

Appendix 3
Environmental Review

Carbon Reduction Commitment

- A new mandatory Government emissions trading scheme to be launched in April 2010.
- To help reach Government's long-term CO₂ reduction targets.
- The scheme is aimed at reducing carbon emissions in large non energy-intensive organisations through the annual purchase of credits.
- I.e. putting a price on the carbon we emit.
- It applies to all public and private businesses whose annual electricity consumption through HH meters was >6,000Mwh in 2008.
- Our HH electricity consumption in 2008 was **7,668 Mwh**.
- From April 2010 we will have to report on, and buy allowances/credits for our electricity and gas consumed on all sites.

Date	Action
2010	Scheme officially begins but we don't have to buy credits. Monitor energy use through the year.
Apr-Sep '10	Registration.
Apr 2011	Buy allowances for both year ahead and previous year. Proposed fixed price of £12 per tonne.
Apr-Jul '11	Report on previous years' emissions and footprint report by last working day in July.
Oct 2011	League table published (early action only) and revenue from sale of credits is recycled to participants.
Apr 2012	Buy allowances for coming year.
Apr-Jul '12	Report on previous years' emissions and surrender allowances.
Oct 2012	League table published and revenue from sale of credits is recycled to participants.
Apr 2013	Buy allowances for coming year.
Apr-Jul '13	Report on previous years' emissions and surrender allowances.
Oct 2013	League table published and revenue from sale of credits is recycled to participants.

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- The HH electricity and gas emissions from April 08- March 09 were 5,500 tonnes of CO₂, which is equivalent to **£66,000 in allowances per year**.
- However, all income from the April auctions will be recycled back to participants in October of same year. Get a penalty or bonus on that payment relative to our position in the league table.
- The published league table will take into account 3 metrics:

1. Absolute Reduction (60% weighting).

Compares our current annual emissions to our average emissions over the preceding 5 years.

2. Early Action (20% weighting)

Reward firms who have smart metering on HH sites before 2011 and Carbon Trust Standard.

3. Growth (20% weighting)

Considers emissions per unit turnover.

(N.B. in the 1st year, the early action metric will be the only measurement and the weighting is different.)

- If we need extra allowances we can buy them on the secondary market, but they will be more expensive.
- There are a few risks involved with CRC:
 - 1. Financial**
 - a) Budgeting
 - b) Environment Agency costs
 - c) Money for initiatives.
 - 2. Legal**
 - a) Audit/compliance
 - b) Penalties (civil penalties/criminal convictions).
 - 3. Reputation**

Published league table.
- All recommendations are to act now to reduce emissions and to get senior management buy-in.