

CARBON REDUCTION COMMITMENT ENERGY EFFICIENCY SCHEME (CRCEES)

Breaking news on the CRCEEC as result of the Government Spending Review

The Spending Review 2010, presented to Parliament by the Chancellor of the Exchequer today included the following section on the CRCEES

2.108 The CRC Energy Efficiency scheme will be simplified to reduce the burden on businesses, with the first allowance sales for 2011-12 emissions now taking place in 2012 rather than 2011. Revenues from allowance sales totalling £1 billion a year by 2014-15 will be used to support the public finances, including spending on the environment, rather than recycled to participants. Further decisions on allowance sales are a matter for the Budget process.

What does this mean for you?

In practical terms:

- Allowance sales will take place in 2012, giving organisations an extra year to prepare for the scheme.
- The Treasury, instead of returning revenue from the scheme to participants, will retain them.
- This effectively turns the scheme into a carbon tax and will increase the total cost of energy to organisations

What happens next?

Decisions on the running of the scheme and the revenues raised as a result will be subject to the budget process and effectively fall under the control of the Treasury.

The scheme will continue to operate, but the rules of operation have been changed entirely and raise questions on the viability of the entire carbon trading mechanism.