



Guidance for CRC Energy Efficiency Scheme: Assessing Qualification and Registering for Phase 2

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Version control

This guidance document will be updated periodically. The table below lists the dates when new versions were published and the pages/sections where updates were made.

If you are reading a printed copy of the manual rather than the on-screen version, please check the CRC web pages (www.environment-agency.gov.uk/crc) to make sure you are reading the latest version.

Version	Date of publication	Actions taken on page/section number	Action (amended/added)
1	19/12/12		
1.2	30/05/13		

Executive summary

What is the CRC Energy Efficiency Scheme?

The CRC Energy Efficiency Scheme (CRC) is a UK Government initiative to reduce carbon dioxide (CO₂) emissions from large and medium-sized organisations meeting certain qualification criteria. Participation for these organisations is mandatory. The first phase of the scheme runs from April 2010 to the end March 2014. This document is concerned with qualification and registration for the second phase, 1 April 2014 to 31 March 2019.

In December 2012, DECC announced that CRC will be modified for the last two years of Phase 1 and for Phase 2 onwards. This follows a consultation on the proposed simplification of the scheme conducted by the Department for Energy and Climate Change (DECC) on behalf of the national administrations for England, Scotland, Wales and Northern Ireland. This guidance therefore reflects the expected CRC requirements based on that consultation (www.gov.uk/government/consultations/simplifying-our-energy-efficiency-scheme-crc). The Environment Agency has produced a brief summary outlining key elements of the [simplification measures](#). To give participants time to understand the qualification criteria for Phase 2, this document is published ahead of finalisation of the new CRC Order through which the changes will be made. The new CRC Order was laid before Parliament on 4 March 2013 and is expected to enter into force by June 2013. As such, we may need to amend the document when the new Order is enacted.

Organisations that meet the qualification criteria between 1 April 2012 and 31 March 2013 will have to participate in Phase 2. Once they have qualified, participants will have to register in the scheme during the year April 2013 to March 2014. The dates for registration are 4 November 2013 to 31 January 2014.

Organisations that register as participants for CRC in Phase 2 will have to monitor and report on their energy use for five compliance years. They will also have to purchase allowances to cover their CO₂ emissions. This provides a direct incentive for organisations to use their energy efficiently and so limit their CO₂ emissions.

What does this manual cover?

This manual is a guide to qualification and registration for Phase 2 of CRC. It will help organisations identify whether they must take part or not. It explains when qualification needs to be assessed, how this is done and what organisations need to do next.

The qualification criteria for Phase 2 are different to those for Phase 1. The differences are explained in this document.

This executive summary provides a high level overview of qualification and registration. The main body of the manual looks at how to assess qualification in more detail, and is accompanied by a glossary explaining terminology and a series of annexes which provide technical detail on issues that will not affect all participants. The manual has been designed so that readers can dip in and out of relevant sections as appropriate.

This manual also answers the most common questions about registration for Phase 2 and gives an overview of the registration process. It explains what registration is, when it needs to be completed by, and how much participants must pay as their registration fee under the CRC charging scheme. It sets out what information is needed to register and what happens if participants don't register on time.

Who is it for?

This guidance is for all private and public sector organisations that may qualify as a participant for Phase 2 of CRC. Participants in Phase 1 should still read this document as the qualification criteria are different for Phase 2, and those who remain as participants still need to re-register.

How has it been produced?

This guidance has been produced jointly by the Environment Agency, the Northern Ireland Environment Agency (NIEA), Natural Resources Wales (NRW) and the Scottish Environment Protection Agency (SEPA). DECC and the devolved administrations are responsible for the policies reflected in the CRC scheme and have commented on this guidance. Advice and input was also provided by a group of scheme participants who reviewed the document from the perspective of the user.

The Environment Agency administers the CRC scheme for the UK as a whole and is responsible for auditing and enforcement in relation to participants in England. SEPA, NIEA and NRW carry out the auditing and enforcement functions in Scotland, Northern Ireland and Wales respectively

Which organisations are affected by CRC?

CRC applies to private and public sector organisations. There are certain prescribed public bodies known as [mandated participants](#). These are all UK central government departments and devolved administrations, plus certain other public bodies, which must participate in CRC regardless of the amount of electricity they consume.

Further to this all other public and private organisations that meet the qualification criteria, apart from particular bodies that are exempt (as described in [Section 1](#)), must take part in CRC. These other organisations will need to check if they are part of a group because qualification is assessed on a group basis. Specific rules apply to public bodies and when they should participate alone or as a group.

Organisations that are not mandated participants qualify for Phase 2 if they, or their group, met **both** the criteria below between 1 April 2012 and 31 March 2013:

- They had at least one settled half hourly electricity meter (sHHM).
- They consumed 6,000 megawatt hours (MWh) or more of qualifying electricity supplied on the settled half hourly market.

Some electricity use is excluded from CRC and as such doesn't count as qualifying electricity. This manual provides information on [excluded use](#).

The [qualification flow diagram](#) summarises the steps to assess qualification. In summary, an organisation that is not a mandated participant needs to assess qualification as follows:

- Identify the full extent of the organisation.
- Identify all the sHHMs in the organisation.
- Add up the supplies through those sHHMs in the qualification year 1 April 2012 to 31 March 2013.
- To determine qualifying supplies subtract from this figure any electricity supplied that is excluded.

An organisation qualifies if the remaining supply during the period 1 April 2012 to 31 March 2013 is 6,000MWh or more.

How to tell if you have a settled half hourly meter

Settled half hourly meters can be identified in England, Scotland and Wales by looking at the sticker on the meter to find the MPAN (Meter Point Administration Number), which is a 13 digit number. If the line above the MPAN begins with 00 (see figure below) this indicates it's a settled half hourly meter. In Northern Ireland the equivalent of an MPAN is an MPRN (Meter Point Reference Number). This is an 11 digit number that begins with an 8. Please see the glossary for a definition of a [settled half hourly meter](#) in Northern Ireland.

Example MPAN

The image shows a grid representing an MPAN sticker. At the top is 'Meter Time-Switch Code'. Below it are 'Profile Type' and 'Line Loss Factor'. The main grid contains a large 'S' in a box on the left, followed by a 2x3 grid of numbers: 00, 111, 222 in the top row; 13, 1234, 5678, 345 in the bottom row. Below the grid are 'Distributor ID' and 'Check Digit'. At the bottom center is 'Unique Identifier'.

Meter Time-Switch Code					
Profile Type			Line Loss Factor		
S	00	111	222		
	13	1234	5678	345	
Distributor ID			Check Digit		
Unique Identifier					

Registration

Mandated participants and other organisations that qualify for CRC will need to register on our online Registry. Guidance on how to register for Phase 2, including timescales for this, is provided in this document.

Participants should use the [registration flow diagram](#) to find out what they need to do to register successfully. Before starting the registration process participants should work through the flow diagram and make sure they've got all the necessary information. This document will help participants to gather this information.

Once participants have found all the information, they should view our registration screenshot guidance for a step-by-step guide to completing their registration.

The window for registration is from 4 November 2013 to 31 January 2014. If an organisation required to participate in Phase 2 of CRC does not register, it may be subject to penalties. The organisation may be fined £5,000 for not registering by the deadline, with a further fine of £500 per working day until it registers (subject to a maximum of 80 working days). The names of non-compliant organisations may also be published on the CRC web pages (www.environment-agency.gov.uk/crc).

Using this manual

This document has been produced to help participants understand the requirements for qualification and registration in CRC. It does not contain a complete explanation of the scheme or the obligations under it, and is not a substitute for the CRC Order.

Participants should read this document alongside other CRC guidance available from the CRC pages (www.environment-agency.gov.uk/crc) of our website. Following the guidance is not in itself obligatory. However, if participants do follow it, they will normally be doing enough to help their organisations meet their legal obligations in relation to CRC.

Participants should check that they are meeting the requirements of the legislation once it is finalised and that they are using the most recent version of our guidance as it is likely to be revised periodically.

The manual is primarily intended to be read on-screen as it contains a large number of hyperlinks either to other sections or external documents or websites. To return to a previous location in this manual after following a link, hold down the ALT key and then press the left arrow on your keyboard.

Where to go for more help

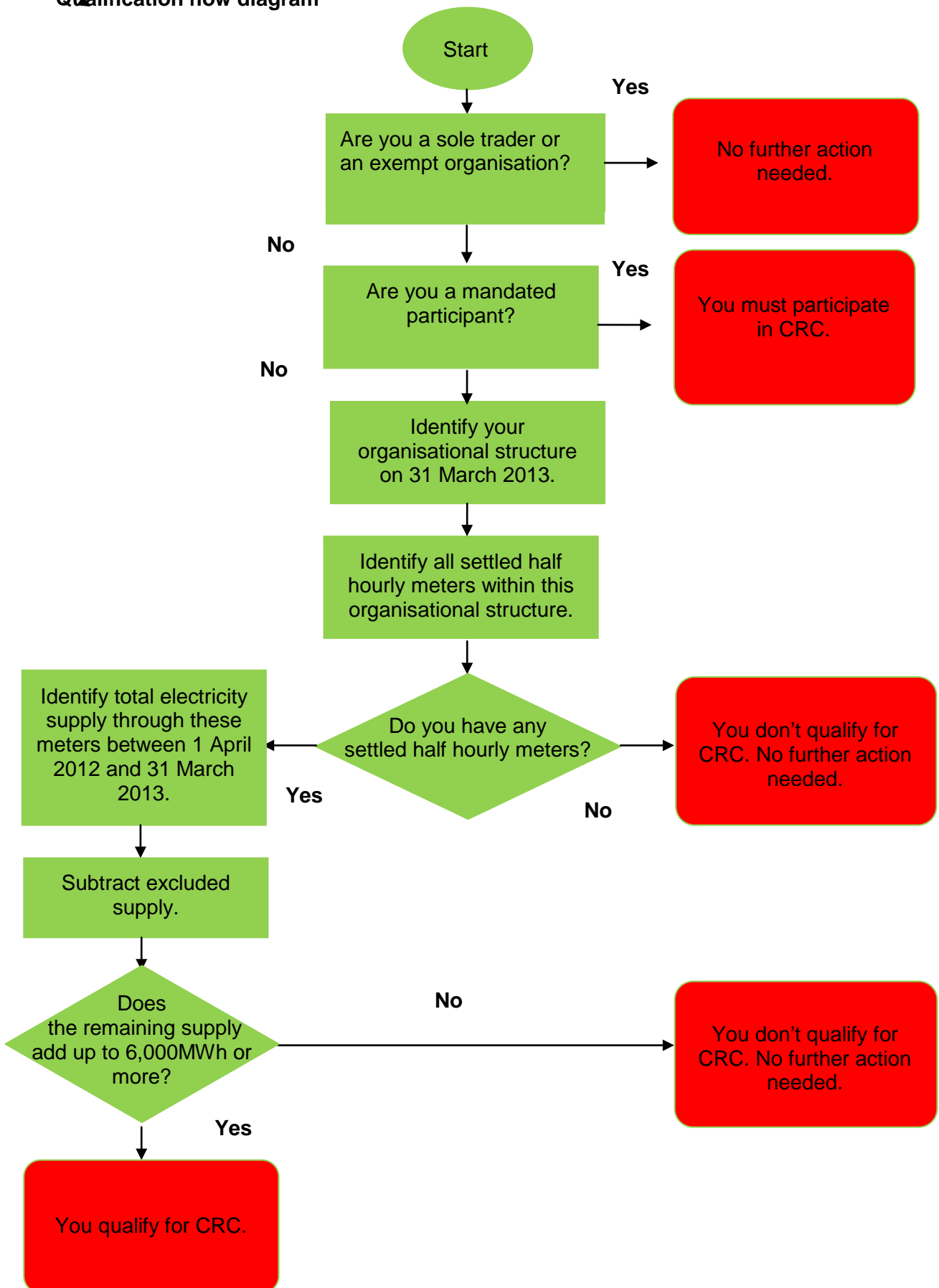
You can access the most recent version of our guidance on the CRC web pages (www.environment-agency.gov.uk/crc). If you still have any questions, please contact our helpdesk by email at CRCHelp@environment-agency.gov.uk or by telephone on 03708 506 506.

If you are based in Scotland then contact the SEPA email helpdesk on crc@sepa.org.uk.

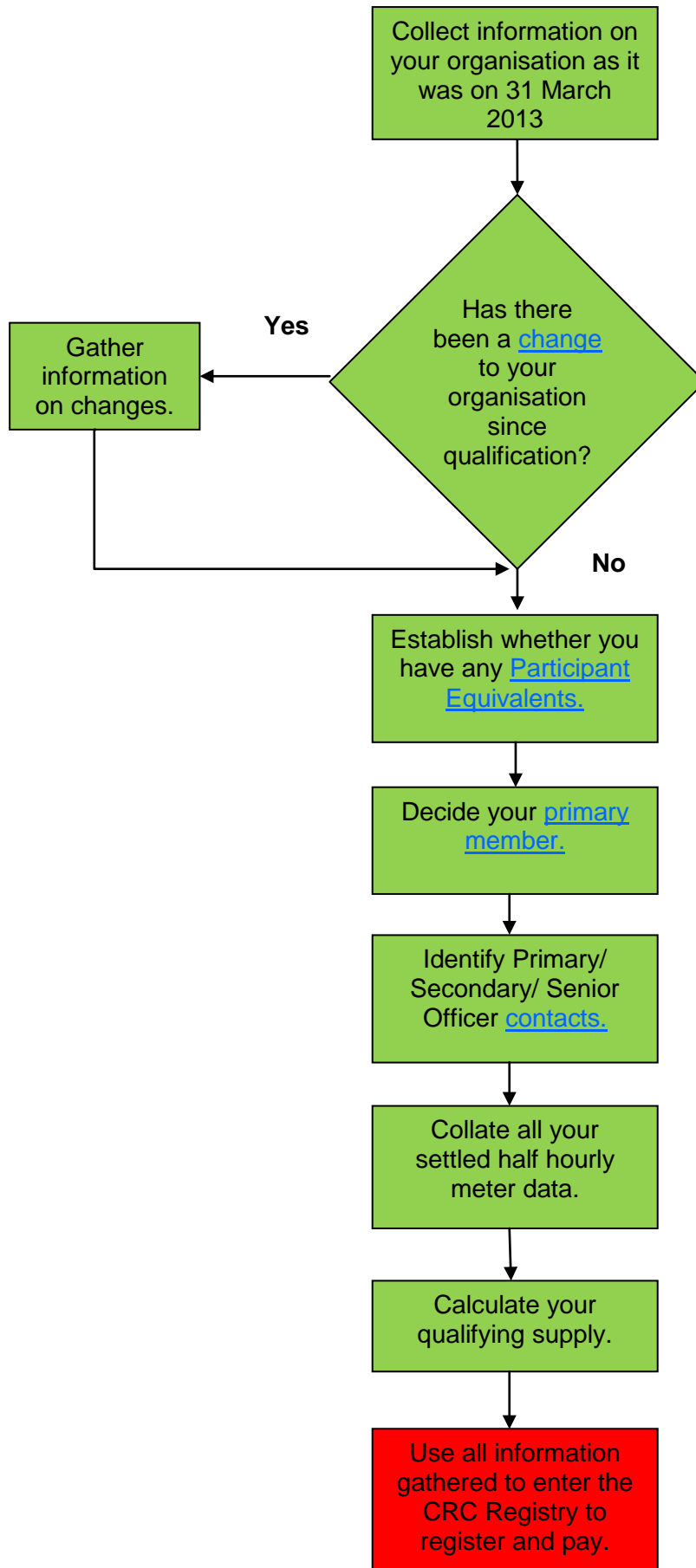
For questions about government policy please go to the CRC pages of GOV.UK (www.gov.uk/crc-energy-efficiency-scheme).

Alternatively you may wish to seek independent legal advice.

Qualification flow diagram



Registration flow diagram



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1. Introduction

To assess whether or not your organisation is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme (CRC), there are a number of steps you need to take to see if you qualify. There are certain categories that are exempt from CRC (see item 1 in the list below) and certain public bodies referred to as 'mandated participants' that have to participate irrespective of their electricity use. The steps to take are outlined below and shown on the [qualification flow diagram](#).

1. If you are an individual (including a sole trader or an organisation classified as having an exemption or relief from taxes under the provisions of the International Organisations Act 1968 (such as ombudsmen and consulates) you are exempt from CRC and don't have to do any more.
2. If you are a central government department or a department of a devolved administration, or a local authority decision has been made that requires you to participate, you are a [mandated participant](#) and are required to participate irrespective of your electricity usage. The rules for the participation of mandated participants in Phase 2 are the same as in Phase1.
3. If you are a private sector undertaking or group of undertakings, you will need to assess the extent of your whole group during the year 1 April 2012 to 31 March 2013. The same applies if you are a public body other than a mandated participant. [Section 2](#) and [Section 3](#) provide further details of these two categories.
4. Having established the extent of your group you need to add up all the electricity [supply](#) you received through settled half hour meters (sHHMs), excluding certain [uses](#), in the year 1 April 2012 to 31 March 2013. If this was 6,000 megawatt hours (MWh) or more then you are required to participate in CRC. [Section 4](#) provides further details.
5. Should you qualify please read Sections 5 to 11 for details about registration.

2. Private sector organisations

If you are a private sector organisation currently participating in the CRC scheme you need to re-assess whether or not your organisation qualifies for CRC in Phase 2. If you were not a participant in Phase 1 but think that you may qualify for Phase 2 of CRC, you will also need to assess whether your organisation qualifies for CRC in Phase 2. Please follow the guidance below to determine whether or not you do qualify.

If you are in the private sector the first step is to define your organisation by determining its structure on the qualification day, 31 March 2013.

Once you have established your structure and whether or not you are part of a group, read [Section 4](#) to find out what supplies you need to take into account to see whether you qualify for CRC.

2.1. Structure on qualification day

The extent of your group is defined as all the undertakings that were a member of the group on the last day of the qualification year. For Phase 2 this is 31 March 2013. You are only concerned with your organisation's structure on this particular day. Any changes to your organisation after this date must be disregarded for the purposes of assessing qualification.

In Phase 2 the requirement to register is based on the total amount of qualifying electricity supplied throughout the whole of the qualifying year to any member of a group (as defined on the last day of the qualification year) regardless of when they joined the group during the qualification year.

If you sold an undertaking during the qualification year you don't need to consider any of its energy use at all for qualification.

2.2. Extent of your group

In CRC, undertakings such as companies, partnerships and unincorporated associations and charitable associations are grouped together using the tests in the Companies Act 2006 (www.legislation.gov.uk/ukpga/2006/46/contents) which determine whether the entities are legally treated as subsidiaries of one another.

Where an undertaking is ultimately owned by an overseas organisation, all the UK undertakings owned by that overseas highest parent organisation should assess their qualification for CRC together and will participate together unless the undertakings are disaggregated. This may mean that you participate in CRC with organisations that don't have day-to-day links with your business. However, **all** members of participant groups are jointly and severally liable for compliance with the CRC Order.

If your organisation owns shares in other undertakings you need to assess whether you are responsible for these undertakings under the definition given in section 1159 of the Companies Act 2006. Broadly speaking, you will be responsible for an organisation under CRC (by virtue of it being classed as your subsidiary) if **one** of the following applies:

- You hold a majority share of the voting rights in the organisation.

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- You are a member of the organisation and have the right to appoint or remove a majority of the board of directors.
- You are a member of the organisation and control alone, pursuant to an agreement with other members, a majority of the voting rights in the organisation.
- You have any other agreement which gives you a controlling interest or influence.

2.2.1 Joint ventures

Where an organisation is a joint venture, the responsibility for the organisation under CRC is determined based on the Companies Act tests described above. If the joint venture doesn't have a higher parent by virtue of these tests, it should assess its qualification for the scheme on its own and register appropriately if applicable.

2.2.2 Overseas parents

In CRC, a private sector organisation consists of all the UK based undertakings that are subsidiaries of its highest worldwide parent. If you have an overseas parent you are advised to contact them to establish the full extent of your UK based organisation and assets as all the UK subsidiaries will need to assess their qualification as a group, even if they don't normally operate as a group.

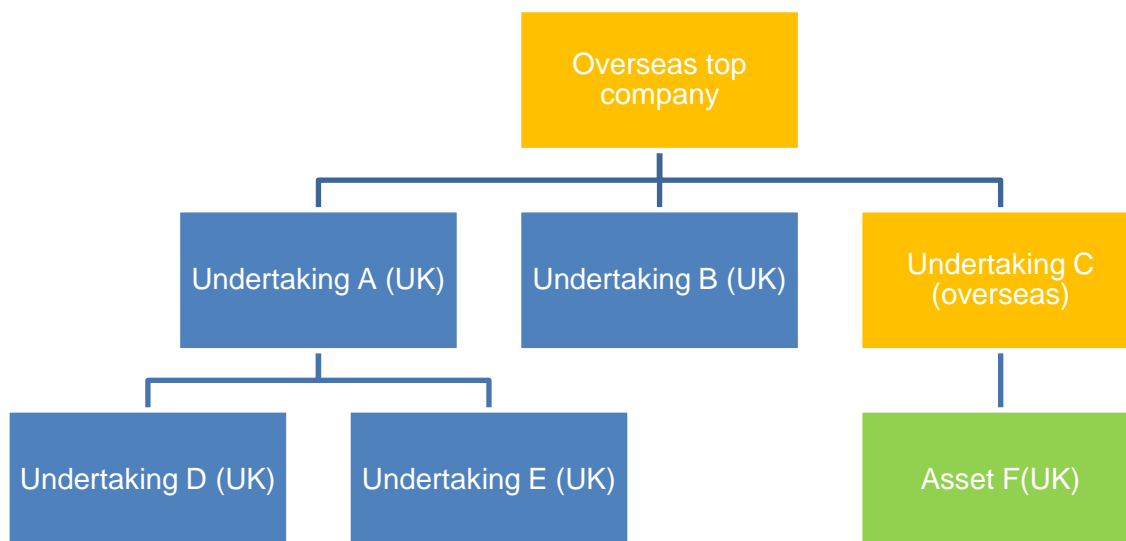
2.2.3 UK based assets

All UK based activities, including those within UK territorial waters, need to be considered when assessing your qualification for CRC. This applies even where the assets are owned by an undertaking that isn't based in the UK.

In the example in Figure 2.1 where UK based assets are owned by a non-UK undertaking, they are included in the CRC qualification assessment along with the UK undertakings. If you don't have any UK undertakings you still have to assess your UK activities to determine whether you qualify for CRC. If you qualify to participate you will need to register and appoint a representative with a principal place of activity in the UK as the account holder.

Figure 2.1 summarises what you need to do. For CRC qualification purposes, the settled half hour electricity used by Undertakings A, B, D and E needs to be combined with the settled half hour electricity used by Asset F.

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Figure 2.1 Example of a group with an overseas parent

Notes: Undertakings shown in orange are based overseas. Undertakings shown in blue are UK based. Assets using energy in the UK shown in green belong to an overseas undertaking.

2.2.4 Private equity funds

Private equity funds are comprised of individuals or companies usually incorporated as a limited liability partnership to invest funds.

If your organisation is a private equity fund or similar, you will need to determine which entities are part of your group when assessing your qualification to participate in CRC. [Annex A](#) sets out how to do this.

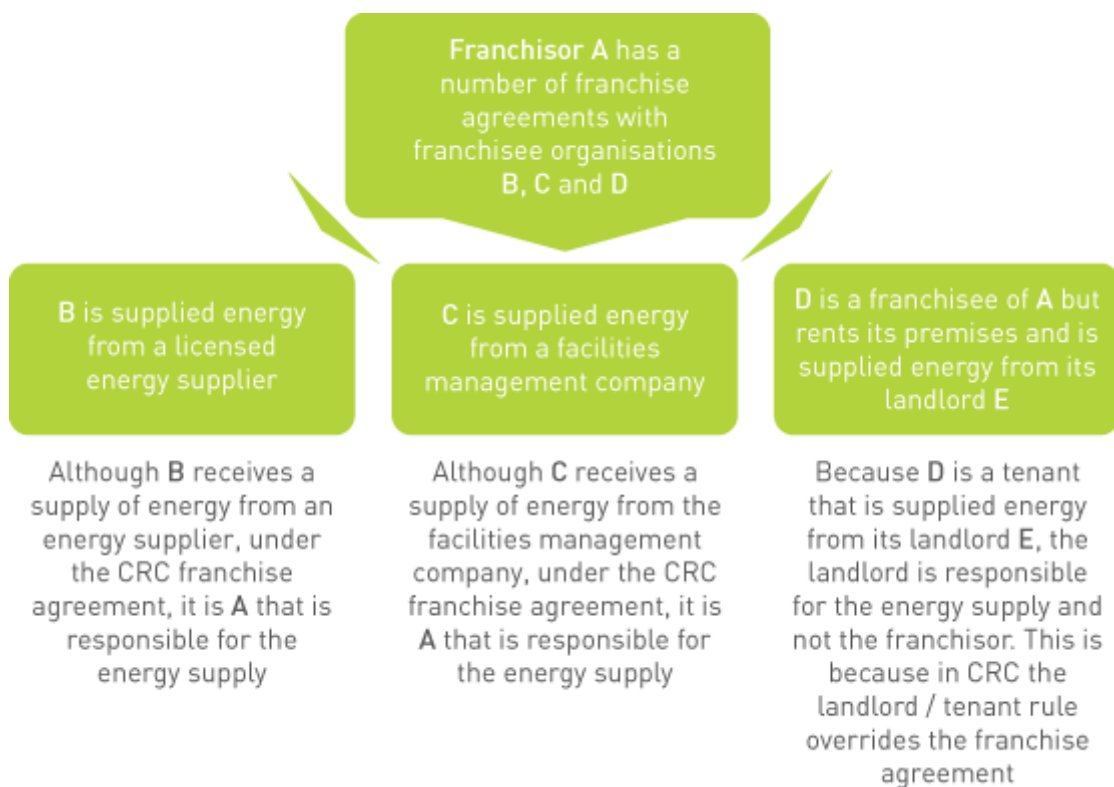
2.2.5 Franchises

Different rules apply for CRC purposes where you are a franchisee or a franchisor.

Under CRC, a franchisor is responsible for supplies to its franchisees. Therefore a franchisor needs to gather information on all the settled half hour electricity use of all its franchisees in order to assess its qualification.

If you are a franchisor you will be responsible for the energy used by your franchisees. However if any of your franchisees were subject to the [landlord tenant rule](#) and you are not the landlord, you will not have to include their energy.

[Figure 2.2](#) shows the supply responsibility in the most common franchisee and franchisor scenarios. If you aren't covered by the scenarios shown in Figure 2.2 and need further assistance, please contact the CRC helpdesk on 03708 506 506.

Figure 2.2 Franchises

CRC franchise definition rules

Franchises that satisfy **all** four of the rules below are considered to be a franchise under CRC. Where such a franchise exists, franchisors must consider supplies to all franchisees when determining whether or not they qualify for CRC.

Rule 1: An agreement (whether or not in writing) between two undertakings (the 'franchisee' and 'the franchisor') for the sale or distribution of goods, or the provision of services.

Rule 2: The franchisee carries out business using the name provided by the franchisor in the agreement.

Rule 3: The premises where the franchisee carries out the franchise business are used exclusively for that business.

Rule 4: The presentation of those premises must have an internal or external appearance agreed by the franchisor and it must be similar to that of other premises operating a franchise business under an agreement with the franchisor.

See [Annex B](#) for examples of how these four rules are applied.

Where a franchise doesn't satisfy all four of the rules, the relevant franchisee(s) must assess whether or not they qualify for CRC in their own right.

Although overall responsibility for compliance with the requirements of the CRC Order lies with the franchisor, franchisees are required to provide such information and assistance as the franchisor might reasonably require to allow them to register and comply with CRC.

2.2.6 Trusts

For CRC purposes there are specific rules relating to trusts and where the responsibility for the energy used by the assets held in the trust lies.

For the purposes of CRC, trusts can hold assets in one of two ways:

- shareholdings or analogous interests in companies or other undertakings
- directly in real property (such as a freehold or leasehold interest in land or buildings)

Assets as shareholdings or other analogous interests in undertakings

Where a trust holds shares, the assets aren't considered as being owned by the trustees but as being owned by the beneficiaries of the trust. Therefore where the beneficiaries of a trust are public bodies or undertakings, the shareholdings are treated as being owned by these public bodies or undertakings in proportion to their rights under the trust deed (the document pursuant to which a trust is constituted).

If any of the beneficiaries is beneficially entitled to more than 50% of the voting shares in any one undertaking held in the trust (or otherwise qualifies as a parent undertaking of that undertaking in accordance with the Companies Act 2006), any qualifying electricity supplied to such an undertaking must be aggregated with that consumed by the relevant beneficiary (and its wider group) for the purposes of assessing qualification for CRC.

Assets as real property

Where the trust holds real property assets, special provisions are made for different types of trusts.

Where the trust has a single beneficial owner, or a beneficiary of the trust with a beneficial entitlement to more than 50% of the trust, the supplies to the properties held under the trust are counted as supplies to the beneficial owner. This means that if the beneficial owner is a public body or undertaking, the energy use of the premises must be counted towards the supplies of the beneficial owner for the purposes of assessing their qualification and compliance with CRC.

Where a trust doesn't have a majority beneficiary and has a regulated operator (as authorised under the Financial Services and Markets Act 2000 (www.legislation.gov.uk/ukpga/2000/8/contents)) that is a public body or undertaking, the CRC responsibility will lie with the regulated operator acting on behalf of the trust. For qualification purposes, all trusts for which the operator has responsibility will be aggregated; however these trusts will be allowed to disaggregate under the disaggregation rules.

For all other trusts that don't meet the criteria above, CRC responsibility will remain with the trustee where it's a public body or undertaking. For qualification purposes, where the trustee is a public body or undertaking, all trusts for which the trustee has responsibility will be aggregated, although these trusts will be allowed to disaggregate under the disaggregation rules.

Where there is no majority beneficiary or regulated operator and the trustee is an individual, the supplies fall outside CRC.

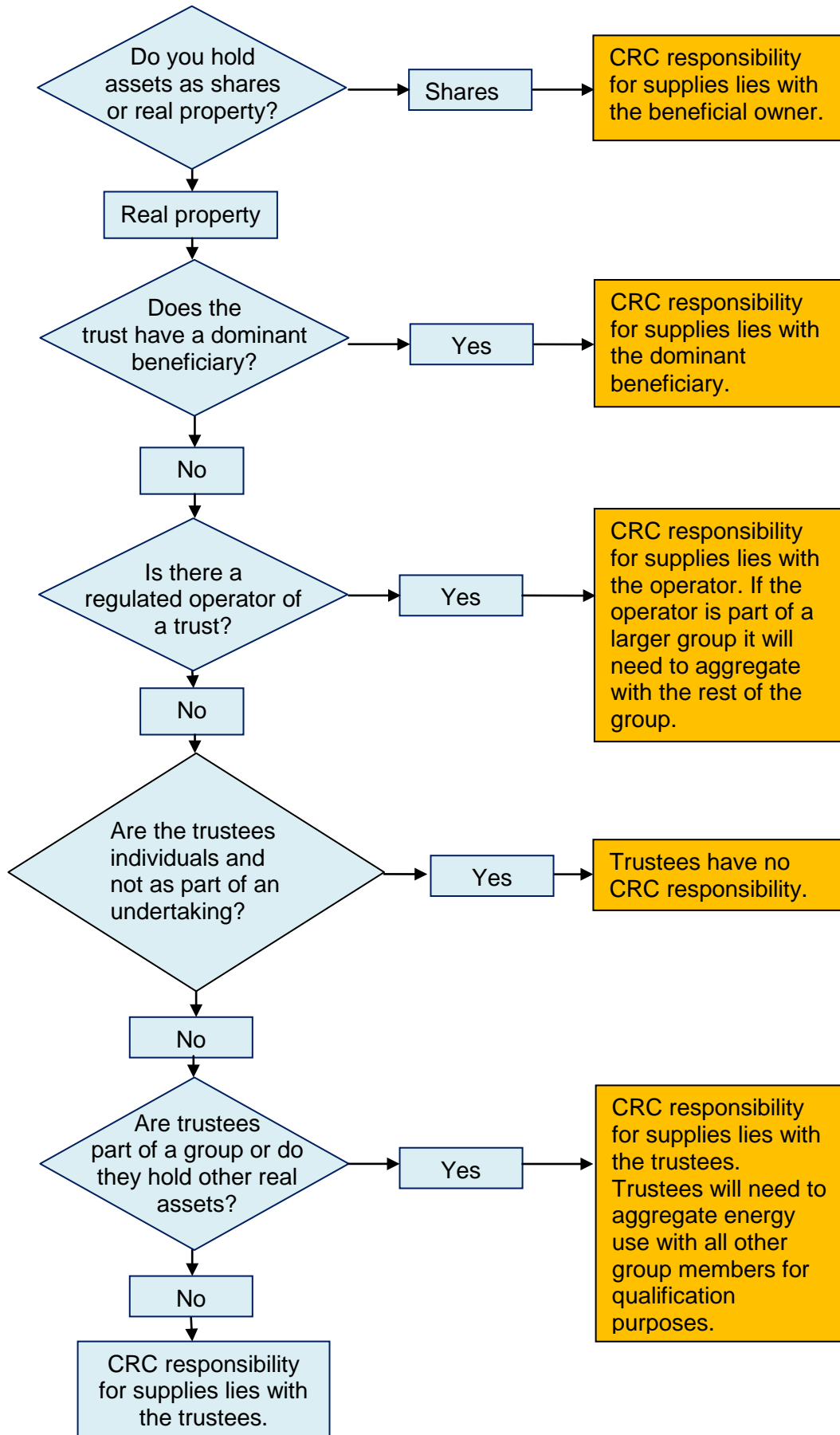
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Where there is more than one public body or undertaking acting as trustee the trustees must decide which one of them is responsible for the supply.

Where assets are held by more than one trust, the flow diagram in [Figure 2.3](#) will help you to work out who is responsible for supplies within your trust so you can determine whether you qualify for CRC.

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Figure 2.3 CRC decision tree for trusts



3. Public sector organisations

If you are a public sector organisation (unless you are a mandated participant) then you need to assess whether you qualify as a public body for CRC in Phase 2 based on your organisational structure on 31 March 2013.

Organisational rules for the public sector vary depending on the type of public sector organisation, so please read the section below relevant to your organisation.

Once you have established your structure and whether or not you are part of a group, read [Section 4](#) to find out what supplies you need to take into account to see whether you qualify for CRC.

3.1. Definition of a public body

The general rule is that if your organisation is designated as a public authority or a Scottish public authority under section 3(1)(a) of the Freedom of Information Act 2000 (www.legislation.gov.uk/ukpga/2000/36/contents) (FOI) or the Freedom of Information (Scotland) Act 2002 (www.legislation.gov.uk/asp/2002/13/contents) (FOIS) you are classified as a public body under CRC.

If this is the case you'll have to assess whether or not you qualify for the scheme along with all the organisations that are legally part of your body.

3.2. Public bodies – groups

Specific rules apply to public bodies and when public bodies should participate alone or as one group.

3.2.1. Mandated participants – government departments and executive agencies and non-departmental public bodies

Mandated participants are organisations to whom the qualification criteria set out in [Section 1](#) don't apply. They must register for CRC as a participant regardless of whether they meet the qualification criteria.

Mandated participants are:

- government departments
- Scottish Ministers
- Welsh Government
- Northern Ireland departments

As described below, mandated participants together with any executive agencies, non-departmental public bodies and majority-owned companies that fall under their responsibility must participate in CRC, unless those bodies participate in their own right as a result of a [relevant decision](#) by the applicable Secretary of State.

If you are an executive agency, a non departmental public body or similar, the first step is to establish whether you have a separate legal identity from your associated government department.

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If you don't have a separate legal identity then you participate as part of the government department. You should contact the department and discuss the information it needs to gather from you. The department will need to identify and collate supply through settled half hourly meters for registration. It will also need to define and document its organisational structure.

The exception to this rule is where a Secretary of State makes a relevant decision that part of a government department must participate separately irrespective of their energy use.

Mandated participants – relevant decision

When assessing whether you qualify for Phase 2 of CRC, you'll need to know whether a relevant decision has been made about your department.

There are two types of relevant decision – a government decision and a local authority decision. A relevant decision is normally communicated in the form of a letter.

A **government decision** can state any of the following:

- that a public body (which is not a government department) is or is not a member of a group together with the department
- that any part of a government department as described in the decision must register as a participant separately from the remainder of the department
- that a government department is a member of a group with another government department

Where a relevant decision has been made that part of a mandated participant is to register separately it's still required to participate as a mandated participant.

A **local authority decision** may state that a particular local government public body must participate in CRC and may also provide that it must be a member in a group with another CRC participant.

3.2.2. Local authorities

If you are a local authority you will qualify for the CRC where you meet the qualification criteria for Phase 2. You must clearly identify the extent of your organisation, taking into account the relevant decisions applying to local authorities. You must take into account any mandatory groupings, such as the requirement for counties to include fire authorities within your group.

Where a local authority doesn't qualify for CRC they may be required to participate anyway if a relevant local authority decision is made.

3.2.3. Bodies corporate/Public body

'Bodies corporate' are generally companies. In some cases a company will also be a public body under CRC. This is where a public body such as a government department, a local authority or a non-departmental public body is a 'majority member' in the company.

Majority member means the public body (itself, or by a person or other entity (in which it's a majority member) acting on its behalf) meets **one** of the following criteria:

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- It holds a majority of the voting rights.
- It's a member of the company and has the right to appoint or remove a majority of your board of directors.
- It's a member of the company and controls alone, pursuant to an agreement with other members, a majority of the voting rights.

If a government department or the Scottish Ministers are your majority owner, you must participate in CRC as a group with that department or Scottish Ministers unless they make a relevant decision that you aren't part of their group. If such a decision is made, you must apply to be registered as a participant in the scheme on your own regardless of whether you meet the qualification criteria.

If any other class of public body (that is, not a government department or the Scottish Ministers) is your majority member, you are still classified as a public body but you aren't part of a group with them (unless you are joined with a government department by way of a relevant decision). You must assess qualification based on the criteria given in [Section 1](#) whether you qualify as a participant for CRC individually.

If you have a public body that is a member but isn't a majority member, you aren't a public body or part of a group with that public body.

3.2.4. Schools

For Phase 2, energy supplies to English schools aren't counted as supplies for CRC purposes. Therefore you won't need to consider any supplies to English schools either for qualification or compliance purposes. This applies to all state funded schools in England. Schools that aren't state funded will still need to consider whether or not they qualify in their own right. Energy supplies to schools in Northern Ireland, Scotland and Wales will continue to be counted as supplies for CRC purposes in Phase 2.

3.2.5. Universities and colleges

All universities will have to participate where they meet the qualification criteria. For qualification purposes, English collegiate universities and their independent colleges are grouped together. Once they have determined that they qualify, the legally distinct independent colleges must register and participate separately unless they choose to form groups with other independent colleges or with the university itself.

University halls of residence fall under CRC as they don't fall under the 'domestic accommodation' exclusion.

3.2.6. National Health Service (NHS)

NHS organisations covered by CRC are those of the type described in section 3(1)(a) of the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002 ('the FOI Acts'). The types of NHS organisations differ between England, Wales, Scotland and Northern Ireland.

Each of the types of NHS organisation described in the FOI Acts have separate legal status and therefore will participate in CRC individually provided they meet the CRC qualification criteria.

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If you're part of the NHS you need to consider whether you are an NHS organisation of a type listed in the FOI Acts. If you are, you can't group with any other NHS organisations and must assess whether you qualify independently.

If you're part of the NHS but you aren't a legally distinct entity, you need to determine whether you are legally part of another NHS organisation described in the FOI Acts. If so, you must pass your information on your settled half hourly meters to that organisation so that it can include your information when assessing whether it qualifies for CRC.

3.2.7. Police and fire services

You first need to understand whether your organisation has its own legal status or forms part of another body.

If you are a type of police body or organisation described in section 3(1)(a) of the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, you will qualify for CRC if you meet the qualification criteria set out in [Section 1](#).

If you are a fire authority or a fire and rescue authority, you must consider your legal status (whether you are part of a local authority or not). If you are part of a local authority you must supply all relevant information to them for the purposes of CRC. If you aren't part of a local authority, but are an organisation described in section 3(1)(a) of the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, you will qualify for CRC if you meet the qualification criteria set out in [Section 1](#).

3.3. Private finance initiatives

A public private partnership (PPP) is a venture between the public sector and private sector companies. There are a range of possible models though the private finance initiative (PFI) approach is the most common, being widely used to deliver infrastructure and facilities primarily in the hospital, school, housing, transport, and waste management sectors.

To work out who is responsible for supply in PFI arrangements, the first step is to determine where your supply comes from:

- Is the supply contract directly between your organisation and a utility company?
- Is it via a third party facilities management organisation?
- Is it directly from your landlord?

The PFI contract is normally awarded to a consortium of private sector companies which establish a dedicated company, termed a special purpose vehicle (SPV), to deliver the specified services. The public authority pays the SPV in predefined instalments (unitary charge) to cover the use of the assets and provision of services over the lifetime of the contract.

For the purposes of CRC, you need to determine if the PFI special purpose vehicle is grouped with one of the consortium members on the basis of the tests under section 1159 of the Companies Act 2006. The SPV is deemed to be a group undertaking where one of the consortium members fulfils **one** of the following criteria:

- It holds a majority of voting rights in the SPV. This will usually be the case where one consortium member owns more than 50% of the shares in the SPV.

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- It's a shareholder in the SPV and has the right to appoint or remove a majority of its board of directors.
- It has the right to exercise a dominant influence over the SPV either by virtue of provisions contained in the undertakings articles or by virtue of a control contract.
- It's a shareholder in the SPV and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the SPV.

Where the SPV isn't deemed to be part of a group according to these tests, the SPV must participate separately from the consortium members in CRC where it meets the qualification criteria set out in [Section 1](#).

See [Annex C](#) for more on how to determine supply responsibilities and energy supply scenarios in PFI situations.

4. What electricity supplies count for CRC qualification?

Having established the extent of your organisation for CRC purposes and identified which undertakings you are responsible for, unless you are a mandated participant, the next step is to work out what qualifying electricity supplies you are responsible for. This will help you to assess whether you qualify for CRC. If you do then you need to register your CRC structure within the timescales set out in [Section 5](#).

4.1. What is a CRC supply for qualification?

For qualification you only need to consider electricity supplies delivered through settled half hour meters where the undertaking has agreed with another party that they will provide that supply and has received that supply or the supply is a self supply measured through a settled half hour meter. Please note that the supply rules are different for compliance purposes.

4.2. What is self supply?

For the assessment of qualification a 'self supply' is a supply of qualifying electricity that an authorised energy supplier (for example, with a licence for the generation or supply of electricity), or an organisation exempt from the requirement to obtain a licence, makes to itself. This means that the self supply takes place within a legally defined undertaking or public body. [Figure 4.1](#) illustrates the distinction between supply and self supply.

A supply made from one undertaking or public body in a participant group to another undertaking or public body in the same group isn't considered a self supply.

Figure 4.1: Distinction between supply and self supply within the same participant group



4.3. What supplies are excluded and don't count when assessing qualification for CRC?

When assessing qualification for Phase 2 you must only count electricity supplied through sHHMs. In addition you don't count the supplies described below.

4.3.1. Self-supplied electricity used in relation to electricity and gas production

Under Phase 2 any self-supplied electricity used directly for generation, transmission or distribution of electricity and any electricity used for transporting, supplying or shipping gas is excluded.

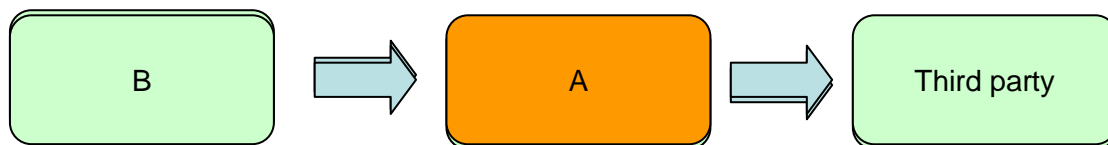
4.3.2. Unconsumed supply

Unconsumed supply is the amount of electricity not consumed where an organisation passes on some or all of its supply of electricity, and this is measured by a metering device or a device that measures electricity but doesn't charge for it.

The rules surrounding unconsumed supply have been amended in Phase 2 so that organisations that pass on unconsumed supply that is unmetered will now be responsible for this supply. [Figure 4.2](#) summarises this situation.

The unconsumed supply rule doesn't apply where the landlord has responsibility for the supply under the [landlord tenant rule](#), or a franchisor is responsible for the supply to its franchisee.

Figure 4.2 Supply rules under Phase 2



Note: Under the new supply rules, if B supplies A and A then supplies a third party with an unconsumed supply, A remains responsible for the supply unless there is a meter measuring the supply from A to the third party.

4.3.3. Landlord tenant rule

The landlord tenant rule is an exception to the normal rule that the consumer of the supply is responsible in CRC. The landlord tenant rule says that:

- A landlord is responsible for the supply where the landlord receives or pays for the supply and passes it on for the tenant to consume.
- The tenant is responsible for the supply where the tenant receives a supply from someone **other** than the landlord. The tenant is responsible for that supply as the consumer in the usual way.

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The landlord tenant rule applies to each supply individually. For example, if the landlord purchases the electricity then the landlord will be responsible for the electricity, and if the tenant purchases the gas, the tenant will be responsible for the gas.

This rule applies to:

- lease and licence arrangements to occupy a premises
- sub-landlord and sub-tenant arrangements

In lease and lease back arrangements where B leases a premises to A who subsequently leases it back to B, A is considered the landlord of B for the purposes of CRC.

If you are a sole trader landlord you are exempt from CRC and therefore don't need to take any action. This is because a sole trader isn't an undertaking for the purposes of the Companies Act 2006 and thus falls outside the scope of CRC.

The scheme rules don't allow the responsibility for energy supply under CRC to be transferred from landlord to tenant or vice versa.

Tenants are obliged to co-operate with their landlords where necessary for the purpose of assessing qualification).

4.3.4. Construction leases

Changes have been made in Phase 2 so that the landlord tenant rule doesn't apply where a construction lease has been entered into.

For the purposes of CRC, a construction lease is a lease entered into between A and B for a minimum period of 30 years where the lessee covenants to do all of (i) to (iii) below:

(i) Obtain all necessary consents and approvals and to erect fencing or erect a building on the premises within a period of not more than two years from the lease commencement date.

(ii) Install all necessary gas, electricity and water supplies to the premises to comply with statutory requirements within a period of not more than two years from the lease commencement date.

(iii) If required by the lessor, to remove any buildings or works constructed by the tenant on the premises at the termination of the lease.

And

The lessor covenants to compensate the lessee for any improvements made to the premises by the lessee during the period of the lease.

4.3.5. EU ETS installations

For Phase 2, all electricity and gas consumed for the purpose of operating an EU Emissions Trading System (ETS) (www.environment-agency.gov.uk/euets) installation doesn't count as a supply.

When assessing whether you qualify for Phase 2 of CRC you will therefore need to clearly define your EU ETS installation boundaries. Although you don't need to count any supplies consumed for the purpose of operating EU ETS installations in your qualifying supply, you must be clear on what supplies you are excluding on this basis.

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4.3.6. CCA facilities

For Phase 2, all electricity and gas consumed for the purpose of operating a certified climate change agreement (CCA) (www.environment-agency.gov.uk/cca) facility doesn't count as a supply. When assessing whether you qualify for Phase 2 you will therefore need to clearly define your CCA facility boundaries as opposed to the site boundaries. Although you don't need to count any supplies consumed for the purpose of operating CCA facilities in your qualifying supply, you must be clear on what supplies you are excluding on this basis.

In contrast to Phase 1, no exemptions for undertakings operating with CCA facilities will be available in Phase 2. Instead all energy supplied to CCA facilities is excluded for qualification and compliance.

You can exclude all energy covered by your Target Unit Indicator (TUI) which is part of your CCA agreement.

If you acquired a CCA during or after the end of the qualification year, provided this is in place by 31 January 2014 and you have not already registered for CRC, you may assume it was in place for the whole of the qualification year and exclude any energy covered by it as if it had been in place for the whole of the year.

4.3.7. Domestic, emergency accommodation and caravan sites

Energy that is supplied for the purposes of domestic accommodation isn't included in CRC unless it falls within certain categories.

'Domestic accommodation' means premises intended to be used as a permanent home. Examples of domestic accommodation are:

- private owner occupied housing
- accommodation provided on travellers' sites
- rented/social housing where it's used as permanent accommodation

Common areas in domestic accommodation (for example, stairwells) count as part of the accommodation and so are excluded from CRC. However, you can choose to include the energy supply to these areas in your CRC supply if you think the administrative burden of excluding them is too big. Any decision you make will be valid for the entire phase and can't be changed. You should ensure such decisions are documented in your [evidence pack](#).

Accommodation provided for the purposes outlined in [Table 4.1](#) is **not** classed as domestic accommodation and therefore supplies to these classes of accommodation are included in CRC.

Table 4.1 Accommodation included in CRC

Activity	Examples of specific use included in CRC
Education	University halls of residence, boarding schools
Employment	All domestic accommodation provided in relation to a person's employment, e.g. police section houses, nurses' accommodation, school caretakers' houses, seasonal staff accommodation
Service	Monasteries, nunneries and other similar religious establishments, armed forces accommodation
Recreation	Hotels, hostels, and bed and breakfast establishments
Care services	Hospitals, care homes, care homes with nursing and rehabilitation centres

The outsourcing of accommodation provision doesn't change the accommodation's classification. If the accommodation is classified as being provided for one of the purposes listed in [Table 4.1](#) (for example, university halls of residence classified as an educational activity), then it retains this activity classification if outsourced. However, responsibility for energy supply may transfer with the outsourcing.

Accommodation at caravan sites and emergency temporary accommodation provided by a local housing authority or the Northern Ireland Housing Executive is excluded from CRC.

Rules for mixed use buildings

If you operate within a mixed use building, the energy supplied for domestic accommodation within this building isn't included in CRC. You can calculate the energy supply used for domestic accommodation by sub-metering or by using estimation techniques.

4.3.8. Transport

For qualification purposes, all transport is excluded unless it's an electric, non road going vehicle which is charged from a qualifying electricity supply.

The definition of transport includes conveyor belts that are at least 8km in length and which are used to transport materials to an off-site facility from which the materials will be transported on a railway or a vessel using inland waters.

4.3.9. Consumption outside the UK

Any energy used outside the UK and its territorial waters doesn't count as consumption for CRC purposes. This applies even if the asset using the energy is a UK owned asset.

4.3.10. Differences between Phase 1 and Phase 2 relating to qualification

The differences between Phase 1 and Phase 2 relating to qualification are set out in [Box 4.1](#).

Box 4.1: Significant differences between Phase 1 and Phase 2 relating to qualification

Qualifying electricity in Phase 2 is only that supplied through settled half hourly meters. For Phase 1 the qualifying electricity was that supplied through both settled and non-settled half hourly meters and included dynamic supply.

In Phase 2 the supply rules have changed:

1. There is no requirement for payment in order to claim a supply.
2. If you request a supply to be delivered to another organisation you will be responsible for that supply.

Unconsumed supply can only be deducted in Phase 2 where the unconsumed supply is metered. Previously, unconsumed supply could be deducted even if there was no meter.

In Phase 2 the landlord tenant rule has been amended to exclude construction leases.

All supplies to CCA facilities and EU ETS installations are excluded from CRC for qualification and compliance purposes in Phase 2 unless the applicant/participant decides otherwise. In Phase 1 electricity supplies to both CCA facilities and EU ETS installations were considered.

4.3.11. Unmetered electricity supplies (dynamic or passive pseudo half hour supplies)

Also referred to as unmetered supply (UMS), pseudo half hourly metering is a technique for calculating half hourly electricity consumption where the supply is unmetered. These supply data are used for settlement purposes and so in CRC are counted as being recorded by a half hourly meter (HHM) settled on the half hourly market.

Pseudo half hourly unmetered supply falls within two categories – dynamic or passive. Under Phase 2, passive pseudo half hourly supplies and pseudo non half hourly supplies don't count for qualification purposes though they will be reportable for compliance.

Passive metering is where a standardised measurement is used to determine the quantity of the supply. An example would be the length of time street lights are on. Dynamic metering is when a single unit such as a single lamp post is metered and this information is used across the whole range of those units.

For qualification purposes dynamic and passive pseudo half hour metered supplies aren't counted whether they are settled on the half hour market or not.

5. Registration

5.1. When to register

The registration window opens on 4 November 2013. You must complete registration for Phase 2 of the CRC scheme by 31 January 2014. You only need to register once per phase.

5.2. How to register

This manual sets out the information we will ask for. If you are unable to input all your information in one go then you can save what you have entered on the CRC Registry and return to it later. However, you must finish entering your information within 28 days of starting or the information you have already entered will be lost.

If you have the necessary information to hand before you start, online entry shouldn't take more than an hour in most cases. It may take longer if you have a complicated organisational structure. We therefore encourage you to start preparing for registration as soon as possible.

Please note that to successfully register you must pay your [registration fee](#). Your registration cannot be completed until we have received your cleared funds.

We'll need to verify the information you submit, including the contact details you provide, and may ask you for further information. You will need to sign the declaration of completeness/accuracy once verification is confirmed.

5.3. Late registration/failure to register

CRC is a mandatory scheme for those organisations that qualify. If you qualify for the scheme you must register. Your organisation may be fined if it does not register by the end of the registration period (31 January 2014). In addition, we may publish on the CRC web pages (www.environment-agency.gov.uk/crc) the name of the participant, details of the failure and penalty amount.

The possible fine for not registering by the end of the registration deadline is £5,000, with a further fine of £500 per working day until you complete the registration process. The daily fine can be imposed for up to a maximum of 80 working days, up to £45,000.

6. Using the CRC Registry

The CRC Registry (the Registry) is a purpose-built online system. It's designed to enable participants to:

- register, report, and buy, sell and surrender allowances
- communicate with the administrator

You can only register using the Registry. We can't accept hard copy or other methods of submitting information.

To prevent unauthorised access to the information you give us, the Registry can be accessed only via the Government Gateway. You therefore need to have a Government Gateway ID. If your organisation is already registered on the Government Gateway (for example, to make use of Electronic VAT Returns, Employer Direct Online and PAYE Online for Employers) you don't need to obtain another Government Gateway ID.

For more information about the Government Gateway and details of how to obtain a Government Gateway ID, visit the Government Gateway website (www.gateway.gov.uk).

6.1. Auto-population of the CRC Registry in Phase 2

If you were a participant in Phase 1 of CRC, some of your details will be auto-populated in the Registry. This will speed up registration. The following screens will be auto-populated for you to check and edit as required:

- company/ organisation details
- contact details
- meter information

You will need to enter your organisational structure again. This is because, under the simplified scheme, Significant Group Undertakings (SGUs) in Phase 1 have been replaced with Participant Equivalents in Phase 2.

In Phase 1 you were required to identify SGUs in your structure. For Phase 2 onwards these are replaced by Participant Equivalents. A Participant Equivalent is a single undertaking that, were it not part of a group, would have qualified for CRC in its own right.

6.2. Registration flow diagram

The [registration flow diagram](#) sets out the things you need to do before starting to enter registration information on the CRC Registry. The flow diagram assumes you've already determined that your organisation qualifies for CRC (for details on qualification please see Sections 1 to 4).

6.3. What you need to do on the CRC Registry

The tasks you'll need to carry out on the CRC Registry in order to register are outlined below. Anyone with a Government Gateway ID can start the initial registration although registration cannot be completed until we have validated the business contacts.

To fulfil the registration requirements, it's essential to perform the actions below in sequence.

- Nominate a number of individuals in your organisation to act as points of contact (see [Annex D](#)). Some of these contacts will need to communicate with each other, use the CRC Registry and possibly answer questions from us about the registration. We'll need to validate the business contact details of some of these people. Validation is crucial to allow us to make sure they are authorised to act for the registering organisation before we give them access to the Registry. If you were a participant in Phase 1, the Registry will initially show these contacts. You should check their details and amend as appropriate.
- Submit the information you collected as part of the process of determining whether you qualify:
 - a list of your settled half hourly meters (sHHMs) identified by their MPAN (Meter Point Administration Number), or MPRN (Meter Point Reference Number) in Northern Ireland
 - the amount of qualifying electricity supplied to your organisation
- Submit detailed information about your organisation (for what constitutes detailed information please see Sections 7-10. This must be complete and accurate for your organisation's registration to comply with the CRC Order. This is the point in the registration process where you need to tell us about any changes since qualification (see [Section 8](#)).
- Pay the registration fee by credit card, debit card or BACS/CHAPS.

Once you've finished entering the information required for registration and we've validated your contacts and carried out due diligence checks on your organisation (see [Annex E](#)), we will open your compliance account. This is where allowances can be bought, traded and surrendered. You will need to add an Account Representative after registration if you want to trade. Details will be provided in our Phase 2 compliance guidance which we plan to publish around October 2013. Details on how to access your compliance account will be given in our screenshot guidance which we will publish during the summer of 2013.

If you wish to disaggregate please see [Annex F](#).

7. Changes since qualification day

Qualification for Phase 2 of the CRC scheme is based on your organisational structure on 31 March 2013 (qualification day). However, your organisation may have undergone changes and its structure may be different by the time you register.

The information you submit about your organisation should show your structure as it is at the time you register.

At registration you need to tell us about certain changes that have taken place since qualification day. The changes you need to report will depend on whether you are a private or a public sector organisation.

7.1. Private sector

- If you have acquired or merged with another participant since qualification day, it should be included in your registration.
- If you have acquired a Participant Equivalent since qualification day, you must include it in your registration. A Participant Equivalent is a single undertaking within an organisation that, if not part of a group, would have qualified in its own right.
- If you have sold a Participant Equivalent since qualification day, you don't have to list it in your registration as part of your current structure, but you do have to inform us of the change.
- If a Participant Equivalent leaves a participant but does not join another group, both the participant and the Participant Equivalent will have to register separately.
- If a Participant or Participant Equivalent is purchased by a non-participant, either the Participant or Participant Equivalent must register in their own right, or the non-participant must register on their behalf.

7.2. Public sector

Similar rules apply to the public sector and to government departments.

- Government departments need to provide information on any Machinery of Government changes.
- Other public bodies need to describe any mergers that have taken place.

Information to provide when reporting a change

If you need to report a change, please describe it by typing the following information about each change into the text box on the Registry screen. Please see our [screenshot guidance](#) for a step-by-step guide to entering this information.

- The nature of the change – what happened?
- Did you buy or sell an undertaking?
- Which parties were involved?
- Which Participant Equivalent/organisation was bought or sold?
- Who was it sold to/acquired from?
- When did the change take place?

8. Organisational information

This section describes the information you'll need to enter on the Registry relating to your organisation and its structure.

8.1. Single entity organisations: private and public sector

Organisations that are not part of a group should provide details of their registered office or principal place of business or both. The details you provide will inform which regulator you fall under – the Environment Agency in England, NIEA in Northern Ireland, NRW in Wales or SEPA in Scotland. This will be decided by the location of your registered office or, if you do not have a registered office, your principal place of business.

8.2. Groups in the private sector: choosing a compliance account holder

If you are a group of undertakings you will be required to identify one undertaking in your group to act as the compliance account holder – also referred to as the primary member. This undertaking will act on behalf of the group for CRC purposes. We will send all correspondence relating to a group's participation in CRC to the primary member.

At registration you will be asked to provide information about your highest UK parent. This organisation will be your default compliance account holder (primary member) unless you choose another UK based group member to act in this role. In this case information about your chosen primary member will be requested. Each member in a group of undertakings that qualifies as a participant is jointly and severally liable to comply with CRC.

Where a group or a single undertaking belonging to a participant group registers as a separate participant, this is called disaggregation. Where a non-CRC participant acquires a CRC participant or Participant Equivalent, the parent group of undertakings will not be jointly and severally liable with the CRC participant or Participant Equivalent that joins their group.

Where your group has no UK based undertaking as defined for the purposes of CRC, the highest parent undertaking of the group must appoint, as the compliance account holder, a representative with its principal place of activity in the UK. If your participant group has an overseas parent they may, if they wish, appoint an undertaking that is not part of the group to act as the compliance account holder. The compliance account holder must be a UK based undertaking. Where there is no UK based highest parent, the location of the compliance account holder will decide the regulator (that is, Environment Agency, NIEA, NRW or SEPA).

If you're a group of undertakings or an independent college group, each member of your group is jointly and severally liable to comply with the requirements of CRC and each member of your group may be liable for civil or criminal penalties in the event of non-compliance.

8.3. Groups in the public sector: choosing a compliance account holder

Different rules apply to groupings for the public sector. Organisational rules for the public sector vary depending on the type of organisation.

All mandated participants (together with any executive agencies, non-departmental public bodies and majority-owned companies that fall under their responsibility) must register for CRC. This applies unless the Secretary of State makes a [relevant decision](#) that part of a government department must participate separately. Please see the guidance on qualification for further details on [mandated participants](#).

Universities and colleges must register as a single participant unless they are English collegiate universities. The constituent parts of English collegiate universities must register separately (even though they qualify as a group) unless they decide to form a group composed of any number of the independent colleges.

If you're a group of public bodies (except an independent college group), the body in whose name the compliance account in the Registry is set up (that is, the compliance account holder) is liable to comply with the requirements of CRC but any member of the group may be liable to a criminal penalty. Where the participant includes a government department, the Scottish Ministers, the Welsh Assembly Government, a Northern Ireland Department, a local authority or a university, that body must be the compliance account holder.

8.4. Information you need to provide

You will be asked to enter in the CRC Registry the following information for the highest UK parent.

8.4.1. Organisation type and address

Please tell us the organisation type and address for the highest UK parent and compliance account holder. See above for guidance on how to choose your compliance account holder.

8.4.2. Company name

Please enter the registered number or company name for the highest UK parent and the compliance account holder, if different, into the appropriate text box.

The Registry has a company address look-up facility based on data held at Companies House. It will bring up a list of options if you type in part of your company name or registered number. Select the appropriate option from the information shown or choose the manual entry option if your organisation isn't shown.

If you're an overseas company with no UK subsidiary you'll need to appoint a UK based undertaking to act as a compliance account holder on your behalf. For further details about selecting a compliance account holder where you do not have any UK subsidiaries please contact us by email at CRCHelp@environment-agency.gov.uk before you register.

8.4.3. Public body

If you're a public body you should further define the type of body by selecting from the options presented in a dropdown list. You can enter part of the name of the organisation into the appropriate text box and then identify the correct option from the information shown on the system. The address will appear automatically.

If your organisation isn't listed in the system, please enter the organisation name and address. It will be added to the database along with type of body you've selected.

8.4.4. Organisation of individuals

Please select the organisation closest to your type from the dropdown menu. You should enter the full name of the organisation and its main business address.

8.4.5. Group or trading name

You should enter the name by which the group, or your parent organisation, is commonly known to the public. This name will appear with the information on performance in relation to participants' energy efficiency achievements which we will publish annually under the CRC Order.

If you're a single entity, you should give a trading name if this is more commonly known than the organisation name.

This isn't a mandatory field. For example, if your organisation doesn't have a trading name or is a public sector body, you don't need to complete this field. The information in this field may be used in any publication of emissions data. If it is not used then the name of the highest parent will be used.

8.4.6. Location of UK-registered office

Please select from the dropdown box as appropriate (England, Northern Ireland, Scotland, Wales). If you don't have a registered office, this requirement relates to your main place of business or main office. If you have no UK registered business then this will be the location of the undertaking acting as your compliance account holder. This will determine which regulator will audit your records and enforce compliance with the CRC scheme (Environment Agency, NIEA, NRW, SEPA).

8.4.7. SIC code

If you're registering as a company, the system will insert a SIC (Standard Industrial Classification for economic activities) code for you. If you are registering as any other type of organisation, please enter a SIC code. You should select the code from the dropdown menu that most closely resembles the dominant activity of your group rather than the SIC of your compliance account holder or highest parent. Where your group has no dominant activity you can use the SIC of the compliance account holder or highest parent.

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8.4.8. Overseas organisation details

Please indicate whether your organisation is a subsidiary of an overseas parent by ticking 'yes' or 'no'. If you select 'yes' please enter the name of the highest worldwide parent organisation and its registered address or headquarters.

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9. Information on contacts

Anyone can enter your registration information into the Registry. They will be required to nominate a Primary Contact, Secondary Contact and a Senior Officer. These are the people we will be in contact with day-to-day about CRC. See [Annex D](#) for information on who the Primary and Secondary Contact should be and their roles within CRC.

The Senior Officer must be a director of the lead organisation (primary member) or a person of equivalent status who exercises management control over your organisation.

The Senior Officer contact can also be either the Primary or Secondary Contact, but doesn't have to be. Only the Primary or Secondary Contact can complete your registration by signing the declaration of completeness/accuracy.

You also need to provide the details of an invoice contact. This contact will be sent invoices for the annual subsistence fee. This can either be an individual or a department.

Please provide the following information for your Primary and Secondary Contacts:

- name
- job title
- name of organisation
- postal address
- email address
- phone number (mobile number if applicable)

The address details of these two contacts don't have to be the same as those of the parent organisation.

We will communicate with these contacts via the email addresses provided.

10. Supply information

10.1. Information on settled half hourly meters

Please provide a list of meter numbers (MPANs/MPRNs) for the settled half hourly meters (SHHMs) that measured the supply of qualifying electricity during the qualification year (1 April 2012 to 31 March 2013). If you were a participant in Phase 1 this screen will auto-populate, so you just need to check the meter numbers are correct and edit them as appropriate.

Please include all settled half hourly electricity supplies for which you were responsible during the qualification period. You don't need to include any new meters acquired since the qualification period. If responsibility for any meters has changed since the qualification period, don't remove these meters from your list of qualifying supplies submitted at registration.

Your list of SHHMs will also be useful for collating your energy data.

The Registry gives you the option to enter the settled half hourly information by either typing the numbers directly into the system or uploading a text file listing all the MPANs/MPRNs.

10.2. Qualifying half hourly electricity supply data

Please enter in **megawatt hours (MWh)** information about your total SHHM electricity supply during the qualification period excluding usage for:

- domestic accommodation
- transport use
- caravans
- emergency and temporary accommodation
- a facility in the EU Emissions Trading System (EU ETS)
- a specified facility covered by a climate change agreement (CCA)
- onward supply

11. Fees

11.1. Registration fee

All participants have to pay the registration fee as part of the registration process. There is also an annual subsistence fee for your account. The fees apply throughout the UK. No VAT is payable.

The registration fee is £950. This can be paid by credit card, debit card or BACS/CHAPS.

The registration fee covers the administrative costs of the process of registering you in the CRC system and the checks that have to be carried out before we can open your compliance account.

We do not issue invoices for the registration fee as it is paid as an integral part of the registration process.

11.2. Subsistence fee

Once you've registered as a participant, you will have to pay an annual subsistence fee. This is presently £1,290. VAT is not payable.

You will be usually sent an invoice in April for each year that you participate in the CRC scheme.

The subsistence fee is payable by each participant in full and covers the administrative costs associated with your participation in the scheme. It is used to fund scheme administrator activities such as compliance auditing, provision of helpdesk support, updating participant records following designated changes, and maintaining the CRC Registry.

There will be no refund if an organisation leaves or joins CRC part way through a year. Reasons for leaving may include bankruptcy or organisations ceasing to exist.

When you provide us with details of your invoice contact (that is, where the invoice should be sent), please supply a purchase order number that we can include in the invoice.

Please see our fees and charges guidance (www.environment-agency.gov.uk/business/regulation/115485.aspx) for further details on these charges and other fees payable under the scheme.

12. Next steps

Once you have read this manual, you should consider whether you need to take action to comply. If you need to participate in Phase 2 you will need to register by 31 January 2014 via the CRC Registry. We will be publishing screenshot guidance in summer 2013 to provide further information for organisations who need to complete the registration process.

If you are a new participant then when you log in to the Registry for the first time, you will be asked to create a Government Gateway username and password. If you're already registered with the Government Gateway for another purpose you don't need to obtain another Government Gateway ID.

Your CRC number is a unique serial number that identifies your organisation in the Registry. This number will be allocated to you automatically when you first register. Participants in Phase 1 will keep their existing CRC number in Phase 2.

Please make a note of your CRC number in case you need to contact the helpdesk.

You don't have to finish entering your registration information in one go. Once you've logged in, you will be able to save your registration application partway through and return to the same point at a later date if you wish. Please note that you need to complete your registration application within 28 days of starting it.

You should direct any queries about supplies or meters to your energy supplier.

Once you have registered, the first compliance year of Phase 2 for which you will need to collect data and report is 2014-15. Further details on how to comply with CRC requirements will be available in our guidance on compliance in Phase 2 due to be published in autumn 2013.

You can access the most recent version of our guidance on our CRC web pages (www.environment-agency.gov.uk/crc). If you still have any questions, please contact our helpdesk by email at CRCHelp@environment-agency.gov.uk or by telephone on 03708 506 506.

If you are based in Scotland then contact the SEPA email helpdesk on crc@sepa.org.uk.

13. List of abbreviations

CCA	Climate Change Agreement
CO ₂	carbon dioxide
CRC	CRC Energy Efficiency Scheme
DECC	Department of Energy and Climate Change
EU ETS	European Union Emissions Trading System
FOI	Freedom of Information Act 2000
FOIS	Freedom of Information (Scotland) Act 2002
HH	half hourly
HHM	half hourly meter
kWh	kilowatt hour
LLP	limited liability partnership
MPAN	Meter Point Administration Number
MPRN 1,000kWh)	Meter Point Reference NumberMWh megawatt hour (1MWh =
NIEA	Northern Ireland Environment Agency
NRW	Natural Resources Wales
PFI	private finance initiative
PPP	public private partnership
SEPA	Scottish Environment Protection Agency
sHHM	settled half hourly meter
SPV	special purpose vehicle
UMS	unmetered supply

14. Glossary

Annual Report	The report is a summary of a participant's CRC supplies. Those who qualify are obliged to produce these reports. Unless otherwise agreed by the administrators, the report must be provided using the online CRC Registry by the last working day in July after the end of the annual reporting year.
Compliance account	This is the name given to a participant's CRC account once registration is complete, the contacts and Account Representative(s) have been validated, and the scheme's administrators have carried out anti-money laundering checks on the organisation. The compliance account is where allowances can be ordered, traded and surrendered by the Account Representatives. Account Representatives will only be able to enter the compliance account to undertake allowance activities once they have enrolled.
Compliance account holder	This is the organisation nominated to act for the participant to ensure compliance with CRC. The compliance account holder is also commonly referred to as the primary member.
CCA	Climate Change Agreements (CCAs) (www.gov.uk/climate-change-agreements) aim to encourage UK business to save energy and reduce carbon dioxide emissions. CCAs set the terms under which eligible energy-intensive industries can claim a discount on the Climate Change Levy (CCL) (www.hmrc.gov.uk/climate-change-levy/index.htm), provided they meet targets for improving their energy efficiency or reducing their carbon emissions.
CRC	CRC means the CRC Energy Efficiency Scheme, which is provided for by the CRC Order . 'CRC' refers to 'Carbon Reduction Commitment'. Although this term is no longer used in full the acronym remains.
CRC Order	The UK legislation that sets out the rules of the CRC Energy Efficiency Scheme. The term 'CRC Order' is used in this guidance to refer to the CRC Energy Efficiency Scheme Order 2013.
CRC Registry	This is the online system used to administer the CRC scheme. Participants use it to: <ul style="list-style-type: none"> • update contact details • update organisational details • change their primary member • notify the administrators of designated changes • submit Annual Reports • order and surrender CRC allowances

- use the emissions calculator in the Registry
- appoint agents

A screenshot guide of the actions you can perform in your account on the Registry can be downloaded from our CRC web pages (www.environment-agency.gov.uk/crc).

Dynamic supply

Dynamic supply is a technique for calculating half hourly electricity supply where the supply is unmetred.

Dynamic supply is characterised by:

- a set of equipment that is fixed to land which performs a common function (for example, street lighting)
- electricity supply to one of the set (for example, a lamp post) is recorded daily by a device that isn't a metering device
- use of that record as a benchmark to determine the overall supply to the entire set of equipment over a given period

Evidence pack

This is the collation of data which participants must keep as a record to:

- substantiate the information provided at registration and in their [Annual Reports](#)
- detail information about their organisation's structure and about any significant events or changes that would affect their emissions or performance in the scheme

Fiduciary capacity

A person legally appointed and authorised to hold assets in trust for another person, often with the legal authority and duty to make decisions.

Government decision

Where the Secretary of State for a government department has made a decision (and communicated this decision to the administrators) that a part of the department (for example, non-departmental government body, executive agency, government-owned company) should participate separately to the government department in CRC. A government decision can be made that a public body should not register with a department and that a government department becomes a member of a group with another group department.

Government Gateway

The ID required to access the [CRC Registry](#) is provided via the Government Gateway website (www.gateway.gov.uk).

Half hourly meter

A meter that is able to measure electricity supplied at least every half hour and which enables the supplier to comply with provisions of its licence to determine charges between that supplier and another licence holder in respect of the transmission and trading of wholesale electricity.

Local authority decision

The Secretary of State can make a decision that a local government body must participate in CRC either on its own or

as a group with another body.

Mandated participant	<p>Mandated participants are organisations to whom the qualification criteria don't apply. They are required to register as participants irrespective of their energy use. There are four categories of mandated participants:</p> <ul style="list-style-type: none"> • government departments • Scottish Ministers • Welsh Government • Northern Ireland departments
Non-domestic meter	<p>For CRC purposes a non-domestic meter is a meter that:</p> <ul style="list-style-type: none"> • is designed to measure electricity supplies to non-domestic premises • measures such supplies • is capable of measuring maximum electricity demand <p>Such meters are typically profile type 03-08 in Great Britain, meaning that the profile type displayed on the meter label will be 03, 04, 05, 06, 07 or 08.</p> <p>In Northern Ireland a non-domestic meter is taken to mean a device designed to measure electricity supplies to non-domestic premises and which measures such supply.</p>
Participant	<p>An organisation that qualifies to participate in CRC on the basis of its supplies of qualifying electricity. Participants are registered in the CRC Registry and must comply with all aspects of the scheme.</p>
Participant Equivalent	<p>A single organisation that would have qualified for CRC in its own right if it was not part of a group.</p>
Primary member	<p>Please see compliance account holder.</p>
Phase	<p>The CRC Energy Efficiency Scheme is split into phases. Each phase is a specified time period within which an organisation that qualifies for that phase must participate in the scheme. Phase 2 is from 1 April 2014 to 31 March 2019.</p>
Qualification year	<p>For Phase 2 this is 1 April 2012 to 31 March 2013.</p>
Qualifying electricity	<p>All electricity supplies measured through a settled half hourly meter during the qualification year for which your organisation/organisational group are responsible, except for excluded supplies.</p>
Registration fee	<p>A one-off fee of £950 is payable once per phase. This fee must be paid in order to complete registration. Failure to pay this fee is counted as failure to register.</p>

Relevant decision	There are two types of relevant decision – a government decision and a local authority decision .
Self supply	Where certain public bodies or undertakings supply electricity to themselves.
Settled half hourly meter (sHHM) – a half hourly meter settled on the half hourly market)	<p>A meter that is able to measure electricity supplied at least every half hour and which enables the supplier to comply with provisions of its licence to determine charges between that supplier and another licence holder in respect of the transmission and trading of wholesale electricity.</p> <p>The definition of a settled half hourly meter (sHHM) is based on the technical characteristics of settled half hourly meters and on the function they perform. Electricity suppliers use energy consumption data from the settled half hourly meters to calculate your bill. In Great Britain the half hourly market acts like an energy stock market so the prices per unit of electricity fluctuate based on supply and demand.</p> <p>There are three types of metering that can be settled on the half hourly market. These are:</p> <ul style="list-style-type: none">• mandatory HHMs (which are HHMs required to be installed in certain situations)• voluntary HHMs• half hourly (HH) light meters <p>In Northern Ireland settled half hourly meters are meters on premises where supply is greater than or equal to 70 kilovolt-amperes (kVA) and meet the definition of a half hourly meter.</p>
Special purpose vehicle	An entity created solely for the purpose of a specified financial transaction (for example, acquiring selected assets).
Undertaking	An undertaking as defined in section 1161(1) of the Companies Act 2006, but including an unincorporated association that carries on a charitable activity.
Year	For the purposes of CRC, 1 April to the following 31 March inclusive.

Annex A: Private equity funds

Limited partnership

A limited partnership is a type of partnership and so falls within the Companies Act 2006 definition of an undertaking. It's therefore capable of being a parent undertaking or a subsidiary undertaking. Consequently, a limited partnership may be a participant in CRC, either alone or in a group.

The portfolio companies, the general partner, the fund manager (if separate from the general partner) and the limited partners may also be undertakings and therefore may also be participants in the scheme as part of a group with the limited partnership.

To determine which entities will be grouped together with the limited partnership for the purposes of the scheme, you should analyse each of the entities separately as described in the following paragraphs.

The portfolio companies as subsidiaries of the limited partnership

If the general partner legally holds the partnership's investments and assets, it will do so for the benefit of the limited partnership. The general partner therefore holds the partnership investments and assets in a fiduciary capacity. The partnership's investments and assets usually consist of shares and other similar investments, which have voting and other rights in UK companies attached to them. Paragraph 6 of Schedule 7 to the Companies Act 2006 states that rights held by a person in a fiduciary capacity are treated as not held by them. Consequently, these rights are treated for the purposes of CRC as being held by the limited partnership.

Similarly, if a nominee company legally holds the partnership's investments and assets on behalf of the limited partnership, any voting or other rights attached to the investments will be treated as being held by the limited partnership for the purposes of CRC ES due to Paragraph 7 of Schedule 7 to the Companies Act 2006.

For the purposes of CRC, the limited partnership will form a group with any of its portfolio companies that are classed as its subsidiary undertakings under section 1162 of the Companies Act 2006 (for example, if the limited partnership has majority voting rights in the portfolio company, or has the right to appoint or remove a majority of the portfolio company's board of directors, or has the right to exercise a dominant influence over the portfolio company).

The general partner as parent of the limited partnership

As described above, if the general partner legally holds the partnership's investments and assets, it does so for the benefit of the limited partnership and so the limited partnership will be treated as holding those investments and assets. Consequently, the portfolio companies will not be considered to be direct subsidiary undertakings of the general partner.

However, as the general partner will commonly be set up as an undertaking – either as a company or a limited liability partnership (LLP) – it may form a group (for the purposes of CRC) with the limited partnership (and any of the limited partnerships subsidiary undertakings) if the limited partnership is classed as the general partner's subsidiary undertaking for the purposes of section 1162 of the Companies Act 2006. The limited partnership may be classed as the general partner's subsidiary undertaking if the general partner has sufficient control over the limited partnership through its

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management powers for it to be considered as having the right to exercise a dominant influence over the limited partnership.

You should also carry out an analysis of the general partner's owners to see if there are any higher parent undertakings.

The fund manager as parent of the limited partnership

If the fund is managed by an entity other than the general partner (such as by an LLP that acts as a dedicated fund manager), the analysis of that fund manager will be the same as that described above for the general partner and potentially the fund manager, rather than the general partner, will be treated as the limited partnership's parent undertaking.

You should also carry out an analysis of the fund manager's owners to see if there are any higher parent undertakings.

The limited partners as parent of the limited partnership

It's very unlikely that any of the limited partners will form a group (for the purposes of CRC) with the limited partnership (and any of the limited partnership's subsidiary undertakings). The limited partners by their very nature will not take part in the management of the limited partnership and will therefore not usually satisfy any of the tests set out in section 1162 of the Companies Act 2006.

However, if there is one limited partner who has made a significant investment in the limited partnership and has significant influence over the fund, without actually taking part in its management, it's possible that such a limited partner might satisfy some of the tests set out in section 1162 of the Companies Act 2006. Consequently, the limited partners should still be considered when determining which entities form a group with the limited partnership.

Such a limited partner would only be capable of being classed as a parent undertaking if it's an undertaking itself (rather than individual investors).

This analysis applies equally to all limited partners including the carried interest partner.

If your private equity fund isn't a limited partnership please contact the CRC helpdesk on 03708 506 506 to discuss your particular situation.

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Annex B: Franchise rules

A series of examples of when the franchisor is responsible for supplies used by the franchisee or not are provided below for each of the four CRC franchise definition rules. In these examples, 'A' is the franchisee and 'B' is the franchisor.

Rule 1: An agreement between two undertakings (the 'franchisee' and 'the franchisor') for the sale or distribution of goods, or the provision of services.

Type of work	Example	Description	Responsibility for emissions lies with franchisor?
Any	1	Company A has entered into a franchise agreement with Company B.	YES
	2	A has entered into a franchise agreement with the Company B but A operates as a sole trader.	NO

Note: 'A' is the franchisee and 'B' is the franchisor.

Rule 2: The franchisee carries out business using the name provided by the franchisor in the agreement.

Type of work	Example	Example	Responsibility for emissions lies with franchisor?
Restaurant	3	A's registered company name and trading name is 'Brand X Restaurants Manchester Ltd' (where Brand X is the name of B's brand and company). The Brand X name and imagery are clearly visible throughout A's restaurant and stores.	YES
	4	A's registered company name and trading name is 'Fast Food Outlets Manchester Ltd'. A operates multiple restaurants and stores under Brand X and the Brand X name and imagery are clearly visible throughout each of the restaurants and stores.	YES (see note 1 below)
	5	Like example 4, A's registered company name and trading name is 'Fast Food Outlets Manchester Ltd'. However, A operates multiple Brand X stores. A isn't using B's name as part of its trading name but is using a name and imagery provided for and agreed by the franchisor.	YES

Type of work	Example	Example	Responsibility for emissions lies with franchisor?
Service station	6	A owns and operates motorway service stations. As well as acting as landlord to various tenants of units at the service stations, it also acts as franchisee in respect of several franchises located in other units on the same premises. It therefore has several agreements with different franchisors. Each franchise business has a similar appearance to other stores of its kind and also displays the franchisor's name and trademark logo in the unit. However, A's address and logo appears on receipts and so on. For example, a motorway service station logo appears with the headquarters' address.	MAYBE (see note 3 below)
Car dealership	7	In B's dealership agreement with A, there is a requirement for A's company to present itself to the public as, for example, 'B of Leeds'.	YES
	8	Despite there being no requirement to do so in B's dealership agreement with A, A nevertheless chooses to present itself to the public using just B's brand name, for example, as 'B of Leeds'.	YES (see note 2 below)
	8A	Despite displaying B's name or brand insignia on its forecourt alongside its own, A presents itself to the public as an independent business from B, the only self-evident connection between B and A being that A sells B's cars on its premises. Examples of such presentation are dealers called 'A', 'A B' or 'A B of Leeds'.	NO

Note: 'A' is the franchisee and 'B' is the franchisor.

Note 1: A key factor is what is meant by 'carries out business using the name'. The registered company name of the franchisee isn't relevant: only the trading name and the logo used by the franchisee (whether on the exterior or interior of premises or on a letterhead) are relevant in determining whether the franchisee carries out business 'using a name provided by the franchisor'.

Note 2: It's not necessary for the franchisor to **require** the franchisee to use its name or logo in this way, but if the franchisee opts to do so and the franchisor acquiesces in this use, then this rule will be satisfied. This is because in practice B will have given A permission (either explicitly or implicitly) to use its brand name in this way.

Note 3: This scenario ultimately has little to do with the use of the franchisor's name, depending as it does on whether the units which A operates as franchisee have a separate electricity supply. If they do, then the supply to each such unit will need to be aggregated with that of the relevant franchisor. If not, then A will assume responsibility for the supplies as landlord in the usual way. The use of the franchisee's name rather than the franchisor's name on till receipts isn't sufficient to mean that the franchisee isn't 'using a name provided by the franchisor'.

Note 4: Car dealerships (unlike, for example, supermarkets) are necessarily limited as to the brands which they stock. Whether a dealership satisfies this rule or not will depend on whether it markets itself to the public just under the brand name of the manufacturer(s) whose cars it stocks or an independent brand name which is

recognisable to the public. It will usually also be the case that, where a dealership markets itself as an independent brand, the premises from which it operates will be unlikely to meet [Rule 4](#) below.

Rule 3: The premises where the franchisee carries out the franchise business are used exclusively for that business.

Type of work	Example	Example	Responsibility for emissions lies with franchisor?
Shop	9	A has entered into a franchise agreement with B to exclusively stock B's product in their store, for example, a branded high street store that solely sells products from that brand.	YES
	10	A is operating as a franchisee for a large franchisor group B and operates solely for the franchisor (for example, a grocery store) with the exception of selling lottery tickets or a service for paying utility bills over the counter under a separate operating agreement with the lottery company or post office.	MAYBE (see note 1 below)
	11	A has entered into a franchise agreement with B. A is selling a product not manufactured by B (that isn't one of A's products either) but which has been purchased through B.	YES (see note 2 below)
	12	A has entered into a franchise agreement with B. A is selling a product not manufactured by the franchisor (that is, not one of A's products either). The product has been purchased outside of the franchise agreement with B.	MAY BE (see note 2 below)
Car dealership	13	Car dealership A has entered into a franchise agreement with B to deal exclusively in B's model of cars and is therefore using B's trademark	YES
	14	Car dealership A has entered into a franchise agreement with B. However, A doesn't deal exclusively in B's model of cars on the premises. It may have other franchise agreements with separate suppliers or simply sell products not covered by a franchise agreement at all (for example, part exchange cars).	NO
	15	Car dealership A has entered into a franchise agreement with B to deal exclusively in B's model of cars. However, A also hosts a service centre independently run by organisation C on the premises. C could either be a tenant of A or operate on A's premises under an agreement with A; A's agreement with B makes no reference to the service centre.	MAYBE (see note 3 below)

Type of work	Example	Example	Responsibility for emissions lies with franchisor?
Service station	16	At motorway service stations which it owns and operates, A also acts as franchisee in respect of multiple franchise agreements with other franchisor companies (see example 5 above). All these franchisee businesses are run by A and all of the outlets are located on the same premises.	MAYBE (see note 3 to Rule 2 above)
Hotel	17	A has entered into a franchise agreement with hotel group B and provides services solely according to the franchisor's requirements.	YES
	18	A has entered into a franchise agreement with hotel group B. However, there is also a restaurant on site which is run separately from A's franchise agreement with B. The restaurant has a different name to the franchisor.	YES (see note 3 below)
	19	A has entered into a franchise agreement with a hotel group B and provides services solely according to the franchisor's requirements. Within the premises, however, A rents out space to a number of retail outlets, also providing the electricity, independently of its agreement with B.	MAYBE (see note 3 below)
Restaurant	20	Restaurant A has entered into a franchise agreement with B to sell exclusively B's food product, as well as having the same interior and exterior décor as requested by B, for example, a fast food sandwich shop.	YES
	21	Restaurant A has entered into a franchise agreement with B to sell B's food product, as well as having the same interior and exterior décor as requested by B. However, A also sources drinks from company C (independent from B), for example, fast food sandwich shop that independently sources a drinks machine from a well-known drinks manufacturer.	MAYBE (see note 3 below)

Note: 'A' is the franchisee and 'B' is the franchisor.

Note 1: A key factor in determining exclusivity is whether the franchisor benefits financially from any ancillary activities carried on on-site by the franchisee. If it does, the ancillary activities will not break the exclusivity. However, if such activities are ones from which the franchisee alone benefits financially, the exclusivity link is likely to be broken.

Note 2: The origin of specific products sold by a franchisee is usually irrelevant. The important consideration is the use of the premises exclusively for the carrying out of the franchise business (for example, a grocery store). But if a franchisee sells products from which the franchisor doesn't benefit financially, the exclusivity link may well be broken – see note 1 above.

Note 3: The presence of other businesses/brands on a site owned or occupied by A will not necessarily break the exclusivity of the franchise agreement between A and B, so long as either (a) a finite area can be said to be used only for the purposes of A's franchise business (for example, that part of a hotel which isn't occupied by a restaurant run by a third party) or (b) although such an area can't be identified, B benefits financially from the presence of the other businesses (for example, by way of share of rent, service charge and so on).

Rule 4: The presentation of those premises must have an internal or external appearance agreed by the franchisor and it must be similar to that of other premises operating a franchise business under an agreement with the franchisor.

Type of work	Example	Example	Grouped with franchisor
Any	22	A has entered into a franchise agreement with B. As part of the agreement, the design of the exterior/interior (or both) of the premises occupied by A has been specified by B.	YES
Any	23	A has entered into a franchise agreement with B. As part of the agreement, the interior equipment of the premises occupied by A has been provided by B, but the appearance of this equipment isn't specified in the agreement and it doesn't reflect B's corporate branding.	NO

Note: 'A' is the franchisee and 'B' is the franchisor.

Annex C: More about private finance initiatives

Determining supply responsibility

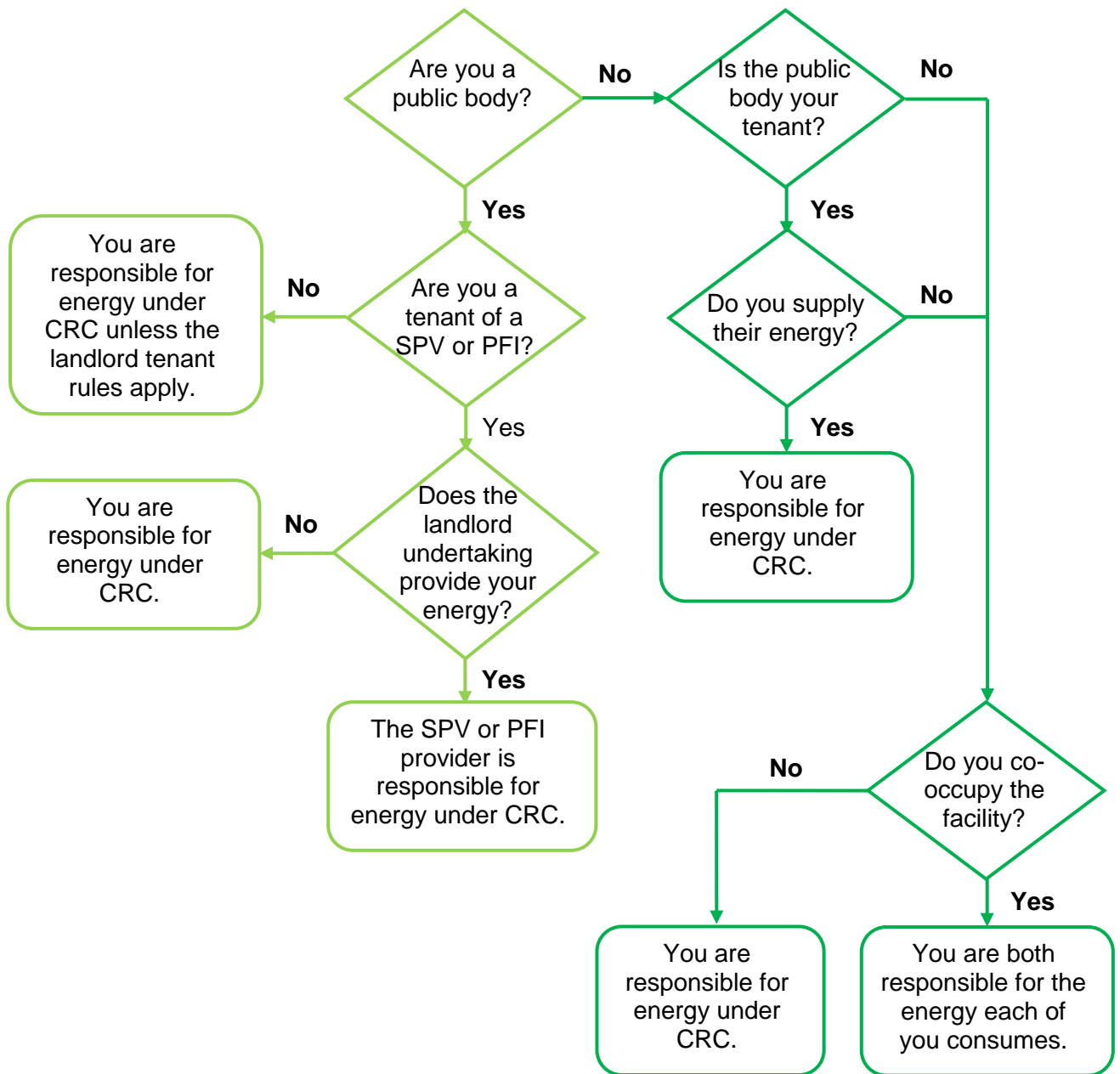
The basic position for supply responsibility in PFI arrangements is the same as for other organisations in that you have to determine whether the supply contract is between you either directly with a utility company or via a third party facilities management organisation or directly from your landlord.

The detail below may also assist you when determining the supply responsibility in PFI scenarios.

- Where a chain of tenants is involved, it's the final lease in the chain that is relevant for CRC purposes. For instance when a public body owns land and leases it to a SPV to build a facility and the SPV leases this building to a PFI provider which in turn leases it to the public body to carry out its functions, then for CRC purposes the landlord is the PFI provider and the tenant is the public body. Based on the landlord tenant rule, the PFI provider would have supply responsibility if it was the entity that had the contract with the energy supplier and the public body would have supply responsibility if it had the contract with the energy supplier or via a third party;
- Where the landlord and tenant both occupy the premises and their energy isn't metered separately, arrangements in the unitary charge will define the percentage responsibility for the supply.

A [decision tree](#) is shown below to help you decide on responsibility for supply in PFI situations.

Decision tree for PFI situations



Energy supply scenarios

Given the variety of arrangements in the PFI sector, various energy supply scenarios are examined below to provide guidance as to the application of the supply rules.

Scenario 1: Builder/soft facilities management provider receives and pays utility company for energy supplies (default scenario)

In PFI projects, the energy supply contracts with the utility companies are usually entered into by the builder (during the build phase) and the soft facilities management

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(FM) provider¹ (during the services phase) and the builder or the soft FM provider, as appropriate, pays the energy bills.

In the build phase, the builder will be consuming all the energy supplies for their own use (that is, the construction of the facility) and so, during such phase, the builder should account for all such supplies in CRC.

In the services phase, the public authority occupies the premises and the soft FM provider will be required to procure (and pay for) energy supplies for delivery to the public authority, although some of these supplies may also be used by the SPV, the soft FM provider and the hard facilities management provider.

The authority will usually reimburse the soft FM provider for 100% of these supplies (either as part of the unitary charge or as a separate payment) with payment flows usually passing through the SPV and the SPV passing payment on to the soft FM provider.

Where the project documents provide for reimbursement to be made by the public authority in respect of 100% of the metered supplies, such supplies will (even where some of these supplies are used by the soft FM provider, the hard FM provider and/or the SPV to fulfil their contractual obligations to the public authority) be deemed to be supplies to the public authority and the public authority should account for them in CRC. As regards both the soft FM provider and the SPV, these supplies will be 'unconsumed'.²

Where the project documents provide for reimbursement to be made in respect of a lesser percentage of the metered supplies (either because the soft FM provider and/or the SPV are deemed to be using some of the supplies or otherwise), the public authority should account in CRC only for that percentage of the supplies that is reimbursed. Assuming that the reimbursement of the soft FM provider by the SPV is in respect of the same percentage, the soft FM provider should account for the residual percentage of supplies in CRC. For example, where reimbursement is in respect of 90% of supplies (both as between the authority/SPV and the SPV/soft FM provider), then the soft FM provider should account for 10% of the supplies in CRC.

Where the soft FM provider is reimbursed a different percentage to that made to the SPV, the SPV should account in CRC for the differential reimbursement to it. For example, where the authority reimburses the SPV in respect of 90% of supplies but the SPV reimburses the soft FM provider in respect of 94% of supplies, then the SPV should account for 4% of supplies in CRC and the soft FM provider should account for 6%.

We are aware that many PFI contracts incorporate complex mechanisms for the sharing of risk in relation to energy price and volume fluctuations or energy efficiency targets. To make administration as easy as possible, such mechanisms should be ignored for the purposes of evaluating responsibility for energy supplies in CRC.

¹ Under this scenario, contractual responsibility for utilities management has been assigned to the soft FM provider, when in practice this responsibility may lie with either the soft or hard FM provider. Where a hard FM provider has responsibility for utilities management, the references to the soft and hard FM provider should be swapped.

² Under the CRC supply rules, an organisation may claim that all or some of its supplies of electricity, gas or fuel are not consumed for their own use (termed 'unconsumed supply'). Any energy supply that is not consumed for 'own use' is not the organisation's responsibility under CRC but may, where the onward supply is measured by a metering device, or (in the case of electricity) is a dynamic supply, be the responsibility of the end recipient of the supply. If the onward supply to the end recipient is determined or invoiced on the basis of a fixed percentage of a meter reading, such supply will still be treated as having been measured by a metering device.

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Scenario 2: SPV receives and pays utility company for energy supplies (shared building scenario)

In some types of PFI project (understood to be rare), the energy supply contracts with the utility companies in the services phase are entered into by the SPV, which also pays the energy bills. The project documents will require the SPV to procure (and pay for) the delivery of energy supplies to the public authority even though some of these supplies may also be used by the soft FM provider, the hard FM provider and the SPV itself.

Scenario 2(a): SPV occupies land and buildings under licence from the public authority

The public authority will usually reimburse the SPV for 100% of these supplies, whether as part of the unitary charge or as a separate payment. Where the project documents provide for reimbursement to be made in respect of 100% of the metered supplies, the public authority should account for all the supplies in CRC. For the SPV, these supplies will be 'unconsumed'.

Where the project documents provide for reimbursement to be made in respect of a lesser percentage of the metered supplies (either because the SPV is deemed to be using some of the supplies or otherwise), the public authority should account in CRC only for such percentage of the supplies as is reimbursed and the SPV should account for the residual percentage. For example, where reimbursement is in respect of 90% of supplies, then the SPV should account for 10% of the supplies in CRC.

Scenario 2(b): SPV has granted a lease to the public authority to occupy the land

In circumstances where the SPV receives the energy supplies and has granted the public authority a lease or sub-lease of the land and buildings (and is therefore the public authority's 'landlord'), the exception to the 'unconsumed supply' rule³ applies. In such circumstances, the SPV will not be able to claim 'unconsumed supply' in respect of the energy supplies and should account for all such supplies in CRC.

Scenario 3: Public authority receives and pays utility company for energy supplies

Where the energy supplies are made direct to the public authority and the authority pays for such supplies, the authority should account for such supplies in CRC.

Scenario 4: PFI provider that is sole occupant of a premises receives and pays for energy supplies

Where the energy supplies are made to a PFI provider who has sole occupancy of a premises, and receives and pays for these supplies, the PFI provider should account for such supplies in CRC.

Scenario 5: PFI arrangements that don't involve occupation of premises (for example, street lighting, road or bridge toll projects)

Where the SPV/FM provider receives and pays for energy supplies, the public authority will usually reimburse the SPV/FM provider for 100% of these supplies, whether as part of the unitary charge or as a separate payment. Where there is provision for

³ The exception to the unconsumed supply rule is where a supply is made to a party with control of premises ('the controlling party'), which is then passed to a party that occupies those premises with the permission of the controlling party ('the occupying party') (either directly or through a facilities management company). Even though the controlling party passes the supply onto the occupying party and does not actually consume the supply itself, for the purposes of CRC, the energy is deemed to be a supply to the controlling party. The controlling party and occupying party may not contract out of this provision.

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reimbursement to be made in respect of 100% of the metered supplies, the public authority should account for all the supplies in CRC. For the SPV or FM provider, these supplies will be 'unconsumed'.

Where there is provision for reimbursement to be made in respect of a lesser percentage of the metered supplies (either because the SPV or FM provider is deemed to be using some of the supplies or otherwise), the public authority should account in CRC only for such percentage of the supplies as is reimbursed and the SPV should account for the residual percentage. For example, where reimbursement is in respect of 90% of supplies, then the SPV or FM provider should account for 10% of the supplies in CRC.

Where the public authority contracts directly with the energy supplier for the energy supplies, the public authority is responsible for these energy supplies in CRC.

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Annex D: CRC contacts

If you are a new participant you will be asked to nominate a number of different contacts for CRC. To protect against unauthorised access to the information you give us, we use the Government Gateway security arrangements. These require us to validate your nominated contacts who then need to 'enrol' with the Government Gateway to obtain access to the CRC Registry.

If you are already a participant and are re-registering then your contact details will already be on the Registry and all you will need to do is confirm that these are still accurate.

(a) Registrant

The registrant has two tasks:

- to provide the registration data (including contact details for the Senior Officer, Primary and Secondary Contacts, and invoice contact) via the CRC Registry
- to pay the registration fee

The registrant can enter the information on the Registry but can't complete the registration on behalf of the organisation (that is, they can't sign the declaration of completeness/accuracy) as we have no proof that links that person to the organisation.

A registrant is only required to have a Government Gateway username and password.

(b) Primary and Secondary Contacts

The Primary and Secondary Contacts can be anybody as long as they have authority (given by the Senior Officer) to act on behalf of the participant.

Once we've checked the business addresses given are valid, we will send each contact a letter with the information they need to enrol. To ensure the nominated contact has the authority to act on behalf of the organisation, we will also send a 'known facts' letter to the Senior Officer containing unique information. The Senior Officer should give this information to the Primary/Secondary Contact as relevant to allow them to complete registration on behalf of the organisation.

This process gives Primary/Secondary Contacts access to Level 1 activities:

- information supplied at registration
- Annual Reports
- view 'my account' (access to organisation history but not trading-related information)
- submitting change-related information/requests
- ordering and surrender of allowances

(c) Senior Officer

This contact must be an officer exercising management control within the primary member (the compliance account holder). The compliance account holder is responsible for ensuring that your Senior Officer contact can carry out this authorisation on behalf of your whole group, or your organisation if you aren't part of a group. For a registered company we would expect that this would be a director, for a public body the chief executive or equivalent, for a partnership a partner, and so on.

We will use information from Companies House or other published sources to verify the appointment. This person will be expected to:

- act on enforcement and civil penalty notices served on them
- authorise the Primary and Secondary Contacts and the Account Representatives (and must be capable of doing this on behalf of the group)
- receive notification of the purchase and surrender of allowances by the Primary and Secondary Contacts
- receive notification of the purchase, sale and surrender of allowances by the Account Representatives
- receive confirmation of submission of Annual Reports

Authorisation of the Primary/Secondary Contacts and Account Representatives involves receiving information that we send to the address provided and passing it to the proposed contacts. The Senior Officer can also act as a Primary or Secondary Contact and as an Account Representative.

(d) Account Representatives

Once registration is complete, the Primary or Secondary Contact (once enrolled for CRC) need to propose the Account Representatives. Further levels of security are required for Account Representatives to access trading elements of the Registry.

Once the organisation provides a name and contact details we will carry out checks on the business address provided for the proposed Account Representative and send a password to that address. We will confirm the appointment by sending a letter containing a unique password to the Senior Officer named in the registration. When the Senior Officer gives this information to the proposed Account Representative, this confirms that the contact is authorised to act for the organisation.

This process gives the Account Representative access to Level 1 activities:

- information supplied at registration
- Annual Reports
- view 'my account' (trading-related information, balance of allowance account, payments status, allowances purchased)
- submitting change-related information/requests
- ordering and surrender of allowances
- view or write to noticeboard

Further details on security arrangements for trading on the secondary markets will be made available before the first compliance year in Phase 2 (2014-2015).

Annex E: Due diligence checks

Certification of documents

We will use reliable and independent documents to carry out checks on all compliance account holders (primary members) to verify their identity and, where necessary, that of any beneficial owner.

Where we require certification for documents relating to UK applicants, these may be certified by an independent person who is one of the following:

- a solicitor admitted to practise in the UK
- a doctor (regulated by the GMC)
- a chartered or certified accountant registered to practise in the UK
- a chartered engineer registered with the Engineering Council in the UK
- a bank manager

For all copy documents relating to non-UK applicants, these may be certified by an Embassy, Consulate or High Commission of the country of issue or an independent person who is a qualified lawyer or notary. It may also be necessary to obtain a notarised copy of a translation of a document where the original is in a foreign language.

The person certifying the documents must check the copy document against the original. The certification should include **all** of the following:

- a statement saying 'I certify that this copy document is a true copy of the original'
- the signature, printed name and profession of the person certifying the document
- the name and address of the company, partnership or organisation for whom they work
- the date of signature

Each page must be certified in original ink. We cannot accept photocopies of documents after they have been certified.

Applying for compliance accounts

We will carry out checks on all participants in order to satisfy ourselves that an organisation and the individuals representing it are as indicated in their registration. This is required as part of the CRC Order. To do this we may request information from participants depending on the level of access being requested and may require additional information from you following our consideration of the initial information provided.

For details of our identification policy please see [\(link to ID policy\)](#).

Annex F: Disaggregation

If you are a group of undertakings within one participant you can decide to disaggregate your organisation such that one or more of your subsidiaries will act as a participant in their own right within CRC. This means that, although the undertakings remain as subsidiaries of your group for all other purposes, within CRC the disaggregated part of your group will have to register, pay the registration and subsistence fees, submit Annual Reports and purchase allowances as a separate participant from the parent group.

Note that:

- public bodies cannot disaggregate
- specific rules govern how collegiate universities and colleges can participate separately once qualification has been assessed

The disaggregated participant will appear as a separate participant in the annual published list of participant aggregated energy use and emissions data. The link between the parent group and disaggregated participant will be indicated as part of the published information.

You may disaggregate your subsidiaries either as a group or individually as you see fit providing there is mutual agreement. Each disaggregated subsidiary must continue to be part of CRC either as a single entity participant or as part of a group participant.

You will be able to disaggregate one or more of your subsidiary undertakings, irrespective of whether they are a Participant Equivalent or not.

Rules for disaggregation

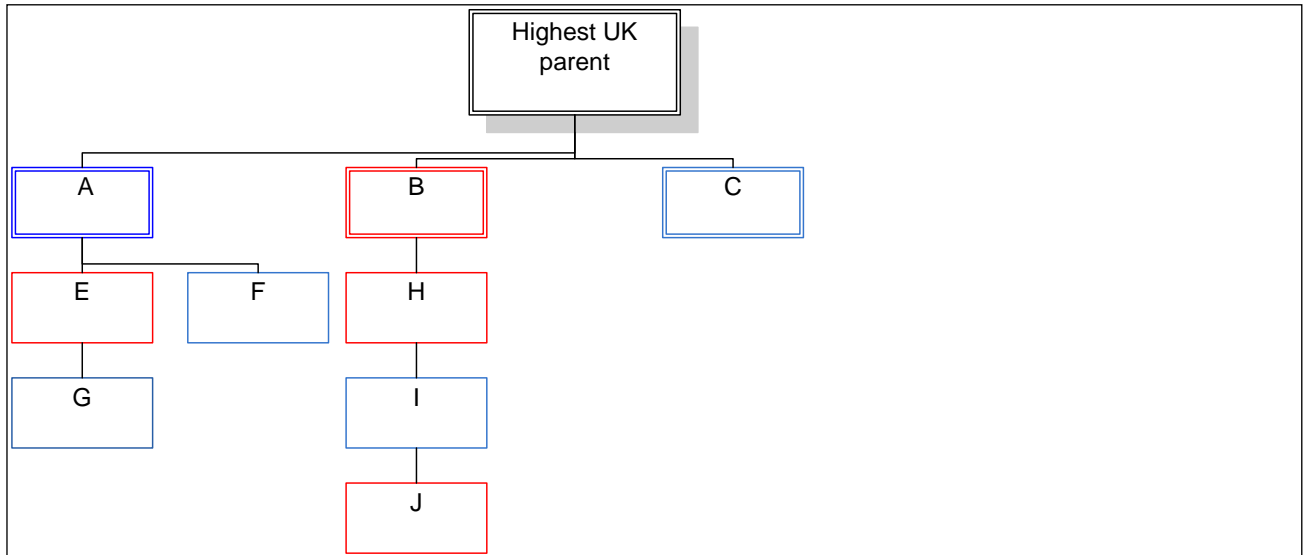
1. Any undertaking within a group can disaggregate except the highest UK parent.
2. There must be mutual consent between the parent and disaggregated participants for the disaggregation.
3. You can disaggregate undertakings either singly or as a group.
4. At present you can only request disaggregation during registration, although it's intended that disaggregation will also be allowed during the phase.
5. Joint and several liability will apply to all undertakings within a disaggregated participant, but they will not be jointly liable with their parent participant group for any liabilities arising after the disaggregation took place.
6. If the compliance account holder is moving to the disaggregated participant, the parent participant must appoint a new compliance account holder at the time of the request for disaggregation.
7. The parent participant needs to register and give consent for the disaggregation before the disaggregating participant registers.
8. A disaggregated participant can further disaggregate their subsidiaries.

The examples below illustrate how disaggregation works in practice.

Examples

In the diagrams of the parent participant organisational structure below, undertakings shown in red are Participant Equivalents and those shown in blue are not. A is the compliance account holder before disaggregation in all the scenarios described.

Situation before disaggregation – all scenarios



Scenario 1: Disaggregating a group of undertakings where the highest parent of the disaggregated group is a Participant Equivalent

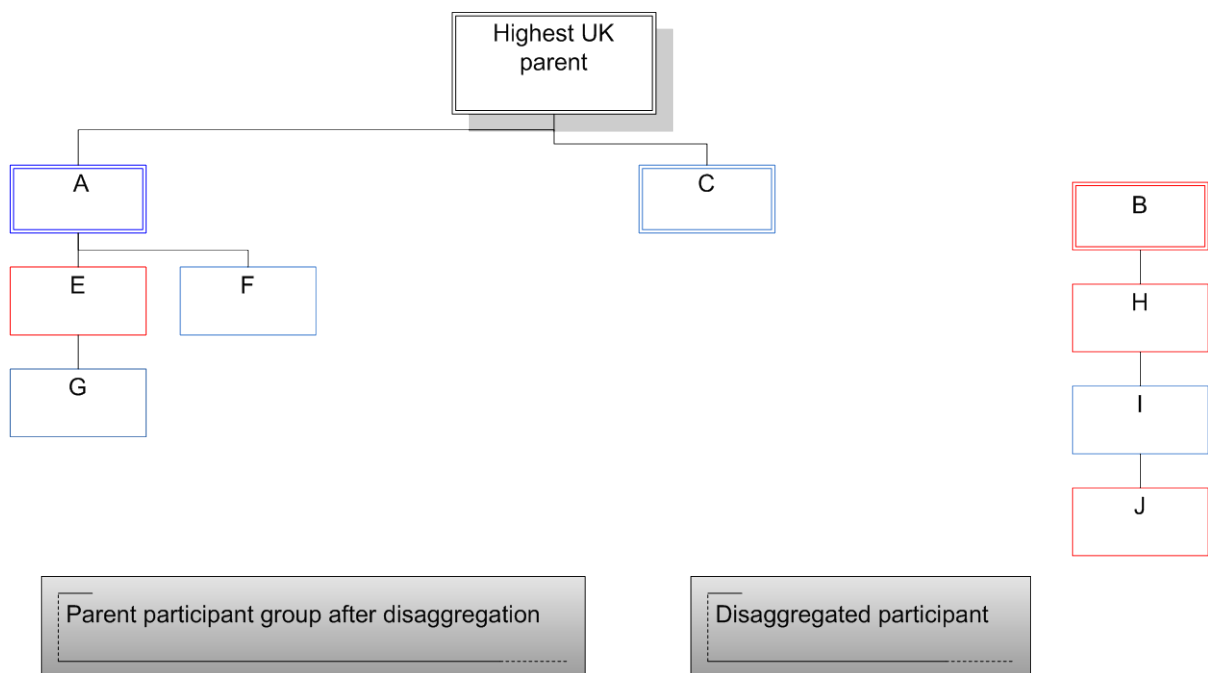
The highest UK parent decides to disaggregate B and all its subsidiaries during registration.

In the registration flow on the CRC Registry, the parent organisation will be asked if it wishes to disaggregate any of its subsidiaries. The parent organisation should answer 'yes' to this question and then start the disaggregation process. The parent participant will be presented with a list of the Participant Equivalents in its registration.

In this case as the top parent of the new participant is a Participant Equivalent, it needs to tick the box against B, H and J as they are the Participant Equivalents disaggregating. It won't need to do anything about I as it's assumed that, as a subsidiary of B, consent to disaggregate has been granted.

B then needs to register as a new participant, including H and J as Participant Equivalents in its registration. As part of the registration process B will be asked if it's a disaggregating participant. As the answer to this is 'yes', B will be asked for its parent participant's CRC number. The Registry will then automatically check the parent registration for consent to disaggregate, matching the company names and numbers from B's registration with those on the parent participant's registration.

Situation after disaggregation – scenario 1



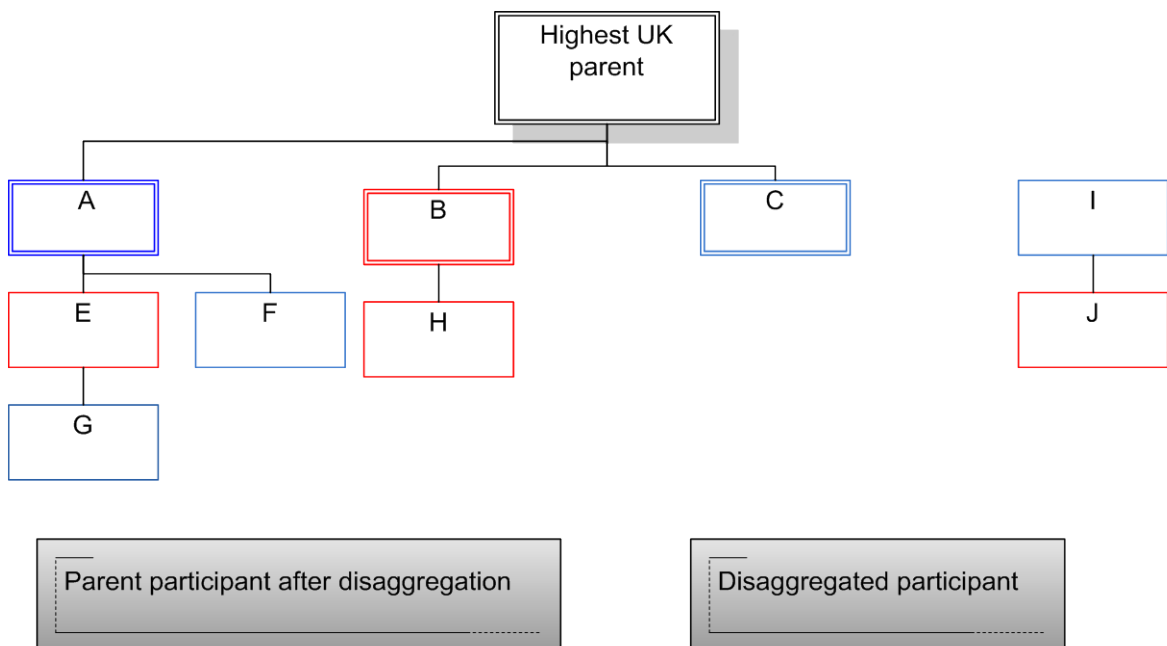
Scenario 2: Disaggregating where the highest parent of the disaggregated participant is a non-Participant Equivalent undertaking

The highest UK parent decides to disaggregate I and its subsidiary during registration.

In the registration flow, the parent organisation will be asked if it wishes to disaggregate any of its subsidiaries. The parent organisation should answer 'yes' to this and then start the disaggregation process. In this case the highest parent of the new disaggregated participant isn't a Participant Equivalent. As the Registry doesn't require details of non-Participant Equivalents to be entered, when giving consent for disaggregation the parent organisation will need to provide details (company name and number) of the undertaking that is to be the highest UK parent. It will also need to tick against J to consent to its disaggregation as it's a Participant Equivalent.

I then needs to register as a new participant, including J as a Participant Equivalent in its registration. As part of the registration process I will be asked if it's a disaggregating participant. As the answer to this is 'yes', I will be asked for its parent participant's CRC number. The Registry will then automatically check the parent registration for consent to disaggregate, matching the company names and numbers from I's registration with those on the parent participant's registration.

Situation after disaggregation – scenario 2



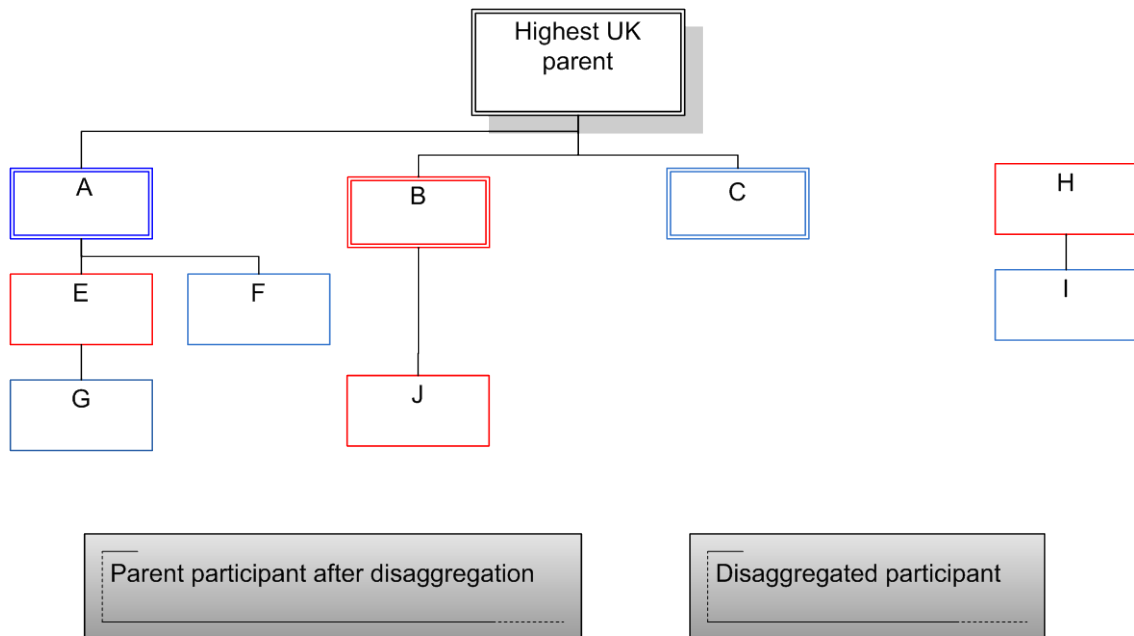
Scenario 3: A single or group of undertakings is disaggregated leaving a further subsidiary in the parent participant

The parent participant decides to disaggregate a group consisting of H and I, but leaving J in the parent participant group.

During the disaggregation process the parent participant will be presented with a list of the Participant Equivalents in its registration. In this case as the top parent of the new participant is a Participant Equivalent, it needs to tick the box against H as it's the Participant Equivalent disaggregating. It doesn't need to do anything about I as it's assumed that, as a subsidiary of H, consent to disaggregate has been granted.

H then needs to register as a new participant. As part of the registration process it will be asked if it's a disaggregating participant. As the answer to this is 'yes', H will be asked for its parent participant's CRC number. The Registry will then automatically check the parent registration for consent to disaggregate, matching the company name and number from H's registration with those on the parent participant's registration. The Registry will maintain J as a member of the parent participant's registration.

Situation after disaggregation – scenario 3

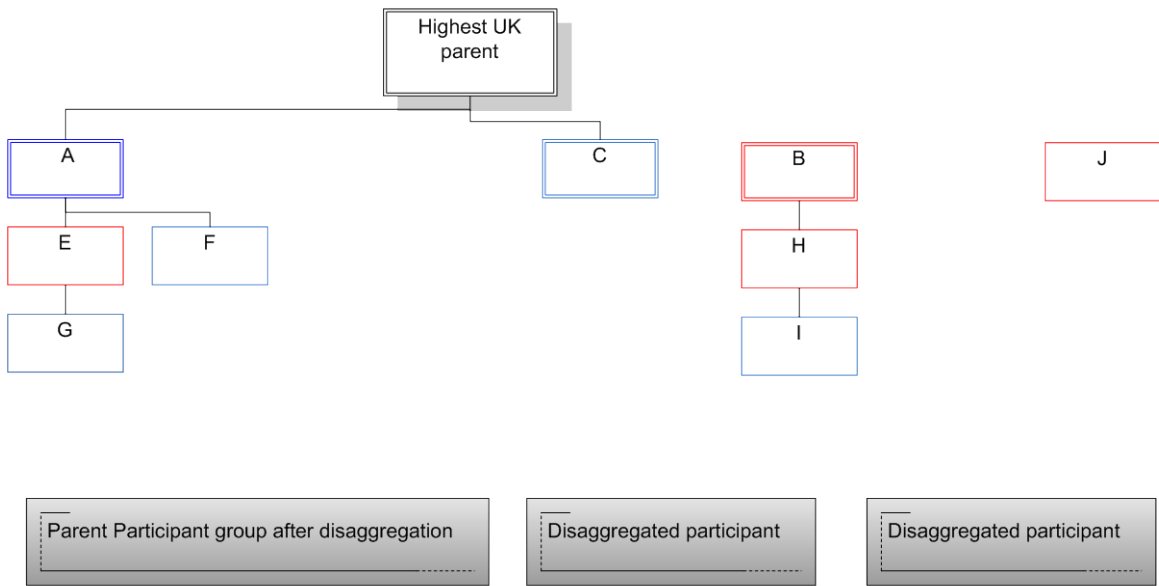


Scenario 4: Disaggregating a group of undertakings and the disaggregated group wishes to further disaggregate undertakings

The highest UK parent decides to disaggregate B and all its subsidiaries during registration. B then decides to disaggregate J.

B disaggregates following the process outlined in scenario 1 above. Then in order to disaggregate J, the new participant B is the parent participant and follows the process outlined in scenario 1.

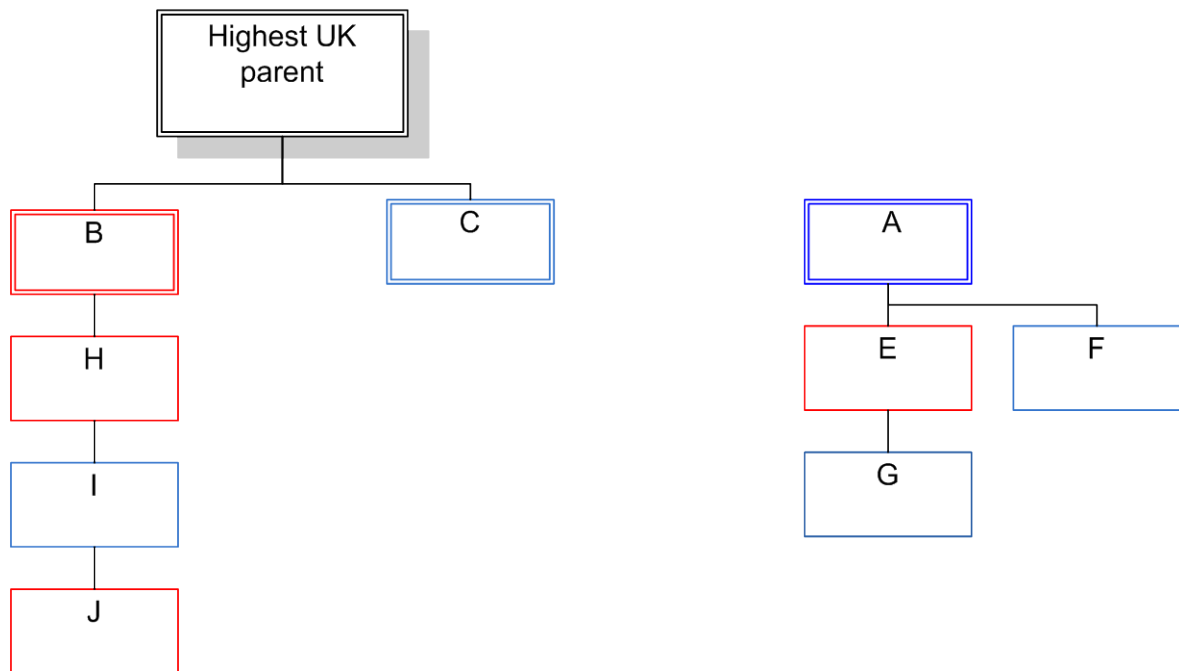
Situation after disaggregation – scenario 4



Scenario 5: Compliance account holder of parent participant is in the disaggregating group

The highest UK parent decides to disaggregate A and all its subsidiaries. As the compliance account holder of the parent participant will be part of the newly registered disaggregated participant, it is necessary to appoint a new compliance account holder for the parent participant before disaggregation takes place. Before A registers as a disaggregated participant, the parent participant must change its details in the account maintenance part of the Registry to appoint another undertaking, which isn't in the group being disaggregated, as the compliance account holder. The process outlined in scenario 2 is then followed as A isn't a Participant Equivalent.

Situation after disaggregation – scenario 5



Parent participant after disaggregation – note undertaking B is new compliance account holder

Disaggregated participant