



# CRC Energy Efficiency Scheme

## Charging Schemes and Guidance document

Charges for 2010/11

Revised issue Sept 2010

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## 1 SECTION 1: INTRODUCTION

### 1.1 Purpose of this document

The purpose of this document is to provide guidance on CRC Energy Efficiency Scheme charges.

**Section 2** details charges for all UK organisations that participate in the CRC Energy Efficiency scheme (including those required to register, but are exempt) and any persons wishing to open a third party account.

**Section 3** of this document explains the methods of payment for each of the three UK administrators:

- Environment Agency (EA) - in respect of England and Wales
- Northern Ireland Environment Agency (NIEA) – in respect of Northern Ireland
- Scottish Environment Protection Agency (SEPA) – in respect of Scotland

**Section 4** provides the legal scheme. We are required to publish this but you do not need to refer to it.

This document should be read in conjunction with the CRC Energy Efficiency guidance documents available on the Environment Agency's website at [www.environment-agency.gov.uk/crc](http://www.environment-agency.gov.uk/crc)

### 1.2 The CRC Energy Efficiency scheme

This is a new mandatory energy efficiency scheme for the UK that aims to reduce carbon dioxide (CO<sub>2</sub>) emissions.

Organisations required to participate must monitor their energy use and purchase allowances, for each tonne of CO<sub>2</sub> they emit that falls within the scheme. The more CO<sub>2</sub> an organisation emits, the more allowances it must purchase. This will provide an incentive for organisations to reduce their energy use.

2010/11 is the first year of the scheme, and participating organisations must monitor their energy use during this year.

Certain aspects of the scheme are administered solely by the EA, such as processing registrations, operating the on-line registry, compiling the achievement and performance tables and selling allowances for the whole of the UK. All 3 administrators (EA, SEPA and NIEA) are responsible for auditing, and enforcement as a result of non-compliance in their respective countries.

### 1.3 The legislation

The charges contained in this guidance are made under two separate pieces of legislation:

Charges for registrations, annual subsistence and changes of representative are provided under Part 11 of the CRC Energy Efficiency Scheme Order 2010. Under this Order the three UK administrators are given the powers to revise these charges when required. However, we may only do so after consultation with stakeholders, the Secretary of State, the Scottish Ministers, the Welsh Ministers and the Northern Ireland departments. Final approval must then be sought from the Secretary of State.

We anticipate that forthcoming regulations under the Finance Act 2008 will allow the EA to include charges to cover administrative costs in relation to allocating allowances under the fixed price sale and safety valve. When this legislation is laid we intend to charge in accordance with the fees set out in the government's public consultation (and response) document. These charges are included under sections 2 and 3 of this guidance for completeness, but will not be incurred until the financial year 2011/12.

## **2 SECTION 2: GUIDANCE**

### **2.1 Types of charges**

The following different charges are explained in this section:

- Registration for participants (including those holding a Climate Change Agreement)
- Registration to open a third party (or trading) account
- Annual subsistence for participants
- Annual subsistence for third party account holders
- Change of representative charge
- Fixed price sale administration charge
- Safety valve administration charges

### **2.2 Registration charge**

A single charge of £950 applies where you need to register as a new participant.

If you are exempt from the scheme because you hold a Climate Change Agreement you will still need to register and pay this charge.

The charge covers a range of activities carried out by the Environment Agency, including:

- provision of registration guidance / instructions
- registration helpdesk
- processing registration payments
- registration auditing
- identity and 'due diligence' checks for your organisation, contacts and representatives
- some system costs (for maintenance and hosting)
- communication with participants, DECC and the other UK administrators

### **2.3 Registration charge for opening a third party account**

You may open a third party account as a non-participant. The charge for opening each account is £285.

Large or complex participants may also wish to open third party accounts. You may open these in addition to your compliance account, but you will not be able to surrender allowances, or buy via the fixed price sale, from them.

The charge covers broadly the same areas of work as the participants' registration charge – with the exception of auditing which is not included. Furthermore the proportion of costs picked up by non-participants for each activity is less than for participants.

### **2.4 Annual subsistence charge for participants**

A charge of £1,290 is payable on 1 April in each year you are a participant. If you are exempt from the scheme because you hold a Climate Change Agreement you will not need to pay this charge. If only part of your organisation is exempt this charge is payable in full.

The charge covers the financial year (and annual reporting year) ahead. In the first year of the scheme however we will not invoice you for this charge until after registering your organisation. For the financial year 2010/11 only, we intend to issue bills to all participants between October and December 2010 for the reporting year 2010/11.

This charge is a single charge per participant. It is not adjusted if you join or leave the scheme part way through any one year.

The charge covers the work that the three administrators must undertake, and includes:

- dealing with enquiries and helpdesk
- administrative changes to accounts
- IT system maintenance and hosting
- compliance audits, visits and tracking
- receipt of evidence packs
- Government Gateway costs
- communication with participants, UK administrators and DECC
- administration costs, including annual billing

## **2.5 Annual subsistence charge for third party account holders**

A charge of £390 is payable in each year you hold an account. We will send you an invoice for this around 1 April each year. The charge covers the financial year ahead. It is a single charge per account and is not adjusted if you have the account for only part of the year.

In the first year of the scheme, due to the registration process, we may not issue your bill until October to December 2010 for the reporting year 2010/11.

The charge covers broadly the same areas of work as the participants' subsistence charge without costs relating to compliance activities (e.g. auditing).

## **2.6 Change of representative charge**

If you wish to change one of your account representatives you will incur a charge of £70 for each individual to be changed. This charge covers our work in verifying the identity of the new individual, through correspondence with either the senior officer or primary and secondary contacts.

The registration charges (in paragraphs 2.2 and 2.3 above) include your initial identity verification checks. Therefore, this charge only applies if you wish to change your representatives following registration.

No charges are incurred if you wish to change the Senior Officer or other contacts.

## **2.7 Fixed price sale administration charge**

When you purchase allowances through the fixed price sale, you will have a charge of £10 added to the cost to cover our administration costs (in ensuring payments are cleared, and allowances are transferred into your account).

This charge is not applicable until the first sale in April 2011 and is only required if allowances are bought in the Government sale.

## **2.8 Safety valve (SV) administration charges**

EA administration charges, and brokerage fees are incurred where you wish to purchase SV allowances.

If you request the purchase of SV allowances we will initially ask you to pay an amount of collateral representing an estimate of the final cost of the EU allowances.

On payment of this we can proceed to buy your allowances on your behalf. Unlike our other charges, payment must be made by BACS or CHAPS. Once the allowances have been purchased, we will email you to confirm the final cost of the allowances, the brokerage fees, and a £300 administration charge. The £300 charge covers our administrative costs in seeking best quotes from brokers, processing collateral payments and balances, and transferring allowances.

If your collateral payment was not sufficient to cover the total costs we will inform you of the amount you owe us. We cannot transfer SV allowances into your account until we receive the balance in full. If your collateral payment exceeded the final cost, we will transfer your SV allowances and refund the difference to your account.

### 3 SECTION 3: PAYMENT OF CHARGES

#### 3.1 Method and terms of payment

This section provides details of how to pay charges, and where to send payments. It also deals with the procedure for withdrawing any registration or application, and the action that is taken on non-payment of charges.

#### 3.2 Charges for registering, changing your account representative, fixed price sale and SV administration charges

These charges are paid to the EA, and are due in advance.

You will be able to choose your payment method via the CRC on-line system. You may pay by credit and debit card, or BACS/CHAPS, unless you are paying for fixed price sale, or SV administration charges in which case we are only able to accept a BACS/CHAPS transfer.

If you wish to pay by credit or debit card, the on-line system will take you to an external secure site where your payment details will be taken. There are no debit or credit card fees taken by the EA. You will receive an electronic receipt when the transaction is successful.

If you chose to pay by BACS or CHAPS, the system will provide you with a Unique Identifier. You must pass this identifier to your payments department, and request that they quote it on the transaction. Without this it will not be possible to link the payment to the relevant account.

BACS payments should be made to the following account:

*Barclays Bank Plc, 15 Queen Square, Bristol, BS1 4NP  
IBAN: GB42 BARC 2013 4220 7446 46  
SWIFTBIC: BARCGB22  
Account number: 20744646 Sort code: 20-13-42*

If you need to contact us please email us at [CRCHELP@environment-agency.gov.uk](mailto:CRCHELP@environment-agency.gov.uk) with the words 'Payment Query' in the subject line.

#### 3.3 Annual subsistence charges

##### 3.3.1 Annual subsistence for participants

These charges are paid to the administrator (EA, NIEA or SEPA) responsible for auditing your organisation.

In the financial year 2010/11 we intend to issue annual subsistence invoices between October and December 2010 (due to the registration process) however in subsequent years it will be in April of each year. The invoice will provide full details on how to pay. It will be sent to the 'invoice contact' as supplied by you as part of the registration process. Charges are payable on receipt of the invoice, and should be sent to one of the following addresses - according to which administrator is appropriate:

*For England and Wales:*

*Environment Agency, Aqua House, PO Box 263, Peterborough, PE2 8YE  
Tel: (0845) 6070330*

*The account details for BACS/CHAPS payments is given in paragraph  
3.2 above*

For Northern Ireland:

Northern Ireland Environment Agency, Goodwood House, 44 - 58 May Street, Belfast, BT1 4NN  
Tel : 08456713133

*Payment can be made by BACS/CHAPS to:  
Northern Bank, 8 Donegal Sq North, Belfast, BT1 6JA  
Account Details: Sort Code 95-01- 21; Account No. 51063634*

For Scotland:

Scottish Environment Protection Agency, Erskine Court, Castle Business Park, Stirling, FK9 4TR  
Tel (01738) 448419

*Payment can be made, by BACS/CHAPS to:  
Royal Bank of Scotland, 31 North Bridge, Edinburgh, EH1 1SF  
Account Details: Sort Code 83-34-00; Account No. 00137187*

### **3.3.2 Annual subsistence for third party account holders**

These charges are paid to the EA. We will send you an invoice in April each year to cover the financial year ahead. The invoice will provide full details on how to pay. It will be sent to the 'invoice contact' as supplied by you as part of the registration process. Charges are payable on receipt of the invoice, and should be sent to the address shown in 3.3.1 above.

### **3.4 Value Added Tax**

No VAT will be added to any charges payable to the EA, SEPA or NIEA.

In accordance with current HM Treasury rules, there is no VAT payable on fixed price sale or SV allowances purchased through the Environment Agency. This situation is subject to change however and this document should not be relied on for the latest tax rulings.

### **3.5 Withdrawn applications**

If you withdraw a registration (or request for a change of representative) we reserve the right to retain any charge in full without refund. We may make a refund however where we have not undertaken any significant work in respect of the charge.

If you register and we subsequently discover that you were not required to, you will not be entitled to a refund.

### **3.6 Non-payment of charges**

Requests for registration, or change of representative, which are not accompanied by the appropriate fee will not be processed. If the payment submitted is insufficient we will advise you accordingly and ask you to pay the balance. We will be unable to complete registration if there is any part of the fee outstanding.

**SECTION 4:**

**THE CRC ENERGY EFFICIENCY SCHEME ORDER 2010, ARTICLE 83(1)(A)**

**CRC Energy Efficiency Scheme Charges**

**Version 1**

This document is version 1 of the CRC Energy Efficiency Scheme Charges referred to in Article 83(1)(a) of the CRC Energy Efficiency Scheme Order 2010 SI No. 768 (“the Order”). The charges set out in this document were published in the document “Consultation on the draft Order to implement the Carbon Reduction Commitment, Government Response and Policy decisions” published on 7<sup>th</sup> October 2009. These charges have been approved by the Secretary of State, following consultation with the Scottish Ministers, the Welsh Ministers and the Department of the Environment of Northern Ireland.

**Commencement and citation**

1. This document shall –
  - (a) be known as version 1 of the CRC Energy Efficiency Scheme Charges (“the Scheme”);
  - (b) come into force on 1st April 2010; and
  - (c) remain in force until revoked.

**Interpretation**

2. Unless otherwise specified, words and expressions used in this Scheme have the same meaning as those used in the Order.

**Charges**

3. The following charges apply to the following chargeable activities -
  - (a) the charge for registration as a participant is £950;
  - (b) the charge for maintaining a participant is –
    - (i) in relation to each year of a phase where it is a participant £1290;
    - (ii) in relation to each request to change an account representative £70;
  - (c) the charge for establishing an account other than a compliance account is £285;
  - (d) the charge for maintaining an account other than a compliance account is -
    - (i) in relation to each year of a phase where it is required is £390;
    - (ii) in relation to each request to change an account representative £70.

**Liability to pay charges**

4. The persons set out below are liable to pay charges under this Scheme –
  - (a) in respect of charges arising under paragraphs 3(a) and (c), the person making an application for registration or to establish an account;
  - (b) in respect of charges arising under paragraphs 3(b) and (d), the person who is registered as a participant or as the holder of an account other than a compliance account.

**Time of Payment**

5. Charges payable under this Scheme are due and payable in full at the following times on or after 1st April 2010 -

(a) in respect of charges arising under paragraphs 3(a), 3(b)(ii), 3(c) and 3(d)(ii) on the making of the application in question;

(b) in respect of charges arising under paragraphs 3(b)(i) and (d)(i), annually on demand in each period of 12 months commencing on 1 April.