

Update

B2B Customer

22 October 2010

EDF Energy statement on Carbon Reduction Commitment Energy Efficiency Scheme changes

As part of the Spending Review (20th October 2010) delivered by RtHon George Osborne MP, significant changes have been made to the Carbon Reduction Commitment Energy Efficiency Scheme.

- Allowances bought for the scheme, currently stated as £12 per tCO₂ until 2013 will no longer be recycled. This revenue, previously neutral to the Exchequer, will become a tax to fund the public purse.
- To allow for this significant change to take place, the first purchase of allowances will be delayed until April 2012 and will be based on known April 2010 to March 2011 emissions.
- The tax revenue from 2012 will be in excess of £700m per year rising to £1billion by 2014/2015. This rise can be explained by the Treasury's assumed allowance cost of £16 tCO₂ in 2014.
- The league table will be published as planned in October 2011 based on the early action metric which remains the key driver of reputational performance.
- At present no other official announcements have been made on how current reporting, or allowance surrendering obligations will be impacted.
- It is evident that changes will need to be made to the statutory instrument and to the current workings of the scheme before April 2011 to remove the recycling payment mechanism.
- We urge organisations which have not registered for the scheme to register, as this remains a legal obligation for participants and information disclosers.

Useful sites

DECC - Department of Energy and Climate Change <http://www.decc.gov.uk>

Her Majesty's Treasury <http://www.hm-treasury.gov.uk>

Environment Agency <http://www.environment-agency.gov.uk>

Helpful tips: to work out the CRC carbon tax/allowance implication *

Electricity

1,000 MWh x 0.541kgCO₂/kWh = 541 tCO₂

541 tCO₂ X £12 (current cost of allowance) = £6,492.00

Gas

1,000 MWh x 0.1836kgCO₂/kWh = 183.6 tCO₂

183.6 tCO₂ X £12 (current cost of allowance) = £2,203.20

* carbon emissions and the allowance cost is subject to change

If you would like to find out how we can assist you in reducing your carbon emissions and your future carbon allowance payments please contact our Energy Services team by email at energyexperts@edfenergy.com or telephone **0207 632 0794**.

edfenergy.com/largebusiness



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