KPMG CLIMATE CHANGE AND SUSTAINABILITY PRACTICE

What happened to our commitment?

KPMG's Revised Guide and Commentary on the UK Carbon Reduction Commitment: Energy Efficiency Scheme

February 2011

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Part of what we're trying to do is respond to concerns that the scheme is too complicated.

Charles Hendry, Energy Minister
21 October 2010

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Big groups [are] unaware of looming emissions bills... Companies are likely to spend about £660m a year on allowances

Financial Times, 12 March 2009

Businesses are confused and unprepared for the CRC

Independent, 31 March 2010

Fury over £1bn stealth tax

Telegraph, 21 October 2010

Chairman's foreword

To some, the UK's newest piece of climate change legislation – the Carbon Reduction Commitment: Energy Efficiency Scheme (CRC) – is still an innovative, thought leading scheme designed to help the UK meet its ambitious and necessary 2020 and 2050 obligations to reduce the country's contributions towards man-made climate change.

To many, the scheme has become an overly cumbersome, complex and confusing burden that creates unnecessary administration and carries little additional incentive to reduce their carbon footprint beyond what has already been planned through cost saving investments.

Few would agree the scheme is the "simple, light touch" incentive for energy efficiency it was originally intended to be.

In this paper – one of a series of climate change guides from KPMG – we discuss some of the possible causes and consequences of the scheme's evolution and the implications on the estimated 14,000 organisations originally affected by it. This is based on our analysis of legislation during the last four years, and our experience of educating the boards of nearly 400 clients and working directly with more than 60 scheme participants to help them ensure they comply and perform in the scheme.

This guide replaces our earlier publication "Step by Step" which has been widely circulated by organisations seeking to share knowledge on the scheme in simple and sensible terms. There have been material changes in the scheme over the last 12 months and we wanted to provide a clear guide to the scheme in its current form.

Given the cross-sectoral impact of this legislation, and it's impact on organisational finances, we are pleased to be releasing this paper in cooperation with CIMA.

We also attempt to outline how the scheme might change following the consultations in 2011.

John Griffith-Jones,
UK Chairman and
Senior Partner KPMG LLP (UK)

CIMA commentary

Sustainability makes business sense. Business sustainability is all about ensuring that organisations implement strategies that achieve long-term success. Organisations that act in a sustainable way not only help maintain the well-being of the planet and its people, they also create businesses that will survive and thrive in the long run. As companies innovate to better secure their long-term viability, the accounting profession will play an important role. Management accountants can serve as leading agents for change by applying their skills and competencies to develop sustainability strategies, facilitate effective implementation, accurate measurement and credible business reporting.

The UK's Carbon Reduction Commitment: Energy Efficiency Scheme (CRC) is an innovative piece of legislation that will encourage businesses to significantly reduce their energy use, and go a long way to helping the UK achieve its target of an 80% reduction in carbon emissions by 2050 on 1990 levels. However, the recent changes to the CRC have left some organisations confused and somewhat frustrated.

This KPMG paper, in association with CIMA, summarises the recent changes to the CRC, why they were made and how this will affect the schemes' participants. It also considers how the scheme might change following recent consultation and offers three different scenarios. An essential read for finance directors in organisations currently affected by the scheme, as well as those looking to keep abreast of climate change regulation.

Charles Tilley,
Chief Executive
CIMA

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What is the CRC?

The CRC was originally designed as a mandatory cap-and-trade scheme for emissions and is targeted at large organisations in the non-energy intensive sector in the UK. Recent changes announced in the 2010 Comprehensive Spending Review have changed the scheme to act as a levy on carbon emissions, at least in the short term.

The government estimates that the CRC sector represents 10 percent of the UK's emissions at 51 million tonnes of CO2 annually. The scheme aims to incentivise energy efficiency improvements by providing a reputational reward for improvement and increasing the cost of energy for participants, encouraging reduction. Mandatory energy record keeping will also highlight opportunities for savings. The government expects to achieve an annual saving of 4.4 million tonnes of CO2 by 2020 through the scheme. It also anticipates raising £1bn each year by 2013 to support the public finances.

To date, almost 3,000 organisations as diverse as banks, supermarkets, cinemas, hotels, hospitals, universities and local authorities have registered for the scheme, alongside over 11,000 who have had to make an information disclosure to confirm they are not in the scheme.

If your organisation spends more than £500,000 on electricity in the UK annually the CRC probably requires you to:

- measure your energy usage through fixed point sources
- report to government on that usage and submit to audits by regulators
- pay for the carbon emissions your energy usage creates
- be publicly ranked on your performance in an annual league table

Changes to the scheme over the last year have greatly changed the way it works and these are detailed more in a later section. The core elements of the scheme remain, except for:

- the removal of the return of revenue to participants based on their position in the league table
- the transformation of the scheme, for at least the next few years, into a retrospective levy on carbon emissions – ie. No allowances need to be purchased in advance as originally required
- the 'introductory' phase has been extended from three to four years, now ending in 2014 [1]
- it is highly likely the 11,000 organisations required to make an information disclosure will no longer need to do so unless their annual electricity usage increases to the point that they become a full participant by 2013/14

Despite these changes, which have significantly increased the costs of the scheme and reduced some of the price uncertainties, our work with clients has shown that the risks to reputation, increased costs and the compliance burden posed by the need to provide accurate data to government auditors still represent significant risks.

[1] Pending final confirmation

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Useful terms

For organisations that are new to this area there is a new language to learn. It is useful to get acquainted with some of the technical terms used in this field.

Here are some of the most commonly used acronyms, all of which are discussed in this white paper.

AMR
Automatic Meter Reading

A system that measures and records electricity/gas usage on a regular basis commonly using voluntary sub-meters

CCL
Climate Change Levy A levy on energy usage paid by most organisations

CCAs
Climate Change Agreements – Agreements which partially exempt organisations from CCL

DECC
Department of Energy and Climate Change – the scheme designers

Environment Agency
The scheme administrators and regulators

EU ETS
EU Emissions Trading Scheme, a Europe wide carbon trading scheme for major emitters that has been in operation for several years

EUAs
EU (emissions) Allowances – the carbon allowances traded in the EU ETS

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How do I know if the CRC applies to my organisation?

The CRC applies to any organisation (public body, government department, company or group of companies) that pays a UK electricity bill and used electricity through half hourly meters (HHMs) totalling more than 6,000 MWh in 2008.

According to a government estimate this equates to an annual electricity bill of approximately £0.5 million – £1 million depending on electricity contracts. Non-electric energy and electricity measured through regular meters is not taken into account for the qualification threshold but will count towards total emissions if an organisation qualifies for the scheme. The government's aim is to cover as many emissions as possible without creating an administrative cost that would outweigh the energy savings.

All organisations with a HHM were required to determine whether they qualify for the scheme and inform regulators by September 2010. A list of all 3,000 registrants and 11,000 information declarers is now publicly available.

Groups of companies

To help reduce the administrative burden while including as many emissions as possible, groups of companies under the same ownership and/or control can be treated as one organisation for CRC purposes, with aggregate emissions taken into account for both the qualification threshold and to calculate total emissions. Under this option, the top entity[2] in an organisation would take responsibility for collating and reporting emissions.

This will clearly have implications for private equity (PE) houses or for companies buying or selling subsidiaries or sites. While the reporting structure has theoretically been chosen for simplicity our experience of financial reporting in decentralised groups suggests that the additional reporting required could prove very challenging.

Large subsidiaries who would qualify for the CRC in their own right – called Significant Group Undertakings (SGUs) – can opt to participate in the scheme independently. Most participants had to take this option by July 2010.

Note that way in which the quantity of carbon emissions is consolidated for the CRC can be different to the way in which the financial results are consolidated. This risk, perhaps more than any other, is what has led to much of the significant administrative burden of CRC registration.

There are several special cases of emissions/reporting responsibility to be aware of:

- Overseas parent companies
Separate UK businesses that are controlled by the same foreign parent are treated as one participating group under the CRC and must nominate a UK entity to participate on their behalf.

- Franchises
Many franchisors would be responsible for reporting the emissions of their franchisees providing they meet a specific set of criteria.

- Landlord and tenant
The government has indicated that carbon emissions from leased buildings will be attributed to whoever pays the associated utility bill, not necessarily the ultimate consumer.

- Private equity (PE)
Many PE funds and houses are likely to be treated as parent organisations requiring consolidation of the carbon footprint of controlled portfolio companies. This has proved a particularly sensitive and controversial issue with limited consistency being applied to the sector to date.

[2] As defined by the UK Companies Act 2006

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Half-hourly meters (HHMs)

Half-hourly meters provide a more accurate means of metering electricity use. A communications link allows them to report energy use remotely to the supplier every half hour. They are mandatory for sites with energy use over set levels.

If you are unsure whether your electricity comes through a half-hourly meter you can review your statements or bills. Supply through an HHM shows a supply serial number (or "MPAN") that begins "00".

The government have also confirmed that many non-mandatory electricity meters which measure on a half-hourly basis also count towards the 6,000 MWh threshold.

- PFI

The situation around PFI schemes is still very complicated and all participants should pay particular attention to determining who is responsible for the carbon.

If our organisation doesn't qualify now, are we excluded forever?

No. Participation in phase 1 is now fixed, but originally an organisation's usage between April 2010 to March 2011 would qualify them for phase 2 (or not). This has been delayed, and a later period will be used to determine whether an organisation qualifies for phase 2. Therefore a non-participant in phase 1 may still be included in phase 2 if its annual usage crosses the qualification threshold by that period.

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What are the implications of the CRC for my organisation?

Cost
Costs are likely to be similar to that of the Climate Change Levy – Initially adding about 7% to 9% to energy costs.

Reporting
Annual evidence packs demonstrating energy consumption will be required. The first evidence packs are due by the last working day of July 2011 based on information collected since April 2010. A sample of these will be audited by regulators each year.

Sign off
Responsible directors must sign off on the evidence packs and, that they have ensured sufficient audit procedures have been conducted over the accuracy of the data.

Reputation
An annual league table of all participants will be published from October 2011 based largely on their annual carbon reductions. Failure to comply or provide accurate data could lead to public "naming and shaming."

Cashflow
The cash flow impact is greater than originally announced in the scheme because of the increase in cost, but is less complicated and now occurs at the end of the compliance year, not the beginning.

Responsibility
Who takes responsibility for which emissions is a complex issue, especially for groups of companies in private equity or foreign ownership. Audits of the organisational structures for registrants have already begun and some participants have been informed they need to change their incorrectly registered structures.

Scope
The scheme covers all fixed point energy consumption including energy use by onsite generators and onsite transport such as cranes and fork lift trucks.

Skills gap
Many participants may still lack the skills to effectively comply and perform well in this scheme.

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What has changed recently and what is happening now?

Why does the CRC keep changing?

The CRC is innovative.

The CRC is changing behaviour in many participants.

The CRC targets a sector of the economy that the government believes it needs to make more energy efficient.

But it is proving very challenging for many organisations and may be distracting from the genuine work of identifying and reducing energy use.

By October 2010 there were three completed consultations on the CRC. These have led to significant changes to the design of the scheme to try to meet the concerns of the responders. These included a number of clarifications to the organisational structure rules and the league table mechanisms, as well as a series of delays to the timings of the scheme to allow participants more time to prepare. Many participants are finding it difficult to keep up with all of the changes.

Following ongoing concerns raised by industry associations, the media and individual organisations throughout 2010, the government's Committee on Climate Change released a report highlighting significant flaws in the design of the CRC, focussing on its administrative complexity and lack of a clear carbon price signal that would motivate organisations to invest in energy efficiency. It made a number of recommendations for possible solutions to the challenges.

Comprehensive Spending Review

The government's Comprehensive Spending Review (CSR) in October 2010 is one of the most recent and fundamental shifts in the design of the scheme since its inception. Originally, the revenues raised from the sale of 'carbon allowances' to participants to cover their emissions were to be recycled back to participants based on their position in the CRC league table. This made the scheme broadly revenue neutral to the Exchequer and was one of the main reasons the scheme was not significantly opposed by participants.

In the CSR, the government announced that the monies raised from the sale of allowances, initially around £700 million but rising to £1 billion after a few years, would not be recycled back to participants. They would instead be retained to support the public finances and simplify the scheme (by removing the uncertainties around the sums to be refunded back to participants). The league table would therefore just have a reputational impact with no direct financial implications. This has led to significant outcries of the scheme being a 'stealth tax' and a further cost burden on business and the public sector.

Despite the significant issue of increased costs, the changes do have a number of positive implications:

- the move from a forward purchase scheme to one where a retrospective levy is paid has removed considerable uncertainty and improved cash flow timing
- the changes have simplified the accounting for the scheme and made it much simpler to forecast the costs arising from the CRC
- the removal of the financial impact of the league table may reduce the concern of a number of participants who felt the table's metrics would misrepresent their actual carbon efficiency

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- payback periods for investments in energy efficiency are easier to estimate because there is a stable and fixed price of carbon
- the increased costs of the CRC may incentivise more investments in energy efficiency that make financial sense

Fourth consultation

Late in 2010, a fourth consultation was released with five brief proposals that were expected to be approved by all respondents as they were non-controversial and intended to simplify the scheme further. Key amongst them were:

- A proposal to scrap the need for the 11,000 'information declarers', (those with HHMs but without enough usage to qualify as full participants[3]), to regularly report information to government
- A proposal to extend the first phase of the scheme by a year from 2013 to 2014. This would provide more time for participants to get used to the basic requirements of the scheme before the introduction of any further requirements, such as carbon trading. It also provides more time to build 'buy in' to an adapted scheme following further consultation.

Future consultations

At this stage, it is not known how long the CRC will continue to be a retrospective levy. The scheme designers, the Department of Energy and Climate Change (DECC), may still be keen on converting it back to its original cap and trade form in future. This will be determined following further consultation which DECC has announced is likely in 2011. Suggestions are also invited from organisations as to how the CRC can be improved. KPMG is an active participant in this process and we have outlined some of our suggestions later in this paper.

Will the scheme be scrapped?

A few commentators have predicted that the scheme will be scrapped and a number of participants have said they will do little to comply with the scheme until the consultations are complete. We would advise against this.

We believe it is likely that the scheme will remain in its current form for at least the next two to three years, probably until the start of phase 2 in 2014, to provide some stability for participants. The upcoming consultations will likely be in relation to the nature of the scheme in phase 2 and beyond.

The government has been strong in its desire to encourage the sectors covered by the CRC to reduce their energy usage. Accomplishing this is likely to be through a combination of cost, reputational and compliance pressures. Furthermore, there are other separate initiatives to drive mandatory reporting of carbon footprints. This implies that all organisations are going to have to develop more robust and accurate governance systems relating to their carbon footprints whether the CRC is scrapped or not. We believe this is the right time to develop such a system so that organisations are ready for any future requirements.

[3] 6,000 MWH through HHMs in 2008

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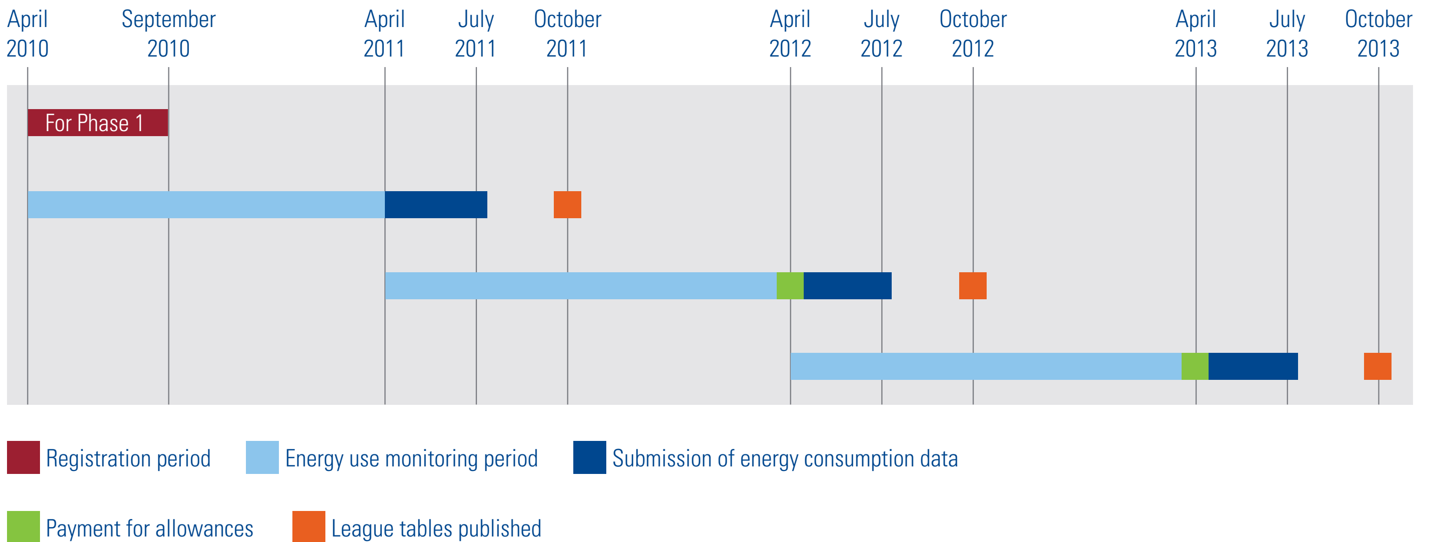
What does Phase 1 look like now?

Phase 1 now runs for four years from April 2010 to March 2014. The timeline shows how the first three years will look.



The baseline year

The first year from 1 April 2010 to 31 March 2011 is a reporting year only. At the date of writing this paper, participants are 11 months into their first reporting year. All 3,000 participants will have to prepare evidence packs[4], available to government auditors on request, that detail all energy usage within the organisation from fixed point sources. This should include, amongst other things:

- a breakdown of all energy usage from fixed point sources (i.e. all non-transport sources should be included), preferably supported by third party documentation
- details of any estimated data and the methodology used (as this will incur a 10% markup)
- details of the organisational structure, its total revenues/spend in the period (optional for league table performance)
- the level of coverage of AMR and Carbon Trust Standard (or equivalent)
- any exceptional events such as new meters, breakdowns, acquisitions etc
- sign off by a responsible Director to say that the evidence pack has been prepared, and checked to ensure accuracy.

These evidence packs need to be completed between April and July following each CRC compliance year, and a summary submitted via the online CRC registry.

The evidence packs can take any format the participant requires but should be understandable by auditors without prior knowledge of the participant. Some of the most advanced CRC participants are choosing to create a mock evidence pack at the half year to rehearse the compilation of the pack and have it challenged by another party. Our experience of auditing participants' data for the CRC indicates that many who don't take adequate steps to prepare and challenge their data are at high risk of misstating data.

[4] Note that at the time of writing the scheme may require two evidence packs for the first year: a "footprint report" giving all emissions and an "annual report" which is the footprint report less any sources that the organisation wishes to rule out under the deminimis rules. This rule allows small, residual sources to be excluded from ongoing reporting if they are particularly inefficient to gather. All future evidence packs within the phase will be based on the annual report boundaries.

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Beyond the first year

From April 2011, participants must pay for every tonne of carbon dioxide emitted from sources reported in their annual report. These payments occur at the end of each CRC year so the first cash outflow will be after March 2012. At present it is unclear as to the exact timings but we have suggested to the scheme designers that the payment for allowances occurs after the evidence packs are prepared so that an exact payment for a known quantity of allowances can be made. If a payment is made before the evidence packs are completed, it is unlikely a matching quantity of allowances could be purchased. We discuss the accounting implications of this in a later section.

We expect the requirements and timings will evolve as the scheme is adapted following consultation, although many of these changes could be introduced in phase 2 to allow time for participants to become used to the scheme as it stands.

Key periods

Within the CRC, there are several key activities:

- Every January or February, there is an opportunity to request annual CRC statements of energy usage from utility suppliers. These are likely to form a key part of the evidence packs
- Between April and July participants must prepare evidence packs, submit summaries to the scheme administrators and pay for allowances (not necessarily in that order)
- In October the scheme administrators will publish a league table ranking all 3,000 participants in terms of performance

The league table:

Arguably the two main incentives to improve energy performance are the savings to be made from reduced energy use and the reputational impact of the league table. Its value lies in transparency and comparability in assessing different organisations' commitment to reducing their carbon footprints.

The position in the annual league table is determined by several factors, whose importance varies over time (see table below):

- The coverage of voluntarily installed Automatic Metering systems (in the first three league tables only). These often have very short payback periods because of improved data quality and more intelligent energy management
- The organisational coverage of the Carbon Trust Standard or equivalent (in the first three league tables only). Holding a carbon management standard will also provide reputational benefit and protection from poor league table performance
- The organisation's change in carbon footprint compared to its baseline (April 2010 – March 2011). 25% of this score is based on a comparison that takes organisational growth into account (the growth metric) with the rest only looking at absolute change. Therefore growing organisations are likely to perform poorly in the CRC

A culture of naming and shaming is likely to arise in the media and the damage to reputation caused by being named the "worst green organisation" could be severe. It is highly likely the league table will also be broken down by sector and geography, creating negative publicity and allowing direct comparison with competitors.

	Oct 2011	Oct 2012	Oct 2013	Ongoing
Carbon Trust Standard (or equivalent)	50%	20%	10%	0%
Coverage of voluntary AMR	50%	20%	10%	0%
Absolute metric	0%	45%	60%	75%
Growth metric	0%	15%	20%	25%

Table: The weighting of CRC league table scores

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What are the opportunities and risks from the CRC?

Leading organisations began to prepare for the CRC in 2009. This has helped them manage their risks but they have also already begun to realise benefits such as improved energy management, cost savings and more robust data.

Opportunities

The government originally estimated that the net present value to the scheme's participants was £755m but this was before the scheme was converted from a revenue neutral scheme to a levy. The designers originally forecast that this positive value will be realised through participants being incentivised to improve their energy efficiency. With the change to the scheme, the net present value to all of the scheme's participants is now likely to be broadly zero, although the performance and cost impact to individual participants will be variable.

For those organisations, or individuals within organisations, that wish to increase buy-in to energy efficiency programmes, the cost of carbon, compliance requirements and reputational impact of the CRC can be used as an effective lever to promote this agenda (which is one of the scheme designer's main aims).

Organisations who do well in the scheme may gain reputational benefit from the league table as discussed earlier, which can support wider marketing initiatives.

Risks

Leading organisations have already recognised they have a number of key risks to manage:

- Organisations with many sites and multiple utility suppliers will have a much greater risk of error in their data systems due to the complexity of gathering data
- Landlords / tenants will have to determine responsibility for paying for carbon by reviewing contracts. The cost of carbon paid for by tenants or subtenants can be affected by organisations outside of their control
- Private equity houses, and those organisations that regularly buy or sell subsidiaries, risk significant fluctuations in their league table performance and the need to change their reporting requirements
- Organisations that grow organically are likely to see their league table performance drop as their carbon footprint increases
- Non-UK owned organisations, particularly those with multiple sister companies in the UK, may have to participate as one entity and will need to develop systems for allocating costs

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Administration, audits and fines

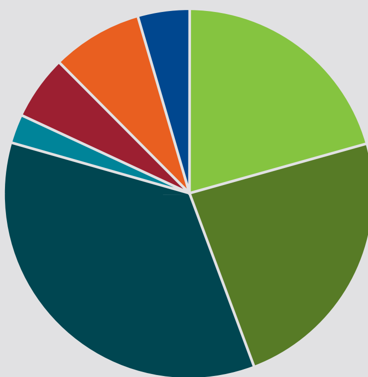
The scheme will be administered by the Environment Agency and its Scottish and Northern Ireland equivalents. Participants will be required to prepare a self-certified evidence pack to provide evidence of compliance. Initially, a risk-based, desk based, audit approach will select up to 20% of participants per annum for review. However, the auditors can look at up to five years of historic data, and therefore many more than 1 in 5 evidence packs could be checked. This "lighter touch" audit approach is countered by steep fines for failure to comply – expected to be £40 per tonne of CO2 for misstatements of more than 5%.

Our experience of helping clients prepare indicates more than half of organisations currently misstate their carbon footprint by more than 5% (and some up to 30%) and so could be fined under the scheme rules. Government audits of organisational structures have already resulted in a number of participants being told to make revisions.

We have taken a sample of the recommendations made in our reports and broken down the recommendations into categories. This provides a useful insight into the most common areas where organisations are struggling to comply and perform in the CRC. These are shown in the first pie chart.

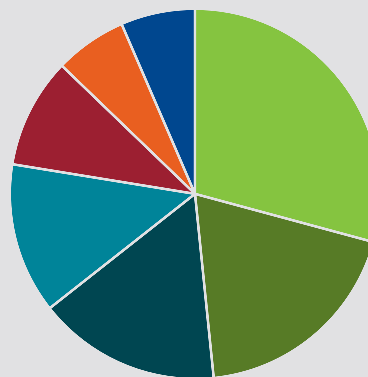
The second pie chart shows a more detailed breakdown of the recommendations we made around recording/reporting issues as these are the common errors that lead to incorrect data being included in the evidence packs. The strongest message from this analysis is that there is no one single error to look out for. Internal and external checks on the data quality will need to be varied and intelligently applied to reliably detect errors.

Classification of recommendations following CRC readiness reviews (Source: KPMG analysis)



- Strategy/policy/buy-in
- Data quality issues
- Recording reporting issues
- League table preparation
- Identifying opportunities
- Lack of investment
- Other

Data errors found during mock CRC audits (Source: KPMG analysis)



- Incorrect boundaries
- Incorrect third party data
- Data not available
- Incorrect conversion factors
- Technical errors
- Estimate/restatements
- Human error/typos

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As a participant, what do I really need to do?

The legislation will drive change in organisations. Some are mandatory, whilst others are encouraged for those organisations wishing to perform well in the scheme. There are two main areas a CRC participant needs to focus on: compliance and performance.

Compliance

This is a basic aspect to any legislation. A CRC participant should:

- work to be comfortable that it is reporting in line with the correct organisational boundaries
- work to gather the required data, accurately and efficiently
- ensure that the data is supported by third party evidence and presented in a way that can be understood during a desk based audit
- retain the evidence packs for at least five years and submit to regulators on request
- recognise the costs of the CRC in the relevant financial statements
- record organisational changes and ensure they are taken into account in the CRC registration
- allow government auditors onto site to conduct further investigations where required

Performance

The reputational impact of the CRC is often a primary concern for the boards of participants. This impact can arise from two areas: the annual league table and the risk of being "named and shamed" as an organisation with insufficient governance to report accurate carbon footprints.

It is this latter risk that worries most boards and is the easiest to manage by ensuring all of the challenges of compliance are met. Much of our work with clients has started in this area before moving onto performance based challenges.

For improved league table performance, an organisation should have sought to expand its automatic metering and gain the Carbon Trust Standard (or equivalent) over the last year. Beyond that, it must make investments to improve its energy efficiency and its carbon footprint. As carbon costs represent approximately 15% (CRC and CCL combined) of the energy cost this can make a difference to marginal business cases but payback periods remain dominated by the cost of energy.

Leading organisations are already factoring in a steadily increasing cost of carbon into their investment decisions.

What do I need to do right now?

We recommend:

- you determine if you should be participating in the CRC and have registered
- you satisfy yourself that you have appropriate procedures in place to ensure accurate data is available for the auditors each year – if you aren't confident, external help can be sought and we would be happy to advise
- you request your annual CRC statements from your utility supplier as these need to be requested early in each calendar year
- you consider compiling a mock evidence pack with existing data to test your systems before the real evidence pack must be compiled
- you consider the reputational and financial impact of the CRC and whether it would benefit the organisational strategy to make more resources available for identification and investment in energy efficiency

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How do I calculate my CRC footprint?

Energy consumption will be calculated from all your fixed point direct and indirect energy use emissions. This means any fossil fuels burnt on site, for example oil or gas fired heating, back-up generators and even calor gas, as well as grid electricity. It does not include transport emissions for licensed vehicles but does include some onsite transport such as conveyors, cranes and fork lift trucks if they are not road licensed.

Only grid electricity through HHMs and other half hourly measuring AMR will be used to determine whether you are included in the scheme. But it is important to note that once you are taking part your emissions will be calculated from your total energy use, taking many more sources into account.

For each energy source the government will give you a multiplier to indicate the tonnage of carbon dioxide per unit of energy consumed for that source. You can then calculate your total emissions under the CRC. These multipliers are already available from DECC.

KPMG has published an outline approach to carbon measuring and reporting called "Getting the Measure" which is available online or on request. It outlines a four step approach to management of carbon:

Source: *Getting the Measure*, KPMG LLP (UK), 2008

Why is carbon footprinting difficult?

The CRC doesn't require a full measurement of your organisation's carbon footprint. Instead it creates a different system which benchmarks emissions against clearly defined types of energy consumption. Therefore your CRC footprint could be different from any footprints you may be currently calculating.

Furthermore, unlike financial accounting where there is more than a century of precedent and history, carbon accounting is relatively new and non-standard. This often makes carbon footprints more prone to errors which are well controlled in the world of financial accounting.

In order to achieve comparability, the scheme avoids some of the more challenging and subjective aspects of carbon measurement, by stating precisely which emissions will be counted (for example the CRC excludes all transport emissions).

Unfortunately some of the other key difficulties remain, including:

- varying expertise of reporting individuals e.g. engineers, admin staff, finance staff
- measuring unmetered energy consumption e.g. diesel generators
- comparability of statement information e.g. quarterly versus annual statements, timing of statements, varying units of measurement, varying power companies

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What are the financial implications of the CRC and how should I account for them?

The CRC will be a real cost to participants from 1 April 2011, with the payments for allowances being an annual, retrospective levy. Participants will pay for 'carbon allowances' for the previous CRC year starting from April 2012. The initial costs for allowances for a tonne of carbon will be £12 per tonne, although this is expected to increase after the first few years. We estimate this would add between 7% and 9% to the total cost of energy for any participant (much the same as the CCL). The minimum cost for a participant will be £39,000 but some will pay £millions.

At present, there is no authoritative accounting guidance within IFRS or UK GAAP explicitly for transactions involving carbon allowances. It is up to each organisation to determine the way it should account for the costs of carbon in line with its existing accounting policies. However, we've outlined some basic principles for consideration. We have also published a guide called Accounting for Carbon which is available on request, although this does not specifically cover the CRC.

Operating expense

When carbon dioxide is emitted by an organisation from a covered source,the participant must pay for the associated carbon allowance during the next payment period. Therefore, the costs of the CRC are incurred every time a unit of carbon is emitted either directly (e.g. out of the boiler chimney) or indirectly (e.g. through the use of electricity). For every unit of energy used, an organisation can determine the quantity of carbon dioxide and associated cost for the allowance that is to be paid in the future. This implies that it would be appropriate to recognise an accrual for the cost of carbon allowances at the point an organisation can determine the quantity of energy consumed.

As the CRC now operates in a very similar way to the CCL, except that it is paid at the end of the CRC year rather than with each energy bill, we recommend organisations consider treating the two in a similar way in the accounts.

Cash flow impact

Changes to the CRC over the last two years have considerably simplified the cash flow implications of the scheme. Participants need to ensure they have sufficient cash in reserve to pay for the required CRC allowances at the end of the CRC year.

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Dispelling some common CRC misconceptions

Common myth	KPMG insight
"Only electricity usage is included in the CRC footprint"	UK electricity usage through half-hourly meters in 2008 is used to qualify an organisation for the scheme. However, once qualified, all non-transport energy use in the UK must be used to calculate the carbon footprint e.g. gas, coal and oil usage. Having Climate Change Agreements (CCAs) and/or participating in the EU Emissions Trading Scheme (EUETS) does not automatically exclude organisations. Evidence will still be required to prove exemption.
"We already calculate our carbon footprint so don't need to act"	The CRC boundaries are very specific and may not match current calculations. Many carbon footprints also include estimations and are rarely subjected to the level of review that financial numbers may receive. As the carbon footprint is now linked to the financial statements through the CRC we strongly suggest this should change.
"I have now disaggregated my subsidiaries so I don't have to take responsibility for them"	Significant Group Undertakings (SGUs) – those subsidiaries that qualify in their own right – can be voluntarily disaggregated from the parent organisation to participate on their own. However, whilst initially appealing, we are finding this has some drawbacks and so SGUs should still be monitored: • Skillsets that enable compliance may be lost within one of the disaggregated entities • The risks of misstatement may actually increase because each new participant would need to misstate by a lesser amount of carbon to cross the 5% threshold that triggers a fine – i.e. the same level of misstatement within a larger group represents less of a chance of fines • The parent company's brand name could still be associated with the SGU's performance by press/commentators and therefore it may not be totally protected
"The cost of carbon is very low and won't affect the bottom line"	In the first phase of the scheme, the cost per tonne of carbon at auction will be fixed at £12 per tonne. This equates to between 7% and 9% of energy costs. This can make a difference to investment cases and represent a significant increase in costs for some businesses. In our experience, the biggest cost risk is that from fines arising from material misstatements in data.
"It doesn't matter if we don't respond – carbon isn't important to our business"	Government auditors will check 20% of all evidence packs each year based on an assessment of risk. Some organisations could be checked every year. Penalties are significant, fixed and tiered to make prosecution simpler. For example, £5,000 for any organisation failing to register and £40 per tonne of CO_2 incorrectly reported (over 5%). Organisations that fail to comply may also be publicly named and placed at the bottom of the league table which could jeopardise a more significant investment in marketing or building the organisation's green reputation.
"If the organisation grows, we can change our baseline against which performance is measured"	A participant's performance in the league table is largely governed by their ability to reduce their emissions over time compared to a baseline. This baseline is the rolling average of the previous five years' emissions (or less when the scheme has not been running for five years). This baseline can be updated under certain circumstances such as the sale/purchase of a subsidiary that would be in the CRC in its own right (an SGU). However, the baseline cannot be updated following organic growth or the sale/acquisition of a non-CRC business. As net improvement (factoring in a change of revenue) is only considered for up to 25% of the league table score, any growth that does not allow rebaselining is likely to increase an organisation's relative carbon footprint. This will reduce performance in the league table. This is anticipated to be a very significant governance issue for Private Equity and acquisitive businesses in the future.

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How does the CRC fit in with other regulation?

Exemptions

In general, emissions which already fall under the scope of the EU ETS or CCAs will be exempt from inclusion in the CRC. It must be emphasised that it is emissions and not organisations which are exempted.

EU ETS emissions are specific to installations and industries. This means that an organisation which falls under the EU ETS may still qualify for the CRC if its non-EU ETS activities use sufficient electricity through half hourly meters.

Emissions covered by CCAs will be exempt from consideration in the same way except where 25 percent or more of an organisation's emissions are covered by CCAs. In this case the organisation will be completely exempted from participation in the CRC.

It should be noted that energy where CCL is charged is very likely to be in the CRC which does mean that organisations are likely to pay both CCL and CRC levies on that energy.

Energy that is used in primary domiciles (the main place where people live) is also excluded, but energy usage in hotels, halls of residences, care homes and most temporary accommodation should be included in the CRC.

CRC and green energy

To encourage the use of carbon saving measures, green energy generated on-site from renewable sources, such as wind energy, will be zero rated for CO2 emissions (unless Renewable Obligation Certificates (ROCs) are already in place or the electricity receives a Feed In Tariff).

Exemptions do not extend to grid supplied renewable energy. Many organisations now describing themselves as carbon neutral or publicising their carbon savings are able to do so because they have purchased energy from renewable sources. The government will still require emissions allowances to be purchased for this energy use, treating supplied renewable energy in the same way as the grid average.

The focus of the scheme is reducing energy consumption as a means toward carbon saving, so offers no further incentives for renewables.

The CRC does not provide additional incentives for production of renewable energy. However, the government has announced its intention to publish organisations' increase in onsite renewable generation alongside the performance league table. This creates an opportunity for organisations to gain reputational credit for their investment in on-site renewable.

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What would KPMG like to see from the CRC?

KPMG agree with the need to encourage improved disclosure of carbon footprints and support the UK government's initiatives to encourage a more energy and cost efficient public and private sector. But we also recognise the considerable challenges the CRC has presented to the 14,000 UK organisations affected by the scheme. We welcome the opportunity for further improvements to the design of the scheme, but also raise a number of notes of caution.

We set out below some of the challenges observed during the design of the scheme and the lessons learned which we hope will inform future consultation.

Challenge	Explanation	Lessons learned and possible solutions
Over consultation	The CRC is hailed as one of the most consultative pieces of legislation ever created by the UK government, having gone through four rounds of consultation to date. Whilst involving many participants, this led to several delays and postponements in the scheme start. It also led to far more complexity being added as the designers sought to meet the needs of all parties. With hindsight, the simpler original scheme design may have been easier to implement for the majority of participants.	It may be that in trying to accommodate all those who responded to the consultation, the scheme lost its original clarity and simplicity – attempts to balance the desires of many led to almost all losing out. Additionally, whilst DECC sought to engage lawyers and technical consultants, as well as a number of leading green organisations as part of a consultation panel, it is hard to see how they involved those with a wider view of business and those who were most likely to oppose the legislation. This was clearly evidenced by one major industry association who dismissed the CRC as nothing to do with them until it was highlighted to them by a consultant that this scheme would affect all of their members in a ground breaking way. This caused considerable frustration and arguments but was too late in the day for either side to gain a satisfactory outcome.
Long and complex guidance that was still being updated in August 2010	The official guide to the CRC is certainly one of the better 'manuals' published by UK regulators. The language is clear and the layout accessible. However, the guide itself lacks the detail of the 1,000 pages of further detail that lie behind it. Whilst most organisations do not need to know all of this detail, some found it difficult to identify which bits applied to them. Furthermore, guidance was issued and updated on a rolling basis, with essential clarifications being published late in August 2010, only a few weeks before the registration deadline.	The establishment of a series of "golden rules" that support the spirit and intention of the legislation may be an option to remove much of the excess guidance that attempts to be specific in all sectors and yet is unable to be specific enough to meet many actual business cases. "Less is more" may have been very applicable to the CRC guidelines. As discussed in the previous point, closer involvement with organisations that can provide sector or business overviews of likely issues would also allow prioritisation of the release of guidance to ensure the most complex problems are answered first (such as ownership structures). This would allow time for the more challenged participants to respond.

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	Explanation	Lessons learned and possible solutions
Legislation is a moving target	Many of our clients have been preparing for the CRC for more than two years. Continued changes to the legislation have led to wasted effort and eroded the desire to take action.	We, amongst others, welcome the further consultation on the CRC, but hope that this will be the last round of changes to the scheme so that participants can get on with the business of complying and performing with the CRC. Furthermore, changes to the scheme and guidance were not always communicated to participants in a timely manner. We would suggest that all new guidance be announced as soon as it is available rather than requiring a search of the website to find it.
Distraction from core purpose of the scheme	Many participants focussed on the challenges of carbon trading in the scheme rather than those activities that may provide more benefit in the short and medium term such as improving reporting, controls and investment programmes.	We observed that many of the CRC participants were too small or conservative to benefit from complex carbon trading strategies but were still more concerned with the fact that the CRC was a carbon trading scheme rather than a carbon reporting and energy efficiency scheme. The removal of carbon trading, at least in the short term, and the renaming of the scheme to the "CRC: Energy Efficiency Scheme" has helped refocus effort on getting the data correct and working to reduce the carbon footprints, thereby improving compliance and saving money.
Mixed levels of understanding amongst advisors	During the initial roll out of the CRC, many parties were issuing guidance. These ranged from DECC and the Environment Agency (EA) to industry associations, technical advisors, lawyers, accountants and peer speakers. As the CRC changed, many who thought they were up to date were not, including consultants, journalists and, on occasion, those in place to provide advice on the scheme direction – the CRC helpdesk. This led to considerable confusion, frustration and wasted energy from participants.	Whilst the EA and DECC gave considerable effort to speaking at events, publishing guidance and educating participants, it is possible that they underestimated the demand for information, with one set of EA events being oversubscribed within hours of them being announced. As discussed later, the CRC could change considerably in the next few years and could affect many more organisations. The scheme Administrators could consider a "train the trainer" approach whereby consultants, journalists and others are directly updated by the Administrators to ensure correct advice is being given.

The challenges above, as well many of the other frustrations faced by participants, may simply be the inevitable teething troubles faced during the introduction of new legislation. Few, if any, organisations want to bear additional cost and administrative burden and most will protest against such introductions. The removal of the revenue neutral status of the scheme and continued changes to the legislation have certainly not made the CRC more popular.

In the following table, we've outlined some suggestions for consideration which, based on our experience working with clients, could make the CRC more workable without the need for a major overhaul. We welcome your comment or inclusion of such ideas in any future consultation.

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Suggestion	Detail
Match CRC consolidation rules to existing and future approaches	One of the most time consuming aspects in the preparation for the CRC has been determining the organisational boundaries for reporting under the scheme. As the boundaries may be determined in a different way to existing approaches, such as financial consolidation and tax rules, this has meant a new reporting structure has had to be set up by many participants. We would strongly support matching the CRC consolidation rules to an existing, established system to simplify the structures needed. It is also very likely that there will be a mandatory obligation placed on all organisations over a certain size to report their carbon footprint in the next few years that goes beyond that required by the CRC. There is a risk that the boundaries of this reporting would be different to the CRC boundaries and we would caution against this. We recommend the government agencies developing each scheme work closely together now to avoid future problems.
Provision of clarity around future carbon pricing	Now that the CRC is operating as a retrospective levy, we would welcome advance notice of likely allowance costs as they increase. We accept that prices must go up to drive down demand but investment cases would be more certain if prices were known in the same way that landfill tax was placed on an escalator with prices being announced several years in advance.
Financial incentivisation for league table performance	We recognise both the need to boost the public finances by retaining the £1bn revenues from the CRC as well as the resulting clarification in carbon price and reduced accounting complexity resulting from the removal of the revenue recycling payments. However, a financial driver designed to encourage and reward good performance in the league table would still be a strong motivator. We suggest that any additional revenues raised through increased carbon pricing (potentially arising from the price escalator discussed above) could be made available to CRC participants in the form of a financial incentive for league table performance. To avoid the complications to investment planning and accounting caused by direct financial rewards, this financial incentive could be in the form of interest free loans for energy efficiency investments. The availability could be determined by, for example, league table performance with the best performers and those most needing additional help, having easier access to the loans. If loan repayments were repaid directly into the loans fund, a very significant capital fund could be built up for ongoing investment in energy efficiency amongst CRC participants.
Delayed payment for CRC allowances	As discussed earlier, there is potential that CRC allowances would be purchased before the evidence pack detailing the quantity purchased has been completed. This increases the likelihood of an incorrect purchase being made, much like paying for your supermarket shopping before adding up the receipt. We strongly suggest that the CRC registry system be modified to raise an invoice for allowances immediately after the summary of emissions for the CRC year have been entered by participants. We would also ask that the administrators announce as soon as possible when the payments for allowances will need to be made so that the cashflow impact can be planned for.
Ability to disaggregate any entity the parent company wishes	Currently, participants can only disaggregate entities that are large enough to be in the CRC in their own right (SGUs). This structure does not work well for organisations that manage their businesses independently – e.g. private equity, foreign investment firms and conglomerates. The concept of the parent company as the main participant was designed to simplify reporting and encourage businesses to reallocate capital investment between subsidiaries to reduce the footprint of the group as a whole in the most cost effective way. But many businesses do not work in this way in practice. Therefore, we suggest that organisations be allowed to disaggregate entities in any way they see fit, no matter their size, so long as they still remain in the scheme as participants. This would allow a more appropriate approach to participation. Precedent is already established for this because this is how central government departments participate in the scheme at present. Whilst not ideal for any party, this may be a satisfactory compromise between DECC's desire to maintain 'coverage' and a number of unusually structured businesses.

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Suggestion	Detail
Simplification of source list	A disproportionate amount of management effort is expended on gathering data for comparatively small sources of emissions, such as small remote sites, fork lift trucks and those from testing of backup generators. Whilst the deminimis rule allows these emissions sources to be omitted after the first year, they still must be measured to prove they are minor. Given the generally small nature of these residual sources, we would suggest that DECC consider providing a list of mandatory core sources which must be reported (this could be the same as the existing core source list) and then allow organisations to opt in additional sources of fixed point emissions should they wish – e.g. If organisations wish to add additional sources to match a carbon footprint they report elsewhere.
Letter of assignation for emissions	Under current rules, carbon emissions belong to the organisation that holds the energy supply contract (under most circumstances). In the case of landlord/tenant relationships, this often means the ultimate consumer of the power is not responsible for the associated carbon and league table position. This was designed to make the audit process simpler for the scheme administrators and encourage greater cooperation between landlords and tenants for energy efficiency. It would appear that this has started better dialogue between landlords and tenants but most comment that it will not drive behavioural change. We would therefore suggest that other mechanisms, like building energy certificates, be used to drive this behaviour and the scheme be altered to allow emissions to be reassigned from purchasers to consumers with mutual agreement from both parties (providing both are in the CRC). The audit process could be kept traceable through the creation of a standard, single page, "letter of assignation" which both parties include in their evidence pack. This includes both organisations' details, the site location, energy usage to be reallocated and any details on methodology for splitting up usage on multitenant sites.
Clearer guidance and a train the trainer approach	As discussed earlier, clearer guidance and adherence to a set of "golden rules" rather than trying to write guidance for every eventuality (which proved impossible) may dramatically cut the amount of guidance involved and treat participants with greater maturity. We found that, in explaining the principles and intention of the CRC, many participants were able to determine their boundaries and source list much faster than by following the guidelines. We also recommend that specific technical guidance on the CRC be provided to consultants, law firms and technical advisors to ensure a consistent message is being given. This should not be information that is charged for by consultants when disseminated but could support other work the advisor is doing. This could prevent inconsistent messages and reduce the burden on the CRC helpdesk.
Assurance and compliance certification	Many organisations are concerned about the format and nature of the audits to be conducted and are seeking external support. Some are obtaining internal or external assurance certificates from audit, technical or legal firms to provide them with greater comfort regarding compliance. It would seem a misallocation of public finances for a participant with an external assurance certificate from a reputable, qualified organisation to be audited again by the scheme administrators. We would suggest that the risk based sample selection made by the scheme administrators take external assurance certificates into account and/or assurance provided by certain, potentially accredited organisations, exempt an organisation from the need to be audited by the scheme administrators entirely.

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What could the future of the CRC look like?

The format of phase 2 of the scheme, running from April 2014 to March 2020 has been laid out in principle, but much is dependent on the early successes of the scheme and DECC have deliberately allowed flexibility. The original design of phase 2 differed from phase 1 in that:

- There would have been a finite number of CRC allowances available, with the availability each year being reduced and therefore (probably) increasing the price
- These allowances would have been sold via a sealed bid, uniform price auction, meaning not all participants would get enough allowances. Any excess or deficit would have to have been traded
- The early action metrics would be phased out entirely in 2014, making reduction in carbon footprint the only performance measure

Unofficially, there have also been many voices that expect the threshold for inclusion in the scheme to gradually come down as energy prices go up. This was because the threshold was set at a level where the costs of participation in the scheme are outweighed by the likely potential energy saving the scheme encourages. As energy prices go up, this allows the threshold to be lowered.

With the conversion to a retrospective levy supported by a league table and evidence packs, many of these differences seem less likely in the short to medium term. However, many thought leaders in carbon economics believe that a carbon levy is primarily inflationary and does not drive rapid and efficient carbon reductions in the same way that a cap and trade scheme supported by a reputational driver might.

Upcoming consultations on the CRC are likely to focus on these fundamental design challenges as much as the detail of administration of the scheme. KPMG's suggestions in the previous section largely focus on making the scheme in its existing format work better, but looking further ahead we wanted to share three possible visions of what the future may look like in 2014 or 2020:

Scenario 1: A steep price escalator supported by other incentives

The simplest scenario to envisage and possibly the one we will see in the short term, this scenario sees the government keen to raise revenues whilst keeping a clear carbon price signal in place. Integration with other low carbon schemes does not occur in a big way so the CRC continues to operate within its own restricted sphere. DECC decides to keep the scheme as is for the time being with only minor adjustments that simplify the sources to be reported in later years once evidence to demonstrate how small they are is gathered.

To provide price certainty, the government announces an independent body is to set the carbon price 5 years in advance but, to meet its wider carbon targets, it sets a steep price increase of 10% a year, pegged to energy prices so that carbon becomes relatively more expensive compared to energy. Participants are encouraged to reduce their energy bills because of rising cost and stakeholder pressure, but also through the provision of interest free loans for energy efficiency made available through a 'revenue recycled loans scheme'. Investments in energy efficiency, particularly amongst market leaders making use of funds, surge on the certainty of carbon price increases.

Entities are allowed to disaggregate into as small a participant as they wish, providing they stay in the scheme, which pacifies many complaints about a confusing league table. However the increase in numbers leads to a proliferation of smaller, industry league tables published by trade press and journalists. 'Green businesses' spend much of their time defending their league table position by explaining the good work they are doing and criticising the league table metrics if they do poorly. Boards of poor performers push their estates and sustainability teams for better performance.

After an initial soft touch approach, the scheme auditors become self funding, using the revenues raised from penalties for poor data to pay for their own activities. This forces many participants concerned about the implications of poor governance from naming and shaming to implement financial style controls and audit over their energy data.

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Scenario 2: Integration and 'simplification'

The CRC is scrapped, but Climate Change Levy (CCL) is doubled and put on an increasing escalator to achieve the carbon reductions required by government. This affects not only the 3,000 CRC participants but every organisation paying CCL. CCAs may remain, but the level of exemption (currently 65%) from CCL that CCAs grant is slowly reduced over time. Investments in energy efficiency programmes increase significantly due to clear price signals being established.

A new mandatory carbon reporting obligation is introduced that requires all organisations to disclose their carbon footprint and intensity from specified boundaries. A series of industry league tables are implemented to allow relative comparison of carbon intensity per £ revenue and potentially per output (e.g. tonnes of carbon per student). Reported data is initially very inaccurate but mandatory assurance of carbon and sustainability data, alongside financial data, is a strong future prospect.

Scenario 3: Market economics and carbon constraints

The CRC remains in 2015, but after five years of reporting participants are more accepting of the need to forecast future carbon emissions and buy carbon allowances. The scheme evolves to a full carbon trading scheme with allowances bought in advance and any excess/deficit traded between participants if desired. Most opt to trade conservatively and simply buy more allowances than they need to provide a margin for error and unexpected events. These are dumped onto the market at the end of each phase when they cannot be carried over, although a carbon floor price mechanism may prevent price crashes. Price of carbon is determined by demand and supply at initial auctions and this uncertainty restricts investment in energy efficiency to the 'safest course'.

After five years of confusing league tables, accounting for carbon within the CRC follows exactly the same approach as financial accounting. This could lead to most private equity funds and franchised businesses escaping the CRC, but international conglomerates and sister companies are still forced to participate together, requiring new consideration of investment strategies in energy efficiency.

CRC due diligence becomes commonplace during transactions so purchasers can ensure sufficient carbon allowances are transferred during the deal, or the costs for new allowances factored into the purchase price.

Lack of Government funds restricts the level of audit conducted but a system of sharing of best practice helps to encourage organisations to improve the robustness of their submitted data.

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What is KPMG doing to help its clients?

KPMG have been monitoring the CRC for nearly four years and have been an active participant in the debates over the future of the scheme. We have a dedicated CRC advisor who has specialised in the scheme for three years and provided guidance to the boards of nearly 400 of our clients. We are also a CRC participant ourselves, and have successfully taken part in a national mock CRC scheme already.

To date, we have delivered more than 60 CRC engagements, working with our clients to transfer skills and provide assurance to allow them to efficiently and effectively prepare for the CRC. These range from banks, manufacturers, infrastructure and retailers to universities, local authorities and hospitals. We believe few organisations have our ability to share best practice and learning from such a wide group of organisations.

We are also committed to the simplification of the scheme and are actively engaging with the scheme designers and regulators. This allows us to keep our clients informed as to possible changes through direct communication and following presentations at more than 50 national conferences.

We offer three core services to our CRC clients, although each is tailored to their unique needs:

- CRC critical friend – This provides clients with access to ad-hoc external support to develop in house skills by providing access to a CRC specialist who can work with them to build buy in, develop programmes and challenge their existing processes.
- CRC readiness review – Our most popular CRC service to date, this combines a mock audit of our client's preparedness for the compliance aspects of the CRC with strategic advice and challenge on their ability to efficiently comply and perform in the scheme. The output is a prioritised series of recommendations helping clients allocate scarce resource in the most effective way. We emphasise strong cooperation to aid preparedness.
- CRC assurance – This more formal service offering is designed, often in support of wider external or internal financial assurance, to provide board members with greater comfort that their organisation has met the CRC requirements and can significantly reduce the risk of financial and reputational penalties from non-compliance.

We would be happy to talk with you about your unique concerns and share what we have learned from other reviews and work in this area. Please feel free to contact us using the details on the back of this document.

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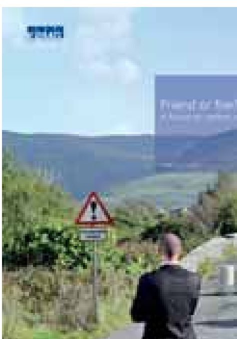
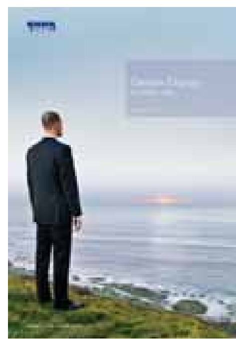
Other KPMG publications that may be useful

As the climate change debate continues and the impact of increasing carbon emissions becomes more evident, it is essential for companies to understand the risks and opportunities and more importantly to know how to manage those risks. KPMG's original thinking can help lead the way in addressing those areas of concern and can provide insight into some of the key questions that businesses may be asking.

To receive electronic copies or additional information about any of the documents below please log on to www.kpmgcarbonadvisory.com or contact your local KPMG office.

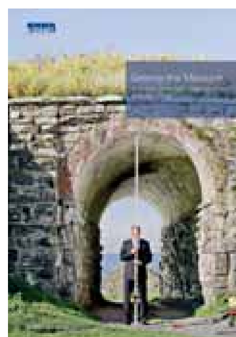


Friend or foe? – a focus on carbon offsetting
Looking at the options, benefits, risks and purchasing checklist that may be required when entering into an offsetting agreement.



Climate Change – a clearer view
A practical snapshot of the market place, providing a summary of the facts and answering some key questions an organisation might be asking. The first in a series of white papers.

Is your business ready for life in the low carbon economy?
An introduction to the range of different issues facing companies and a brief look at how these can be approached in order to reap economic benefit.



Getting the Measure
A focus on carbon measurement and reporting. Helping companies understand the requirements and processes.

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RRD-245840 | February 2011 | Printed on recycled material.