

CRC Energy Efficiency Scheme - Beware of Escalating Penalties

The Environment Agency is now participating in the implementation of the CRC scheme to increase energy reduction in organisations.

The initial requirement is for organisations to recognise if they qualify for registration with the Environment Agency for full participation in the scheme. This is required if they have an electricity consumption of 6,000,000 kwh or higher.

Companies that do not qualify for full participation must also recognise if they are required to disclose information to the Environment Agency. This is required if they have a half-hour electricity consumption of lower than 6,000,000kwh.

Companies with half-hour energy consumption of 3,000,000kwh and above will be required to submit details of their organisation and their consumption data, whilst companies with energy consumption below 3,000,000kwh will only be required to submit their company details.

For some public organisations there will be a mandatory requirement to participate in the scheme.

It is hoped the CRC scheme will significantly increase the rate of energy reduction. Progress to date has been slow despite the government providing encouragement through government advice and loans.

The scheme requires initial registration and to ensure all required organisations participate. Substantial penalties of £5000 and £500 per day late fines will be levied.

Further penalties exist for:

- Failure to disclose information – **£500 per settled half hour meter**
- Failure to provide annual report – **£5000 + £500 per day**
- Incorrect reporting – **£40/tonne CO2 for emissions**
- Falsification, deception and non-compliance with enforcement – **Criminal Penalties**

Qualifying Criteria

For Participants

Full participants in the scheme will have a half hour metering in the organisation and an electricity consumption of 6,000,000 kwh. This approximates to an electricity bill of £500,000 and the electricity consumption may be over several sites under the control of one organisation.

These organisations will be required to buy and surrender carbon allowances annually to cover their energy consumption. The monies go into a recycling system which distributes the money back based on a public league table measuring success in reducing the energy usage on a range of criteria. The energy consumption measured will be electricity, gas and oil based fuels excluding energy for transport. There will be penalties (Fines) for organisations not registering or completing on time.

For organisations required to make an information disclosure

Organisations that are required to make an informational disclosure will have half hour electricity meters and electricity consumption less than 6,000,000 kwh. These organisations will be required to register but submit information rather than participating fully in the scheme.

Exceptions

Organisations who may be working under a climate change agreement or participating in the EU emissions trading scheme.

***Reference: Energy use based on 2008 figures for qualification.**

CRC Registration Guidance

The CRC scheme is complex and it is recommended that organisations use the guidance notes that are available to help them decide if they have to register. The Environment Agency provides guidance on the registration process. The Environment Agency is also contacting directly the organisations required to register to inform them of the fact.

The Environment agency provides a series of PDF notes at <http://www.environment-agency.gov.uk/business/topics/pollution/111597.aspx>

These cover an introduction to the scheme, a guide to qualification, a registration guide, and a glossary of terms.

Further information is also available at the Department of Energy and Climate Change through their Carbon Reduction User Guide. www.decc.gov.uk

Registration Period

Organisations who qualify will have to register between April and October 2010

