



Carbon Reduction Commitment: DECC identifies key areas for change under the Scheme

The Department for Energy and Climate Change (DECC) has published a series of discussion papers identifying priority areas for reforming the Carbon Reduction Commitment Energy Efficiency Scheme (the CRC).

DECC says the areas have been identified through feedback from regulated companies and public bodies since the legislation came into force in April 2010.

Late last year DECC kicked off the review process in response to criticism that the CRC was too complicated. The priority areas being considered are as follows:

- Reducing the overlap between the CRC and related schemes such as the EU Emissions Trading Scheme (EU ETS) and Climate Change Agreements (CCA). Emissions under the EU ETS or CCAs are exempt from the CRC but still have to be reported. The options for simplification include introducing a blanket exclusion so that organisations that are in the EU ETS or have CCAs are excluded from the CRC. This would greatly reduce the scope of the CRC. A more modest option is to remove the requirement for organisations to report EU ETS and CCA emissions under the CRC by simply basing qualification for the scheme on non-CCA supplies.
- Currently the CRC operates on a 'top-down' basis with companies being regulated at group level including their subsidiaries. This can cause problems for foreign-owned subsidiaries and complex structures such as joint ventures so the rules governing the structure of organisations are under consideration. DECC is proposing a number of options including a 'bottom-up' approach to regulation with qualification for the CRC assessed at the level of the individual undertaking. Such organisations could then aggregate up to group level. Another option is to use existing accountancy rules to determine organisational structure under the CRC.
- Another area of discussion is the energy supply rules which are used by organisations to work out if they qualify for the CRC and for what emissions they are responsible. DECC proposes eight simplified options on the basis that feedback from CRC Participants has suggested that the rules governing payment and metering of energy supplies are too complicated and should be removed.
- Another discussion paper looks at how the qualification criteria for metering could be changed so they do not act as a disincentive to fit smart meters.
- The timing and frequency of emissions allowances sales under Phase 2 of the CRC, which starts in 2012, is also being reviewed. One key issue is how to transition from retrospective emissions sales at the end of a compliance year to up-front sale at the start of the year.

The consultation closes on 11 March 2011.

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The Commercial Property department in the Manchester office is commended in the Legal 500 as an 'excellent' practice for industrial and logistics work with national coverage which provides 'a great balance between technical ability and commerciality' and 'excellent personal service'. The team is led by Tony Fitzmaurice who is described as 'commercially aware' in the 2010 edition of The Legal 500, which noted that Fitzmaurice's reputation enhances a well-respected team, which provides 'a great balance between technical ability and commerciality' and 'excellent personal service'. Matthew O'Brien, an Associate in the team is described as 'an excellent junior lawyer, old beyond his years.'

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