



# Carbon Reduction Commitment

## What is a CRC Organisation ?

Sally Comber  
Senior Policy Advisor, CRC

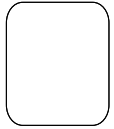
# Who will be covered?

- Any organisation that has an annual electricity consumption of 6,000 MWh from half hourly metering systems in GB and 70kVA half hourly metering system for NI
- Approximately 4,000 – 5,000 organisations from both public and private sector e.g. banks and supermarkets, Local Authorities, and Universities
- Organisation approach not installation / site level

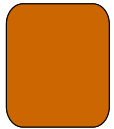
# Definition of Organisation

- “Top down” approach – legal responsibility is aggregated to **highest parent** organisation
- CRC Organisations will be identified with reference to the definitions of organisations and subsidiaries set out under the Companies Act 2006.

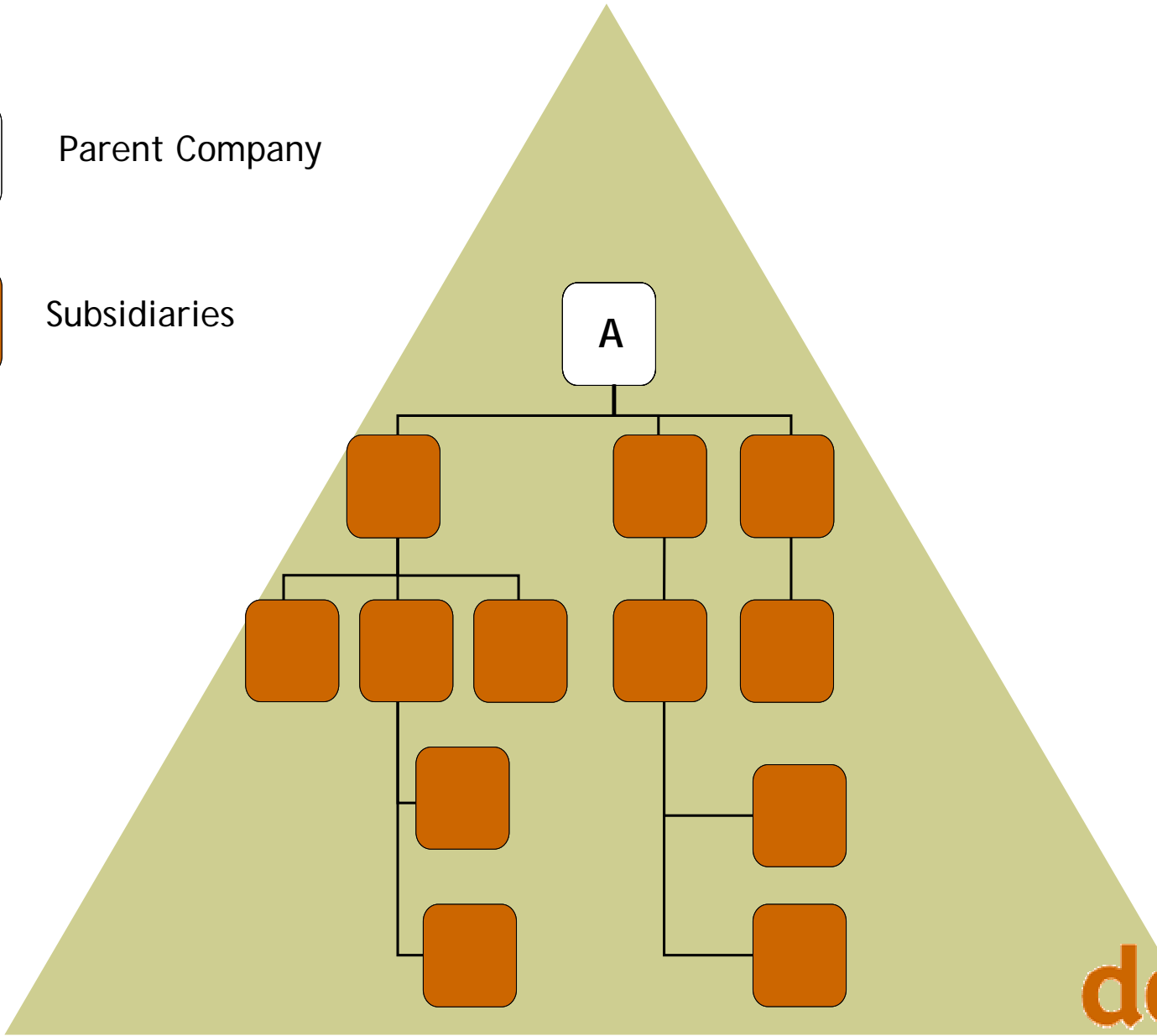
KEY



Parent Company



Subsidiaries



**defra**

Department for Environment  
Food and Rural Affairs

# Public Sector

- Public Bodies with their own legal personality participate in their own right.
  - E.g. LAs, Police Authorities
- Companies Act ownership definitions apply
  - a company with a public sector owner is grouped with the public body
- Public Bodies without legal personality are grouped with entity with liability for their energy bills
  - E.g Govt Depts and Agencies with Secretaries of State
- Exceptions
  - Central Govt
  - Collegiate Universities
  - Schools

# Private Sector Groups

- Overseas Ownership:
  - UK emissions of highest parent organisation including its subsidiaries will be captured in CRC.
  - Named subsidiary or agent nominated by parent
- Jointly Owned Companies e.g. Joint Venture
  - JV emissions aggregated under the organisation of the controlling shareholder
  - Where no majority stake - joint venture organisation would participate in its own right if it met the inclusion threshold
  - Approach relevant to Private Equity / Venture Capital
- Franchisors

# Emissions

- All Energy-Use emissions
  - Indirect - Electricity
  - Direct - Gas, Oil, Coal etc.
- Not Covered
  - EU ETS emissions
  - CCA emissions
  - Transport, Households

# Assigning Emissions Responsibility

## Consultation Proposal

- Who Pays the Bill

## New position

- The Counterparty to the Energy Supply Contract
  - Most cases this is the person who pays the bill
  - Legally clear and straightforward
  - Assigns responsibility to a “legal person”
  - Legal person has financial liability for the contract

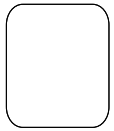
# Applying the Counter Party Rule

- Private Finance Initiatives / Public Private Partnerships
- Third Party Procurement
- Outsourcing / Facilities Management
- Landlords & Tenants
  - Option to transfer emissions between CRC landlords & tenants

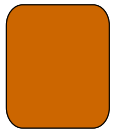
# Qualification

- Annual electricity consumption of **6,000 MWh** from **half hourly meters**
- No overlap of emissions coverage with EU ETS or CCAs

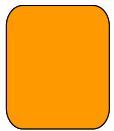
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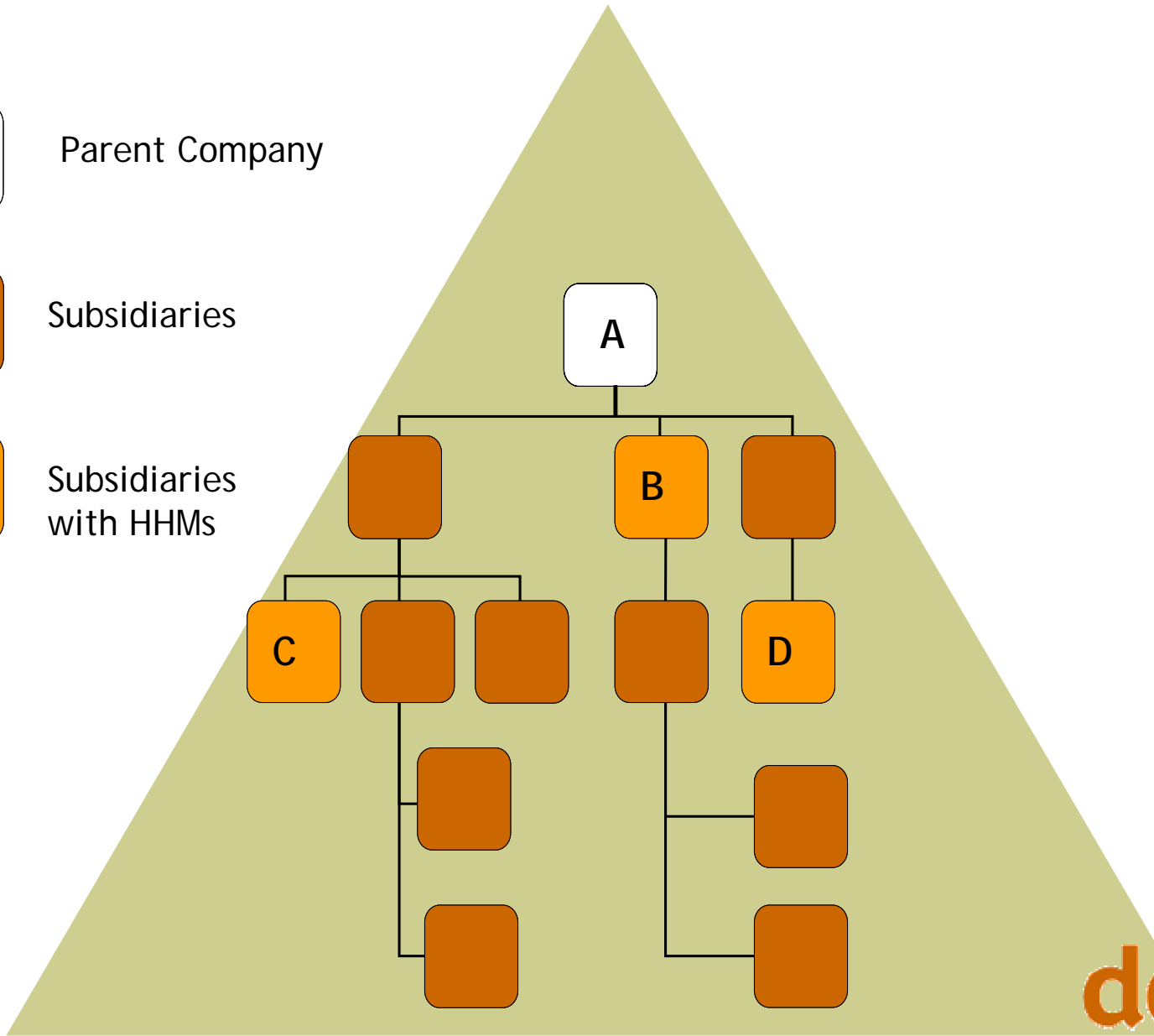
Parent Company



Subsidiaries



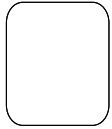
Subsidiaries with HHMs



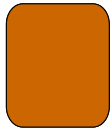
# Interface with other policies

- EU ETS
  - CRC would include electricity use and all direct energy use emissions not covered by EU ETS
- CCAs
  - Organisations with more than 25% of their emissions in a CCA will be completely exempt from CRC
  - This will be done on a “bottom-up” approach so only the specific subsidiary company with the CCA is exempt, not the entire organisation

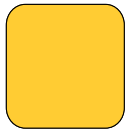
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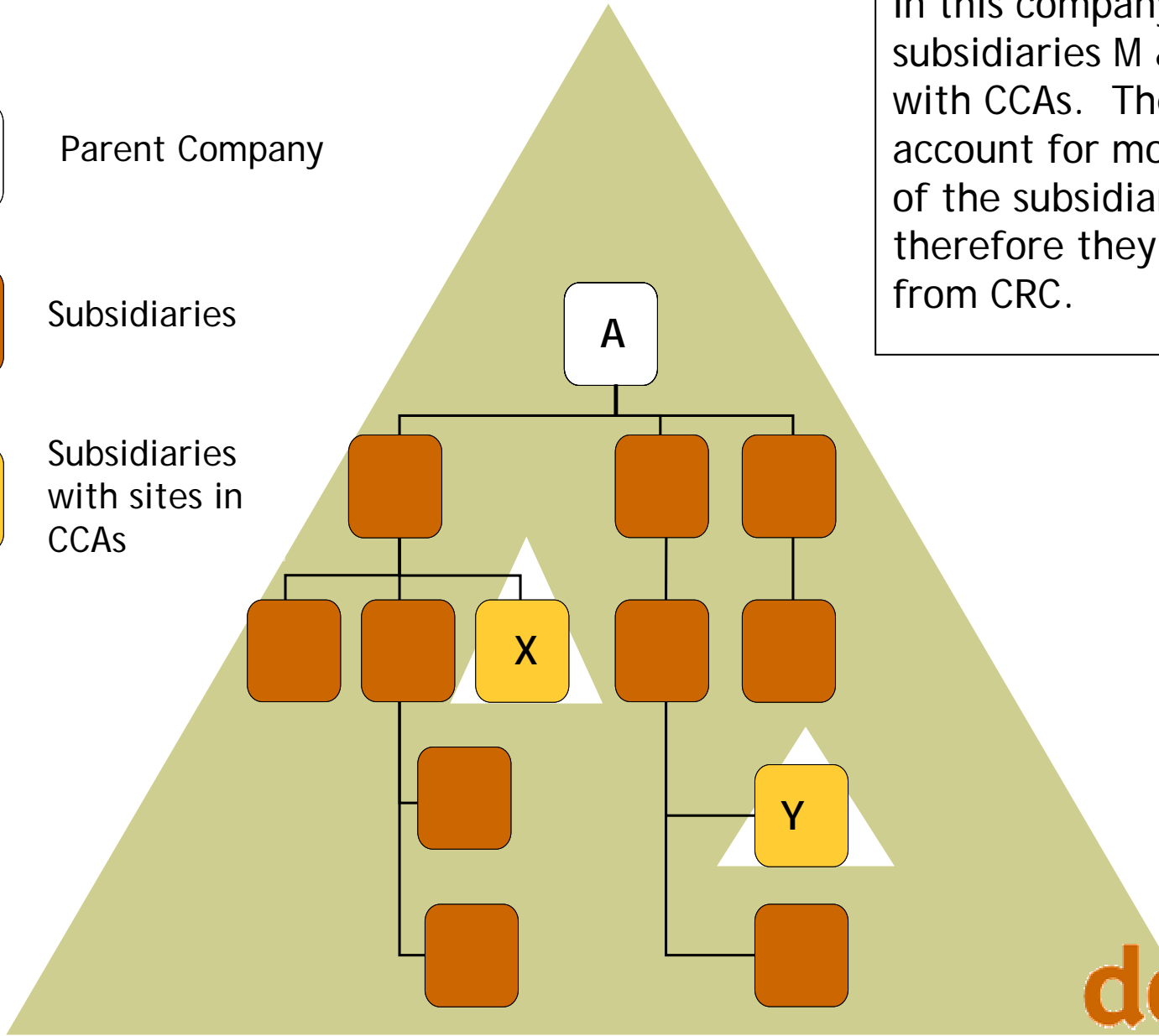
Parent Company



Subsidiaries



Subsidiaries with sites in CCAs



In this company structure, subsidiaries M & N have sites with CCAs. These sites account for more than 25% of the subsidiaries emissions, therefore they are exempt from CRC.

Does your organisation have any sites with a half hourly metered (HHM) electricity ?

no

Organisation not covered

yes

Does your organisation's total HHM electricity use exceed 6000MWh/year?

no

Organisation not covered

yes

Organisation covered

All energy use outside CCAs\* and EU ETS covered (subject to a de minimis)

\*If more than 25% of a subsidiary's overall energy use is covered by a CCA then the entire subsidiary is exempted from CRC