



**NORTHWEST
ENERGYFORUM**

In Partnership with **Envirolink Northwest**

Carbon Reduction Commitment

10th July 2008



**NORTHWEST
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Understanding CRC

Andrew Park



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Preparing for the CRC

Ian Parrett

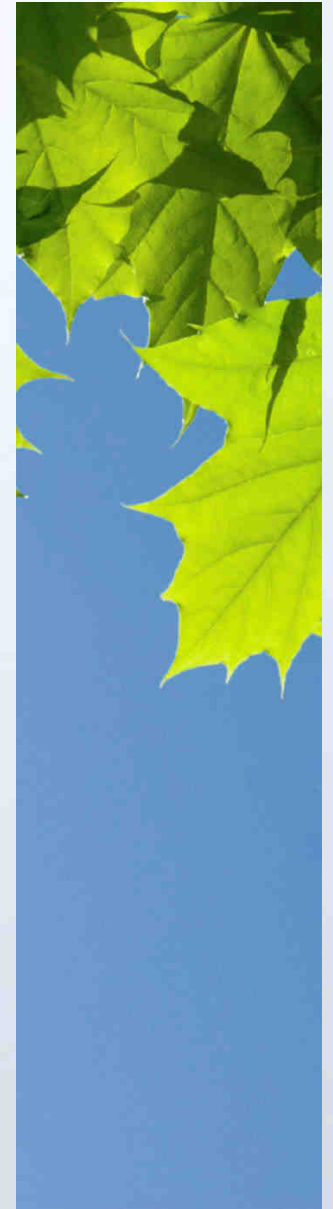
A background image showing a water droplet falling into a pool of water, creating ripples. The text is centered over this image.

Preparing for the CRC Some Practical Considerations

Ian Parrett

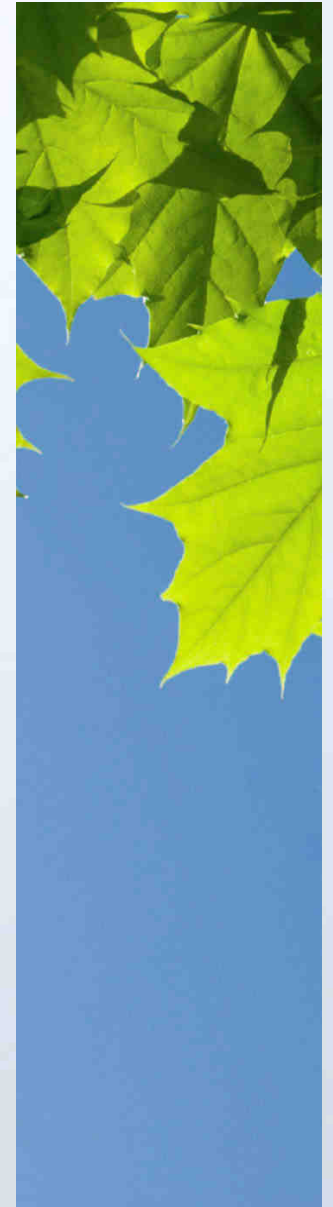
Inenco Group Limited

Outline



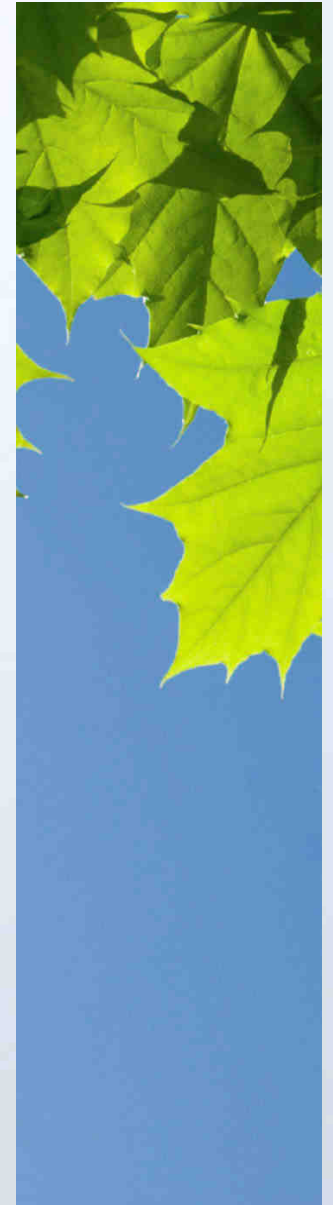
Outline

- Reactions to the implementation of the CRC



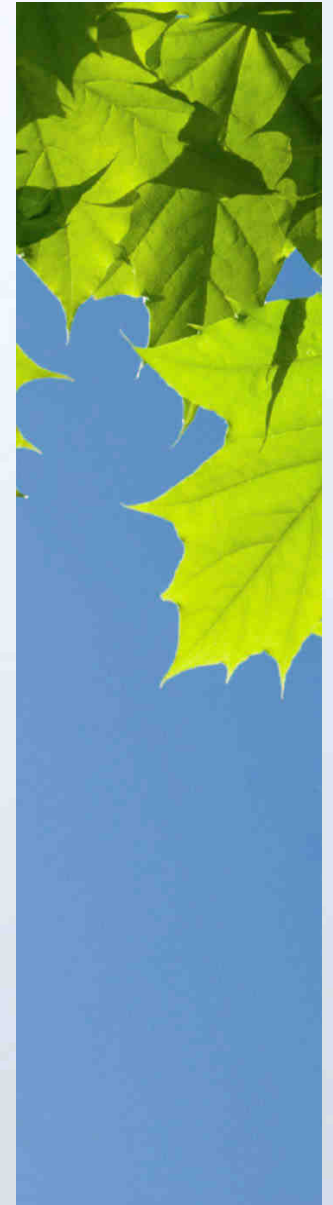
Outline

- Reactions to the implementation of the CRC
- Cost, Reputation and Regulation



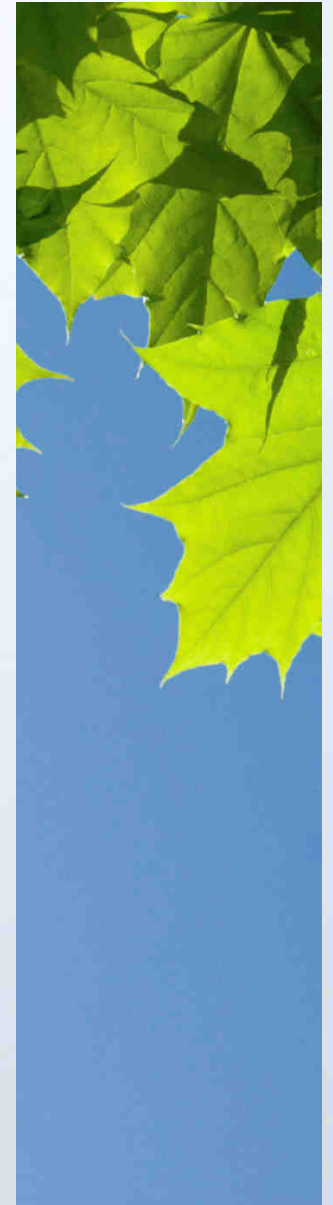
Outline

- Reactions to the implementation of the CRC
- Cost, Reputation and Regulation
- Picking the right place to start

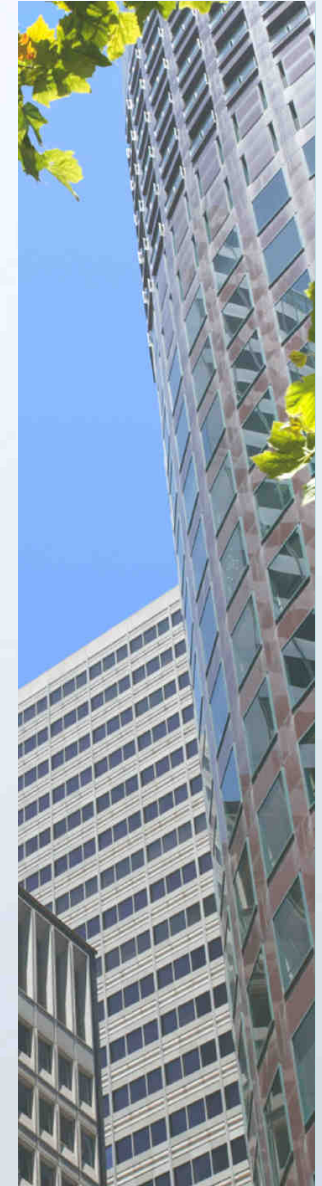


Outline

- Reactions to the implementation of the CRC
- Cost, Reputation and Regulation
- Picking the right place to start
- What if it doesn't apply to me?

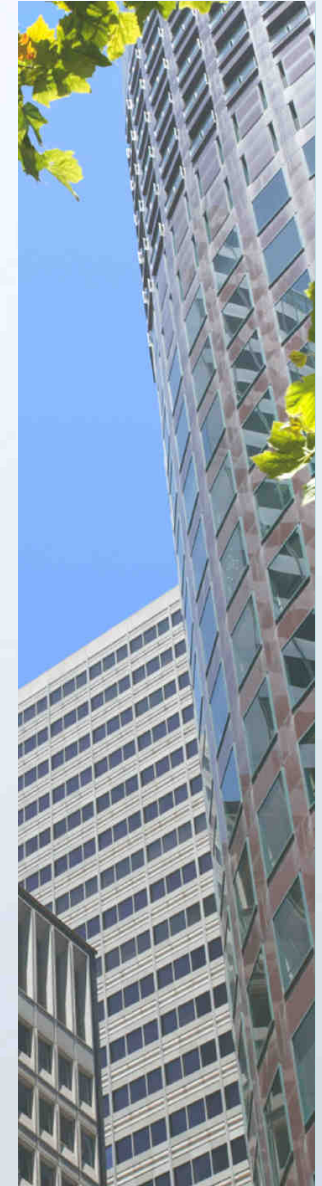


The seven steps to CRC wisdom



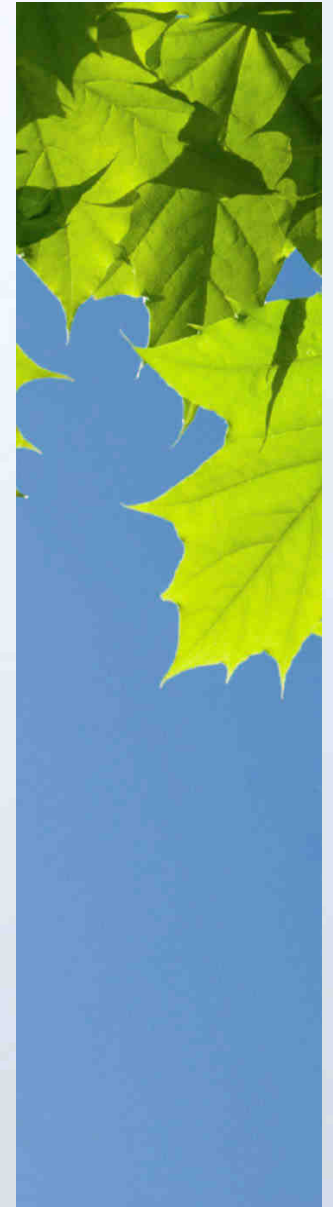
Supporting CRC initiatives through meetings

The seven steps to CRC wisdom



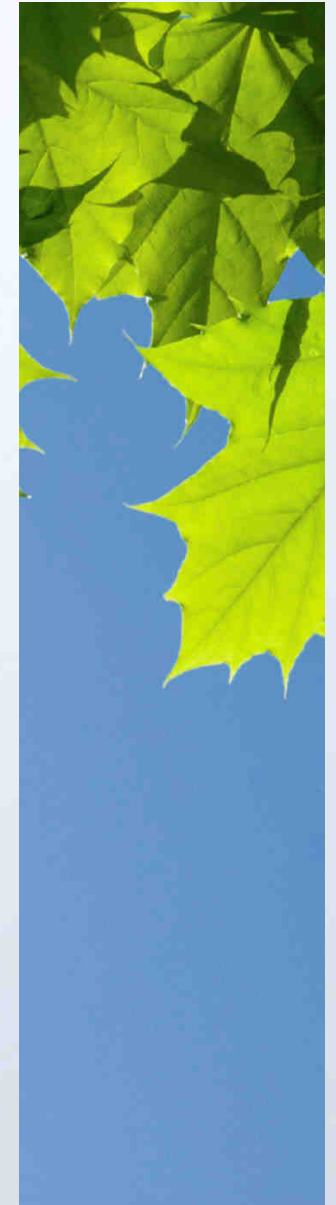
Supporting CRC initiatives through meetings

A quick review



A quick review

- 2008
 - The measurement year. Collect the information to determine whether you are included in the regulations
- 2009
 - In March, the returns, to state inclusion or exclusion from the regulations, must be sent to DEFRA
- 2010
 - In January, purchase your 2010 allowances at £12 per tonne
 - Collect information for your 2010 evidence pack
- 2011
 - Based on the information you provide the some or all of the cost of your allowances will be returned

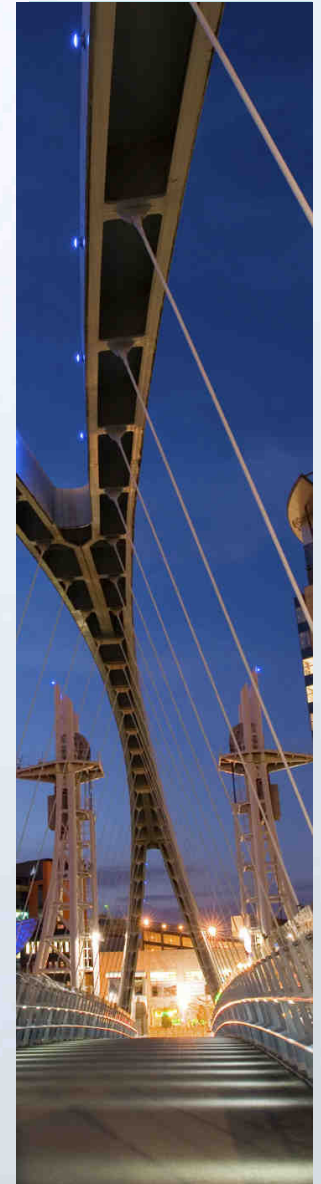


Reasons to get it right

Costs

Reputation

Regulation



Reasons to get it right



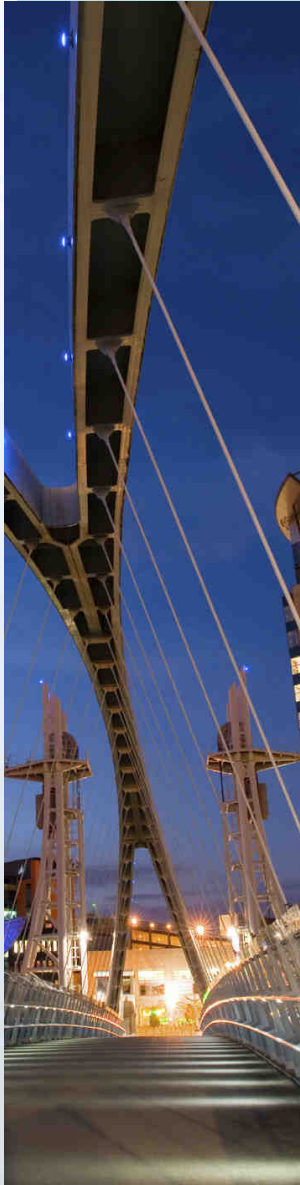
Costs



Reputation



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Reasons to get it right

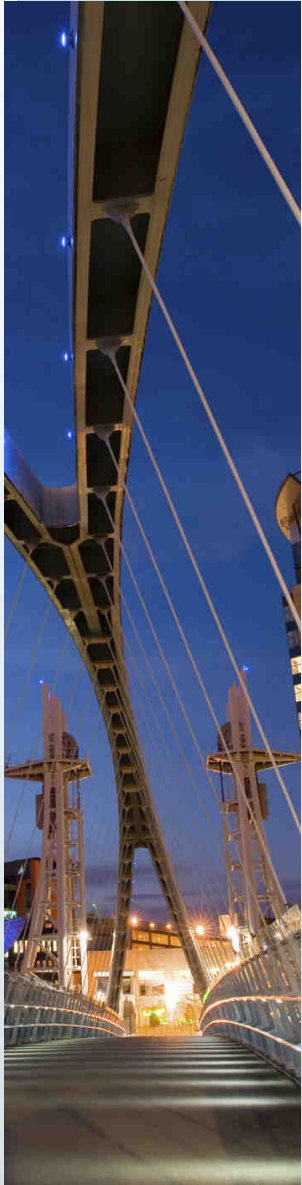


Costs



Reputation

Regulation



Reasons to get it right



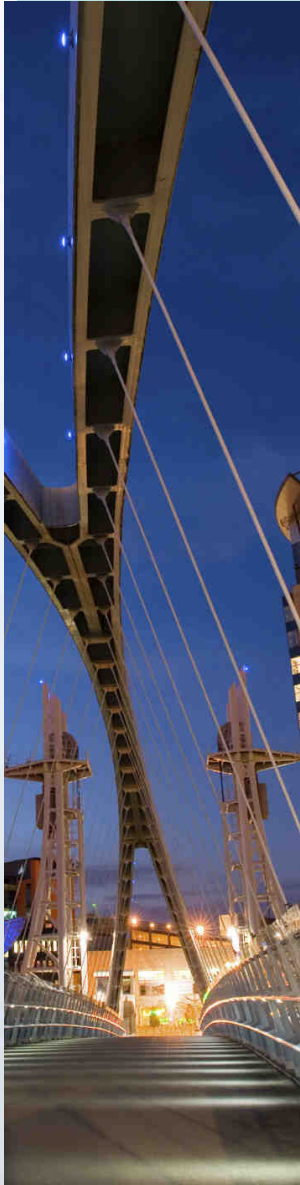
Costs



Reputation



Regulation



Cost Control

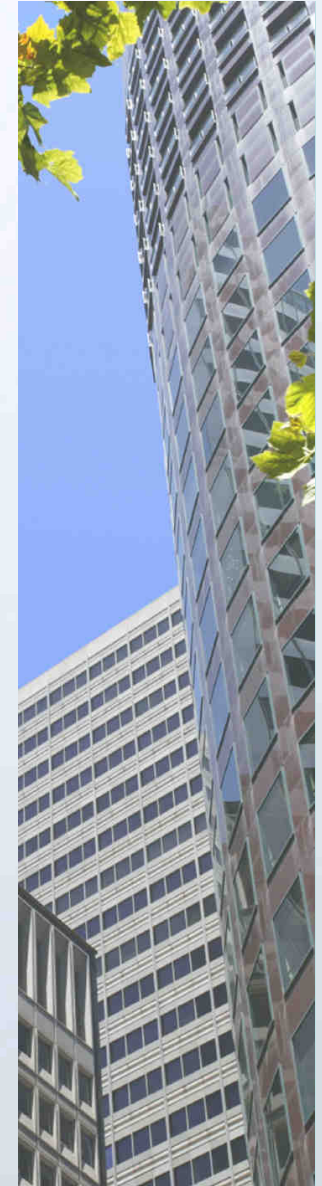


Cost Control

- The opportunity to reduce costs come from two sources
 - Direct costs coming from the legislation itself
 - The annual allowances based on energy use
 - The difference between the money you pay out and the money you get back
 - Indirect costs
 - If energy usage is controlled to improve performance in the league table then energy costs will also be controlled. This is likely to considerably outweigh the budget that needs to be set aside for allowance

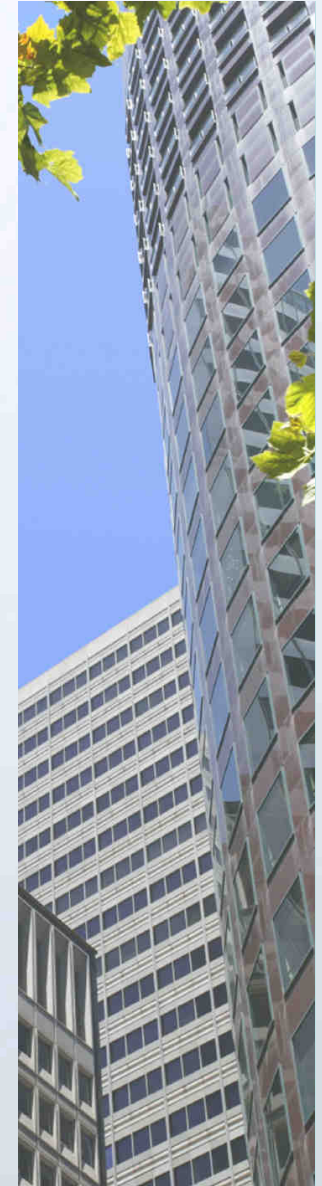


Reputation



Reputation

- Performance will influence public and market opinions
 - Particularly for retail organisations the impact of performing badly could be severely damaging
- Good performance is likely to produce an upside
 - Investors are already looking at environmental performance in making decisions
 - Consumers, particularly those with higher disposable income are influenced by “green credentials”



“Resistance is useless”

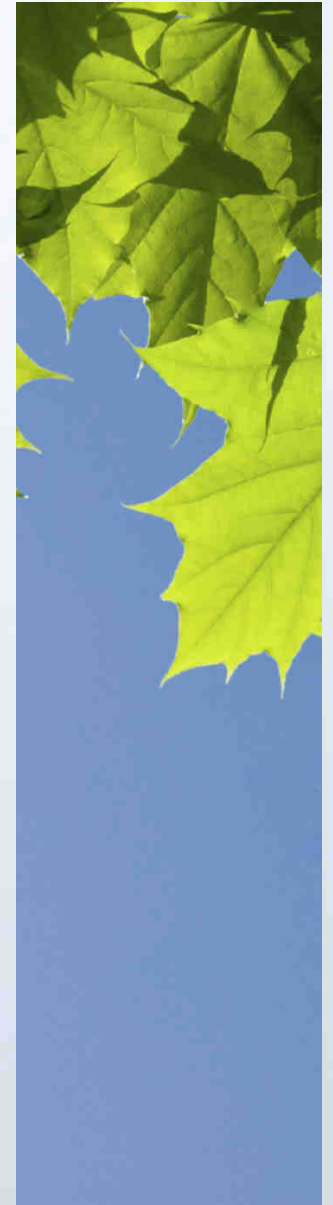


“Resistance is useless”

- Non compliance issues
 - Failure to register for participation
 - Providing false or misleading information
 - Failure to open a registry account
 - Failure to provide annual information
 - Failure to pay for or surrender allowances
- Fines for non compliance are stringent
 - 2010 -2013 £25 per tonne
 - 2013 – onwards £75 per tonne

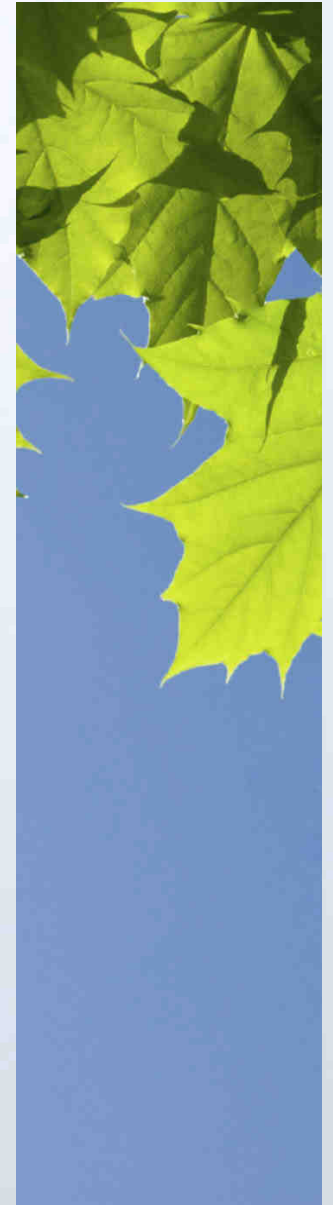


So where should you start?

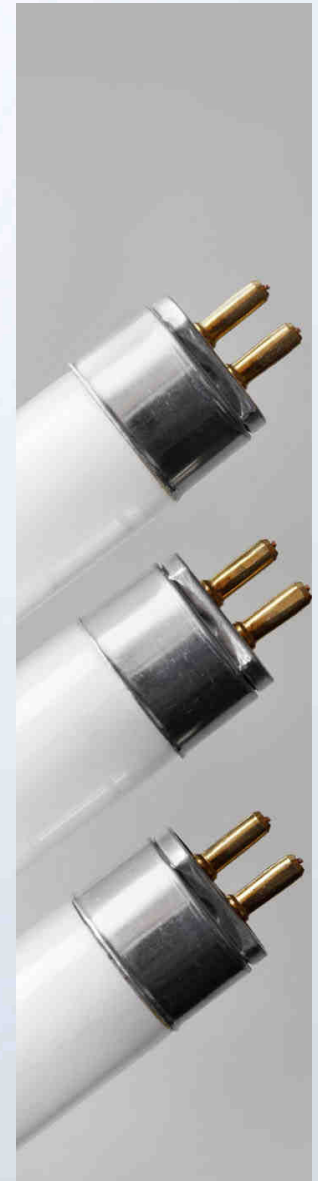


So where should you start?

- Find out whether you are included
- Get your evidence pack and submission ready
- Build a carbon management strategy
- Start to implement reductions



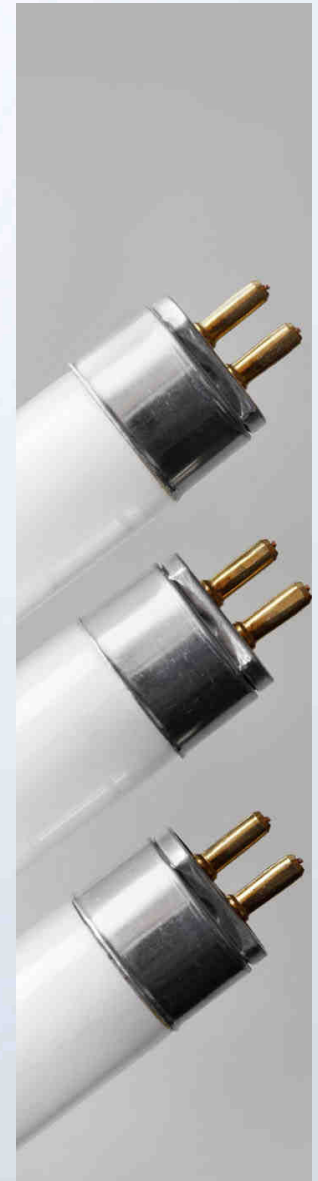
Are you included?



understanding energy

Are you included?

- The rules about who is included have changed recently
 - These changes particularly affect companies parented outside the UK
 - Whilst previously, members of a group parented outside the UK may have been excluded the new rules look at the highest level parent no matter where it is based
- Remember if you have a half hourly supply you have to determine if you are included
- Who is going to collect the information?



“The truth, the whole truth...”

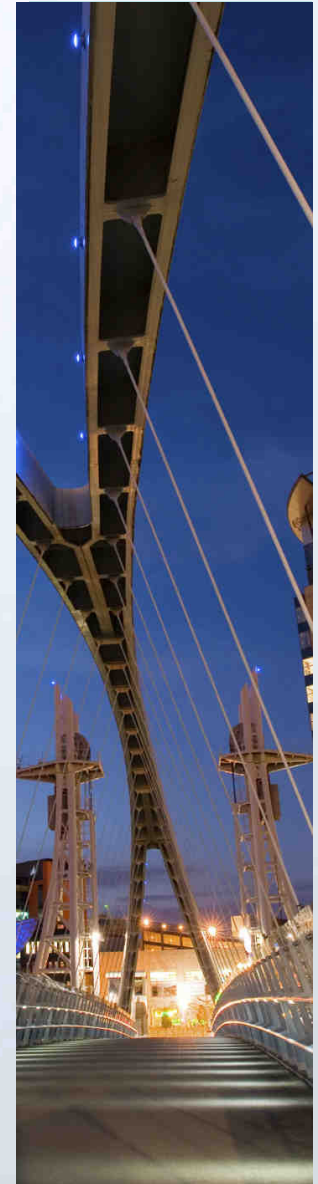


“The truth, the whole truth...”

- Whilst the qualification criteria are simple the evidence pack if you are included is much more comprehensive
 - Many organisations, particularly those with many small sites have difficulty knowing their total energy costs
 - Where oil and coal are used it can be difficult to identify total usage
- It may be easier to use a third party to draw your evidence pack together
 - Benefit from expertise already gained

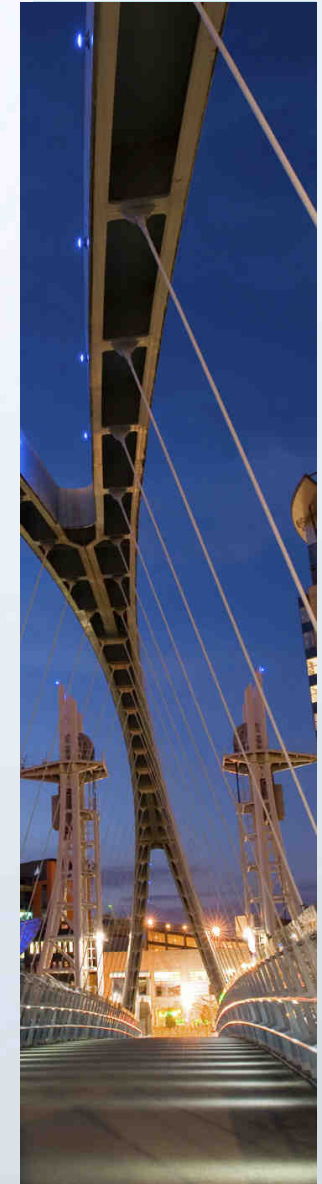


A strategic approach

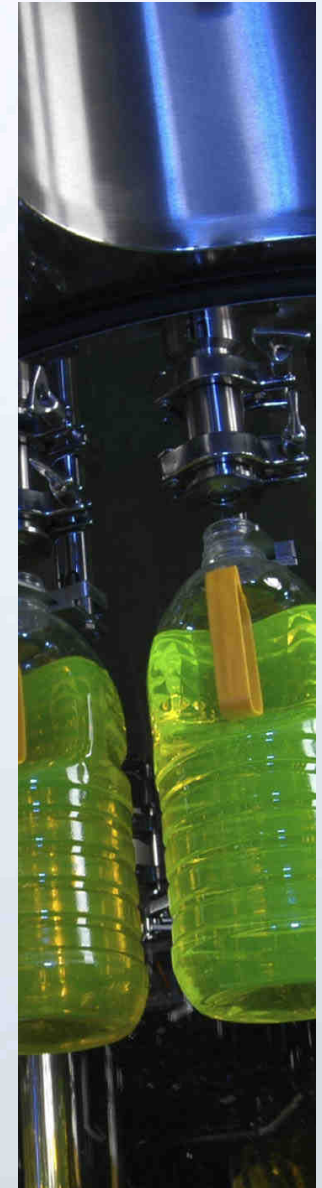


A strategic approach

- The Carbon Trust Standard which will replace the early adopter metric provides a good guide to the approach that needs to be taken
- The standard is basically in three parts
 - Calculation of an appropriate Carbon Footprint
 - Demonstration of Carbon Footprint reduction
 - Evidence of good Carbon Management practices
- This approach requires a continuing effort so the first requirement is for high level support



How big is your footprint

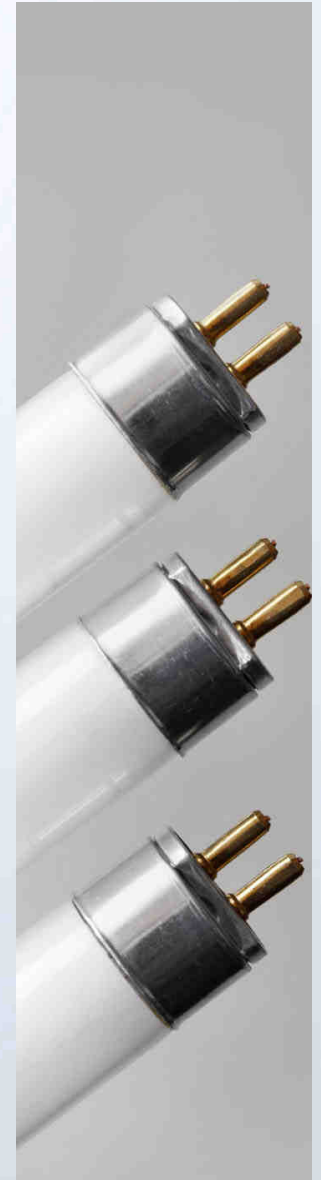


How big is your footprint

- Initially the model is quite simple
 - Similar to the CRC submission
 - Transport emissions for vehicles based at your sites are added
- To maintain accreditation the calculation increases in complexity
 - Process emissions
 - Other GHG's
 - Full transport emissions

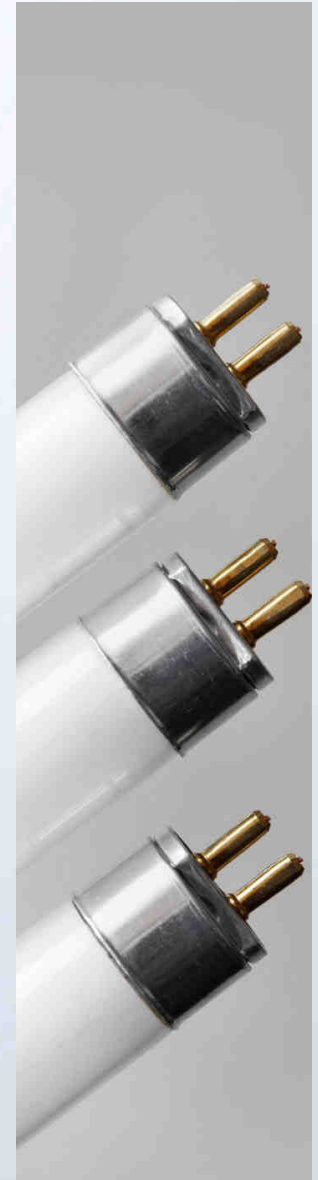


Reducing your footprint

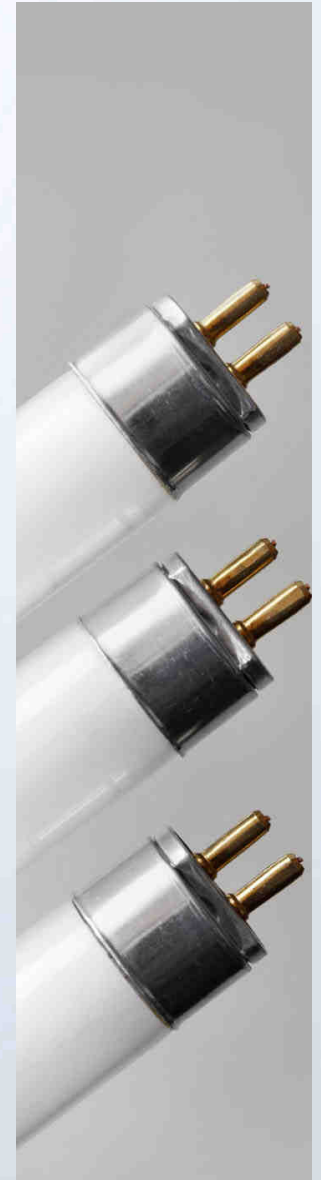


Reducing your footprint

- This is where the standard is quite sparse
 - The measure is either an absolute reduction or a ratio of emissions to production
- Three major areas of focus
 - Improving control of consumption
 - Changing behaviour and attitudes
 - Improving the efficiency of plant and equipment
- There is a wide variation of costs for initiatives in these areas but the cost doesn't necessarily determine the resultant reduction

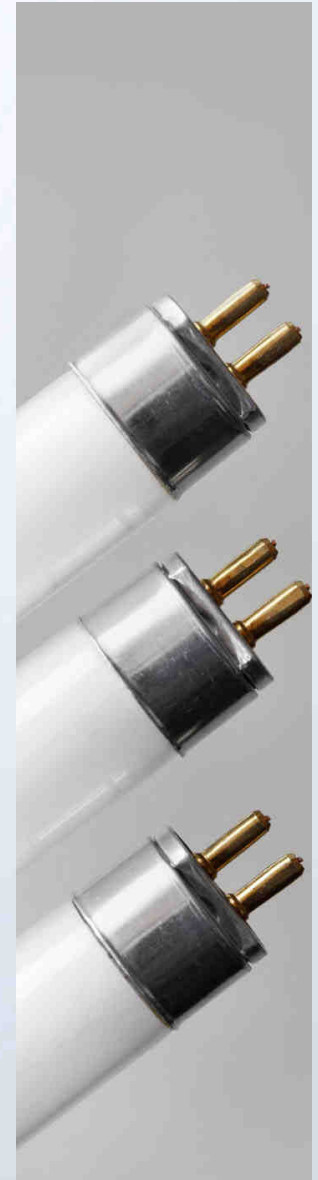


An example

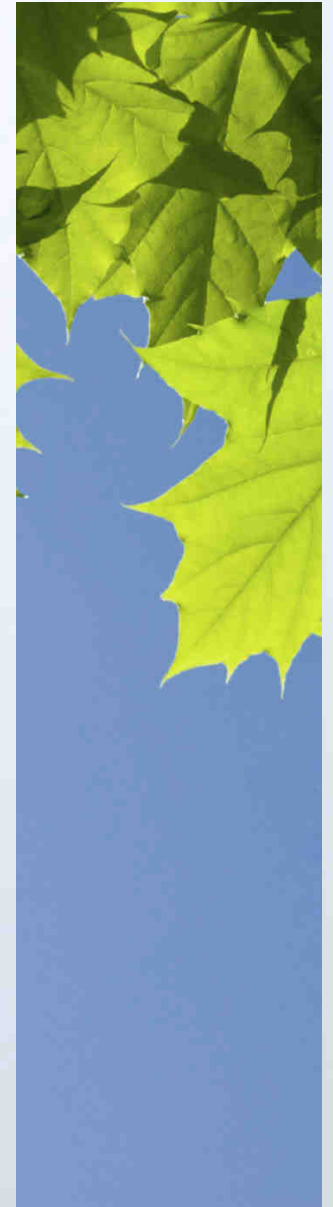


An example

- A large financial services company with 20 sites around the UK
- Energy spend of £2.5 million
- Complex environmental controls and user requirements
- Following extensive surveys and opportunity assessment a series of low cost and no cost measures put into place
- A saving of 17% on energy costs has been delivered



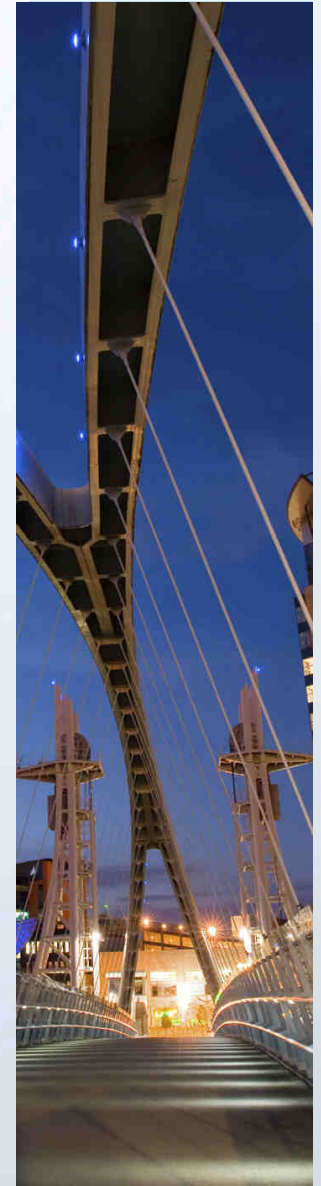
Carbon Management Practice



Carbon Management Practice

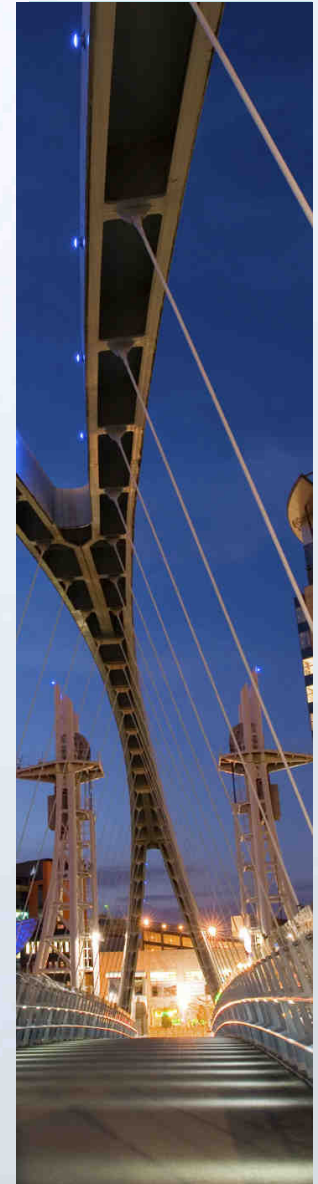
- As well as actually undertaking carbon reduction you need to demonstrate that it has been built into your organisations quality management system
 - Governance – Policies, Reporting, Procedures
 - Accounting – Data collection and quality
 - Management – Targets, Investment and training

So what if you're not included?



So what if you're not included?

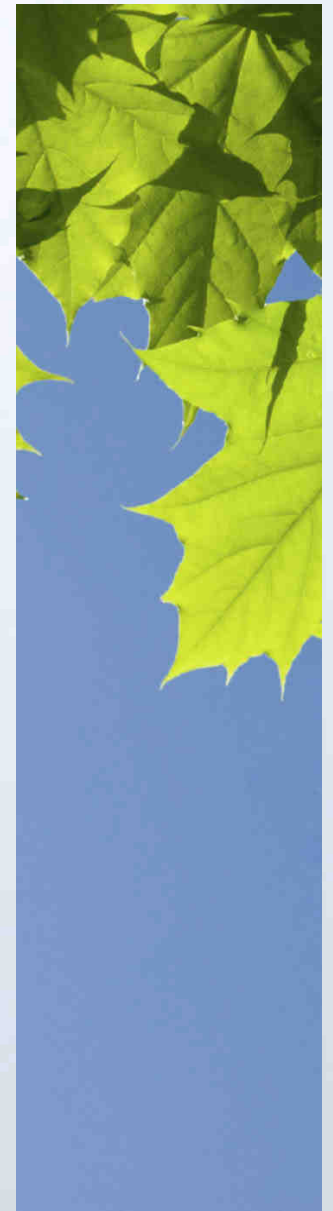
- You're still paying the Climate Change Levy
- There is a move to include air and possibly road transport under the EUETS
- It is distinctly possible that the scope of the CRC will be extended
 - Meeting the overall long term reduction targets will require action on a much larger scale than the CRC currently envisages
- Carbon reduction should be a part of every organisation's planning process.



...because nobody wants this

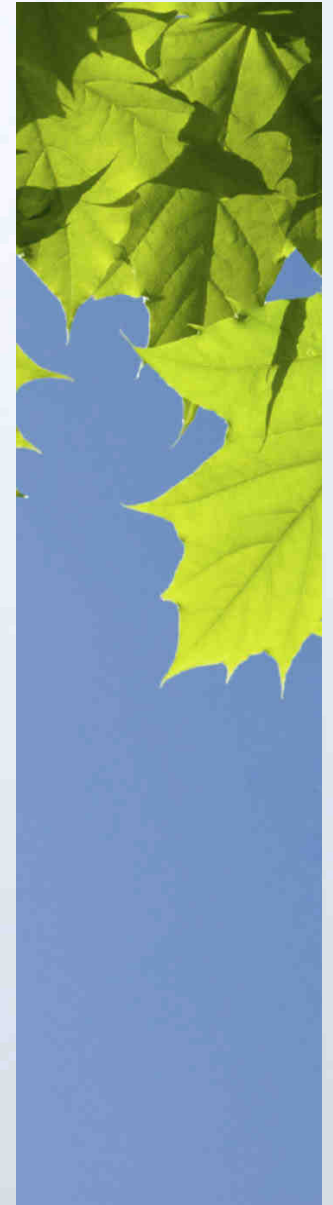


In summary



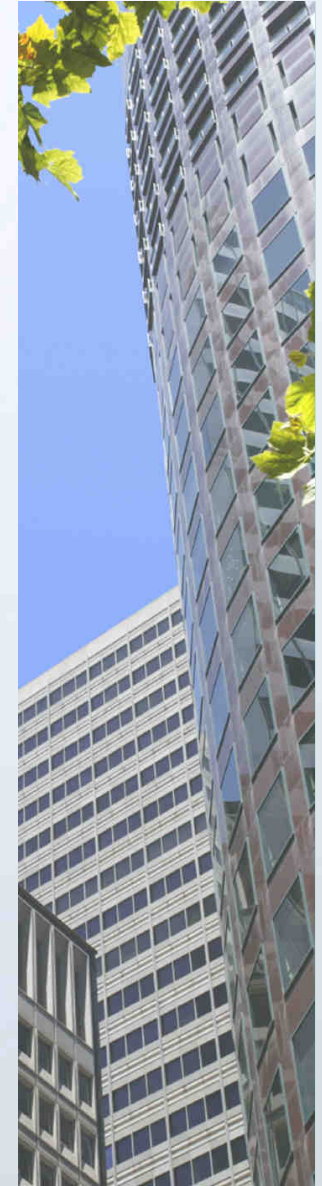
In summary

- Meeting the CRC requirements requires
 - Good planning
 - Good information
 - High level commitment to change
 - A long term approach to improvement
- Actions to comply provide other benefits
 - Reduced costs
 - Improved reputation
- The breadth of actions required mean that you may want to consider getting outside help



A large, light blue background featuring a central water droplet that has just hit a surface, creating concentric ripples. The text "Any Questions?" is centered over this image.

Any Questions?



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Q&A



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Close