

Carbon Reduction Commitment (CRC)

The CRC is a new mandatory emission-trading scheme, targeting emissions.

It will cover all organisations whose electricity consumption through half hourly meters is greater than 6,000 MWh/yr (equivalent to an annual electricity bill of ~£500k.)

Example: "Company X" If 2008 consumption is 12,868 MWh per year (assuming November and December 2008 to be the same as October 2008). This would make Company X eligible.

Company 'X' energy consumption													
2008	Jan MWh	Feb MWh	March MWh	April MWh	May MWh	June MWh	July MWh	Aug MWh	Sept MWh	Oct MWh	Nov MWh	Dec MWh	Total
MWh	894	818	952	970	1141	1132	1112	1087	1137	1208	1208	1208	12 868
CO ₂	480	439	511	521	613	608	597	584	610	649	649	649	6 910
Cost	£5 759	£5 272	£6 138	£6 251	£7 355	£7 293	£7 163	£7 005	£7 326	£7 786	£7 786	£7 786	£82 921

The CRC is a new tax; the process will require eligible organisations to buy carbon allowances annually. If they use less than they buy, they can sell the surplus; if they use more than they buy, they must purchase more on the open market, the prices of which are subject to supply and demand. The introductory phase of this initiative is as follows:

Qualification

2008 (calendar year) is the qualifying year that determines who will participate in this scheme.

Quantification

2008 (calendar year) is the qualifying year that determines who will participate in this scheme.

Implementation

2008 (calendar year) is the qualifying year that determines who will participate in this scheme.



The Energy Services Partnership

What will it cost?

April 2011 is currently set to be the fixed price sale of CRC allowances. Organisations will need to have the budget available to cover the April 2010/March 2011 compliance period and the April 2011/March 2012 period.

The cost to Company X at this time will be:

- 2010/2011 £82,921
- 2011/2012 £82,921

DEFRA estimates that as a percentage of a companies energy spend, costs will be as follows:

- Allowances 6%
- Administration costs 5%.

For more information please visit our new website at:

www.energyservicespartnership.co.uk

Or contact us directly on 0871 230 1824 for a chat about how we can create effective energy solutions together.