

Appendix A

General Overview of CRC – outline communication

What is the Carbon Reduction Commitment (CRC)?

The Carbon Reduction Commitment (CRC) is a new mandatory carbon emissions trading scheme that begins in April 2010 and has financial consequences. It applies to public and private sector large non-intensive energy users that consume around £0.5 million of half hourly electricity and will cover almost all energy use thereafter. DECC currently estimate that around 5,000 organisations will participate in the scheme.

Most county and unitary councils are expected to have a legal obligation to participate in the scheme and to take responsibility for state funded schools and academies. This means that all council operations are included, such as administrative offices, leisure centres, social care homes, etc. It also includes landlord tenant relationships and some PFI and joint ventures arrangements.

What will this mean to councils?

CRC participants must account for at least 90% of their emissions and will be required to calculate and purchase carbon allowances each April, to cover emissions generated at a fixed price of £12 per tonne of CO₂ for the first three years and then through an auction. For a council with energy costs of c £10 mill p/a, this is likely to cost around £1 million.

Some of this money will be returned to CRC participants each October depending on their league table position, which is determined by their performance in reducing emissions from energy use against the performance of others in the scheme. This means that 6 months will exist between paying for allowances and receiving a recycling payment, which may exceed or be less than the cost of allowances purchased, introducing budgetary uncertainty.

The league table will be publicly available and it is widely expected that it will have a reputation risk or enhancement value. Importantly, the league table position will also determine a bonus or penalty factor applied to a participants recycling payment. The scheme's aim is to reward a well performing organisation while penalising those with poor performance. This will start at $\pm 10\%$ in Year One but rise to $\pm 50\%$ by Year Five. Although these league table performance metrics are fixed, the actual financial penalty and bonus, can be even greater or lower than these percentages.

Importantly councils will have responsibility for state-funded schools (including Academies). This means that a constructive dialogue for sharing data and reducing energy consumption in schools should take place, along with understanding the financial impact, and trying to avoid a cross subsidy of the councils general funding stream and its dedicated schools grant.

Impact

The London Energy Project believes that most councils will be at the lower end of the league table, due to the difficulties of dealing with such a diverse portfolio, e.g. civic centres, leisure centres, care homes, schools and also the age, nature and capital

investment that is likely to be required. It should also be noted that schools energy consumption is rising year on year with school building's extended use and the increasing technology deployed. These factors are likely to have a negative impact on councils' league table positions, particularly compared to organisations such as Tesco, who may have a standardised approach and aggressive carbon reduction programme.

Notwithstanding the cost of allowances and potential recycling penalties and fines, there is an annual cash flow burden, a cost to participate in and administration of the scheme, which is likely to include additional staffing, improved data handling solutions and increased liaison with stakeholders, such as schools. To ensure the cultural and behavioural changes required to encourage staff to reduce energy use is visible, top level leadership is required, this also supports the changes to decision making practices that may be required, to release capital and invest to save funding streams to finance technological energy reduction and renewable.

What are the benefits?

The CRC places a statutory responsibility on organisations to understand their carbon footprint, monitor and accurately record the amount of energy that they use. The proactive use of this data provides real opportunities to improve the transaction efficiency of management systems, save money by reducing energy consumption, and achieve better energy contract prices. For a council spending £10m p/a, a realistic reduction in energy use and process improvement, could mean around £300,000 ploughed back into front-line services

What should the council do now?

Start preparing; this is a "whole council issue". Assign a chief officer to lead the project, ensuring senior representation from finance, property, children and young people's and leisure services are represented and that there is an operational group, of energy, building and finance managers, to implement improvements.

Understand how this may affect investment decisions, as there is a real cost to carbon. Ensure other programmes of work are involved, such as Building Schools for the Future.

Develop necessary accountancy practices, energy management, carbon abatement and auction strategies and clearly prioritise carbon reduction actions, e.g. Installation of AMR and/or installing infrastructure (such as street lighting) prior to the baseline year.

Apply for the London Energy Project specialist Guide and Toolkit "Preparing for the Carbon Reduction Commitment". It has been funded by Capital Ambition and its distribution funded by the Regional Improvement and Efficiency Partnerships and aims to enable Local Authorities to respond to the CRC quickly and with confidence.

<http://www.capitalambition.gov.uk/londonenergy>

It should be borne in mind that as final regulations are yet to be published, any detail referred to is subject to change without notice.

Source: London Councils 2009

Appendix B

Projects continuing from CMP&IP

CMP02 - Civic Centre
 CMP03 - Going Green Intranet Resource
 CMP04 - Brent Green Network
 CMP07 - Energy Efficiency Fund
 CMP08 - Printer Rationalisation
 CMP10 - Building Energy Audit Programme
 CMP12 - Property Management Standards
 CMP13 - Staff Travel Plan
 CMP15 - Essential User Permits
 CMP18 - Green Fleet Review
 CMP22 - Street Lighting Energy Efficiency
 CMP23 - Energy Management Training
 CMP24 - E Learning
 CMP25 - Green Procurement Policy
 CMP27 - Internal Waste Reduction
 CMP28 - Internal Waste Recycling
 CMP29 - Water Action Plan
 CMP34 - Solar Panels / Water heating
 CMP36 and CMP37- Tree Planting and Tree Policy (combined)

New CMP&IP Projects

Project reference in priority order	Opportunity/Project	Cost effectiveness £/tCO2	Year 1 CO2 Saving (tonnes)	Cumulative CO2 Savings (tonnes)
33	Localised lighting could apply to 33% of our Office buildings & Libraries	-139	69	69
36	Awareness raising campaign could apply to 100% of our Office buildings & Libraries	-138	169	238
48	Awareness raising campaign could apply to 100% of our Primary schools	-134	549	787
62	Awareness raising campaign could apply to 100% of our Secondary schools	-134	486	1273
63	Awareness raising campaign could apply to 100% of our Leisure centres (Dry)	-132	50	1324
27	KINGSBURY HIGH SCHOOL/Lighting Upgrade	-131	21	1345
47	Automatic lighting controls could apply to 24% of our Primary schools	-129	101	1445
61	Automatic lighting controls could apply to 56% of our Secondary schools	-129	208	1653
5	BRAINCROFT PRIMARY SCHOOL/Lighting Upgrades	-128	12	1666
14	NORTH WEST LONDON JEWISH DAY PRIMARY SCHOOL/Lighting upgrade	-127	12	1677
30	WEMBLEY HIGH TECHNOLOGY/Lighting Sensors	-126	7	1684
10	MICHAEL SOBELL SINAI SCHOOL/Lighting Upgrade	-125	9	1693

17	OLIVER GOLDSMITH PRIMARY /Lighting Upgrade	-124	8	1701
12	MOUNT STEWART JUNIOR SCHOOL/Lighting Upgrade	-123	8	1709
26	WOODFIELD SCHOOL/Lighting Upgrades	-121	7	1716
53	BMS fine tuning could apply to 18% of our Secondary schools	-120	31	1747
4	BRAINCROFT PRIMARY SCHOOL/Optimum Start	-120	15	1762
8	MANOR SCHOOL/Lighting Master	-119	6	1768
21	ST JOSEPHS RC SCHOOL/Lighting upgrades	-119	6	1774
24	STONEBRIDGE PRIMARY/Lighting Upgrades	-118	6	1780
29	ST GREGORYS CATHOLIC SCIENCE/Boiler Upgrade	-118	42	1822
16	OAKINGTON MANOR PRIMARY/Lighting	-117	5	1827
25	WOODFIELD SCHOOL/Dproof/Insulation	-117	26	1854
28	KINGSBURY HIGH SCHOOL/Insulation Flat roof	-117	40	1894
13	NEWFIELD PRIMARY SCHOOL/Lighting Upgrade	-116	5	1899
20	ST JOSEPHS RC JUNIOR SCHOOL/Optimum Start	-113	10	1909
15	OAKINGTON MANOR PRIMARY/Boiler Upgrade	-113	18	1928
2	ANSON PRIMARY SCHOOL/Lighting Upgrade	-111	4	1932
7	CARLTON VALE INFANT SCHOOL/Lighting Upgrade	-108	4	1935
60	Pipework insulation could apply to 54% of our Secondary schools	-102	74	2009
39	Loft insulation could apply to 25% of our Primary schools	-98	141	2150
50	Loft insulation could apply to 30% of our Secondary schools	-98	150	2300
3	AVIGDOR HIRSCH TORAH TEMIMAH/Lighting Upgrades	-97	3	2303
34	Variable speed drives could apply to 100% of our Office buildings & Libraries	-97	189	2492
66	Variable speed drives could apply to 15% of our Swimming pool hall	-97	23	2515
40	Cavity wall insulation could apply to 25% of our Primary schools	-95	141	2656
51	Cavity wall insulation could apply to 20% of our Secondary schools	-95	100	2756
46	Zoning could apply to 56.25% of our Primary schools	-95	106	2862
59	Zoning could apply to 54% of our Secondary schools	-95	90	2952

1	ANSON PRIMARY SCHOOL/Burner Controls	-94	7	2958
35	Voltage optimisation could apply to 100% of our Office buildings & Libraries	-92	168	3127
9	MICHAEL SOBELL SINAI SCHOOL/Burner & Boiler Controls	-91	25	3152
42	BMS could apply to 33% of our Primary schools	-83	65	3217
54	BMS could apply to 50% of our Secondary schools	-83	87	3304
37	Virtualisation/thin computers could apply to 100% of our Office buildings & Libraries	-82	202	3506
57	Optimum start controls could apply to 126% of our Secondary schools	-81	210	3716
6	CARLTON VALE INFANT SCHOOL/Burner Controls	-81	5	3721
22	ST ROBERT SOUTHWELL RC /Zoning	-80	2	3723
31	Fuel switching could apply to 19.8% of our Office buildings & Libraries	-76	116	3839
64	Fuel switching could apply to 10% of our Swimming pool hall	-76	54	3892
44	Fuel switching could apply to 22.5% of our Primary schools	-76	796	4688
49	Secondary glazing could apply to 30% of our Secondary schools	-76	100	4788
38	Secondary glazing could apply to 55% of our Primary schools	-76	207	4995
19	OUR LADY OF LOURDES RC SCHOOL/Dproof & Insulation	-73	4	4999
55	Upgrade to condensing boilers could apply to 18% of our Secondary schools	-73	141	5140
43	Upgrade to condensing boilers could apply to 40% of our Primary schools	-73	354	5494
58	Sequencing could apply to 30% of our Secondary schools	-72	100	5594
23	STONEBRIDGE PRIMARY/Burner Controls	-72	7	5601
18	OUR LADY OF GRACE RC INFANT/Boiler & Burner Controls	-53	5	5605
65	Heating control systems could apply to 17.5% of our Swimming pool hall	-51	18	5623
45	Heating control systems could apply to 36% of our Primary schools	-51	239	5862
56	Heating control systems could apply to 20% of our Secondary schools	-51	118	5979
32	Heating control systems could apply to 12% of our Office buildings & Libraries	-51	11	5990
41	Draught proofing could apply to 50% of our Primary schools	-18	188	6178

52	Draught proofing could apply to 60% of our Secondary schools	-18	200	6378
11	MOUNT STEWART JUNIOR SCHOOL/Pipe & Valve Insulation	250	0	6379
67	Pool covers w/ vent fine tune could apply to 12% of our Swimming pool hall	#DIV/0!	16	6394