



written by Bobby Collinson

## CRC: Beast of burden or opportunity?

Bobby Collinson, Managing Director of Power Efficiency, looks at getting CRC working for you, rather than the other way round.

September 2010 has come around very quickly, and if you are one of the thousands of companies affected by the Government's CRC Energy Efficiency Scheme, then you should have completed your phase one registration by now which includes information on your organisation's structure and contact details for those with responsibility for the scheme.

Widely thought to only affect the top 5,000 non-industrial energy users in the UK, in reality the scheme requires all energy users who had at least one half hourly electricity meter in 2008 to make a registration.

The initial registration and work required in years two and three is not straightforward and does require a great deal of planning to be effective within the organisation and, for many, this has left them viewing the scheme as a burden that will distract them from running their business at a time of economic uncertainty.

However, evidence suggests that this is not the view of senior managers within organisations: our own research, conducted at seminars we ran for company directors earlier this year, found that UK companies broadly see the scheme as making a positive contribution to their businesses, with 74% believing that it would ultimately help reduce the amount of carbon consumed, despite the challenges that the scheme presented in terms of getting up and running. 60% of respondents suggested that the scheme was not only likely to reduce their carbon usage, but would also give them a competitive advantage over other operators in their market.

Once registration is completed, and the internal processes are in place, you have made some progress towards taming the beast, but as a famous statesman once said in far darker times "Now this is not the end. It is not even the beginning of the end, but it is perhaps the end of the beginning". In terms of compliance, you now have to annually forecast your emissions, purchase allowances, ensure compliance with the footprint and annual formal reporting (showing that you have purchased sufficient allowances), and manage the recycling payments. All of these can be straightforward if properly planned.

More significantly, though, if you want to come out on top in the CRC game, you have to make sure that your energy use is managed downwards. This is because the annual change in your CO<sub>2</sub> emissions becomes the key factor determining your recycling payments from the government. Decreasing your energy use and emissions not only pushes you up the league tables but it also gives you a better "allowances to footprint" ratio and both of these directly improve your repayments.

The holy grail of reducing energy demand and cost can be achieved with a logical process:

- Set up league tables of your buildings or departments with benchmarking of energy use to highlight where large savings can be made.
- Initiate operational improvement training and advice; buildings with poor profiles can show significant savings from improved operating practice.
- Start regular but informative feedback to building managers with monthly reporting and performance chasing.
- Implement energy surveys to pin down how energy can be saved: start with sites which have large potential savings highlighted from the league tables.
- Plan and manage investment measures to upgrade equipment and controls for lighting, air conditioning and heating.

This process is proven to achieve significant energy and cost savings. However, it also allows us to establish the organisation's carbon footprint and leads to a practical strategy with targets for carbon management: increasingly a must-have at board level.

There are countless ways in which energy could be wasted across your estate, and the skill comes in following a logical and pragmatic process to reducing energy demand and cost. Here are just some of the achievements of our customers:

- A Legal and General Property energy initiative in 2009 across 12 larger (half-hourly metered) buildings achieved 9% savings worth £90,000 a year and with a 700 tonnes per year reduction in CO<sub>2</sub> emissions
- At Midsummer Place Shopping Centre in Milton Keynes an energy survey and review of operations resulted in 15% savings achieved, valued at £24,000 per year and 210 tonnes of CO<sub>2</sub> per year.
- At the Marriott Marble Arch, Marriott Hotels were recognized as top hotel group in the 2009 Sunday Times Green List, the efficiency of combined heat and power and heat pump heating was confirmed and further opportunities identified to save 16% of annual energy costs valued at £65,000
- At 5 St Philips Place, Birmingham, Climate Change Capital through a range of measures from operational improvements, achieved 18% savings with further measures including lighting replacement increasing that to 36%

Don't look at the CRC Energy Efficiency Scheme as a burden; it is an opportunity once strategy and rigor are applied to the process. The energy reduction process is logical and straightforward, and the technologies, such as AMR, that it encourages companies to use can cut energy consumption and improve bottom lines if used proactively.

You can learn more about Power Efficiency, the energy procurement and carbon management consultancy, by visiting [www.powerefficiency.co.uk](http://www.powerefficiency.co.uk)