

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 13 NOVEMBER 2018

CARBON REDUCTION COMMITMENT ANNUAL REPORT 2017/18

1. INTRODUCTION

This schedule advises on the cost for the purchase of carbon allowances for 2017/18 and the outcome of the CRC annual report for 2017/18, in compliance with the Climate Reduction Commitment (CRC) Energy Efficiency Order 2010, based on the reportable consumption and subsequent carbon dioxide emissions produced by Angus Council.

2. BACKGROUND

- 2.1 Report No 310/11, CARBON REDUCTION COMMITMENT-FINANCIAL MANAGEMENT ARRANGEMENTS AND DELIGATIONS, approved at the Corporate Services Committee of 28 April 2012.

Authorised the Strategic Director – Place to:-

- Undertake the, ordering, purchasing and surrendering of carbon allowances, and make other scheme payments, in accordance with the management arrangements established by the Environmental Agency [EA] and the Scottish Environmental Protection Agency [SEPA] for the CRC Energy Efficiency Scheme Order 2010 notwithstanding the scale of such payments.
- Delegate this responsibility to the Head of Infrastructure in accordance with the associated responsibilities detailed in the Scheme of Delegation to Officers.
- With guidance from the Head of Finance and Legal and the Service Leader (Governance and Change), establish appropriate arrangements which enable the electronic payments process to be transparent, accountable and comply with best practice.
- Submit an annual report detailing the outcome of the exercise of these delegations and advising the direct expenditure incurred through participation in the CRC Energy Efficiency Scheme Order 2010 process

- 2.2 The CRC scheme is arranged in phases as follows:

- Phase 1 covers the period 1 April 2010 to 31 March 2014
- Phase 2 covers the period 1 April 2014 to 31 March 2019

- 2.3 In phase two of the CRC scheme allowances can be purchased in advance at a reduced rate as against the buy to comply rate. The cost of carbon allowances will be increased annually by an amount determined by the Chancellor of the Exchequer as part of the budget speech.

- 2.4 In 2015 the Chancellor of the Exchequer announced a review of the business energy efficiency landscape and considered approaches to simplify and improve the effectiveness of the regime. On the 16 March 2016 the Chancellor of the Exchequer announced as part of his budget submission the abolition of the CRC Energy Efficiency Scheme from the end of the 2018-19 compliance year and confirmed the move to a single business energy tax; increasing existing Climate Change Levy on utility bills. The Government consulted during 2017 on a Simplified Energy Carbon Reporting (SECR) framework, due to start on 1 April 2019. The final details of SECR are to be confirmed by the Government.

3. CURRENT POSITION

End of year position 2017/18

- 3.1 Following assessment of the likely costs associated with the progression of Angus Council's duties in compliance with the CRC Energy Efficiency Scheme Order 2010, £370,000 was provided on a corporate basis within the Other Services Revenue Budget for 2017-18 allowances.
- 3.2 On the 21 April 2017; 19,578 carbon allowances were ordered to cover the projected carbon emissions during the financial year 2017-18. The cost of the purchased in advance allowances amounted to £324,995 which was paid on 7 June 2017.
- 3.3 In accordance with the CRC scheme, Appendix 2 of this Report details the scale of the reportable consumption and subsequent tonnes of carbon dioxide emissions for 2017-18.
- 3.4 In accordance with the CRC scheme and in exercise of delegation to the Head of Infrastructure, Assets has ordered and paid for the carbon allowances in April 2017. The allowances will be surrendered during October 2018. Table 1 below provides a summary of the reportable consumption, carbon emissions and the cost associated with complying with the CRC scheme for the financial year 2017-18.

TABLE 1: Status at 31 March 2018 for the fourth year of phase 2 for the CRC scheme.

Fuel	Actual kWh	Estimated kWh	Tonnes of CO ₂	Cost of allowances
Electricity	22,443,820	55,489	8,584	£142,494.40
Gas	29,794,603	0	5,476	£90,901.60
On site generated electricity	181,711	0	63	£1,045.80
	52,420,134	55,489	14,123	£234,441.80

- 3.5 Table 1 shows that during the financial year 2017-18 the Council emitted 14,123 tonnes of reportable carbon dioxide; this is a decrease of 1,909 tonnes from the previous year. The 1,909 tonnes equates to an 11.9% reduction of our reportable carbon footprint when compared to the previous year.
- 3.6 The CRC allowances are purchased in advance and are generally based on, the predicted energy consumption with no reduction for supplies which may fall below the reporting limits for the actual year and taking into account the carry forward of 6,004 surplus allowances from previous years. The Council purchased 19,578 carbon allowances in advance in April 2017 and is due to surrender 14,123 allowances during October 2018. The remainder of the allowances will be carried forward and surrendered in the final year of the CRC scheme, 2018/19.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs of participation by Angus Council in the CRC scheme have been accommodated within the Energy Efficiency CRC Scheme provision allocated within the Other Services Revenue Budget in each respective year.
- 4.2 Although the CRC scheme is being abolished the budgetary provision the Council makes to cover the purchase of carbon allowances will still be required to offset the corresponding increase in the Climate Change Levy which will come through as additional charges on the utility bills. The Councils Revenue budget will be adjusted in accordance with the Climate Change Levy requirements for 2019/20.

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