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The CRC Energy Efficiency Scheme and the UK data centres industry

Thank you for your letter of 7th October 2011 about the CRC Energy Efficiency Scheme (CRC). The data centres industry is an important sector for the UK economy and I welcome you raising these concerns regarding the impact of the CRC on future investment.

The CRC is an important mechanism to address the range of barriers that exist to increased energy efficiency in organisations outside the scope of the EU Emissions Trading System and Climate Change Agreements. The CRC is designed to promote energy efficiency improvements that will in turn lower organisations’ energy bills.

Nevertheless the Government has acknowledged that the CRC is overly complex and the associated regulatory burden too high. The Department for Energy and Climate Change (DECC), as the policy lead, has been undertaking an ongoing engagement exercise with those affected by the CRC. This is to inform wide-ranging simplification of the Scheme and reduction in its regulatory burden.

DECC will be formally consulting on specific simplification proposals next year and I would encourage you to continue to engage with this process. Incorporating views of interested parties is essential to ensure the effectiveness of this exercise.

My officials would be happy to meet with you to discuss the CRC, particularly on the issue of allowance sales as this is the area HM Treasury leads on. I would encourage you to continue engaging with DECC on other aspects of the CRC.

George Osborne