WRITTEN MINISTERIAL STATEMENT
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SIMPLIFYING THE CRC ENERGY EFFICIENCY SCHEME

Last June [30 Jun 2011 : Column 62WS] I published a vision for the way ahead in simplifying the CRC Energy Efficiency Scheme. Since then we have engaged extensively with stakeholders and have developed a set of proposals which will radically reduce the administrative burdens for those businesses and public sector that are included in the CRC, without undermining the energy efficiency objectives of the scheme.

Tomorrow, the Department, together with the Devolved Administrations, will publish a formal consultation setting out our ambitious simplification package. These proposals will radically reduce the administrative costs to participants by reducing the complexity of the scheme, and reducing the overlap with other climate legislation.

Our proposals will shorten the CRC qualification process. They will simplify what counts as a supply, and reduce the number of fuels covered by the scheme from 29 to 4. These 4 fuels represent over 96% of total CRC emissions. We will reduce the reporting required through reducing the number of reports that participants are required to submit and the length of time participants need to keep records. We will allow companies to participate in natural business units, by allowing more flexibility to disaggregate undertakings.

I know that maximising policy coherence, and minimising unnecessary overlap between climate policies is one of business’ top asks. As we committed to last year, we will reduce the overlap between schemes at registration. In particular, Climate Change Agreement facilities and EU Emissions Trading System installations will not be required to purchase CRC allowances. Our proposals will also create greater alignment between CRC and company greenhouse gas reporting (GHG) by adopting for CRC the emission factors used for GHG reporting purposes.

Our simplification proposals will remove the detailed metrics of the Performance League Table out of legislation, and place them in government guidance. The flexibility of guidance will enable us to review and adapt the league table in the future to maximise its impact as a reputational diver of change. Amendments to the framework will be made in the light of experience on its impact on participants’ behaviour.

These proposals will help us meet our simplification objective of optimising the projected energy and carbon savings delivered by the CRC Energy Efficiency Scheme while reducing the complexity and administrative cost.

My Department and the Devolved Administrations welcome comments on our consultation proposals that will be published tomorrow. We will the look to implement the proposals so that the amended legislation is in place by April 2013.