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11th March 2011

EAUC response to Government consultation on the CRCEE scheme, March 2011

The EAUC is recognised as the environmental and sustainability champion for the Higher and Further Education sector. Our strength comes from our membership comprising over 300 UK universities and colleges. This response to the consultation is based on our member's views.

The EAUC responded to the previous CRCEE consultation in late 2010 and our overall view on the scheme has not changed.

The Sector is committed to playing its part in cutting carbon emissions. University's are expected by HEFCE to have Carbon Management Plans in place by 31st March 2011 (Ref HEFCE 2010 carbon reduction target and strategy for higher education in England etc). These plans show how individual institutions will cut their Scope 1 & 2 carbon emissions by 2020, thereby assisting HEFCE and the UK to meet their carbon targets.

The EAUC welcomes the opportunity to continue its dialogue with government about the scheme and its simplification. However, the EAUC members still hold the view that the Government has not gone far enough with this series of consultation papers to address the fundamental problem with the scheme; namely its overly bureaucratic nature. The EAUC believes the Government is wasting time and effort in not taking decisive action on the matter and should scrap the scheme and add the tax levied on to the CCL.

Like any business, HEIs need certainty to plan for the future, particularly given the current economic outlook and funding uncertainties, and the Government's approach does not give this certainty. Indeed the approach appears to be death by a thousand cuts and does not provide the Sector with any confidence in the Government's handling or intentions in this vital area of carbon management.

The EAUC do not believe scrapping the scheme will dilute the aim of driving energy efficiency in large organisations, even if this means the abolition of the current scheme. The financial incentive is still the main driver for organisations to reduce emissions.

Also, the EAUC still believes revenue generated by whatever scheme should be ring fenced for carbon reduction initiatives. This is vital for the credibility of the scheme and for stimulating the 'green economy' to help cut the deficit and create jobs.

Response to individual papers based on the views of our members:

1. Private (business) sector organisational rules of the CRCEE scheme

A wholly new option is eliminating all schemes CRC, CCA, EU ETS, CCL and just applying a single carbon tax through the invoicing mechanisms for energy use i.e. just like car fuel tax levies to reduce administration. In addition, an escalator, such as used for fuel or landfill, would maintain the pressure for behaviour change.

All organisations should be responsible for their emissions and so we would like to see rules which widen participation. This would make the scheme fairer and more transparent for those small institutions who have been brought into the scheme through disaggregation and so are

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paying the price compared to other medium sized enterprises who do not currently qualify. This change needs to be coupled with the funds raised being invested in reducing the UK emissions.

There appears to be no benefit to organisations who have already taken steps, such as the widespread installation of half hourly automatic meters which are used to underpin energy efficiency initiatives, to invest in carbon savings. Instead an organisation which does nothing but is simply fortunate enough to have their gas supplier choose to install a Cello device on their main gas supply and put their data onto a web page will go straight to the top of the early action metric league table. Many of our members have invested considerable time and money in cutting carbon and we would welcome any scheme to recognise these efforts.

2. Review of the CRC supply rules

Overall there must a clear and simple approach to defining supply relationships and the options for simplification are, themselves, not clear. However, we have two specific points:

- a) The responsibility should lie with the organisation paying the utility company's metered bill. This would encourage landlords to improve the services and quality of their buildings; and
- b) Transport should not be included in the scheme. This should be managed through fuel tax rules.

3. Review of the CRC qualification criteria

The CRC qualification should be extended to all organisations who pay an electricity or gas bill through utility company invoices.

The use of Total Settled HHM would reduce the administration burden and succeed in simplification. However, HHM do not contribute to the Early Action metric on account of their mandatory nature and this is viewed as being unfair.

Timing and frequency of allowances sales in the CRCEE scheme from 2012 onwards

We would support the proposal for a double sale scenario; one at the forecast stage and then another to top up, once consumption is known. This would assist organisations in ensuring compliance, and accurate forecasting could still be encouraged by having a slightly higher price for allowances in the second sale.

On future sales, we believe that a fixed price should be agreed for future sale. There is little point in allowing a market to develop now that it is simply a tax on carbon. Auction style pricing will only result in an administrative burden and prevent simplification of this scheme.

4. Reducing the overlap between the schemes

See comments above.

Dr Neil Smith, EAUC Board
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