

Wrong-Footing the CRC

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The Carbon Reduction Commitment or CRC came into effect this April and appears to have taken many by surprise. One newspaper suggested that as many as 43% of potential CRC participants had never heard of it.

The timetable for the scheme is such that those organisations claiming ignorance will fail to register by the end of September. The cost of that failure will be £5,000 + £500 daily thereafter.

Did those ignorant organisations simply have the wrong procedures in place? DECC published its proposals, consulted CRC stakeholders, held workshops—and did so over an appropriately lengthy time. So surely, one might think, all those organisations that were to be affected, bar the wilful, would have known or, indeed, did know.

DECC's record doesn't stand it in good stead here. Its failures over the last year are a grim reminder of how badly it can get things wrong.

Remember how successfully it froze off investment in the biomass generation market by taking steps to support it?

Remember how inept was its dealing with the fallout from that cock-up over the following months?

In the case of the 43% of organisations that should but that purportedly don't know about the CRC scheme, DECC's record means that one would *really* need to be convinced that it had identified stakeholders and convinced it made known to them the need to engage and the consequences of failure.

To compound the doubt about DECC's competence is a failure of some substance. Remember that no organisation affected by the CRC scheme is *obliged* to do anything until 30 September 2010, so a failure of substance at this point is a cause for concern.

There is something called the "Early Action Metric", which is a calculation of benefits to be obtained from taking early action to reduce carbon emissions. One of the early actions involved

is the installation of Automatic Meter Reading. The belief is that AMR will provide information such as to enable emissions to be driven down before any further steps need to be taken.

As originally drafted, AMR was something to be installed to deal with emissions measured from 31 March 2011.

Organisations were therefore entitled to believe that they would obtain maximum benefit from early action by introducing AMR by April 2011.

But they were wrong! The early action in question actually deals with measured throughputs of energy - and to maximally benefit from it AMR had to be in place and starting to measure throughput on the day the scheme started, April 2010, a full year earlier.

However the mistake got made, it was the fault of no-one other than DECC. There was, on the part of CRC-affected organisations, no failed interpretation, no sloppy reading, just their adherence to DECC's CRC Energy Efficiency Scheme User Guide. This was the guide that was to be the CRC implementation bible.

DECC corrected that mistake in a document to the Guide it called the Corrigendum. The correction is so inapt that only a further note on the DECC website makes its intent plain.

Further, DECC corrected the mistake on 28 May 2010, two months after the scheme started and too late for *any* scheme participant to benefit fully from early action. So any organisation following the guide would have been incapable of benefitting maximally from early action.

That is DECC's record for the CRC scheme and there is no reason to suppose there may not be other, equally significant, errors. It's an unenviable record for a scheme that has barely begun - and one that should lead DECC to consider moving the start date forward to April 2011.