SIMPLIFICATION OF THE CRC ENERGY EFFICIENCY SCHEME

Report of Stakeholder Events

16th May 2012
The Palace Hotel
Oxford Street
Manchester
M60 7HA.

23rd May 2012
Dexter House
No 2 Royal Mint Court
London
EC3N 4QN

Executive Summary

Government is aware of stakeholder concerns over the complexity of the CRC Energy Efficiency Scheme and is committed to simplifying it to reduce the burden on participants and ensure the scheme incentivises improvements in energy efficiency.

Government is keen to hear stakeholders views on simplification and a public consultation on a series of proposals aimed at simplifying the CRC scheme was conducted between 27 March and 18 June 2012. Against this background DECC organised two events to enable stakeholders to get together and discuss the proposals.

The events were held in Manchester on 16 May 2012 and in London on 23 May 2012. The aim of the events was for the Government to gather feedback from stakeholders on the simplification proposals and enable participants and other interested parties to speak directly with DECC policy officials on their ideas.

Approximately 250 people attended the events (the full list of attendees is at Annex B) which began with a presentation on the simplification by the Head of CRC and a Q&A session with DECC officials. Delegates then participated in at-table break-out sessions to discuss one of three policy areas:

a. Supply rules
b. Organisation rules
c. Allowance Sales and Performance League Table

The afternoon involved another breakout session on the same areas with delegates switching tables so that they considered a different subject. In addition to the three topics discussed in the morning, interested delegates were invited to join tables set up for a discussion on Academies. Feedback from these discussions were captured on worksheets and is summarised in this report.

This was followed by an open forum with officials listening and responding to questions from the floor. The London event featured a speech by Minister of State Greg Barker.

The day concluded with a round up by Niall Mackenzie (DECC), outlining the next steps in the simplification process and encouraging attendees to respond to the consultation.

Table of Contents

1. Introduction

Government is very aware of stakeholder feedback on the complexity of the CRC and is committed to simplifying the scheme.

The Coalition Government's Annual Energy Statement of 27 July 2010 committed that DECC would 'keep the CRC under review and look at the future of the Climate Change Agreements in order to ensure that we deliver significant improvements in energy efficiency with minimal complexity and overlap'.

In 2011 we consulted on priority areas for simplification and the results of this consultation informed a series of proposals aimed at simplifying the scheme and substantially reducing the associated administrative burdens.

A public consultation on the proposals opened on 27 March 2012 and ran until 18 June. After considering stakeholder views and publishing a response, Government will make and lay an Order before Parliament, the Scottish Parliament, National Assembly for Wales and the Northern Ireland Assembly via the affirmative resolution process – with the Order coming into force on 1st April 2013.

As part of the consultation process, two stakeholder engagement events were held by DECC to discuss aspects of the proposals and to seek feedback from participants.

The events were held at:-

16th May 2012: The Palace Hotel, Oxford Street, Manchester M60 7HA.

23rd May 2012: Dexter House, No 2 Royal Mint Court, London EC3N 4QN

Further details on the events format and lists of attendees are in the annexes to this document.

2. DECC context setting talk and presentation

Niall Mackenzie, Head of Industrial Energy Efficiency, introduced the day and outlined progress on the CRC simplification process to date. In Manchester, this was followed by an opening address from Stephen Martin, Director of Heat and Industry at DECC, setting CRC and the simplification proposals within a wider energy efficiency context. At both events, Paul Wilson, Head of CRC gave a presentation on the simplification proposals. The slides from the presentation are published alongside this report.

3. Q&A session

Following the presentations, delegates had an opportunity to ask questions on the CRC and the simplification proposals. These questions, and the responses by DECC officials, are summarised below by venue. The Q and As have not been transcribed verbatim but capture the focus of the points raised and the response given.

3.1. Manchester Q&A

Stephen Martin, Director of Heat and Industry (DECC), Niall Mackenzie, Head of National Carbon Markets (DECC), Jane Dennett-Thorpe, Head of CCA and CRC (DECC), and Paul Wilson, Head of CRC (DECC) listened and responded to questions from delegates during this Q and A session.

The 60% overall saving; is this counting the cost overall or just the administrative saving?

The administrative cost is not including the sale of allowance. Allowance costs are not treated as a saving under Treasury budgeting process.

Utility suppliers: the quality of the information given to us from the meter suppliers is very poor. Can you help us with this?

We are aware of this issue and we have been talking to Ofgem on this matter to improve the statements for Phase 1. We have also included a proposal in our consultation document to amend the current provision for the second phase. If you have been having problems please name the supplier and let us have specifics which we can use when speaking with Ofgem.

Are you including Academies in your thinking?

We are speaking with the Department for Education on this issue at the moment. There are a series of options in the consultation document and we would be grateful for feedback on these.

Is there a risk about leaving the PLT in the scheme? Would it not be better to remove the PLT?

The PLT does not generate complexity for participants. However we have proposed that it is removed from the legislation and placed in guidance so that we flexibility to adapt it in the future.

Currently our offices are out of CRC but with the changes they will come back in.

Give us evidence; we are trying to treat participants fairly. With the simplification changes there will be some organisations that will qualify for CRC in the next phase.

Could you define what installations are under EU ETS; what is covered?

Our policy intent is that EU ETS installations will not be in scope of the CRC under the new simplification proposals. Participants would not need to purchase allowances for electricity to EU ETS installations.

The rule that the landlord should be responsible for CRC is unfair, when it is the tenants that use the energy.

We ask that the landlords and the tenants speak to each other. There is a fundamental split of responsibility and so far no better solution has been proposed, but we are still happy to listen to solutions that overcome the barriers which the CRC addresses.

How has the 60% saving been factored in – over 10 years or from the start?

Cost and benefits are over 2012-30 split over one-off costs and cumulative costs. There are a lot of costs for the 1st year, which goes down over the rest of the phase. We are not counting the saving over time that would have naturally happened.

How do you define EU ETS sites?

Boundaries have been treated differently in the UK compared to Europe. Tell us how our proposals affect you.

What are the tolerances / level of uncertainty around the figures in the IA?

There is always a degree of uncertainty in making estimates for the purposes of our impact assessments. But we constantly keep our estimates under review to ensure that the figures get more accurate each time.

3.2. London Q&A

Niall Mackenzie, Head of National Carbon Markets (DECC), Jane Dennett-Thorpe, Head of CCA and CRC (DECC) and Paul Wilson, Head of CRC (DECC) listened and responded to questions from delegates during this Q and A session.

What is the process going forward considering that the scheme is going to be scrapped?

We are confident that we can deliver significant administrative savings and simplify the scheme. We have published our Impact Assessment as part of our consultation package and we want stakeholders to provide evidence for whether we have the modelling on admin savings right.

What is the earliest date of simplification given that CCA agreements under CRC have a market distorting effect?

The legislation on a simplified CRC will come into force in April 2013 for the start of the second phase. However the first compliance year for the second phase is 2014/15. You will need to start reporting in and buying in 2014 with the latest date for buying allowances in 2015.

For smart meters it is assumed that the supplier is acting on the participant's behalf, but this is not always the case. We would like our lawyers to sit down with DECC lawyers on the issue of smart meters.

We have already sat down with lawyers. We are keen to have any evidence of unintended consequence that you may have. What we want to do is get this simplification done and then not make any further changes to the scheme.

Why not put the figure on carbon emitted in the system and then get a bill, why the three stages? Why have an early sale, and where does the 63% saving come from? My organisations saving will be very small. Why two sales?

The Impact Assessment sets out the cost figures that we believe can be saved by the simplification. These come from, for example, the removal of the footprint report and the reducing from 29 to four fuels being reported. Forecasting and trading can be beneficial as they can help organisations make plans to reduce their energy consumption. We are still asking for you to measure your energy.

Why not simplify the franchise rules?

We have looked at the franchise rules and we did not find a better way to align responsibility whilst still ensuring emission reductions in this sector.

On franchises the responsibility is in the wrong place.

The Landlord and Tenant rule is similar, and we have placed responsibility for CRC where we think has the most influence to improve energy efficiency. That is not to say we would not look at anything new if the evidence is there.

Why not remove small Energy Intensive users?

Are you a small EI user as you do not have a CCA? Please give us evidence.

Why not increase CCL?

You can ask HMT what their thinking is on this issue later in the day, but CCL is paid by over one million organisations were as CRC is paid by 2,000 organisations. CRC is addressing the changes which organisations have failed to take up already under CCL.

We have a quality of data problem from our suppliers, and also from suppliers not giving us the data we have asked for. What are you doing to address these problems?

We know data is not good; the CRC has helped to highlight this issue. We are currently speaking with Ofgem and with the suppliers on how to address this matter. We are seeking better data from the suppliers going forward due to CRC.

What is the timeline for the decision on CRC?

Autumn of this year.

What are the alternatives, what discussions have you had with HMT on this?

The decision will be taken over the summer by Ministers. As of yet there is no firm decision on if or when the CRC would be phased out.

Ending statement: We need you to give us evidence in your consultation responses, rather than just opinion, on what the costs mean to you.

4. Breakout Sessions

Disclaimer: Please note that there was a range of views on a number of issues during the breakout sessions. The following provides a summary of those views based on the completed worksheets from the tables and therefore does not capture every individual comment.

4.1. Supply Rules

Question 1: Do you agree with the proposal to remove Climate Change Agreement (CCA) facilities and EU Emissions Trading System (ETS) installations from the scope of the CRC, so that:

- **no energy supplied to a CCA facility or an EU ETS installation will count towards CRC qualification;**
- **no energy supplied to a CCA facility or an EU ETS installation will need to be reported on as a CRC supply;**
- **we can now remove the three CCA exemptions.**

Manchester responses

- Majority agreed that the proposal would be a simplification but many felt that there were drawbacks or issues to be resolved.
- It was pointed out that the removal of the 25% exemption will increase admin costs for those sites that are brought into the scheme as a result.
- A number of queries were raised on CCA exemption and the relationship between it and the qualifying rules for CCA - much confusion was reported and there was a call for clearer guidance.
- There was some support for removal of EU ETS sites from the scope of CRC while retaining CCA within scope.
- There was a call for more clarity on the definition an EU ETS installation and on boundaries.

London responses

- Many agreed with the proposal but others, especially those who would be effected by the changes to CCA exemption, felt that there were drawbacks or issues to be resolved.

- It was pointed out that the removal of the 25% exemption will increase complexity and admin costs for those sites that are brought into the scheme as a result. Some commented that organisations with CCAs should not be penalised while others expressed worry over the removal of the 25% exemption rule on the grounds that the burden to sub-meter and ensure electricity is reported in the correct scheme is too onerous

- There was a wide call for more clarity on the definition an EU ETS installation.

- There was a proposal that there should be an option for those in EU ETS to transfer to CRC as they are both carbon trading schemes and there would be duplication.

Question 2: Do you agree with the proposal to adopt the emissions factors used for greenhouse gas reporting purposes, which are updated annually, for CRC as opposed to fixing emissions factors for each phase of the CRC scheme?

Manchester responses

- The majority agreed that the proposal made sense and would be a simplification.

- One dissenting comment highlighted the debate around green generators, nuclear, renewables etc, citing a problem with the priority of green energy if discounts were provided on such energy sources.

- Some felt that it may increase the admin burden due to the cost of implementing the change.

- Others supported the principle of consistency but highlighted a potential problem of comparison within phases.

- Some felt that the change could introduce a level of uncertainty when budgeting for future purchase of allowances.

London responses

- Widespread agreement that the proposal made sense and would be a simplification, though mixed views as to whether there would be any admin savings.

- Some felt that emissions factors should be fixed for the phase while others felt that fixing once per year would show gradual comparison rather than a step change once per phase.

- Many highlighted the need to ensure that emissions factors do not change once set.

- It was queried how this change would affect previous PLTs.

- The need to clarify when to change the CRC emission factors was raised since Defra figures change mid-year.

Question 3: Do you agree with the proposal to reduce the number of fuels covered by the CRC scheme from 29 to 4 (electricity, gas, gas oil and kerosene – the latter two where used for heating purposes)?

Manchester responses

- Broad agreement with the proposal to cut the number of fuels from 29 to 4.

- Many delegates felt the proposal should go further and cut to just two fuels – gas and electricity.

- Some suggestion that the change could encourage people to increase use of “dirtier” exempt fuels.

- Some felt that splitting the source of emission for gas oil and kerosene adds complexity.

- It was suggested that the de minimis level could be set at 5% of emissions.

- Local authority delegates pointed out that there is still a requirement to total energy use from all sources in order to identify where a de minimis amount can be removed.

London responses

- Broad agreement with the proposal to cut the number of fuels from 29 to 4.

- Many delegates felt the proposal should go further and cut to just two fuels – gas and electricity (perhaps keep four fuels in NI).

- Some suggestion that the change could encourage people to increase use of exempt fuels such as coal.

- Many highlighted the difficulty in quantifying the proportion of gas oil/kerosene for heating when drawn from a single tank and that this would add complexity. How would usage be documented/verified?

- It was suggested that admin savings from this change would be minimal as most participants only use the four fuels anyway.

- Some felt that the change may improve business cases for renewable fuel production as there would be no carbon cost anymore but others felt it would be a disincentive to use renewables.

- One possible drawback of the change highlighted was that it would take some sectors out of the scheme, e.g. construction sites.

- A suggested de minimis was 2 fuels 95% and/or 500kw per site base.

Question 4: Do you agree:-
i) that a move from 90% reporting of 29 fuels to 100% reporting of 4 fuels will significantly simplify the administrative requirements on CRC participants?; and
ii) for gas, gas oil and kerosene do you support 100% reporting or would you prefer a de-minimis approach.
If the latter, at what level should a de minimis be set and why?

<u>Manchester responses</u>

- While agreeing with the move to 4 fuels, many disagreed that the corresponding increase in reporting from 90% to 100% represented a significant simplification and/or admin saving. Some pointed out that they had to work out 100% already in order to work out what 90% would be.

- Broad agreement on a de minimis approach with most common view for it to be set at 10%. Other suggestions were to use CCL/UAT thresholds or for a gas de minimis at meter point 75mwh

- Strong support for including electricity in any de minimis.

- It was pointed out that participants would still have to assess consumption each year to see if any de minimis level was being complied with.

- Several comments highlighting difficulty of differentiating between use of gas oil/kerosene for heating and non-heating purposes (eg standby generators, machinery and off-road vehicles).

- Support for the idea of cutting to 2 fuels – electricity and gas, with a suggestion of reporting on 95% of those two fuels.

- One suggestion that supplier statement obligation be extended to kerosene.

- Suggestion that the decision as to whether a fuel is in or out be based on the scale of supply as opposed to a percentage basis.

- Concern that there would be an additional admin burden if a business has a large number of small sites previously excluded under 90% rule.

London responses

- Considerable disagreement that the proposal represented a simplification and/or admin saving overall. Some pointed out that it will require reporting of much lower volume metrics so will increase costs, others commented that companies already look at 100% of portfolio for reporting so there is not a great saving. Comment that, for LAs, 90% is better due to lots of small meters.

- General agreement on some form of de minimis but varying views on how it should be applied. Some suggestions were for de minimis at site level (10%), at org level (10%), as 1% of total footprint, to use volume as de minimis or allowing users to set own de minimis of meters/usage that can be excluded (e.g. bottom 10%).

- Strong support for a de minimis on all four fuels.

- Suggestion to have de minimis as voluntary measure if organisations not able to report 100% of all four fuels.

- Some preference stated for a threshold (e.g. 73,200kwh or 100,000kwh) over a de minimis approach.

- Some comments that for some companies it is not worth the cost of collecting 100% information. Suggestion that !00% reporting be encouraged but not rigorously enforced for small companies.

- Suggestion that de minimis it be driven by consumption levels as opposed to profile class types as this would remove complication and not penalise those who have gone down AMR route (or had it imposed on them by supplier)

- Comment that companies with lots of small supplies would see costs rise significantly.

- Comments that supplier statements should be standardised and that suppliers should be pressured to provide actual meter readings.

- Suggestion to lower 6000kwh qualification threshold.

- Comment that any threshold for gas needs to allow for the fact that it can be affected by the weather.

Question 5: Do you agree with the approach to bring in the simplification changes at the beginning of the second phase? If not would you prefer that Government investigate bringing in all or some of these simplifications faster so they will come into affect before the end of the introductory phase?

Manchester responses

- Majority view was in agreement that the changes should come in at the beginning of Phase 2. It was felt that it would be confusing/disruptive to bring in changes mid-phase and that it is important to allow enough time for changes to be communicated and understood.

- Some support for bringing in the changes earlier on the grounds that, if they are beneficial, they should be introduced as soon as possible.

- Comment that some energy efficiency installations would be delayed to wait for Phase 2.

- Comment that EU ETS should be removed as soon as possible

London responses

- Fairly even split between those who agree changes should be introduced at the start of phase 2 and those who feel some aspects should be brought in earlier.

- Those who support the introduction of changes at the start of phase 2 stated that it is better to get things right than to rush in, that it allows for proper planning and that bringing in changes during the current phase would be confusing.

- Among those preferring early changes, support was strongest for the early introduction of the proposal to reduce the number of fuels.

- Some felt that early introduction would show confidence in the scheme and provide certainty.

- It was commented that those suffering from market distortion as a result of CRC would prefer early introduction.

Question 6: Do you have any other comments you would like to make on this issue?

NB: Because of the range of comments raised in this section, responses have been entered largely verbatim.

<u>Manchester responses</u>

- Landlord tenant rule – landlord is not able to influence tenants energy use and cannot recoup CRC costs. This leads landlord to stop supplying tenant.

- Quality of supplier statements – any liability on supplier to reduce level of estimates?

- What is the reason for retaining 4? Is it because people would switch from gas to oil?

- Why split oil/gasoil for electricity? This is a level of complexity people can't count.

- If we define de minimis as a percentage we would have to do a footprint.

- Report on gas oil? Standby generators?

- Exempting oil would be very complicated – this would be an administrative burden.

- Does CRC think about contemporary business models? There is an assumption to use a simple tool for a complex problem?

- The 6000mwh qualification has a significant impact on the companies on the margins compared to their competitors in industry.

- We had a debate regarding NHH/HH supplies and the disproportionate burden of NHH data.

- We were sceptical of the 60% admin burden reduction but hard to know before allowance purchasing.

- Criticism of including electricity self-supply in the scheme where sites are using renewable generation – paying additional money to go green is a bit harsh.

- We believe that proposal 11 was a logical step but marginal benefit and increased admin burden if anything.

- Proposal 6 is a disincentive for gas AMR.

- If participant numbers reduce, costs for remainder will increase?

- Would disincentivise move to half-hourly meters and AMR – is this a good idea? People who have made decisions on this in the past are now penalised.

- Changing exemption from domestic use to domestic meters will increase costs for some.

- Electricity generated by CHP will be double taxed – it is more efficient to generate electricity on site than remotely.

- Question validity of effectiveness of league table – feeling around table is that it has no impact.

- Question validity of emissions reduction due to CRC – emissions being reduced anyway.

- Weather compensation in league tables.

- Broadly agree with proposals but clarity and details needed to understand impact.

London responses

- CRC is driving changes in business model not helpful for UK business – eg a franchise of a hotel chain wants to leave the business to avoid paying CRC as independent operator.

- Proposal to change supplier arrangement may be more confusing - better to keep payment as required.

- Landlord/tenancy issue can be confusing.

- Keep CCA rules.

- Fix emissions factors for each phase.
- Move to extend metered supplies asap.
- PFI needs to be made clearer.
- Can we look at taking out profiles 03-04 to reduce admin burden?
- Landlord/tenant – Some tenants may be happy to pay charge but not want burden of capturing it under CRC.
- Want clear guidance around ground leases and when consumption related to this can be unconsumed supply.
- Abandon CRC and increase CCLs.
- Remove allowance sale and replace with tax.
- CRC raised profile of energy efficiency.
- People think it will be scrapped – need a definitive decision.
- Comparing sectors against each other is beneficial.
- PLT is not motivating as position does not relate to performance.
- Admin burden for academies should be with DfE.
- Unconsumed supply is too complicated.
- Removal of EGC could mean to an org that is using only renewables is paying CRC – this makes the scheme not credible.
- Get rid of rules on estimated and actual figures bills as tracking is difficult.
- Introduce simplifications asap.

4.2. Organisational Rules

Question 1: Do the options for more flexible disaggregation offer participants the required level of flexibility? Do they simplify this requirement of the Scheme sufficiently?

Manchester responses

- General agreement that the options provided sufficient flexibility to participants but no consensus on whether such flexibility was either beneficial or a simplification.

- Some concern that admin savings for the parent would be offset by a greater burden on subsidiaries.

- Concern that such a system could be open to manipulation – e.g. allowing private equity and joint venture companies to disaggregate (cast off) the sub units and companies.

- Concern that parent companies responsibility does not stop for disaggregation, therefore evidence of compliance is passed on but not responsibility. Liability should be passed to subsidiary.

- Concern that no legislation is in place for overseas companies – more subsidiaries are being added to overseas companies.

London responses

- General agreement that the options provided sufficient flexibility to participants but no consensus on whether such flexibility was either beneficial or a simplification – strong suggestion it could increase admin.

- Some concern that admin savings for the parent would be offset by a greater burden on subsidiaries.

- Support for the view that disaggregation puts the responsibility for reporting to the point of use. Onus is on right people to reduce emissions – those with incentive to reduce.

- Suggestion that franchise groups should be able to disaggregate to franchisee companies, who are better placed to report, collect data and reduce emissions.

Question 2: What benefits would the proposals on reporting and registration (following a designated change) brings to your organisation? Do these translate into a reduction in administrative burdens?

Manchester responses

- General disagreement that proposals would reduce administrative burdens. Feeling that it may add to burdens for a greater number of disaggregated units (needing more energy managers and more board level responsible individuals).

- Comment that automatic re-registration and no footprint reports are both benefits.

London responses

- General view that little, if any, savings would be achieved. Feel the current systems of designated change affects very few organisations and is not a big admin burden so limited benefit possible.

- Comment that both participants involved in designated change need to be aware of CRC – it is a complex process to collate and transfer the information.

- Issue raised with regard to landlord/tenant - no certainty for a tenant if buildings are sold between landlords with different disaggregation strategies.

- Call for further guidance needed on difference between GSU, PE and other group members.

Question 3: How do the proposed changes to Significant Group Undertakings (SGUs) assist participants? Are there any unintended consequences associated with re-defining and renaming SGUs?

Manchester responses

- General view was that proposal would bring little benefit and advantage may be outweighed by burden of learning new rules.

- Comment that there would be additional burdens on acquisition teams as more organisational acquisitions will require new owner to take responsibility for whole year CRC costs.

- Comment that disaggregating any size participant means they could be operating on their own, so it wouldn't matter whose parent they come under.

London responses

- General view was that proposal would bring little benefit and advantage may be outweighed by burden of learning new rules.

- Several comments that changing the name of SGUs when all you are doing is changing the criteria would just cause confusion.

- Feeling that it could benefit certain groups/PEs performing better on league table, giving a greater breakdown of group emissions, although some groups may choose to be creative in their name or listing (making it less obvious who they are).

- Suggestion of a de minimis threshold for organisations to drop out after designated change.

Question 4: Do you agree with the approach to bring in the simplification changes on organisational rules at the beginning of the second phase? If not would you prefer that Government investigate bringing in all or some of these simplifications faster so they come into effect before the end of the introductory phase?

Manchester responses

- Unanimous view that changes should be brought in together at start of phase 2.

- Comment that it is important that good guidance is available.

London responses

- Majority view that changes should be brought in together at start of phase 2 to give organisations time to prepare and to communicate the changes.

- Some suggested changes should be brought in faster.

- Some delegates queries whether, if the 6000mwh threshold remains constant, there is still a need for phases.

Question 5: Do you have any other comments you would like to make on this issue?

NB: Because of the range of comments raised in this section, responses have been entered largely verbatim.

Manchester responses

- Main costs have already been incurred – meters, systems etc.
- Table had doubts over KPMG survey.
- Landlord/tenant – Question the rationale in the landlord having greater scope for energy saving.
- Understanding the organisational rules is key to simplification – this is not achieved.
- 80% of burden is data, not supply and org rules, so where do 60% savings come from?
- Taxing the consumption would simplify the landlord/tenant issue.
- Originally estimated 5000 participants but only 2000. How many expected to join in Phase 2?
- Perhaps need separate schemes or league tables for public/private sectors.
- Reporting not a big burden as work is done throughout year to maintain evidence pack.
- League table not a burden on participants so changes not leading to any savings, except for EA.

London responses

- Why can't we use organisational data to inform a CCL+ charge direct from suppliers? Same data can be collected to inform league tables. Get rid of CRC.
- How does DECC assure that the judgement for the CRC applicants is being done in a fair way? There are no KPIs generated which are taking care of industry and organisational specialities. Instead, organisations can apply for an exemption, which must be administered and how do you make sure that judgement is always correct?

- Recommend leaving current franchise rules alone.

- Standard of annual energy statements from suppliers is very mixed – some charge for AMR data even when not used in compiling annual energy statement (e.g. claiming the supply is estimated).

- Would dispute 63% saving figures – think same resource is required.

- PLT not published enough and does not reflect performance or enable fair comparison.

- Franchise rules do not place responsibility on the right group – franchisees not best placed to invest in energy efficiency.

- Not all franchise models are the same so changes will result in legal issues.

- Clarify interaction of disaggregation with designated change.

- Guidance not good enough for something so important that could cost businesses a lot of money.

- Parent in ETS not in CRC but subsidiaries are in CRC – feel it important to have threshold (double regulatory burden).

- Competitiveness against people that are in and out.

- What happens if two disaggregated participants under 6000mwh – ie not own participant equivalents – both get sold off at the same time and don't need to get reported?

- We agree with proposed changes and think it important for orgs to have flexibility to decide boundaries – however, concerned this will not lower admin costs, just shift from head office to other areas.

- Key issue is de minimis for minor parts of org to drop away – suggest <10000kwh (supplies) and <0.5% of total emissions (subsidiaries).

- Think CRC has been positive in focussing minds on energy management.

- Guidance on PFI structures is still confusing – unclear where it is council or private operator responsibility.

4.3. Allowance Sales and Performance League Table

Question 1: Do you agree with the proposal to change the allowance surrender date to September from 2013 onwards? How might this assist participants in complying with their obligations regarding the allowance sales?

Manchester responses

- Widespread agreement with the proposal as it allows more time for reporting.

- There were a number of suggestions that timetable should be reorganised to allow more time for purchase and surrender processes too – one noting that the two weeks it takes to process the purchase of allowances effectively takes two weeks off the reporting date.

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London responses

- Widespread agreement with the proposal as it allows more time for reporting and surrender.

- Numerous comments that most benefit from proposal was gained by the Environment Agency rather than participants.

- There were a number of suggestions that timetable should be reorganised to allow more time for purchase and surrender processes too. One suggestion was for a timetable of: 31st July – Report, 31st Aug – Purchase, 30 Sept – Surrender. Another suggested simplifying by having one transaction to purchase/surrender in a single admin task.

- Suggestion to standardise reporting to calendar years because people tend to be away in summer or business is busier – also in line with internal company energy management reporting.

- Some questioned need for buying and surrender process, suggesting it would be better to just receive a bill.

Question 2: Do you support the move to two fixed price allowance sales in phase two (one forecast and the other buy-to-comply)? How might the pricing trajectory (between the two sales in each year) be set to incentivise forecasting and trading in your organisation?

Manchester responses

- Majority not supportive of proposal, arguing that it increases complexity rather than simplifies. Many pointed to increased admin cost of having people trained in the specialist area of forecasting and suggested that it would only benefit organisations with the resources to specialise.

- Those in favour felt that the proposal would remove a disincentive to growth of business and the risk of buying too many allowances.

- Many commented that the price differential needs to be known in advance.

London responses

- Majority cautiously supportive of proposal in principle but with numerous caveats.

- Significant minority questioned the need for two sales, feeling it would increase admin and promote risk-taking.

- Many responses stressed the need for long-term price certainty. Suggestion that price differential be set independently (e.g. Committee on Climate Change).

- Views split on whether price differential should be wide (to encourage forecasting) or narrow (so as not to penalise those unable to forecast).

- Concern expressed over incoming admin burden of forecasting – some will not be able to take advantage.

Question 3: Do you agree with the current weightings attached to each of the metrics used to compile the Performance League Table? How might these be changed to better represent participants' achievements and what would the impact of changing the metrics be?

Manchester responses

- Majority feel current PLT is flawed and that it does not accurately reflect performance.

- Majority feel that the table compares "apples with oranges" - very strong support for splitting by sector or at least into public/private.

- Strong support for presenting data in a sortable format so that users can filter it and make valid comparisons.

- A number of comments that the EAM is irrelevant.

- Comment that there should be a metric to reflect investment in energy saving and what has been achieved.

- Comment that absolute metric is affected by warm winters.

- Comment that weighting of metrics has in-built conflict: to prioritise carbon reduction, absolute should be higher, but to prioritise energy efficiency, relative should be higher.

London responses

- Majority feel current PLT is flawed and that, does not accurately reflect performance and is not of interest at boardroom level.

- Majority feel that the table compares “apples with oranges” - very strong support for splitting by sector or at least into public/private.

- Strong support for presenting data in a sortable format so that users can filter it and make valid comparisons.

- Support for having a narrative element to explain what measures organisations are taking.

- A number of comments that the EAM is irrelevant.

- Several comments to the effect that certain metrics do not work well for certain sectors – specific sets of metrics per sector would improve comparison.

- Comment that the change to a tax discredited the league table to an element of “being seen to be green”.

- Comment that it is difficult to identify companies in PLT from parent name.

- A number of comments that mandatory carbon reporting would provide a better comparison.

- Comments supporting use of absolute and relative metrics.

Question 4: How might the format in which the Performance League Table is published be changed to better facilitate analysis of its contents?

Manchester responses

- Strong support for sector breakdowns and/or public/private split.
- Strong support for sortable data that allows users to filter into meaningful comparisons.
- Support for mandatory carbon reporting accompanies by full transparency and disclosure.
- Suggestion of move to using display energy certificate data.
- Inclusion of region of company HQ.
- Inclusion of added value metric (investment in energy saving).

London responses

- Strong support for sector breakdowns and/or public/private split. However, comment that separate PLTs may skew the interpretation of the data and that a sector split could be difficult as some companies cover multiple sectors.
- Strong support for sortable data that allows users to filter into meaningful comparisons.
- Support for mandatory carbon reporting accompanied by full transparency and disclosure.
- Inclusion of added value metric (investment in energy saving).
- Suggestion that absolute metric and narrative is all that is needed.
- Suggestion to publish to key media.

Question 5: Do you have any other comments you would like to make on this issue?

NB: Because of the range of comments raised in this section, responses have been entered largely verbatim.

Manchester responses

- EA should produce their own framework for carbon reduction at no cost/low cost as an alternative to CTS and report on that.
- Companies named under holding company rather than their company name – no transparency for comparing with competitors.
- PLT is a disincentive as waiting for payments to move up table.
- We already have landfill tax which works well with great certainty over the long term. Make carbon tax similar.
- There is no certainty or trust in government. The constant review/consult/change has undermined any credibility in the scheme.
- Scrap it.
- Put a line on energy bill.
- Have incentives for energy savings.
- Pay as you go.
- Some sectors, such as property, to go into Green Deal.
- For early action metric, sub metering should be included.
- Simplifying is in some ways more confusing.
- Bring in carbon accounting as part of annual submissions.

London responses

- There is no simple solution and any changes will introduce new complexities.
- May be best to keep to a single PLT that is filterable/can be interrogated as required – trying to categorise participants would be straightforward.
- A number of perverse consequences of CRC driving inefficiency, e.g. efficient (electric) conveyers being removed and replaced with lorries.

- Proposed changes in supply rules will increase admin burden since very small electric use will be included.

- Removal of domestic meters will help construction industry .

- CRC does not address the issue of mandatory carbon reporting and overlaps between the schemes.

- Two stage purchase of credits and separate surrender seen as additional burden.

- PLT not viewed as incentive as calculations have issues.

- Preference for mandatory carbon emissions reporting in annual reports (using Defra GHG guidelines) – will be real incentive.

- Why do we need trading? It will be done by specialists to make money and invites bulk purchase for later profit, which may cause collapse in price of credits.

- We just want a retrospective CRC bill for allowances – this will not hinder energy management in any way (or bring back revenue recycling).

- 63% reduction in burden very questionable – consensus is that burden would increase.

- May be move to other schemes to avoid CRC.

- Frustrating to have e-mails sent to all when any updates made to account.

- How to buy allowances?

- The admin burden surrounding payment is not straightforward/more burdensome.

- Sceptical over 63% savings as that means those remaining in scheme would have saved around 50%.

- KPMG study did not include allowance/purchase sale.

- Digital certificates process for year 2 has been an unnecessary admin burden.

- Measure relative improvement for energy efficiency and reward.

- Some concern about moving PLT to guidance – needs to have parliamentary scrutiny as guidance too easy to change and increases uncertainty.

- Difficulties for NHS Trust to determine an appropriate growth metric.
- Account issues – delays with PIN etc.
- PLT is not reputational – credibility lost with revenue recycling.
- Not enough auditing data from EA.
- Lost focus on carbon.
- This should be last consultation – stick or scrap.
- Integration with CCL would have to be an expensive tax and also be transparent, comparable and obligatory for reputational drivers to be realised.
- Leave the landlord/tenant changes – cause a lot of legal and admin issues.
- Need gas suppliers to agree format of AMR data and accept it for billing purposes.
- How will league table handle companies who have EGCs and reported emissions?

4.4. Academies

The Academies table at the Manchester event was an ad hoc discussion without pre-set questions arranged for the afternoon following requests from some delegates, principally those representing local authorities, to discuss the issue. The discussion was facilitated by DECC officials and notes were taken which form the basis of the Manchester summary below. For the London event, the Academies discussion was again an additional option offered to delegates for the afternoon session but formal worksheets were prepared in the same format as those for the other subject areas, drawing on the Manchester discussion to set the questions.

Question 1: What are your views on the four proposed options for Academies future CRC participation?

Option 1: Local Authorities continue to meet CRC liabilities for maintained schools and Academies, with Government exploring changes to funding mechanisms for meeting the cost of CRC allowances from Academies emissions.

Manchester

- It was felt that DECC needs to enforce compliance on the Academies.

- Suggestion that it is a myth that local authorities have no say over schools – OFSTED is the key

London

- No one in favour of current system where local authorities are responsible for Academies as it is difficult to get data from Academies.

- Currently top slicing DSG to pay for all schools allowances.

- Comment that there is no incentive for Academies to improve their energy efficiency in current system and that this does not sit well with local authorities.

- It was noted that maintained schools pay – ISB or CSB subject to local agreements.

- It was suggested that should be able to charge individual schools for the admin cost of CRC compliance

Option 2: Academies participate in the CRC as a group with the Department for Education who would be responsible for meeting their CRC liabilities. This proposal was recommended by a number of stakeholders in their response to the published Academies discussion paper.

Manchester

- General view was that DfE is the natural reporting structure and that this option would lessen the admin burden.

London

- Together with option 4, this was the preferred option for local authorities and it was noted that Academies and schools in general want to be autonomous from LA.

- Some, however, felt that the option is unworkable due to the complexity of the admin, lack of expertise, and data collection issues.

Option 3: Academies continue to be assessed as part of a local authority's estate for the purpose of CRC qualification. Once qualified a participating local authority could decide to disaggregate any of their Academies and individual Academies would also have the option to participate separately in the CRC.

Manchester

- General feeling was that this option does not alleviate the burden as there is still a need to compile all the data.

- It was noted that disaggregation becomes a complexity not inherent in the public sector.

- It was felt that the option needs to include Free Schools as well as academies.

London

- It was felt that this should not be done on a voluntary basis. If local authorities decided to disaggregate Academies then the Academies would not be able to say no.

- It was queried whether this would leave Academies without a CRC support network where they don't necessary have the skills base to deal with CRC.

- It was noted that this allows freedom of choice but adds complexity .

- Concerns were raised about the requirements for local agreements, such as legal complexities and additional fees.

Option 4: Both maintained schools and Academies participate in a new scheme based on their energy spend, with the intention that their success or failure in reducing energy costs should have a direct financial effect on the school.

Manchester

- It was commented that, if schools are under a separate scheme, this may put some local authorities under the qualification threshold. This may be offset with the introduction of street lighting. LAs see carbon reduction as a corporate responsibility so may be still willing to participate – DECC need to ask the LAs for their feedback on schools specifically.

London

- Many felt that, if DfE is pushing Academies for all schools, this should be the preferred option for local authorities.

- It was commented that there are examples such as Universities that could be used to base any new scheme.

- Some felt that this option would be unworkable and would waste energy efficiency efforts that have already taken place.

Question 2: Which is your preferred option and why?

Manchester responses

- OFSTED to publish a performance league table for schools; possibly DEC rated.

London responses

- Preferred options seem to be 2 or 4 to release local authority energy managers from administrative burden of CRC. Then to concentrate on actually putting in place energy efficiency schemes across Council Estates including schools.

- Also support for option 1- with caveats and clarity of funding.

- An alternative option was also proposed of OFSTED publishing a sustainability performance league table of schools.

5. Plenary discussion – Open Forum

Following the breakout sessions, delegates had an opportunity to discuss any issues arising or ask further questions on the CRC and the simplification proposals. These questions, and the responses by DECC officials are summarised below by venue. The Q and As have not been transcribed verbatim but capture the focus of the points raised and the response given.

5.1. Manchester

Stephen Martin, Director of Heat and Industry (DECC), Niall Mackenzie, Head of Industrial Energy Efficiency (DECC), Jane Dennett-Thorpe, Head of CCA and CRC (DECC), Paul Wilson, Head of CRC (DECC) and Neil Guthrie (Environment Agency) listened and responded to questions from delegates during this open forum session.

When will we received PIN numbers for digital certificates?

PIN numbers will be issued shortly.

We were surprised that the trading element is in the proposals. What is the intent?

We do see benefits in allowing trade. It gives participants a choice at no extra cost. However, any decision will be made following feedback.

Is the CRC a tax? The DECC website and a news article referred to CRC as such.

The removal of the revenue recovery element has made it a revenue generator. HMT score it as a tax but it was introduced as a trading scheme. Participants should take their own legal advice on how to treat it.

What are the estimated carbon savings?

The CRC is expected to deliver 21 million tonnes CO_2 by 2027.

Paying for carbon allowances seems a contradiction since participants are charged for energy even if it comes from renewable (carbon neutral) sources.

The CRC scheme is about incentivising energy efficiency, that is why we don't incentivise the use of renewable energy. We use carbon rather than energy in the scheme as carbon is the common currency.

Paying for allowances is not an incentive as it takes away money that could be used to invest in energy efficiency. It would be better to have a mechanism like the built-in escalators in the landfill tax so that participants could see the escalating cost years in advance and be incentivised to act.

We appreciate the need for long-term price certainty and will be discussing this with HMT.

Why are the metrics not about net reduction?

The metrics were designed and weighted to give a reasonable basis for comparison. We wanted to be ensure fairness particularly when revenue recycling was in place.

The alternative is a tax system but what form would it take? Would it be better or worse?

CBI has made suggestions – notably increasing CCL – but none are straightforward. For example, CCL does not include behavioural drivers. Let us know what alternatives you would prefer.

When will findings of compliance audits be published?

There have been 100 audits with 14 completed. Findings will be published relatively soon. Announcement will be made via e-mail.

5.2. London

Niall Mackenzie, Head of Industrial Energy Efficiency (DECC), Jane Dennett-Thorpe, Head of CCA and CRC (DECC), Paul Wilson, Head of CRC (DECC), Imran Shafi (HMT) and Keith Brierley (Environment Agency) listened and responded to questions from delegates during this open forum session.

What is target audience for the PLT?

Anyone who might be driven by reputational drivers (e.g. customers or investors). It is important to have transparency so people can check “green” claims.

We haven’t received our annual supplier statement.

That is a potential enforcement issue and the supplier could be fined by Ofgem. However, in the first instance complain to your supplier and then advise the Environment Agency of any difficulties.

The budget statement undermined CRC as a policy. What was the intent?

The budget statement was to give Government flexibility to look at other options in the event of administrative savings not being deliverable (HMT)

There are many criticisms of CRC, such as that it introduces market distortion. Why not scrap it and have a tax? Any savings are driven by companies falling out of the scheme.

A portion, but not the majority, of savings are due to companies dropping out of the scheme. Other savings are outlined in the IA. CRC is not just a tax but about energy efficiency. The reputational drivers mean it has registered at board level. Furthermore, increasing CCL would hit many organisations not part of the CRC. Treasury would want to consider meeting the policy rationales of CRC when looking at any alternatives.

What would savings figure be without the drop outs?

This is in the Impact Assessment[1].

CRC has had a positive impact on energy management but we cannot see how savings will be delivered. More information is needed.

[1] The reduction in administration costs resulting from changes to the coverage of scheme due to qualification changes is an estimated £141m, approximately 42% of the £337m total savings figure in the consultation IA.

The savings in the Impact Assessment are a best estimate. We agree that we need more information and that is why we are seeking feedback through the consultation. It is also important to remember that we would need to consider the admin costs of any new or reformed tax alternative.

6. Ministerial Key Note Address

6.1. Ministerial Speech

Minister of State for Climate Change Gregory Barker closed the London event with a key note address on the CRC and wider Government climate change and energy efficiency policies. Please note this should be checked against delivery.

“Thank you for coming along today. Your views and input into our consultation to simplify the CRC Energy Efficiency Scheme is vital if we are to have a workable and less burdensome scheme.

We face a pivotal moment in choosing our energy future, the choice is clear, energy independence or dependency on others. Energy efficiency has to be at the heart of everything we do. Over the coming years our electricity generation will fall by a quarter yet demand will climb by a third. We have gone from an exporter of gas to an importer. To do nothing would set us on an unsustainable course where our economy becomes hostage to fortune.

This is why I want to see us embark on a path that puts us in control of our own energy future. The Coalition Government is committed to building a green and growing economy. Energy efficiency is the cornerstone of this future, not only will it be the mark of a world beating company, but it is simplest, easiest and cheapest way to meet our energy needs in the years ahead. We must be smarter in how we use energy. It takes only a moment to turn off a light, it takes a decade to build a power station.

We also have tough emission reduction targets to meet. The latest Carbon Budget – Carbon Budget 4 – will put us on track for a 50% reduction below 1990 levels by 2027. The CRC will play a key part in helping us meet that target and will contribute 21 million tonnes of CO_2. We want to drive ambitious action on climate change and deliver a secure energy future.

I know some of you have been leaders on energy efficiency for years. Long ago realising that energy wasted was money wasted, money that could have been invested rather than spent keeping lights on in empty buildings. But we need to go further. It is my intent that we create a tailored range of policy tools fit to meet the complex challenge of improving the efficiency of our economy. We are already doing lots on energy efficiency.

Our new Energy Efficiency Deployment Office which was launched by the Secretary of State Edward Davey in February this year, will be at the heart of our energy efficiency strategy. Ensuring that all our policies are working together as part of a coherent, joined-up energy efficiency strategy. It will identify abatement opportunities across all sectors of the economy, and support the development of major energy efficiency programmes.

The Green Deal, which is now receiving its finishing touches, will improve the energy inefficiency of businesses and homes at no upfront cost. Indeed, we estimate that 2.8 million businesses could become more energy efficient and cut their emissions through the non-domestic Green Deal. And the initiative will support more significant energy efficiency improvements, and packages of measures, than have been promoted before.

Green Deal also represents a massive new business opportunity, supporting green investment and economic growth. Our estimates suggest the Green Deal could support up to 65,000 jobs by 2015, and will kick start around £14bn worth of private sector investment in energy improvements over the next decade.

The CRC Energy efficiency is an integral part of this landscape. The CRC was envisaged as a solution to the complex range of barriers faced by many large organisations in both the public and the private sector. Insufficient and sometimes split financial incentives, inadequate energy measurement, a lack of board engagement, and unclear reputational benefits have all played their part in preventing further progress on energy efficiency.

The CRC covers everything from airports to zoos, from data centres to waterworks and from the Barbican to Wembley stadium. Though diverse in purpose they were united by these common barriers. The CRC overcomes these with an innovative approach relying on a range of drivers to push energy efficiency up the agenda.

We know that the scheme we designed was complex and we are fixing this. But the principle is absolutely right - saving energy, reducing emissions and improving competitiveness. However we need to improve the scheme to make it work better for business and the public sector; to ensure it incentivises energy efficiency improvements at minimal administrative cost.

My officials have been engaging with you extensively over the past year through discussions papers and events such as these. I want to thank you for your input so far in these discussions. Your views and ideas on improving and simplifying CRC have provided valuable input into our formal proposals which will make CRC a more effective and appropriate scheme.

We published our formal consultation on 27th March, setting out an ambitious simplification package for the CRC Scheme. Proposals such as the reduction in fuels and the removal of footprints report are major simplifications to the scheme. These proposals will radically reduce the administrative costs of participants by almost two thirds (63%). This equates to around £330m savings for CRC participants up to 2030. That's administrative cost savings of around £250m for business over the period to 2030, and savings of over £300m when you take into account the public sector.

We are planning to bring our simplifications in for the second phase of the CRC. I am conscious that previous feedback has suggested that participants need time to get used to the new rules. But I am keen to explore if some of the simplifications, such as the reduction in the number of fuels, could be introduced faster. Please tell us if that would be helpful or not?

Our simplification proposals are wide ranging. They will make the scheme less burdensome, by reducing overlap between schemes, by reducing reporting burdens, by simplifying or removing rules that were there for the benefit of the regulators rather than to incentivise the regulated. They will make the scheme a lighter touch and simpler scheme, while still addressing the barriers to energy efficiency improvement and delivering environmental benefits.

I know many of you will have heard the Chancellor's Budget speech earlier this year that said the CRC scheme was cumbersome, bureaucratic and imposes unnecessary cost on business. Our simplification proposals put that right. The Budget committed to consulting on simplifying the CRC Scheme and seeking major savings in the administrative cost of compliance. Only if significant administrative savings could not be deliverable, will the Treasury bring forward proposals in the Autumn to replace the CRC revenues with an alternative environmental tax.

We have acknowledged that the scheme is complex. But we believe we can simplify it and deliver significant administrative savings. We want to make the scheme more fit for purpose and less burdensome for participants. Simplification of CRC is our plan A. So please take the time to respond to the questions in our consultation.

I want to leave you today with a challenge. Over the next few years I want you to show me, and show the government, how you can deliver radical improvements in energy efficiency. Take advantage of energy efficiency opportunities to lower your energy bills, and reduce your CRC allowance costs. I want the barriers I spoke about earlier to become a thing of the past. The CRC scheme is designed as a means to an end, rather than an end in itself. If business and the public sector can improve their energy efficiency significantly then in the future we might not need the CRC.

I welcome your valued input into our simplification work and look forward to receiving your feedback to our consultation on simplifying the CRC Scheme. I would like to thank you all for coming along today and for participating and hope that you had a constructive dialogue."

6.2. Q and A following Ministerial Key Note Speech

Below is a brief summary of the Questions and Answers which followed the Ministerial key note speech. The Q and As have not been transcribed verbatim but capture the focus of the points raised and the response given. In some instances, responses were given by officials.

We are getting mixed messages from government on energy efficiency. There are high profile issues such as FiTs, we have lost revenue recycling and the Green Deal drive to invest is countered by CRC proposal to remove electricity generating credits. When will we get a clear direction?

Government is committed to reducing emissions. We are on course to meet emission reduction targets and reduced emissions by 25% which is above the EU average. We are now arguing in EU for a 30% target. However, the green economy does not sit in a bubble and is subject to commercial factors in the same way as others. We recognise it has been a tough time for sector but new schemes (Green Deal) will make it easier and cheaper to invest in things like solar power.

All the talk has been about admin costs, but the problem is the perpetual redesign of CRC. The budget statement further undermined confidence in the scheme. Can you confirm CRC is here to stay?

I cannot pre-empt the outcome of the consultation. However, I understand the need for certainty and we aim to get it right for the long term.

Automated metering is a benefit but suppliers don't accept the data.

We are in talks with suppliers and will raise this with them.

It is good that CRC is returning to its original intent. However, as a franchising organisation we will not make any savings. How much is spent on data collection as opposed to efficiency?

Figures are in the KPMG survey. Admin costs will be higher in early year of phases.

Carbon taxation has been proven not to work. A revenue neutral scheme would be better. Suppliers need to take a bigger role – why do they get 7 years to look at data?

We will keep talking to suppliers. If they are a problem, we need to challenge them.

Many have been doing energy efficiency for years but there is no more incentive to invest further. Could spend money on equipment instead of CRC.

CRC is different now but there are other drivers to look for. We want to see energy efficiency at the heart of the nation and to explore new ways of thinking about it – for example proposing ways of using energy more efficiently (and lower cost) rather than seeking new generation.

7. Comment boards

Comment boards were set up at each event to allow delegates to register comments during coffee/lunch breaks. Comments were invited on the following themes:

- Alternatives solutions to the CRC?
- What energy efficiency measures has your organisation put in place since the start of the CRC scheme?

Comments on the board were not attributable and the bullet points below summarise the points made.

7.1. Alternatives solutions to the CRC?

Manchester responses

- Replace CRC with a tax at meter point and introduce mandatory reporting.
- Replace CRC with extended/increased CCL (possibly + %AMR. ++% no AMR) and mandatory carbon reporting.
- Replace CRC with an extended scope of EU ETS.
- Allow participants to recover spend on energy on energy efficiency measures from their annual tax due.
- Let participants report to our reporting / accounting year – generate league table from annual accounts.
- Retain half the money generated from the cost of allowance sales, ring fencing it for energy efficiency schemes within organisations.
- If introduce tax, keep same key CRC elements (e.g. board level liabilities).
- None of the alternatives will be as effective in targeted sectors.

London responses

- Replace CRC with a tax at meter point and introduce mandatory reporting.
- Replace CRC with extended/increased CCL and mandatory carbon reporting.
- Replace CRC with an extended scope of EU ETS.
- Allow participants to recover spend on energy on energy efficiency measures from their annual tax due.
- Let participants report to our reporting / accounting year – generate league table from annual accounts.
- Create some carrots as well as sticks within the CRC. It will be more popular. An increase in CCL to replace CRC will impact thousands of small business - ask the FSB if this is fair compared to having CRC for large supermarkets and banks.
- A mechanism which addresses market failure of energy efficiency (reputational, cost) awareness at board level. Something like CRC?
- All energy and significant suppliers to be monitored. Measure fuel oil and make that mandatory.
- Make all fuel suppliers state the amount of CO_2 invoice represents. Make all fuel suppliers aggregate CO_2 by company numbers.
- Publish summary of CO_2 by company number.

7.2. What energy efficiency measures has your organisation put in place since the start of the CRC scheme?

Manchester responses

- Carbon management across our portfolio.
- CCT, increased AMR, better reporting of energy consumption.
- AMR
- Voltage optimisations.

London responses

- Hugely improved energy monitoring and reporting.
- None. We were already doing it!
- Installed energy management systems.
- Installed energy efficient lighting.
- Hired an energy manager.
- Staff engagement programmes.
- Gained CTS certification.
- Appointed an energy manager.
- Hired a CRC manager. Gained CTS.

8. Summation, final thoughts, next steps

Niall Mackenzie closed this event with a brief overview of the next steps, reminding delegates of the deadline for responding to the consultation.

CRC Team
July 2012

Annex A: Event Format

The events were publicised on the DECC CRC web pages (www.decc.gov.uk/crc) on 18 April 2012. An email publicising the events was also sent to all participants by the Environment Agency on 19 April. Organisations were requested to register their interest in attending to DECC at CRC@decc.gsi.gov.uk by 8 May 2012.

Over 100 delegates applied for the Manchester event and approximately 190 for the London event. The London event was slightly oversubscribed but only four applicants could not be accommodated. A full list of attendees for each event is available at **Annex B.**

On confirmation of places, delegates were asked to state two preferences for breakout sessions from three options provided. Each breakout session involved participants at each table discussing their chosen issue (A, B or C for morning and afternoon) and considering pre drafted questions on set out on a worksheet. Each table had access to a summary of the papers as an aide memoire along with copies of the consultation document. Participants recorded their thoughts and answers to the questions posed on worksheets and these were collected at the end of each session. Each breakout session concluded with a few key thoughts from a selection of tables. The comments from the worksheets and feedback sessions have been combined to create a summary of each issue discussed. Summaries are available in section 4.

The events followed the format below:

ITEM	MANCHESTER	LONDON
Welcome and introduction	Niall Mackenzie (DECC) - Head of Industrial Energy Efficiency	
Opening address	Stephen Martin (DECC) – Director of Heat and Industry	
DECC presentation on simplification proposals	Paul Wilson (DECC) - Head of CRC	
Q&A session	**Moderator:** Niall Mackenzie	**Moderator:** Niall Mackenzie

	Top table panel: Stephen Martin Jane Dennett-Thorpe Paul Wilson	**Top table panel:** Jane Dennett-Thorpe Paul Wilson
Breakout session 1 a. Supply rules b. Organisation rules c. Allowance sales and Performance League Table	**Facilitator:** Jane Dennett-Thorpe (DECC) – Head of CCA & CRC Participants signed up for breakout sessions in advance of event and were allocated to a table with the relevant label (A, B or C) for a group discussion. DECC officials on hand to answer queries during group discussions. Breakout session concluded with a few key thoughts from a selection of tables.	
Lunch		
Breakout session 2 a. Supply rules b. Organisation rules c. Allowance sales and Performance League Table d. Academies	**Facilitator:** Jane Dennett-Thorpe (DECC) – Head of CCA & CRC Participants were allocated to a different table for the afternoon session. Those interested were able to opt instead to join an additional table set aside to discuss Academies. DECC officials on hand to answer queries during group discussions. Breakout session concluded with a few key thoughts from a selection of tables.	
Break		
Plenary discussion on simplification • At table consideration of issues raised • Q&A with DECC and other officials at top table	**Moderator:** Niall Mackenzie **Top table panel:** Stephen Martin Jane Dennett-Thorpe Paul Wilson Neil Guthrie (EA)	**Moderator:** Niall Mackenzie **Top table panel:** Jane Dennett-Thorpe Paul Wilson Keith Brierley (EA) Imran Shafi (HMT)
Ministerial closing speech		Greg Barker Followed by short Q&A session
Summation, final thoughts and next steps	Niall Mackenzie	

Annex B: Attendee Lists

The lists below represent registered delegates and may not fully reflect actual attendees due to replacements and those who were unable to attend on the day.

MANCHESTER	
Organisation	**Name of delegate**
Aintree University Hospitals NHS Foundation Trust	Phil Kitts
Alder Hey NHS FT	John Foley
Balfour Beatty	Ciarán Humphries
Blackburn with Darwen Borough Council	Gwen Kinloch
Brabners Chaffe Street LLP	Claire Gregory
Bradford University	Mark Wrigley
Bradford University	Tracy Spencer
Bruntwood	Bev Taylor
Bruntwood	Anthony Martin
Bury Council	Lorraine Chamberlin
Bury Council	Sharon Vernon
Calderdale Council	Kate Bisson
Carbon Masters	Aphra Morrison
Chemical Industries Association	Chris Reynolds
City of Stoke-on-Trent	Anthony Williamson
City of Stoke-on-Trent	Emma Wade
City of Stoke-on-Trent	Jane Forshaw
City of Stoke-on-Trent	Peter MacMillan
Compliance Link	Jennie Hewett
CONWY County Borough Council	Neil Roberts
Co-operative	Daniel Poole
Department for Work and Pensions	David Pearce
Digital Energy	B. Revathi
Doncaster Council	Louise Fox
DSM Nutritional Products (UK) Ltd	Kevin Thaw
Dwr Cymru Welsh Water	Mike Pedley
E.ON UK	Jonathan Rhodes
E.ON UK	Laura Watts
E.ON UK	Sarah Press
EDP Europe	Damian Stackhouse
EIC Limited	Emily Clayton
Emerson Developments	Frank Keeley
Emerson Developments	Simon Wilson
Environment Agency	Helen Mosley
Environment Agency	Huw Charlton
Environment Agency	Neil Burgess
Environment Agency	Neil Guthrie
Environment Agency	Ed Morris
Environmental Resources Management (ERM)	Hilary Cartwright-Taylor
Exxonmobil	Ian White
Fichtner Consulting Engineers Ltd	James Sturman
Fluor	Chris Shaw
Fresenius Medical Care (UK) Ltd	Ann Cosgrove

Graham & Brown	Michelle Ledward
Group Environmental Manager	Victoria Barlow
Heineken UK Ltd	Richard Naylor
Honeywell Energy	Barry Hurst
Honeywell Energy	Ian Porter
Institute of Environmental Management & Assessment	Nick Blyth
Intellect	Emma Fryer
Ivanhoe Cambridge	Robert Layden
Kirklees Council	Katie Stead
Lafarge Aggregates Ltd	Helen Atkins
Lafarge Aggregates Ltd	Richard Allott
Lancashire County Council	Coral Tilling
Lancashire County Council	Matthew Tidmarsh
Lancashire Police HQ	Claire Brown
Logicor Ltd	David Bowen
Logicor Ltd	Vivien Wishart
Major Energy Users Council	Eddie Proffitt
Manchester City Council	Chris Burrows
Manchester Metropolitan University	Amer Gaffar
Manchester Metropolitan University	John Hindley
Marshall of Cambridge (Holdings) Ltd	Chris Flood
Matalan Retail Ltd	Dave Derbyshire
Ministry of Justice	John Turner
Mouchel	Howard Coney
N/A	Joanne Green
Nobia UK	Brendan Morgan
Orchard Energy Ltd on behalf of Covance Laboratories Ltd	Jesse Fox
PASCHALi Greener Working Solutions	Jared King
PC Energy Assessors	Paul Clapham
Peel Holdings (Management) Ltd	Niall Enright
Rochdale MBC	Barnaby Fryer
Rochdale MBC	Steve Hwozdyk
Salford City Council	Majid Maqbool
Salford City Council	Wendy Grant
Sandwell and West Birmingham NHS Trust	Steve Lawley
Schneider Electric	Mark Jones
ScottishPower	Claire Doherty
Seddon Construction Limited	Matthew Sorrigan
Sefton Council	Ian Weller
Sefton Council	Rebecca Johnstone
SenseLogix Ltd	Martin Roberts
Sheffield Hallam University	Gillian Wright
SKM Enviros	Andrew Forrest
Specsavers Optical Superstores Ltd	Darren Myers
Staffordshire County Council	Liam Walsh
STC Energy	Chris Chester
Swan Energy Limited	Andrew Park
UK COAL Mining Limited	Chris McGlen
University of Bradford	Lyn Ha
University of Manchester	Chloe McCloskey
UPA Energy	Mike Muscott

Vopak Terminal Teesside Ltd	Ian Saul
Vopak Terminal Teesside Ltd	Kevin Shepherd
Warrington Borough Council	Mark M^c^Giveron
Wm Morrison Supermarkets Plc	Adam Garbutt
Wm Morrison Supermarkets Plc	Stuart Kirk
Wolverhampton City Council	David Webb
Wrexham County Borough Council	Anna Wallace
Wrexham County Borough Council	Renia Kotynia
WSP Environment & Energy	Dan Grandage

LONDON	
Organisation	**Name of delegate**
A F Blakemore & Son Ltd	Michelle Walton
Addenbrookes Hospital	Denis Garnham
Alcatel-Lucent Submarine Networks Ltd.	Les Naulls
Alcatel-Lucent Submarine Networks Ltd.	Lianne Mortley
Ambassador Theatre Group	Juliet Hayes
AMEE	Andrew Preston
Aquaterra Leisure	Nigel Halls
Assurity Consulting	Greg Davies
ATOC	Leigh Thompson
Atos	Jeff Chater
BAA	Kathy Morrissey
Balfour Beatty Group	Anthony Ma
BAM Nuttall Ltd. (Royal BAM Group)	Arjun Thiru
Barclays PLC	Paul Baglin
BG Group	Helen Orledge
Bird & Bird	Joanna Ketteley
Bird & Bird	Helen Loose
Birkbeck London	Frances Butler
Blizzard Utilities Limited	Martin Rawlings
Bloomberg New Energy Finance	Nico Tyabji
BNP Paribas	Rachel Smith
Bond Pearce LLP	Becca Grimes
Boots	Jean Waring-Thomas
BREEAM	Keith Symonds
British Airways	Mark Wiles
British Glass Manufacturers' Confederation	Vallishree Murtim
British Property Federation	Patrick Brown
British Sugar	Sarah Nottidge
Cable&Wireless Worldwide	Maggie Hall
Cancer Research UK	Jo Lacey
Canon UK	Megan Welch
Capita plc	Johanna Chugh
Carbon Credentials	Jason Plent
Carillion Plc	David Ring
Carillion Plc	Mansi Sehgal
CBRE Ltd	Andrew Baker
CBRE Ltd	Julia Butterworth
CEMEX UK	Arnold Lewis
Chelmsford Council	Michelle Keene
City of London	Karen Sha

City of London	Paul Kennedy
CMS Cameron McKenna LLP	Olivia Quaid
Department for Transport	Gavin Buss
Derbyshire County Council	Nick Stendall
DH GREFD	Chris Holme
DLA Piper UK LLP	Tresna Tunbridge
Dorset County Hospital NHS Foundation Trust	Patrick Rimmer
Dow Chemical Co Ltd	Peter Simmonds
Drax Power Limited	Mel Wilson
Edwards Group Ltd	Sara Fry
Energise Ltd	Tamsin Alsbury
EnergyQuote	Nikki Wilson
ENVIRON UK Ltd	Stephen Barlow
Environment Agency	Keith Brierley
Environment Agency	Neil Emmott
Environment Agency	Sam Atkinson
Epsom & St. Helier University Hospitals NHS Trust	Rupert Hughes
Ericsson Ltd	John McNulty
ERM	Oliver Parish
Everything Everywhere	John Ponter
Ford Motor Company Ltd	Rita Neumann
G4S Carbon & Energy Solutions	Roger Hawes
Gatwick Airport Ltd	Martin Bilton
GE Capital Real Estate	Tanya Wadham
H+H UK Limited	Mark Oliver
Hampshire County Council	Gloria Kwaw
Heathrow Airport Limited	Simon Mendham
Hertfordshire County Council	James Heslam
Hertfordshire County Council	Zara Edwards
Hitachi	Grayson Dyas
HLM Architects	Federico Montella
HM Treasury	Andy Willis
HM Treasury	Imran Shafi
Honeywell Energy	Mr. Gareth Dauley
HQ Theatres Ltd	David Swain
Hutchison Ports UK	Alan Tinline
IBM UK	Jane Turner
Imperial College London	Sang Eun Kim
Imperial College London	Sara Muir
InterContinental Hotels Group	Lauren Knott
InterContinental Hotels Group	Robert McCann
International Power Plc	Laura Bartle
Invensys plc	Peter Leggett
Islington Council	Trevor Farnes
ista Energy Solutions Limited	Kathy Shearman
ista Energy Solutions Limited	Matthew Murphy
Jaguar Land Rover	Ges O'Sullivan
Jaguar Land Rover	Steven Slocket
Johnson Controls	Peter Ferguson
Jones Lang LaSalle	Abigail Dean
Just Energy Solutions	Alan Ring
Kent County Council	Andy Morgan

Kent Local Authority	Louise Stewart
Kier Group	Peter Johnson
Laing O'Rourke Group	Thomas Elliott
Land Securities	Paul Boreham
Land Securities	Rowan Packer
Landmark Information Group	David Haines
Lend Lease	Hannah Kershaw
Lloyds Banking Group	Will Booker
Local Energy	Karen Lawrence
Local Govt of Isle of Wight	Tim Watson
Logica UK Limited,	Arlette Anderson
London Borough Camden	Julie Granger
London Borough of Camden	Karen Turton
London Borough of Camden	Louise Coster
London Borough of Haringey	Amanda de Swarte
London Borough of Hillingdon	Richard Coomber
London Borough of Lambeth	Vivienne Thomson
London Borough of Redbridge	John Mitchinson
London Borough of Redbridge	Molly Wang
London Borough of Richmond upon Thames	Jess Wiles
London School of Economics	Samuela Bassi
MBDA UK	John Peers
Metropolitan Police Service	Andrew Stokes
Microsoft Ltd	Mary-Anne King
Next Plc	Joanne Poynor
NHS South of England	John Herbert
North Bristol NHS Trust	Jeremy Hall
NUS Consulting Group Ltd	Tony Penton
Office Depot	Munaf Bondary
Office for National Statistics	Bob Richards
Opel Vauxhall Real Estate and Facilities	Julian D S Lyon
Parkwood Holdings PLC	Elizabeth Hopkins
Parkwood Leisure	Andrew J A Wadland
PGS Exploration (UK) Limited	Candida Pinto
PGS Exploration (UK) Limited	David Hedgeland
Philips Electronics UK Ltd	Alex Gibbs
Power Efficiency Ltd	Ananda Bhattiprolu
Practical Law Company PLC	Becky Clissmann
Ravensbourne University	Kerrie Bryant
Rentokil-Initial	Richard Hurford
Resourceful Improvement Ltd	Matthias Bialkowski
Rugby Football Union	Dru Morton
Salisbury NHS Foundation Trust	Paul Jackson
SGH Martineau LLP	Neil Budd
SHARP Electronics (UK) Limited	Djelloul Kitter
Siemens Real Estate (Business Sector)	Sarah Jones
Sony DADC UK Ltd	Paul Baylis
SSE	Alice Gunn
SSE	Phil Brown
STC Energy	Rebecca Low
Sturgis Associates LLP	Qian Li
Sutton and East Surrey Water	Anthony Welch

Tarmac	Raj Athwal
Tata Steel	Bob Lewis
Taveta Investments Ltd	Dean Laurent
Taylor Wimpey	Grant Stirling
Tesco	Adam Williams
Tesco	Chloe Meacher
Thames Water	Keith Colquhoun
The Berkeley Group Holdings plc	Simon Challen
the Jockey club	Kirstin McEvoy
The PR Network	Kate Hinton
The Society of Motor Manufacturers and Traders Ltd	Matthew Croucher
The UNITE Group plc	James Tiernan
Thomson Reuters	Andreas Arvanitakis
Thomson Reuters	Yoav Brandt
Toyota Motor Manufacturing (UK) Ltd	Keith Martin
Travis Perkins plc	Haydn Young
University Hospital Southampton NHS Foundation Trust	Peter Oliver
University Hospitals Bristol NHS Foundation Trust	Sam Willitts
University of Greenwich	John Richardson
University of Kent	Nick Swinford
Utilyx Limited	Caroline Pitt
UX Online	Craig Lowrey
Veolia Environmental Services	Charlotte Walkington
Veolia Environmental Services (UK) Plc	Simone Looi-Britton
Volkswagen Group UK Limited	Nicky Laurence
Waste Recycling Group	Mark Cheetham
Waste Recycling Group Ltd.	Lisa Green
Waterman Energy, Environment & Design Ltd	Alistair Laban
Wellcome Trust	Matt Thomas
West Berkshire Council	Adrian Slaughter
Whipps Cross University Hospital Trust	Christopher Easy
Woodland Trust	Dr Nick Atkinson
Worcestershire County Council	Katie Bruton
Worldwide Facilities	Christine Claxton
Wyndham Hotel Group	Belinda Atkins
Xcarbon Limited	Jon Malcolm
Yara UK Limited	Richard Meddings