



CRC Energy Efficiency Scheme Annual Report Publication 2013/14

Report – LIT 10046

20 November 2014

Contents

1. Introduction.....	3
1.1. The CRC Energy Efficiency Scheme.....	3
1.2. The Annual Report Publication.....	3
2. Content of the ARP.....	4
2.1. Development of the ARP.....	4
2.2. Information in the ARP spreadsheet.....	4
2.3. Simplification changes to the scheme and comparability of data.....	5
3. Emissions and allowance data.....	5
3.1. Number of participants.....	5
3.2. Emissions.....	5
3.3. Value of allowances.....	5
4. Energy use data.....	6
5. Compliance and enforcement.....	6
6. Participant comments and feedback.....	7
7. Phase 2.....	7
7.1. Phase 2 Registration.....	7
7.2. Phase 2 Forecast sale.....	7
8. Future publications.....	8
8.1. Annual Report Publication.....	8
8.2. CRC Evaluation.....	8

1. Introduction

1.1. The CRC Energy Efficiency Scheme

The CRC Energy Efficiency Scheme is a mandatory scheme which aims to improve energy efficiency and cut emissions in large public and private sector energy users across the UK. There are approximately 2,000 reporting participants in the scheme including supermarkets, water companies, banks, local authorities and all central government departments. These organisations are responsible for around 10% of the UK's greenhouse gas emissions. The scheme features a range of drivers, which aim to encourage organisations to develop energy management strategies that promote a better understanding of energy usage, and lead to improved energy efficiency.

The scheme is fully devolved across the UK and the Department of Energy and Climate Change (DECC) has developed the [CRC policy](#) in partnership with the Scottish Government, the Welsh Government and the Department of Environment Northern Ireland. The Environment Agency administers core aspects of the scheme for the whole of the UK and is also the regulator for participants whose registered office or principal place of business is in England. Participants in Scotland, Northern Ireland and Wales are regulated by the Scottish Environment Protection Agency (SEPA), the chief inspector in the Northern Ireland Environment Agency (NIEA) and Natural Resources Wales (NRW) respectively.

The scheme is split into phases, and Phase 1 ran from 1 April 2010 until 31 March 2014. Each year, CRC participants have to monitor their energy supplies and report this information into the CRC Registry, an online IT system, which calculates their carbon dioxide (CO₂) emissions. Participants must purchase and surrender "allowances" to cover these emissions - one allowance for each tonne of CO₂. Further information on the scheme can be found on the CRC pages of the [GOV.UK website](#).

1.2. The Annual Report Publication

The Environment Agency has produced this Annual Report Publication (ARP) under Article 75 of the legislation establishing the scheme - the CRC Order¹. This provides for us to publish information on the basis of participants' annual reports plus details submitted when they registered for the scheme. We have developed the ARP in conjunction with the other Government Departments and Regulators responsible for the scheme's design and implementation as outlined above.

The ARP comprises two parts:

- a spreadsheet containing information for each participant, and
- a narrative report (this document) to provide context and explanation on the content of the spreadsheet and accompanying information on the CRC scheme.

This ARP represents the second release in this format of information drawn from the annual reports of CRC participants, including the most recent reports submitted for the 2013/14 compliance year. It follows a report in the same format, published in November 2013, reflecting participants' 2012/13 annual reports. In previous years we published information from participants' annual reports in the form of the "Performance League Table" (PLT). The PLT was replaced by the ARP as part of DECC and the Devolved Administrations' simplification of the scheme.

¹ CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768) as amended by the CRC Energy Efficiency Scheme Order 2013 (S.I. 2013/1119).

2. Content of the ARP

2.1. Development of the ARP

The ARP is based on the information entered onto the CRC Registry by scheme participants. They had to submit their most recent annual reports (for 2013/14) by the end of July 2014. We have worked to help participants check the quality of their data while ensuring they remain responsible for the reports that they have submitted. Any participant who identifies an error in their report can resubmit the information onto the CRC Registry at any time. The information provided in this ARP is based on reports entered onto the CRC Registry by participants up to 31 October 2014. If a participant has altered their data after this date it will not be reflected in the publication.

2.2. Information in the ARP spreadsheet

The spreadsheet contains the following information based on participants' reports in the Registry:

- Registration number
- Organisation name
- Trading name (where submitted/entered)
- Regulator
- Disaggregation information - where disaggregation has occurred, this will show the CRC registration number of the disaggregated participant
- Number of designated changes - this figure shows the total number of designated changes that have occurred to a participant since registration
- Organisation type
- Sector code and description - for companies the codes and descriptions are based on the Standard Industry Classification (SIC) codes. For public sector organisations and participants who classified themselves as an Organisation of Individuals (OOI) at registration the public body and OOI type is specified.
- 2013/14 CRC Emissions in tonnes of CO₂ (tCO₂)
- 2013/14 Electricity Generating Credits (EGCs) emissions (tCO₂)
- 2013/14 Renewable Obligation Certificates (ROCs) emissions (tCO₂)
- 2013/14 Feed In Tariffs (FITs) emissions (tCO₂)
- 2013/14 Self Supply ROCs and FITs emissions (tCO₂)
- Participant responses to corporate responsibility question
- Participant report comments - these are from a free text box in the Registry that allows participants' representatives to enter remarks when submitting their reports.

For convenience the 2013/14 data in the spreadsheet is divided into three main pages. The first page shows each participant and their CRC emissions. The second page provides further detail for each participant and includes sector information and emissions associated with renewable energy. The third page shows participant responses to corporate responsibility questions and annual report comments. There is also a fourth page which contains explanatory notes on all of the data fields listed above.

The ARP spreadsheet also includes each participant's total CRC emissions (tCO₂) in 2010/11, 2011/12 and 2012/13. These were previously published in the PLTs and the 2012/13 ARP. However, some figures have since been corrected by participants, so in the interests of transparency and accuracy we are publishing the most up-to-date emissions figures for all years in the spreadsheet section of the ARP. The figures presented for 2010/11, 2011/12 and 2012/13 therefore reflect changes made by participants since they were published for those years. As further explained below, changes in the scheme mean that the 2010/11 and 2011/12 emissions are not directly comparable with those of 2012/13 and 2013/14.

2.3. Simplification changes to the scheme and comparability of data

Simplification of the CRC scheme introduced a number of changes to the information that participants must include in their annual reports. Many of the changes relate to the scheme's technical rules and affect the type of energy supplies reported. Examples of the changes include a reduction in the number of types of energy supplies needing to be reported from 29 to two, and a change in the types of electricity meters that are included in the scheme. These changes mean that the reports for 2012/13 and 2013/14 are not directly comparable with those from 2010/11 and 2011/12. Further simplification measures, for example changes in how energy covered by Climate Change Agreements (CCAs) is excluded and the exclusion of energy supplies used for metallurgical and mineralogical processes, will apply from Phase 2 onwards.

3. Emissions and allowance data

Table 1 shows the numbers of reporting participants in the CRC scheme, their total reported CO₂ emissions, and the value of allowances surrendered over the past 4 years:

Year	Number of participants	Total CO ₂ emissions (tCO ₂)	Value of allowances surrendered (£)
2010/11	2078	60,633,502	N/A
2011/12	2087	56,245,588	665,685,228
2012/13	2071	56,148,137	670,174,920
2013/14	2039	53,277,960	570,881,268

Table 1: Total number of CRC participants, emissions and allowances 2010 - 2014

3.1. Number of participants

The figures in Table 1 show the numbers of participants for which emissions are reported for each year in the spreadsheet. There are a variety of reasons for the change in participant numbers from one compliance year to the next. These can include late registration for the scheme (addition of a participant), incorrect registration (removal of a participant), changes in the status of CCA exemptions resulting in a participant having to submit an annual report where previously they did not (or vice versa) and insolvency.

3.2. Emissions

The figures in Table 1 show the sums of the reported emissions in the spreadsheet for each year. From 2012/13 to 2013/14 there has been a reduction of just under 2.9 million tCO₂ which equates to a 5.1% fall in emissions. The figures shown in the table are slightly different to the emission totals in the PLTs and 2012/13 ARP, due to corrections in some participants' reports and incorrect registrations.

3.3. Value of allowances

The figures given in Table 1 for the value of allowances reflect those allowances surrendered by 31 October 2014. The Phase 1 allowance price was set by Government at £12 per tonne of CO₂. The figures are not the same as would be arrived at from multiplying the reported emissions by the allowance price, for example due to changes in the emissions data. Some participants therefore still have outstanding allowance surrender obligations, which are being processed by the Environment Agency. There was no requirement to surrender allowances for emissions in 2010/11.

4. Energy use data

In 2012/13 and 2013/14 only two fuels were reported by participants; electricity, and gas used for heating. In contrast, in the first two years of the scheme participants had to report on up to 29 fuels. Table 2 below shows the total amount of energy use reported for each of the nine main fuel types (those reported by 10 participants or more) across the four years of the scheme. The majority of participants reported more than one type of fuel annually. The number of participants reporting each fuel type is shown in brackets.

Fuel/Supply type	2010/11	2011/12	2012/13	2013/14
Electricity (MWh)	89,157,992 (2078)	84,957,440 (2087)	85,708,757 (2071)	82,433,342 (2039)
Gas (MWh)	58,725,628 (1972)	48,735,222 (1967)	53,588,469 (1969)	47,427,129 (1917)
Burning oil / kerosene / paraffin (m ³)	33,375 (102)	30,255 (102)	N/A	N/A
Commercial / Public Sector Coal (kt)	21 (13)	7 (10)	N/A	N/A
Diesel (m ³)	33,658 (99)	73,218 (102)	N/A	N/A
Fuel oil (kt)	39 (33)	32 (27)	N/A	N/A
Gas oil (m ³)	529,861 (301)	456,164 (305)	N/A	N/A
Liquid Petroleum Gas (m ³)	29,704 (108)	26,750 (128)	N/A	N/A
Petrol (m ³)	431 (18)	472 (17)	N/A	N/A

Table 2: Total amount of energy use reported for each of the nine main fuel types

5. Compliance and enforcement

The dates by which participants have to submit annual reports are specified in the CRC Order. The rates of compliance against these deadlines are presented in Table 3 below. These figures take account of changes in the number of participants from one year to the next, and exclude failures to submit reports in cases of insolvency.

	2010/11	2011/12	2012/13	2013/14
Number of participants compliant with annual report submission deadline (and % of total)	2005 (96%)	2037 (97%)	2053 (99%)	1968 (97%)

Table 3: Number of participants compliant with reporting deadlines

Under the CRC Order, the regulator has powers to issue financial civil penalties in the event of a non-compliance. The Order also provides that the penalty of "publication" may be imposed, to bring attention to a non-compliance. Where this is done the details are placed on the Gov.uk website. Penalties are published for a 12 month period, unless a longer timeframe is warranted. To date, 16 civil penalties have been published, all relating to reporting failures, with a total value of £351,452.

6. Participant comments and feedback

Participants' comments entered in their annual reports can be seen in page 3 of the ARP spreadsheet. More generally, the CRC scheme has been operational since April 2010 and over this period we have received feedback from participants via a number of routes. These have included our annual customer survey, our programme of compliance audits and our helpdesk.

This year we have updated the way that we seek feedback from our customers. In previous years we have circulated an annual customer survey to our participants. Doing this provided a limited snapshot of opinions at that particular time. In order to collect more real-time feedback, this year we launched a new continuous survey that focuses on the quality of the service we provide. The new survey is attached at the bottom of all of our helpdesk responses enabling customers to provide feedback when convenient to them and at times they are directly interacting with us. To date, 86% of customers who have responded to this survey rated our overall service as satisfactory or better, with 68% of respondents rating our overall service as good or excellent. However, these figures are based on a small number of responses as the survey only started in May 2014.

7. Phase 2

7.1. Phase 2 Registration

Organisations that qualified for Phase 2 of CRC should have registered for the scheme by 31 January 2014. To date 1,891 active participants have registered for Phase 2. The participants in the scheme remain large, non energy intensive public and private sector organisations and government departments. Of the 1,891 registered participants, 1,370 (72%) are private and 521 (28%) are public organisations.

7.2. Phase 2 Forecast sale

In Phase 2, the process for purchasing allowances has changed. In Phase 1, there was only one Government sale of allowances each year, which took place at the end of each reporting period. Going forward, in each year of Phase 2 there will be two fixed price Government sales of allowances - one "forecast sale" at the beginning of the year, and one "buy to comply sale" after the end of the reporting year. A forecast sale allows participants to purchase allowances against predicted emissions in the current or future compliance years. A buy to comply sale takes place after the end of a compliance year and allows participants to purchase any further allowances that they may require to comply with their surrender obligation. Allowances purchased in a buy to comply sale will typically cost more than those sold in a forecast sale.

Table 4 gives details of the purchase of allowances in the first forecast sale in April 2014.

Sector Type	Number of Participants	Forecast Allowances Purchased (£)
Private Sector	212	124,566,530
Public Sector	255	117,175,984
Total	467	241,742,514

Table 4 Total number of CRC participants, and allowances in the Phase 2 Forecast Sale

8. Future publications

8.1. Annual Report Publication

Earlier this year the government and devolved administrations asked for views on three proposals to make small changes to data we publish in the ARP. The consultation paper [Enhancing the Annual Report Publication – Options for discussion](#) described data collection and publishing proposals for renewable energy, energy use and supply information, and turnover data. In summary, there was strong support for maintaining the current format of the ARP and limited support for the proposals. DECC and the Devolved Administrations therefore decided not to proceed with any of the proposals. The consultation summary and response, 'Enhancing the CRC Annual Report Publication', can be found by [clicking here](#). The 2014/15 ARP will therefore follow the same format as that for 2012/13 and this publication for 2013/14.

8.2. CRC Evaluation

Following a feasibility study conducted by DECC in 2013, evaluation of the CRC scheme is well underway. The aims of the evaluation are to assess the extent to which CRC has delivered reductions in emissions by the take-up of energy efficiency, the barriers and drivers to energy efficiency and the extent to which CRC has addressed these, and whether CRC has delivered abatement in a cost-effective manner. The evaluation is in three stages. Stage 1 (now complete) comprised high-level literature review and qualitative research with CRC stakeholders and comparison organisations. Stage 2 (now underway and to finish in November 2014) involves three main research strands – econometric analysis, quantitative survey and qualitative interviews. The survey and interviews are being conducted with a number of CRC and non-CRC organisations, and form part of a wide-ranging assessment of how organisations in the public, private and third sector are managing their energy and improving their energy efficiency strategies more broadly. The results of the evaluation (Stage 3) are expected in 2015.

The evaluation will feed into the full review of the scheme in 2016, as announced in the Chancellor's 2012 Autumn Statement: *"The Government will review the effectiveness of the CRC in 2016. This review will consider whether the CRC remains the appropriate policy to meet industrial energy efficiency and carbon reduction objectives, and will consider alternative approaches that could achieve the same objectives."*

**Would you like to find out more about us
or about your environment?**

Then call us on

03708 506 506 (Monday to Friday, 8am to 6pm)

email

enquiries@environment-agency.gov.uk

or visit our website

www.gov.uk/environment-agency

incident hotline 0800 807060 (24 hours)

floodline 0345 988 1188 / 0845 988 1188 (24 hours)

Find out about call charges: www.gov.uk/call-charges



Environment first: Are you viewing this on screen? Please consider the environment and only print if absolutely necessary. If you are reading a paper copy, please don't forget to reuse and recycle if possible.