Guidance on the CRC Energy Efficiency Scheme
EU Emissions Trading System (EU ETS) and Climate Change Agreements (CCAs)
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Guidance on the CRC Energy Efficiency Scheme

EU Emissions Trading System (EU ETS) and Climate Change Agreements (CCAs)

The treatment of emissions covered by EU ETS and CCAs under the CRC Energy Efficiency Scheme (CRC) and how to claim exemptions.

List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CCA</td>
<td>Climate Change Agreement</td>
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<tr>
<td>CCL</td>
<td>Climate Change Levy</td>
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<td>CRC</td>
<td>CRC Energy Efficiency Scheme</td>
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<td>DECC</td>
<td>Department of Energy and Climate Change</td>
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<td>EGU</td>
<td>Electricity Generating Credit</td>
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<tr>
<td>EU ETS</td>
<td>European Union Emissions Trading System</td>
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<tr>
<td>HH</td>
<td>Half hourly</td>
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<tr>
<td>HHM</td>
<td>Half hourly meter</td>
</tr>
<tr>
<td>MWh</td>
<td>Megawatt hour</td>
</tr>
<tr>
<td>NAP</td>
<td>National Allocation Plan</td>
</tr>
<tr>
<td>SGU</td>
<td>Significant group undertaking</td>
</tr>
<tr>
<td>tCO₂</td>
<td>Tonnes carbon dioxide</td>
</tr>
<tr>
<td>TUI</td>
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Introduction to the EU ETS and CCAs

As a new legislative scheme within the UK private and public sectors, it is important that the CRC Energy Efficiency Scheme (CRC) complements existing energy efficiency and climate change legislation in both the European Union and the United Kingdom, while ensuring that the different legislative schemes do not adversely affect certain organisations, industries or sectors through double regulation.

To ensure that between the three policies a significant level of emissions coverage is achieved, but no unintended double regulation occurs, CRC uses a mechanism known as the residual percentage rule. This rule sets out that at least 90 per cent of a participant’s emissions must be regulated under one of the following:

1. CRC
2. Climate Change Agreements (CCAs)
3. The EU Emissions Trading System (EU ETS)

Please note that this percentage may increase for the second and subsequent phases. If more than 90 per cent of a participant's emissions are regulated in the penultimate year of any given phase, in the subsequent phase they must ensure that at least the same percentage of emissions are regulated. If a participant does not qualify for the subsequent phase, this is not necessary.

The residual percentage rule is explained in the guidance note footprint report.

This document will help you understand:

- how EU ETS emissions are accounted for, and excluded from CRC;
- how CCA emissions are accounted for and excluded from CRC, and how you may gain an exemption in certain circumstances;
- reporting obligations in respect of excluded EU ETS emissions and excluded and exempt CCA emission;
- evidence required to be retained in respect of EU ETS and CCA emissions.
Section 1 – EU ETS exclusion

Introduction to the EU ETS

The EU ETS is a Europe-wide cap and trade scheme. Under this scheme, each EU member state must develop a National Allocation Plan (NAP) approved by the European Commission. This sets an overall cap on the total emissions allowed from all the installations covered by the system. This is converted into allowances (1 allowance equals 1 tonne of CO$_2$) which are then distributed by EU member states to installations covered by the EU ETS.

At the end of each year, installations are required to surrender allowances to account for their actual emissions.

The EU ETS is site (installation) based and covers electricity generation and the main energy-intensive industries – including combustion activities with a rated thermal input exceeding 20MW, mineral oil refineries, production and processing of ferrous metals the mineral industry, and pulp and paper.

What are EU ETS emissions?

EU ETS emissions are CO$_2$ emissions from EU ETS installations. EU ETS installations are defined in the EU ETS Directive and are identified in individual EU ETS permits. EU ETS emissions can be calculated in one of two ways under CRC:

1. Emissions required to be reported to comply with the EU ETS Directive in the calendar year commencing on the 1 January preceding the footprint year (1 January 2010 to 31 December 2010 for Phase 1).

2. Emissions in respect of the amount of electricity, gas and fuel supplied at an EU ETS installation over the footprint year (1 April 2010 to 31 March 2011 for Phase 1).

EU ETS emissions in CRC

You need to report your EU ETS emissions in your footprint report. These will be used to calculate the percentage of ‘regulated emissions’, which will be used to calculate your CRC emissions. This process is detailed in the footprint report guidance. Your EU ETS emissions will not themselves form part of the CRC emissions.

You will need to report on EU ETS emissions in your annual report, and surrender allowances for core electricity supplies to EU ETS installations and any other electricity supplies that form part of the residual supplies (except where used for the
purpose of electricity generation, transmission and distribution). This includes where the electricity is 'self-supplied'.

You are not required to report on EU ETS emissions in your annual report or surrender allowances for any supplies of gas or other fuel (other than electricity) made to an EU ETS installation.

You should keep information and data relating to your EU ETS emissions coverage during the footprint year as part of your evidence pack. Suitable evidence might be a copy of the relevant EU ETS permits and copies of annual emissions reports (form ETS7) for the relevant time periods.

**EU ETS compliance years**

There is a difference between the compliance years of the EU ETS (1 January to 31 December) and CRC (1 April to 31 March). To address this difference and avoid the need for organisations with emissions included in EU ETS to re-calculate the emissions for slightly differing periods, as set out above, you are able to use emissions data from the most recent annual compliance year in EU ETS to report EU ETS emissions in CRC. This will be used as if that data covered the CRC footprint year for the purposes of collating the footprint report. You will be able to use EU ETS emissions data for 2010 (January to December) when submitting your footprint report for the CRC footprint year (1 April 2010 to 31 March 2011).

**Example:** Organisation A has a manufacturing facility that is included in the EU ETS. The manufacturing facility emitted 30,000tCO\(_2\) from 1 January to 31 December 2010. EU ETS emissions data is reported for each EU ETS annual period. The other facilities and sites owned by Organisation A are not covered by EU ETS; emissions from these other sites and facilities totalled 27,000tCO\(_2\) from 1 January to 31 December 2010.

Organisation A has compiled emissions data for 1 January 2010 to 31 December 2010 to comply with the EU ETS Directive. Organisation A can use this EU ETS emissions data (that is 30,000tCO\(_2\)) as part of the CRC footprint report. The emissions from the sites that are not covered by EU ETS need to be calculated for the footprint year (1 April 2010 to 31 March 2011) and reported in the footprint report. Those emissions not covered by EU ETS cannot be calculated using data from the EU ETS compliance year instead of the footprint year.
Loss of EU ETS coverage

If, during any CRC compliance year, you lose your EU ETS emissions coverage for any reason, then the emissions from your core gas supplies that were previously removed from your CRC emissions figure can no longer be removed from your CRC emissions figure (please refer to the separate guidance footprint report. You will need to start reporting those emissions as part of CRC from the time at which the emissions stopped being covered under EU ETS.

Example: A site belonging to a national organisation emits 30,000tCO$_2$ between 1 January and 31 December 2011. The site has an EU ETS permit and is an EU ETS installation, so the emissions are not captured as part of that participant’s CRC emissions. The site is subject to scaling back of operations and some of the production plant is removed so that it no longer meets the threshold for inclusion in EU ETS as from 1 September 2012. In the period from 1 January 2012 to 1 September 2012 the site emitted 18,000tCO$_2$. Under EU ETS the permit holder is required to report its emissions up to 1 September 2012 and to surrender an equivalent number of EU ETS allowances. Upon completion of these outstanding obligations, the EU ETS permit is removed by the regulator. The remainder of the installed plant continues to operate at a much reduced capacity.

The participant will need to include the emissions from core gas supplies previously included in the EU ETS, as part of CRC from the point at which emissions ceased to be reported under EU ETS (that is, from 1 September 2012).
Updating historic averages to account for the loss of EU ETS coverage

In the case where a participant has emissions transferred from EU ETS into CRC as a result of a change to the EU ETS regulations, then that participant’s historic emissions average and recycling baseline will be updated to include these.
Section 2 – Climate Change Agreements

Introduction to the Climate Change Levy and Climate Change Agreements

The Climate Change Levy (CCL) is a charge on energy usage for business and the public sector introduced to encourage energy efficiency. It came into effect in 2001 to encourage increased energy efficiency within the UK non-domestic sector.

In recognition that the levy could adversely affect certain energy-intensive industries exposed to international competition, the Government has negotiated CCAs with 54 industrial sectors. These agreements give participant organisations an 80 per cent discount (to be revised to 65 per cent in April 2011) on the CCL, provided they meet challenging energy efficiency targets.

CCA overview

As a general rule, any emissions across your whole organisation which are already covered by CCA do not ultimately need to be included in your CRC emissions. If a significant proportion of your organisation’s emissions are covered by a CCA, you may be exempt from CRC altogether.

It is important to note that there is a distinction between a ‘CCA exemption’ and ‘CCA exclusion’. CCA exclusions apply to emissions covered by CCA that are not subject to a CCA exemption. Explanations are detailed in the sections below.

CCA exemptions

A CCA exemption excludes 100 per cent of a participant or group member’s emissions from CRC, depending on the type of exemption.

You can claim an exemption during registration or as part of the footprint report. There are three different types of exemption. The type of exemption is determined by your organisational structure and CCA coverage.

(i) General CCA exemption

If you are a single entity participant and more than 25 per cent of your total energy supply emissions are covered by a CCA, you can claim exemption from CRC for all your emissions.
(ii) Member CCA exemption

If you are a group participant, if any member of your organisational group has more than 25 per cent of its emissions covered by a CCA, that member is exempt from CRC in respect of all its emissions.

![Diagram showing parent company A with subsidiaries X, Y, Z, and M. M has sites with CCAs that account for more than 25% of M's emissions, making M exempt from CRC.]

Figure two: Identifying a member exemption

Note that only the specific subsidiary that operates the CCA site(s) is exempt, not the group as a whole. In the example above, Z would not be exempt because M was eligible for exemption. Where the exempt group member is a parent of other subsidiaries which are not exempt, these other group members will still be required to participate together in CRC.

(iii) Group CCA exemption

For group participants, if, after deducting the energy supplies of group members with a CCA exemption, the remaining parts of your organisation are supplied with less than 1,000MWh of qualifying electricity, you qualify for a group CCA exemption and your entire organisation will be exempt from CRC.

You will need to take the following into account when claiming a CCA exemption:

- You must register as a participant and pay the registration fee. However, annual subsistence fees will not be payable by organisations that claim the general or group CCA exemption at registration. Where you are a group and one (or more) of your group members has a CCA member exemption the group will still have to pay the subsistence fee. If you do not claim an exemption at registration you will be charged a subsistence fee for the first year (even if you are planning to claim a group or general exemption when you submit your footprint report).
- Organisations that claim the general or group CCA exemption will not be required to open a compliance account to buy and surrender allowances.
Reporting obligations depend on when an application for exemption is made. If claimed during registration there are no reporting obligations. If claimed during the footprint year, a footprint report will be required.

- Member CCA exemptions apply only to those members who meet the exemption criteria. Relevant emissions must be reported and accounted for in respect of other members of the organisation.
- An organisation that becomes a signatory to a CCA after the footprint report has been submitted will not be able to claim an exemption until the following phase. The organisation will have to meet the requirements to report under both CCA and CRC until the start of the next phase.
- If an organisation is no longer covered by the CCA, then any associated exemption ceases to apply. Any parts of the organisation that were exempt will be included in the CRC from the start of the next CRC compliance year for the remainder of that CRC phase.

**When can you claim exemption?**

CCA exemptions can be claimed at the following points in the CRC:

- At registration for a phase, provided you had your CCA in place during the qualification year (for Phase 1 the registration period is 1 April 2010 to 30 September 2010 and the qualification year was 2008).
- As part of the footprint report assessment. Please refer to the guidance note footprint report.

If you intend to claim a CCA exemption as part of the footprint year, you should indicate this as part of your registration (see Section 3, Exemptions at registration).

**Calculating your CCA emissions coverage to determine whether you have a CCA exemption**

CRC recognises that the target period for your CCA will not align with the financial year on which the CRC compliance years are based (April to March). Therefore, in determining whether or not you have a CCA exemption, you will need to use the emissions required to be reported under the CCA for CCA facilities subject to a CCA target period. If seeking an exemption at registration, you will need to use the emissions required to be reported during the CCA target period ending in the qualification period (1 January to 31 December 2008 for Phase 1). If seeking an exemption when submitting the footprint report you will need to use the emissions required to be reported during the CCA target period ending in the footprint year (1 April 2010 to 31 March 2011 for Phase 1).

You need to use total emissions data for the whole participant organisation from the same period as your target period to calculate whether sufficient emissions are covered by CCA to claim a CCA exemption.
CCA target periods which you can use to determine a claim for exemption need to end in either the qualification period (for registration) or the footprint year (to make a claim with your footprint report).

**Example:** Organisation A has a CCA. Organisation A’s CCA target period is 1 October 2009 to 30 September 2010 and it wants to claim a CCA exemption as part of the footprint report. Organisation A will be recording its total footprint emissions as part of the footprint year (1 April 2010 to 31 March 2011). The CCA target period ends in the footprint year. Organisation A needs to use total emissions data covering the CCA target period (1 October 2009 to September 2010) to calculate its CCA percentage coverage and to determine whether it can claim a CCA exemption.

### CCA exclusions

Emissions covered by CCA that are not subject to a CCA exemption should be included in your footprint report but removed when calculating your CRC emissions. They are excluded from the annual monitoring and reporting obligations and no allowances need to be purchased or surrendered for CCA emissions.

Remember that emissions covered by CCA exemptions will also need to be reported in the footprint report if the CCA exemption is claimed when submitting the footprint report rather than at registration.

### Reporting your CCA emissions in the footprint report

In reporting your emissions covered by CCA but that are not subject to a CCA exemption in the footprint report, you have the choice to use:
1. Emissions data required to be reported under the CCA for the CCA facilities, where those facilities are subject to a CCA target period ending in the footprint year (1 April 2010 to 31 March 2011 for Phase 1).

2. Emissions data in respect of the amount of electricity, gas and fuel supplied at the CCA facilities during the footprint year, that is, April to March in the footprint years.

CCA target units involving multiple undertakings

CCAs consist of an underlying agreement between the Department of Energy and Climate Change (DECC) and the operator. Therefore, CCAs will ordinarily cover some or all of the operations of a particular facility or site, known as the target unit, rather than covering the entirety of an organisation’s activities, with the exception of single site undertakings in particular cases.

The situation may arise where more than one legally distinct undertaking is included within a single CCA. The four examples presented in this section detail possible scenarios involving two legally distinct undertakings located on the same site and covered by the same CCA (the same Target Unit Identifier [TUI]). The examples show each undertaking’s CCA coverage (emissions that can be excluded or exempt – provided they meet the CCA exemption criteria) and CRC liability (supply they must report under CRC). The examples assume that both A and B qualify separately for CRC in their own right outside of this CCA relationship and are not part of the same group.

Please note:

In scenarios where one party is responsible for the supply/supplies of energy and fuel to the whole target unit, whichever party is the ‘CCA operator’ does not affect:

- your CRC liability for reporting supplies you are responsible for;
- your CCA coverage under CRC.

What does matter is which emissions are covered by the CCA

In the examples that follow:

- Company A and company B occupy a site that is divided into four supplies (a, b, c and d). A single CCA exists that covers the operations of A and B.
- A landlord/tenant relationship is determined by one party (the tenant) occupying a premises with the other party’s (the landlord’s) permission.
- The examples assume that all supplies are core supplies or are residual supplies included in your residual measurement list. The examples also
assume that neither company qualifies for a general, member or group CCA exemption.

- The examples show a single supply (for example, just electricity). Where there is more than one supply (such as electricity and gas), you should consider each supply in isolation to determine the CRC liability and CCA coverage for that supply based on the example that fits your specific situation.

- In these examples, references to a ‘metering device’ relate to a device that measures electricity or gas supply for charging purposes (such as a fiscal meter).

Example 1: Independent supplies

Both company A and company B have agreements to receive their respective supplies (as defined under CRC) directly from an energy supplier independently of one another - company A (a + b) and company B (c + d). Therefore, they are both independent CRC participants, but have just one CCA.

![Diagram](image)

**Figure four: CCA target unit involving multiple undertakings – company A and company B receive their supplies independently**
<table>
<thead>
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<tbody>
<tr>
<td>Either company A or company B</td>
<td>Supplies a + b</td>
<td>Supply b</td>
<td>Supplies c + d</td>
<td>Supply d</td>
</tr>
</tbody>
</table>

**Table one: CCA target unit involving multiple undertakings – company A and company B receive their supplies independently**

As shown in table one above, the CRC liability and CCA coverage of companies A and B does not change when company A or company B is the CCA operator.

Note: In this example if, for example, company A was the landlord of company B, this would not affect the CRC reporting liability of either company, as each company is responsible for reporting its independent supplies.

**Example 2: Landlord/tenant relationship – where one party receives the supply**

In this example, company A is the landlord. Company A has the agreement with the energy supplier to receive the supply of electricity to the entire site (supplies a + b + c + d). The CCA covers some of the operations of both A and B on the site (a + c) – the target unit. A has an agreement with B to supply electricity to B (c + d) but this supply remains the responsibility of A under the landlord/tenant provision for CRC purposes.

Note: The physical supply arrangements between A and B (such as sub-metered or not sub-metered) do not affect the CRC liability of either party (landlord or tenant).
Who is the CCA operator?

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<tbody>
<tr>
<td>Either company A or B</td>
<td>Supplies a + b + c</td>
<td>Supplies b + d</td>
<td>0 (nil)</td>
<td>0 (nil)</td>
</tr>
</tbody>
</table>

Table two: CCA target unit involving multiple undertakings

Example 3: Landlord/tenant relationship – other supply arrangements

Company A is a landlord and company B is a tenant of company A. Company A receives the supply for all of the operations included in the CCA (supplies a + c) plus A’s non-CCA covered operations (b). Company B receives its CCA energy (c) through the landlord (so the landlord/tenant rule applies) but receives a separate supply for its non-CCA covered operations (d).

Figure six: CCA site involving multiple undertakings – other supply arrangements

Who is the CCA operator?

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</thead>
<tbody>
<tr>
<td>Either company A or B</td>
<td>Supplies a + b + c</td>
<td>Supply b</td>
<td>Supply d</td>
<td>Supply d</td>
</tr>
</tbody>
</table>

Table three: CCA site involving multiple undertakings – other supply arrangements
If B is a CRC participant for the rest of its energy use, d should be added to that total. Otherwise B does not report any energy use under CRC.

**Example 4: On-site electricity generation – no landlord/tenant relationship**

Company A operates a non-EU ETS electricity generating facility that supplies electricity to company B. Companies A and B occupy their own premises. In this example, company A has the agreement with the energy supplier to receive the supply of primary input fuel to the electricity generating facility. The CCA covers some of the operations of both A and B on the site (a + c). Company A has an agreement with company B to supply electricity (c + d), through a metering device, from the electricity generating facility to B.

![Diagram of CCA target unit](image)

**Figure seven: CCA target unit involving multiple undertakings – A operates a non-EU ETS electricity generating facility and supplies electricity to B**

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<tbody>
<tr>
<td>Either company A or B</td>
<td>f + supplies a + b</td>
<td>f + supply b</td>
<td>Supplies c + d</td>
<td>Supply d</td>
</tr>
</tbody>
</table>

**Table four: CCA target unit involving multiple undertakings – A operates a non-EU ETS electricity generating facility and supplies electricity to B**

In this example, company A may be able to claim electricity generating credits (EGCs) for the amount of electricity generated and self-supplied (that is, a + b) provided the supply arrangements meet the EGC eligibility criteria (see Section 1 of [electricity generation](#))
Evidence for claiming CCA exemption

The evidence that you will be asked to provide to claim a CCA exemption will be based upon the relevant CCA target year.

You will need the following evidence to claim CCA exemptions through the on-line Registry:

(i) Single entity participants claiming a general CCA exemption need to disclose the:

- TUI(s) of the CCA;
- total energy supply emissions of the single entity (for the CCA target period) in tCO₂;
- total emissions covered by the CCA in tCO₂.

(ii) Organisational groups claiming Member CCA exemption(s) need to disclose the:

- TUI(s) of the CCA;
- name of the company to which each CCA applies;
- total emissions for each exempt group member (for the CCA target period) in tCO₂;
- total emissions covered by a CCA in tCO₂.

(iii) Organisational groups claiming a Group CCA exemption, need to disclose the:

- TUI of the CCA;
- name of the company operating the facility to which each CCA applies;
- total amount of qualifying electricity supplied to the group as a whole (for the CCA target period) in MWh;
- remaining qualifying electricity, after subtracting that of all exempt group members.

You cannot use estimation techniques to calculate total qualifying electricity supplied to the group as a whole, even if you have done this to work out your qualifying supply. You have to work out your full qualifying electricity supply across the group to show that you qualify for the exemption.

Evidence pack requirements

When claiming a general CCA exemption and/or a member CCA exemption as part of either registration or as part of the footprint report, you will need to keep the following evidence in the appropriate section of your evidence pack (Section 9):

1. CCA identifier(s) (TUI(s)).
2. Emissions from each relevant CCA (tCO₂).
3. Total emissions (tCO₂).
4. Total CCA emissions for 2 above if you have more than one CCA.
5. CCA emissions as a percentage of total emissions.
When claiming a group CCA exemption either as part of registration or as part of the footprint report, you will need to keep the following information in the appropriate section of your evidence pack (Section 9):

1. CCA identifier(s) (TUI(s)).
2. Qualifying electricity supplied during the CCA target period ending in the qualification year for footprint year as appropriate (MWh) or footprint year electricity (MWh).
3. Qualifying electricity supplied to each CCA exempt member
4. Total qualifying electricity supplied to the group
5. The total amount of qualifying electricity supplied to the participant once the total amount of qualifying electricity to CCA exempt members has been deducted.

Changes to CCA

The following changes are dealt with in the separate guidance note, Changes to Climate Change Agreements:

- organisational changes (acquisitions, divestments and mergers) involving organisations with CCA and/or CCA exemptions;
- signing up to or losing a CCA mid-phase;
- changes to CCA emissions coverage.

Period of exemption

An exemption granted under one of the CCA exemptions detailed in Section 2 will stand for an entire CRC phase, provided none of the changes detailed in Changes to Climate Change Agreements occurs.

Emissions covered by a CCA that are not exempt, but are excluded

The exemption of all an organisation’s or group member’s emissions will only apply where the percentage of an organisation’s or group member’s emissions covered by a CCA is more than 25 per cent of its total emissions. This section addresses instances where the organisation or group member does not have a CCA exemption, but has 25 per cent or less of its emissions covered by a CCA.

‘Emissions covered by CCAs’ that are not exempt from CRC as they don’t have a CCA exemption should be included in your footprint report, but removed when calculating your CRC emissions.

Please refer to the separate guidance note footprint report.
You will not be required to report your emissions included in a CCA as part of your annual report. You should, however, keep information and data relating to your CCA emissions coverage as part of the footprint report section of your evidence pack. See the separate guidance note evidence pack.
Section 3 – Reporting exclusions and exemptions in the CRC Registry

We have illustrated the description of the CRC Registry process for claiming your CCA exemptions with some screenshots from the pre-production version of the CRC Registry. This system is still under development. The screens and the terminology may look slightly different when you come to submit your claim.

Claiming an exemption

Exemptions at registration

When you register for CRC as a participant you will be able to claim CCA exemptions, provided you are an eligible organisation or one of your group members is eligible.

Step 1: Identify the exemptions you wish to claim

In the screen shown in figure eight, you will be asked to identify any CCA exemptions that you wish to claim at registration.

If, as part of registration, you do not have CCA target data which covers the relevant part of the organisation and the period ends in the qualification period (for example, a CCA target period ending during the 2008 calendar year) you will need to state if you intend to claim a CCA exemption as part of the footprint report. You will simply need to click on a radio button as part of the registration process to indicate your intention to claim a CCA exemption as part of the footprint report, as shown in Figure eight.

Ticking the box during registration to indicate you wish to claim a CCA exemption as part of the footprint report does not mean you have claimed the exemption and you will need to complete the claim as part of your footprint report. You will not be penalised for ticking this box and then not claiming an exemption as part of your footprint report. You will still be able to claim an exemption as part of your footprint report if you don’t tick the box.
Figure eight: Example Registry screenshot of the registration screen where you should indicate your intention to claim a CCA exemption either at registration or when you submit your footprint report

You should indicate here the exemptions which apply to the organisation as a whole.

Step 2: Record your CCA ‘evidence’ for the parent organisation

If you indicate that you are claiming an exemption at registration, you will be presented with the screen shown in figure nine, where you should record details of the CCA held by the parent organisation that you have identified. If the highest parent has subsidiary undertakings or public bodies sitting below it which do not qualify as Significant Group Undertakings (SGUs) and any of these have sufficient CCA coverage to allow you to claim an exemption, they should be entered here also, together with the information for each. You should identify the company or organisation that has the CCA.

You will be able to identify exemptions which are associated with your SGUs and any smaller undertakings that sit below an SGU at a later stage in the registration process.
Figure nine: Example screenshot of the registration screen where you should enter details relating to any CCA exemption you intend to claim relating to the parent organisation or any subsidiary undertakings or public bodies sat below it which do not qualify as SGUs

When claiming a CCA exemption as part of your registration, you will need to provide the information set out above for each CCA that you claim, as shown on the screen above (Figure nine).

The CRC Registry collects information on each CCA but does not confirm whether your coverage for each undertaking is sufficient for you to claim an exemption. It is your responsibility to keep this information in such a form in your evidence pack that an auditor can easily check the details of an individual CCA, or make an assessment of the validity of each exemption you have claimed for an undertaking.

Step 3: Record your CCA ‘evidence’ for each SGU you identify in your organisational structure

During the registration process, you will be asked to identify and provide details for each SGU in your organisational structure. You will also be presented with the screens shown above (figures eight and nine) to allow you to identify the CCA exemptions that you are claiming for each SGU, or intend to claim at the footprint reporting stage, and to enter the information for each. If you have any undertakings which do not have sufficient supplies of qualifying electricity to be an SGU, but have an SGU as a parent, you should list the CCA below the appropriate SGU but provide the name of the organisation in which they sit. As above, you must keep evidence in your evidence pack to prove your entitlement.
Exemptions as part of the footprint report

As specified above, if you did not have CCA target data for sufficient of the organisation and covering the target period ending in the qualification period, you can claim CCA exemptions as part of the footprint report.

**Step 1: Review previously claimed CCA exemptions**

When you submit your footprint report and claim any CCA exemptions, the CRC Registry will display the CCA exemptions that your organisational group has already claimed at registration. This is shown in figure ten below.

<table>
<thead>
<tr>
<th>Participant and Significant Group Undertakings (SGUs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acme (5)</td>
</tr>
<tr>
<td>│ Acme UK Corp (2)</td>
</tr>
<tr>
<td>│ │ Acme Online (0)</td>
</tr>
<tr>
<td>│ │ Acme Online Warehouses</td>
</tr>
<tr>
<td>│ │ Acme Online IT (4)</td>
</tr>
<tr>
<td>│ Acme Wholesale (1)</td>
</tr>
<tr>
<td>│ Acme Metro (9)</td>
</tr>
</tbody>
</table>

![Review CCA Exemptions](image)

Figure ten: Example Registry screenshot of current CCA exemptions displayed as part of the footprint reporting process

You can review the exemptions entered against your parent organisation or any of your SGUs by clicking on ‘Review’.

This will take you to the screen shown below where you can both review your existing claims and add new information.

**Step 2: Claim/edit additional CCA exemptions**

You may be able to claim any of the CCA exemptions detailed in ‘CCA exemptions’, as additional exemptions for your organisation or group members. When claiming a CCA exemption as part of the footprint report, you will need to provide the same information as detailed previously for claiming a CCA at registration in **Evidence for claiming CCA exemption**.
You cannot remove a CCA exemption that you have already claimed at registration, but you can update it if your coverage increases, this means you can claim a group CCA exemption where previously you claimed one, or a number of member CCA exemptions. The screenshot through which you do this is shown in Figure 11 below.

If you have claimed an exemption which no longer applies, you must advise us by selecting the link on your CRC Registry homepage. Please refer to guidance note Changes to Climate Change Agreements.

**Figure 11**: Example Registry screenshot of claiming a CCA exemption for an SGU during the footprint report

**Step 3: Review CCA exemptions and claim revised CCA status**

Once you have entered all the CCA exemptions for your organisation or group, the Registry will display a summary of all the CCA exemptions that you are claiming, as shown in figure 12 below. You can return to the previous screen if you wish to add to, or correct, any of the entries.
Once you have claimed all CCA exemptions for which you are eligible, the Registry will then ask you to specify your CCA exemption status as a result of the newly claimed exemptions as shown in figure 13 below.

Once you have submitted your CCA exemption status, your CCA exemptions will be entered into the Registry. You will need to continue and complete the footprint report if you are claiming a general or group CCA exemption and report your energy supply from all sources for your organisation or group. You should not, however, include any supplies or emissions from any members of the group with a member CCA exemption in the footprint report, whether the member exemption was claimed at registration or at the footprint report stage.

Please refer to the footprint report guidance for further information.
Annual reporting and exemptions

CCA exemptions cannot be claimed as part of the annual reporting process. If you sign up to a CCA during an annual reporting year, you will not be able to claim a CCA exemption during that phase. You will need to report the emissions under both schemes (CCA and CRC) until the next registration period under CRC. You can claim an exemption as part of registration for the next CRC phase.

As part of the annual reporting process you will be asked if there has been any change to the status of your exemption (if any) under a CCA. (Please refer to guidance note Changes to Climate Change Agreements.)

Figure 14: Example Registry screenshot to record if CCA status has changed

Select either the ‘Yes’ or ‘No’ box to indicate if there has been any change in your CCA status since registration.

If there has been a change to the CCA exemption status of your organisation or part of your group, since your last annual report, you should record this through the link on the CRC Registry homepage. If there has been no change in status, or your organisation or group has no CCA exemptions, then select ‘No’. In year one of Phase 1 you will have provided an up to date record of your CCA status as part of your footprint report, so you should select ‘No’.

Reporting of emissions covered by a CCA or EU ETS

As explained previously in this guidance, in your annual report you do not need to report upon, or purchase allowances to cover, emissions that are covered by a CCA or EU ETS. You will, however, need to account for these emissions once in each phase in your footprint report, unless the emissions are covered by an exempt CCA that was claimed at registration.

If you are claiming a general CCA exemption (if you are a single entity organisation) or a group CCA exemption at registration, you do not need to complete a footprint report but you will need to maintain sufficient evidence of your emissions and CCA/EU ETS coverage to satisfy an auditor.
Reporting your exclusions as part of the footprint report

As part of submitting your footprint report, you will need to provide emissions figures for any supplies covered by EU ETS or a CCA that is not subject to a CCA exemption claimed at registration. You need to input this data as a step in calculating your CRC emissions.

The screen shown in Figure 15, from the footprint report, asks for your emissions from sources which are to be deducted from your CRC emissions, that is total emissions from EU ETS and CCA sources not including CCA emissions subject to a CCA exemption.

![Image of footprint report](image)

Figure 15: Example Registry screenshot showing where you should report excluded sources

Taking your excluded supply into account as part of your annual report

During the footprint report, you will have calculated your CRC emissions based on your CRC supplies. These are the supplies you will need to report as part of your annual report.

You will be asked to report core electricity and gas supplies not included in EU ETS or CCA as shown in figure 16.
**Figure 16:** Example Registry screenshot showing where you should report non EU ETS and CCA core supplies as part of your annual report

<table>
<thead>
<tr>
<th>Fuel Source</th>
<th>Emission Factor</th>
<th>Consumption</th>
<th>Measurement Units</th>
<th>Calculated emissions (tonnes CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core non EU ETS and CCA electricity energy use</td>
<td>1.2</td>
<td></td>
<td>kWh</td>
<td>0.0</td>
</tr>
<tr>
<td>Core non EU ETS and CCA electricity energy use [estimated]</td>
<td>1.2</td>
<td></td>
<td>kWh</td>
<td>0.0</td>
</tr>
<tr>
<td>Core non EU ETS and CCA gas use</td>
<td>1.2</td>
<td></td>
<td>kWh</td>
<td>0.0</td>
</tr>
<tr>
<td>Core non EU ETS and CCA gas use [estimated]</td>
<td>1.2</td>
<td></td>
<td>kWh</td>
<td>0.0</td>
</tr>
</tbody>
</table>
Section 4 – Case studies

Case study one: Single entity organisation, company Alpha

Company Alpha is a single entity organisation with five sites across the UK. Each site is wholly owned by Alpha. Alpha is not the parent of any other undertakings.

Data on Alpha:

<table>
<thead>
<tr>
<th>Qualifying electricity supply</th>
<th>8,200MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHMs</td>
<td>5</td>
</tr>
<tr>
<td>CCA target period for all CCAs</td>
<td>1 October 2007 to 30 September 2008</td>
</tr>
<tr>
<td>CCA emissions (1 October 2007 to 30 September 2008)</td>
<td>3,500tCO₂</td>
</tr>
<tr>
<td>Total energy supply emissions (1 October 2007 to 30 September 2008)</td>
<td>7,300tCO₂</td>
</tr>
</tbody>
</table>

Qualification:

Alpha qualifies for participation in CRC because it meets the qualification criteria of having at least one settled half hourly meter and at least 6000MWh of qualifying electricity supply during the qualification period (2008 calendar year).

Before registration:

Alpha has three CCAs that cover three of its five sites:

Site 1 – CCA emissions = 1,000tCO₂
Site 2 – CCA emissions = 1,800tCO₂
Site 3 – CCA emissions = 700tCO₂

Before the registration period, Alpha has worked out the CCAs cover greater than 25 per cent of its total energy supply emissions for the period 1 October 2007 to 30 September 2008. Alpha conducted the following calculation to work out the percentage of its total energy supply emissions covered by the CCAs:

\[
\frac{3,500}{7,300} \times 100 = 48 \text{ per cent}
\]

The target periods for all three CCAs are for the same period (1 October 2007 to 30 September 2008). However, if they were different, so long as all of the target periods end in the qualification year, the emissions covered by the CCAs can be used to determine whether a CCA exemption exists.
Registration:

Alpha will need to register for Phase 1 of the CRC scheme during the period of 1 April 2010 and 30 September 2010.

Alpha will be claiming exemption from CRC on the basis that greater than 25 per cent of its total energy supply emissions (from all five sites) are included within CCAs (general CCA exemption). Alpha will tick the box shown in figure 17 when completing registration.

![CCA Exemptions](image)

Figure 17: Example Registry screenshot of the CCA exemption section

After ticking the CCA exemption box, Alpha will need to provide the following details for each of its CCAs:

- the CCA TUI;
- name of the company to which the CCA applies;
- total emissions of the undertaking (tCO₂);
- total emissions covered by the CCA (tCO₂).
Alpha will need to complete the registration process, although it will not be required to participate fully in CRC.

Alpha will not be required to:

- submit footprint or annual reports under CRC;
- propose account representatives in the Registry;
- purchase allowances to cover its emissions under CRC.

However, Alpha will need to keep documented evidence to support the exemption. If the regulator was to conduct an audit and find that Alpha did not have the appropriate information in its records or was not eligible to claim an exemption, Alpha may be liable for civil penalties and its non-compliance would be published.

**Fees and charges:**

Alpha will need to pay the registration fee of £950. However, Alpha will not be required to pay the annual subsistence fee of £1,290.

**Ongoing:**

So long as CCA coverage does not change in ways explained in the guidance on Changes to Climate Change Agreements, Alpha will not participate in Phase 1 of the CRC scheme. However, Alpha will need to reassess its qualification and CCA coverage as part of the qualification period for future phases. The qualification period for Phase 2 is 1 April 2010 to 31 March 2011.
Case study two: Group organisation, Bravo Group

Bravo Group is a group of companies. Bravo Group is the parent of numerous undertakings based in the UK. Bravo Group has 30 sites across the UK and each site is wholly owned by an undertaking of the Bravo Group. Bravo Group is the highest UK parent of all undertakings.

Data on Bravo Group:

<table>
<thead>
<tr>
<th>Corporate structure</th>
<th>Bravo Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bravo-Charlie UK Ltd</td>
</tr>
<tr>
<td></td>
<td>Bravo-Delta Ltd</td>
</tr>
<tr>
<td></td>
<td>Bravo-Echo Ltd</td>
</tr>
<tr>
<td></td>
<td>Bravo-Echo-1 Ltd</td>
</tr>
<tr>
<td>Total Group qualifying electricity supply</td>
<td>25,000MWh</td>
</tr>
<tr>
<td>HHMs</td>
<td>40</td>
</tr>
<tr>
<td>Undertakings with CCA</td>
<td>Bravo-Charlie UK Ltd</td>
</tr>
<tr>
<td></td>
<td>Bravo-Echo-1 Ltd</td>
</tr>
<tr>
<td>Bravo-Charlie UK Ltd</td>
<td>CCA target period</td>
</tr>
<tr>
<td>CCA emissions (1 September 2007 to 31 August 2008)</td>
<td>5,500tCO₂</td>
</tr>
<tr>
<td>Total energy supply emissions (1 September 2007 to 31 August 2008)</td>
<td>8,200tCO₂</td>
</tr>
<tr>
<td>Bravo-Echo-1 Ltd</td>
<td>CCA sign up</td>
</tr>
<tr>
<td>CCA target period</td>
<td>1 November 2009 to 31 October 2010</td>
</tr>
<tr>
<td>CCA emissions (1 November 2009 to 31 October 2010)</td>
<td>4,200tCO₂</td>
</tr>
<tr>
<td>Total energy supply emissions (1 November 2009 to 31 October 2010)</td>
<td>10,500tCO₂</td>
</tr>
</tbody>
</table>

Qualification:

Bravo Group qualifies for participation in CRC because it meets the qualification criteria of having at least one HHM settled on the HH market during the qualification period (2008 calendar year) and Bravo Group’s supply of qualifying electricity was in excess of 6,000MWh over the course of the qualification period.
Before registration:

In the time before registration, Bravo Group has one CCA that covers operations of one Bravo Group undertaking – Bravo-Charlie UK Ltd.

Before the registration period, Bravo-Charlie UK Ltd assessed its CCA coverage in line with CRC legislation and has worked out that the CCA it has covers greater than 25 per cent of its total energy supply emissions. Bravo-Charlie conducted the following calculation to work out the percentage of its total energy supply emissions covered by the CCA:

\[
\text{CCA emissions (01/09/07 to 31/08/08) = 5,500tCO}_2
\]
\[
\text{Total energy supply emissions (01/09/07 to 31/08/08) = 8,200tCO}_2
\]
\[
(5,500 / 8,200) \times 100 = 67 \text{ per cent}
\]

Prior to registration, Bravo-Charlie checked that its CCA target period ended within the qualification period for Phase 1. Bravo Charlie’s CCA target period was 1 October 2007 to 30 September 2008 and so met the requirements under CRC that the target period must end in the qualification period therefore Bravo-Charlie will be able to claim a CCA Member exemption at registration.

Since the qualification period, Bravo-Echo-1 Ltd signed up to a CCA in May 2009. Bravo-Echo-1’s CCA target period is 1 November 2009 to 31 October 2010, so Bravo Group will be able to claim a CCA member exemption for Bravo-Echo-1 if the CCA covers more than 25 per cent of its emissions, as part of the footprint report.

Registration:

Bravo Group will need to register for Phase 1 of the CRC scheme during the period of 1 April 2010 and 31 September 2010.

Bravo-Charlie will be claiming exemption from CRC on the basis that more than 25 per cent of its total energy supply emissions are included within CCA (CCA member exemption). Bravo Group will tick the boxes shown in figure 19 when completing registration.
Bravo Group will tick the box labelled ‘I am claiming CCA member exemption(s) as part of my registration’ in relation to Bravo-Charlie.

Bravo Group will also tick the box labelled ‘I expect to claim CCA exemption when I submit my footprint report.

After ticking the CCA exemption boxes, Bravo Group will need to provide the following details for Bravo-Charlie CCA as part of registration:

- the CCA TUI;
- name of the company to which the CCA applies;
- total emissions of the undertaking (tCO₂);
- total emissions covered by this CCA (tCO₂).
Bravo Group will need to complete the registration process for all parts of the Group. Bravo Group will participate in the CRC scheme from the point it completes registration.

Fees and charges:

Bravo Group will need to pay the registration fee of £950 and pay the annual subsistence fee of £1,290.

Footprint report:

As part of submitting its footprint report, Bravo Group can claim a CCA exemption for Bravo-Echo-1. As Bravo Group works through the footprint report through the Registry, it will come to a screen showing the CCA exemptions it claimed as part of registration, as shown in the figure 21 below.
Bravo-Echo-1 Ltd has assessed its CCA coverage in line with CRC legislation and has worked out that the CCA covers greater than 25 per cent of its total energy supply emissions. Bravo-Echo-1 conducted the following calculation to work out the percentage of its total energy supply emissions covered by the CCA, and communicated this to Bravo Group:

CCA emissions (01/11/09 to 31/10/10) = 4,200 tCO₂
Total energy supply emissions (01/11/09 to 31/10/10) = 10,500 tCO₂

\[(4,200 / 10,500) * 100 = 40 \text{ per cent}\]

Bravo Group intends to claim a CCA Member exemption for Bravo-Echo-1. Bravo Group will need to provide the following details for Bravo-Echo-1’s CCA as part of the footprint report:

- the CCA TUI;
- name of the company to which the CCA applies;
- total emissions of the undertaking (tCO₂);
- total emissions covered by this CCA (tCO₂).
The Registry will display the new CCA exemption that Bravo Group is claiming for Bravo-Echo-1 and once the footprint report is completed, it will add this to the list of claimed CCA exemptions.

**Ongoing:**

Bravo Group will continue to participate in Phase 1 of the CRC scheme, but will exclude all energy supply emissions associated with Bravo-Charlie and Bravo-Echo-1. Bravo Group and all of its undertakings will need to reassess their qualification and CCA coverage as part of the qualification period for future phases. It will also need to reassess the CCA exemptions during Phase 1 if certain changes to its CCA coverage occur, as explained in the changes to CCAs guidance. The qualification period for Phase 2 is 1 April 2010 to 31 March 2011.
Section 5 – Supporting information

For further guidance related to CCA and EU ETS, you may wish to review the following guidance documents:

- Changes to Climate Change Agreements
- footprint report
- annual report
- evidence pack.

Where can I get more help?

If you require further help, please contact the Environment Agency’s CRC Helpline: crchelp@environment-agency.gov.uk
Would you like to find out more about us, or about your environment?

Then call us on
08708 506 506* (Mon-Fri 8-6)

email
enquiries@environment-agency.gov.uk

or visit our website
www.environment-agency.gov.uk

incident hotline 0800 80 70 60 (24hrs)
floodline 0845 988 1188

* Approximate calls costs: 8p plus 6p per minute (standard landline).
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