

THE CARBON REDUCTION COMMITMENT & SCHOOLS

Introduction

The Carbon Reduction Commitment (CRC) is the Government's mandatory carbon trading scheme which will cover both public and private sector organisations, including local authorities. It is designed to encourage organisations to (collectively) reduce their Carbon Dioxide (CO₂) emissions by approximately 1.2 million tonnes per year by 2020. Although the CRC was initially launched in the 2007 Energy White Paper the scheme forms part of the Climate Change Bill which became law in November 2008. Even though the scheme doesn't officially start until April 2010, participating local authorities need to make preparations before that date to ensure that they comply with the requirements. This briefing outlines how some of the key features of the CRC will effect Schools.

What is a Carbon Trading Scheme?

Carbon trading allows the Government to regulate the amount of emissions produced by setting the overall cap for the scheme but gives organisations the flexibility of determining how and where the emissions reductions will be achieved. Participating organisations are allocated allowances, each allowance representing a tonne of CO₂.

Background

The Department of Energy and Climate Change (DECC) has included emissions from all state-funded Schools including Academies in the local authority portfolio. Energy consumption in Schools can vary depending on the age of buildings, state of repair, occupancy hours, the amount and type of electrical equipment in Schools and whether the School has a pool. Generally secondary schools have higher energy costs than primary schools owing to longer hours, larger numbers of students and wider use of electrical equipment. However, in both secondary and primary schools there are significant opportunities for savings through undertaking a range of no cost and low cost measures. Indeed, guidance from DCSF estimates that over 20% energy reduction is achievable from no and low cost measures.

How will it work?

The more energy efficient an organisation becomes the fewer emissions it will generate and the fewer allowances it will have to buy under the scheme. The first year of the scheme will be April 2010 to March 2011 and during this time, participants will need to monitor all energy sources and use this data to prepare a Footprint Report. From April 2011 participating organisations will have to purchase carbon allowances at a fixed price (for the first three years) of £12 per tonne.

Through the use of a league table the government will recycle all money raised from the sale of allowances back to participants. The first recycling payment will take place at the end of October 2011. The amount of payment each participant receives back from the government will depend on performance in the league table and will involve either a penalty or a bonus. The aim of the bonus and penalty scheme is to act as an incentive for organisations to reduce their emissions. Therefore, if organisations perform well, the money they get back should exceed the cost of buying allowances. The CRC league tables will rank participants in the scheme in terms of performance on the following:

- ❖ Early action metric – early action initiatives made by the organisation to reduce their carbon emissions prior to April 2013, including being assessed for coverage of the Carbon Trust Standard and Automatic Meter Reading systems.
- ❖ Absolute emissions - % reduction in carbon emissions compared to the previous year.
- ❖ Growth - % reduction in other carbon emissions per unit of turnover

How will Schools Participate in the CRC?

State-funded Schools would not participate in the CRC individually, their emissions would be included in the scheme under the LA. In this way, school emissions would form part of the Local Authorities overall 'carbon footprint' under the scheme. The LA would be the organisation legally required to participate in the CRC. As such it would have a number of obligations and duties placed upon it. In summary, the LA would be responsible for:

- ❖ Calculating its emissions responsibility under the scheme
- ❖ Obtaining allowances to cover its emissions
- ❖ Monitoring and reporting its annual energy consumption and surrendering sufficient allowances to cover its stated emissions.

- ❖ Keeping an Evidence Pack which will provide an audit trail to demonstrate how it has calculated its total energy use. Evidence Packs will be audited by the Environment Agency.

A duty will be placed on Schools requiring them to supply the LA with annual energy use data. This information is necessary to enable the LA to calculate and report its total emissions under the scheme.

Incentives, Benefits and Costs to Schools and LAs

CRC would aim to spread examples of good practice between LAs and Schools, examples of successful relationships where both Schools and LAs see benefits of the scheme. The LA would be incentivised to work with Schools and provide energy management advice and resources in order to secure a higher place in the CRC league table.

Schools will be incentivised as there will be a direct cost to Schools of the LA purchasing allowances on their behalf, together with a small administrative cost to Schools in supplying energy data (e.g. energy bills) to LAs. However, such costs could generally be outweighed by the potential cost saving due to energy efficiency, so Schools should be receptive to, and indeed benefit financially from, the energy management advice and support given to them from LAs. Some possible examples of energy saving measures that Schools could undertake are;

- ❖ Behavioural measures, such as adjusting heating controls, ensuring lights are turned off when they are not required, and ensuring that all computers, printers and other electronic equipment are turned off when not required and especially at the end of each day.
- ❖ Structural measures, such as the introduction of double glazing and more efficient wall insulation.
- ❖ Long term measures, the gradual introduction of more energy efficient technologies such as lighting, printers and boilers.

Government would encourage, but not require, the sharing of costs and benefits between Schools and LAs. For example LAs may want to consider as Wirral does, energy management support available to those Schools who pay the LA an agreed amount in proportion to their energy bill. There are other examples of Schools paying LAs for energy management services. Bristol City Council for example operates an energy club whereby Schools pay a membership fee to receive energy management support, such as access to corporate energy contracts and advice on energy management. DECC does not intend to specify how LAs and Schools should work together under CRC.

What We All Need To Do

To do well in the CRC and ultimately reduce our collective financial burden participants will need to:

- ❖ Implement Automatic Meter Reading systems before March 2011 (collectively)
- ❖ Sign up to the Carbon Trust Standard (collectively)
- ❖ Establish comprehensive monitoring and targeting mechanisms
- ❖ Carry out regular reviews of data collection
- ❖ Reduce emissions within the scheme

For the first 3 years, allowances will be at a fixed price but from April 2013, allowances will be bought through auction and the government will cap allowances. Over time, the number of available credits will diminish which is likely to drive up the price.

The Council's Energy Team has responsibility for the implementation of the CRC and through early actions mentioned previously is currently working to reduce the effects on Council budgets. The team already provides support to those Schools signed up to the Energy Support Service to improve energy efficiency and save money. This service is offered to all Wirral Schools. As this is a mandatory government operated scheme we would aim to help and assist all Schools where possible.