

The CRC Energy Efficiency Scheme User Guide

6 April 2010 Update

This document provides a step by step guide to the CRC Energy Efficiency Scheme (CRC) – the UK’s new carbon emissions trading scheme that will start operating in April 2010. It explains what the scheme is, to whom it applies and how it will work.

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About this guide

Around 20,000 large public and private sector organisations will be involved in the CRC Energy Efficiency Scheme (CRC) in some way. The document is written as a practical tool for those people within these organisations who will be responsible for ensuring compliance with the scheme. In many cases, this will be energy managers and financial managers.

Section 1 provides an overview of CRC and its principles. This would be a good place to start if you have no previous knowledge of CRC. The later sections explain different aspects of the scheme in more detail.

There are a number of technical terms involved in CRC. A glossary at the end explains these terms and they are italicised the first time they appear.

This guide has been designed to fit alongside the CRC guidance that has been issued by the Environment Agency, which covers the technical processes involved for an organisation participating in CRC. These guidance documents are available to download from the Environment Agency website: www.environment-agency.gov.uk/crc

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An Introduction to the CRC Energy Efficiency Scheme

This section provides an introduction to CRC, outlining what it is, who it affects and how it will operate.

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The CRC Energy Efficiency Scheme (CRC) is a new regulatory incentive to improve energy efficiency in large public and private sector organisations. It is a mandatory scheme that aims to improve energy efficiency and reduce the amount of carbon dioxide (CO₂) emitted in the UK. This is vital to achieving our overall targets of reducing greenhouse gas emissions by 2050 by at least 80% compared to the 1990 baseline.

CRC will affect large organisations in both the public and private sector. Organisations that meet the qualification criteria, which are based on how much electricity they were supplied in 2008, will be obliged to participate in CRC. Participating organisations will have to monitor their emissions and purchase *allowances*, initially sold by Government, for each tonne of CO₂ they emit. The more CO₂ an organisation emits, the more allowances it has to purchase. So there is a direct incentive for these organisations to reduce their emissions.

As well as reducing our carbon emissions, by increasing energy efficiency the scheme will help organisations save money by reducing their energy bills. These savings should be well in excess of the costs of participating in the scheme.

In addition, the better an organisation performs in terms of reducing its emissions, the higher it will appear in the annually published *league table*, showing the comparative performance of all participants. This in turn provides a further benefit: all the revenue raised from selling allowances is 'recycled' back to participants, and the league table position affects how much of the revenue each organisation receives.

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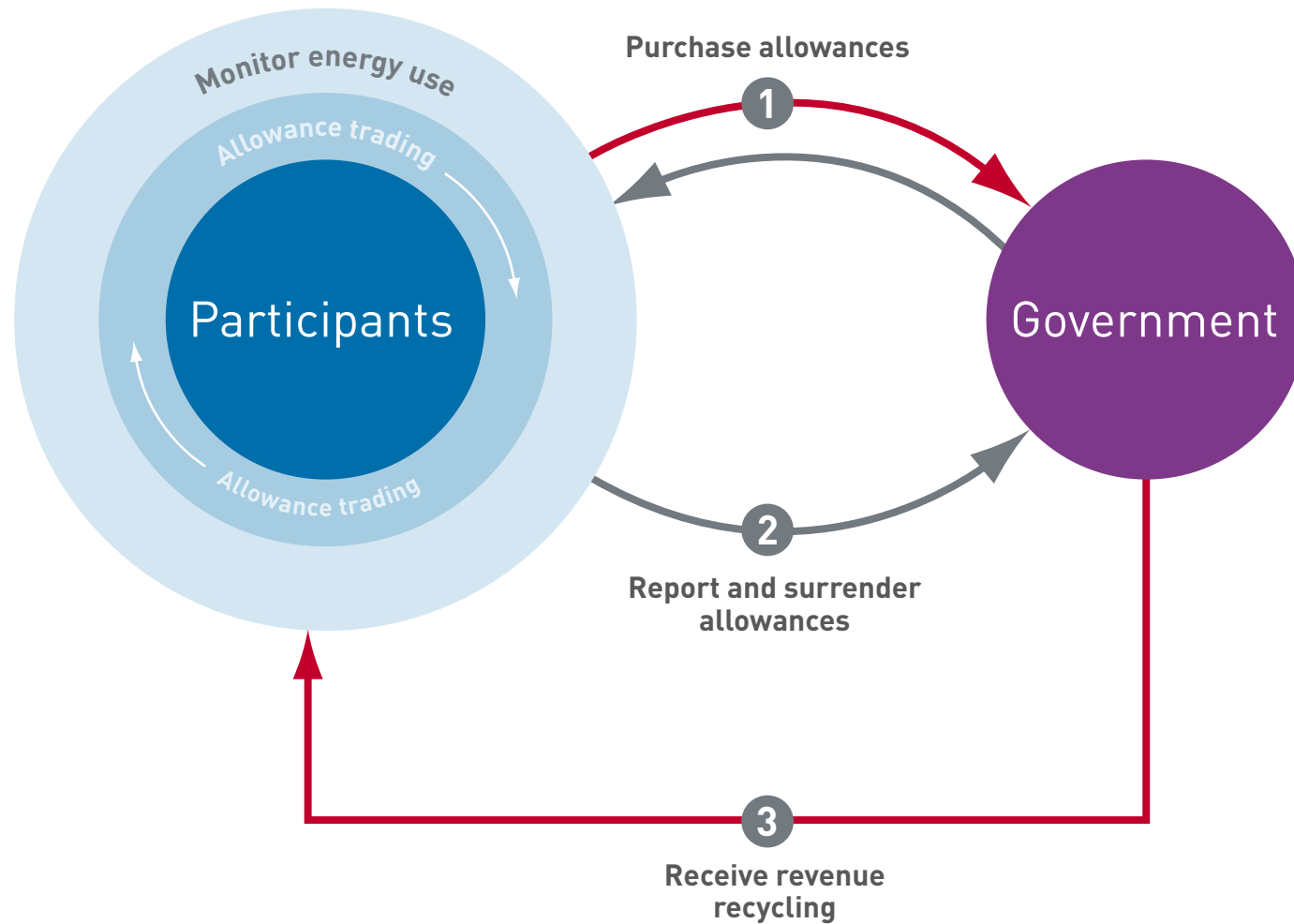
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1.1 Who must participate in CRC?

All organisations that had at least one half hourly meter settled on the *half hourly market* in 2008 will be required to do something under the CRC. Government estimates indicate that around 20,000 public and private sector organisations will be required to participate in some way. The majority of these will simply be required to make an *information disclosure* once every few years that tells the *administrator* about their electricity usage.

Around 5,000 organisations will be required to participate fully. This means they must not only record and monitor their CO₂ emissions, but also purchase allowances equivalent to their emissions each year.

For organisations that are subsidiaries or part of a group, clear guidance on who is required to participate in CRC can be found in section 2.2.

Section 2 of this guide provides full details on who must participate and who must make an information disclosure under CRC.

What happens if an organisation refuses to participate?

CRC is a mandatory scheme and it places legal obligations on organisations to disclose information and – for larger energy users – to report on emissions and purchase allowances from Government. Any organisation that does not comply with its legal obligations under CRC will be subject to financial penalties.

1.2 When does CRC start?

CRC starts in April 2010. For administrative purposes, the scheme is divided into set time periods known as phases. The first phase is the *introductory phase* and runs for three years. Subsequent phases each last for seven years. The first two years of these phases are preparatory, and overlap with the previous phase.

Each phase has:

- a *qualification period*, the period for which organisations must assess whether or not they qualify to make an information disclosure or participate fully in CRC
- a *registration period*, during which organisations that are required to take action under the scheme must either submit their information disclosure or register as a *participant* with the administrator
- a series of *compliance years*, which run from April to March like financial years, during which participants must take some action to comply with CRC. There are three compliance years in the introductory phase, and seven compliance years in all subsequent phases
- a *footprint year*, where participants must monitor their total emissions from energy supplies and determine what emissions must be included in CRC. This is the first compliance year of each phase. This data must be reported to the administrator in a *footprint report*

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- the footprint year is followed by a series of *annual reporting years*, during which a participant calculates the energy supplies it has included in CRC. In the introductory phase the footprint year is also the annual reporting year.

Organisations must report their actual emissions by the end of July after each annual reporting year and surrender allowances to cover to their reported emissions. Then in October, three months later, they will receive a *revenue recycling* payment, based on their performance in the previous year.

For the introductory phase:

- the qualification period is the calendar year 2008
- the registration period is April-September 2010
- the footprint year is April 2010-March 2011
- in the first annual reporting year 2010-2011 there will be no sale or surrender of allowances and
- the first sale of allowances takes place in April 2011-March 2012.

1.3 How much do allowances cost and how do organisations buy them?

Allowances are sold by Government at the start of the annual reporting year. Participants do not have to purchase allowances for the first annual reporting year of each phase, but they will have to report their emissions.

During the introductory phase, allowances will be sold at a fixed price of £12 per tonne of CO₂. Following the initial sale period, participant organisations can buy or sell allowances by trading on the *secondary market*. This enables organisations that have reduced their energy supplies more than they expected to sell some allowances, while those that have higher emissions than anticipated can purchase extra allowances.

Buying and selling allowances is covered in section 4 of this document.

1.4 What emissions are covered by CRC?

There are rules covering what emissions count towards *CRC emissions* that organisations must report to Government. This ensures that organisations do not have to buy allowances for activities or emissions covered by other Government policies.

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Emissions for which participants do not have to purchase allowances for include:

- domestic accommodation
- transport emissions
- emissions from activities covered by a *Climate Change Agreement* or the *EU Emissions Trading System*
- emissions from consumption outside the UK.

Where you supply energy to another organisation or person (except your tenants) you do not count this in your CRC emissions.

If you qualify for CRC, you will have to consider which of your emissions can be excluded.

Section 3 covers the rules on which emissions are included in CRC.

1.5 Administering and regulating CRC

CRC has been developed by the UK Government and the Devolved Administrations. It is administered by the Environment Agency, which also acts as the *administrator* for England and Wales. In Scotland, the administrator is the Scottish Environment Protection Agency (SEPA) and in Northern Ireland it is the Northern Ireland Environment Agency (NIEA).

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What does my organisation need to do now?

1. The first thing you should do is work out whether you qualify for CRC. Read section 2 of this guide.
2. Make sure you are kept up to date with all CRC developments:
www.decc.gov.uk/crc
3. Sign up to the CRC mailing list:
www.environment-agency.gov.uk/crc

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Qualification – am I in?

This section helps you work out if your organisation is required to participate in CRC. It sets out the two levels of involvement – full participation and information disclosure – and the specific guidelines that cover organisations that are:

- part of a group (i.e. undertakings)
- part of, or an agency of, a central Government department
- a joint venture/PFI
- a franchisee or franchisor
- a school or local authority
- a university

Finally, it covers how and when to register for CRC.

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More detail on qualification can be found in guidance issued by the Environment Agency, available at www.environment-agency.gov.uk/crc

2.1 Qualification criteria

Qualification for CRC is based on half hourly electricity supply received during the qualification period. For the introductory phase, this is the 2008 calendar year.

All organisations that had at least one half hourly meter settled on the half hourly market in 2008, will be required to do something under the CRC, and inform the Environment Agency.

An organisation (the structure of which is defined on 31 December 2008) qualifies as a full participant in CRC if:

- at any point during the qualification period it had at least one half hourly meter (HHM) settled on the [half hourly market](#), and
- its 2008 annual electricity supply through all HHMs was at least 6,000 [MWh](#).

Organisations that had at least one HHM settled on the half hourly market, but whose annual energy supply is less than 6,000 MWh do not have to participate in CRC. However, these organisations do have to make an information disclosure. See section 2.3 and guidance issued by the Environment Agency on making an information disclosure, for more information.

About settled half hourly meters (HHMs)

Electricity suppliers use HHMs to calculate your bill. There are four types of metering which can be settled on the half hourly market. These are:

- [mandatory HHMs](#) (which are HHMs required to be installed in certain situations under current legislative requirements)
- [voluntary HHMs](#)
- [half-hourly Light Meters](#), and
- [pseudo HHMs](#).

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2.1.1 Calculating electricity supply

To work out the annual electricity supply which you received (for the second qualification criterion), you need to add up all the electricity supply that was monitored by all types of HHM owned by your 31 December 2008 organisation structure at any point during the year. This includes all remotely read *automatic meter reading (AMR) meters*, in addition to the settled HHMs listed above.

The administrator has sent a letter to organisations that were supplied with electricity through at least one settled half hourly meter during 2008. This information includes the 2008 electricity supply data for that meter which will help you calculate your total HHM electricity for 2008. If your organisation has not received a qualification letter but you believe you had at least one settled half hourly meter in 2008, please contact the dedicated CRC email helpdesk: crchelp@environment-agency.gov.uk

The basic rule under CRC is that any electricity supply counts as your responsibility if your organisation has an agreement with another party to supply you with electricity, which you receive via a meter for your own use and for which you pay for on the basis of the meter readings. If you purchase electricity through a third party agent who procures energy services on your behalf and pays the bills, you are responsible as the organisation that contracted the agent.

Landlords and Tenants

In the case of landlords and tenants, energy supply in leased buildings is the responsibility of the customer who has the contract with the energy supplier. This means that if you rent space for your business and you are billed by the supplier, you are responsible for that electricity under CRC. If you are a landlord organisation and you pay the bills, then you are responsible for the electricity use.

A landlord or tenant can never be considered an agent as described above.

Government will not allow the transfer of responsibility for energy supply from the landlord to its tenant or vice versa. Tenants are also obliged to co-operate with their landlords where necessary for the purpose of complying with CRC, for example by providing its landlord with data related to its energy supplies.

2.2 What counts as an organisation?

The rules above are simple to apply to organisations that are single entities. The single entity organisation will be responsible for determining qualification and will be the '*primary member*' in CRC.

In general, a public sector entity designated as a 'public authority' under the Freedom of Information (FOI) Act 2000 and the Freedom of Information (FOI(S)) Act (Scotland) 2002 will participate in CRC on the basis of their

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individual FOI/FOI(S) listing, or the listing of their organisational type, unless they are legally part of another body, in which case they would participate as part of that parent body.

However, if your organisation is any of the following, specific rules apply:

- part of an organisational group, (e.g. an undertaking)
- a central Government department or related body or agency
- a joint venture/PFI
- a franchisee or franchisor
- a school or local authority
- a university.

If your organisation fits into one of these categories, you should read the appropriate subsection for more information.

Group organisations and subsidiaries

Qualification for CRC is determined according to the organisational structure at the end of the qualification period. For the introductory phase, therefore, qualification is based on the organisational structure on 31 December 2008, meaning organisations will need to aggregate the 2008 half hourly electricity supplies from all the subsidiaries they owned on that date to determine whether a group qualifies.

In the scheme, subsidiary organisations will be grouped together under their highest parent. The scheme will draw on the Companies Act 2006¹ definitions of parent and subsidiary undertakings to define the relationships within the Group, specifically using the definition of ‘Group Undertaking’ set out in section 1161(5) of the Act.

Registration and the *compliance account* must be managed by one member of the group. That person acting for the group will be the primary member and it must be a UK-based organisation. The highest parent will be the default primary member unless the group chooses to nominate another UK-based group member to carry out the administrative requirements of the scheme. The primary member will liaise with the administrator and have access to the *registry* in order to report emissions for the group and buy, sell and surrender allowances on behalf of the group. All members of the group are responsible for the group’s compliance in the scheme.

If the *highest parent organisation* is based outside the UK, it is required to nominate a UK based group member to act as the primary member and facilitate participation in the scheme on behalf of the group.

¹ See the Companies Act 2006 – <http://www.berr.gov.uk/bbf/co-act-2006/index.html>

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Reporting on large subsidiaries

Where an organisation has any subsidiaries that would be eligible to participate in their own right were they not part of a group, these large subsidiaries are known as *Significant Group Undertakings* (SGUs). Groups with members that are defined as SGUs have some additional administrative requirements. They also have the choice to disaggregate large subsidiaries to participate in CRC separately. Details of this process can be found below.

For each of these SGUs, the primary member must:

- provide separate information on the SGUs half hourly electricity supplies, as part of their group registration
- provide separate information on the SGUs emissions, as part of their group *annual report*
- notify the administrator in the event of a purchase or sale of one of these subsidiaries.

Disaggregation of Significant Group Undertakings

As part of the registration process, a participant will be able to nominate any SGU that it wishes to disaggregate and participate separately in CRC. The disaggregation could be done at any level of grouping that constitutes an SGU. However, any disaggregation which results in the remainder of the group falling below the qualification threshold of 6,000 MWh will not be permitted.

If the SGU consents to this separate participation, and registers accordingly, it will be treated as a separate participant for the remainder of the phase and will be required to comply with the same obligations as any other full participant. It will be listed as a separate entity in the league table and will receive a separate recycling payment after the end of each annual reporting year. Please refer to the guidance issued by the Environment Agency for details on how to register as a CRC participant.

Each disaggregated SGU will also be required to pay the full fees and charges, as it will be subject to the same audit and identity checks as any other participant in the scheme. See [Annex 6](#) for a full break down of the fees and charges in CRC.

Changes to organisational structure

When an organisation's structure experiences a change involving an SGU, either during a phase, or between the end of the qualification period and the start of the phase – for example, when there is a merger, an acquisition or a sale – there are specific rules on how to account for transfer of responsibility for emissions. See [Annex 1](#) for more information.

Providing this information enables the administrator to account for significant changes when calculating the league table. Though the group will still be listed in the league table and receive the revenue recycling payment, the performance of SGUs will also be made public when the table is published.

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This is intended to generate reputational incentives for SGUs to perform well in CRC.

Section 4 provides more information on reporting obligations and the league table.

Government departments

Government departments, the Scottish Administration, the Welsh Assembly Government and Northern Ireland Departments must all participate in CRC regardless of whether they meet the qualification threshold or not.

The relevant Secretary of State is the legal entity for a department and its executive agencies (as well as any department-sponsored body that does not have a separate legal identity), and so is responsible for:

- recording and reporting all energy supply from the department
- complying with reporting requirements
- ensuring allowances are purchased
- submitting allowances at the end of the annual reporting year.

Executive non-departmental public bodies and public corporations without majority Government shareholding, which are autonomous and have their own legal status will participate separately, but only if they meet the qualification threshold.

Although Government departments and their devolved equivalents will participate as outlined above by default, they can, if they so wish voluntarily disaggregate any part of their structure including wholly owned or controlled companies, regardless of their size or legal status. The disaggregated body will then be obliged to participate in the scheme on a mandatory basis. In addition, departments and their devolved equivalents will also be able to aggregate with any other public body, apart from other large departments. The power to exercise these disaggregation/aggregation decisions has been given to the Secretary of State, the Treasury, Scottish Ministers, Welsh Ministers and Northern Ireland Departments.

The Secretary of State also has power to require the full participation of local governmental bodies in Wales, such as the Greater London Authority, even where they don't meet the qualification threshold.

Any company which is wholly owned or controlled by a central Government department will participate in CRC with their owning department by default. However, these companies can be disaggregated for separate mandatory participation as outlined above.

Joint ventures and PFI

Ownership of Joint Ventures and Private Finance Initiatives are determined, as with other types of SGUs, by the Companies Act

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tests. This means a joint owner with a controlling interest in a JV/PFI will take responsibility for that JV/PFI, irrespective of how much of it owns. Where a JV/PFI is not grouped with a parent according to Companies Act tests, it will be treated in one of two ways:

- where the JV/PFI has a majority owner (>50%), then all of its supplies are aggregated with that of the majority owning organisation.
- where a JV/PFI has no single owner with a stake greater than 50%, the joint venture and all of its subsidiaries are counted as a separate organisation that must assess if it qualifies for the scheme in its own right. Unincorporated Joint Ventures will be treated the same as all other JVs.

Franchisees and franchisors

Under CRC, franchisors are responsible for the energy supply of all their franchisees – even if the franchisee is legally owned by another CRC organisation (i.e. not the franchisor).

- the franchisor must consider the supplies for all its franchisees to determine whether it meets the qualification criteria
- if the franchisor then meets the first or both of the qualification criteria, it must follow the processes set out in the following sections either to make an information disclosure or participate fully in CRC

- a Franchisee is obliged to provide its franchisor with such reasonable assistance as the franchisor requires, in order to participate in CRC. In particular, the franchisee will have to provide data related to its energy supplies and settled HHM numbers. In most cases, this can be done once a year and the franchisee can request an annual energy statement from its energy suppliers to help compile this data.

If the franchisor itself is a subsidiary, then it needs to follow the guidance for group organisations for reporting its energy supply, including that of its franchisees, to the primary member for its group. See the guidance on group organisations.

If the franchisee is a tenant and the landlord pays the energy bills, the landlord has responsibility for the franchisee's emissions – not the franchisor.

If you are a CRC participant and own a franchisee you must not report the franchisee's emissions as part of your CRC emissions. You must only consider emissions from supplies that **you** have the contract with the energy supplier or third party energy supplier.

These rules apply to other types of vertical distribution agreement such as distribution or licence agreements.

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In England, Scotland and Wales participating local authorities will be responsible for emissions from all schools maintained by the local authority and any Academies and City Technology Colleges that are geographically located in the area for which the local authority exercises educational functions. The local authority must consider the electricity supplies to these schools when determining whether it meets the qualification criteria.

- if the local authority then qualifies, it must follow the processes set out in the following sections either to make an information disclosure or to participate fully in CRC
- during the scheme, schools should give reasonable assistance to their local authority and supply data about their energy supply. In most cases, this can be done once a year and the school can request an annual energy statement from its energy suppliers to help compile this data
- schools must report their energy supply to their local authority following the same rules that participants must comply with. These rules are explained in section 3.

In the case of PFI schools, where the PFI company is responsible for the energy supply contract, the energy supply will be attributed to the PFI company.

Grant-aided schools in Northern Ireland will be included as part of the Education and Skills Authority (ESA) once it comes into operation. Until then, all grant-aided schools will participate as part of their Education and Library Board.

Private schools

Private schools in Great Britain are **not** included as part of a local authority's energy supply. Instead, private schools only participate in CRC if they, or their organisational group (including its school(s) as if they were undertakings), pass the CRC qualification threshold of 6,000 MWh / year of half hourly metered electricity use.

Universities

Universities in Scotland, Wales and Northern Ireland will participate in CRC as separate organisations. Only the institutions that meet the qualification threshold have to participate in the scheme.

However, for English Universities, qualification for CRC participation will be assessed against the University and Colleges taken as one group. This will apply to all English Universities and their independent colleges.

Whilst qualification for participation will be assessed against the University and its independent colleges taken as one group, once the group qualifies the colleges will

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participate individually unless they choose to aggregate either with other colleges of the same university or with the university itself. Any grouping for participation will only be recognised if it has the agreement of all parties involved.

Groupings must be determined at the start of a phase and must be reported as part of the registration process.

Each grouping will be treated as an independent standalone participant and it will be required to pay fees, buy allowances and report separately. The name of the grouping will appear on the league table and the grouping will receive one recycling payment.

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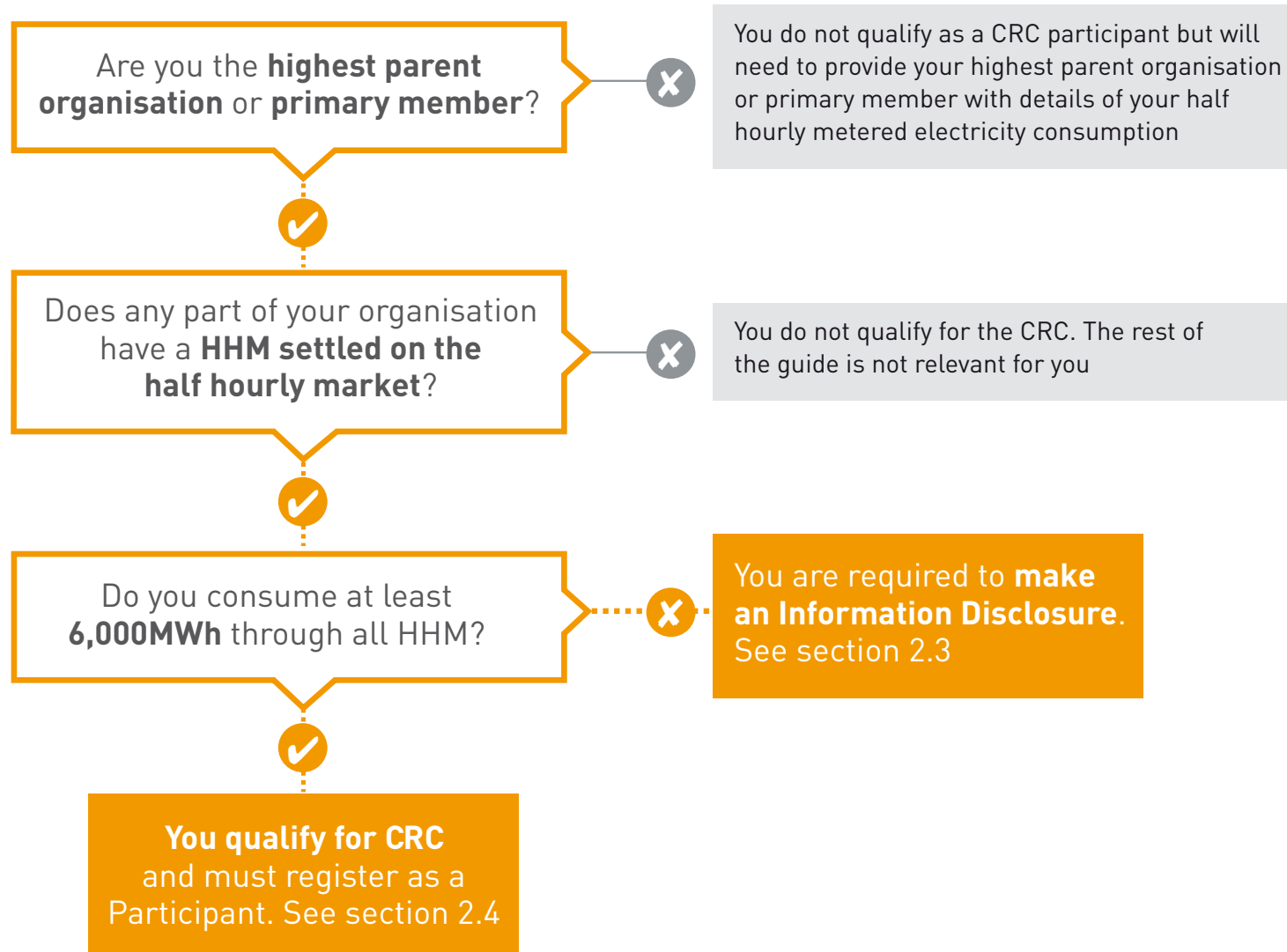
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2.3 Making an information disclosure

This section is for any organisation that has to make an information disclosure under CRC. It explains what information you must provide, by when – and what happens if you do not make a disclosure. Please also refer to the guidance issued by the Environment Agency on making an information disclosure.

As described in section 2.1, if your organisation has at least one HHM settled on the half hourly market at any point during 2008, but your total electricity supply through all HHMs was less than 6,000 MWh over the course of the qualification period, you must make an information disclosure under CRC. This is done via the online [registry](#).

The information you disclose helps make sure that all HHMs settled on the HH market have been accounted for, and enables the administrator to effectively audit, in particular to ensure that all organisations that should participate fully in the scheme have registered.

2.3.1 What information must my organisation disclose?

If you are required to make an information disclosure, you must:

- provide the administrator with a list of all your organisation's HHMs settled on the half hourly market, including the Meter Point Administration Number (MPRN in Northern Ireland) for each settled HHM, and
- calculate how much electricity you were supplied through all HHM, including any AMR meters.

If you received **more than 3,000 MWh** in the qualification year, you must **also** disclose your total annual supply of half hourly electricity during the period.

If you received **less than 3,000 MWh** in the qualification year, then you will need to provide contact details for your organisation and tick the appropriate box on the online form.

Your energy supplier should be able to tell you if you have any HHM settled on the half hourly market and your total electricity supplies through these meters. This can be done retrospectively to work out your energy supplies during the 2008 qualification year.

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2.3.2 Making an information disclosure

Information disclosure takes place during the [registration period](#). For the introductory phase, this is 1 April 2010 until 30 September 2010. If your organisation has more than one electricity supplier, you may need to aggregate information from all your suppliers in order to make an information disclosure.

You need to:

- make a list of all settled HHM numbers
- add together the electricity supplies through all the HHMs your organisation was responsible for during the qualification period (including those from AMR)
- make sure your organisation did not receive supplies of more than 6,000 MWh through HHMs during the qualification period, and
- use the online CRC registry to submit your information disclosure.

2.3.3 What happens if we do not provide the information?

If you are required to make an information disclosure but fail to do so, or fail to do so completely by the end of the registration period, a fine of £500 per settled HHM that you did not disclose will apply.

2.3.4 Help with the information disclosure process

Throughout autumn 2009, the scheme administrator sent out a letter to organisations that were supplied with electricity through at least one settled half hourly meter during 2008. This letter provides further details of the information disclosure process. It also gives directions to the official guidance which details the specific steps of the information disclosure process and is available from the Environment Agency website: www.environment-agency.gov.uk/crc.

The letter also includes details of the electricity supplied through the identified settled HHM over the qualification year. You can use this information to help you work out your organisation's total electricity supplies, but you will need to identify the other HHMs throughout your organisation and add their supplies too.

Important: These letters are designed to help organisations understand their obligations under CRC. The letters were sent to organisations believed to have responsibility for the supply of half hourly electricity. Therefore, if your part of the organisation does not receive a letter, it does not necessarily mean your organisation has no obligations.

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1. Work out if you need to make an information disclosure to the administrator.
2. If you do need to – or think you *may* need to – start gathering the necessary information. This includes details of all electricity supplied through all the HHMs your organisation was responsible for during 2008.
3. Check how much electricity your organisation was supplied through HHMs during the qualification period. If it is 6,000 MWh or more, you must register as a participant. See section 2.4 for details of how to do this.

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2.4. Registering for full participation

This section explains how to register as a full participant in CRC. It also provides details of the circumstances in which you may be exempt. Please refer to the guidance document 'Registering as a CRC Participant' available from the Environment Agency website (www.environment-agency.gov.uk/crc) for further information on registering for the scheme.

As described in section 2.1, if your organisation's total half hourly electricity supplies were at least 6,000 MWh during the qualification year, then you qualify as a participant in CRC. You must register for CRC using the online [registry](#) during the registration period. For the introductory phase, this is from 1 April 2010 until 30 September 2010.

Your energy supplier should be able to tell you if you have any HHM settled on the half hourly market and your electricity supplied through these meters. This can be done retrospectively to work out your energy supplies during the 2008 qualification year.

When you register you will have to provide information including:

- information on your organisation and its Significant Group Undertakings
- identification information for the person(s) responsible for your organisation's participation in CRC

- a list of all your organisation's HHM settled on the half hourly market, and
- total half hourly electricity used. You may estimate this quantity.

When you register for CRC, the administrator will create an online account for you. You will then use this account to report your emissions and to surrender allowances. Once you have completed your registration, if you have done so within the first three months of the registration window, you can identify which (if any) SGUs will be disaggregated to participate separately in CRC. The SGUs can then register within the rest of the registration window.

Registration fees

There is a registration fee of £950 for all participants. There is also an subsequent annual subsistence fee of £1,290 for administration of this account. These fees are paid to recover costs for administering CRC. A single set of charges applies throughout the UK. See [Annex 6](#) for a full breakdown of fees and charges in CRC.

2.4.1 Excluded supplies that bring your organisation below the qualifying supply threshold

Organisations that use a large proportion of their electricity for transport, domestic accommodation or for consumption outside the UK may end up with their total electricity supplies during the qualification period being over 6,000 MWh, but their CRC qualifying supplies being below 6,000 MWh. Where supplies are used

by another party (electricity transmission) – except where landlords have responsibility for their tenants’ supplies – these are not counted towards an organisation’s total. See Annex 4 in section 6 for a definition of energy used for the purposes of transport and domestic accommodation.

To work out if you qualify you must make an information disclosure, even where your electricity supplies through HHM are over 6,000 MWh you must:

- add together the electricity supplied through all the HHMs your organisation (including any subsidiary undertakings etc) is responsible for, then
- subtract from that the amount of electricity used for transport, domestic accommodation, supplied to an address outside of the UK or is for third party use (except your tenants).

If the resulting HHM electricity supply across your organisation is less than 6,000 MWh during the qualification period, then you must make an information disclosure, but you will not be a participant. That means your entire organisation will participate in that phase but you will have to reassess your participation at the next qualification period. You will be required to keep records to demonstrate why you are not participating but you are not required to take any further action during the phase.

There are exemptions for participants that have a significant proportion of their emissions – or a subsidiary’s emissions – covered by a [Climate Change Agreement](#), which you may apply for at the time you register. See [Annex 2](#) in Section 6 for more details.

2.4.2 What happens if my organisation fails to register?

Once the registration period has closed, the scheme administrator reviews its records and accounts for all HHMs in order to identify whether there are any meters for which a return has not been made.

If your organisation is eligible for CRC, but has failed to register by the end of the registration period, you will have to pay a fixed fine of £5,000. Then for each subsequent working day you fail to register, you will be fined an additional £500 per working day for each subsequent working day of delay for a maximum of 80 working days, together with publication of non-compliance.

2.4.3 Help with the registration process

Throughout autumn 2009, the scheme administrator sent out a letter to the individual billing address for each HHM settled on the half hourly market. There is further guidance available on the EA website (www.environment-agency.gov.uk/crc) that provides further details of the registration process.

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It also includes details of the electricity supplied through that HHM over the qualification year. You can use this information to help you work out your organisation's total electricity supplies (but also add in AMR).

Important: These letters are designed to help organisations understand their obligations under CRC. The letters were sent to organisations believed to have responsibility for the supply of half hourly electricity. Therefore if your part of the organisation does not receive a letter, it does not necessarily mean your organisation has no obligations.

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3. Check how much qualifying electricity your organisation was supplied with through HHMs during the qualification period. If it is more than 6,000 MWh, you must register as a participant.
4. Deduct all energy supplies used for the purposes of domestic accommodation, transport, supplied to an address outside of the UK or which is transmitted to a third party other than your tenants.
5. Register using the online registry between 1 April 2010 and 30 September 2010. If you intend to disaggregate any SGUs you must register by the end of June 2010
6. Begin preparing for the scheme. See section 3 for more information.

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Preparing for CRC

This section explains what you will have to do *after* you have registered to prepare for participation in the scheme. In particular, it focuses on how and when you must monitor your energy supply, and how to determine what emissions you have to include in CRC.

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3.1 Getting an accurate record of your emissions

The first step in preparing for CRC is to get a comprehensive and accurate record of your organisation's CO₂ emissions. You do this in the *footprint year* (financial year 2010/11). This is important because, based on this, your organisation then has to:

- provide a comprehensive report to the *administrator* that shows how much energy supply you are responsible for and which parts of your footprint are included in CRC
- buy allowances from Government for each tonne of CO₂ you think you will emit for each annual reporting year in that phase (except the first year in the introductory phase)
- record energy supplies during each annual reporting year, and
- surrender allowances at the end of that year for each tonne of CO₂ they have emitted.

The following sections explain how to work out your organisation's *total footprint emissions* and equally importantly what parts of this total footprint need to be included in your *CRC emissions*. **You only need to annually report on – and purchase allowances for – your CRC emissions.**

As discussed in section 2, qualification for CRC is based solely on electricity supply. However, when you are actually participating in CRC, you are required to consider all energy supply (which your organisation is responsible for) in determining your CO₂ emissions.

3.2 Working out your total footprint emissions

Your organisation's total footprint emissions, which you record once for each phase, are based on your energy supply over the footprint year. This will be the first compliance year of each phase. For the introductory phase, it will be April 2010-March 2011 – which is also the first annual reporting year.

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To work out your total footprint emissions, follow the steps below.

1. Add up all energy supply across your organisation from:
 - electricity
 - gas, and
 - any other fuel types such as coal, LPG, diesel, etc.

The CRC Order provides a full list of what fuels and energy supply you are required to monitor under the scheme.

You should use original copies of energy bills, meter readings or fuel delivery invoices to work out the energy supply.

To help you work out your organisation's total energy supply, you can request an annual statement from each of your energy suppliers, covering:

- a list of all unique meter identification numbers/codes under the relevant supply contract, and
- the total annual energy supplied through every meter (detailing the type of reading – actual, self-read or estimated).

To enable your suppliers to give you a statement in time, you must request such a statement by the end of March. Suppliers will be obliged to provide the statement within six weeks from the end of the compliance year.

Remember, you will need an annual statement from each of your organisation's energy suppliers and for each account you have with them to work out the full amount used.

Suppliers will be able to provide you with an annual statement of supplies received starting from the first compliance year. You should therefore request your first statement by the last working day of March 2011.

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Responsibility for supply is determined by the presence of an agreement between you and a supplier, or any other third party organisation, for the supply of electricity, gas or fuel, which you receive (i.e. for your own use) and pay for on the basis of the quantity received. In the case of electricity and gas the supply needs to be measured through a metering device that is used for charging purposes (including fiscal meters). If your arrangements meet all these tests then your organisation is responsible for the supply and needs to include it in the calculation referred to at the beginning of this section.

If your arrangements do not meet all these tests, for example your electricity supply is not measured by a fiscal meter or you procure gas for a third party organisation (i.e. not for your own usage), then your organisation is not responsible for the supply for the purposes of determining CRC qualification and participation. The exception to this is landlord/tenant relationships, which as explained in section 2.1, will result in landlords being responsible in CRC for any supply they provide to their tenants.

In addition, supplies you make to your own organisation will qualify as supplies for the purposes of the CRC, even where the above tests are not met. This ensures that there is a level playing field between all forms of electricity consumption, regardless of whether it is self-generated or purchased from a third party or from the grid. You will need to report on and have allowances for this consumption. Electricity supplied for the purposes of electricity generation, distribution, or transmission activities licensed or exempt from license under the Electricity Act 1989 or the Electricity (Northern Ireland) Order 1992 are not deemed to be self-supply.

2. Next, exclude supplies related to energy used for:

- domestic accommodation
- transport, and
- unconsumed supplies.

More information on these exclusions is available in [Annex 4](#).

Your total energy supply emissions, minus the energy supply from the above activities are known as your *relevant emissions*.

3. Now check whether your organisation, or any part of it, already has a Climate Change Agreement (CCA).

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- If you are a single entity participant and at least 25% of your relevant emissions are covered by a CCA, you will be **exempt** from CRC for all your emissions. You will be required to provide details of your CCA to the administrator. If you lose your CCA exemption then you will be required to participate in CRC from the start of the next compliance year.
- If any member of your organisational group has at least 25% of its relevant emissions covered by a CCA, that member is treated as **exempt** when working out your group's total footprint emissions. You will be required to provide details of your member's CCA to the administrator
- If, after the removal of these members' energy supply, your remaining organisation has less than 1,000 MWh of half hourly electricity remaining in CRC, your entire organisation will be exempt. If you lose the CCA exemption you will be required to participate in CRC from the start of the next year.

You should claim any exemption at the time that you register. However, you have the option to claim an exemption as part of the footprint report (due by 31 July 2011 based on the CCA target period ending in year 2010). You can do this only if you do not have enough data available to make a claim when you register.

The CCA target period for the footprint year first phase is the year 2010. The target period can start in Oct-Nov-Dec 2009 or 1 Jan 2010, and will finish by the end of the calendar year 2010.

If this instance applies to you, when you register you will be able to show that you intend to claim an exemption in the footprint year.

Annex 2 in Section 6 provides more details on CCA exemptions.

Your relevant emissions minus the emissions of exempted parts of your organisation are known as your total footprint emissions in CRC.

3.3 Working out emissions to be included in CRC

Once you have worked out your total footprint emissions, you can then work out the emissions you will actually have to include in CRC each year – and purchase allowances for. The emissions that must be included are known as your CRC emissions.

There are two rules that determine CRC emissions:

1. All your emissions from *core sources* (see below) of energy must be included in your CRC emissions, unless they are covered by the *EU Emissions Trading System* (EU ETS) or CCAs.

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2. At least 90% of your total footprint emissions must be regulated either by CRC or by EU ETS or CCAs. The remaining 10% of your emissions may be omitted, primarily because the administrative burden of accounting for some very small sources of energy every year would be disproportionately large.

3.3.1 Working out your core sources

Core sources are all emissions from the following sources:

Core electricity supplies:

- all settled HHMs
- all non-settled HHMs
- all *non-domestic meters*, and
- all *dynamic supply*

Core gas supplies:

- all daily meters
- all half hourly meters, and
- all *large gas point meters*

Supplies through meters with any ancillary devices that allows the meter to be read remotely will count towards core gas supplies.

3.3.2 Including residual supplies

If, having included all your core sources, you find that you have not yet reached the point where 90% of your total footprint emissions are regulated, then you must include some of your *residual supplies* until your organisation's combined EU ETS, CCAs and CRC coverage level is above the 90% threshold. Note that this assessment applies only for the parts of your organisation remaining after the exclusion of any subsidiaries under the 25% CCA rule.

Residual sources are any energy supply other than the core sources listed above. A fuel list can be found in the CRC Order to help you identify your residual supplies that may need to be included.

Once your organisation has achieved the 90% threshold you can choose to opt in residual sources, if you wish, until anything up to 100% of your total footprint emissions is covered.

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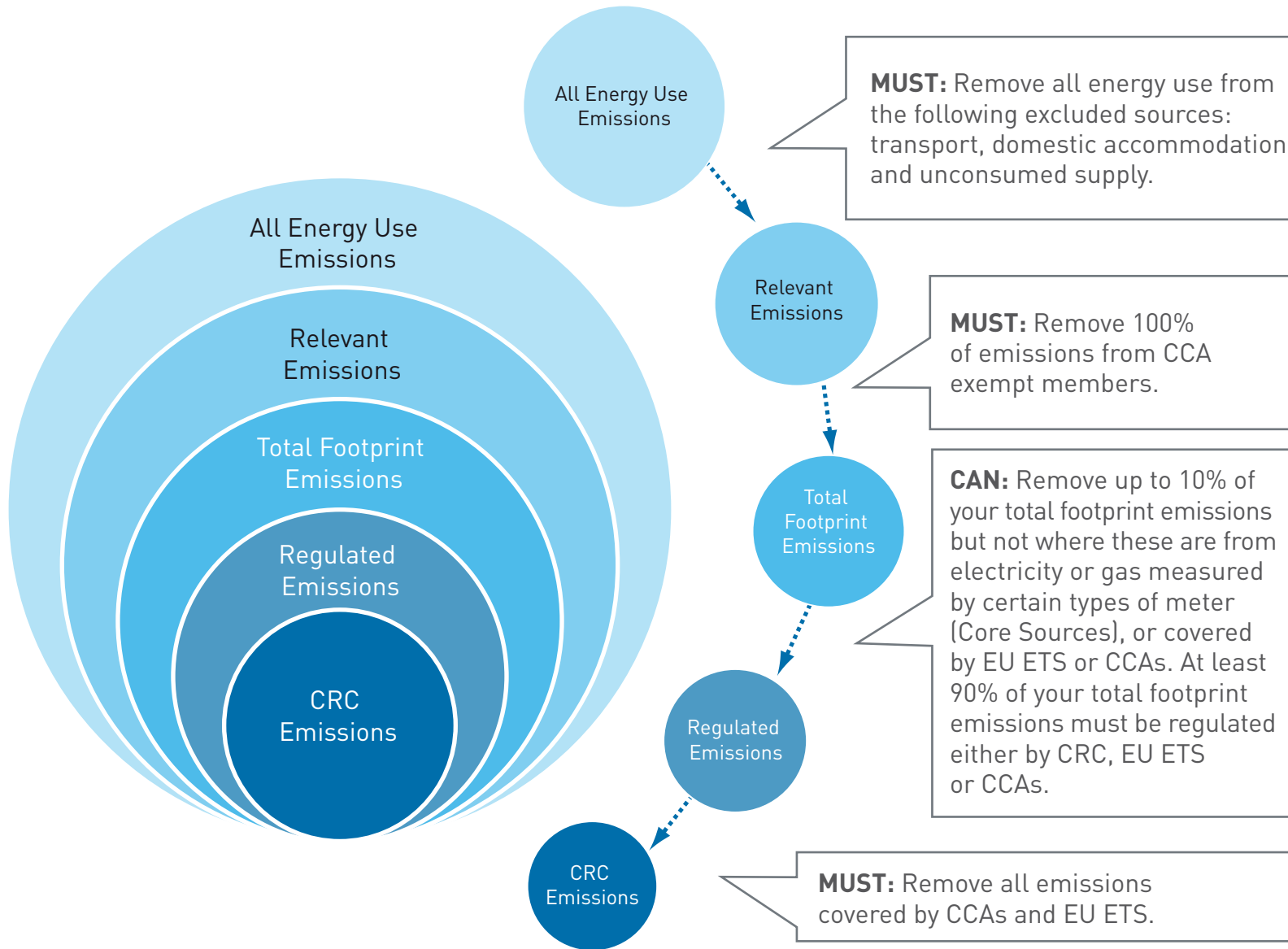
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3.4 Listing CRC emissions

Once you have worked out your CRC emissions, you need to record all energy sources which are not core sources, as well as the core sources, and keep this in your *evidence pack* (see section 3.6). You should keep a record of the non-core sources in a separate list. You will have to report on and purchase allowances for all core sources, and the non-core sources in the list. Do not include the sources covered by CCAs or fuel and gas to EU ETS installations in your CRC emissions source list.

These non-core listed sources must be included in CRC for the whole phase, in addition to all core sources at all times. However, you will be able to re-evaluate the non-core sources before the start of the next phase. Bear in mind, though, that the final percentage of your total footprint emissions covered by one of CRC, CCAs or EU ETS must be at least maintained in subsequent phases. This percentage will be assessed at the end of the phase to take into account organisational changes etc. So, if for the introductory phase, 92% of your total energy supply footprint is regulated at the end of the introductory phase then this percentage or more must be covered in the next phase.

3.5 Producing a footprint report

The steps described above should be performed using the data collected in the footprint year. At the end of the footprint year, participants have to provide a footprint report to the scheme administrator covering:

- their total footprint emissions (as calculated in section 3.2)
- their CRC emissions
- details of any exemptions through CCAs, and
- any major changes in their organisational structure

3.5.1 How and when should a footprint report be submitted?

This report must be submitted, using the online CRC registry, by the last working day of July – four months after the end of the footprint year. In the introductory phase, this is 29 July 2011. Further guidance on compiling a footprint report will be provided by the administrator.

3.5.2 What happens if my organisation doesn't submit a footprint report?

If your organisation fails to submit a footprint report by the deadline, you will have to pay a fixed fine of £5,000. Then for each subsequent working day you fail to submit a report, you will be fined at a rate of £500 per working day up to a maximum of 40 working days.

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The total accumulated daily rate is then doubled after 40 working days along with publication of non-compliance.

Electricity credits

If you generate electricity yourself you may be able to claim electricity credits. [Annex 3](#) provides more information on the treatment of electricity generation in CRC. You will need to disclose the amount of electricity credits that you generated during the footprint year in your footprint report.

3.6 Compiling an evidence pack

You must put all records that support information provided to the administrator in an evidence pack. This should include records and evidence for all data that you used in your footprint report. You then add to this evidence pack information about your energy supply and emissions each compliance year.

If your organisation is selected for an audit, you will need to disclose your evidence pack to the administrator.

The evidence pack should contain:

- **structural records** that define the scope of your organisation, the type(s) of sites within your organisation (important for non-metered supplies such as street lighting), and the types of energy you use

- **data records** showing your energy supplies – such as copies of monthly invoices or statements from suppliers for each energy source, e.g. electricity, gas, and fuel oil. Where HHM or AMR electricity meters are not available, utility company meter readings should be the principal source of data. If ‘own meter readings’ are used instead of utilities, verifiable records of such readings should be included
- **special event records** covering any unusual events e.g. meter breakdown, change of energy supplier, change in company structure
- **data for Early Action and Growth metrics** (see sections 4.5 – 4.8 on reporting emissions and revenue recycling), and
- **records to support exemptions and energy credits** (see section 3 and Annexes 2 and 3).

Participants must keep these records for a set period of time and ensure that the evidence pack is kept up to date, adding relevant records each year.

- Evidence from 2010/11 must be kept for the duration for the scheme, as this provides the emissions data on which each participant’s proportion of the revenue recycling is based

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- Records from other years must be kept for seven years after the end of the phase to which they relate.

A director within a CRC participant organisation will be required to take responsibility for the evidence pack. If your organisation fails to keep a complete evidence pack that can be viewed at the administrator's request, you will be fined £40 for each tonne of CO₂ in your CRC emissions in the most recent compliance year.

The scheme administrator will issue guidance on the compilation of evidence packs in due course.

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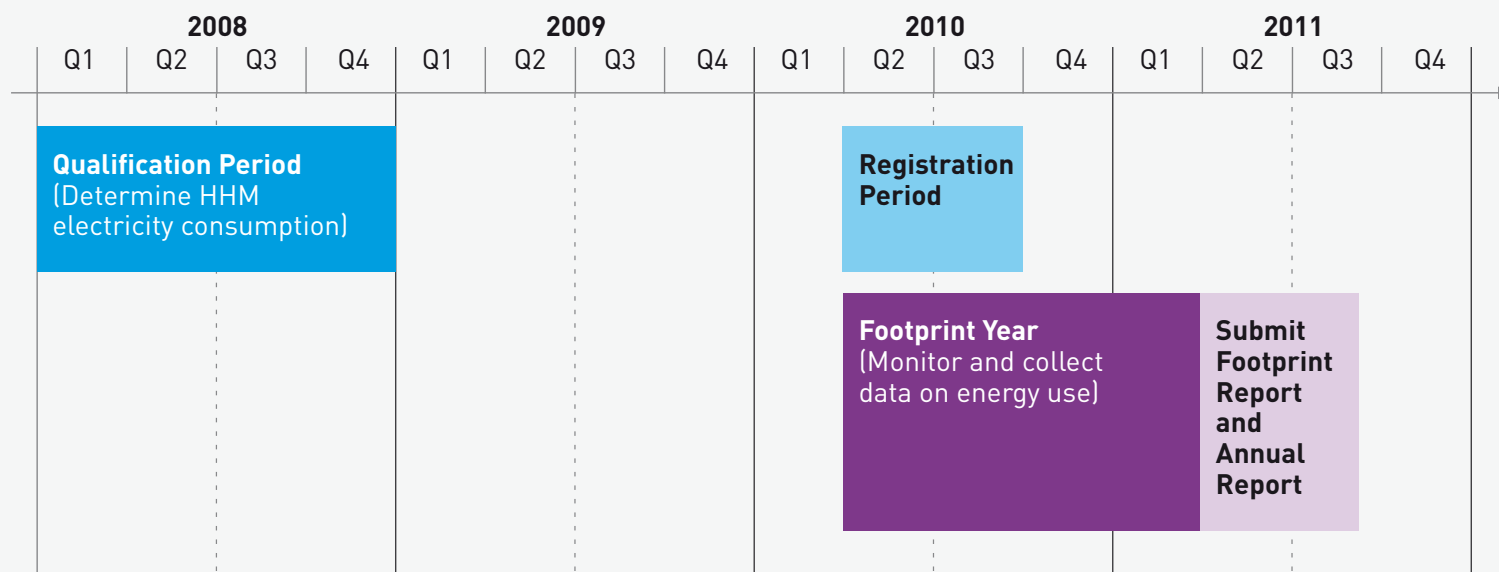
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1. Make sure you have information – or can get information – about your annual energy supply.
2. Follow the process explained in sections 3.2 and 3.3 for working out your total emissions and your CRC emissions. You do not need to do this until the footprint year, but it may be useful for you to start gathering data to identify your sources of energy supply and to help you plan how many allowances you will need.
3. Produce and submit a footprint report by 29 July 2011.
4. Compile and keep an evidence pack.

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Participating in CRC: The Introductory Phase

This section explains what your organisation will need to do as a participant in the introductory phase. It covers:

- how your organisation can buy allowances for your CO₂ emissions in CRC, how to 'budget' for them and how you can sell them if you find you have too many
- what information you have to report each compliance year, and how to do this
- how to surrender allowances
- how performance is evaluated, and
- the revenue recycling process.

This section also states how CRC is audited.

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4.1 Buying allowances: principles

Allowances are an integral part of an emissions trading scheme. The basic principles for their use in CRC are:

- Organisations are required to surrender one allowance for each tonne of CO₂ they emit during the annual reporting year
- Allowances are sold by Government at the start of the annual reporting year, except for the first annual reporting year when there will be no trading, and organisations should buy as many as they think they will need to cover their *CRC emissions*
- If an organisation makes efficiency savings – so reducing the amount of energy it uses – it will need to buy and surrender fewer allowances. This will mean reducing not only the costs of their involvement in CRC, but also benefiting from cutting their energy bills
- If an organisation needs to purchase additional allowances, because it has exceeded (or is going to exceed) its emissions targets, it can do this through

the secondary market, or via the ‘safety valve’ mechanism. Surplus allowances can be sold on the secondary market.

- All revenue raised through the Government sale of allowances will be ‘recycled’ to participants. A proportion of this is allocated to organisations according to their relative performance in the league table.

4.2 Buying allowances from Government

Government will sell allowances annually, during a month-long sale period at the start of the compliance year. Only CRC participants will be allowed to buy allowances during this period. It is up to each participant to decide how many allowances they wish to purchase. Purchases are managed through the CRC registry.

To help organisations get used to the process, different rules will apply in the introductory phase from subsequent phases.

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4.2.1 The annual sale in the introductory phase

During the three-year introductory phase:

- the scheme administrator will sell allowances to participants at a fixed price of £12/allowance
- there is no limit to the total number of allowances available to purchase during the April sale periods, and
- there is no sale of allowances in the first year. Instead, the first sale takes place in April 2011, when organisations will purchase allowances to cover projected CRC emissions in the financial year 2011/12. **Therefore, the first compliance year of CRC will be a reporting-only year.**
- Government will issue allowances to participants if they receive payment in full within three working days, and
- allowances will be issued to participants as soon as possible after the payment has been received and reconciled by Government.

4.2.2 The annual sale in future phases

After the introductory phase, the annual sale of allowances will be conducted via a closed auction. Section 5 provides more information about how CRC will operate in these [capped phases](#).

4.3 Buying extra allowances

Following the initial sale, if you wish to buy further allowances – for example, because your organisation’s emissions are higher than anticipated – there are two ways of doing this:

- trading with other CRC participants or traders on the [secondary market](#), and
- buying allowances through the [safety valve](#).

Revenue from sales on the secondary market and through the safety valve will not be included as part of the pot of money that is recycled to CRC participants.

4.3.1 Buying allowances on the secondary market

The secondary market consists of other CRC participants and traders (organisations and individuals that are not participants in CRC but who are registered with CRC.)

It will be up to the buyer to agree a price with the seller and Government will not control the price (except through the existence of the safety valve).

The CRC online registry will have a noticeboard trading facility to help participants find buyers or sellers of allowances. However, trades will not be restricted to this system and there may be a number of third party trading facilities.

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VAT will be charged on allowances purchased on the secondary market.

4.3.2 Buying allowances through the safety valve

The CRC will include a safety valve mechanism to protect against the price of allowances becoming too high. Through this, CRC participants can ask the administrator to issue extra allowances throughout the year.

When a participant requests additional allowances through the safety valve, the scheme administrator:

- requests a deposit from the participant based on the final price paid for safety valve allowances the previous month
- makes a purchase of allowances from the [EU ETS](#) market corresponding with the number of requests from participants
- calculates the difference between the deposit and the actual price paid for the EU ETS allowances and either requests an additional payment from the participant, or issues a refund
- issues the required number of new CRC allowances for which payment has been received in three working days, and
- to retain the environmental integrity of the scheme, cancels the corresponding number of allowances from the EU ETS market.

There will be a charge of £300 per transaction made through the safety valve. During the Introductory Phase, VAT will not be charged on allowances purchased through the safety valve.

The price of the safety valve is related to the price of allowances in the European Emissions Trading System, but is **always** greater than buying allowances through the fixed price Government sale. Since February 2010 the minimum safety valve price has been set at £14. Safety valve allowances will therefore not be sold for less than £14, even if the EU ETS market should be trading below this. It is therefore in the financial interests of participants to purchase allowances through the safety valve only if CRC allowances for sale on the secondary market are more expensive than EU ETS allowances (and accounting for the respective fees and charges for acquiring allowances via each route).

4.4 Selling and banking allowances

If you find your organisation is holding more allowances than you need in that year – perhaps because you have achieved greater emissions reductions than expected – you have two options:

- sell some of your allowances through the secondary market, or
- bank allowances for future use.

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4.4.1 Selling allowances

You can sell allowances on the secondary market, either:

- direct to other CRC participants, or
- to a registered trader.

It is up to you to agree a price with the buyer.

4.4.2 Banking allowances for future use

Alternatively, you can bank unused allowances to cover emissions in future years. The only exception is the final year of the introductory phase. This is because at the end of the introductory phase all remaining allowances will be cancelled and cannot be banked for the capped phase.

In CRC, organisations can never borrow allowances from future years.

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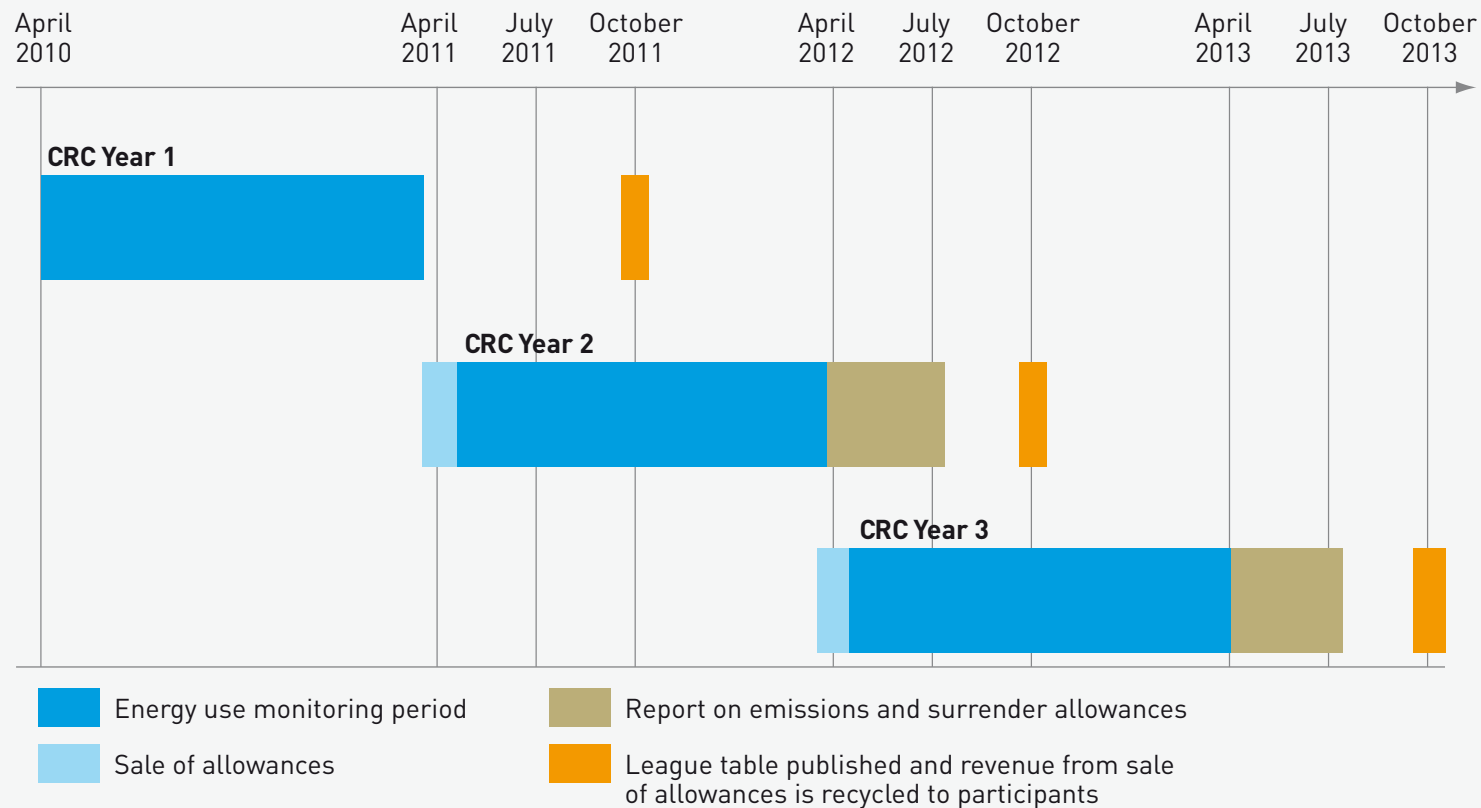
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What does my organisation need to do now?

At this stage (up to April 2011), you cannot buy allowances. However, to prepare for the first sale of allowances in April 2011, it might be beneficial to:

1. Work out how many allowances you would need to buy, based on your current CRC emissions.
2. Budget ahead for the fact that in April 2011 you will have to buy allowances based on projections for 2011/12.
3. Read section 5 to understand how the auction will work in the capped phase.

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4.5 Reporting emissions and surrendering allowances

You must report your annual emissions by the last working day of July after the end of the annual reporting year (In the first year, this will be 29 July 2011). By the same deadline, you must also surrender a corresponding number of allowances valid for that annual reporting year (i.e. if you report 1,000 tCO₂, you must surrender 1,000 allowances). You can do this either by:

- surrendering allowances from your CRC registry account yourself during the year, or
- ensuring that you hold sufficient valid allowances in your account at the reporting deadline. The administrator will then cancel these on your behalf.

You therefore have four months after the end of the annual reporting year to collate your data for the annual report, update your evidence pack (see section 3.6 for a reminder of what this includes) and purchase further allowances, on the secondary market or via the safety valve, if necessary.

Valid allowances are any that were issued in the preceding year's sale, or earlier – not those that have been bought in the same year's April sale. All safety valve allowances issued up until the July deadline also count as valid for that year. For example, you cannot

surrender allowances bought in April 2015, to comply with the scheme in July 2015; you will have to use those allowances issued in or before April 2014 or through the safety valve. This also applies to allowances purchased on the secondary market.

Remember, you are not required to report on all emissions, but instead just those from your CRC sources, which you established in the footprint year, as explained in section 3.2 and 3.3. You only need to monitor and report 100% of your energy use emissions in the footprint year of each phase.

Remember if you generate electricity, where this is supplied to your own organisation this will qualify as supplies for the purposes of the CRC and you must account for this consumption accordingly. However electricity you generate and use for the direct purposes of electricity generation, distribution, or transmission activities licensed or exempt from license under the Electricity Act 1989 or the Electricity (Northern Ireland) Order 1992 are not classified as supplies and do not have to be accounted for.

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4.5.1 Submitting an annual report

Like the footprint report, annual reporting is done via the CRC registry. You enter details of your energy supply for the sources contributing to your CRC emissions, and the CRC registry then converts this figure into tonnes of CO₂.

There are special circumstances regarding electricity generated during the scheme. See [Annex 3](#) in section 6 for more information.

Remember that in the introductory phase, the first annual reporting year of the scheme (2010/11) is also the footprint year for the first phase. You therefore have to submit your first annual report at the same time as your footprint report – by the end of July 2011.

4.5.2 What happens if my organisation doesn't submit an annual report?

If your organisation fails to submit an annual report by the deadline, you will have to pay a fixed fine of £5,000. Then for each subsequent working day you fail to submit a report, you will be fined at a rate of £500 per working day up to a maximum of 40 working days. The total accumulated daily rate fine is then doubled after 40 working days.

If you have not submitted your annual report after forty working days your emissions will be determined by the Administrator. This total will then be doubled and you will be required to surrender allowances to cover this doubled total. The doubled figure will not count towards the participant's rolling average.

The Administrators will block the transfer of all allowances out of your registry account until the report is received and your organisation will automatically be given bottom ranking on the league table alongside publication of non-compliance.

Full details of penalties are outlined in [Annex 7](#).

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4.6 How performance is compared and assessed

At the end of each annual reporting year, the CRC administrator gathers information from the reports of all participants. This information is then used to compare performance in terms of how well organisations have reduced their emissions. The comparative performance is then:

- published as a league table, and
- used as one of the two factors to determine each organisation's revenue recycling payment.

4.7 CRC league table

After all the reports have been received, a league table is compiled and published by the scheme administrator. To make a comparative assessment, performance is calculated using three different metrics. These are:

1. an **absolute** metric, which simply reflects the relative change in an organisation's CRC emissions
2. an **early action metric**, which takes into account energy saving measures an organisation put in place before the start of CRC (this metric will be removed after the introductory phase)

3. a **growth** metric, which takes into account the fact that a growing organisation may have an increase in its absolute emissions by measuring change in emissions intensity. This metric therefore gives credit to organisations that are expanding in an energy efficient way.

Organisations are only legally required to provide information for the absolute metric. However, all metrics will be taken into account when working out your league position, and if you decide not to disclose information in your annual report for the other metrics, you will be unable to score any league table points for them. So even if your organisation would perform poorly in a metric, it will still be in your interest to disclose the information as you will score some points, whereas an organisation that does not disclose the information will not receive any points.

The table on the next page describes each of these metrics in more detail and sets out each metric's relative weighting in the overall performance score. [Annex 5](#) in section 6 provides worked examples of how these metrics will be calculated.

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Metric	Description	Weighting Introductory Phase – Year 1	Weighting Introductory Phase – Year 2	Weighting Introductory Phase – Year 3	Weighting Future Phases*
Absolute Metric	This measure is your percentage emissions change. Performance is assessed using a five-year rolling average. The metric compares your current annual emissions to your average emissions over the preceding five years. In the first five years of the scheme, current emissions are compared against the average over the years available.	0%	45%	60%	75%
Early Action Metric	This measure gives some recognition for good energy management undertaken prior to the start of the scheme. This metric is based on two factors, equally weighted, which have been chosen as a proxy for good energy management: (i) The percentage of non-mandatorily HH metered electricity and gas supplies which are covered by voluntarily installed Automatic Metering (AMR) by 31 March 2011. (ii) The percentage of your organisation's CRC emissions covered by a valid <i>Carbon Trust Standard</i> (as well as any recognised equivalents) or an <i>Energy Efficiency Accreditation Scheme</i> certificate on 31 March of each compliance year.	100%	40%	20%	N/A

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Metric	Description	Weighting Introductory Phase – Year 1	Weighting Introductory Phase – Year 2	Weighting Introductory Phase – Year 3	Weighting Future Phases*
Growth metric	This gives recognition and provides context for your organisation if you are growing or declining commercially, but your emissions are increasing at a slower rate, or decreasing. This is your percentage change in emissions per unit turnover (or revenue expenditure if you are in the public sector). It compares your current per unit level of emissions relative to your average over the preceding five years.	0%	15%	20%	25%

*These are proposed weightings and will be reviewed in light of evidence from the introductory phase

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4.7.1 From performance metrics to league table points

For each metric, participants will be ranked to determine their points score. For example, if there are 5,000 participants then the best performing participant in each metric will receive 5,000 points, with the worst performer in each metric receiving 1 point.

A participant's score for each metric will be multiplied by the percentage weighting of each metric, and then the three are added together to give the participant's overall league table score. The total scores are then used to rank organisations in the final league table.

The league table in the first year

At the end of the first year of the scheme, Government will only have collected one year of emissions data and therefore will not be able to calculate either the absolute or growth metrics. So for this first year, the league table will be based solely on the early action metric.

To improve your chances of doing well in this metric, you can:

- voluntarily install automatic meters (AMR), and
- attain the Carbon Trust Standard and ensure you have a valid certificate for the relevant compliance year.

Recognised equivalents of the Carbon Trust Standard will also be accepted under the early action metric. Government has set out the broad criteria for other schemes to be considered equivalent. It is the role of the scheme administrator to determine whether a scheme is equivalent.

4.7.2 How the league table will be published

The league table will be published after the end of each annual reporting year on the public pages of the CRC registry.

Alongside the table, there will also be information about four other issues that indicate organisational commitment to carbon reduction. Organisations are asked to provide information about these issues through four simple tick-boxes when they are submitting their annual report:

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1. Does your organisation disclose long-term carbon emission reduction targets, which cover the majority of your CRC emissions, in its annual reporting?
2. Does your organisation disclose performance against these emissions targets in its annual reporting?
3. Does your organisation name a Director with responsibility for overseeing carbon performance in its annual reporting?
4. Does your organisation actively engage with its employees to establish means of reducing energy usage?

It is not mandatory to provide this information and your answers to these questions do not affect your league table score. However the answers, or absence of these, will be made public.

4.8 Revenue recycling

As an incentive to reduce emissions, all the revenue raised by the annual sale or auction of allowances is 'recycled' back to participants. Performance in the league table is a key factor in working out how much of the revenue each organisation receives.

4.8.1 How a revenue recycling payment is calculated

Each organisation's revenue recycling payment is calculated from two elements:

1. A set payment based on your organisation's proportion of the total CRC emissions in the first year of the scheme (2010/11). For example, if Organisation X has emissions of 100 tonnes of CO₂ in 2010/11 and the total emissions from all participants in 2010/11 is 10,000 tonnes of CO₂ then Organisation X's share is 1%. The basis for each future recycling payment to Organisation X will therefore be 1% of the total revenue raised each year.
2. This is then adjusted by a bonus or penalty payment based on your position in the league table. Essentially, the higher your position in the table, the better your bonus payment.

Note that, when your organisation improves more than average, you spend less each year on allowances – but receive a higher fraction of the recycling pot. Therefore, this means there is a double financial benefit for good performance.

4.8.2 The league table and recycling bonus/penalty system

Each position in the league table will have a different bonus or penalty rate. The top placed organisation will have the highest bonus rate and the bottom organisation the maximum penalty rate.

This bonus or penalty rate is then applied to your set payment, which reduces or increases accordingly. So for instance, if Organisation X

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(above) came top of the league table, its payment – based on 1% of the total revenue raised that year – would then be adjusted to incorporate the maximum bonus payment rate.

The bonus/penalty rates for the top and bottom placed participants in the league table have been set for the first five scheme years. The bonus/penalty rate for year six and beyond will be reviewed by Government after the introductory phase.

Year (Revenue recycling date in October)	Bonus/ Penalty Rate
Year One	+/-10%
Year Two	+/-20%
Year Three	+/-30%
Year Four	+/-40%
Year Five	+/-50%

An organisations' position in the league table is mapped to the bonus/penalty scale such that each organisation occupies space on the bonus/penalty scale in proportion to their 2010/11 emissions. The bonus or penalty that they then get equates to the midpoint of their position in the league table.

A worked example of how a CRC participant's recycling repayment and position in the league table is available on the Environment Agency website: www.environment-agency.gov.uk

4.8.3 When do organisations receive these payments?

Participants receive their payments by BACS transfer at the end of October – three months after the reporting deadline, to allow for reconciliation.

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What does my organisation need to do now?

1. Make sure you understand the way performance is measured in the CRC – and how this in turn leads to revenue recycling.
2. Because the first year of the scheme will measure performance based on the early action metric only, organisations that want to secure a high position in the league table in the first year should consider taking early actions, such as:
 - voluntarily installing automatic meters, and
 - attaining the Carbon Trust Standard or any recognised equivalents.

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4.9 Auditing and regulation

CRC is based on self-certification of emissions. However, to ensure the integrity of the scheme there is an audit procedure to verify the accuracy of participants' records and returns.

4.9.1 The audit process

1. Each year around 20% of organisations in CRC will be audited. The selection of participants for auditing will be determined using a risk-based assessment. However, all organisations can expect to be audited at some stage, and the data collected for previous years must also be made available for assessment.
2. Audits will be carried out throughout the year by the appropriate administrator (see section 1.5 Administering and regulating CRC)
3. An audit will begin with a desk-based assessment of the evidence pack provided by each participant to find out whether the data in the participant's reports is correct and based on sufficient records. Site visits will be made where necessary, either as part of random sampling or due to conclusions drawn from the desk-based assessment.

4.9.2 What happens if an organisation fails the audit?

If an organisation has reported information to the administrator incorrectly, they will have to pay a penalty of £40 for each tonne of CO₂ incorrectly reported. This penalty will apply wherever there is a margin of error greater than 5%.

If an organisation provides incorrect information in its reports, a fixed fine of £5,000 will be imposed where this information does not affect the emissions totals of an organisation.

If this incorrect information affects an organisation's position in the league table, an additional fine of double the amount of any financial gain achieved from an improved performance score will also be imposed alongside publication of an organisation's non-compliance.

If an organisation has failed to keep adequate records in their evidence pack, they will have to pay a penalty of £40 for each tonne of CO₂ of total emissions reported in their most recent CRC annual report, alongside publication of non-compliance.

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Participating in CRC: The Capped Phases

This section summarises how CRC will operate after the introductory phase. In many respects, it will be broadly similar but there are some key changes that organisations should be aware of. These include:

- a cap will be introduced on the total number of allowances available
- the annual sale of allowances will be by auction, and
- the early action metric will no longer be included as part of the league table.

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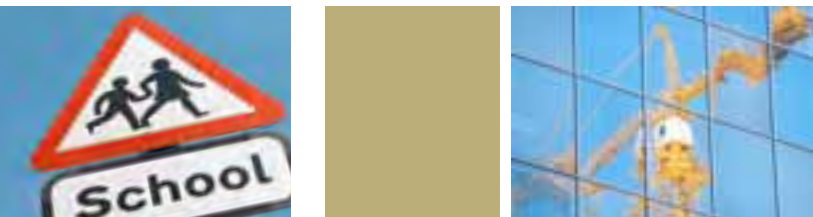
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As referenced in section 1.2, all the capped CRC phases are seven years in length, with the first two preparatory years overlapping with the previous phase. In a similar way to the introductory phase, there will be a qualification period, registration period and footprint year, which for the second phase will be as follows:

- the qualification period is April 2010-March 2011 (overlap with the first compliance year of the introductory phase)
- the registration period is April-September 2011
- the footprint year is April 2011-March 2012 (overlap with the second compliance year of the introductory phase)
- the first annual reporting year is April 2012-March 2013, and
- the auction of allowances is in April 2013.

The year 2012/13 is not a trading year, but annual reports will be required from new participants in the scheme. For participants who are included in the introductory phase there is no additional requirement in this year,

unless the participant has drawn up a new list of non-core sources, or is taking a different approach to disaggregation.

For all subsequent phases the timescales will follow the same pattern; with the qualification period being the financial year (e.g. 2015/16 for phase three) immediately prior to the footprint year (e.g. 2016/17 for phase three), and with six subsequent annual reporting year, the last five of which are trading years.

Both incumbent participants and potential new qualifying organisations must follow these steps:

- reassess your electricity supplies during the qualification year to determine whether you must participate in that phase
- register at the appropriate time
- work out your CRC emissions during the footprint year, and
- monitor energy supply, report on emissions and buy and surrender allowances each year.

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All of this is broadly the same as the introductory phase. However there are some significant differences:

- a cap will be introduced on the total number of allowances available
- the annual sale of allowances will be by auction, and
- the early action metric will no longer be included as part of the league table.

1. Capping allowances

In the introductory phase, the number of allowances available in the sale period is unlimited. In subsequent phases, there will be a cap on the total number of allowances available from Government. This will be based on analysis of actual emissions data from the introductory phase and guidance from the Committee on Climate Change, and aims to ensure that over time the total amount of CO₂ emissions across the sector is reduced. Government intends to publish details of the emissions cap in 2012.

Note that the overall cap will be on the **total** number of allowances made available by Government in the auction and will not be sub-divided by sector or participant. However, there will also be a maximum limit on the percentage of allowances that can be bought in the auction by any one party, to prevent a single party cornering the market.

Government will set the limit once it has a more detailed understanding of the number and size of the participants to be covered by the scheme. Government does not propose to introduce absolute limits on the number of allowances that any one organisation can hold.

2. Sale by auction

For the introductory phase, allowances will be sold to participants at a fixed price of £12 tCO₂. In subsequent phases, they will be sold by auction to CRC participants – thereby ensuring that organisations with a mandatory obligation to comply with the scheme are given the first opportunity to secure allowances for their compliance needs.

- Participants will be asked to submit a ‘bid schedule’ that sets out the number of allowances they would wish to buy at different prices. For example, an organisation might want to buy 1,500 allowances if the price were to be £10/allowance, but 1,000 at £15/allowance, recognising that the relative cost effectiveness of energy efficiency technologies change with increasing allowance prices.
- Government will add all the bids from participants together to determine the price where demand for allowances from participants meets the number of allowances for sale from Government – ‘the clearing price’.

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- Participants will then be allocated the number of allowances they bid for, at the clearing price and will pay that price for them.

As allowances are auctioned and the supply of allowances is capped, the price of allowances will be dependent on demand each year.

3. Changes to performance measurement

At the end of the introductory phase, the early action metric will be removed from the performance reporting process and will no longer affect league table positions. This is to reflect metrics focus on participants' abatement activity prior to the start of the scheme.

The weighting of the remaining two metrics will be reviewed in light of evidence from the introductory phase.

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Technical Guidance

This section contains 7 annexes with more detailed information on various elements of the scheme including:

- treatment of organisational changes
- Climate Change Agreements and CRC
- treatment of electricity generation
- excluded uses of energy
- calculating the league table
- fees and charges, and
- penalties and offences for non-compliance.

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Annex 1: Changes in your organisation

It is likely that there will be large scale changes to the organisational structure of many participants during the scheme. For example, an organisation may buy or sell subsidiaries, an entire CRC participant may be purchased by another organisation, or a Government department might restructure.

To minimise administrative burdens on both participants and the administrator, CRC will not require you to report on all changes in your organisation.

However, buying or selling a large organisation or subsidiary can have a significant effect on your CRC emissions. CRC therefore takes account of significant organisational changes, referred to as *designated changes*, as described below.

Selling a Significant Group Undertaking

As described in [section 2.2](#), Significant Group Undertakings (SGUs) are undertakings that would be eligible to participate in CRC in their own right were they not part of another organisation. They also have the option to disaggregate from their parent organisation to participate in CRC separately, providing that the parent organisation does not fall below the qualification threshold.

As they are large organisations, these undertakings contribute significant amounts of emissions to the total of their participating highest parent organisation – so selling one has a large impact on an organisation's total CRC emissions.

In order to account for this, when an organisation sells a SGU:

- the **seller** must notify the administrator
- the administrator then adjusts the seller's records to remove the SGU and the emissions they are responsible for from the seller's baseline figures, and

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- the new baseline figures will be used to calculate the seller's subsequent performance in the scheme and revenue recycling payments.

The sale is deemed to have taken effect at the start of the compliance year during which the sale occurs. Therefore:

- the seller will not report emissions for that subsidiary or participant for that year
- the buyer will report the full year emissions for that subsidiary or participant, and
- revenue recycling payments will be adjusted accordingly. Even if the seller's CRC energy supply is now below the qualification level, the seller must continue to participate in CRC for the rest of the phase.

Buying a Significant Group Undertaking or entire participant

If a CRC participant buys a SGU from another CRC participant, or that participant in its entirety, their baseline figures are also adjusted. The buyer is then responsible for:

- reporting on the emissions of that SGU or entire participant, as part of the buyer's total CRC emissions, from the start of the compliance year in which subsidiary was bought, and
- surrendering sufficient allowances to cover the total CRC emissions.

For example, if participant Organisation Y sells a SGU to Organisation Z on 15 September 2012, midway through a compliance year, Organisation Z is taken to be responsible for the emissions of that subsidiary from April 2012 onwards, the start of that compliance year.

In the event of an SGU changing hands more than once during a year, the organisation owning it at the end of that year is the organisation that must report the full year emissions for that subsidiary.

Buying a participant or Significant Group Undertaking as a non-participant

If a non-CRC participant buys an SGU or CRC participant, the buyer will then be obliged to:

- register and participate in CRC for the remainder of the phase, but only on behalf of the organisation it has acquired (i.e. it does not need to calculate its total CRC emissions and must only buy and surrender allowances for the organisation it acquired), and
- assess whether, for the next phase, it qualifies for the scheme as an entire organisation and take action accordingly.

When purchasing a CRC participant or principal subsidiary, you should ensure the seller provides the necessary information in order for you to be able to comply with the requirements described above.

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Buying and selling smaller subsidiaries and sites

If you buy or sell a small subsidiary that would not qualify for CRC in its own right, you are not required to report it to the administrator, and there is no change to your emissions baseline in these cases.

Instead, these smaller organisational changes during each phase are accounted for via the growth metric, described in section 4.7.

Changes to Government organisations

The designated changes described above deal adequately with those structural changes likely to occur in the private sector involving existing CRC participants. These rules do not however account for those situations where new public sector entities are created. This is most likely to be a 'machinery of Government' change, meaning a new central Government department is created.

Changes to government departments often do not involve legally distinct bodies, or equivalents to Significant Group Undertakings, upon which the designated changes rules are based. Recycling baselines and historic averages will be updated for any machinery of Government or Relevant Decision change rather than restricting updates to public sector equivalents of SGUs.

Under this approach the total baseline figure across central Government will remain constant, with any machinery of Government change/ relevant decision resulting in the reappportioning of the total emission figures across the restructured Government estate.

Government departments can also choose to voluntarily disaggregate parts of their structure, regardless of the size of the disaggregated body, for mandatory individual participation in the scheme. All parts so disaggregated will remain within the CRC.

This power of disaggregation is referred to as the Relevant Decision provision and in practice operates in a similar way to the disaggregation of Significant Group Undertakings in the private sector.

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Annex 2: CCAs and CRC

CRC has been designed to minimise policy overlaps with Climate Change Agreements. As a general rule, any emissions across your whole organisation which are already covered by CCAs (or EU ETS) do not ultimately need to be included in your CRC emissions.

If a significant proportion of your organisation's emissions are covered by a CCA, you may be exempt from CRC altogether.

CCA exemptions from CRC

There are three circumstances when an organisation can be exempt from CRC due to its emissions being covered by a Climate Change Agreement.

1. General CCA exemption

If you are a single entity organisation which has a CCA that covers over 25% of its *relevant emissions*, you will be fully exempt from CRC for that entire phase. This exemption calculation applies to all your energy supply emissions, not just half hourly electricity, so you will therefore need to calculate your CRC emissions. If for any reason your organisation ceases to be covered by that CCA, you must participate in CRC from the beginning of the next compliance year.

2. CCA member exemption

If you are a group and any member of your organisational group has more than 25% of its CRC emissions covered by a CCA, that member (but not its subsidiaries, if it has any) is exempt from CRC. This means that all its energy supply emissions of that member will not be included in the scheme, but the remainder of the group will still have to participate in CRC.

If for any reason the member ceases to be covered by that CCA, its emissions will then have to be included in CRC as part of the organisation's total from the beginning of the next compliance year.

3. Group CCA exemption

If, after deducting the electricity supplies through qualifying meters from group members which have a member exemption, the remaining parts of your organisation have less than 1,000 MWh of qualifying electricity supplies remaining in CRC, then you qualify for a group CCA exemption and your entire organisation will be exempt from CRC. If any part of your organisation is no longer covered by a CCA, its emissions will need to be included in your organisation's CRC emissions. If these then exceed 1,000 MWh then you will lose your Group CCA exemption and you will have to participate in CRC from the beginning of the next compliance year.

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If any of the exemptions above apply in your case, you must:

- register as a participant (see [section 2.4](#)), and
- disclose (i) the total amount of half hourly electricity supplied to the group as a whole (ii) the amount of half hourly electricity remaining after half hourly electricity used by any exempt group member has been subtracted
- compile and maintain an evidence pack as appropriate (see [section 3.6](#)), and
- participate in CRC for all parts of your organisation not exempted in the case of the CCA member exemption.

If at any time your CCA ceases or changes, you must inform the administrator. You will then be required to participate in the scheme from the beginning of the next compliance year.

Reporting other CCA covered emissions

Even if your CCA coverage does not qualify you for an exemption, organisations will not have to report annually or buy allowances for any emissions that are covered by a CCA.

However, because emissions covered by CCAs or EU ETS contribute to ensuring that 90% of all your total footprint emissions are regulated, you do need to include details of them in your footprint report. You then exclude them when working out your CRC emissions (see [sections 3.2](#) and [3.3](#)).

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Annex 3: Treatment of electricity generation in CRC

If your organisation operates an electricity generation process in which the input fuel is covered by the CRC allowances you may be entitled to claim an **electricity generating credit** under CRC for the amount of electricity you generate and supply – irrespective of whether supplied to an external third party or within your organisation ('self-supply'). In addition you may be able to claim electricity generating credits where electricity is generated from renewable sources and no ROCs or FITs are claimed. Any electricity credits that you are entitled to can be subtracted from your CRC emissions – meaning you have to buy fewer allowances.

You will not be able to claim such credits if the installation is:

- a large hydroelectric plant that is exempt from the [Renewables Obligation](#)
- a nuclear power station
- a generation facility covered by EU ETS, or
- where ROCs or FITs are issued.

You will also not be able to claim credits for electricity generated and used within your organisation for the direct purpose of electricity generation, transmission or distribution.

However, electricity supplied for such purposes is not deemed to be a (self) supply under CRC and you will therefore not be required to report it or surrender CRC allowances.

The CRC is focussed on increasing energy efficiency, and therefore includes all supplies of electricity, including those made within an organisation ('self-supply'). However, to ensure that small CHP plants are not disincentivised under CRC we have included this provision which gives compensatory credit for electricity generated. However, organisations with the facilities listed above would be able to gain a disproportionate advantage in the scheme. In these cases, the large number of credits they could accumulate without purchase of CRC allowances would enable them to cancel out energy supplies across the organisation and remove the incentive to improve energy efficiency, which would be counter to the main purpose of the scheme.

How electricity credits work

1. All electricity credits refer to electricity generated over the course of a particular compliance year and can only be claimed in the compliance year in which the electricity was generated.

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2. It is up to you to work out how many electricity credits you are entitled to during the footprint year, by monitoring the amount of electricity you generate and supply to third parties or within your organisation. The value of these credits is calculated using the [grid average emissions](#) factor. You must report data on the sources and value of electricity credits in your footprint report.
3. Every year in your annual report, you should state whether or not electricity generated credits applies to you and the amount of generated and supplied electricity.
4. If over the course of a year your organisation accrues more credits than your organisation's total energy supplies, then your energy supply should be reported as 'zero'. You cannot report a negative figure for energy supplies.

Combined Heat and Power

Under CRC, organisations generating electricity using [Combined Heat and Power](#) (CHP) are generally treated like any other heat or electricity production. Electricity credits can be claimed for electricity exported to other users or to the grid, or where they are supplied to the same organisation (All supplies, including those within the same organisation will require CRC allowances). The electricity grid average emission factor is used to calculate the credits.

- If you operate a CHP plant, you must report the primary fuel input to the plant as part of your organisation's energy supply under CRC. However, your use of heat from the plant would not need to be reported. You will have to report your use of electricity according to the general supply and self-supply rules. You will be eligible to claim electricity generating credits for the electricity output of the CHP plant supplied according to the supply and self-supply rules – as long as ROCs/FITs are not being claimed or the CHP plant is not an EU ETS installation.
- All imports and exports of heat from a CHP plant are counted as having zero emissions in CRC. You therefore cannot claim credits for any heat exported from CHP generation.
- If your CHP plant is covered by the EU ETS, it will be treated in line with other EU ETS installations as described on the previous page.

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Renewables

In line with the general principles of the CRC to drive energy efficiency, all electricity consumed is reported at grid average (subject to being either a core supply, self supply, or included on the residual measurement list).. As outlined above, a Renewables Obligation Certificate (ROC) is issued or a Feed In Tariff (FIT) is claimed you will not be eligible for electricity generating credits. However, if you generate electricity from renewables without claiming ROCs or FITs you can claim an electricity credit at the grid average emissions rate which will effectively work as an offset against your organisation's reportable emissions. This is irrespective of whether the renewably generated electricity is used to self-supply or is exported to a third party.

Government is aware that organisations may want to claim credit for their renewable generation. Therefore, data on an organisation's on-site renewable generation which is consumed on site will be published alongside the CRC league table. However, this will not be connected to the revenue recycling mechanism. To enable this you will also have to report on your onsite generation and consumption.

Energy from Waste

In line with the general reporting practices proposed for CRC, where waste is used as an input fuel into an energy generation process, a participant will need to report the quantity of waste used, using the waste emissions factor listed in the regulations.

- If you generate electricity from waste to use onsite, you will need to report this under CRC, according to general 'self-supply' rules.
- You may be able to claim an electricity credit, both for the exported electricity and that used in your organisation.
- If waste is the primary input fuel in a CHP plant, you must report the waste input in the same way as for other electricity generation processes.
- If ROCs are issued for your energy from waste plant this will be treated in line with the treatment of renewables where ROCs are claimed as outlined above. You may not claim electricity credits for this electricity.

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Electricity generators' reporting obligations

Generation	Input fuel / energy source	Generated electricity used by participant	Generated electricity used by organisation for electricity generating, transmission or distribution purposes	Generated electricity exported to third party* <small>(*outside of CRC participant's structure)</small>
Generation by EU ETS installation, nuclear power station or hydro-generating station ineligible for ROCs	<ul style="list-style-type: none"> Reported in Footprint Report [subject to fuel type/energy source] Not covered by CRC allowances 	<ul style="list-style-type: none"> Reported (supply or self-supply) as part of CRC emissions 	<ul style="list-style-type: none"> Not reported (not a supply) 	<ul style="list-style-type: none"> Not reported (unconsumed supply)
Renewable where ROCs/FITs issued	<ul style="list-style-type: none"> Not reported Not covered by CRC allowances 	<ul style="list-style-type: none"> Reported (supply or self-supply) as part of CRC emissions Reported separately 	<ul style="list-style-type: none"> Not reported (not a supply) 	<ul style="list-style-type: none"> Not reported (unconsumed supply)
Renewable where ROCs/FITs not issued	<ul style="list-style-type: none"> Not reported Not covered by CRC allowances 	<ul style="list-style-type: none"> Reported (supply or self-supply) as part of CRC emissions Electricity Generating Credits available 	<ul style="list-style-type: none"> Not reported (not a supply) 	<ul style="list-style-type: none"> Not reported (unconsumed supply) Electricity Generating Credits available
Other generation	<ul style="list-style-type: none"> Reported [subject to fuel type/energy source] Covered by CRC allowances if reported 	<ul style="list-style-type: none"> Reported (supply or self-supply) as part of CRC emissions Electricity Generating Credits available 	<ul style="list-style-type: none"> Not reported (not a supply) 	<ul style="list-style-type: none"> Not reported (unconsumed supply) Electricity Generating Credits available

The reporting of supplies is subject to their classification as core/residual supplies and the participant's applicable percentage.

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Annex 4: Exclusions

As set out in section 3, energy supplied to your organisation in certain specified activities does not count as part of your CRC emissions. The excluded activities are:

- domestic accommodation
- transport, and
- supplies which you do not consume but provide to another party, also do not count towards your CRC emissions (except where this concerns your tenants).

Domestic accommodation

Energy used for domestic purposes will be excluded from CRC, irrespective of the supply arrangements, *unless* the accommodation is provided for any of the following purposes:

- Education
- Employment
- Religion
- Recreation
- Medical Care

Accommodation on residential parks and holiday parks, including tents, will be classified as domestic accommodation and will therefore **not be included** in CRC. Most forms of emergency accommodation provided by a Local Authority will also be excluded, however, this exclusion will not be applicable to Hotels or B&Bs.

Examples of accommodation that **will be included** within CRC are:

Activity	Examples of accommodation included in CRC
Education	University halls of residence, boarding schools
Employment	Police section houses, armed forces accommodation
Religion	Monasteries, Nunneries and other similar religious establishments
Recreation	Hotels and Bed and Breakfasts
Medical Care	Residential care homes, Nursing homes and Hospitals

Domestic Exclusion: Qualification and Reporting

Energy supplied to buildings classified as domestic accommodation will not contribute to an organisation's qualification or form part of a Participant's footprint subject to the organisations decision whether to include supplies from communal areas in mixed use buildings. All half hourly electricity used for domestic accommodation must be deducted when assessing qualification. If an organisation's remaining supplies fall below the qualification threshold of 6,000 MWh, it will not qualify for

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CRC. Participating organisations will not be required to report energy supplies used for domestic accommodation in footprint reports or annual reports.

Mixed use buildings

In mixed use buildings, which are used for a combination of both domestic, civic and corporate purposes, participants must identify and deduct the energy supplies associated with domestic accommodation when determining qualification and reporting their emissions to comply with the scheme. This should be done through sub-metering or appropriate approximation techniques. Participants must keep a record of this information in their evidence packs.

The appropriate technique for this estimate is a pro rata comparison. Organisations should use a pro rata comparison. Actual meter readings should be used for a period to arrive at a daily supply rate for the building and evidence should be gathered for all the units and appliances that are supplied by energy for CRC (i.e. non-domestic) purposes.

Communal areas in mixed use buildings

Any energy supplied to communal areas in a building used solely for domestic accommodation must always be excluded from CRC. However, where there are communal areas in mixed use buildings, discretion will be given to the organisation to decide whether these areas are treated as part of their civic or domestic estate. Organisations must decide

how they want to treat these communal areas when they are calculating their qualifying electricity. This decision must then be applied for the entire phase.

Treatment of CHP servicing domestic accommodation

The domestic exclusion must be applied to CHP and District Heating Schemes which service domestic accommodation. Participants must report and purchase allowances to cover the percentage of input fuel used to generate the energy provided to their non-domestic estate.

Transport

Energy used for the purpose of transport is excluded from CRC. Transport is defined as energy used to power (not only for propulsion):

- a road-going vehicle (which is licensed under the 1994 Vehicle Excise and Registration Act or exempt from the requirement to obtain a licence under that Act)
- a vessel (defined as any boat or ship which is self-propelled and operates in or under water)
- an aircraft (defined as a self-propelled machine that can move through air other than against the earth's surface), and
- a train and related network services (as defined with the same meaning of the 1993 Railways Act).

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Energy used for equipment such as lifts, conveyor belts and other onsite mechanisms will be **included** in CRC. Subject to the definition of transport (outlined above) some forklifts, drill rigs, non-road going mobile or floating cranes and excavators may be included in CRC.

Energy supplied to an organisation for the purposes of transport (as defined above) should not be included as part of an organisation's qualifying electricity or form part of a participant's footprint. However, where an organisation uses half hourly electricity for transport and there is no sub-metering in place, the organisation will be able to decide at the point of registration if they wish to opt in that particular supply. This decision will apply for the rest of the phase and evidence must be recorded in the organisation's evidence pack.

Unconsumed supplies

If you purchase fuel or energy for the purpose of supplying or delivering to a third party (ie not for your own consumption) then such fuel/energy is excluded from your CRC emissions. Responsibility for the CRC emissions would lie with the third party supplied with the fuel/energy – the exception being those instances where a landlord supplies energy to its tenants, where the responsibility for energy supply remains with the landlord organisation.

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Annex 5: Calculating performance

As introduced in [section 4.7](#), there are three metrics used for the calculation of the league table, which are weighted according to the table in that section. These are:

- absolute metric
- early action metric, and
- growth metric.

The following sections describe how the score will be calculated for each.

Absolute metric

The absolute metric is a measure of your organisation's relative performance in reducing emissions during each annual reporting year. Your performance is determined against your rolling average emissions during the five years prior to the current year. Where five years data are not yet available, this is the rolling average of all the years of data available up to that point.

The example in the table below takes the reported emissions for Organisation X and calculates the absolute metric for year 6 of the scheme. The preceding five-year rolling average baseline emissions is 4,960 tCO₂.

CRC scheme year	1	2	3	4	5	Five-Year Average	6
Emissions (tCO ₂)	5,000	5,200	4,900	4,900	4,800	4,960	4,600

The organisation would be ranked for the absolute metric on the basis of the percentage change in emissions for year 6 against the average of the preceding 5 years. The calculation is $(100 \times (1 - (4,600/4,960)))$. This equals -7.3% .

Early action metric

There are two components to the early action metric (this metric will be removed after the introductory phase):

1. The percentage of your organisation's electricity and gas supplies (excluding those covered by mandatory HHMs) which are covered by voluntarily installed automatic metering (AMR) in the 2010/11 reporting year.
2. The percentage of your organisation's annually reported CRC emissions covered by the Carbon Trust Standard (as well as recognised equivalents) at the end of each compliance year of the introductory phase. Participants who still hold a current and valid Energy Efficiency Accreditation Scheme (EEAS) – predecessor to the Carbon Trust Standard certificate at the end of a relevant reporting year will also receive recognition under this metric.

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As an example, Organisation Y had a total gas and electricity supply of 10,000 MWh during compliance year 1, the financial year April 2010 to end March 2011. Its electricity and gas supplies not already covered by mandatory HH metering were 5,555 MWh. At the end of March 2011, Organisation Y had 1,640 MWh of these supplies covered by voluntary installed automatic meter reading meters, 30% of the total of these supplies. Under CRC, this percentage is taken as fixed for the entire phase and therefore does not change (even if Organisation Y increased the percentage of its emissions covered by voluntary AMRs after March 2011.)

The total CRC emissions for organisation Y are 10,000 tonnes CO₂. At the end of March 2011, Organisation Y had 4,400 tCO₂ of its CRC emissions covered by a valid CTS (or recognised equivalent) certificate. The coverage of CTS (or equivalent) in the first year is therefore 44% (4400/10000). It increases the number of sites it has covered in the second and third years and scores 52% in year 2 and 54% in year 3.

The percentage then used for ranking is 50% of the AMR coverage and 50% of the CTS (or equivalent) coverage. For Organisation Y the overall percentage for the early action metric would be:

- **Year 1: 37%** $[(50 \times 30/100) + (50 \times 44/100)]$
- **Year 2: 41%** $[(50 \times 30/100) + (50 \times 52/100)]$
- **Year 3: 42%** $[(50 \times 30/100) + (50 \times 54/100)]$.

Growth metric

This metric is designed to take into account organisational growth during the phase. Organisations that grow, but with lower emissions intensity, will perform well in this metric.

The growth metric is calculated as the percentage change in emissions per unit turnover (or revenue expenditure for the public sector) against that organisation's annual average emissions per unit turnover (or revenue expenditure).

For the purposes of this metric, participants for which turnover is not relevant, ie the public sector, will be able to use a total expenditure figure from their audited accounts that does not include any capital expenditure and which is consistently applied each year – termed 'revenue expenditure'. However, it must cover all UK operations of the CRC participant.

An example calculation of the growth metric for Organisation Z is shown below.

In this example, in year 6, Organisation Z's annual carbon emissions have declined by 24%, relative to the preceding five-year average emissions. During the same period Organisation Z's turnover grew from £10,000/year in year 1 to £13,500/year in year 6. Consequently it had a reduction in its emissions per unit turnover, relative to its ongoing average emissions per average turnover and would score well in the league table.

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Row	Organisation Z	Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
a	Annual emissions (tCO ₂)		1,000	900	900	850	800	650
b	Turnover (£)		£10,000	£11,000	£12,000	£12,500	£13,000	£13,500
c	Annual emissions per unit turnover (CO ₂ /£)	a/b	0.100	0.082	0.075	0.068	0.062	0.048
d	Preceding five year average emissions per unit turnover (CO ₂ /£)	average of row c, up to a maximum of 5	0.100	0.100	0.091	0.086	0.081	0.077
e	Reduction in emissions per unit turnover relative to average	d-c	0.000	0.018	0.016	0.018	0.020	0.029
f	League table metric = % reduction in emissions per unit turnover relative to average emissions per unit turnover	e/d	0%	18%	18%	21%	24%	38%

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Annex 6: Fees and charges in CRC

CRC includes the following fees and charges for registering in the scheme and for purchasing allowances.

Activity	£
Participant registration (including CCA holders)	950
Participant annual subsistence fee	1,290
Fixed price sale fee	10
Safety valve charge (per transaction)	300
Non-participant registration (third parties)	285
Non-participant subsistence fee	390
ID check charge	70

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Annex 7: Penalties and Offences in CRC

CRC includes the following penalties and offences for non-compliance, falsification and obstruction.

Civil penalties

Non-compliance	Penalties
Failure to register	<ul style="list-style-type: none"> ■ Immediate fine of £5,000 imposed for failure to register by the deadline ■ Further fine of £500 per working day for each subsequent working day of delay up to a maximum of 80 working days ■ Publication of non-compliance
Failure to disclose information	<ul style="list-style-type: none"> ■ Where an organisation with a Half Hourly Meter (HHM) that does not meet the qualifying threshold fails to make an information disclosure, a one-off fine of £500 per settled HHM for which that organisation is responsible
Failure to make a complete registration	<ul style="list-style-type: none"> ■ Where an organisation registers, but fails to do so on behalf of all parts of their organisation, a fine of £500 per settled HHM for which the organisation is responsible but was not included in its registration ■ Publication of non-compliance
Failure to provide a footprint report	<ul style="list-style-type: none"> ■ Immediate fine of £5,000 for failure to provide a footprint report by the reporting deadline ■ Further fine of £500 per working day for each subsequent day of delay up to a maximum of 40 working days. Total accumulated daily rate fine is doubled after 40 working days ■ Publication of non-compliance

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Non-compliance	Penalties
Failure to provide annual report	<ul style="list-style-type: none"> ■ Immediate fine of £5,000 for failure to provide an annual report by the reporting deadline ■ Further fine of £500 per working day for each subsequent day of delay up to a maximum of 40 working days. Total accumulated daily rate fine is doubled after 40 working days. Emissions are doubled only with regard to that year's performance commitment requirement (doubled figure will not count towards the participants rolling average) ■ Publication of non-compliance ■ Administrator will block the transfer of all allowances out of the participant's registry account until report is received ■ Bottom ranking on the league table
Incorrect reporting	<ul style="list-style-type: none"> ■ Fine of £40 for each tCO₂ of emissions incorrectly reported – to be applied wherever there is a margin of error greater than 5% ■ Publication of non-compliance
Incorrect information	<ul style="list-style-type: none"> ■ Where an organisation fails to provide accurate information in its reports, and where that information does not affect the emissions totals, a fine of £5,000 ■ Further, where that inaccurate information affects the participant's performance in the league table, and additional fine of double the amount of any financial gain achieved from improved performance score ■ Publication of non-compliance

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Non-compliance	Penalties
Failure to comply with the performance commitment (surrendering sufficient allowances)	<ul style="list-style-type: none"> ■ Fine of £40/tCO₂ in respect of each allowance that should have been obtained and surrendered ■ Must obtain and cancel the outstanding balance of allowances. Continued failure to remedy shortfall will result in recycling payment being withheld until the participant complies ■ If a participant fails to comply by the end of the compliance year, they will not receive their recycling payment. Outstanding allowances will then be added to their performance commitment requirement for the following year ■ Publication of non-compliance ■ Administrator will block the transfer of all allowances out of the participant's registry account until all necessary allowances are surrendered
Latent failure to comply with the performance commitment	<ul style="list-style-type: none"> ■ Where the non-compliant organisation is still a participant, the shortfall of allowances is added to their current compliance year's performance commitment total ■ Publication of non-compliance ■ Where the non-compliant organisation is no longer a participant, a fine equal to the value of the shortfall. The value of the shortfall is determined with reference to the price of allowances in the most recent Government sale or auction
Failure to keep adequate records	<ul style="list-style-type: none"> ■ Fine of £40 per tCO₂ of the participants CRC emissions in the most recent compliance year ■ Publication of non-compliance
Failure of franchisee to provide information to a franchisor	<ul style="list-style-type: none"> ■ Where a franchisee has failed to provide information to a franchisor which has prevented the franchisor complying with its obligations under the Order, the Administrators may impose an enforcement notice on the franchisee

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Criminal offences

Offence	Penalty
<p>Falsification</p> <ul style="list-style-type: none"> ■ Knowingly or recklessly make false or misleading statement ■ Falsification of evidence ■ Attempt to deceive or mislead the administrator 	<p>Summarily</p> <ul style="list-style-type: none"> ■ Imprisonment up to three months (up to 12 months in Scotland) ■ Fine up to £50,000
<p>Non-compliance with enforcement</p> <ul style="list-style-type: none"> ■ Failure to comply with an enforcement notice ■ Intentionally obstruct the administrator ■ Failure to provide assistance, facilities and information or to permit any inspection ■ Failure to appear, or prevent any other person to appear, before the administrator as part of an inspection 	<p>Indictment</p> <ul style="list-style-type: none"> ■ Imprisonment up to two years ■ Fine (unlimited)

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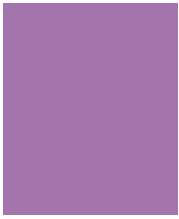
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CRC Energy Efficiency Scheme

DECC

- DECC's CRC website (<http://www.decc.gov.uk/crc>)
Includes the latest news and basic information regarding CRC. Also on the website are case studies of organisations that are engaging with the CRC process
- Government Response to the Consultation on the Draft Order to Implement the CRC – October 2009 (<http://www.decc.gov.uk/en/contents/cms/consultations/crc/crc.aspx>)
- Analysis of October 2009 consultation responses (<http://www.decc.gov.uk/en/contents/cms/consultations/crc/crc.aspx>)
- Final Impact Assessment on the Draft Order to Implement the CRC (<http://www.decc.gov.uk/en/contents/cms/consultations/crc/crc.aspx>)
- List of organisations involved throughout the consultation process (<http://www.decc.gov.uk/en/contents/cms/consultations/crc/crc.aspx>)

Environment Agency

- Environment Agency's CRC website: (<http://www.environment-agency.gov.uk/crc>)
Includes the latest news and details of upcoming events regarding CRC, basic information to help organisations determine whether they qualify for the scheme and CRC guidance documents

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	<ul style="list-style-type: none"> ■ CRC guidance documents (http://www.environment-agency.gov.uk/business/topics/pollution/111597.aspx) ■ CRC mailing list (http://www.environment-agency.gov.uk/business/topics/pollution/111597.aspx) ■ CRC dedicated email helpdesk (http://www.environment-agency.gov.uk/business/topics/pollution/111597.aspx) <p>Carbon Trust</p> <ul style="list-style-type: none"> ■ For energy reduction advice (http://www.carbontrust.co.uk/climatechange/policy/CRC.htm) ■ For information and queries on the Carbon Trust Standard (www.carbontruststandard.com)
CCAs	<p>DECC: (http://www.decc.gov.uk/en/content/cms/what_we_do/change_energy/tackling_clima/ccas/ccas.aspx)</p>
EU ETS	<p>DECC: (http://www.decc.gov.uk/en/content/cms/what_we_do/change_energy/tackling_clima/emissions/emissions.aspx)</p> <p>An operators guide to the EU ETS (http://www.decc.gov.uk/en/content/cms/what_we_do/change_energy/tackling_clima/emissions/eu_ets/euets_phase_ii/operators_guid/operators_guid.aspx)</p> <p>European Commission:</p> <ul style="list-style-type: none"> ■ (http://ec.europa.eu/environment/climat/emission/index_en.htm).

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CRC Administrators

England and Wales:

- Environment Agency (<http://www.environment-agency.gov.uk/>)

Scotland:

- Scottish Environment Protection Agency (<http://www.sepa.org.uk/>)

Northern Ireland:

- Northern Ireland Environment Agency (<http://www.ni-environment.gov.uk/>)

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CRC participant action plan – Introductory phase

The following table outlines an action plan for the activities that CRC participants must take both before and during the scheme.

Calendar	What's happening	What action do I have to take?	Tick when complete
2008 (Calendar Year)	Qualification Year for Introductory Phase	<p>You should have:</p> <ol style="list-style-type: none"> 1. confirmed your organisational structure 2. checked whether your organisation, including any subsidiary, had a Half-Hourly Meter (HHM) settled on the half-hourly market, and 3. determined the electricity used through all HHMs and assess whether your supplies exceeded the threshold of 6,000 MWh over the course of 2008. <p>See section 2 for more information on how to confirm whether or not you qualify.</p>	
2009 (Calendar Year)		<p>In this year you should:</p> <ol style="list-style-type: none"> 1. look out for information and qualification packs sent to HHM addresses, and 2. nominate someone within your organisation to oversee participation in CRC who can familiarise themselves with the requirements of the scheme. 	
May 2009	Information sent out	The scheme administrator will send out introductory information on the scheme to all addresses that have an HHM settled on the half-hourly market.	

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Calendar	What's happening	What action do I have to take?	Tick when complete
Autumn	Qualification packs sent out	The scheme administrator will send out qualification packs to all addresses that have an HHM settled on the half-hourly market. If your organisation is part of a group, this information should be passed to the highest parent organisation or nominated primary member. The person in that organisation responsible for CRC should begin to prepare for the organisation's participation in CRC.	
1 April 2010 – 31 March 2011	Start of first Compliance Year and Footprint Year for Introductory Phase	<p>In this year, you should:</p> <p>1. register for the scheme or make an information disclosure to the administrator, and</p> <p>2. monitor energy supply for the year and collect records for their evidence pack.</p> <p>See section 2.3 for guidance on making an information disclosure or section 2.4 for information on how to register for the scheme.</p>	
April 2010	Registration	Between April 2010 and the end of September 2010, organisations that meet the qualifying criteria must register for the scheme via the online CRC registry. Those organisations that do not meet the qualifying criteria but do have an HHM settled on the half-hourly market must make an information disclosure via the CRC registry.	
Ongoing	Monitoring energy supply and collating evidence packs	Every qualifying participant must monitor their full energy supply over the year and keep records for an evidence pack. You must keep the records for 2010/2011 data for the entire length of time you are a participant in the scheme. Subsequent records must be kept for five years after the end of the phase to which they pertain.	

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Calendar	What's happening	What action do I have to take?	Tick when complete
2011/12 (1 April – 31 March)	Start of second compliance year	In this year, you should: <ol style="list-style-type: none"> 1. buy allowances 2. submit a footprint report 3. submit an annual report 4. surrender allowances, and 5. receive a revenue recycling payment. 	
April	Sale of allowances	In this first sale you must buy allowances to cover your emissions for your projected emissions for the forthcoming year (April 2011-March 2012). See section 4 for more details on buying allowances.	
July	1. Footprint report due	Participants must submit a footprint report for the previous year (2010/2011) outlining total energy supply and emissions, and electricity credits. See section 3 for more information on working out your total CRC emissions.	
	2. Annual report due	Participants must submit their annual report detailing their emissions included in the scheme for the previous year, turnover or revenue expenditure, and data on early action. Reporting is done via the CRC registry. See section 4 for details of reporting.	
October	Recycling payment	The first league table will be produced. In this instance, it will be based on the early action metric only. Organisations will then receive their recycling payment.	

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Calendar	What's happening	What action do I have to take?	Tick when complete
Ongoing	Energy supply monitoring and evidence packs	Participants must monitor their energy supply over the year and keep records for their evidence pack.	
	Secondary market for allowances	Participants are able to buy and sell allowances through the secondary market. See section 4 for details of how this works.	
2012/13	Start of third compliance year	<p>In this year, you should:</p> <ol style="list-style-type: none"> 1. buy allowances 2. submit an annual report 3. surrender allowances 4. receive a revenue recycling payment, and 5. monitor energy supply for the year and keep records for your evidence pack. 	
April	Sale of allowances	You must buy allowances to cover projected emissions for the forthcoming year 2012/2013.	
July	1. Annual report due	Participants submit their annual report detailing their emissions in the previous year.	
	2. Surrender allowances	Participants must ensure they have surrendered allowances equivalent to the emissions they reported in their annual report.	
October	Recycling payment	The league table based on 2011/2012 reports will be produced and you will receive your recycling payment.	

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Calendar	What's happening	What action do I have to take?	Tick when complete
Ongoing	Energy supply monitoring and evidence packs	Participants must monitor their energy supply over the year and keep records for their evidence pack.	
	Secondary market for allowances	Participants are able to buy and sell allowances through the secondary market.	

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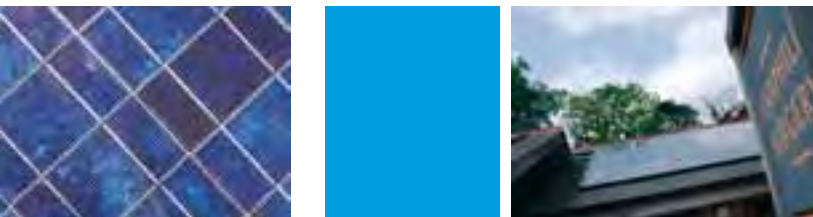
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Administrator	The Environment Agency (EA), Scottish Environment Protection Agency (SEPA) and the Department of the Environment in Northern Ireland are appointed as the joint scheme Administrators (referred to as the Chief Inspector in Northern Ireland). Basic administrative functions will be carried out by the EA for the whole of the UK and certain functions must be performed by them, such as operating the registry and maintaining accounts. Scheme regulation will be carried out by the relevant body in each part of the UK and include such functions as carrying out audits on participants and taking enforcement action against any participant in their jurisdiction (in the case of organisational groups this will be determined by the location of the Primary Member).
Allowance	An allowance is purchased from Government and represents the right to emit one tCO ₂ by a participant. These can also be bought and sold by traders.
Annual report	The report that each participant must provide via the online registry system by the last working day in July each year, detailing their emissions for the previous financial year.
Annual reporting year	In the first phase of the CRC, an annual reporting year applies to every year of the phase. For second and subsequent phases of the scheme, it applies to the second year and all subsequent years of a particular phase only.

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Automatic Meter Reading (AMR) meter	<p>Automatic Meter Reading (AMR) meters have been developed for gas and electricity that is not subject to HHMs so that consumers can access data on supplies. These meters provide consumers with access to their energy supply data. There is a wide range of AMR equipment available, however, CRC will only capture AMR meters which can be read remotely.</p> <p>A meter will be defined as an AMR meter for gas or electric, under CRC if it meets the following six criteria:</p> <p>For electricity, the meter is capable of capturing supply data on at least a half hourly basis</p> <p>For gas, the meter (together with an ancillary device), is capable of capturing supply data on at least an hourly basis</p> <p>The meter is the main fiscal meter and not a sub-metering device</p> <p>The meter has been read remotely</p> <p>The supply data is made available to the customer, and</p> <p>These meters are not settled on the half-hourly market.</p>
Capped phase	<p>A capped phase is a phase in CRC which is subject to a limit on the total number of allowances made available to participants each year. The introductory phase is not a capped phase but all subsequent phases will be capped phases.</p>
The CRC Energy Efficiency Scheme (CRC)	<p>A mandatory emissions trading scheme for non energy-intensive organisations in the public and private sector.</p>

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Carbon Trust Standard	The Carbon Trust Standard certifies that an organisation has genuinely reduced its carbon footprint and is committed to making further reductions year-on-year. Assessment against the Standard is undertaken by independent third-party assessors, based on the evidence provided by the participating organisation. To achieve certification against the Standard an organisation must meet the requirements in all three areas by: measuring its key greenhouse gas emissions, showing good carbon management performance and being able to show emissions reduction over the last year – either on a total emissions basis, or on a relative basis (e.g. emissions/£m turnover).
Climate Change Agreements (CCAs)	Climate Change Agreements relate to the Climate Change Levy (CCL), which was put in place to encourage users to improve energy efficiency and reduce greenhouse gas emissions. Climate Change Agreements (CCAs) allow energy intensive business users to receive a discount from the CCL in return for meeting energy efficiency or carbon saving targets. Annex 2 discusses the interaction of CCAs and CRC in more detail.
Combined Heat and Power (CHP)	A technology where electricity is generated at or near the place where it is used, with the heat produced being used for space heating, water heating or industrial steam loads. This potentially leads to much higher efficiency than conventional generation.
Compliance account	Each participant will have a compliance account through which functions such as registration, reporting and allowance purchasing and trading will be carried out via the registry.
Compliance year	Each phase is made up of a number of compliance years. Each compliance year runs over the same period as a financial year. A participant must meet certain requirements for each compliance year, such as reporting or surrendering allowances. There are seven compliance years for each of the capped phases. The Introductory Phase lasts for three compliance years. The Qualification year is not a compliance year.

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Core Sources	<p>Core sources are those that you are obliged to include in CRC if they are not covered by a CCA or the EU ETS. They include:</p> <p>Core electricity supplies:</p> <ul style="list-style-type: none"> ■ all settled HHMs ■ all non-settled HHMs ■ all non-domestic meters, and ■ all dynamic supply <p>Core gas supplies:</p> <ul style="list-style-type: none"> ■ all daily meters ■ all half hourly meters, and ■ all large gas point meters <p>Any ancillary devices that are used in conjunction with a meter that allows a meter to be read will count towards core gas supplies.</p> <p>Refer to section 3.3.1 for more details on inclusion of core sources in CRC.</p>
CRC emissions	<p>These are the emissions of each participant for which it must purchase allowances each year. See sections 3.2 and 3.3 for further details.</p>
Designated Change	<p>Large scale organisational change featuring the sale of participants or Significant Group Undertakings. Government will transfer the responsibility for participating in the scheme to the purchasing organisation.</p>
Dynamic Supply	<p>Dynamic supply is now characterised by the existence of (i) a set of equipment fixed to land that performs a common function (for example, street lighting), (ii) one element of the set of equipment is metered (for example a lamp post) and (iii) the existing meter point is used as a benchmark to determine the overall supply to the entire set of equipment in a given period.</p>

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Energy Efficiency Accreditation Scheme	An accreditation formerly offered by the Carbon Trust for organisations that make energy supply savings through improved management and energy efficiency measures. This scheme has now been replaced by the Carbon Trust Standard.
EU Emissions Trading System (EU ETS)	The EU ETS is a greenhouse gas emissions trading system covering the energy intensive sectors of the EU Member States. Sectors covered by the system include: power generation, cement, glass, ceramics, steel, aluminium, and pulp and paper, which are termed ‘trading sectors’.
Evidence pack	Participants in CRC must keep a record of their organisation’s energy supplies and other documents supporting the information given to the Administrators part of CRC compliance with the need for adequate records. Section 3.6 explains how to compile an evidence pack.
Footprint year	The footprint year is the first year of each phase during which participants must monitor energy supply across their organisation and establish the sources of energy supply to be included in CRC for the forthcoming phase. See section 3 for more details on the footprint year.
Footprint report	The footprint report will contain information about organisational energy supplies and the sources to be included in the scheme for that phase. It must be submitted via the CRC registry by the last working day of July, after the end of the footprint year. Section 3.5 discusses the footprint report.
Grid average emissions	Grid electricity is generated from a range of fuel sources which produce different amounts of emissions per unit of electricity generated. Grid average is the average emissions per unit of all electricity supplied by the grid. Currently this grid average emissions factor is 0.541/kWh, which is fixed for the Introductory Phase.

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Half hourly light meter	These meters were introduced in April 2009 and are designed to be an alternative to traditional half hourly settled meters, as they are able to provide half hourly data at a lower cost. The data recorded by half hourly light meters can be used for settlement purposes. In CRC, these meters are therefore counted as half hourly meters settled on the half hourly market. As they were only introduced in 2009, they will not be relevant for determining qualification for the introductory phase.
Half hourly market	This is the half hourly electricity market used by suppliers and generators to calculate the balance or imbalance, in what is generated and supplied, using electricity supplies information that is recorded half hourly.
Highest parent organisation	The highest parent is the body with ultimate control over an organisational group. It is not a subsidiary of any undertaking in the group. Subsidiaries undertakings of the highest parent will be grouped together to form the CRC participant.
Information disclosure	Organisations that have a settled half hourly meter but do not meet the qualification threshold for participation in CRC will have to disclose information on the HHMs they have and their electricity supplies, to the administrator via the online registry. See section 2.3 for more details.
Introductory phase	The introductory phase is the first phase of the CRC scheme. It begins in April 2010 and lasts for three years.
Large point gas meter	A large gas point meter is a meter which during a footprint year of a phase measured greater than 73,200 kWh of gas supplied.
League table	A published table detailing the relative performance of all participants in CRC against the three weighted metrics: absolute metric, early action metric and growth metric. See section 4.7 .

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Mandatory Half Hourly Meter (HHM)	Mandatory Half Hourly Meters (HHM) supply electricity settled on the half hourly market and are required in situations where the average peak electricity demand over the three months of highest supplies received exceeds 100kW over the previous 12 months. Note; not all half hourly meters trading on the half hourly market are classed as mandatory.
Megawatt hour (MWh)	A unit of energy equal to 1 million watt hours or 1 million joules per second supplied for a period of one hour.
Non-domestic meter	A non-domestic meter means a meter which is designed to measure supplies to non-domestic premises and is capable of measuring maximum electricity demand.
Participant	An organisation that qualifies or is otherwise required to participate, and must register under CRC. A participant must comply with all requirements of the scheme such as reporting emissions, and purchasing and surrendering allowances.
Primary member	The organisation within an organisational group nominated to act as the participant in CRC on behalf of all parts of that group and who is taken as representing that group in its dealings with the Administrators.
Pseudo Half Hourly Metering	Pseudo Half-Hourly Metering is a technique for calculating half hourly electricity supplies where the supply is unmetered. It is defined as a dynamic supply where (i) a set of equipment fixed to land that performs a common function (for example, street lighting), (ii) one element of the set of equipment is metered (for example a lamp post) and (iii) the existing meter point is used as a benchmark to determine the overall supply to the entire set of equipment in a given period.
Qualification period	The period during which electricity supplied through all half hourly meters must be monitored to determine whether your organisation qualifies to participate in the forthcoming phase of CRC. The qualification period for the introductory phase is the 2008 calendar year. See section 2 for more details of CRC qualification process.

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Registration period	<p>This is the period during which organisations that qualify for the scheme must register with the scheme administrator via the online CRC registry. For the introductory phase, this period is from April 2010 until the last working day of September 2010.</p> <p>See section 2.4.</p>
Registry	<p>CRC will be administered online via a purpose-built website known as the CRC registry. Participants will register, report, buy and sell allowances and communicate with the administrator via this online system.</p>
Relevant emissions	<p>Relevant emissions refers to all an organisation's energy supply emissions, minus those from energy used for excluded activities (transport, domestic accommodation and onward supply of fuel). See section 3.2.</p>
Renewables Obligation (RO)	<p>The RO is the main support scheme for renewable electricity projects in the UK. It places an obligation on UK suppliers of electricity to source an increasing proportion of their electricity from renewable sources.</p>
Renewable Obligation Certificates (ROCs)	<p>A Renewables Obligation Certificate (ROC) is issued to an accredited generator for eligible renewable electricity generated within the United Kingdom and supplied to customers within the United Kingdom by a licensed electricity supplier.</p>
Residual Supplies	<p>Residual supplies are any energy supply other than CRC core supplies. See section 3.3 for more discussion of core and residual supplies.</p>
Revenue recycling	<p>All revenue raised from the sale of allowances every April is returned to participants in the form of a recycling payment to each participant. The payment is in proportion to their 2010/11 emissions, adjusted by a bonus or penalty factor linked to performance in the league table. The revenue recycling occurs six months after the end of each sale, in October.</p> <p>See section 4.8 for more information on revenue recycling.</p>

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Safety valve	The safety valve is a mechanism by which participants can buy additional allowances from the administrator throughout the year. See section 4.3.2 for more details on purchasing allowances through the safety valve.
Secondary market	The secondary market refers to any trade in allowances that takes place between participants or with third parties, i.e. all trading other than the Government's sale/auction of allowances. See sections 4.3.1 and 4.4.1 for more information on how this works.
Significant Group Undertaking (SGU)	Any individual subsidiary or grouping of subsidiaries within an organisation which would meet the qualification criteria for participation in CRC in its own right, were it not part of a larger organisation. Formerly known as a Principal Subsidiary.
Total footprint emissions	An organisation's total emissions from energy supplies after subtracting those from excluded activities and those exempt through CCAs. See section 3.2 for details on how to work this out.
Voluntary Half Hourly meter	Voluntary Half Hourly meters are the same type of meters as the mandatory 100 kW HHMs, however as the title implies, they are installed on a voluntary basis at sites below the 100kW threshold.

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