



## STOP PRESS: CARBON REDUCTION COMMITMENT UPDATE

You may recall we contacted you back in May with some information about the Carbon Reduction Commitment which is due to come into effect in April 2010 and which is going to make participant organisations record and report upon their energy usage and in many cases to buy allowances in respect of each tonne of carbon dioxide emitted.

This is an update to let you know that the Government's response on the consultation has just been issued by the Department of Energy and Climate Change and whilst we are considering this in detail, some of the headlines from the response are:

- The scheme will now be known as the CRC Energy Efficiency Scheme to emphasise the primary focus of the Order
- The first year of the scheme (2010/2011) will now be a monitoring year only and it will not be necessary to buy allowances for this year. This will avoid the 'double whammy' which was going to arise under the earlier draft.
- Greater credit for early action taken to reduce or monitor energy consumption will be given in assessing performance over the first two years of the scheme.

- Whilst the principle of groups of companies being treated as a single organisation remains, in some circumstances large subsidiaries (so called 'Significant Group Undertakings') which would qualify for the CRC in their own right, will have the right to elect to participate separately from the remainder of the group rather than being aggregated

- There are going to be generic obligations on tenants to cooperate with their landlords to enable them to comply with the CRC but the regulations will not provide for costs to be apportioned and this will remain a matter for commercial agreement

- A separate league is planned to give reputational credit for on site renewable energy consumption

- Onsite renewable electricity claiming ROCs or FITs will be treated as grid electricity.

There are a number of other issues raised by the response upon which we will report shortly and we will consider what these may mean for the way in which property owners and occupiers will need to cooperate together in the future.

For now, if you wish to see our earlier bulletins again you can access these below:

- Carbon Reduction Commitment - Will it apply to you?
- Carbon Reduction Commitment Property Supplement
- Carbon Reduction Commitment Corporate Supplement

**This Bulletin aims to update you on legal issues of concern or interest. It is not a substitute for taking specialist advice in individual cases. For more information about these or any other issues please contact:**

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