Climate Change Agreement for techUK

<div align="right">August 2021</div>

Note 02: Transferring Ownership of a CCA

This document describes:

- *Who is involved with the setting up and maintenance of a CCA,*
- *What the various parties do and when they do it,*
- *Where you fit into the process and the actions you need to take.*

<u>**Introduction**</u>

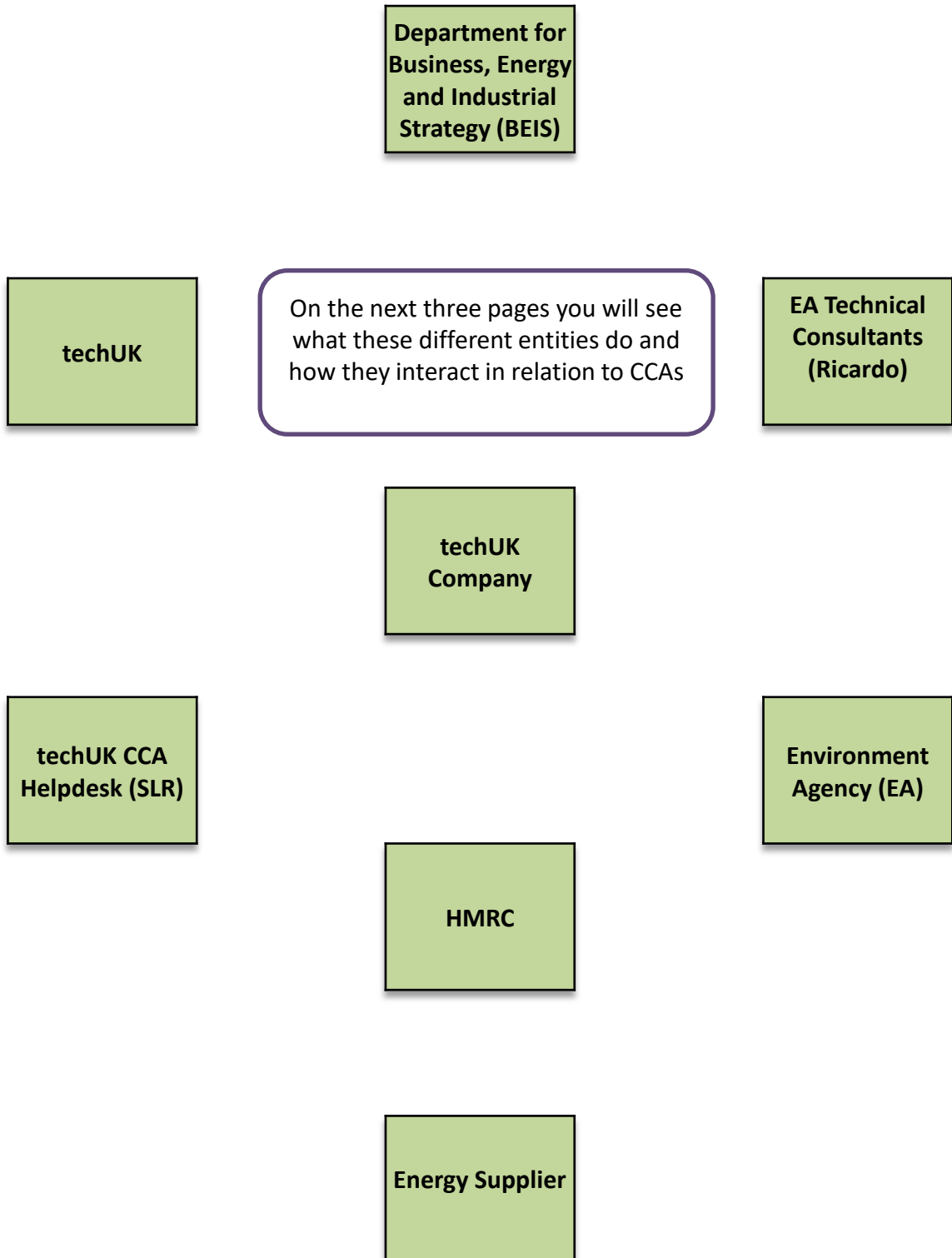This guidance note provides an overview of the three stages of a CCA agreement:

- The background as to how the techUK CCA scheme came about,
- Steps in applying for a transfer of ownership of a data centre CCA,
- What happens after your CCA is activated.

Pages 6 and onwards drill down to further detail on the steps in the process of applying for an techUK CCA.

We refer out to a number of supporting information notes to provide detailed guidance on some requirements that you will need to know about in preparing your application.

However if you know little about what a CCA is and what the benefits may be for your organisation, we suggest you first read techUK Note 01: What is a CCA?

Who does What and When?

There are many entities involved with the creation and maintenance of your CCA. The process is complex so to explain who does what and when, we have split the process into 3 stages: Policy - Background to your CCA, Applying for your CCA and After your CCA is Activated.

Department for Business, Energy and Industrial Strategy (BEIS)

techUK

On the next three pages you will see what these different entities do and how they interact in relation to CCAs

EA Technical Consultants (Ricardo)

techUK Company

techUK CCA Helpdesk (SLR)

Environment Agency (EA)

HMRC

Energy Supplier

Policy – Background to your CCA

This diagram shows who was involved with creation of the CCA agreement between BEIS and techUK (Sector Umbrella Agreement). This is the agreement that allows you to apply for a CCA

BEIS: Government departments develop policy. techUK negotiated with BEIS for the CCA. Now the statutory instrument has been laid, BEIS take a back seat UNLESS techUK wish to negotiate an expansion to the scheme.
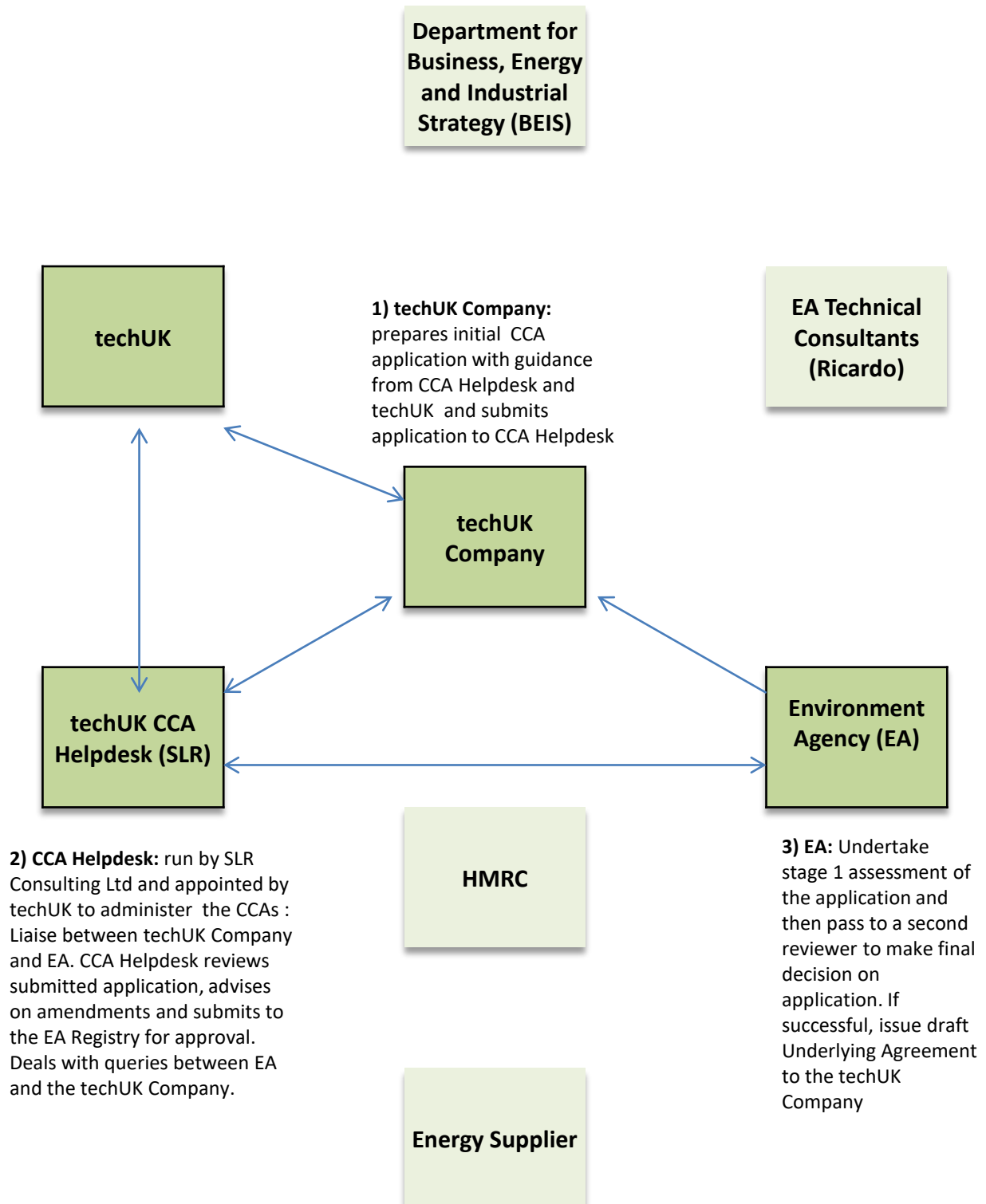
Department for Business, Energy and Industrial Strategy (BEIS)

Ricardo: were the technical advisors to BEIS during the CCA negotiations so they were involved during the dialogue. They don't advise on policy. Previously they assessed the quality of evidence submitted and whether it is representative of the sector, etc. This function has now moved to the Environment Agency however Ricardo still have some background involvement.
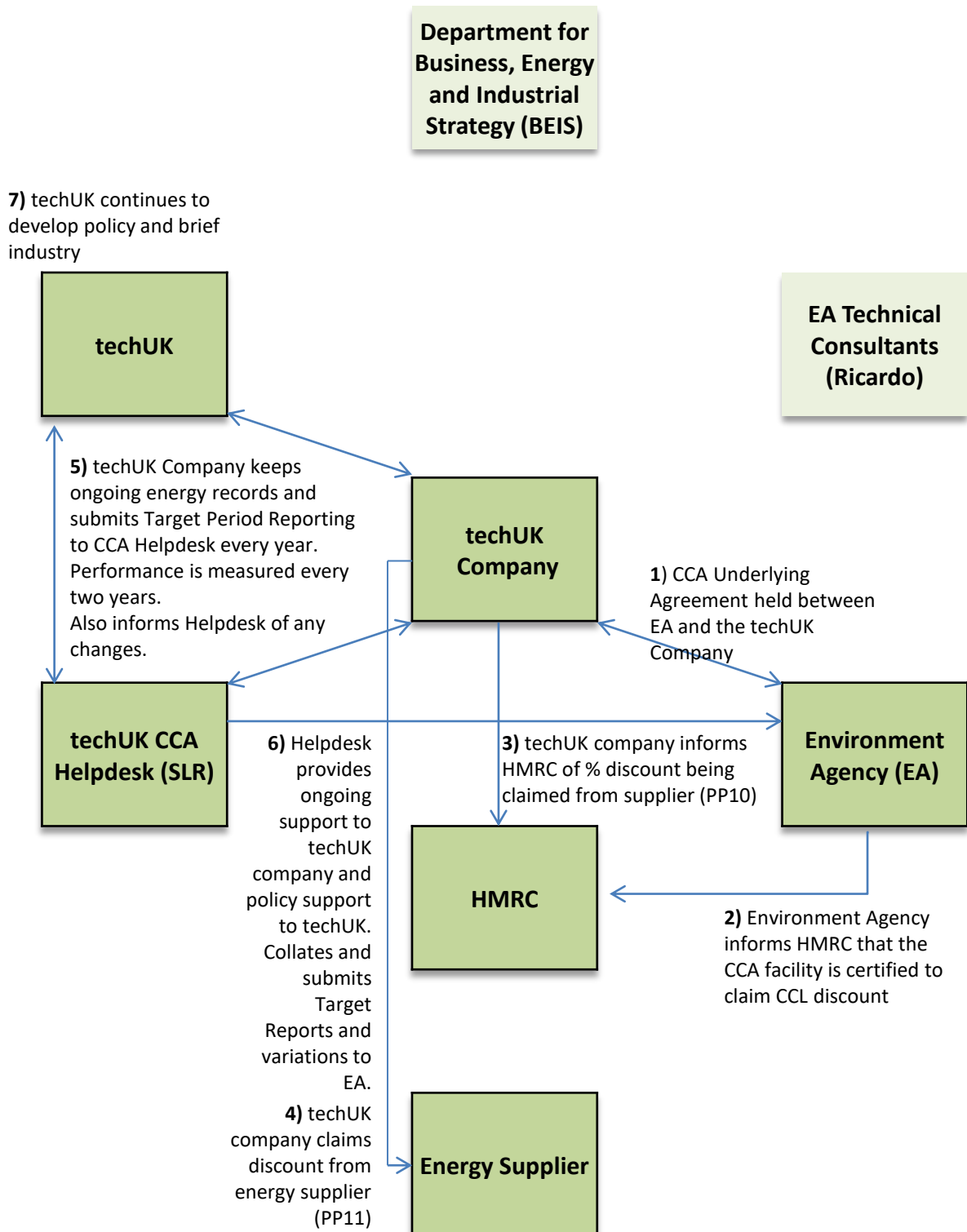
techUK

EA Technical Consultants (Ricardo)
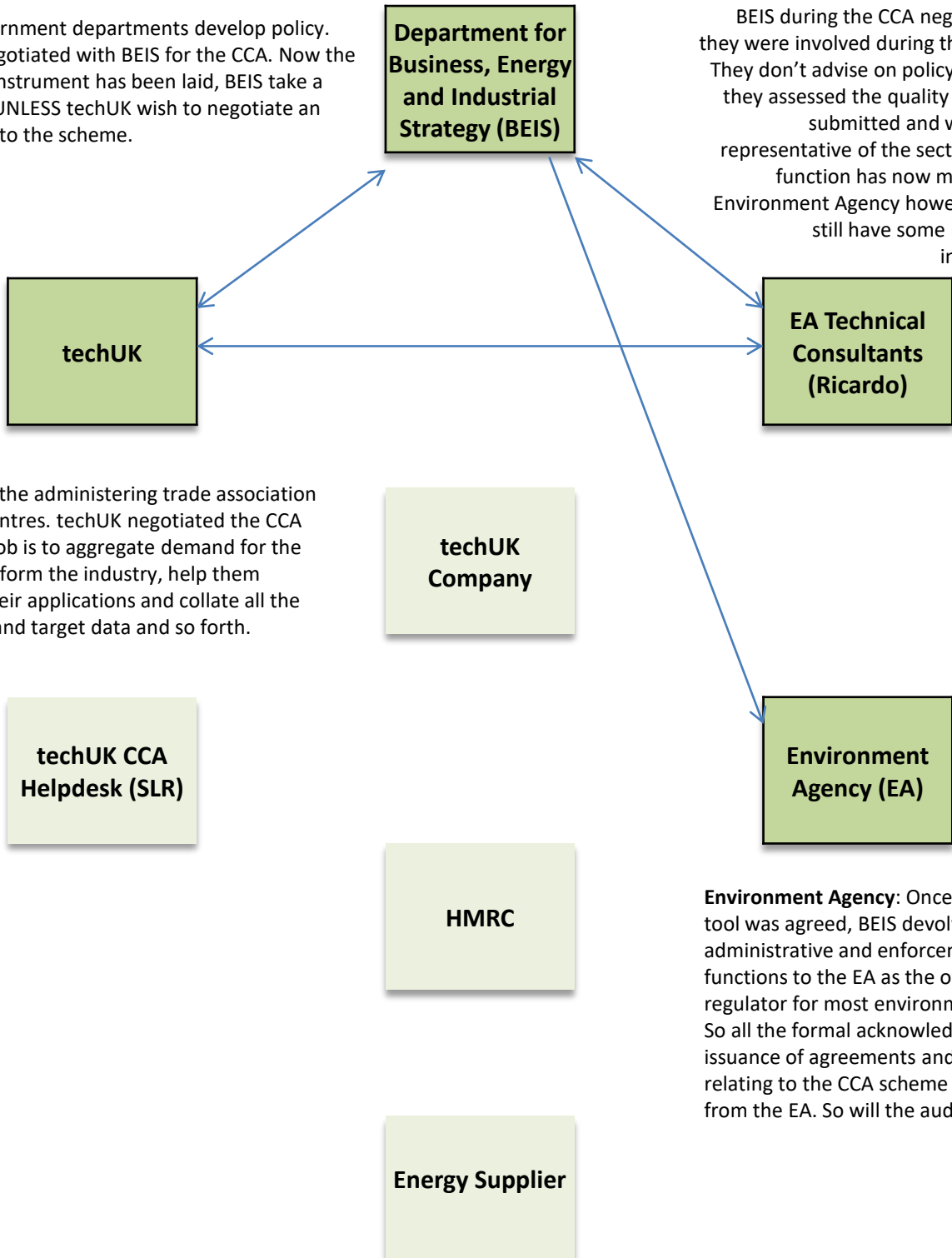
techUK: is the administering trade association for data centres. techUK negotiated the CCA and their job is to aggregate demand for the scheme, inform the industry, help them prepare their applications and collate all the reporting and target data and so forth.

techUK Company

techUK CCA Helpdesk (SLR)

Environment Agency (EA)

HMRC

Environment Agency: Once the policy tool was agreed, BEIS devolved all the administrative and enforcement functions to the EA as the official regulator for most environmental policy. So all the formal acknowledgements and issuance of agreements and auditing relating to the CCA scheme will come from the EA. So will the auditors!

Energy Supplier

Applying for your CCA

When preparing your application, your primary contact will be with the techUK CCA Helpdesk although techUK will be on hand to assist with escalations, managing expectations and so on.

Department for Business, Energy and Industrial Strategy (BEIS)

techUK

1) techUK Company: prepares initial CCA application with guidance from CCA Helpdesk and techUK and submits application to CCA Helpdesk

EA Technical Consultants (Ricardo)

techUK Company

techUK CCA Helpdesk (SLR)

Environment Agency (EA)

2) CCA Helpdesk: run by SLR Consulting Ltd and appointed by techUK to administer the CCAs : Liaise between techUK Company and EA. CCA Helpdesk reviews submitted application, advises on amendments and submits to the EA Registry for approval. Deals with queries between EA and the techUK Company.

HMRC

3) EA: Undertake stage 1 assessment of the application and then pass to a second reviewer to make final decision on application. If successful, issue draft Underlying Agreement to the techUK Company

Energy Supplier

After your CCA is activated

Once your CCA has been activated, the work doesn't stop there. There are records to be kept, reporting to be done on a regular basis and you need to keep people informed of any changes.

Department for Business, Energy and Industrial Strategy (BEIS)

7) techUK continues to develop policy and brief industry

techUK

EA Technical Consultants (Ricardo)

5) techUK Company keeps ongoing energy records and submits Target Period Reporting to CCA Helpdesk every year. Performance is measured every two years.
Also informs Helpdesk of any changes.

techUK Company

1) CCA Underlying Agreement held between EA and the techUK Company

techUK CCA Helpdesk (SLR)

6) Helpdesk provides ongoing support to techUK company and policy support to techUK. Collates and submits Target Reports and variations to EA.

3) techUK company informs HMRC of % discount being claimed from supplier (PP10)

Environment Agency (EA)

HMRC

2) Environment Agency informs HMRC that the CCA facility is certified to claim CCL discount

4) techUK company claims discount from energy supplier (PP11)

Energy Supplier

There are a number of steps involved in the setting up of a CCA. This and the following slides provide detail on each step as in the flow map below. The current scheme is now closed to new entrants however you can apply to take over a CCA if your company takes over operation of a site that holds an active CCA.
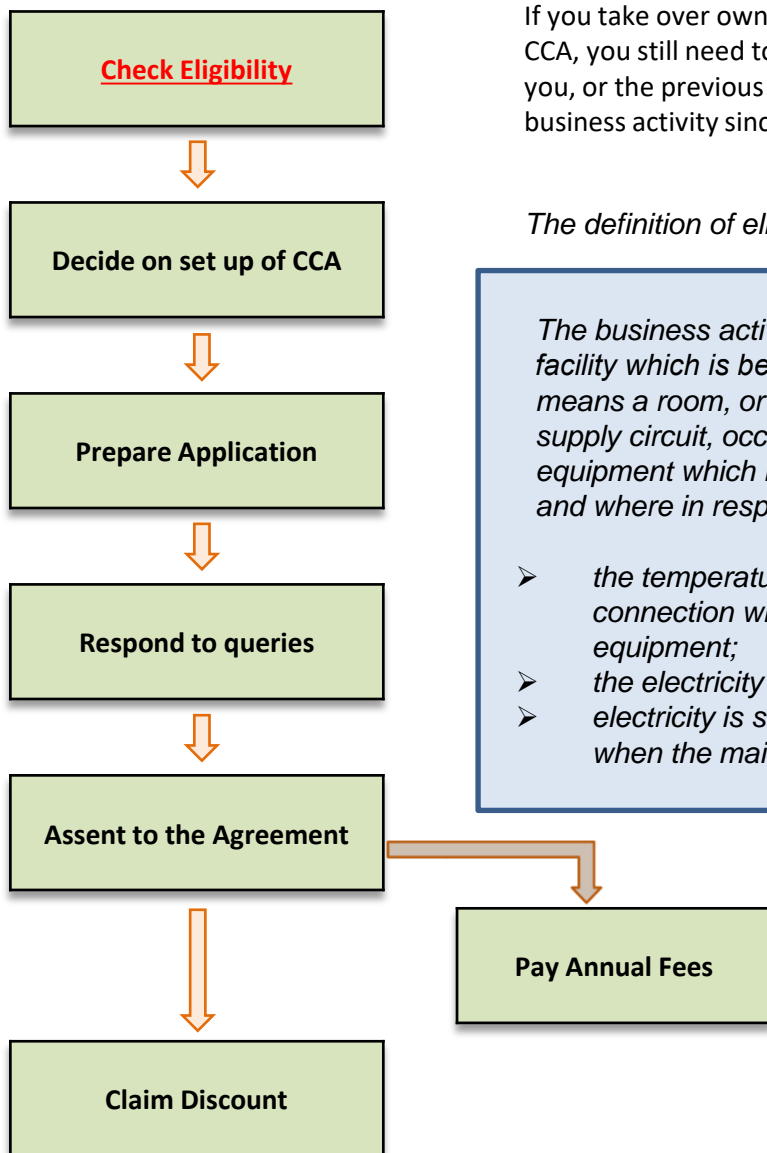
Check eligibility

If you take over ownership of a site, even if it holds an active CCA, you still need to check eligibility in the event that either you, or the previous operator, has made changes to the business activity since the CCA was originally approved.

The definition of eligibility for a data centre CCA is:

Check Eligibility

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Decide on set up of CCA

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Prepare Application

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Respond to queries

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Assent to the Agreement

→ **Pay Annual Fees**

⬇

Claim Discount

> *The business activity is the leasing or licensing of a data facility which is being used as a data centre. "data facility" means a room, or rooms sharing the same electricity supply circuit, occupied mainly or exclusively by computer equipment which is enabled to transfer data electronically, and where in respect of the room or rooms—*
>
> ➢ *the temperature and humidity is regulated in connection with the operation of the computer equipment;*
> ➢ *the electricity supply is at least 200kW; and*
> ➢ *electricity is supplied by a back-up electricity supply when the mains supply is interrupted.*

For further detail on interpretation of the above definition and to establish whether the site may be eligible, please refer to Note 16 Datacentre CCA Eligibility

Decide on set up of CCA

If you are taking over CCAs for more than one site or have an existing CCA at another site, you may choose to 'bubble' sites that are changing ownership together or to join an existing bubble.

Bubbling

A multi site company can transfer CCAs for sites they are taking ownership of into a "bubble", where the energy and production data from each site is aggregated together and hence one target for all the sites. Each site must still provide energy and production data separately, but the target is set for the whole bubble and achieves one result at the target period. Please note that all sites must belong to the same legal entity for this to be allowed (the companies house number is requested). Alternatively, sites being transferred could each have their own CCA and hence own targets.

Note: bubbling/unbubbling of sites is only allowed when there is an application for change of ownership of the site. Once the decision is made and the Underlying Agreement issued, the decision cannot be reversed. A site could only then leave a bubble if there was a further change of ownership or was terminated due to e.g. closure.

Check Eligibility

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| Claim Discount |
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Pay Annual Fees

The features of a 'bubbled' agreement are as follows, for some companies they can be seen as advantages and for other as disadvantages:

- The administration of the CCA is coordinated centrally not through the sites.
- One result at each target period hence good and bad performances are evened out across the sites.
- If the bubble fails and does not buy CO2 to compensate then the entire bubble loses its CCL discount.
- Penalties are set on the value of the CCL discount for the entire bubble regardless of which sites could invoke a penalty.
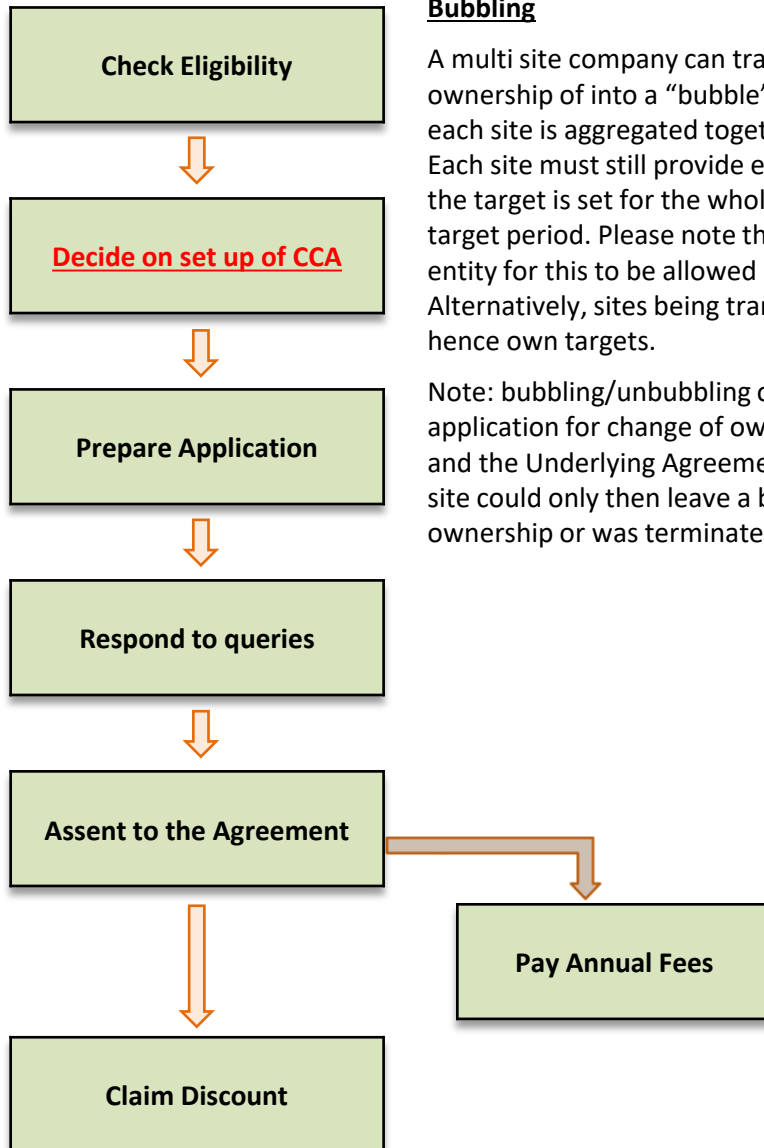
Prepare Application

Please contact the techUK CCA Helpdesk for an Application Pack. You will need to prepare a number of supporting documents for each site. The list below shows each document required. The documents for each site have to be uploaded separately to the EA CCA Registry hence why we have asked for them to be separate files.
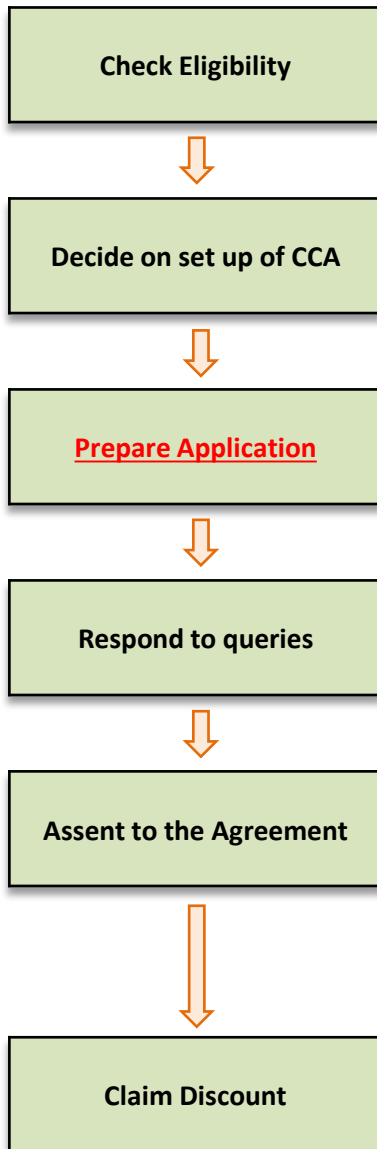
Document	Format	File Type to submit
CCA Eligibility Application Form	Excel workbook	Excel
Process Description	Written document	pdf
Eligible Process Description	Written document	pdf
Description of Directly Associated Activities	Written document	pdf
Process Flow Map	Diagram	pdf
Annotated Site Plan	Diagram/CAD drawing/modified GPS image	pdf
70/30 evaluation	Excel spreadsheet with relevant calculations	Excel

Check Eligibility

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Claim Discount

The techUK Helpdesk cannot complete your application for you, however, we are available to answer any queries to help you to complete the forms and prepare the relevant documents. We will pre-review your application documents to help you finalise your submission and get it to a position where we think the EA will be happy.

The EA has quite specific requirements with respect to what they want to see included in these supporting documents. If they are not satisfied that the documents provide accurate evidence of eligibility and data then they will query the submission which will delay the application.

Prepare Application (cont'd)

We have provided below a summary of information that you will need to provide in the documents listed on the previous page.

Contact details for the CCA:

- Administrative Contact: this is the person from within the company that will be the main day-to-day contact for the CCA and all correspondence will be issued to this person.
- Responsible Person: this person must have sufficient management authority to be able to enter into an agreement on behalf of the company and be contactable at a UK address. The Responsible Person will be asked to assent to the agreement and will receive Penalty Notices if applicable.

Accounting for eligible energy:

An eligible site can be seen as consisting of three separate CCA categories:

- Eligible Process , described on page 6,
- Directly Associated Activities (DAAs), see below,
- Ineligible activities/areas , see below.

You will need to determine the energy used in the separate categories and also annotate a site plan accordingly.

DAAs are the essential services that are required to support the eligible process. e.g. HVAC, UPS, Switchgear etc

| Check Eligibility |
| Decide on set up of CCA |
| **Prepare Application** |
| Respond to queries |
| Assent to the Agreement |
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| Claim Discount |
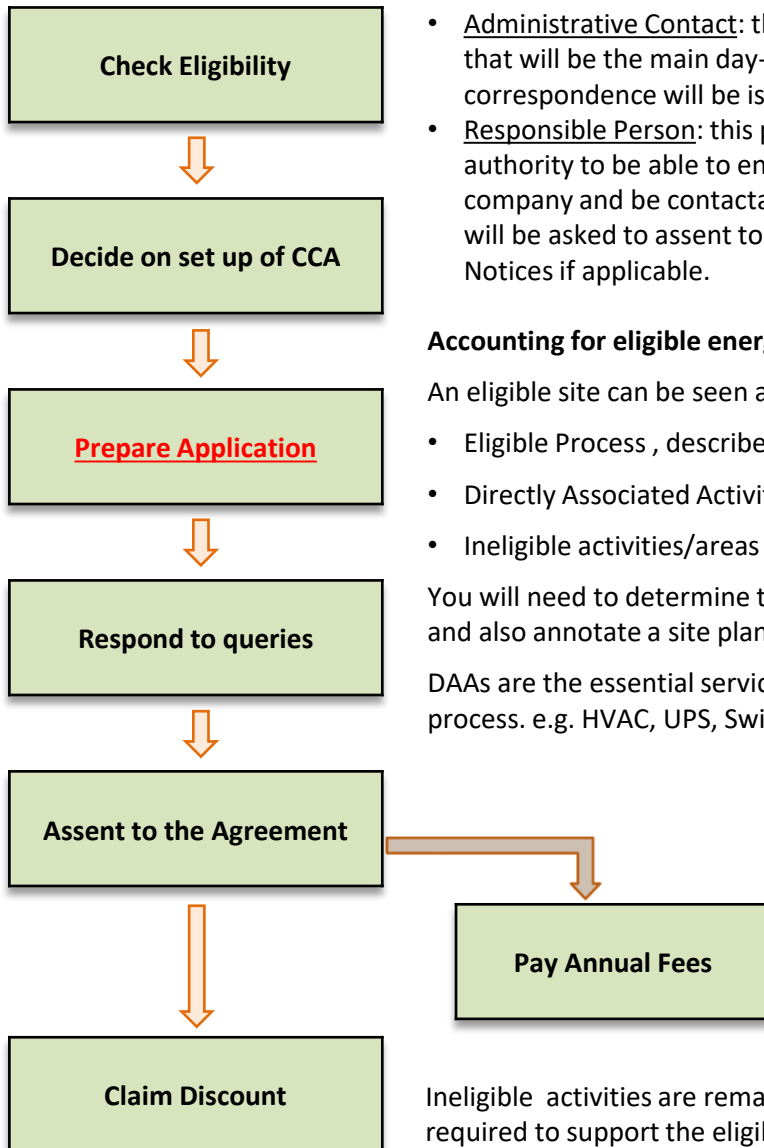
Ineligible activities are remaining areas and hence they are not directly required to support the eligible process. Examples are: canteens, offices, rest rooms, offices and car parks.

If an area is ineligible, then lighting, heating and cooling and appliances in that area should also be treated as ineligible.

If fuels are covered by EU or UK ETS, ETS energy should be included in your 70/30 assessment but will not be included in your target or target period performance (to prevent overlaps).
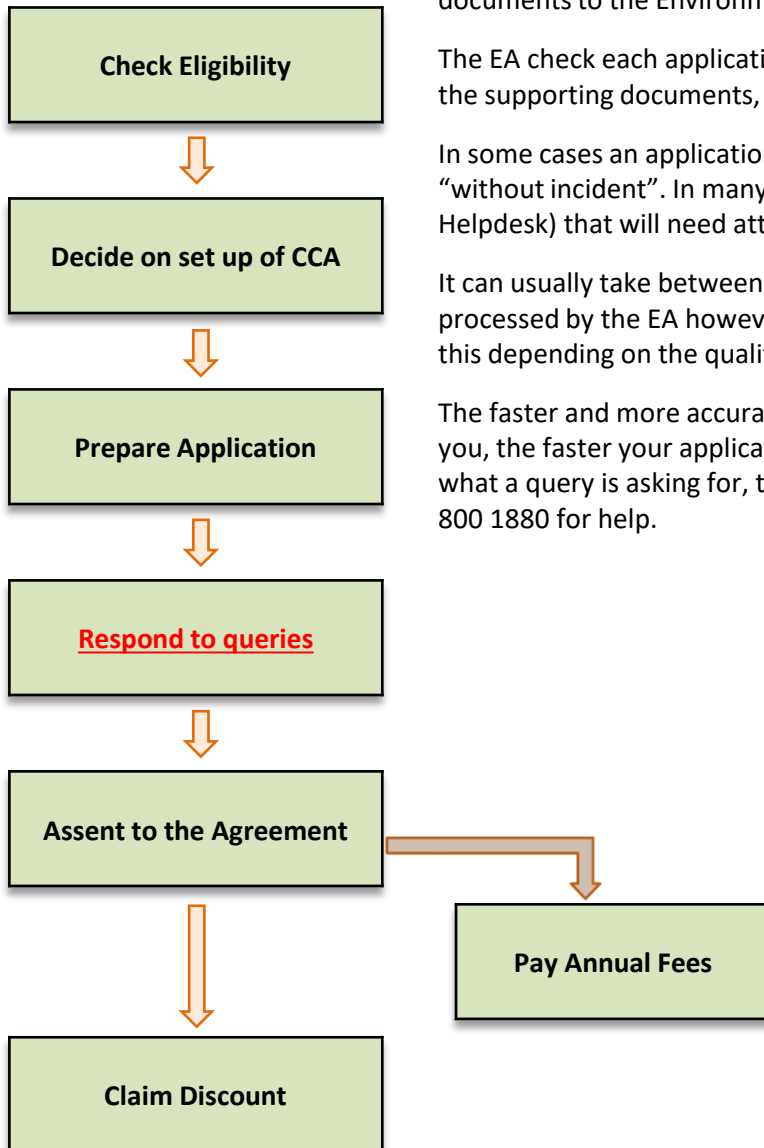
Respond to queries

The information you supply is screened by the techUK CCA Helpdesk team and we will contact you if any information is missing, needs clarification or looks unusual. We will then upload the information and supporting documents to the Environment Agency (EA) CCA on-line Registry.

The EA check each application, ensuring that the sites are eligible and that the supporting documents, such as 70/30 rule calculations, are in order.

In some cases an application progresses through the submission process "without incident". In many cases, the EA make a query (via the techUK Helpdesk) that will need attention from the applicant.

It can usually take between 4 – 6 weeks for transfer of ownership to be processed by the EA however the process may be faster or slower than this depending on the quality and complexity of the application.

The faster and more accurately that you respond to any queries sent to you, the faster your application will progress. If you don't fully understand what a query is asking for, then please call the techUK Helpdesk on 0844 800 1880 for help.

Check Eligibility

Decide on set up of CCA

Prepare Application

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Assent to the Agreement

Pay Annual Fees

Claim Discount

Assent to the Agreement

You cannot claim CCL discount until the Underlying Agreement is finalised and activated by the Environment Agency. The date shown on the finalised agreement is the activation date.

A copy of the Underlying Agreement will be emailed to the Responsible Person directly from the EA. The Responsible Person must email the EA to give their assent and must follow the instructions in the original email from the EA (i.e. send to the right email address and state the right words in the title and body of the email). The assent must come from the email address of the Responsible Person.

The EA will confirm when an assent has been received and will make the agreement live on their registry. Once this has been completed, the EA will email the finalised agreement containing the agreement activation date, back to the Responsible person.
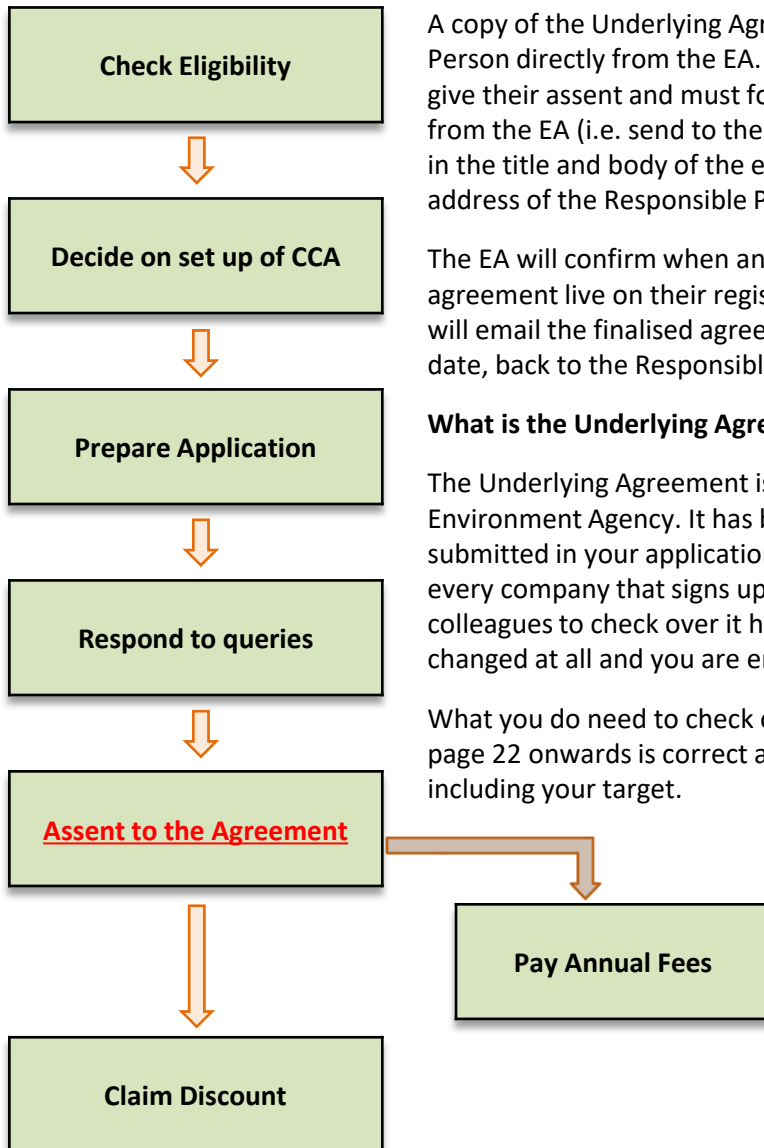
What is the Underlying Agreement?

The Underlying Agreement is between the organisation and the Environment Agency. It has been generated using the information submitted in your application. It is a standard document that is issued to every company that signs up to a CCA. You may wish your legal colleagues to check over it however be aware that the wording cannot be changed at all and you are entering into a voluntary agreement.

What you do need to check on the agreement is the data shown from page 22 onwards is correct as these contain company specific information including your target.

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Claim Discount

The agreement will not be made public but certain pieces of information contained within the agreements will be published. The 'reduced rate certificate' is published by the EA and contains the site's Facility Identifier, Target Unit Operator Name and Scheme Entry Date, please see:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430819/LIT_8077.pdf
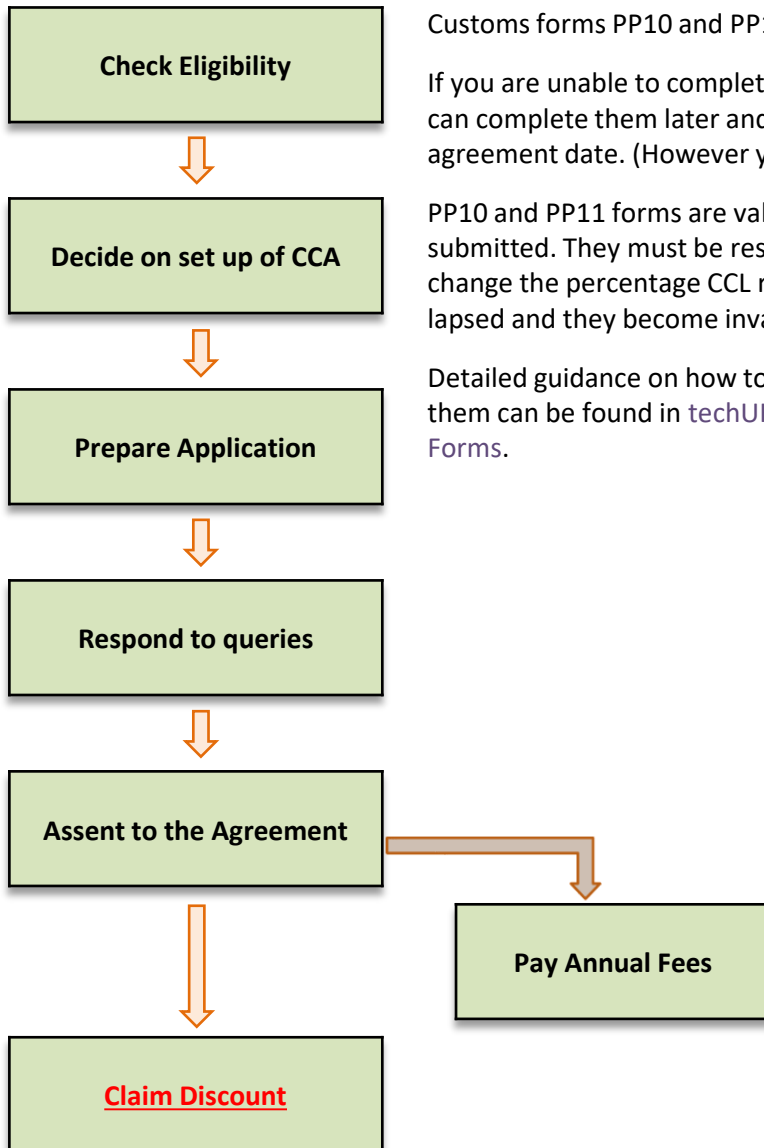
Claim discount

You cannot claim CCL discount until the Underlying Agreement is finalised and activated by the Environment Agency.

You can claim the discount on the CCL by completing the HM Revenue & Customs forms PP10 and PP11.

If you are unable to complete the PP10 and PP11 forms immediately, you can complete them later and submit with the relief date backdated to the agreement date. (However you cannot backdate more than 4 years!)

PP10 and PP11 forms are valid for five years from the date that they are submitted. They must be resubmitted if you change energy supplier, change the percentage CCL relief being claimed or if five years have lapsed and they become invalid.

Detailed guidance on how to download the online forms and complete them can be found in techUK Note 04: Completing HMRC PP10 and PP11 Forms.

Check Eligibility

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Claim Discount

__Paying annual fees__

There are no fees to apply to transfer a CCA to your company as the new operator however there are annual fees associated with administration of your CCA. Invoices for these will be raised and sent to you by SLR Consulting Limited, who run the techUK CCA Helpdesk. You may need to set SLR up in your company's finance systems.

Guidance Note 03 shows fee rates for techUK members and non-members. Trade Association members are charged at a discounted rate as their membership fees also contribute towards the work that goes into ongoing policy negotiations with BEIS.
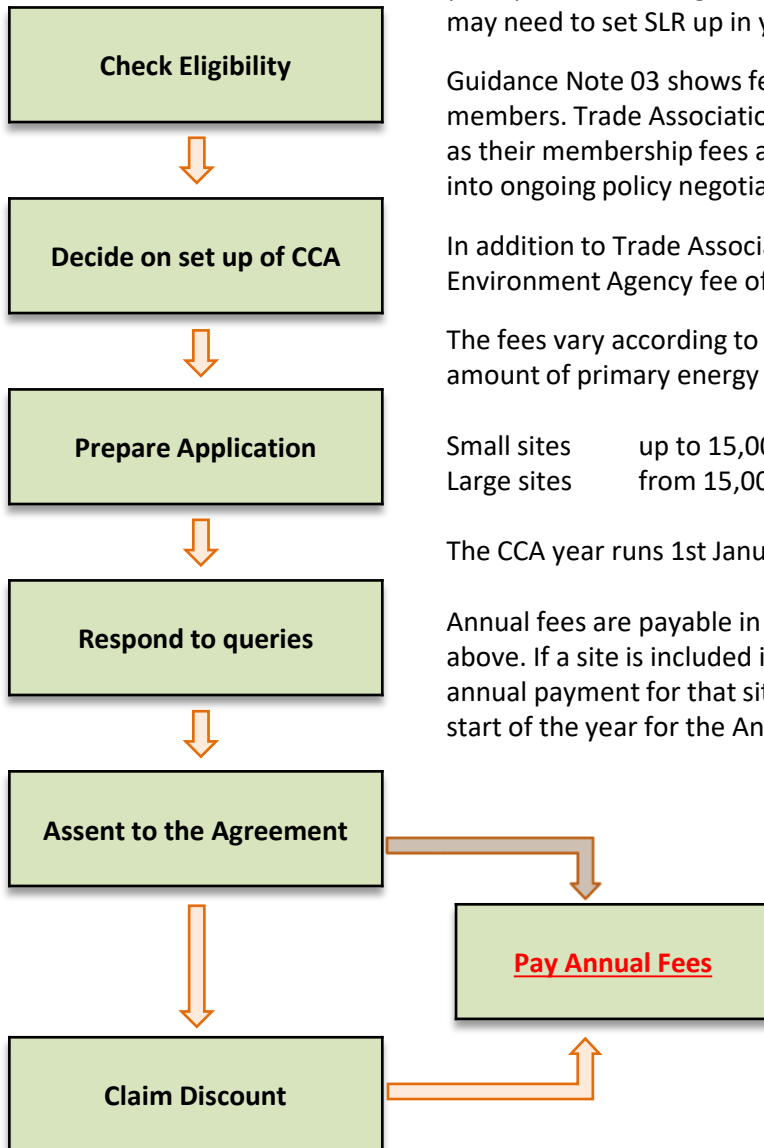
In addition to Trade Association fees, each site has to pay an Environment Agency fee of £185 per year.

The fees vary according to size banding and the banding is based on the amount of primary energy used during the base year as follows:

Small sites   up to 15,000 MWh per year
Large sites   from 15,001 MWh per year

The CCA year runs 1st January to 31st December.

Annual fees are payable in advance and cover the 12 month period above. If a site is included in the scheme for only part of a year, the full annual payment for that site still applies. Sites will be invoiced at the start of the year for the Annual Fees.

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For further information please contact SLR's techUK CCA helpdesk:

+44 (0)844 800 1880

techUK@slrconsulting.com

or visit www.techuk.org/developing-markets/data-centres.html

The full suite of techUK CCA Guidance Notes are listed below and can be accessed via contacting the helpdesk or visiting the website.

Guidance Note	Title
1	What is a CCA
2	Transferring Ownership of a CCA
3	techUK CCA Administration Charges
4	Completing HMRC PP10 and PP11 Forms
5	Timetable of techUK CCA Activities
6	Obligations under your CCA including audits
7	Reporting data at each Target Period
8	How CCAs interact with other schemes
9	Glossary and Abbreviations
10	What happens if...
11	Submetering and base year
12	Measuring Generator Fuel
13	State Aid Transparency reporting
14	Penalties for non compliance
15	Application Documentation
16	Datacentre CCA eligibility