

## The Carbon Reduction Commitment (CRC) and how it will affect the Public Sector

The CRC will be a mandatory emissions trading scheme for the UK with fines and potential prison sentence penalties. It starts in April 2010 but you should start your compliance planning now.

It will create a new carbon market worth around £600 million per year by putting a price on carbon dioxide (CO<sub>2</sub>) emissions from energy use. This price will start at £12 per ton but is likely to rise in later years as emissions caps take hold.

The revenues the Government receives from the sale of emissions allowances will be returned to participants in relation to their position in a league table. If you reduce emissions you can profit, but if your emissions increase you will lose out. How you perform relative to other participants will be published by the Government every year, so this will have implications for your public image.

### Registering for the scheme

You will need to register for the scheme as a full participant if you have at least one mandatory half-hourly electricity meter and total half-hourly electricity consumption of over 6,000 MWh in 2008. Those in the scheme will be responsible for reporting emissions from all static fuel sources, including energy consumption for street lighting and state schools.

You will be required to take action in the run-up to the scheme starting in 2010. Thereafter, you will be required to monitor your emissions and purchase and surrender corresponding carbon allowances on an annual basis.

### How can Aon help?

Aon can help you develop and implement a CRC strategy and action plan by offering a full expert understanding of the scheme through our facility, enabling you to effectively manage this new carbon exposure. Aon specialises in supporting public sector organisations of every type and size.

There are key synergies between CRC and local authority performance indicator NI185 (own estate CO<sub>2</sub> emissions), thus a joined-up approach will ensure maximum efficiencies are gained in managing these issues and benefiting from the opportunities that CRC offers.

## Developing your CRC strategy and action plan

Aon offers flexible support to the public sector, working with individual entities and/or regional groupings. The service under our facility begins with an initial workshop that enables us to brief you on CRC policy and to understand the main issues for you. All audits are scoped to your requirements and are agreed up front.

We then develop a strategy and tailored action plan, which includes:

- Development of a CRC compliance action plan, with timescales and obligations.
- Support to help you understand the implications of arm's-length financing arrangements and opportunities to reduce your CRC obligation.
- Support and advice on benefits from early action.
- Assistance with gathering and analysing energy data and avoiding duplication under NI185 where appropriate.
- Support in understanding CRC as an incentive for the adoption of low carbon technologies (e.g. bio-energy). Guidance on the preparation of evidence packs and health checks to ensure they withstand audit scrutiny.
- Support to help you understand carbon trading options, costs and risks.
- A designated account manager then works with you to implement the agreed action plan, coordinating the involvement of other energy specialists as required.

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