

CARBON REDUCTION COMMITMENTS AND LOCAL AUTHORITIES

Local Authorities qualify as participants in the Carbon Reduction Commitment (CRC) scheme as Education Authorities.

The legislation covers all the schools within the Local Authorities remit including Foundation, Voluntary Aided, Voluntary Controlled, Academy and Trust but excludes private sector education. Energy usage from all these public sector institutions must be aggregated in order to determine whether the Local Authority is a full or partial participant in the scheme.

Depending on this status, a Local Authority must either:

- make an information disclosure; or
- participate fully in the CRC scheme.

Registration for the scheme begins in April 2010 but the qualifying data relates to energy consumption in 2008. In order to meet your statutory requirements and make the best of this important scheme you need to be taking action now to gather the necessary information and put in place the necessary procedures to ensure timely reporting in the future.

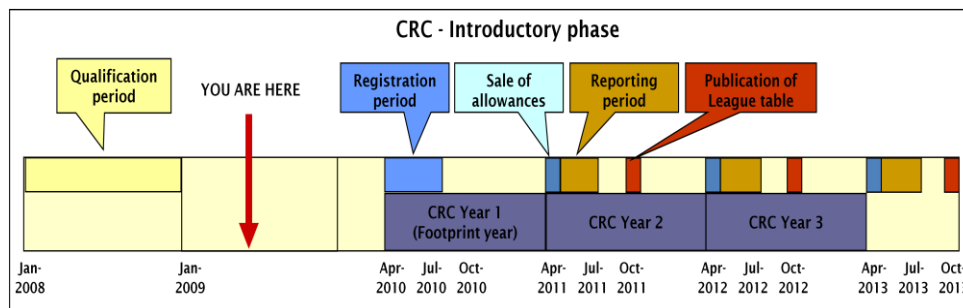
In preparation for registration you will need to record how much electricity was consumed by all the schools under your control during the qualifying period (2008).

If you consumed more than 6,000MWh then you will need to participate fully in the scheme. If you consumed more than 3,000MWh, you must also disclose your total annual consumption of half hourly electricity during the period.

When you register you will have to provide information on:

- the schools covered;
- the nominated person(s) responsible;
- your Authorities Half-Hourly Metred (HHM) electricity; and
- total half hourly electricity used.

Since this will need to be reported on an annual basis, you need to ensure that processes are in place to facilitate a regular flow of information.



Energy consumption

Qualification for CRC is based solely on electricity consumption. However, full participants are required to consider all energy use in determining CO₂ emissions. For each school you will need to provide measurements of:

- The core consumption of electricity;
- The core consumption of supplied gas; and
- Details of residual energy consumed.



Please do **contact us** to discuss any of the topics covered here:

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Record keeping

Participants in CRC must keep an evidence pack containing records of energy use and other documents to support information provided to the administrator and meet audit requirements. These records must be maintained throughout the currency of the scheme and retained for five years thereafter. Although not mandatory for those only disclosing information, an evidence pack represents best practice for all.

Carbon allowances

In April 2011 carbon allowances will be made available for sale covering years 2010/2011 and 2011/2012. Carbon allowances are an integral part of an emissions trading scheme. Authorities will be required to surrender one allowance for each tonne of CO2 emitted during the compliance year. Authorities will need to buy as many as they think they will need to cover their CRC emissions.

If schools make efficiency savings, reducing the amount of energy used, fewer allowances will need to be bought and surrendered. This will reduce not only the costs of their participation in CRC, but also demonstrate reduced energy costs. If an organisation needs to purchase additional allowances, because it has exceeded (or is going to exceed) its emissions targets, it can do this through the secondary market, or directly through the administrator.

All revenue raised through the sale of allowances will be 'recycled' to participants. A proportion of this is allocated to organisations according to their relative performance in cutting emissions.

Reporting & analysis

Every year details of energy use will need to be reported to the administrator by the end of July the following year. These reports will be used to develop a league table of participants. This league table will be used to determine the recycled distribution of the money acquired through the sale of allowances. Those organizations and Authorities demonstrating significant, ongoing carbon reduction will benefit at the expense of those that do not.

Conclusions

This is a brief summary of what is a complex and wide ranging piece of legislation that will affect Local Authorities throughout the UK. Those that engage with the CRC scheme actively and use it to drive down energy consumption should fare well under the scheme with returns outweighing outgoings by some margin.

Clearly, however, this needs early investment in strategy and process change to maximize the benefits and resolve problems that might arise.

Remit Consulting can help you through this change from an initial appraisal of existing energy reporting through to the implementation of a monitoring and reporting regime that will allow you to reap the benefits of this new legislation.



"the public sector is only just coming to terms with just how big the impact of CRCs could be..."

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