



Carbon Reduction Commitment (CRC) Financial Implications for Your Business

Energy White Paper, 23 May 2007, CM7124

The Carbon Reduction Commitment (CRC) Scheme is a new UK Government Strategy for controlling CO₂ emissions in large, non-energy intensive private and public sector organisations. The scheme aims to cut carbon emissions by 1.2 million tonnes per year by 2020. It is a mandatory scheme which targets emissions not included in the Climate Change Agreement and EU Emissions Trading Scheme, therefore affected organisations will be required to devise a carbon abatement strategy—considering energy efficient measures to monitor, assess and manage their carbon emissions.

The CRC is a Penalty – Reward Scheme

CRC Compliance—Are you Affected?

WHO DOES IT AFFECT?

- Organisations who have had at least one half hourly meter (HHM) settled on the half hourly market across the whole organisation and has a total electricity consumption greater than 6,000MWh/yr (equivalent to an annual electricity bill of more than £500k)
- This will capture large, non-energy intensive private and public sector organisations
- Organisation with multiple sites and a portfolio of leased locations will be classed as a single entity, ie, banks, retail and supermarket chains (including their distribution centres), office based corporations, large Government departments etc.

The Environment Agency is the Scheme Administrator for the UK and they are writing to all billing addresses with half hourly meters. If you receive a letter you need to take action.

WHAT HAPPENS NEXT?

The Scheme starts in April 2010. During the initial 6 months of the first compliance year affected organisations must register as a participant and calculate their total emissions and nominate their primary site.

Failure to do so will result in a fine

The Carbon Trust and DEFRA are useful sources of

information:- www.defra.gov.uk
www.carbontrust.co.uk
www.weblight.co.uk

HOW WILL I COMPLY?

1. At the beginning of each compliance year companies purchase carbon allowances based on expected energy use for the forthcoming year. The Government has set an allowance price of £12 / tonne CO₂ during the introductory phase.
2. During each scheme year the primary/nominate site must monitor energy usage across all sites and report emissions to the Scheme Administrator via an on-line registry by the end of July following the scheme year. A process of ongoing monitoring, collection and data reporting must be established to ensure compliance and to save considerable fines being imposed on your organisation.
3. The Environment Agency will publish league tables detailing company performance position. Bonus or deduction payments returned according to your position.

Penalties / rewards will start at 10% in Year 1 escalating to 50% in Year 5

Organisations should already be investigating and implementing schemes to manage and reduce their emissions and lighting plays a significant role in this.

What Can You Do Now?

Lighting constitutes a significant percentage of your energy bill. If you operate old, inefficient lighting funding is available to assist in replacing existing systems with new technologies. This change will save you money, reduce maintenance and contribute to your CO₂ tonnage reduction.

Discharge lighting contained within high and low bay fittings, installed in distribution centres, retail and manufacturing sites when left to burn for 24 hours per day will cost circa £1 per day per point

= £365 / year / point

Assuming 10 pence / kwh



Converting to a multi-lamp high frequency T5 luminaire with intelligent controls on a point for point basis can reduce your costs to £0.38 per day per point

= £138 / year / point

Assuming 10 pence / kwh



Benefits include:-

- Reduction in CO₂ tonnes and up to 80% energy savings
- Payback in under 2 years
- Reduced maintenance
- Opportunity for interest free loans from The Carbon Trust
- Get Enhanced Capital Allowance

Summary

The Carbon Reduction Commitment will have a major financial effect on the larger organisations. Lighting constitutes a significant cost for all businesses and **Weblight Ltd** has the resources and technology to assist in promoting Best Practice and energy saving schemes.

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