



CRC – Summary (Simplification analysis)

Executive Summary

- CRC Phase 1 – to cover four fuels. With payment of allowances in arrears every June to cover the preceding financial year (Apr – Mar). Final reports in by July, so purchases of allowances will be in line with report submissions the following month.
- 2010-2011 trial reporting year, simpler reports will be required next year for 2011-12 period.
- Phase 2 (2014 -2020) extremely unclear and open to significant change to tie in with removal of other “renewable schemes”

Background

- Government Scheme designed in 2008/9 to drive energy efficiency into large electricity users who are not energy intensive users covered by other schemes (e.g. EU Emissions Trading Scheme).
- CRC scheme aimed to reduce consumption by two methods:-
 - League Table performance – Companies would reduce in order to avoid name and shame.
 - Cost implications for good and bad performance (three metrics used, KWh/balance sheet, early adoption of energy efficiency programmes, league table ranking) known as “revenue recycling”.
- CRC in 2010 entered simplification stage (under coalition government)
 - Primary change saw removal of revenue recycling, replaced with straight tax. (Set at £12/tonne) Financial part of the scheme delayed by a year.
 - Qualification procedures have been simplified with removal of transport.
 - **FURTHER SIMPLIFICATIONS ARE STILL TO BE MADE, specifically in phase 2.**

Timetable

Period/Phase	Year	Payment Process	Cost
Yr 1 (Phase 1)	Apr 2010 – Mar 2011	CRC report in by July 2011	No cost (practice year)
Yr 2 (Phase 1)	Apr 2011 – Mar 2012	CRC report in by July 2012	Govt sale of allowances in June. £12/tonne. Buying in arrears.
Yr 3 (Phase 1)	April 2012 – Mar 2013	CRC report in by July 2013	Cost to be decided in Autumn 2011. Sale of allowances in June 2013. Buying in arrears.
Yr 4 (Phase 1)	April 2013 – Mar 2014	CRC report in by July 2014	Cost to be decided in Autumn 2011. Sale of allowances in June 2014. Buying in arrears.
PHASE 2			

Yr 1 (Phase 2)	April 2014 –Mar 2015	CRC report in by July 2015	<p>NO FIRM DECISIONS MADE ON THIS PHASE.</p> <p>Proposal is that it will be two stage buying. Stage 1 you buy your forecast. Stage 2 you buy/ sell what you have actually consumed. Stage 2 prices more expensive than stage 1.</p>
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