

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting25th November 2010

1. Title of Item/Report

CRC - Energy Efficiency Scheme Update

2. Record of the Decision

Consideration was given to a report that provided an update on The Council's position in respect of the Carbon Reduction Commitment (CRC). It also sets out the implications of the recent Comprehensive Spending Review.

Members were reminded that the Council had completed the registration and enrolment with the CRC Energy Efficiency Scheme in August 2010. The registration fee of £950 had been paid.

Work had progressed on quality procedures, records and the audit trail required for compliance with the scheme.

It was expected that the first purchase of carbon allowances for Stockton-on-Tees Borough Council would be made during April 2011 with a recycling payment to be received in October 2011. However in the full report of the 20 October Comprehensive Spending Review the following clause was published:

2.108 The CRC Energy Efficiency scheme will be simplified to reduce the burden on businesses, with the first allowance sales for 2011-12 emissions now taking place in 2012 rather than 2011. Revenues from allowance sales totalling £1billion a year by 2014-15 will be used to support the public finances, including spending on the environment, rather than recycled to participants. Further decisions on allowance sales are a matter for the Budget process.

At present no further detail was available but it was assumed that the first payment for carbon allowances to cover 2011/12 emissions would be made in April 2012 with no recycling payment, i.e. as a tax payable to the Treasury. It was estimated that the cost of this at £12/tonne would be around £250k. However, there had been an indication from commentators that the price may rise to £16/tonne bringing the total for Stockton-on-Tees Borough Council to £333k.

Provision would therefore need to be made in the budget for 2012/13 for this payment.

No information was available concerning other aspects of the CRC Energy Efficiency Scheme such as the league table and bonus system, trading and record keeping. Since the allowances would be paid for retrospectively the role of trading must be in doubt.

Qualification to participate in the CRC Energy Efficiency Scheme was determined by electricity consumption recorded on half hourly meters during the calendar year 2008. The qualifying limit was 6,000MWh. Stockton-on-Tees Borough Council consumption was 7,500 kWh thus committing the Council to full participation.

Assuming the 6,000MWh limit remained the objective must be to reduce qualifying consumption to less than that figure. At present grid connected renewable electricity that benefited from Feed in Tariffs or Renewable Obligation Certificates was counted as grid electricity to avoid double counting. However, it was explained that, there might be ways around this through the Power Purchase Agreement approach currently being explored.

The objective recommended was to reduce the electricity consumption on half hourly meters to drop below the qualifying limit, though this would be subject to any other changes to the scheme.

It was recommended that no specific action be taken until details on the future arrangements for the CRC Energy Efficiency Scheme had been published.

RESOLVED that the content of the report be noted.

3. Reasons for the Decision

To inform Cabinet of the financial implications of the CSR decision to retain payments for allowances and that this would impact on the Council budget.

To inform Cabinet that further details were awaited from Government requiring additional updates in the coming months.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

By no later than midnight on Friday 3 December 2010.

Proper Officer
29 November 2010