors used for GHG reporting**



Flexible organisational rules

- **Flexible disaggregation for undertakings**
- **No more SGUs**
 - Introducing the participant equivalent

How will this affect your organisation?

Reduced reporting burden

- **Participants will be required to submit one annual report a year.**
 - No more footprint reports
 - One annual report in 2013/14
- **Reduced length of time to retain records**
 - 6 years to keep records

Simple trading scheme

- **Phase one sales will be retrospective**
 - Allocation Regulations
- **Moving to two fixed price sales in second phase**
- **Postpone surrender deadline**
- **Prices set through Budget process**
- **No link to EU Emissions Trading System**

Future review of performance league table

- **Second performance league table due in Autumn 2012**
- **3 metrics used for first time:**
 - 40% early action
 - 45% absolute change
 - 15% relative change
- **Reputational driver will be moved to guidance**

Tell us what you think.

This is what we think, but how will it affect you?

- **Is our impact assessment right?**
 - Please provide evidence if you have alternative views.
- **Does the legislation deliver what we intend?**
- **Is it less complex**
- **Will we still deliver the energy efficiency benefits?**

Your input is vital to ensure we get this right.

Visit our website at:

www.decc.gov.uk/crc

www.decc.gov.uk/consultations

Email us at:

crc@decc.gsi.gov.uk

Question and answer session

Breakout Sessions – Instructions

- **Agree a discussion manager and a scribe – one of which will feed back**
- **Use the worksheets to record your ideas**
- **Agree some key points to share with the group**

Let us know if you need help

Jane Dennett-Thorpe – Head of CRC and
CCAs

Paul Wilson – Head of CRC

Imran Shafi – HMT

Keith Brierley – Environment Agency

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