



CRC Energy Efficiency Scheme Annual Report Publication

Report – LIT8899

14 November 2013

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We operate at the place where environmental change has its greatest impact on people's lives. We reduce the risks to people and properties from flooding; make sure there is enough water for people and wildlife; protect and improve air, land and water quality and apply the environmental standards within which industry can operate.

Acting to reduce climate change and helping people and wildlife adapt to its consequences are at the heart of all that we do.

We cannot do this alone. We work closely with a wide range of partners including government, business, local authorities, other agencies, civil society groups and the communities we serve.

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1. Introduction

1.1. The CRC Energy Efficiency Scheme

The CRC Energy Efficiency Scheme aims to improve energy efficiency and cut emissions in large public and private sector organisations across the UK. There are approximately 2,100 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.

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 Irish Environment Agency (NIEA) and Natural Resources Wales (NRW) respectively.

The scheme is split into phases, with Phase 1 running 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 [Environment Agency's 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 publication represents the first release in a new format of information drawn from the annual reports of CRC participants. It replaces the [Performance League Table \(PLT\)](#) that was produced in previous years. This follows the removal of the PLT among other changes in Government's wider simplification of the CRC scheme, as announced in the Chancellor's 2012 Autumn Statement. Further details were provided in the [Government Response](#) to earlier consultation on CRC simplification. This explained that, instead of the PLT, participants' unranked aggregated data would be published, so as to retain a reputational driver, while the ranking based on detailed rules and metrics in legislation would be removed. The change was subsequently reflected in the amended CRC Order alongside other modifications to 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

Following the Government's decision to replace the ranked PLT, DECC undertook informal consultation with a range of organisations to consider what the replacement data publication should initially look like and aim to achieve. This led to the conclusion that the publication should concentrate on presenting factual information submitted by participants, without including any detailed data analysis, which could instead be done by third parties on the basis of the data made available. As noted in section 7 the format for future years will be the subject of a consultation in the coming months.

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 2012/13) by the end of July 2013. 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 publication is based on reports entered onto the CRC Registry by participants up to 8 November 2013. If a participant has altered their data after this date it will not be reflected in the publication. We intend to include corrected figures for previous years as part of future data publications.

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 (if different to organisation name)
- Regulator²
- 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.
- 2012/13 CRC Emissions in tonnes of CO₂ (tCO₂)
- 2012/13 Electricity Generating Credits (EGCs) emissions (tCO₂)
- 2012/13 Renewable Obligation Certificates (ROCs) emissions (tCO₂)
- 2012/13 Feed In Tariffs (FITs) emissions (tCO₂)
- 2012/13 Self Supply ROCs and FITs emissions (tCO₂)
- Participant responses to corporate responsibility questions

² In this publication 'Regulator' is categorised into the Environment Agency, Northern Ireland Environment Agency and Scottish Environment Protection Agency. The information presented covers the period of 1 April 2012 to 31 March 2013. Natural Resources Wales took on regulatory responsibility for Welsh participants from 1 April 2013. Any future publications will reflect this change in regulator.

- 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 2012/13 data in the spreadsheet is divided into three main tabs. There is also a fourth tab 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 and 2011/12. These were previously published in the PLTs for those years. 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 2010/11 and 2011/12 in the spreadsheet section of the ARP. The figures presented for 2010/11 and 2011/12 therefore reflect changes made by participants since the PLTs 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.

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. Further details of the changes can be found in summary in the [CRC Simplification Quick Guide](#), and in more detail in the [Phase 1 compliance guidance](#), both of which can be found on the Environment Agency website.

These changes mean that the information reported for 2012/13 is not directly comparable with that from 2010/11 and 2011/12. Further simplification measures, for example the removal of Climate Change Agreement (CCA) exemptions, 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 3 years:

Year	Number of participants	Total CO ₂ emissions (tCO ₂)	Value of allowances surrendered (£)
2010/11	2080	60,633,507	N/A
2011/12	2090	56,232,213	667,223,148
2012/13	2071	56,324,886	655,817,724

Table 1: Total number of CRC participants, emissions and allowances 2010 - 2013

3.1. Number of participants

The figures 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. 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.

Changes to the scheme for the purposes of simplification do not affect the number of participants in Phase 1. They will however affect the requirement for organisations to take part in the second

phase beginning in April 2014, for which qualifying organisations must register between 4 November 2013 and 31 January 2014.

3.2. Emissions

The figures show the sums of the reported emissions in the spreadsheet for each year. In simple numerical terms there has been almost no change (less than a 0.2% increase) in reported emissions from 2011/12 to 2012/13. However, as previously explained, the scheme's simplification means that the figures are not directly comparable. In addition, the 2010/11 and 2011/12 figures shown in the table are slightly different to the emission totals in the PLTs for those years, due to corrections in some participants' reports.

[DECC's Impact Assessment](#) indicated that the scheme's simplification would reduce overall coverage of emissions once the full package of changes is in place, which will be from the start of Phase 2. To date, only the simplifications that were considered to bring most benefit to participants in terms of reduced administrative burden have been implemented. For any one participant the impact of the simplification measures could be to increase or reduce the emissions coverage.

3.3. Value of allowances

The figures given for the value of allowances reflect those allowances surrendered by 8 November 2013, at the present allowance price of £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 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 three years of the scheme. The majority of participants reported more than one type of fuel annually, and the number of participants reporting each fuel type is shown in brackets.

Fuel type	2010/11	2011/12	2012/13
Electricity (kWh)	89,165,983,084 (2080)	84,924,334,175 (2090)	85,924,536,216 (2071)
Gas (kWh)	59,343,976,942 (1979)	49,182,650,807 (1972)	53,893,574,483 (1912)
Burning oil/kerosene/paraffin (litres)	33,353,802 (101)	30,374,621 (103)	n/a
Commercial/Public Sector Coal (tonnes)	21,271 (13)	6,880 (10)	n/a
Diesel (litres)	33,658,396 (102)	73,209,228 (103)	n/a
Fuel oil (tonnes)	38,882 (32)	32,216 (27)	n/a
Gas oil (litres)	529,714,833 (300)	456,383,267 (308)	n/a
Liquid Petroleum Gas (litres)	29,683,834 (112)	26,928,567 (132)	n/a
Petrol (litres)	431,456 (18)	471,863 (17)	n/a

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

We have not published energy use data for fuel types reported by fewer than 10 participants. These fuels were responsible for 0.3% of the emissions in 2010/11 and 0.2% in 2011/12.

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
Number of participants compliant with annual report submission deadline (and % of total)	2005 (96%)	2037 (97%)	2053 (99%)

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, in order to bring attention to a non-compliance, and where this is done the details are placed on the website of the Environment Agency, SEPA, NIEA or NRW. Penalties are published for a 12 month period, unless a longer timeframe is warranted. To date, 13 civil penalties have been published, all relating to reporting failures, with a total value of £164,000. These include some cases of failures to submit "footprint reports" that were required to be provided once only, by the same deadline as the 2010/11 annual reports.

6. Participant comments and feedback

Participants' comments entered in their annual reports can be seen in 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.

Prior to the simplification of the scheme we identified a number of themes in the feedback we were receiving and issues we were identifying during compliance audits. Among these were:

- perceived complexities when using the accepted method to calculate the percentage of participants' meters with Automatic Meter Reading (AMR) equipment installed
- participants unnecessarily including a "residual measurement list", leading to over-reporting
- inaccuracies in turnover information caused by, for example, global rather than UK figures being entered into the report
- incorrect application of CCA exemptions
- uncertainties over what was required of participants in terms of internal audit
- incorrectly classifying meters as "core" or "residual".

The simplification of the scheme has significantly reduced problems and participant feedback on the above points. This is mainly due to the changes in supply rules and removal of the PLT.

In addition, participants regularly provide comments to us on the CRC Registry and the guidance we provide on the compliance requirements of the scheme. Some of the key areas of feedback in these areas have been:

- Difficulties in installing and using digital certificates to order and surrender allowances for 2011/12 emissions through the Registry. We have acted on the feedback provided and removed the need for digital certificates from 2012/2013 onwards. A new solution, One Time Passcodes, will be in place for the 2013/14 reporting window.
- That there were too many guidance documents describing what participants need to do to comply with the scheme. In response to this, we consolidated over 30 guidance documents relating to Phase 1 of the CRC scheme into one document.
- Having to wait too long for a response from our helpdesk. We responded to this feedback by making changes to our helpdesk processes which have significantly reduced our response times to e-mail queries.

Our 2012 customer survey showed a significant increase in satisfaction with our guidance documents (21% increase) and helpdesk services (29% increase). The attitude and professionalism of our staff have also received positive feedback in the surveys carried out to date.

7. Future publications

DECC and the Devolved Administrations are currently planning engagement with participants to consider the following:

- Developing the renewable data elements of the ARP to provide a more accurate reflection of the green credentials of participants
- Including gas and electricity supply data in future publications
- Including turnover data in future publications.

This engagement will start in the coming months. If you are interested in being involved in the engagement process please contact crc@decc.gsi.gov.uk.

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