

# CCA news

*A newsletter for companies in the Climate Change Levy Discount Scheme*

## Reporting at the 4<sup>th</sup> Milestone – Dates to Remember

The 4<sup>th</sup> Milestone period ends on 30<sup>th</sup> September 2008. The timetable for reporting your 4<sup>th</sup> Milestone performance and taking appropriate actions is below. All forms will be processed in order of receipt so the earlier you report, the earlier you get your result.

Issue of Data Collection Forms	5 <sup>th</sup> September 2008
Deadline for returning completed data collection forms	7 <sup>th</sup> November 2008
Deadline for returning completed action forms	9 <sup>th</sup> January 2009

**These deadlines WILL BE adhered to so be prepared!**

### Preparing for the 4<sup>th</sup> Milestone

#### Meter Readings

On the data collection forms we ask you to provide utility meter readings for the start and end of the Milestone period. Hopefully you have already taken a reading on 1<sup>st</sup> October 2007. Don't forget to take the end reading on 30<sup>th</sup> September 2008!

#### Changes At Your Site

It is important that you let us know if any changes occur at your site. For example;

**New Site Contact** – make sure we send the Milestone 4 data collection form to the right person by letting us know as soon as there is a change of contact at your company. Remember, sites that don't report at the Milestone will lose their discount. Don't let this be the reason why!

**Transfer of Ownership** – if you have had a transfer of ownership we will need to issue new contracts. If this affects your site, please let us know as soon as possible so that the relevant paperwork is completed before Milestone 4.

**Data Changes** – all data reported to the CCL Discount Scheme should be auditable. If you find any mistakes in previous years submissions, please report them for amendment. Base year changes are especially important as they will affect your target and Milestone 4 result so need to be rectified now.

### 2008 Budget Report

The government increased the Climate Change Levy for 2008-2009 in line with inflation. The new rates which took effect on 1<sup>st</sup> April 2008 are;

Electricity:	0.456 p/kWh up from the existing rate of 0.441 p/kWh
Gas:	0.159 p/kWh up from the existing rate of 0.154 p/kWh
LPG:	1.018 p/kWh up from the existing rate of 0.985 p/kWh
Coal:	1.242 p/kWh up from the existing rate of 1.201 p/kWh

### Future of CCAs

The government announced in the October 2007 Pre-budget report to extend CCAs by another four years to 2017. Defra view this as an opportunity to update and simplify the agreements and will be asking for input from industry as to what these revised agreements should look like. The CCL discount received via the current CCAs runs out on 31<sup>st</sup> March 2013. Therefore a new agreement needs putting in place well before then so that a target can be measured and discount retained from 2013 onwards. Updating CCAs will involve a review of the current agreements taking into account the experiences of the last seven years, and look at how to include developments in wider climate change policy. A consultation document will be released by Defra later this year.

### Retain Your Back-up Documents!

It is a site's responsibility to retain copies of all production records and utility invoices for the base year and subsequent reporting years for the life of your Climate Change Agreement. You will need this back-up data if you are selected for a Defra audit and may be at risk of losing the discount if you cannot provide it. For guidance on auditing and record keeping, please refer to Information Sheet 23 which can be downloaded from the website.

### CCA Training Course

To help you prepare for the 4<sup>th</sup> Milestone we are pleased to announce a training course to be held at the Coventry Novotel in October:

7<sup>th</sup> October 2008 - CCA Basics and Reporting at the 4<sup>th</sup> Milestone  
If you would like to register for this course please complete the training course fax-back flyer or contact the CCL Helpline.

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# Compliance Options for Sites Beating Their 4<sup>th</sup> Milestone Target

## OPTION 1

**Ringfence** – if you ringfence your CO<sub>2</sub> allowances, you are keeping them for yourself and reserving the right to sell or bank them at a later date.

## OPTION 2

**Sell or Bank via the UK ETS** – surplus CO<sub>2</sub> can be sold to another company or banked for future use. In order to sell or bank you will need to have your emissions 'verified' via an audit of your Milestone data.

If you are a multi-site company and some of your sites have over-performed whilst others are going to miss their target you can use the surplus CO<sub>2</sub> (providing it has been verified) to help the under-performers meet their targets.

## OPTION 3

**Leave Your Surplus CO<sub>2</sub> to the Sector** – if you do not choose either of the above options, your surplus CO<sub>2</sub> can be left in the CCA which will help the Sector achieve the Umbrella Agreement Target. If this target is met all sites in the Agreement will automatically be re-certified.

# Compliance Options for Sites Failing Their 4<sup>th</sup> Milestone Target

## OPTION 1

**Buy CO<sub>2</sub> in the UK ETS** – a simple way of meeting your target is to buy a sufficient number of CO<sub>2</sub> allowances. If the cost of buying sufficient CO<sub>2</sub> allowances to meet your target is well below the value of another 2 years of CCL discount then this is potentially a good way to proceed. 90% of failing sites at the previous Milestones bought CO<sub>2</sub> since it was a simple and cost effective option.

## OPTION 2

**Apply Regulatory Constraints** – if you are forced to use more energy by some form of Regulation such as the Environment Agency demanding the installation of environmental abatement equipment, then you can have your target adjusted to take this extra energy into account. Ask the helpline for the CCA12 guidance note for more information. All documents must be submitted by 9<sup>th</sup> January 2009.

## OPTION 3

**Rely on the Sector Umbrella** – your site is one of many sites belonging to a Sector Agreement. If the Sector target is met then all sites in the Agreement are recertified. However, relying on the Sector target being met is HIGHLY RISKY!

Please note that product mix and output algorithms are not available at Milestones 4 or 5.

# 4<sup>th</sup> Milestone Action Forms

Your Action Form will be issued with your performance report. You MUST return your completed Action Form by the 9<sup>th</sup> January 2009 deadline to fulfil your reporting requirements and so we can report your chosen action to Defra.

**Failing Sites** - if you fail and do not return the Action Form, your site will be de-certified and you will lose the discount.

**Passing Sites** - if you pass and do not return the Action Form, your surplus CO<sub>2</sub> will be left to the sector; you will not be able to use it in the future.

Each Milestone we receive Action Forms that have been completed incorrectly. To help you complete your form correctly, please see the checklist below;

1. The completed form should be clear and easy to read.
2. If you are providing Compliance account details, ensure you state both the ETR Company ID number and the Compliance account number.
3. The Compliance account number and ETR Organisation ID number have the following formats;  
Compliance Account: GB - \_\_\_\_\_ - C  
ETR Organisation ID: G - \_\_\_\_\_ - \_\_\_\_\_  
If there is a digit missing, you have completed it incorrectly and your form cannot be processed!
4. A common mistake is to state the Trading account number instead of the Compliance account number. The Compliance account always ends in a C. Do NOT give us the Trading account number which ends in a T.
5. If you state that you have CO<sub>2</sub> in your Compliance account, make sure it is actually in the Compliance account and not your Trading account. You can transfer CO<sub>2</sub> between the two accounts when you log onto the ETR website.
6. Make sure the form has been signed and dated.

# Emissions Trading Registry – Be Prepared for Milestone 4!

1. If you already have a Compliance account with the Emissions Trading Registry make sure you can still access it with your log on and password. If you no longer have these details, contact the ETR now to get your password reset. The ETR contact number can be found on page 4 of this newsletter.
2. If you are intending to buy CO<sub>2</sub> to meet your Milestone target but do not yet have a Compliance account open then it is a good idea to open one in advance of the Milestone before the ETR's busy period.
3. If you have had a transfer of ownership and have been issued with a new TUID number, make sure that your Compliance account is linked to your new TUID number. If not, you will need to open a new one.

For details on how to open a Compliance account please see Information Sheet 32 which can be downloaded from our website.

# Carbon Reduction Commitment

## What is the Carbon Reduction Commitment?

The Carbon Reduction Commitment (CRC) announced in the Energy White Paper 2007 is a mandatory cap and trade scheme that aims to deliver carbon savings in non-energy intensive organisations, for e.g. supermarkets, hotel chains, small industrial facilities, large offices, government departments, hospitals and universities. It covers around 10% of the UK economy wide emissions, and will provide incentives for organisations to save money through energy efficiency. The scheme will need primary legislation to enter into force and as a result the earliest that it could start is 2010.

The scheme covers organisations whose total annual electricity use through half-hourly meters (HHM) (and through 70kVA metering systems in Northern Ireland) exceed 6,000MWh. This is equivalent to an annual electricity bill of about £500,000

**Most CCA Organisations will not be affected by the CRC. However, Organisations that have CCAs which include subsidiaries or have parent companies may be affected if the CCA-covered energy use does not exceed 25% of their total energy use emissions.**

## How will it work?

During the initial introductory phase (expected to last three years from January 2010) organisations will need to buy 'allowances' (emissions credits) from Government in a fixed price sale. Each organisation will need to measure and record its energy use and calculate its carbon dioxide (CO<sub>2</sub>) emissions. It will then need to surrender sufficient allowances to cover its annual emissions at the end of the year.

Organisations will be able to trade allowances with each other if they have bought too many or too few. Government will then 'recycle' the auction proceeds to participants. The monies returned to an individual organisation will depend on its emissions in 2009 and a bonus or penalty factor which will reflect how well an organisation's carbon emissions and energy management compares to the other participants.

After the three year introductory phase the allowance sale will change to a sealed bid uniform price auction that will introduce a steadily reducing cap on the amount of CO<sub>2</sub> that is allowed to be emitted.

For further information go to:

[www.defra.gov.uk/environment/climatechange/uk/business/crc/index.htm](http://www.defra.gov.uk/environment/climatechange/uk/business/crc/index.htm)

E-mail: [crc@defra.gsi.gov.uk](mailto:crc@defra.gsi.gov.uk)

# F-Gas Regulation

Fluorinated gases are powerful man made gases which contribute to global warming if emitted to the atmosphere. Since 1990 they have been used as a replacement for Ozone Depleting Substances (ODS) which damage the Earth's ozone layer.

The F-Gas Regulation came into force in July 2007 and aims to reduce F-Gas emissions through various means such as leak testing, record keeping and handling qualifications. The Ozone Regulation has been in force since 2000 and HCFCs (e.g. R22) are still being phased out under this Regulation. Your site may have obligations under both Regulations.

## What are F-Gases?

**HFCs** Hydrofluorocarbons - Commonly used in refrigeration and air-conditioning equipment and heat pumps in industry. Also used in aerosols, insulating foam, solvents and fire protection.

**PFCs** Perfluorocarbons - Used in semi-conductor manufacture.

**SF6** Sulphur hexafluoride - Used in high voltage switch gear and magnesium smelting processes.

## What are ODS?

**HCFCs** Hydrochlorofluorocarbons - Still widely used in industry for refrigeration and building air-conditioning.

## F-Gas Legal Obligations

It is the responsibility of the 'operator' to meet the legal obligations of the Regulations. The operator is defined as, *'the natural or legal person exercising actual power over the technical functioning of the equipment and systems covered by this Regulation.'*

## Obligations cover the following areas:

- Leak Checks
- Recovery of gases
- Record keeping
- Training
- Labelling

Further information about these requirements can be found in Information Sheets published by F-Gas Support – see below.

## Important Dates

**July 2007** - Leak testing for systems above 3kg, refrigerant recovery from all systems, record keeping, use of qualified staff.

**1<sup>st</sup> April 2008** - Standard labels stating the amount and type of F-Gas contained must be fitted to all new equipment.

**1<sup>st</sup> January 2010** - Phase out of virgin HCFC use.

**1<sup>st</sup> January 2015** - Phase out of recycled HCFC use.

## F-Gas Support

F-Gas Support is a government funded team set up to help organisations understand their obligations and promote compliance with the EU F-Gas and ODS Regulations. If you think you might be affected and require further information, please see the F-Gas website at [www.defra.gov.uk/fgas](http://www.defra.gov.uk/fgas) or contact the F-Gas Support helpline on 0161 874 3663 or email [fgas-support@enviros.com](mailto:fgas-support@enviros.com).

**F-GAS**

SUPPORT

Promoting Compliance with F Gas and Ozone Regulations

September 2008	October 2008	November 2008	December 2008
Milestone 4 (CCL Year 9)	(CCL Year 10)	(CCL Year 10)	(CCL Year 10)
<b>5<sup>th</sup> September</b> Enviros issue Data Collection Forms for the 4 <sup>th</sup> Milestone Year  <b>30<sup>th</sup> September</b> End of the 4 <sup>th</sup> Milestone Period/CCL Year 9	<b>1<sup>st</sup> October</b> Start of CCL Year 10  <b>7<sup>th</sup> October</b> Training Course CCA Basics and Reporting at the 4 <sup>th</sup> Milestone to be held at the Novotel, Coventry  Submission of completed 4 <sup>th</sup> Milestone Year Data Collection Forms	<b>7<sup>th</sup> November</b> Deadline for Return of Completed Data Collection Forms  Enviros issue 4 <sup>th</sup> Milestone Year Feedback Reports and Action Forms	Submission of Completed Action Forms required
January 2009	February 2009	April 2009	October 2009
(CCL Year 10)	(CCL Year 10)	(CCL Year 10)	Milestone 5 (CCL Year 11)
<b>9<sup>th</sup> January</b> Deadline for receipt of completed 4 <sup>th</sup> Milestone Year Actions Forms and Regulatory Constraint documentation	<b>1<sup>st</sup> February</b> Enviros report 4 <sup>th</sup> Milestone Year results to Defra and Sector result is calculated	<b>1<sup>st</sup> April</b> Recertification of Sites that met 4 <sup>th</sup> Milestone target	<b>1<sup>st</sup> October</b> Start of CCL Year 11!

The CCL Discount Scheme is administered by Enviros on behalf of:



List of Current Information Sheets	
No.	Information Sheet Title
1	Details of the Climate Change Levy
2	Eligibility Rules
3	Targets and Milestones
4	Trade Association Lists
5	Contracts in Your CCA
6	Reporting Requirements
7	Qualitative Requirements
10	Administration Charges
11	Combined Heat and Power
12	Sources of Energy
15	Guide to Calculating Energy
17	Completing Supplier Certificates
18	A Guide to Enhanced Capital Allowances
19	Updating Customs and Excise Forms PP10 and PP11
23	Government Requirements for Data Collection and Auditing
26	Funding from Action Energy for Energy Audits
28	Trading CO <sub>2</sub> Allowances in the Emissions Trading Scheme
32	Opening a Compliance Account in the UK ETS
33	Purchasing CO <sub>2</sub> Allowances
34	Obtaining CO <sub>2</sub> Allowances from DEFRA
36	Changing Currency
37	Metering Requirements
42	Options for Sites with Absolute Targets
44	Claiming back lost CCL Discount
53	Options for Sites that beat the 4 <sup>th</sup> Milestone Target
54	Options for Sites that fail the 4 <sup>th</sup> Milestone Target
55	Group Verification of Emissions
56	Guide to calculating Milestone 4 Carbon Trading Status

## Useful Contact Details

Contact	Telephone Number	Website
CCL Help Line	0161 874 3668	www.ccleavy.com
DEFRA CCA Team		www.defra.gov.uk/environment/climatechange/uk/business/ccl
HM Revenue & Customs	0845 010 9000	http://www.hmrc.gov.uk/
The Carbon Trust	0800 085 2005	www.thecarbontrust.co.uk
Enhanced Capital Allowances		www.eca.gov.uk
Emissions Trading Registry	020 7238 4713	www.defra.gov.uk/etr
Enviros	0161 874 3600	www.enviros.com

## CCL Discount Scheme

P.O. Box 253, Salford M50 3XS

Tel: 0161 874 3668 Fax: 0161 848 0181

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