

# Consultation on simplifying the CRC Energy Efficiency Scheme

## Government Response

December 2012





**Government Response to the  
Consultation on Simplifying the CRC Energy Efficiency Scheme**

Presented to Parliament  
by the Secretary of State for Energy and Climate Change  
by Command of Her Majesty

December 2012

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# Executive Summary

With the cost of energy rising (the price of a basket of key resources including energy and metals rose 2.5 times between 2000-2010<sup>1</sup>), the efficient use of resources is key to our future economic success. Energy efficiency increases productivity and is good for growth.

The CRC Energy Efficiency Scheme (CRC) is a mandatory UK-wide trading scheme that was brought into law via the CRC Energy Efficiency Scheme Order 2010 (SI 2010/768) (the 'CRC Order'). The scheme is designed to incentivise large public and private sector organisations to take up cost-effective energy efficiency opportunities through the application of a tailored combination of drivers. In doing so it will drive down energy consumption and help to protect our energy security. It will also drive innovation and action within and without its target organisations. By driving energy efficiency, the CRC will help organisations reduce their energy costs and make them more competitive.

The simplification of the CRC scheme will make it easier and simpler for businesses to feel the benefits of using less energy, as well as supporting jobs in the energy savings industry.

This Government response relates to the consultation that was undertaken from 27<sup>th</sup> March to 18<sup>th</sup> June 2012. This consultation was undertaken as a result of stakeholder feedback and Government's stated intention to review the operation and design of the scheme with a view to simplifying it and substantially reducing the associated administration burdens.

The consultation document set out 46 proposals which aimed to streamline and simplify the scheme to create a new leaner, simplified and refocused CRC. In summary these proposals were intended to:

- address stakeholder concerns about the complexity of the CRC scheme and associated administrative costs;
- provide greater business certainty by introducing two fixed price sales of allowances a year (one forecast and one retrospective), rather than auctions of allowances in a capped system;
- allow for greater flexibility for organisations to participate in 'natural business units';
- reduce the reporting burden, in particular by reducing the number of fuels reported, using only electricity measured by settled half hourly meters (HHMs)

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<sup>1</sup> 'Resource Revolution', McKinsey, 2011.



for qualification purposes, ending the requirement for footprint reports, as well as other practical measures such as reduced requirements on maintaining records;

- reduce scheme complexity by removing the residual percentage rule ('90% rule') and CCA exemption rules; and
- reduce the overlap with other schemes so that organisations covered entirely by CCAs do not need to register; no longer requiring EU ETS installations to purchase allowances for electricity supplies.

We received a total of 255 responses to the consultation. As a result of the broadly positive feedback on the proposed amendments, in the majority of cases Government intends to implement the proposals as set out in the consultation document. The proposals where we are making changes to what was set out in the consultation are as follows:

- **Proposal 9** (Landlord definition) - will be implemented but the minimum construction lease duration period will be reduced from 40 years to 30 years.
- **Proposal 11** (Reduce the number of fuels) - will be implemented but the number of fuels will be reduced to two - electricity and gas, the latter only when used for heating purposes.
- **Proposal 14** (removal of the 90% applicable percentage) - will be implemented, but we will introduce a 2% de minimis on gas (for heating) so that organisations with very low gas consumption do not need to report this.
- **Proposal 15** (Extension of annual energy statements obligation) - will not be implemented as it is no longer applicable in light of Government's decision to reduce the number of fuels to just two (gas and electricity).
- **Proposal 16** (Energy suppliers' statements) – will be implemented, but energy suppliers will be allowed to provide an annual statement using 12 months of billed supply that is within 31, not 30, calendar days of the compliance year.
- **Proposal 23** (Disaggregation of Academies) - Government will withdraw all state funded schools in England from CRC participation and implement alternative robust measures that will incentivise and support schools to obtain both energy cost and emission savings<sup>2</sup>.
- **Proposal 33** (Treatment of trusts) – will be implemented but trusts that do not have a majority beneficiary will be required to aggregate with their trustee or operator for qualification purposes only (and then could disaggregate).
- **Proposal 39** (Surrender deadline) – will be implemented but the date for the surrender of allowances will be extended further, to the end of October. This is to allow for the allowance sale allocation and payment periods to be staggered, providing participants with more time to complete the allowance sale process.

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<sup>2</sup> The Devolved Administration are currently assessing the best option for maximising energy efficiency in their school estates and will determine if continued CRC participation is the best mechanism to achieve this goal.

- **Proposal 43** (Performance League Table) – we intend to abolish the Performance League Table but the CRC administrator will continue to publish the aggregated participants' energy use and emissions data.

The majority of proposals will be introduced at the start of the next phase with the exception of those below, which will be implemented from 1st June 2013 (i.e. the last two years of the introductory phase 2012/13 and 2013/14):

- **Proposal 7** – exclusion of domestic electricity supplies (profile classes 01 and 02), and domestic gas supplies which have an annual quantity of 73,200kWh or less.
- **Proposal 11** - reduction in fuels from 29 to 2 – electricity and gas, the latter only when used for heating purposes.
- **Proposal 14** – removal of the 90% applicable percentage rule and introduction of an organisation-wide 2% de minimis threshold for gas (for heating).
- **Proposal 18** - restriction of the circumstances in which Electricity Generating Credits can be used.
- **Proposal 39** – extension of the CRC allowance surrender deadline.
- **Proposal 43** – abolition of the Performance League Table but the CRC administrator will continue to publish the aggregated participants' energy use and emissions data.

The simplification proposals will radically reduce the administrative costs of participants by more than half (55%), which equates to around £272m administrative cost savings for CRC participants up to 2030. Further information about the changes to the Impact Assessment (IA) is contained in paragraphs 143 and 144 and the Final IA has been published alongside this document.

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 June 2013<sup>3</sup>, subject to Parliamentary approval.

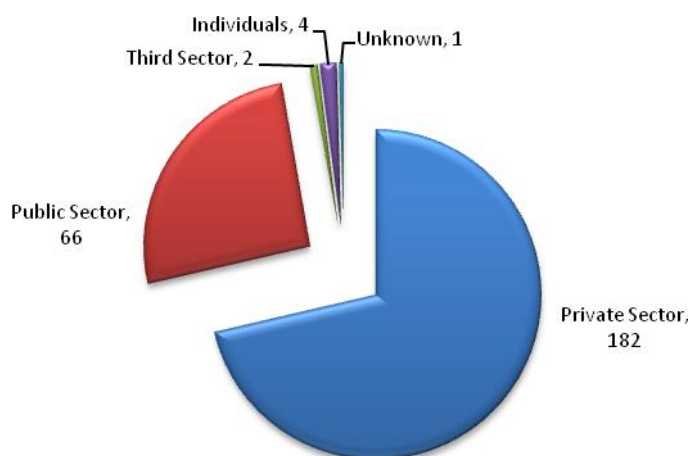
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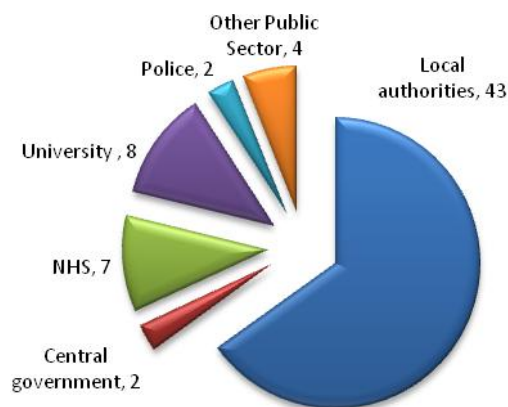
<sup>3</sup> In Northern Ireland changes to the scheme will require approval by the Northern Ireland Executive. The Minister of the Environment is taking the lead on this. In Wales, changes to the scheme will require approval by the Welsh Ministers who will take a formal decision in due course.

# Introduction

1. The CRC Energy Efficiency Scheme (CRC) is a mandatory UK-wide trading scheme introduced in April 2010 which targets emissions from large public and private sector organisations. It is designed to drive emissions reductions in the target sectors by incentivising the uptake of cost-effective energy efficiency opportunities through the application of a combination of drivers. Further information on the development of the scheme is available at: [www.decc.gov.uk/crc\\_policy](http://www.decc.gov.uk/crc_policy).
2. In response to stakeholder feedback about the complexity of the CRC, Government published a consultation document on 27<sup>th</sup> March which ran for 12 weeks and closed on 18<sup>th</sup> June 2012. The consultation focused on streamlining and simplifying the scheme to create a new leaner, simplified and refocused CRC.
3. To support the consultation, stakeholder events were held in Manchester and London, which were attended by over 300 delegates. DECC officials also engaged with numerous stakeholder groups to discuss the proposals, attending 20 speaking events and meetings during the consultation process. A report of the stakeholder events is available at: <http://www.decc.gov.uk/crc>.
4. Government received 255 responses to the consultation from a wide range of stakeholders – business and industry, public sector organisations, environmental organisations, energy suppliers, advisory organisations and other interested parties. Government welcomes these responses, which are broken down by number in the charts below, and would like to thank the respondents for their time in preparing their responses.

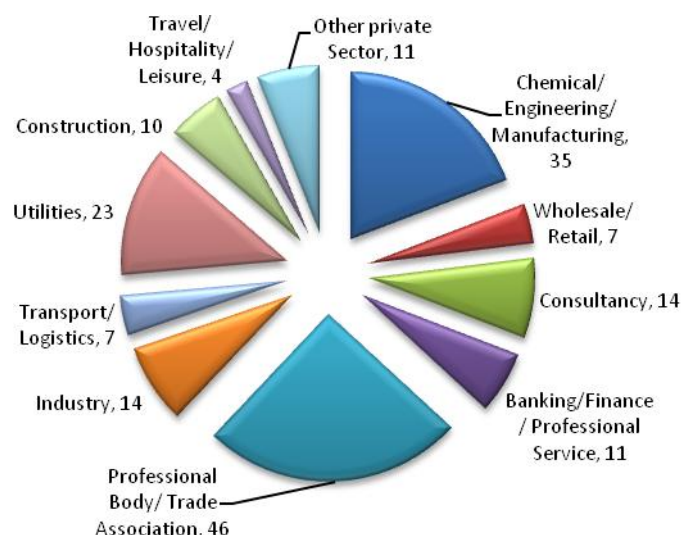
**Consultation  
responses  
by sector**





***Public sector  
responses  
by sub sector***

***Private sector  
responses  
by sub sector<sup>4</sup>***



5. The consultation responses were broadly supportive of Government's proposed amendments, as shown in figures 1 and 2 at Annex 2. 'Yes' responses indicate support for the proposals.
6. Alongside the proposals in the consultation document, Government published the draft Amendment Order and Impact Assessment (IA). These documents have been updated following consideration of consultation responses. Further information about the changes to the IA is contained in paragraphs 149 and 150 and the Final IA has been published alongside this document. The updated Order will be published in due course.

<sup>4</sup> Some respondents operate in more than one sub-sector. In these cases, respondents were included within the sub-sector that best reflects their primary business.

7. Government would also like to thank those respondents who included their thoughts on broader simplification measures outside the scope of the proposals in the consultation and also on simplifying the wider policy landscape.
8. Budget 2012 reaffirmed Government's commitment to deliver very significant savings in the administrative burdens imposed by the CRC. Budget 2012 also announced that should very significant administrative savings not be deliverable, Government would bring forward proposals in Autumn 2012 to replace CRC revenues with an alternative environmental tax, and would engage with business before then to identify potential options.
9. A number of respondents argued that the CRC should be replaced with a more conventional environmental tax. Government has considered these views but has decided to retain the CRC, in a simplified form. We believe that the tailored combination of a range of drivers remains the most effective way to tackle the barriers to the uptake of energy efficiency. Therefore, we consider the simplified CRC is the best way to achieve greater energy efficiency and contribute to meeting our carbon budgets in the relevant sectors.
10. This document forms Government's response to the consultation. A summary of the responses and key issues is shown for each of the proposed amendments, followed by Government's response and decision on whether to proceed with the proposal as stated in the consultation document. For the purposes of this consultation document the percentages stated are only based on those respondents that answered the question.
11. Whilst all the points raised as part of the consultation have been considered, this document discusses the most significant issues raised, rather than responding to individual comments. A table showing each proposal and Government decisions follows this introduction.

## Next Steps

12. In light of the broad support for the simplification package Government intends to make and lay an Order before Parliament, the Scottish Parliament, National Assembly for Wales<sup>5</sup> - and the Northern Ireland Assembly<sup>6</sup> via the affirmative resolution process - with the Order coming into force on 1st June 2013. The second phase of the simplified scheme will start in April 2014.

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<sup>5</sup> In Wales, changes to the scheme will require approval by the Welsh Ministers who will take a formal decision in due course

<sup>6</sup> In Northern Ireland changes to the scheme will require approval by the Northern Ireland Executive. The Minister of the Environment is taking the lead on this.

13. The Government will review the effectiveness of the CRC in 2016. The review will consider whether the CRC remains the appropriate policy to meet industrial energy efficiency and carbon reduction objectives, and will consider alternative approaches that could achieve the same objectives. The tax element of the CRC introduced at Spending Review 2010 will be a high priority for removal when the public finances allow.
14. The final reporting year of Phase 1 is 2013/14, which is also the registration year for Phase 2. Updated guidance for Phase 2 qualification is expected to be published by the Scheme administrators in late November/early December 2012. Updated guidance for Phase 1 and Phase 2, including the changed reporting requirements for 2012/13 reports, will be published in early 2013.
15. For convenience, where this consultation refers to 'Government' it should be read as meaning, unless otherwise indicated, the Coalition Government, Scottish Government, Welsh Government and the Northern Ireland Executive.

## Summary of Government Decisions

Proposal		Government decision
1	<b>Qualification Criteria:</b> restrict the qualification criteria to supplies through settled half hourly meters only.	Implement unchanged.
2	<b>Qualification threshold:</b> maintain the qualification threshold at 6,000MWh.	Implement unchanged.
3	<b>Automatic population:</b> introduce an automatic population mechanism for participants whose details are unchanged from the previous phase's registration.	Implement unchanged.
4	<b>Supply at the direction of another party:</b> amend the supply rules definition to give CRC responsibility to the organisation ("party A") with direct control for fuel it receives, or supplies made at its direction.	Implement unchanged.
5	<b>Payment requirement:</b> remove the payment criterion from the supply criteria as it is a helpful simplification and will support one of the main drivers of the CRC to improve energy efficiency and behavioural change.	Implement unchanged.
6	<b>Unmetered supply:</b> expand the scope of unmetered supplies captured by CRC, which will remove the disincentive and inconsistency to upgrade passive supplies to dynamic arrangements i.e. bringing street lighting into scope.	Implement unchanged.
7	<b>Profile classes:</b> exclude domestic electricity (meters of profile classes 01 & 02) and apply a similar meter-based exclusion for domestic gas supplies for which the annual quantity is 73,200kWh or less.	Implement unchanged.
8	<b>Unconsumed supply:</b> restrict the circumstances where unconsumed supply can be claimed to those where the immediate downstream relationship meets all aspects of the supply definition, including the metering provision.	Implement unchanged.
9	<b>Landlord definition:</b> disapply the landlord/tenant rule in respect of ground lease arrangements where the minimum construction lease duration period is 40 years.	Implement, but with minimum construction lease period of 30 years.
10	<b>Licensed activities:</b> extend the self-supply exclusions to supply arrangements and for cross licensed activities.	Implement unchanged.

Proposal		Government decision
11	<b>Revision of emission factors for self-supplied electricity:</b> revise the emission factor for self-supplied electricity i.e. electricity generated and supplied within an undertaking/public body level.	Implement unchanged.
12	<b>Reduce the number of fuels:</b> reduce the number of fuels covered by the scheme to four – electricity, gas, gas-oil (diesel) and kerosene (the latter two only when used for heating purposes). Also, treat the input fuels for CHP as out of CRC scope, as it will support CHP as an energy efficient process that captures and utilises the heat that is a by-product of the electricity generation process.	Implement, but reduce number of fuels to two – electricity and gas (the latter only when used for heating purposes).
13	<b>Aligning the emission factors:</b> align the emission factors with those used for greenhouse gas reporting purposes which are updated annually (using the GHG emission factors published in the summer of each compliance year).	Implement unchanged.
14	<b>90% applicable percentage:</b> remove the 90% rule and associated compliance activities. In addition, adopt a de minimis on an organisation-based consumption threshold, requiring only those organisations whose consumption of gas for heating only is equal to, or more than, the de minimis percentage of their overall electricity consumption in the first reporting year of a phase, to report on and buy allowances for gas emissions for the rest of the phase.	Implement with a 2% de minimis.
15	<b>Extension of annual energy statements obligation:</b> extend obligation on energy suppliers to provide annual energy statements to suppliers of gas-oil and kerosene.	Not applicable following decision to reduce the number of fuels to two.
16	<b>Energy suppliers' statements:</b> allow energy suppliers to provide an annual statement using 12 months of billed supply that might not match the CRC compliance year exactly but is within 30 calendar days of the compliance year.	Implement, but within 31, not 30, calendar days of the compliance year.
17	<b>EU ETS Installations and CCA Facilities:</b> disapply the CRC supply rules to EU ETS installations and CCA Facilities and remove the three CCA exemptions.	Implement unchanged.



Proposal	Government decision
<b>18 Electricity Generating Credits (EGCs):</b> remove EGCs from the scheme, thereby removing the complexity associated with EGC liability. (Due to bringing forward the reduction in fuels, Government will restrict the circumstances in which EGCs can be used for the remainder of Phase 1).	Implement unchanged.
<b>19 Increasing the flexibility for disaggregation:</b> extend disaggregation provision to allow any undertaking within the group to disaggregate for separate participation and remove the requirement for disaggregating entities to meet the minimum threshold and for the remainder of the group to exceed the qualification threshold.	Implement unchanged.
<b>20 Mutual consent to disaggregation:</b> mutual consent required for disaggregation.	Implement unchanged.
<b>21 Disaggregation during the first year of a phase:</b> increase flexibility for disaggregation so that it can be requested at any point during the first year of a phase and an application made by the last working day of April of the following compliance year.	Implement unchanged.
<b>22 Introducing annual disaggregation:</b> allow participants to disaggregate subsidiaries at any point during a compliance year.	Implement unchanged.
<b>23 Disaggregation of Academies:</b> review the treatment of Academies within CRC to help incentivise energy reduction, maintain emissions coverage and minimise the level of administrative burden associated with their participation.	Government will withdraw all state funded schools in England from CRC participation.
<b>24 Re-define and re-name SGUs:</b> replace concept of Significant Group Undertakings with that of Participant Equivalents, which will cover large single undertakings only.	Implement unchanged.
<b>25 Requirement to report on Participant Equivalents at registration and in annual reports:</b> require CRC participants to report on Participant Equivalents at registration and in annual reports.	Implement unchanged.

Proposal		Government decision
26	<b>When a Participant Equivalent leaves a CRC participant and joins another CRC participant, this is a designated change:</b> require new owners to report on the emissions of the Participant Equivalent for the whole year and buy allowances for the Participant Equivalent for the whole year in which the change occurs.	Implement unchanged.
27	<b>When a Participant Equivalent joins a non-CRC participant or becomes a standalone entity, this is a designated change:</b> require Participant Equivalent to register with the administrator and carry on as a CRC participant in its own right.	Implement unchanged.
28	<b>When a CRC participant joins a non-CRC participant, this is a designated change:</b> make it optional, not mandatory, for the non-CRC participant that acquires the CRC participant to register.	Implement unchanged.
29	<b>Review of liabilities for designated changes:</b> non-CRC participants will not be jointly and severally liable with the CRC participant or Participant Equivalent that joins their group if they do not register on their behalf during a phase.	Implement unchanged.
30	<b>Maintain rules that deal with responsibility for emissions following a designated change:</b> maintain current rules whereby, when a designated change occurs, the new owner will be responsible for emissions for the whole year in which the change occurs.	Implement unchanged.
31	<b>Reduce reporting burdens related to organisational changes occurring post-qualification:</b> reduce reporting burdens on participants to account for changes occurring in the post-qualification period (i.e. the period between qualification and registration) so that the information requested on organisations in the qualification year is not duplicated.	Implement unchanged.
32	<b>Notification and registration timing:</b> extend the registration window for designated changes.	Implement unchanged.

Proposal		Government decision
33	<b>Treatment of trusts:</b> introduce a set of rules to determine where CRC responsibility should lie in relation to the treatment of trusts that hold real property assets.	Implement, but with aggregation with trustee or operator for qualification.
34	<b>Simplifying the allowance sale in the introductory phase:</b> continue with retrospective sales for the remainder of the introductory phase.	Implement unchanged.
35	<b>Phase two and beyond: moving away from a cap:</b> remove the cap and auctioning requirements from the scheme.	Implement unchanged.
36	<b>Fixed price sales:</b> introduce two fixed price allowance sales for the second phase, one forecast sale at the beginning of the year, and one buy-to-comply sale after the end of the reporting year. The forecast sale price would be lower than the price at the buy-to-comply sale so that participants have an incentive to forecast.	Implement unchanged.
37	<b>Removing the safety valve:</b> remove the safety valve mechanism, given that the buy-to-comply sale at the end of the year would effectively impose a maximum price that participants would have to pay to cover their CRC liabilities.	Implement unchanged.
38	<b>Banking:</b> allow banking between years within a phase (but not between phases).	Implement unchanged.
39	<b>Surrender deadline:</b> amend the date for the surrender of allowances from the end of July to the end of September.	Implement but extend to end of October.
40	<b>Removing the requirement for a Phase 2 annual report in 2013-14:</b> remove the requirement to submit an annual report in respect of the 2013-14 emissions for the second phase (where the participant is already in the first phase).	Implement unchanged.
41	<b>Reducing burdens associated with data retention:</b> reduce the burden associated with record retention so that records are only required to be kept for six years after the end of the scheme year in question.	Implement unchanged.
42	<b>Voluntary reporting of geographical emission data:</b> allow participants to volunteer a breakdown of their supply data into a percentage split of energy used on the basis of country.	Implement unchanged.

Proposal		Government decision
43	<b>Performance League Table:</b> remove the detailed rules from the legislation and put them into statutory guidance in order to allow changes to be made to the CRC scheme's reputational driver much more easily in future.	Abolition of the Performance League Table but the EA will publish the aggregated participants' energy use and emissions data.
44	<b>Fees and charges:</b> administrators to review the charge levels to ensure the charges reflect future compliance activities (no question on this proposal).	Implement unchanged.
45	<b>Appeals:</b> use the General Regulatory Chamber of the First-tier Tribunal to hear any CRC Energy Efficiency Scheme Appeals for England and Wales. Scottish Ministers will continue to hear CRC appeals for Scotland. In Northern Ireland appeals will be heard by the independent Planning Appeals Commission (PAC).	Implement unchanged.
46	<b>Scheme Guidance:</b> review and consolidate guidance for both the introductory phase and future phases (no question on this proposal).	Implement unchanged.
n/a	<b>Technical amendments:</b> amend and update references and technical errors.	Implement unchanged.
n/a	<b>Delivery timetable:</b> Government intends to introduce the majority of proposals at the start of the Phase 2. However Government intends to bring forward the implementation of some proposals from 1st June <sup>7</sup> 2013 (i.e. the last two years of the introductory phase 2012/13 – 2013/14). These proposals include: <ul style="list-style-type: none"> <li>• The reduction in fuels from 29 to 2 (only emissions generated from the consumption of electricity and gas);</li> <li>• That gas only needs to be reported (and allowances purchased) when this fuel is used “for heating purposes”; and</li> <li>• That an organisation-wide 2% de minimis threshold for gas (for heating) is introduced. So if from 2012-2013 a participant's gas consumption is below 2% of its electricity consumption, then that participant will not have to report on gas for the last two years of Phase 1 or purchase allowances.</li> <li>• The restriction of the circumstances in which EGCs can be used.</li> <li>• Extension of the CRC allowance surrender date.</li> <li>• The removal of the detailed rules of the performance league table from the legislation, put instead into statutory guidance.</li> </ul>	

<sup>7</sup> Updated from original publication.

# Proposed amendments

## 1.1 Qualification

**Proposal 1: Qualification criteria.**

**Proposal 2: Qualification threshold.**

Consultation Question	
1.	<b>Do you agree with the proposal to restrict qualification to supplies through settled half hourly meters only?</b>

### Summary of responses and Government response

16. The proposal to simplify the CRC qualification on supplies through settled half-hourly meters<sup>8</sup> only from Phase 2 onwards and to maintain the current 6,000MWh threshold received overwhelming support (90%). Respondents agreed that the replacement of the current qualification rules with a simpler one-step process, focussed on settled half hourly electricity meters, would provide greater clarity, remove complexities and save time. As such, it was acknowledged that it would reduce the administrative burden of the CRC scheme for participants. In light of the GB-wide proposal for advanced or Smart Meters to be settled on a half-hourly basis from 2014 onwards, it was also recognised this would not have implications for the scope of Phase 2 qualification (2012/13 financial year). This is because supplies through such meters would not contribute to CRC qualifying supplies for Phase 2 and in turn would remove the short-term disincentive of some organisations delaying the upgrade of their profile class 05-08 meters to advanced or Smart meters. The Government does however acknowledge that the combination of the advanced meter rollout and subsequent move to half hourly settlement could mean an increase in qualifying supplies to future phases of the scheme (i.e. Phase 3 onwards).

17. Some raised concerns that restricting qualification to settled half hourly meters could mean that large organisations without many settled half hourly meters would avoid CRC eligibility. This could run counter to the central purpose of the CRC to drive energy efficiency. It was suggested that a more meaningful criterion to determine eligibility would be total electricity consumption or expenditure, irrespective of meter type.

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<sup>8</sup> Qualifying meters for Northern Ireland are those devices where the supply of electricity is charged for as measured by the device with the exception of meters that measure supplies to domestic accommodation.

18. Government recognises these concerns but the proposed approach to CRC qualification was welcomed by the overwhelming majority of stakeholders as a clear simplification measure with a reduction in the administrative burden. It addresses the current confusion between settled and total half hourly meters as well as facilitating the administrators' checking of registration data through cross referencing with supplier data. Government is not persuaded that qualification should be based on total energy supply, on account of the increased administrative burden. Nor is Government convinced by arguments it should be based on total energy expenditure, on account of the influence of energy prices and procurement strategies/hedging arrangements.
19. The retention of the current 6,000MWh threshold, alongside other simplifications, would broadly maintain emissions coverage at the current levels and see the number of qualifying organisations reduced by around 1000 (but with some new organisations captured resulting in an overall 3% reduction in coverage). Government is of the view that this is a desirable outcome. It would result in the removal of administrative requirements on a sizable number of participants whilst broadly maintaining the energy benefits and emissions coverage of the scheme.
20. Government has decided to implement the proposal to restrict qualification to supplies through settled half hourly meters only unchanged, and to retain the 6,000MWh threshold.

### **Proposal 3: Automatic population**

Consultation Question	
2.	<b>Do you agree with the proposal for automatic population?</b>

### **Summary of responses and Government response**

21. The proposal to introduce a mechanism to the CRC scheme by which the registry can be automatically populated was supported by 97% of respondents as a helpful step in streamlining the registration process and reducing administrative costs. It should make the process easier and save participants from having to unnecessarily supply details which remain unchanged from those provided in the previous phase's registration. Government acknowledges that new entrants and disaggregated entities will be required to undertake the full version of registration. All participants will still be required to confirm their details are correct where they were automatically populated.
22. Government intends to implement this proposal unchanged.

## 1.2 Supply Rules

23. The consultation document set out a number of proposals which would simplify the supply rules whilst ensuring that CRC responsibility for energy supplies resides with the party most able to improve energy efficiency.

### Proposal 4: Supply at the direction of another party

Consultation Question	
3.	Do you agree with the proposal to clarify the treatment of supplies at the direction of another party?

### Summary of responses and Government response

24. Under the CRC, there are a number of criteria which organisations have to consider when determining responsibility for energy supplies. A strong majority of respondents (77%) welcomed the proposal to tighten the CRC supply rules and provide additional clarity in their application. Many respondents also highlighted the complexities where participants have struggled (and may continue to do so) to understand their CRC responsibility. That said, they agreed with the amendment to the supply rule definition to give CRC responsibility to the organisation (“Party A”) with direct control for fuel it receives, or supplies made at its direction. They also agreed the amendment would provide additional clarity on supply liability for complex purchasing arrangements, especially those involving third party scenarios. Those in favour also noted that “Party A”, with direct control for fuel it receives, or supplies made at its direction, may still be able to claim unconsumed supply subject to its circumstances (see response to question 7).
25. Some respondents did not agree that the proposal clarified the treatment of supplies at the direction of another party. They were concerned that the change did not take into account the full complexity and range of purchasing arrangements in use in the UK. These respondents were not convinced the proposal would result in any major cost savings or a reduction in the administrative burden. However, no evidence was provided to support this position. Government therefore retains the view that the proposal will provide useful clarity of policy intent and represents a real simplification.
26. On balance, most respondents concluded that it was right that “Party A” should be responsible for the supplies it receives, or supplies made at its direction. The proposal will be implemented unchanged.



## Proposal 5: Payment requirement

### Consultation Question

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| 4. | <b>Do you agree with the proposal to remove the payment criterion from the supply criteria?</b> |
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### Summary of responses and Government response

27. There was strong support (84%) for this proposal as a welcome simplification. It is more logical for the responsibility to be with the contract holder rather than the party which makes the payment. Respondents understand that the current criteria requiring the transfer of payment in order to establish a supply relationship can lead to unintended emissions loss under some complex contractual arrangements. By avoiding this emissions loss, the proposed change will provide an incentive for organisations to improve their energy efficiency. Respondents also acknowledged that this change would not fundamentally increase the scope of the scheme as this will be mitigated by the revision of the number of fuels covered (see response to question 11).
28. Some respondents argued that its removal would add unnecessary complexity to one of the simpler elements of the current scheme. Concern was expressed by third party energy contractors that this change (together with the treatment of supplies at the direction of another party and the rule on unconsumed supply) would put them at a competitive disadvantage by having to pass on CRC emission costs (compared to other energy contractors who do not participate in the CRC). This concern appears to arise where a site with a Combined Heat and Power (CHP) process is owned by a customer of an energy contractor but managed on the customer's behalf by the energy contractor. In these circumstances it is important to consider the restricted circumstances where unconsumed supply can be claimed (see response to Question 7), the limited circumstances under the landlord and tenant relationship in which unconsumed supply can be claimed by the landlord (see response to Question 8) and how input fuels into a CHP process will be treated within a simplified CRC (see response to Question 12). Taking all into account, the Government believes these amendments provide clarity around the rules so that "Party A" will be responsible in the CRC for reporting energy it receives from an energy contractor and will only be able to claim unconsumed supply when "Party A" exports some of it to the grid or a third party. The Government therefore does not believe these changes will result in market distortion or impact on competition.
29. Government agrees with the majority view that the removal of the payment criterion from the supply criteria is a helpful simplification and will support one of the main drivers of the CRC to improve energy efficiency and behavioural change



by clarifying who is responsible for the supply relationship. The proposal would also avoid contracts being structured in order to create loopholes to avoid participating in the CRC.

30. Government intends to implement this proposal unchanged.

#### **Proposal 6: Unmetered supplies**

##### **Consultation Question**

<b>5.</b>	<b>Do you agree with the proposal, and associated definitions, to expand the scope of unmetered supplies captured by the CRC?</b>
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#### **Summary of responses and Government response**

31. The majority of respondents (77%) agreed with the proposal to expand the scope of unmetered electricity supplies captured by the CRC to include unmetered supplies provided on both a passive pseudo half hourly basis and pseudo non half hourly basis. It was acknowledged that the current supply criteria had resulted in a discrepancy in the treatment of unmetered supplies used for street lighting. Supplies provided on a dynamic pseudo half hourly basis would be within scope of the scheme and contribute towards CRC qualification whilst unmetered supplies provided on a passive pseudo half hourly basis or pseudo non half hourly basis would be outside scope of the scheme. This in turn had resulted in the unintended consequence of a disincentive for organisations to upgrade unmetered supplies to a dynamic basis or as an incentive for organisations (mostly local authorities) to downgrade their dynamic to passive status to reduce their CRC exposure.
32. Those in support (including a number of local authorities) believe it was reasonable to remove this distinction between the various types of unmetered electricity supply. Upgrading to a dynamic basis would provide the benefit of improved energy data monitoring through more advanced measurement technologies helping organisations to manage energy use, improve energy efficiency and inform future investments. Those opposing argued it would add significantly to overall liability in the purchase of allowances and extending the scope of unmetered supplies would increase the administrative cost of reporting. It was therefore suggested that all street lighting should be excluded from the CRC scheme.
33. Government is of the view that the benefits of this change outweigh the disadvantages and believes that the balance of evidence shows that the proposal would not increase the administrative cost. All types of unmetered supplies are monitored and measured, so bringing these supplies into the scope of CRC is

unlikely to increase the administrative burden for participants. Government intends to implement this proposal unchanged.

## Proposal 7: Profile classes

### Consultation Question

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| 6. | <b>Do you agree with the proposal to exclude domestic electricity and gas supplies from the scope of the scheme on the basis of their supplying meters?</b> |
|----|---|

### Summary of responses and Government response

34. There was overwhelming support (89%) for the proposal to exclude domestic electricity (meters of profile classes 01 & 02<sup>9</sup>) from the scheme and for a similar meter-based exclusion for domestic gas supplies which have an annual quantity of 73,200kWh or less. Respondents agreed the exclusions would significantly simplify how organisations identify and exclude supplies used for domestic accommodation without having significant implications for emissions coverage – as most of the emissions would already have been removed under the domestic accommodation exclusion. Respondents suggested that a large number of small supply points would be excluded and would result in a reduction of the administration burden.
35. Those opposing were concerned about the potential emissions lost. There was also a difference in view as to whether the reduction in the administrative burden would be significant or not. However, Government believes that the proposal will significantly simplify how organisations identify and exclude supplies used for domestic accommodation, without significant emissions coverage implication – as most of the emissions would already have been removed under the domestic accommodation exclusion.
36. One respondent suggested that another way of measuring gas consumption would be to use a meter's Annual Quantity. The Annual Quantity is a way of estimating gas consumption by site or meter based on previous meter readings. Government is not persuaded to use the Annual Quantity approach. It would rely on meter readings and estimates taken by people other than CRC participants (National Grid), which could lead to disputes, as has been seen in the obligation on suppliers to provide energy statements.

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<sup>9</sup> In Northern Ireland equivalent meters are PC1 and PC2 though these do not appear on supplier bills. However, with the definition of qualification metering set out at footnote 3, page 21, the intended effect of excluding domestic supply will be the same.

37. Government intends to implement the proposal for excluding domestic electricity and gas supplies unchanged.

## **Proposal 8: Unconsumed supply**

### **Consultation Question**

<b>7.</b>	<b>Do you agree with the proposal to restrict the circumstances where unconsumed supply can be claimed?</b>
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### **Summary of responses and Government response**

38. The proposal to restrict the circumstances where unconsumed supply can be claimed to those where the immediate downstream relationship meets all aspects of the supply definition, including the metering provision, was supported by 80% of respondents as a welcome simplification. Currently, with the exception of energy supplies via a landlord, the scheme rules allow participants to claim an energy supply is “unconsumed”, and therefore not their responsibility under CRC, where it is procured on behalf of another party – irrespective of the downstream supply arrangements.
39. Those in support agreed with the rationale of the proposal to restrict the circumstances where unconsumed supply can be claimed and that it would lead to a reduction in the administrative burden. It would provide helpful clarity around the treatment of unconsumed supply, mitigate the risk of emissions loss from the scheme, clarify CRC responsibilities and reduce complexity associated with energy supplied to third parties. Those opposing argued that the opposite was the case, suggesting that the proposal would add complexity, be difficult to understand and would be time-consuming to implement.
40. There was concern (both from those in support and those opposing) that the policy remains difficult to understand and it was questioned whether the proposals go far enough in providing clarity in more complex energy supply arrangements. It will therefore be important that the revised guidance is as clear as possible in addressing all the different scenarios that may arise.
41. On balance, Government is of the view that it is right to limit the circumstances for claiming unconsumed supply for the reasons explained above. Government therefore intends to implement the proposal unchanged. Government understands the importance of providing clear guidance for participants on how this proposal will be operated within the CRC scheme.

## Proposal 9: Landlord definition

### Consultation Question

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| <b>8.</b> | <p><b>a) Do you agree with the proposal to disapply the landlord/tenant rule in respect of ground lease arrangements?</b></p> <p><b>b) Do you agree that 40 years is an appropriate lease duration for this proposal?</b></p> <p><b>c) Government welcomes stakeholder representation on the potential impact of this proposal on the scheme's emissions coverage.</b></p> |
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### Summary of responses and Government response

42. The proposal to disapply the landlord/tenant rule in respect of construction lease arrangements was supported by 91% of respondents.
43. The main issue for the minority of respondents opposing this approach was that a more radical change should be made to the landlord-tenant rules so responsibility is placed on the tenant, who is responsible for actual payment of the bills and energy use onsite. This was also a key issue for respondents who supported the proposal but felt that it should go further. Some suggested that the issue of the landlord-tenant relationship has been simplistically portrayed and, whilst it may work in an office block context where energy is only used for space heating and lighting, it does not work in certain other arrangements such as ports.
44. Government understands these points, but is still of the view that the current approach, which places the CRC obligation on the party with responsibility for the energy contract, is aligned with the party most able to influence energy consumption (normally the landlords) rather than the party responsible for using the energy (generally the tenants/licensees). This is supported by a study by the Carbon Trust (2009 report<sup>10</sup>) which revealed that landlords have the ability to implement measures that could bring about 80% of available emissions reductions. Government is unconvinced that landlords such as ports and similar have no control over their tenants' carbon emissions.
45. There are examples of landlords who are now developing innovative and, we expect, effective ways for costs and benefits to be shared such that they further incentivise energy efficiency. Government would encourage trade and industry bodies to continue to develop their own guidance and approach on this issue.
46. Government intends to implement the proposal unchanged.

<sup>10</sup> <http://www.carbontrust.co.uk/publications/publicationdetail.aspx?id=CTC766>

47. With regard to question 8b, there was agreement amongst respondents that a long-term lease arrangement would put the responsibility for energy-efficiency on the tenant rather than the landlord and 71% agreed that 40 years is an appropriate lease duration. However, those opposing argued for a shorter period (of between 15-30 years) and a significant number of those who agreed with the 40 year lease duration added that perhaps a more appropriate and usual commercial lease period would be between 20-30 years. The key arguments are that many commercial lease arrangements are for shorter periods and the financial incentive for energy efficiency improvements would have a payback time less than 40 years.

48. The argument on lease duration is finely balanced. Government intends to implement this proposal, but the minimum construction lease duration period will be reduced from 40 years to 30 years. Therefore CRC responsibility would be transferred from the 'landlord' to the 'tenant' in such scenarios where:

- there is the presence of a long-term lease (30 years plus); and
- the tenant agrees to construct, and where so required remove, any buildings; and
- the tenant agrees to be responsible for installation of any gas, electricity and water services.

49. The majority of respondents to question 8c indicated that the proposal would have little effect on their company but that they generally supported the measure. Some respondents reiterated the points addressed above calling for responsibility for energy usage within the CRC to be placed on the tenant.

## **Proposal 10: Licensed activities**

### **Consultation Question**

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| 9. | <p><b>a) Do you agree with the proposal to extend the self-supply exclusions to supply arrangements and for cross licensed activities?</b></p> <p><b>b) Government welcomes stakeholder representation on the potential impact of this proposal on their qualification status for the scheme and resultant emissions coverage impacts.</b></p> |
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## Summary of responses and Government response

50. 87% of respondents agreed with the proposal to extend the self-supply exclusions to supply arrangements from third parties for licensed activities and for cross licensed activities (electricity used for the generation, transmission or distribution of gas, and for gas used for the generation, transmission or distribution of electricity). Key concerns raised by those opposed were that this measure may reduce coverage of the scheme and some felt that all electricity consumption above the relevant qualification threshold should be accounted for even where used for distribution of other energy.
51. The intention of the CRC has always been to exclude electricity and gas used for the direct purposes of licensed activities. This proposal rectifies the anomaly under which, if a company contained both supply and distribution businesses, such uses would be excluded, but they would not for an independent distribution business. Although it has not been possible to estimate the qualification and emissions impacts associated with this proposal, the Government believes it could slightly reduce CRC participation for some firms at the margin of the qualifying threshold and the impact on emissions is considered to be negligible.
52. Government therefore intends to implement this proposal unchanged.

## Proposal 11: Revision of emission factor for self-supplied electricity.

Consultation Question	
10.	Do you agree with the proposal to revise the emission factor used for self-supplied electricity?

## Summary of responses and Government response

53. There was strong support for this proposal with 83% of respondents supporting a revision to the emission factor for self-supplied electricity (i.e. electricity generated and supplied within their undertaking/public body level). This revision would recognise the efficiency benefits of on-site electricity generation relative to a grid solution by removing the transmission loss aspect of the emissions factor for self-supplied electricity.
54. There were a number of respondents who disagreed with this proposal, with many citing that the proposal does not go far enough and the CRC should recognise the carbon impact of the generation method. They suggested that CRC should incentivise renewable energy generation by removing it completely from

the scheme. This would also bring it into line with Government guidance on greenhouse gas reporting.

55. Government wishes to keep the energy efficiency focus of the CRC Scheme but recognises the importance of incentivising the growth of renewable generation, particularly distributed generation. Government will therefore consider how the CRC can incentivise the uptake of onsite renewable self-supplied electricity.
56. A number of respondents were concerned that the proposal would add complexity as it would introduce different emission factors for electricity depending on whether it was self supplied or not. Government acknowledges this point but believes that, on balance, the proposal should not cause significant additional complexity and will recognise the efficiency benefits of on-site generation and encourage future investment.
57. Government therefore intends to implement this proposal and will update the emission factor for self supplied electricity annually in line with Government guidance on greenhouse gas reporting. For example the latest grid rolling average factor for electricity generated (2010 figure) is 0.47916kg CO<sub>2</sub> per kWh.

#### **Proposal 12: Reduce the number of fuels**

Consultation Question	
11.	<p>a) Do you agree with the proposal to reduce the number of fuels covered by the scheme?</p> <p>b) Do you agree with the proposed method of defining gas oil and kerosene?</p> <p>c) Do you agree with the proposed treatment of gas supplies?</p>

#### **Summary of responses and Government response**

58. Currently participants are required to report their energy supplies from a list of 29 fuels. Among the responses there were strong views that there is a disproportionate administrative burden in measuring and reporting usage on a wide range of fuels, which account for few of the emissions covered by the scheme. There was therefore strong support (90%) for the proposal to reduce the number of fuels from 29 to four (i.e. electricity, gas, gas oil and kerosene, the latter two for heating purposes only) and such a reduction would result in a significant reduction in administrative costs. There was equally strong support for the proposed method of defining gas oil and kerosene and the treatment of gas.

59. Respondents agreed that the risk of participants switching fuels (to gas oil and kerosene for heating only) is outweighed by the benefits of reduced administration. However, for maximum simplification a number of those in support (and those opposing) suggested that the number of fuels should be reduced to two (electricity and gas). The arguments are that gas oil and kerosene make up a small (less than 1%) proportion of most participants' overall supply and it will reduce the administrative costs..
60. The inclusion of gas oil and kerosene in a simplified CRC was in response to earlier stakeholder feedback around avoiding unequal treatment for heating supplies in areas with a limited gas infrastructure, such as rural areas and Northern Ireland. It was not our intention that participants using very little gas oil and kerosene should incur disproportionately high administrative costs in reporting what proportion of gas oil and kerosene is used for heating purposes.
61. Government has given careful consideration to the proposal to focus on electricity and gas only, given that 93% of CRC emissions result from core electricity and gas supplies. The Final IA explains that information from the Annual Reports of participants indicates that in the first year of the scheme (2011-12), gas oil and kerosene consumption amounted to 1.7MtCO<sub>2</sub> or around 2.8% of overall scheme's coverage. A loss of coverage will result in some loss of the scheme's energy efficiency benefits. On reporting gas that is used for heating generation only, this modification will not significantly reduce the CRC's emissions coverage, as the overwhelming majority of gas consumption is used for heating purposes.
62. Taking all this into account, Government has concluded that the loss of emissions coverage as a result of reducing to two fuels is justified as it further reduces administrative complexity. Government has therefore decided to reduce the number of fuels covered by the scheme to two - electricity and gas, with the latter only when used for heating purposes.
63. To avoid increasing the administrative costs on gas reporting, it is also proposed to introduce an assumption that all gas used is for heating purposes, unless a participant wishes to demonstrate that a proportion is not for heating purposes. In adopting this approach, CRC participants have expressed concern about the difficulty of accurately measuring the proportion of fuel used for heating purposes without making an estimation. They have sought clarification about how the CRC's scheme rules will be applied by the administrator which require an estimation adjustment (10% uplift and purchase of allowances) to be applied when a participant estimates fuel consumption instead of using actual meter readings. The Government notes this concern and revised compliance guidance



on estimation adjustment and how it will be applied to this proposal will be published by the administrator of the simplified CRC scheme in due course.

64. In addition, (as explained in response to question 14 (b) below) Government has decided to introduce a de-minimis threshold for gas which it believes will further simplify the administrative requirements of the scheme on participants. Government is not proposing a de minimis for electricity as the scheme already includes an electricity threshold in the form of the 6000MWh qualifying level.

#### Consultation Question

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| <b>12.</b> | <p><b>a) Do you agree with the proposal to restrict the scope of gas oil and kerosene where used for heating purposes?</b></p> <p><b>b) Do you agree with the proposed definition of heating purposes?</b></p> <p><b>c) Do you agree with the proposed treatment of CHP?</b></p> |
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#### Summary of responses and Government response

65. In light of the above response to question 11 on the number of fuels, proposals in 12a and 12b are no longer being considered as part of the simplification of the CRC scheme.

66. The consultation document put forward two options for the treatment of input fuels into Combined Heat and Power plants (CHP). These options are to treat input fuels to CHP plants as being primarily used for electricity generating purposes and therefore out of scope of the CRC, or to apply a standard assumption as to the amount of input fuel that a CHP plant uses to generate heat and require this to be reported and allowances brought. Respondents expressed strong support (85%) for Government's preferred approach to treat CHP as out of the scope of CRC. There was very little support to applying a standard assumption for reporting CHP heat generation.

67. Respondents in support believe it is fair and balanced that input fuels are exempt and the resulting self-supplied electricity is within scope of the CRC. CHP should be primarily considered as a power generating process, with heat generation as a secondary benefit. Removing the input fuels would bring the treatment of these supplies in line with the treatment of other supplies used for generation purposes. It will also incentivise CHP technology (i.e. encouraging heat recovery instead of wasting it, leading to higher carbon savings). It is acknowledged that the proposed simplification would exempt CHP units from paying allowances in respect of the majority of energy used to generate heat, but some CRC liability

will be retained by maintaining the reporting requirement on the resultant self-supplied electricity and deleting the Electricity Generating Credit (EGC) for all generational activities (see response to question 18). However, some respondents believed that the removal of EGCs against the output energy will increase the carbon emissions reportable under CRC because participants will be required to purchase allowances against a fuel with a higher carbon factor (i.e. output of self-supplied electricity) than previously (i.e. input gas).

68. Respondents who opposed the proposal argued that input fuels to CHP plants are generally metered and would be less time consuming to report compared to getting information relating to output self-supplied electricity. They also suggested that complexity around reporting emissions would add to administrative burden, and that the removal of EGCs may create new complications/costs for CRC participants with CHP plants.
69. CHP plants are a difficult case but, on balance, Government believes that treating the input fuels for CHP as out of CRC scope is the right one for the reasons set out above and that there will be administrative savings associated with not having to report input fuels. In line with the purpose of the CRC, the proposed simplification will support CHP as a highly energy efficient process that captures and utilises the heat that is a by-product of the electricity generation process. Government is persuaded that to apply a standard assumption as to the amount of fuel that a CHP plant uses to generate heat, and to require that this is reported, will undermine the incentive to drive heat recovery and efficiency.
70. Government will therefore treat input fuels to CHP plants as being primarily used for electricity generating purposes and out of scope of the CRC. Government will not apply a standard assumption for heat.

### **Proposal 13: Aligning the emission factors**

Consultation Question	
13.	<p>a) Do you agree with the proposal to align the CRC emission factors and adopt those used for greenhouse gas reporting purposes which are updated annually?</p> <p>b) Do you agree with our proposal that the CRC emission factors should be aligned with those that are published in each compliance year?</p>

### **Summary of responses and Government response**

71. There was a high level of support (85%) for the proposal to align the emission factors with those used for greenhouse gas reporting purposes, which are updated annually. The majority of respondents (81%) also supported using the emission factors that were published in each compliance year. Respondents

supported Government's reasoning that this would create greater alignment and consistency between the CRC and greenhouse gas reporting. This proposal would mean, for example for the compliance year 2014/15, that the compliance year would start in April 2014 with a forecasting sale; greenhouse gas emission factors would be published in summer 2014; these emission factors would be used as the basis for the data returns in the annual reports submitted in July 2015; and the allowances bought for emissions for 2014/15 in the buy to comply sale at the end of the compliance year. As under the current scheme, the emission factors would be automatically applied to electricity and gas supplies through the Environment Agency reporting system.

72. Respondents who opposed this proposal felt that it would add additional complexity if the emission factors changed annually, particularly around their ability to forecast emission requirements for the first sale of allowances in a compliance year. They also commented that annual emission factors would make it difficult to budget. Government acknowledges these points but does not consider that the emission factors will change significantly from year to year and lead to significant complexity in forecasting. Participants would also have the option to bank allowances between compliance years and buy some of their allowances in the end of year sale. Government believes that, on balance, the concerns around forecasting will be outweighed by the benefit to participants of aligning the emissions with those of greenhouse gas reporting. This position was supported by the majority of respondents.

73. Government therefore intends to implement this proposal to align the CRC emission factors with those used for greenhouse gas reporting. CRC will use the greenhouse gas emission factors that are published in the summer of each CRC compliance year.

#### **Proposal 14: Removing the 90% applicable percentage**

<b>Consultation Question</b>	
<b>14.</b>	<p><b>a) Do you agree with the proposal to remove the 90% rule and the associated compliance activities (footprint report, residual measurement list, core/residual distinction)?</b></p> <p><b>b) Would you support the proposal to require reporting on 100% of gas oil and kerosene used for heating purposes? If not, and you would prefer a de minimis approach, please explain your reasoning. If you prefer a de minimis, at what level do you feel it should be set? Would you support a de minimis also being applied to gas consumption?</b></p>

## **Summary of responses and Government response**

74. There was strong support (70%) for this proposal to remove the 90% rule and the associated compliance activities. Respondents supported the removal of the requirement to prove that at least 90% of their emissions are regulated under the EU ETS, CCA and CRC. Respondents acknowledged that the confusion around the reporting of core and residual sources would be a significant simplification, both in terms of reduced complexity and associated reduction in administrative burden.
75. However, whilst the exclusion of domestic electricity and gas supplies is welcome, the argument was made that a move from 90% to 100% reporting (of 4 or 2 fuels) should be accompanied by a suitable de-minimis threshold. Without it, 100% reporting of fuels could result in an increased administrative burden with little benefit in the management of emissions data within the CRC. There was also concern that 100% reporting would increase the CRC scheme's overall liability for carbon allowances.
76. Government welcomes the support for removing the burdens associated with the 90% rule and notes the concerns about the move from 90% to 100% reporting of fuels. As a stand-alone measure, Government is of the view that the move to 100% reporting of 2 fuels will overall simplify the administrative requirements on participants. However, as explained in the response to questions 11, 12(a) and 14(b) Government has decided to implement a number of measures to address concerns of participants around the administrative burden and to provide additional clarity on how a simplified CRC would operate.
77. Government believes that a combination of these measures (i.e. reduction to 2 fuels to electricity and gas, the latter for heating purposes only and a 2% de-minimis on an organisation-based consumption threshold for gas consumption) will be of considerable assistance to participants in addressing concerns about their overall CRC liability and will result in reduced administrative costs.
78. Taking into account Government's responses to questions 7, 11, 12(a) and 14(b), Government has decided to remove the 90% rule and the associated compliance activities.
79. As set out above, gas oil and kerosene are being removed from the CRC, so the proposals on 100% reporting of gas oil and kerosene and a de-minimis approach for these fuels are no longer relevant.

80. A number of respondents suggested the introduction of an organisation-wide de-minimis threshold, so that organisations with low gas consumption do not need to report on their gas consumption. Respondents argued that it would reduce the administrative burden and simplify the administrative requirements. There was no consensus as to what level the de-minimis should be set at, but some respondents proposed a de-minimis between 2% and 5%, with a higher level also suggested. Government acknowledges the benefits of this approach and, alongside the meter-based de-minimis threshold for participants (see response to question 7), believes it will be another helpful simplification measure.

81. Government has decided to adopt a 2% de-minimis on an organisation-based consumption threshold. Government will require those organisations whose consumption of gas for heating only is equal to, or more than 2% of their overall electricity consumption in the first reporting year of a phase, to report on and buy allowances for gas emissions for the rest of the phase. In order to minimise administrative costs, this de-minimis will only be assessed once per phase. This means that for Phase 2, if a participant exceeds the de-minimis in the reporting year 2014/15 then that participant will have to report their gas for the entirety of the second phase. If the participant does not exceed the de-minimis then they will not have to report any gas for the duration of the second phase. This is expected to minimise administrative burdens.

#### **Proposal 15: Extension of annual energy statement obligation**

##### **Consultation Question**

<b>15.</b>	<b>Do you agree with the proposal to extend the annual energy statement obligation to registered suppliers of gas oil and kerosene?</b>
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#### **Summary of responses and Government response**

82. A very large majority (92%) of respondents agreed with the proposal to extend the annual energy statement obligation to registered suppliers of gas oil and kerosene with many commenting that it would make reporting of these fuels much easier. A number of respondents commented on the quality and format of energy statements for gas and electricity with many feeling that they have significant shortcomings. Government is aware of these concerns and has proposed to amend the current obligation to improve the annual energy statements (proposal 16).

83. This proposal is not being taken forward as it is no longer applicable in light of Government's decision to reduce the number of fuels to just two (gas and electricity).

## Proposal 16 - Energy suppliers' statements

### Consultation Question

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| 16. | <b>Do you agree with the proposal to amend the obligation on energy suppliers for Phase 2?</b> |
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### Summary of responses and Government response

84. The majority of respondents (88%) supported Government's proposal to amend the obligation on energy suppliers to provide annual energy statements. The proposal would allow energy suppliers to provide an annual statement using 12 months of billed supply that might not match the CRC compliance year exactly but is within 30 calendar days of the compliance year. This annual statement would be acceptable for CRC purposes and help mitigate the potential mismatch between billing periods and the CRC year and therefore reduce the amount of supplies that are estimated.
85. Those respondents who did not agree with this proposal felt that it could add complexity if the energy suppliers did not provide annual statements that matched the CRC compliance year. There were a number of calls for the proposal to go further and oblige energy suppliers to provide standardised annual statements. There were also concerns that this proposal would not help in the cases where there was a change of supplier mid-compliance year or where bills were quarterly.
86. Government recognises these concerns and has worked closely with energy suppliers and OfGem to discuss how the annual energy statements could be improved for participants. The current obligation on energy suppliers requires them to provide statements which fit with the compliance year and this has led to the problem of estimated supplies and the potential 10% uplift on participants' supplies. Government wants to ensure that the obligation to provide annual energy statements is practical and proportionate to the energy suppliers. Due to the variance between energy suppliers' systems, it would be complex and costly for energy suppliers to provide annual statements in one standardised format. However the guidance associated with the licence conditions that will be published by OfGem in early 2013 provides clearer guidelines on the level of information required in these statements.
87. Government intends to implement this proposal but with a minor amendment to change 30 days to 31 days. However, Government would encourage participants to supplement the annual energy statements with their own meter readings

throughout the compliance year as this can help participants monitor and manage their energy efficiency more effectively.

## **Proposal 17: EU ETS Installations and CCA Facilities**

### **Consultation Question**

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| <b>17.</b> | <p><b>a) Do you agree with the proposal to disapply the CRC's supply rules to CCA facilities and EU ETS installations?</b></p> <p><b>b) Do you agree with the proposal to remove the three CCA exemptions?</b></p> <p><b>c) Do you agree with the IA assessment of the impact of new qualification rules, in particular for those who have CCA exemptions?</b></p> <p><b>d) If you have a general or group exemption, would you expect to qualify after removing your CCA and EU ETS emissions?</b></p> <p><b>e) For those who qualify, how many emissions would you expect to bring back to the scheme as a result of these changes?</b></p> <p><b>f) Government welcomes stakeholder representation on their emissions related to their CCA and EU ETS sites.</b></p> |
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### **Summary of responses and Government response**

88. There was strong support (90%) for the proposal to disapply the CRC supply rules to Climate Change Agreement (CCA) facilities and EU ETS installations. 74% of respondents also supported the proposal to remove all three of the current CCA exemptions under the scheme.

89. Respondents agreed that the existing processes, designed to avoid double regulation as part of the qualification process, had introduced significant complexity on organisations with CCA and EU ETS emissions. It was acknowledged in the responses that the simplification will have benefits for organisations in reducing complexity and administrative burden. To disapply the CRC supply rules would align more closely with the original policy intent of the scheme not to target CCA facilities and EU ETS installations already subject to regulatory regimes that control greenhouse gas emissions. Government acknowledges that participants would be required to accurately define their CCA and EU ETS boundaries to ensure that this simplification operates effectively.



90. A few respondents, while supporting the proposal, suggested that there should be the option of both not counting the energy to the CCA facilities and also retaining the current CCA exemptions. Government believes this would be counter to the desire to simplify the scheme and would not in fact lead to a reduction in the administration burden. In addition, it was acknowledged that proposal 10 (see above on licensed activities) would ensure that other low-carbon power generation sites that are not part of EU ETS, including licensed activities at nuclear and renewable projects, would no longer be subject to CRC requirements and as such all forms of power generation would be treated in a consistent manner.
91. There was a question raised around how we would define CCA-related energy. Government proposes to do this by defining it as energy that is supplied to the eligible facility (the stationary technical unit (STU)) and its directly associated processes which are related to the STU as defined in the CCA agreement.
92. A number of respondents used question 17(a) to argue that it would be better to enlarge the use of CCAs to cover either new sectors or parts of processes which previously CCAs had not covered. Government has stated<sup>11</sup> that requests to extend eligibility to include new processes in the CCA scheme will be considered on an individual basis before commencement of the new CCA scheme in April 2013. However, to qualify, any new sector will have to demonstrate that they are subject to international competition and they are energy intensive. No new sectors will be permitted to enter into new agreements after the new scheme has commenced. CCA eligibility will be reviewed in 2020. Suggestions on changing the coverage of CCAs were not considered to fall within the scope of this consultation but will be considered separately. Any enlargement of a CCA does not in itself guarantee that a participant would be completely removed from the CRC. Further information regarding the new CCA scheme can be found on the DECC website at [Climate Change Agreements](#).
93. Some respondents suggested the simplification proposal went too far, and that CCA and EU ETS sites should not be removed from being counted into the CRC Scheme but should instead be brought fully into it, as they feel that the CRC Scheme is in fact a more effective driver of energy efficiency.
94. Respondents who supported the removal of CCA exemptions highlighted that it would also lead to a rebalancing of the market place. In particular it would level the playing field in markets where competitors included those who did not hold a CCA against those more vertically integrated companies which did hold a CCA.

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<sup>11</sup> <http://www.decc.gov.uk/assets/decc/11/consultation/cca-simplification/4175-cca-cons-gov-response.pdf>



Removal of the three CCA exemptions should therefore reduce the overlap between CCA and the CRC Energy Efficiency Scheme in the fairest way.

95. After considering the arguments, Government intends to implement the proposal to disapply the CRC Energy Efficiency Scheme supply rules to CCA facilities and EU ETS installations and to remove the three CCA exemptions from the scheme. Revised guidance from the scheme administrators will be provided to support participants in the way this proposal should be operated.

96. 84% of respondents to question 17(c) agreed with the IA on the new qualification rules that there would be a reduction in administration costs. Those that disagreed with the IA stated that they thought the figures overstated the benefits on those CRC Energy Efficiency Scheme participants who would drop out of the scheme at the end of the first phase, against those who would move into the second phase without the current CCA exemptions, and that the IA had in fact understated the costs faced by these particular participants.

97. Of those that responded to question 17(d) 78% stated that they believed their organisations would bring emissions back into the CRC Energy Efficiency Scheme after removing their CCA and EU ETS emissions. There was some limited information from respondents on how many participants would be bought back into the scheme as a result of the change. This information has been included in the Final IA.

## **Proposal 18: Electricity Generating Credits (EGCs)**

### **Consultation Question**

<b>18.</b>	<b>Do you agree with the proposal to remove Electricity Generating Credits (EGCs) from the scheme, including the treatment of CHP?</b>
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## **Summary of responses and Government response**

98. The majority of respondents (74%) supported the proposal and agreed that it was reasonable to remove Electricity Generating Credits (EGCs) from the scheme. Respondents who were against the proposal argued it would increase compliance costs, lead to a reduction in the uptake of renewable onsite generation, increase the reliance on electricity supplied from the grid and disproportionately impact on the environmental benefits of recycling and waste management technologies. It was also suggested that a de-minimis threshold should be introduced to reduce the administrative burden of reporting and that there should be a lower electricity factor for renewable generation.

99. Government welcomes the support for the proposal and acknowledges the impact it will have on some participants. However it is not convinced the proposal will undermine its objective of increasing renewable generation. As outlined in the response to proposal 11, Government proposes to revise the emission factors for self supplied electricity to recognise the efficiency benefits of on-site electricity generation relative to a grid solution by removing the transmission loss aspect, and consider how the CRC can incentivise the uptake of onsite renewable self-supplied electricity.
100. Government therefore intends to implement the proposal to remove the complexity associated with EGC liability. The response to the treatment of CHP is covered in response to question 12C.

## 1.3 Organisational rules - Disaggregation

101. In the consultation document Government set out a number of proposals which would provide greater flexibility around disaggregation.

### Proposal 19: Increasing the flexibility for disaggregation

Consultation Question	
19.	Do you agree with the proposal to increase the flexibility to disaggregate undertakings or groups for separate participation in the CRC?

### Summary of responses and Government response

102. The proposal to allow greater flexibility for organisations wishing to disaggregate was supported by the majority of participants (93%). Some respondents felt the resulting administrative savings would not be significant. However, it was broadly recognised that allowing organisations to disaggregate in line with their organisational structures, by removing the requirement for disaggregating entities to meet the minimum threshold and for the remainder of the group to exceed the qualification threshold, was a positive step. It would allow organisations to participate in a way which best suited their business structure and minimised the risk of loss of emissions coverage.
103. Government therefore intends to implement this proposal and change the rules for disaggregation.

## **Proposal 20: Mutual consent to disaggregation**

### **Consultation Question**

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|------------|---|
| <b>20.</b> | <b>Do you agree with the proposed approach to consent for disaggregation?</b> |
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### **Summary of responses and Government response**

104. While a small proportion of respondents (7%) suggested disaggregation should be effected without mutual consent (i.e. where the parent organisation requests it and not requiring the disaggregated entity to also consent), the majority of respondents (93%) supported this proposal. Government therefore intends to implement this proposal as set out in the consultation document.

## **Proposal 21: Disaggregation during the first year of a phase**

### **Consultation Question**

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| <b>21.</b> | <b>Do you agree with the proposed simplification of the registration process?</b> |
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### **Summary of responses and Government response**

105. The proposal to increase flexibility for the timing of disaggregation received overwhelming support from respondents (96%). Broader comments were limited, although a small number of participants again raised concerns that disaggregation could distort the rankings in the Performance League Table. As suggested above, Government considers that the proposals on designated changes (proposals 24-30) which set out clear reporting responsibilities for disaggregated entities, should ensure that the regulator is able to recalculate the baseline for those organisations wishing to disaggregate and to apply this to the Performance League Table. This will minimise the risk that organisations might use disaggregation as a way to improve their rankings in the table. Government therefore intends to implement the proposal to allow organisations to disaggregate at any point during the first year of a phase.

## **Proposal 22: Introducing annual disaggregation**

### **Consultation Question**

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| <b>22.</b> | <b>Do you agree with the proposal to allow undertakings or groups of undertakings to disaggregate on an annual basis?</b> |
|------------|---|

## Summary of responses and Government response

106. The proposal to allow participants to disaggregate subsidiaries at any point during a compliance year, was welcomed by the majority of respondents (93%) as it would allow organisations to participate in the scheme in a way that best reflects their corporate structure. In line with responses to other proposals (19 and 21) to allow for more flexible disaggregation, a small number of respondents expressed concerns around the implications for the Performance League Table. However Government considers any risk will be mitigated by the proposals related to designated changes (24-30). As such, Government intends to implement this proposal.

## Proposal 23: Disaggregation of Academies (England only)

### Consultation Question

23.	<b>Which one of the four proposals for Academies' CRC participation will help to incentivise and achieve energy use reduction. Please explain your reasoning.</b>
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## Summary of responses and Government response

107. The four proposed options on Academies' CRC participation were:

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.
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.
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.
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.

108. The majority of opinion was provided by local authorities (LAs) who felt current CRC arrangements created barriers to energy use reduction due to limited LA influence over schools' behaviour and funding arrangements for the payment of CRC allowance costs.

109. The most supported proposal was Option 4, for both maintained schools and Academies to be transferred into an alternative DfE scheme, with focus on individual schools to take action to reduce their energy use and emission levels
110. There was also support for the other options with those in favour of option one stating that a facility to recoup the cost of Academies CRC allowances would incentivise schools to take action to reduce their energy use and encourage closer co-operation between LAs and Academies to implement energy efficiency strategies. Option 2 would help create competition between Academies to reduce their energy use allowing LAs to concentrate on reducing energy use in maintained schools and Option 3 would address the issue of limited LA influence over Academies behaviour but it was important to ensure that disaggregation was achieved through mutual consent.
111. With the continued growth of Academies and their independence from local government, the CRC is not the best mechanism to achieve energy efficiency across the English schools estate. Government will therefore withdraw all state funded schools in England from CRC participation and implement alternative robust measures that will incentivise and support schools to obtain both energy cost and emission savings.
112. The Devolved Administrations are currently assessing the best option for maximising energy efficiency in their school estates and will determine if continued CRC participation is the best mechanism to achieve this goal.

## 1.4 Organisational rules – Designated Changes

### Proposal 24: Re-define and re-name SGUs

**Proposal 25: Requirement to report on Participant Equivalents' at registration and in annual reports.**

Consultation Question	
24.	<p>a) Do you agree with the proposed definition of Participant Equivalent?</p> <p>b) Can you see any unintended consequences as a result of this definition?</p>

## **Summary of responses and Government response**

113. The proposal to replace the concept of Significant Group Undertakings (SGUs) with Participant Equivalents was supported by the majority of respondents (87%). However, some participants considered that a further simplification could be made if ranking in the Performance League Table was no longer required, as this would, in their view, remove the requirement to consider either SGUs or Participant Equivalents. Government's response to issues raised around the Performance League Table is considered later in this document (under proposal 43) but we note that, even if ranking was no longer required for the Performance League Table, there would likely still be a requirement for organisations to account for Participant Equivalents at registration and in annual reports, in order to prevent a loss of the scheme's emissions coverage resulting from changes in organisational structure.

114. It was suggested that one unintended consequence of the proposal might be that organisations would need to familiarise themselves with the new rules and this might initially undermine some of the administrative cost savings resulting from the proposal. Government recognises the need for organisations to familiarise themselves with the upcoming changes to the scheme but we consider that the benefits this proposal will bring, in terms of reducing the need for participants to collate energy consumption data across complex structures, will ultimately outweigh the resources required in understanding the new concept. As such, Government intends to implement the proposal.

**Proposal 26: When a Participant Equivalent leaves a CRC participant and joins another CRC participant, this is a designated change.**

**Proposal 27: When a Participant Equivalent joins a non-CRC participant or becomes a standalone entity, this is a designated change.**

**Proposal 28: When a CRC participant joins a non CRC participant, this is a designated change.**

**Proposal 29: Review of liabilities for designated changes so they will not be jointly and severally liable with the CRC participant or Participant Equivalent that joins their group.**

**Proposal 30: Maintain rules that deal with responsibility for emissions following a designated change.**

### Consultation Question

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|------------|--|
| <b>25.</b> | <b>a) Do you agree with the proposed simplification of designated changes rules?</b><br><br><b>b) Do you see any unintended consequences with this proposal?</b><br><br><b>c) Do you agree with the approach to the allocation of responsibility for emissions under designated changes?</b> |
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### Summary of responses and Government response

115. The majority of respondents (89%) supported the proposals relating to designated changes, although it was noted by some that the reduction in administrative cost associated with the proposals would be negligible. A small number of respondents also suggested the new owner should be responsible for reporting emissions for only the part of the year in which they acquired the CRC participant or participant equivalent. While Government understands these concerns, on balance, we consider providing the new owner with the option to take on liability for their new acquisition's emissions and, if they choose to do so, making them responsible for that acquisition's emissions for the whole compliance year (data which would have been collated in this way under a previous owner) would be less administratively burdensome than establishing energy consumption up to and from the date at which the designated change occurred. As such, Government intends to implement the proposals.

### Proposal 31: Reduce reporting burdens related to organisational changes occurring post-qualification.

### Consultation Question

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|------------|---|
| <b>26.</b> | <b>a) Do you agree with the proposed simplification of changes dealing with post-qualification changes?</b><br><br><b>b) Do you see any unintended consequences with this proposal?</b> |
|------------|---|

### Summary of responses and Government response

116. The majority of respondents (84%) supported the proposal to reduce reporting burdens on participants to account for changes occurring in the post-qualification period (i.e. the period between qualification and registration). There were mixed views on the extent of any associated administrative cost savings. Government therefore intends to implement the proposal.

## Proposal 32: Notification and registration timing

### Consultation Question

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|-----|---|
| 27. | <b>Do you agree with the proposed simplification on notification and registration timing?</b> |
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### Summary of responses and Government response

117. This proposal received strong support from respondents (94%) to extend the registration window for designated changes, although a small number appreciated the flexibility the proposal would introduce but disputed the administrative savings it might bring. Government therefore intends to implement the proposal.

## 1.5 Organisational rules - Trusts

### Proposal 33: Treatment of trusts

#### Consultation Question

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| 28. | <b>a) Do you agree with the proposal on the treatment of trusts.</b><br><br><b>b) Government welcomes stakeholder representation on the potential impact of this proposal on their organisation's qualification status for the scheme and resultant emission coverage impacts.</b> |
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### Summary of responses and Government response

118. Government proposed a set of rules to determine where CRC responsibility should lie in relation to the treatment of trusts that hold real property assets. The proposal was supported by 93% of respondents as a fairer way of treating trust structures that hold property assets under the scheme. A number of respondents requested clarification on whether private equity funds that were structured as limited partnerships, rather than trusts, would also be treated as separate entities for the purposes of CRC. We did not receive representations to the second part of this question on the potential impact of this proposal on an organisations qualification status and resultant emission coverage impacts.

119. Government has considered the responses to this proposal and had further conversations with stakeholders during the consultation period about the impact of this proposal on an organisations' qualification status and resultant emission



coverage impacts. This has led us to identify that there is a potential risk of avoidance and coverage loss with the proposal as drafted in the consultation document. Government intends to amend the proposal so that for qualification purposes we would require those trusts, that did not have a majority beneficiary, to aggregate with their trustee or operator for qualification purposes (and then could disaggregate). Therefore the CRC rules would be as follows in this hierarchical order:

- For trusts where there is one controlling beneficial owner, these should be grouped with the beneficial owner for qualification purposes and participation.
- For trusts that have engaged an operator to carry out regulated activity, responsibility would rest with the operator for the trust. For qualification purposes, all trusts that the operator is responsible for would be aggregated together but allowed to disaggregate for participation in CRC under the simplified disaggregation rules.
- For all other trusts that do not meet either of the above criteria, CRC responsibility would rest with the trustee. For qualification purposes, all trusts that the trustee is responsible for would be aggregated together but allowed to disaggregate for participation in CRC under the simplified disaggregation rules.

120. The amended proposal allows us to deliver our policy intent by placing responsibility with the person most able to influence the energy efficiency performance of the property assets held in trust whilst not losing coverage. Trusts would be aggregated for qualification but would then be able to use the simplified rules on disaggregation to disaggregate trusts who could then participate as separate entities.

121. Government recognises the concerns of some private equity funds on the complexities around understanding their CRC group, however Government does not intend to amend the rules on private equity funds that are structured as limited partnerships. Government considers, on balance, that CRC responsibility is currently placed with the person who can most effectively improve the energy efficiency of the assets and the aggregation for qualification will ensure coverage will not be lost. The simplified rules on disaggregation will also allow individual private equity funds to disaggregate and participate as separate entities.

122. Government intends to implement this proposal as amended.

## 1.6 Allowance sales

123. The consultation document set out a number of proposals to simplify the sale of allowances in the CRC scheme.

**Proposal 34: Simplifying the allowance sale in the introductory phase.**

**Proposal 35: Phase two and beyond: moving away from a cap**

**Proposal 36: Fixed price sales**

**Proposal 37: Removing the safety valve.**

**Proposal 38: Banking.**

**Proposal 39: Surrender deadline**

### Consultation Question

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|------------|--|
| <b>29.</b> | <p><b>a) Do you agree with the proposed approach to allowance sales and banking in the second and subsequent phases?</b></p> <p><b>b) Do you agree with extending the surrender deadline to the end of September from 2013 onwards?</b></p> <p><b>c) Government welcomes stakeholder representation on their administrative costs associated with the compliance sale that would simplify buying CRC allowances.</b></p> |
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### Summary of responses and Government response

124. The majority of respondents (72%) agreed with Government proposals relating to allowance sales and banking. However, some did have concerns around the two fixed price allowance sales in Phase 2 and the resource and administrative costs involved in developing forecasts (some companies claimed that forecasting would not be possible due to the nature of their business). A small number also highlighted that the crossover between Phases 1 and 2 will require participants to pay for allowances twice in one financial year, if they were to buy Phase 2 allowances at the forecast sale for the first year of the phase.

125. Some respondents stressed the need to ensure the price differential between the forecast and buy-to-comply sale should not be so great that it rewards cash-rich companies that can afford to buy up front and penalise those that do not have significant surplus capital. A number of respondents also stressed the need to ensure prices were announced sufficiently in advance to enable organisations to plan accordingly. The removal of the cap and auctioning was supported by most as a welcome simplification, although a small number expressed concern that this would reduce incentives and have an impact on trading. Some respondents also suggested that banking should be permitted between phases as well as years.
126. Government intends to implement the two fixed price sales for Phase 2, as we consider this will encourage better energy management within organisations and facilitate trading. Participants will be able to choose which sale to purchase their allowances from so they can decide how to manage their cash-flow. We are also mindful of the need to create certainty around the price to facilitate participants' financial planning and to ensure that the pricing trajectory does not unduly penalise those companies that are not in a position to buy up front. We will work with HM Treasury to ensure an appropriate trajectory and the early publication of prices.
127. Government also intends to remove the cap and auctioning requirements, in line with the views of the majority of respondents and will remove the safety valve as set out in the consultation document. In relation to banking, while we understand some respondents' concerns that this may leave participants reluctant to buy allowances at the final forecast sale in Phase 2, for fear of over purchasing and being left with a surplus at the end of the phase, Government considers that the inability to bank between phases will provide a greater incentive for accurate forecasting and, where this is not possible, participants still have the option to buy at the final buy-to-comply sale in Phase 2. We will therefore implement the proposal to allow banking between years within a phase but not between phases.
128. In relation to extending the surrender deadline to the end of September from 2013 onwards, 94% of respondents supported this proposal. However, a number of respondents suggested that Government could go further in changing the deadlines relating to the sale of allowances. As such we intend to implement the proposal, but to amend the date for the surrender of allowances from the end of July to the end of October. This will allow sufficient time between the reporting and surrender deadlines to enable the deadlines relating to the request, payment and allocation of allowances to be staggered. We consider that this will provide

participants with more time and flexibility when ordering and paying for their allowances.

## 1.7 Reporting and record keeping

### Proposal 40: Removing the requirement for a Phase 2 annual report in 2013-14.

#### Consultation Question

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| 30. | Do you agree with the proposal to remove the requirement to submit two annual reports in respect of the 2013-14 compliance year? |
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#### Summary of responses and Government response

129. This proposal to remove the requirement to submit an annual report in respect of 2013-14 emissions for the second phase (by participants already involved in the first phase) received overwhelming support (98%), as a welcome reduction in administrative burden. Government therefore intends to implement the proposal.

### Proposal 41: Reducing burdens associated with data retention

#### Consultation Question

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| 31. | Do you agree with the proposals to reduce the length of time that records are required to be held? |
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#### Summary of responses and Government response

130. 94% of respondents agreed with shortening the time that records are required to be kept, as this would reduce the cost of administration involved. Some respondents who opposed this proposal suggested that records should be kept indefinitely.
131. Government has therefore decided to implement this change and reduce the length of time that records must be kept for, down to six years after the end of the scheme year in question, from the seven years after the end of the phase in which a scheme year was (i.e. 1<sup>st</sup> year of a five year phase would mean that the records for that year would have been held for 12 years).

## Proposal 42: Voluntary reporting of geographical emissions data

### Consultation Question

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| 32. | Would you be able to report emissions data split by geographical region? (Yes/No) If yes, what data would you be willing or able to report? |
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### Summary of responses and Government response

132. On voluntary reporting of a geographical split Government sought feedback on what could be reported and whether participants would be willing to report on a voluntary basis. 60% of respondents said that they would be willing to report a geographic split.
133. The reasoning behind those who stated that they could not report a geographic split varied. Some participants were either a single site organisation or a local authority in which case a geographic split would not apply. Other respondents reported that they were unable to split their data into geographic areas due to the way that they managed their records or that while they could split their data they did not see a benefit to doing so and objected to it as a possible mandatory requirement.
134. Those respondents that agreed that they could split their data offered to do so at either a country level or a county level. Some of the participants that did state they would be able to split their data, said the greater the degree of granularity, the greater the costs of splitting the data.
135. Government therefore intends to implement this proposal as a voluntary measure, allowing participants to offer a breakdown of their supply data into a percentage split of energy used on the basis of country.

## 1.8 The Performance League Table

### Proposal 43: Performance League Table.

#### Consultation Question

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| 33. | Do you agree with the proposal to move the detailed rules on the nature of the reputational driver, and the metrics used, in the Performance League Table from the scheme legislation into guidance? |
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## Summary of responses and Government response

136. The proposal to retain a reputational driver for the scheme, but to remove the detailed rules on the nature of the reputational driver and the metrics used from the legislation and place them in guidance, was supported by the majority of respondents (79%). However, a number raised concerns that the Performance League Table was not fit for purpose in its current format, saying that it did not accurately reflect performance due to its reliance on the early action metric in the first year, and that the way in which it was presented was not effective in engaging the media, investors and participants.

137. Government is aware of participants' concerns around the league table and, as such, has decided not to publish a league table ranking participants on the basis of the energy efficiency savings from 2013. Instead, the Environment Agency will publish participants' aggregated energy use and emissions data.

## 1.10 Enforcement: Appeals

### Proposal 45: Appeals

Consultation Question	
34.	<p>a) Do you agree with the proposal to appoint independent third parties to determine CRC appeals in England, Wales and Northern Ireland?</p> <p>b) Do you consider the rules of the General Regulatory Chamber of the First-tier Tribunal would be suitable for CRC appeals?</p> <p>c) Do you agree that Scottish Ministers should continue to hear CRC appeals for Scotland?</p>

## Summary of responses and Government response

138. There was strong support (93%) for the proposal that independent third parties should hear CRC appeals. The General Regulatory Chamber of the First-tier Tribunal (FTT) would be the appeals body for all CRC appeals in England and Wales and the Planning Appeals Commission in respect of CRC appeals in Northern Ireland. Respondents felt that the use of an independent third party offered an advantage of a standardised process for all parties, and would help with transparency.

139. There was also overwhelming support (94%) for using the rules of the General Regulatory Chamber of the First-tier Tribunal (FTT) for CRC appeals in England and Wales. A minority felt that the FTT should be used for appeals in

Scotland and Northern Ireland, fearing that over time appeals there may be divergent in their interpretations. If this was to happen it could affect those organisations which operated across geographic boundaries; or a local issue may persuade a decision that could be influenced by lobbying rather than fully on the merits of each case.

140. Some respondents, while agreeing with the use of the FTT, had concerns with the move from 40 working days to 28 calendar days. Government recognises the concerns with regard to the reduction of time to appeal; however it plans to implement this proposal for the FTT to hear appeals, given the safeguard that the FTT can themselves decide whether to hear any appeal outside of the time-limit.
141. With regards to the question of Scottish Ministers continuing to hear CRC appeals, this was supported by 78% of respondents. Those who opposed this argued that there should be a standardised approach across the whole of the United Kingdom and that local issues outside of the CRC appeal may have undue impact.
142. Government intends to implement the proposal that Scottish Ministers should continue to hear CRC appeals unchanged, but will seek to maintain a standardised approach.

## 1.12 Technical and other amendments

143. Through consultation on the scheme, Government became aware of a method of moving goods over a distance – that of extra long conveyor belts that transport materials between a CRC participant site and an offsite facility for onward transport via rail or inland waterway – which is intended to reduce road haulage. Government considers such conveyor belts to be a form of transport within the intended meaning of the CRC scheme and we plan to amend the regulations to exempt them from the scheme from April 2013.

### Consultation Question

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|-----|---|
| 35. | <b>Do you agree with the proposal to amend and update reference and technical errors in the original Order?</b> |
|-----|---|

### Summary of responses and Government response

144. 99% of respondents agreed with the proposal to amend and update reference and technical errors in the original Order. A number of respondents commented

on the proposal but these primarily related to the interpretation and implications of individual amendments.

145. Government intends to implement this proposal unchanged. Comments on individual amendments will be taken into account when making changes to the Order.

## 1.13 Delivery timetable

### Consultation Question

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| 36. | <b>Do you agree with the approach to bring in the simplifications at the beginning of the second phase of the CRC scheme. If not would you like Government to investigate the possibility of bringing in some or all of the simplifications faster, so they affect the end of the introductory phase?</b> |
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### Summary of responses and Government response

146. 70% of respondents were in favour of bringing in the simplifications at the beginning of the second phase of the CRC (2014-15). This is because of concerns around perceived complexity of the existing scheme and as it would give participants time to adapt and prepare for the changes. It would also cause less confusion if all the changes were introduced at one point instead of in stages. However, within this group it was acknowledged (together with those in favour) that it would be helpful to bring in certain simplifications in advance of the beginning of Phase 2 that would help reduce the administrative burden and potential savings (e.g. reducing the number of fuels and introducing de-minimis thresholds etc).
147. Government is keen to maximise potential benefit and has given careful consideration to the arguments, including any transitional measures to deal with any consequences of bringing in some of the simplifications faster. In light of the overall package of simplifications (as explained in the main body of this response), Government has concluded it would be desirable to bring forward certain simplifications, to apply from 1st June<sup>12</sup> 2013 (i.e. the last two years of the introductory phase of the CRC 2012/13 and 2013/14).
148. The simplifications to be introduced from June 2013 are:

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<sup>12</sup> Updated from original publication.



- The reduction in fuels from 29 to 2. The scheme will now only cover emissions generated from the consumption of electricity and gas;
- That for gas, only when this fuel is used “for heating purposes” will this need to be reported and allowances purchased for. Participants will be able to assume that all gas consumed was for heating purposes;
- 100% reporting of fuels covered, with an organisation-wide 2% de minimis threshold for gas (for heating). So if from 2012-13 a participant’s gas consumption is below 2% then that participant will not have to report on that fuel for the last two years of Phase 1 or purchase allowances;
- A meter-based exclusion for domestic electricity supplies (profile classes 01 and 02), and gas supplies which have an annual quantity of 73,200kWh or less;
- A restriction of the circumstances in which Electricity Generating Credits can be used;
- The extension of the CRC allowance surrender deadline from the end of July to the end of October;
- The abolition of the performance league table from the legislation but the CRC administrator will continue to publish the aggregated participants’ energy use and emissions data;
- The exemption from the scheme of extra long conveyor belts that transport materials between a CRC participant site and an offsite facility for onward transport via rail or inland waterway.

149. There is a risk that by introducing the reduction in the number of fuels early, Government will be creating a windfall (of reduced liability) for those participants that generate electricity using fuels other than gas. These participants can currently claim Electricity Generating Credits (EGCs), which they offset against the electricity that they generate. This avoids them being charged for both the input fuel and the electricity generated. If the input fuel is no longer covered by the CRC, then EGCs will no longer be needed in these circumstances. In fact, if Government were to continue to issue these credits for fossil fuel generation in these circumstances, then onsite fossil fuel generation would be rewarded where renewable generation would not. This would risk being perverse. The consultation proposed to remove EGCs from Phase 2 onwards, however bringing forward the reduction in fuels means that we will need to restrict the circumstances where EGCs can be claimed from April 2013 too. Government therefore intends restricting the circumstances where EGCs can be claimed from April 2013; i.e. for the last two years of the introductory phase (2012/13 and 2013/14).

## Consultation Question

- |            |   |
|------------|---|
| <b>37.</b> | <b>Government welcomes stakeholder representation on the proportion of their current administrative costs they are still likely to incur post the introduction of the simplification measures detailed in this document. Future administrative costs broken down by one-off, registration, annual report and external costs would be especially welcomed.</b> |
|------------|---|

## Summary of responses and Government response

150. Government welcomes respondents' representations on the proportion of their current administrative costs that they are still likely to incur post the introduction of the simplification measures. These representations have been used to update the Final IA which has been published alongside this document. Government notes the difference of opinion among respondents about the levels of administrative cost savings that will be achieved through simplification, but it has not been possible to reconsider the remodelling of administrative costs predictions owing to the limited analytical evidence provided by respondents that would support an alternative assessment of administrative costs. That said, Government believes that the overall estimated cost savings are not substantially affected.

151. The overall methodology for assessing the impacts of the simplification proposals in this Final IA remains the same as in the Consultation IA by comparing the proposals to the 'Business as Usual' scheme, which is characterised as a continuation of the CRC Scheme in its current form up to 2030. However, there are some important changes since the Consultation stage IA which affect the baseline and the assessment of the preferred policy option. The updated evidence incorporates the following:

- Updated information from the Environment Agency drawn from July 2011 Annual Report data submitted by CRC participants. This includes more detailed information on Climate Change Agreement (CCA) coverage, reflecting an increase in CCA fuels reported which are exempt from the CRC. The overall effect has been to reduce the emissions coverage of the CRC baseline relative to that reported in the Consultation IA.
- Comments from the Regulatory Policy Committee (RPC) on the Consultation stage IA to provide further evidence to support the equivalent net cost to

business (EANCB) calculation consistent with the current One-in, One-out Methodology.

- Comments from the National Audit Office, including updating estimates for capital expenditure and air quality benefits of the CRC scheme for the whole period up to 2030 and providing some sensitivity analysis of the impacts of the Scheme.

## Annex 1: List of consultation questions

**Question 1:** Do you agree with the proposal to restrict qualification to supplies through settled half hourly meters only? If not please explain your reasoning.

**Question 2:** Do you agree with the proposal for automatic registration? If not, please explain your reasoning.

**Question 3:** Do you agree with the proposal to clarify the treatment of supplies at the direction of another party? If not, please explain your reasoning.

**Question 4:** Do you agree with the proposal to remove the payment criterion from the supply criteria? If not, please explain your reasoning.

**Question 5:** Do you agree with the proposal, and associated definitions, to expand the scope of unmetered supplies captured by the CRC? If not, please explain your reasoning.

**Question 6:** Do you agree with the proposal to exclude domestic electricity and gas supplies from the scope of the scheme on the basis of their supplying meters? If not, please explain your reasoning.

**Question 7:** Do you agree with the proposal to restrict the circumstances where unconsumed supply can be claimed? If not, please explain your reasoning.

**Question 8a:** Do you agree with the proposal to disapply the landlord/tenant rule in respect of ground lease arrangements? If not, please explain your reasoning.

**Question 8b:** Do you agree that 40 years is an appropriate lease duration for this proposal? If not, please explain your reasoning.

**Question 8c:** Government welcomes stakeholder representation on the potential impact of this proposal on the scheme's emissions coverage.

**Question 9a:** Do you agree with the proposal to extend the self-supply exclusions to supply arrangements and for cross licensed activities? If not, please explain your reasoning.

**Question 9b:** Government welcomes stakeholder representation on the potential impact of this proposal on their qualification status for the scheme and resultant emissions coverage impacts.

**Question 10:** Do you agree with the proposal to revise the emission factor used for self-supplied electricity. If not, please explain your reasoning.

**Question 11a:** Do you agree with the proposal to reduce the number of fuels covered by the scheme? If not, please explain your reasoning.

**Question 11b:** Do you agree with the proposed method of defining gas oil and kerosene? If not, please explain your reasoning.

**Question 11c:** Do you agree with the proposed treatment of gas supplies? If not, please explain your reasoning.

**Question 12a:** Do you agree with the proposal to restrict the scope of gas oil and kerosene where used for heating purposes? If not, please explain your reasoning.

**Question 12b:** Do you agree with the proposed definition of heating purposes? If not please explain your reasoning.

**Question 12c:** Do you agree with the proposed treatment of CHP? If not, please explain your reasoning.

**Question 13a:** Do you agree with the proposal to align the CRC emission factors and adopt those used for greenhouse gas reporting purposes which are updated annually? If not, please explain your reasoning.

**Question 13b:** Do you agree with our proposal that the CRC emission factors should be aligned with those that are published in each compliance year? If not, please explain your reasoning.

**Question 14a:** Do you agree with the proposal to remove the 90% rule and the associated compliance activities (footprint report, residual measurement list, core/residual distinction)? If not, please explain your reasoning

**Question 14b:** Would you support the proposal to require reporting on 100% of gas oil and kerosene used for heating purposes? If not, and you would prefer a de minimis approach, please explain your reasoning. If you prefer a de minimis, at what level do you feel it should be set? Would you support a de minimis also being applied to gas consumption?

**Question 15:** Do you agree with the proposal to extend the annual energy statement obligation to registered suppliers of gas oil and kerosene? If not, please explain your reasoning.

**Question 16:** Do you agree with the proposal to amend the obligation on energy suppliers for Phase 2. If not, please explain your reasoning.

**Question 17a:** Do you agree with the proposal to disapply the CRC's supply rules to CCA facilities and EU ETS installations? If not, please explain your reasoning.

**Question 17b:** Do you agree with the proposal to remove the three CCA exemptions? If not, please explain your reasoning.

**Question 17c:** Do you agree with the IA assessment of the impact of new qualification rules, in particular for those who have CCA exemptions?

**Question 17d:** If you have a general or group exemption, would you expect to qualify after removing your CCA and EU ETS emissions?

**Question 17e:** For those who qualify, how many emissions would you expect to bring back to the scheme as a result of these changes?

**Question 17f:** Government welcomes stakeholder representation on their emissions related to their CCA and EU ETS sites.

**Question 18:** Do you agree with the proposal to remove Electricity Generating Credits (EGCs) from the scheme, including the treatment of CHP? If not, please provide your reasoning.

**Question 19:** Do you agree with the proposal to increase the flexibility to disaggregate undertakings or groups for separate participation in the CRC? If not, please explain your reasoning.

**Question 20:** Do you agree with the proposed approach to consent for disaggregation? If not, please explain your reasoning.

**Question 21:** Do you agree with the proposed simplification of the registration process? If not, please explain your reasoning.

**Question 22:** Do you agree with the proposal to allow undertakings or groups of undertakings to disaggregate on an annual basis? If not, please explain your reasoning.

**Question 23:** Which one of the four proposals for Academies CRC participation will help to incentivise and achieve energy use reduction. Please explain your reasoning.

**Question 24a:** Do you agree with the proposed definition of Participant Equivalent? If not, please explain your reasoning.

**Question 24b:** Can you see any unintended consequences as a result of this definition? If yes, please explain your reasoning.

**Question 25a:** Do you agree with the proposed simplification of designated changes rules? If not, please explain your reasoning.

**Question 25b:** Do you see any unintended consequences with this proposal? If yes, please explain your reasoning.

**Question 25c:** Do you agree with the approach to the allocation of responsibility for emissions under designated changes? If not, please explain your reasoning.

**Question 26a:** Do you agree with the proposed simplification of changes dealing with post-qualification changes? If not, please explain your reasoning.

**Question 26b:** Do you see any unintended consequences with this proposal? If yes, please explain your reasoning.

**Question 27:** Do you agree with the proposed simplification on notification and registration timing? If not, please explain your reasoning.

**Question 28a:** Do you agree with the proposal on the treatment of trusts. If not, please provide your reasoning.

**Question 28b:** Government welcomes stakeholder representation on the potential impact of this proposal on their organisation's qualification status for the scheme and resultant emission coverage impacts.

**Question 29a:** Do you agree with the proposed approach to allowance sales and banking in the second and subsequent phases? If not, please explain your reasoning.

**Question 29b:** Do you agree with extending the surrender deadline to the end of September from 2013 onwards? If not please explain your reasoning.

**Question 29c:** Government welcomes stakeholder representation on their administrative costs associated with the compliance sale that would simplify buying CRC allowances.

**Question 30:** Do you agree with the proposal to remove the requirement to submit two annual reports in respect of the 2013-14 compliance year? If not, please explain your reasoning.

**Question 31:** Do you agree with the proposals to reduce the length of time that records are required to be held? If not, please provide your reasoning.

**Question 32:** Would you be able to report emissions data split by geographical region? If yes, what data would you be willing or able to report?

**Question 33:** Do you agree with the proposal to move the detailed rules on the nature of the reputational driver, and the metrics used, in the Performance League Table from the scheme legislation into guidance? If not, please provide your reasoning.

**Question 34a:** Do you agree with the proposal to appoint independent third parties to determine all CRC appeals in England, Wales and Northern Ireland? If not, please provide your reasoning.

**Question 34b:** Do you consider the rules of the General Regulatory Chamber of the First Tier Tribunal would be suitable for CRC appeals? If not, please explain your reasoning.

**Question 34c:** Do you agree that Scottish Ministers should continue to hear CRC appeals for Scotland?

**Question 35:** Do you agree with the proposal to amend and update reference and technical errors in the original Order? If not, please provide your reasoning.

**Question 36:** Do you agree with the approach to bring in the simplifications at the beginning of the second phase of the CRC scheme. If not, would you like Government to investigate the possibility of bringing in some or all of the simplifications faster, so they affect the end of the introductory phase? Please explain your reasoning.

**Question 37:** Government welcomes stakeholder representation on the proportion of their current administrative costs they are still likely to incur post the introduction of the simplification measures detailed in this document. Future administrative costs broken down by one-off, registration, annual report and external costs would be especially welcomed.



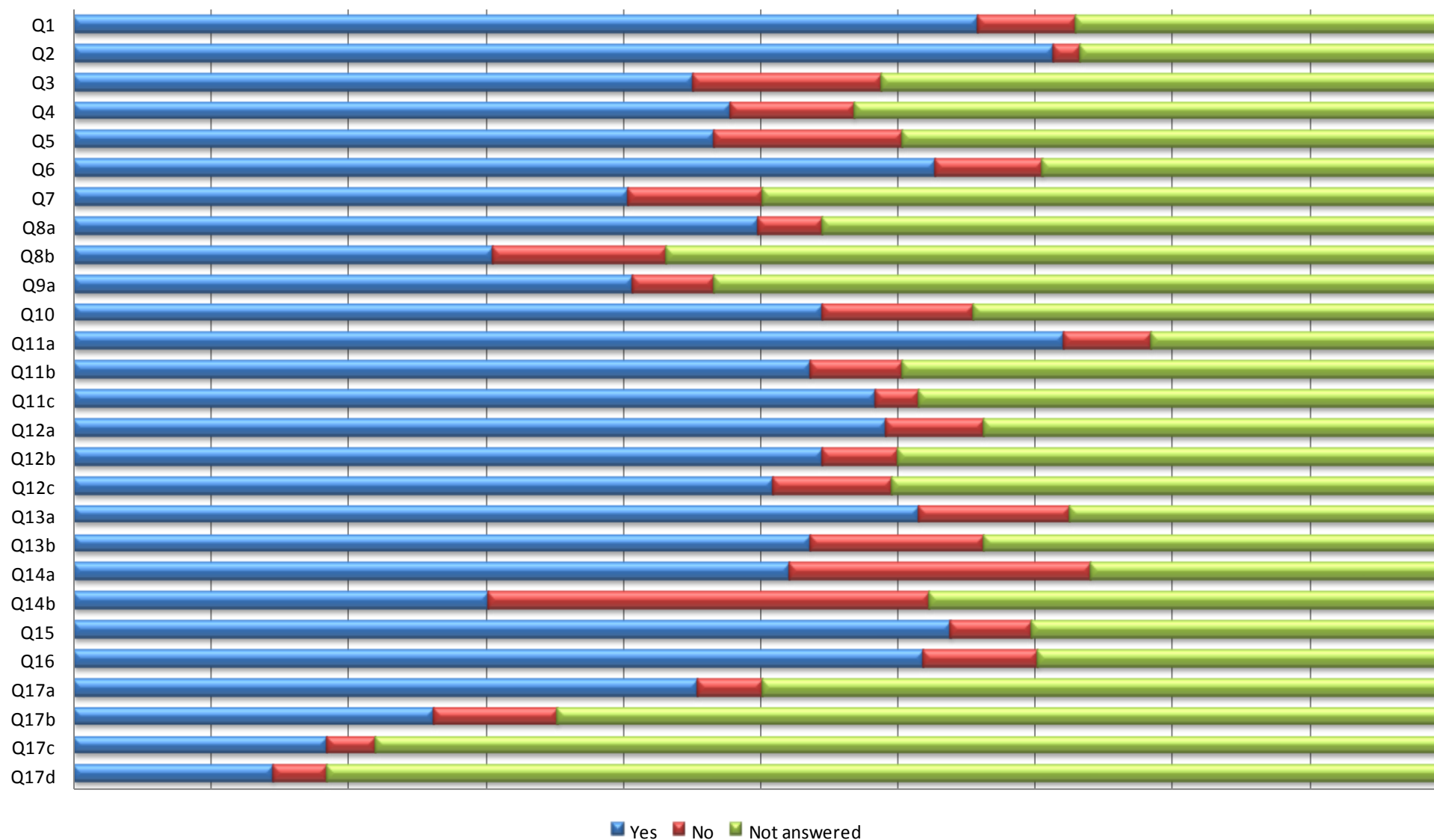
## Annex 2: Responses to consultation questions

Figure 1 - Responses to consultation questions (all responses)

Figure 2 - Responses to consultation questions (of those responding to question)

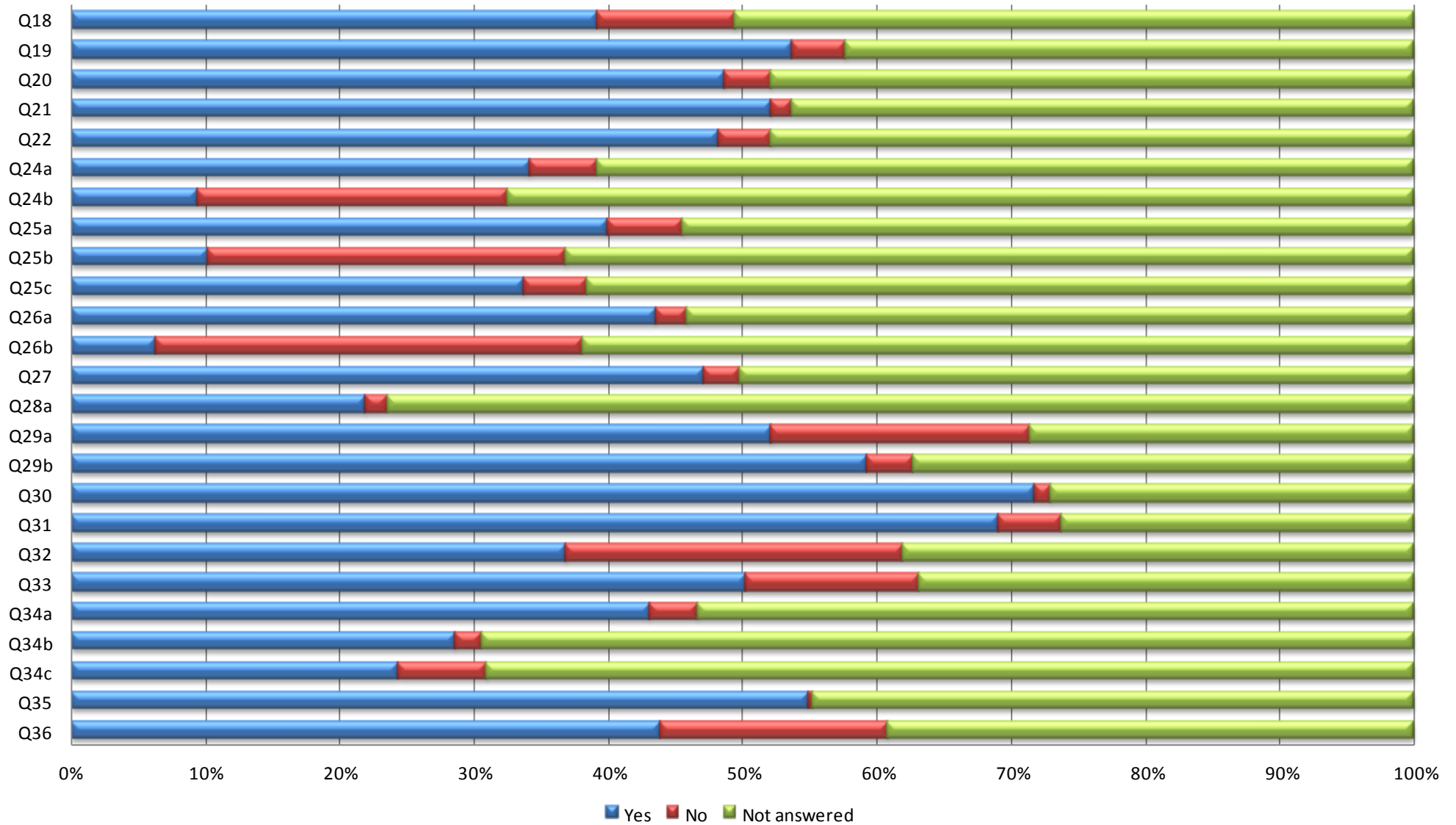
In both figures, 'Yes' responses indicate support for the proposals.

**Figure 1 - Responses to consultation questions (all responses)**



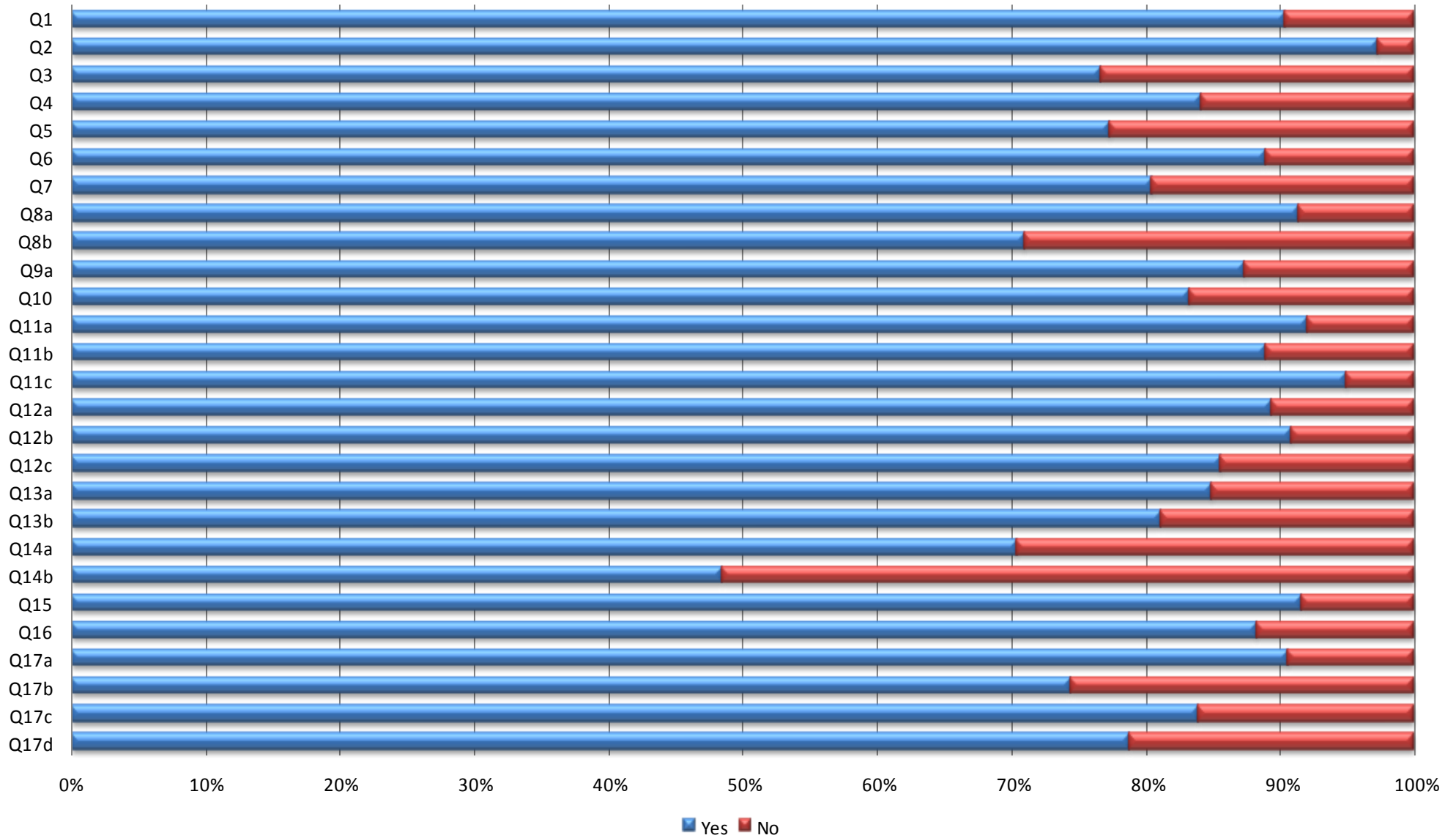
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8a	Q8b	Q9a	Q10	Q11a	Q11b	Q11c	Q12a	Q12b	Q12c	Q13a	Q13b	Q14a	Q14b	Q15	Q16	Q17a	Q17b	Q17c	Q17d
Yes	168	182	115	122	119	160	103	127	78	104	139	184	137	149	151	139	130	157	137	133	77	163	158	116	67	47	37
No	18	5	35	23	35	20	25	12	32	15	28	16	17	8	18	14	22	28	32	56	82	15	21	12	23	9	10
N/A	69	68	105	110	101	75	127	116	145	136	88	55	101	98	86	102	103	70	86	66	96	77	76	127	165	199	208

Figure 1 - cont



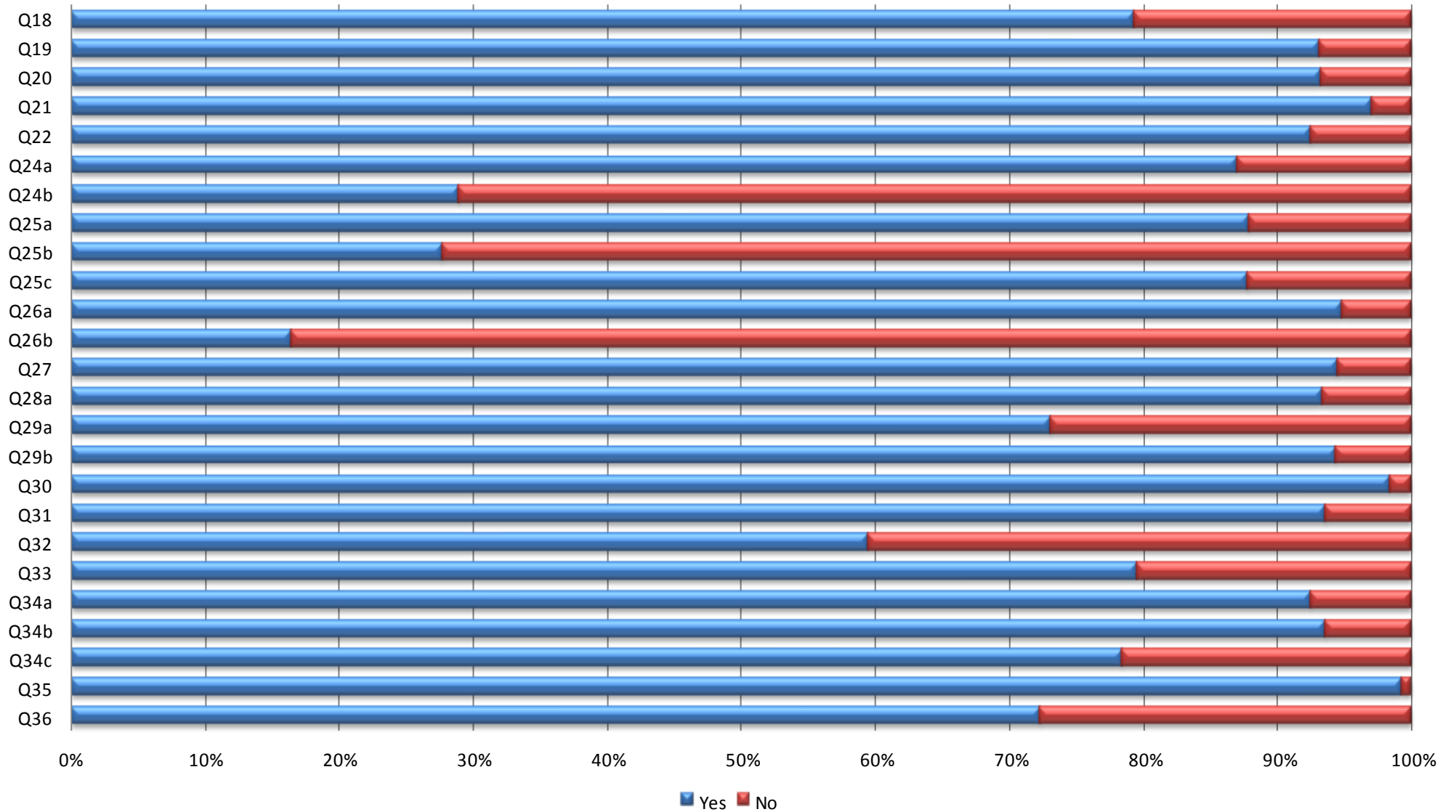
	Q18	Q19	Q20	Q21	Q22	Q24a	Q24b	Q25a	Q25b	Q25c	Q26a	Q26b	Q27	Q28a	Q29a	Q29b	Q30	Q31	Q32	Q33	Q34a	Q34b	Q34c	Q35	Q36
Yes	100	137	124	133	123	87	24	102	26	86	111	16	120	56	133	151	183	176	94	128	110	73	62	140	112
No	26	10	9	4	10	13	59	14	68	12	6	81	7	4	49	9	3	12	64	33	9	5	17	1	43
N/A	129	108	122	118	122	155	172	139	161	157	138	158	128	195	73	95	69	67	97	94	136	177	176	114	100

**Figure 2 - Responses to consultation questions (of those responding to question)**



	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8a	Q8b	Q9a	Q10	Q11a	Q11b	Q11c	Q12a	Q12b	Q12c	Q13a	Q13b	Q14a	Q14b	Q15	Q16	Q17a	Q17b	Q17c	Q17d
Yes	168	182	115	122	119	160	103	127	78	104	139	184	137	149	151	139	130	157	137	133	77	163	158	116	67	47	37
No	18	5	35	23	35	20	25	12	32	15	28	16	17	8	18	14	22	28	32	56	82	15	21	12	23	9	10

Figure 2 - cont



	Q18	Q19	Q20	Q21	Q22	Q24a	Q24b	Q25a	Q25b	Q25c	Q26a	Q26b	Q27	Q28a	Q29a	Q29b	Q30	Q31	Q32	Q33	Q34a	Q34b	Q34c	Q35	Q36
Yes	100	137	124	133	123	87	24	102	26	86	111	16	120	56	133	151	183	176	94	128	110	73	62	140	112
No	26	10	9	4	10	13	59	14	68	12	6	81	7	4	49	9	3	12	64	33	9	5	17	1	43

## Annex 3: List of respondents

4See Environmental Ltd	British Beer & Pub Association
Acheson-Glover	British Ceramic Federation
ADS Group Limited	British Council of Shopping Centres)
AkzoNobel	British Glass
Aldersgate Group	British Hospitality Association
Allen & Overy LLP	British Land
Aluminium Federation Ltd. + Confederation of British Metalforming	British Printing Industries Federation
Anaerobic Digestion and Biogas Association (ADBA)	British Private Equity and Venture Capital Association (BVCA)
Anglian Water	British Property Federation
Asda Stores Ltd	British Retail Consortium
Associated British Ports	BSW Timber Group
ATH Resources plc	BT Group plc
ATOC	Buckinghamshire County Council
Balfour Beatty plc	Bury Council
BAM Group (UK) Ltd	Business Cost Consultants
Barr Holdings	Business In Sport & Leisure
Basildon and Thurrock University Hospitals NHS Foundation Trust	Business Services Association
Bath & North East Somerset Council	Calderdale Council
Bedford Borough Council	Cambridge Colleges CRC Consortium
Blackburn with Darwen Borough Council	Cambridge University Hospitals NHS Foundation Trust
Blackpool Fylde & Wyre Hospitals NHS Foundation Trust	Cambridgeshire County Council
BOC Ltd	Canada Life Ltd
Booker	Carbon Clear
Brighton & Hove City Council	Carbon3IT Ltd
Brighton & Sussex University Hospitals NHS Trust	Carillion plc
Bristol Water plc	CBRE Ltd
British Airports Authority	CEMEX UK
British Airways PLC	Central Bedfordshire Council
	Chelmsford City Council
	Chemical Industries Association

Civil Engineering Contractors Association  
 Clyde Union  
 Comisiwn Dylunio Cymru / Design  
 Commission for Wales  
 Confederation of British Industry  
 Confederation of Paper Industries  
 The Confederation of UK Coal Producers  
 (CoalPro)  
 ConocoPhillips  
 Construction Products Association  
 Cornwall Council  
 Costain Group PLC  
 Cumbria County Council  
 Dalkia plc  
 David Brown  
 DE Montfort University  
 Department for Work and Pensions  
 Depositary and Trustee Association  
 Derbyshire County Council  
 Devon County Council  
 Diageo plc  
 Donaldson Filter Components Limited  
 Dwr Cymru / Welsh Water  
 E.ON UK  
 East Riding of Yorkshire Council  
 EAV ASSOCIATES  
 EDF Energy  
 EEF/UK Steel  
 ELEXON Ltd  
 Emission Trading Group WG9  
 ENERGISE LTD  
 Energy UK  
 Environmental Industries Commission  
 Environmental Services Association  
 esave  
 Esso Petroleum Company, Limited

FCC Environment (previously Waste  
 Recycling Group Ltd)  
 Flintshire, Denbighshire and Conway  
 Councils  
 Food and Drink Federation  
 Food and Drink Stakeholders Group  
 Forth Ports Ltd  
 Four Seasons Health Care  
 Freight Transport Association  
 Fuji Seal Europe Limited  
 G4S plc  
 General Electric  
 Glasgow City Council  
 Gloucestershire County Council  
 Gloucestershire Hospitals NHS  
 Foundation Trust  
 Grantham Research Institute on Climate  
 Change and the Environment /Centre for  
 Climate Change Economics and Policy  
 Greene King plc  
 H+H UK Ltd  
 Hampshire County Council  
 Health Facilities Scotland (on behalf of  
 NHS Scotland Boards)  
 Hertfordshire County Council  
 Hilson Moran  
 Home Retail Group  
 HUF UK Limited  
 Hutchison Ports UK  
 IBM UK  
 INEOS Infrastructure (Grangemouth) Ltd  
 Institute of Environmental Management &  
 Assessment  
 Integra Compliance Ltd  
 Intellect UK  
 InterContinental Hotels Group  
 Invensys plc  
 Investment Property Forum

ista	Mira Limited
J C Bamford Excavators Limited	Moray Council
Jaguar Land Rover	National Grid
John lewis Partnership	Natural Environment Research Council
Johnson Controls	NEC Group
Joy Mining	Newcastle City Council
Kelda Group, parent company of Yorkshire Water	NHS Sustainable Development Unit
Kent County Council	Northern Ireland Water Limited
Kier Group	Northern Powergrid
Kier Infrastructure and Overseas Ltd	NORTHSTONE (NI) LIMITED
Kingspan Insulation Limited	Joanne Green (individual)
Kirklees Council	David Tufnell (individual)
Knight Frank LLP	NUS Consulting Group
Legal & General	Ofwat
Leicester City Council	Oil & Gas UK
Leicestershire County Council	Optima Energy Management
LGV Capital	Oxford Instruments Plc
Linklaters LLP	Oxfordshire County Council
Lloyds Banking Group	PD Ports
London Borough of Enfield	Pembrokeshire County Council
London Borough of Hillingdon	Peterborough City Council
London Borough of Lewisham	Peugeot Citroen
London Energy Project	Philips Electronics UK Ltd
Longcliffe Group Limited	Portsmouth City Council
Louise Hall	Power Data Associates
Lubrizol Ltd	Preston city Council
Lucite International	Q Hotels
MacDermid Autotype	QPANI
Magnox North Ltd	Retail Motor Industry Federation
Major Energy Users' Council	Rexam
Manchester Airport Group	Rhondda Cynon / Taf County Borough Council
Manufacturing NI	Royal Borough of Windsor and Maidenhead
Metropolitan Police Service	RWE npower
Mineral Products Association	Sanctuary Group



Scotch Whisky Association	Total Holdings UK Ltd
Scottish Power	Toyoda Gosei
Scottish Resources Group	Trafford Council
Scottish Water	Transport for London
Sefton council	Truck-lite
Selex Gallileo	UK Coal Mining Ltd
Severn Trent	UK Contractors Group
Sharp Electronics (UK) Limited	UK Environmental Law Association
Sheffield Hallam University	UK Green Building Council
SITA UK	UK Major Ports Group
Skanska	UK Petroleum Industry Association
Snowdome ltd.	UK Power Networks
Society of Motor Manufacturers and Traders Limited	United Utilities
South Hook Proprietary	University of Aberdeen
South Lanarkshire Council	University of Bristol
South Staffordshire Water PLC	University of Edinburgh
South West Water Ltd	University of Oxford
South Yorkshire Police	University of Sunderland
SOUTHERN HEALTH AND SOCIAL CARE TRUST	Upstream Sustainability Services
SSE	Valero Energy Ltd
Standard Life	Valpak Ltd
Stephen Caine (individual)	Veolia Environmental Services (UK) plc
Surrey County Council	Viridor - Recycling, Renewable Energy & Waste Management (Part of Pennon Group Plc)
Tarmac	Vopak Terminal Teesside Ltd
Tata Steel	Wessex Water Services Limited (WWSL)
Teesside Gas Processing Plant Limited	WM Morrison
Telford & Wrekin Council	Wrexham County Borough Council
Tesco	WSP Environment & Energy
Thames Water	Wyndham Exchange and Rentals (UK) Holdings Limited
Thomas Cook	Xcarbon Limited
ThyssenKrupp UK Plc	Yattendon Group
Titan Steel Wheels	



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