

ENERGY AND CARBON NEWSLETTER DECEMBER 2018

The end of 2018 brought some sobering news regarding Global Climate Change, with the World Meteorological Organisation (WMO) reporting that atmospheric carbon dioxide levels reached a new high in 2017 and look set to increase further in 2018. The Intergovernmental Panel on Climate Change (IPCC) reported that the average global temperature of the past five years was 1°C above the pre-industrial baseline, and that meeting the target of halting temperature rise at 1.5°C above pre-industrial levels is becoming increasingly challenging. This news provides the backdrop to the current international Climate Change talks (COP24) taking place in Poland, where governments are continuing the process of developing an international approach to addressing Climate Change.

Back here in the UK there are a number of imminent changes to legislation on the horizon, and, as we near the end of the year there are also a number of actions to take in relation to carbon and energy reporting.

EUETS deadlines

As a result of impending Brexit, the EUETS reporting deadlines have been brought forward. You will be required to submit your 2018 annual report by 11th March 2019 and surrender allowances by 15th March 2019. This will put additional pressure on the companies providing EUETS verification services, therefore we would recommend that you appoint a verifier ASAP if you have yet to do so. In addition, you must ensure that you have sufficient EU allowances in your account for surrender in March. Also, a quick reminder to take any relevant end of year meter readings and/or measurements on, or as close to December 31st as possible for EUETS reporting purposes.

CCA – end of target period and increase in CCL

Speaking of meter readings, the end of this year is also the end of the current Climate Change Agreement (CCA) Target Period so it is again advisable to take end of year readings/measurements if you operate under a CCA. April next year will also see a significant rise in Climate Change Levy, with CCL on electricity increasing by 45% and by 67% on gas. To off-set this the CCA discount rate will rise from April to 93% for electricity and 78% for gas. This change significantly increases the benefits of holding a CCA (and increases the financial penalty of losing a CCA!). Therefore, it is imperative to ensure that you closely manage your CCA compliance and meet all reporting deadlines in the New Year.

ESOS

The 31st December 2018 is the qualification date for Phase 2 of the Energy Saving Opportunities Scheme (ESOS). If you are not already certain of your eligibility you will need to assess your qualification status as of this date (you need to meet the EU definition of a Large Enterprise). Organisations that do qualify will need to undertake an ESOS assessment and complete an on-line notification by 8th December 2019. This may seem a long time away but, qualified lead assessors will increasingly be in demand and we would recommend taking action on ESOS as soon as possible.

Goodbye to CRC, hello to SECR

2019 will see the final reporting period of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) and the commencement of its 'replacement', Streamlined Energy and Carbon Reporting (SECR). Participation in CRC was based on electricity consumption level, however the requirement to report under SECR is purely predicated on a company passing the definition of a large enterprise (using the UK definition, slightly different to the EU version definition applied to ESOS). As a result, the UK government predicts that just under 12,000 companies will be required to report their energy and carbon emissions under SECR, a huge increase from the ~2,000 companies reporting under CRC. Any company that is likely to be captured by this new scheme should assess their energy sources and data capture and reporting processes so that they are in a position to report as required once the new legislation commences.

Finally, a quick reminder as we approach the holidays to check your Building Management Systems (BMS) and make sure that all shut down settings and procedures are in-place for the festive season. The fight against Global Climate Change may be a big one but we can all do what we can!

[SLR's Energy & Carbon Management team](#) has a strong record of working with companies of all sizes, in managing their compliance requirements across all the schemes mentioned above. If you have any additional queries or require any support in these areas, please don't hesitate to [contact us](#).