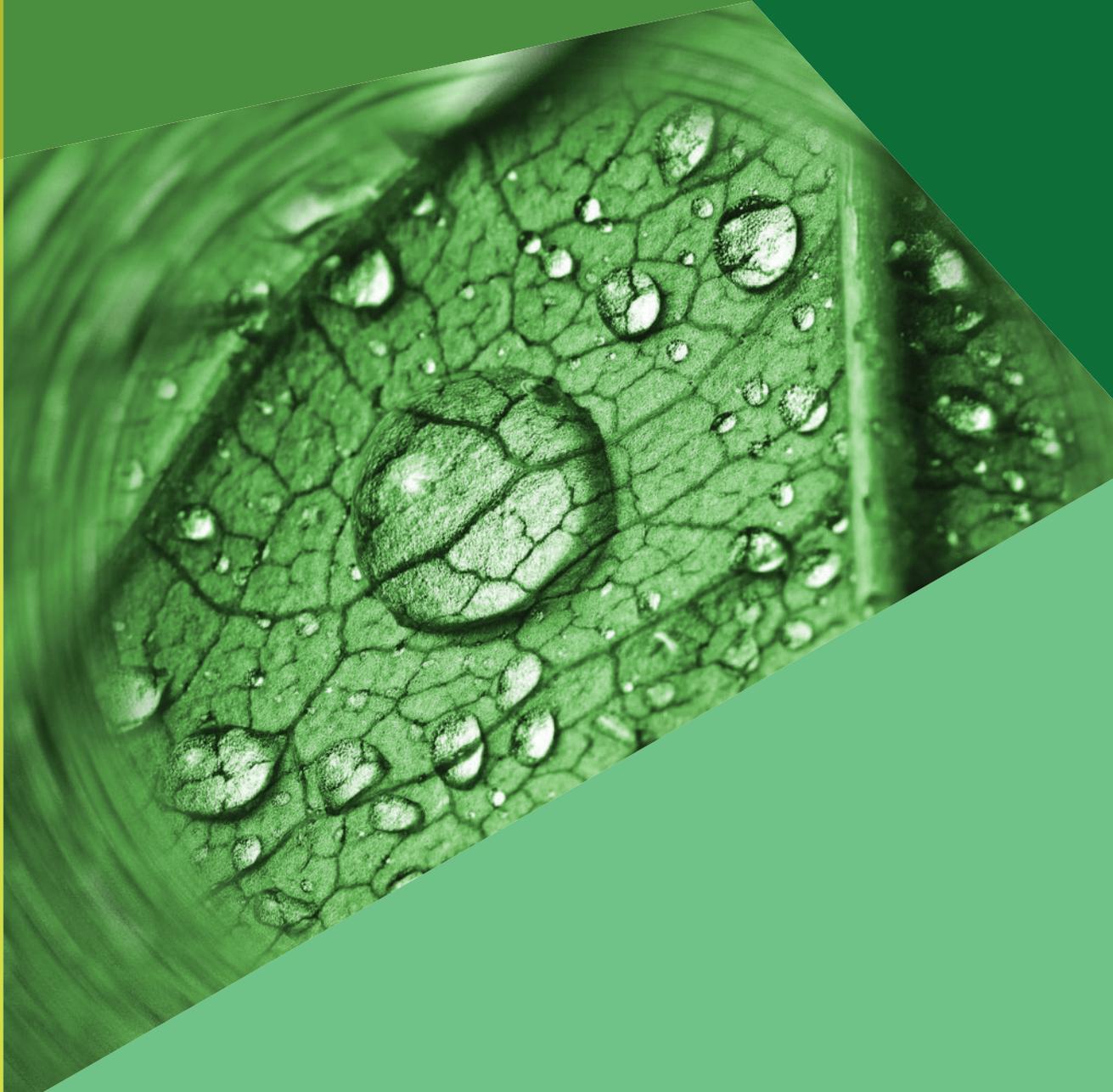


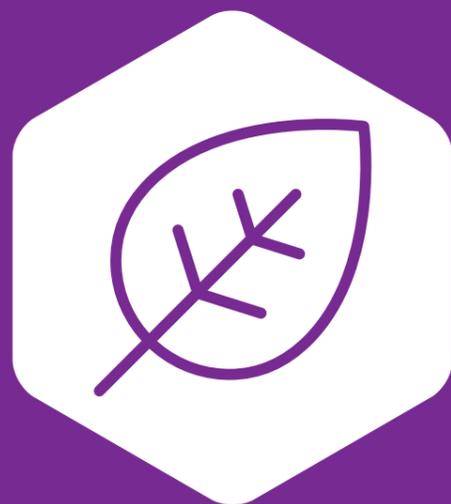
Your essential guide to:

# The UK Clean Growth Strategy



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## OVERVIEW

In October 2017, UK Government revealed its Clean Growth Strategy – a broad-reaching document aimed at cutting carbon emissions while keeping costs down for consumers, creating good jobs and growing the economy.

The Clean Growth Strategy sets out proposals across the whole of the economy, with focus areas that include: clean, smart energy; business and industry; transport; energy in commercial and industrial buildings; and energy efficiency in the public sector.

This guide looks at the key statements made about each of the primary focus areas, breaking down into digestible chunks the changes which we can expect to see across our UK economy and examining what this may mean for businesses.

We've also included a quick guide to the Streamlined Energy and Carbon Reporting proposals, along with a look at what will happen to existing reporting schemes.

If you have any questions about how the information contained in this guide will affect your business and the way you use energy, please get in touch. Our expert team will be happy to help.

## CLEAN, SMART ENERGY

Our nation's clean energy evolution has been moving forward in leaps and strides over recent years: in 2016, 47% of UK electricity came from low carbon sources. Alongside this, the power sector has lowered emissions by 40% since 1990; a success achieved by switching from coal to gas and renewables, with biomass also playing an important role in the transition.

### The rise and rise of 'clean power'

On 21 April 2017, a tangible demonstration of how far we have come was delivered in the form of our first zero-coal day – a full 24 hours in which the UK used no coal at all.

'Clean power' continues to displace fossil fuels, having grown by 63% over the past 10 years. Reductions in the cost of low-carbon and energy efficiency technologies have helped to drive the transition to clean power during this period. Renewable power sources like solar and wind are now comparable in cost to coal and gas; solar photovoltaic modules are now almost 80% cheaper; LED lightbulbs are over 80% cheaper and batteries for electric vehicles (EVs) are over 70% cheaper.

This progress has meant that the UK has outperformed the target emissions reductions of its first carbon budget (2008 to 2012) by 1%, and our Government estimates that we will outperform against our second and third budgets, covering the years 2013 to 2022, by almost 5% and 4% respectively.

However, the new Clean Growth Strategy recognises that if we are to continue this winning trend and ensure the stability of our energy system in the future, further action and investment is needed – particularly into the delivery of clean, smart, flexible power.



The use of clean power has grown by **63%** in the past **10 years**.

### Clean, smart power - what is being proposed?

The Clean Growth Strategy sets out the targets for Government funding for the first time. 10% of the £2.5 billion allocated to low carbon innovation will be ploughed into the development of smart systems.

In addition to this Government funding, Ofgem is making up to £720 million of regulated expenditure available to gas and electricity network companies in Great Britain, to support smarter, more flexible, efficient, and resilient networks.

The overarching ambition is to create a diverse electricity system that supplies our homes and businesses with secure, affordable and clean power. To do this, we as a nation must develop low carbon sources of electricity that are both cheap and clean, taking into account wider system impacts for all sources of generation. The Clean Growth Strategy recognised that it also means upgrading our electricity system so it is:

#### Smarter

(using data to provide greater control)

#### More flexible

(providing energy when it is needed)

Able to take advantage of rapidly developing technologies such as energy storage.

## Clean, smart energy - the plans:

Government plans include reducing power costs for households and businesses by:

- Implementing the smart systems plan, which will help consumers to use energy more flexibly and could unlock savings of up to £40 billion by 2050
- Working with Ofgem and National Grid to create a more independent system operator, to keep bills low through greater competition, coordination and innovation across the system
- Responding to the forthcoming independent review into the cost of energy led by Professor Dieter Helm CBE
- Publishing a draft bill to require Ofgem to impose a cap on standard variable and default tariffs across the whole market
- Phasing out the use of unabated coal to produce electricity by 2025
- Delivering new nuclear power through Hinkley Point C and progress discussions with developers to secure a competitive price for future projects in the pipeline



- Improving the route to market for renewable technologies (such as offshore wind) through:
  - Up to £557 million for further Pot 2 Contract for Difference auctions, with the next ones planned for spring 2019
  - Working with industry as it develops an ambitious Sector Deal for offshore wind, which could result in 10 gigawatts of new capacity, with the opportunity for additional deployment if this is cost-effective, built in the 2020s
- Targeting a total carbon price in the power sector which will give businesses greater clarity on the total price they will pay for each tonne of emissions
- Investing around £900 million of public funds, including:
  - £265 million in smart systems to reduce the cost of electricity storage, advance innovative demand response technologies and develop new ways of balancing the grid
  - £460 million in nuclear to support work in areas including future nuclear fuels, new nuclear manufacturing techniques, recycling and reprocessing, and advanced reactor design
  - £177 million to further reduce the cost of renewables, including innovation in offshore wind turbine blade technology and foundations.

## BUSINESS AND INDUSTRY

The strategy will have a significant impact on UK Business and Industry – requiring action while offering investment and creating both challenges and opportunities along the way. The overarching aim is to deliver the Government's carbon targets and ensure security of supply at a minimum cost to industry and domestic customers.

It's easy to see why Business and Industry forms such an important part of the carbon reduction puzzle: here in the UK, one quarter of all carbon emissions come from this area, while just under a third of emissions come from heating in buildings and industry. That's why 6% of the £2.5 billion Government funding for the Clean Growth Strategy will be targeted at Business and Industry; nurturing innovation in low carbon technologies, processes and systems that are as affordable as possible.



Keeping up the good work: between 1990 and 2015, greenhouse gas emissions from Business and Industry in the UK fell by 47%.

Whilst this has in part been driven by a shift in economic structure from manufacturing to services, it nonetheless represents a strong trend, which can be built upon through more efficient use of energy and innovation in energy storage.

Under the new policies set out by the Clean Growth Strategy, emissions from Business and Industry could be as low as 83Mt by 2030.

## Business and industry – what is being proposed?

In brief, the UK Government plans to invest around £162 million of public funds in research and innovation in energy, resource and process efficiency, including up to £20 million to:

- Boost business energy efficiency
- Encourage switching to lower carbon fuels, such as biomass, up to 2030
- Support innovative energy technologies and processes, including CCUS, with £14 million of further investment through the Energy Entrepreneurs Fund.

## Business and Industry – the opportunity

Business and Industry could save £6 billion by 2030 through:

- Investing in cost-effective energy efficiency technologies
- Fitting better insulation and smarter energy controls
- Eliminating energy waste by using better lighting and energy management systems.

Cutting emissions in Business and Industry can benefit us all through cleaner air and reduced energy bills – in turn improving the UK's productivity. An additional benefit of the innovation and investment required to drive these emissions down is the creation of more jobs and more export opportunities.

## DID YOU KNOW...

Each tonne of steel produced in the UK requires 40% less energy to produce than 40 years ago.

## Business and Industry – the plans

The UK Government has identified key policies and proposals to drive Business and Industry emissions down throughout the next decade. Key to this is the development of a package of measures to support businesses to improve their energy productivity by at least 20% by 2030. Measures include:

- Improving the energy efficiency of new and existing commercial buildings
- Consulting on raising minimum energy efficiency standards (MEES) for rented commercial buildings
- Simplifying the requirements for businesses to measure and report on energy use, to help them identify where they can cut bills
- Establishing an Industrial Energy Efficiency scheme to help large companies install measures to cut their energy use and bills
- Publishing joint industrial decarbonisation and energy efficiency action plans with seven of the most energy intensive industrial sectors
- Demonstrating international leadership in carbon capture usage and storage (CCUS), by collaborating with our global partners and investing up to £100 million in leading-edge CCUS and industrial innovation to drive down costs
- Working in partnership with industry, through a new CCUS Council, to put us on a path to meet our ambition of having the option of deploying CCUS at scale in the UK, and to maximise its industrial opportunity

- Developing a strategic approach to greenhouse gas removal technologies, building on the Government's programme of research and development and addressing the barriers to their long-term deployment
- Phasing out the installation of high carbon forms of fossil fuel heating in new and existing businesses off the gas grid during the 2020s, starting with new build
- Supporting the recycling of heat produced in industrial processes, to reduce business energy bills and benefit local communities.

## Business and Industry – Energy Intensive Industries

Alongside cross-sector innovation and investment, the Clean Growth Strategy focuses particularly on the challenge of finding alternatives to industrial fuels (which are energy intensive to produce) without increasing cost or reducing performance.

The Clean Growth Strategy also raises the issue of the extra attention that will need to be given to our nation's most energy intensive industries. These industries are already the focus of the Government's Industrial Decarbonisation and Energy Efficiency Roadmaps to 2050.

The industries covered by the summary document of the Industrial Decarbonisation and Energy Efficiency Action Plans, which are central to the Clean Growth Strategy, are Cement; Ceramics; Chemicals; Food and drink; Glass; Oil and refining; Pulp and paper; Iron and steel

## Business and Industry – CCUS

The Clean Growth Strategy lays the groundwork for a major decision facing UK Government, which poses one of the biggest future energy challenges: how to work with industry to make Carbon Capture Usage and Storage (CCUS) a viable future option.

The BEIS Innovation Programme will invest £100 million in industrial decarbonisation and CCUS, a technology which the Committee on Climate Change believes to be vital to meeting the obligations of the Paris Agreement.



## TRANSPORT

The Clean Growth Strategy begins to lay out policies intended to nurture and accelerate the rollout of low carbon vehicles: fleet operators of cars, vans and Heavy Goods Vehicles (HGVs) will be incentivised to make the transition to ultra-low and zero emissions vehicles. HGV platoons will be trialled to assess the potential fuel and emissions savings, and there will also be acceleration of the activity needed to enable cost-effective low carbon rail alternatives for freight – with last-mile zero carbon deliveries.

The transport transformation will provide both a challenge and an opportunity for industry. Businesses and their supply chains will face greater scrutiny but will also be rewarded for lowering carbon emissions. Investment will be required in vehicles and charge points but making the switch will deliver both short- and long-term rewards.

Under the new Government plans, investment will be made in the technology required to support this transport transformation; to improve electric vehicle (EV) and battery technology and bring down their costs, and to advance fuel technology for HGVs.

Energy flexibility will be vital to the success of electric vehicles, and investment will also be made to support innovation in energy storage, demand side response and other smart energy technologies, including up to £20 million for vehicle-to-grid products and services.

The UK is already a global leader in low carbon transport. Automotive engine technology has helped reduce emissions by up to 16% per kilometre driven, and driving a new car bought in 2015 will save up to £200 on annual fuel costs, compared to driving a car bought new in 2000.

Accelerating the rollout of low emission vehicles offers a triple win for the UK in terms of industrial opportunity, cleaner air and lower greenhouse gas emissions.

### Transport – what is being proposed?

24% of UK emissions come from transport. While the sector is witnessing a rapid shift to clean technology, many of the gains are offset by an increase in the number of vehicles on UK roads. The Government is keen to meet ambitious targets: ending the sale of all new conventional petrol and diesel cars and vans by 2040 and working towards its Fifth Carbon Budget commitments by ensuring almost every car and van is zero emissions by 2050.

There are challenges to overcome. We need innovation in batteries to extend their range and lifetime, bring down their cost, and ensure they can be disposed of sustainably. Additionally, new methods for charging are needed to make EVs easier to use, including super-fast charge points and wireless and dynamic charging.

Between 1990 and 2015, transport emissions in the UK fell by 2%, and now change is accelerating - between 2011 and 2016, the number of electric vehicles on the road globally increased thirty-fold.

Under the Clean Growth Strategy, investment areas will include:

- Electric vehicle and battery technology
- Charging and grid support
- Advanced fuels
- Zero emissions HGVs
- HGV platoons
- Autonomous vehicles

More than a third (33%) of the Government's £25 billion low carbon investment is targeted at transport.

The Government expects to invest around £841 million out to 2021 in innovation in low carbon transport technology and fuels, primarily through programmes run by the Department for Transport (DfT), the Office for Low Emission Vehicles (OLEV), the Research Councils, Innovate UK and Business Energy & Industrial Strategy (BEIS).



## Transport - the opportunity

Low carbon transport provides businesses with an option for lowering carbon emissions in organisational and mandatory reporting.

The Clean Growth Strategy has the potential to lower costs of vehicle fleets, with grants to assist upfront investment in low carbon fleets and lower long-term running costs due to more efficient vehicles.

Greater export opportunities will exist for the automotive sector – low emissions vehicle exports are already worth an estimated £2.5 billion.

There will be a new opportunity for energy cost savings and creation of revenue through smart charging points – enabling businesses to use fleets to unlock flexibility and participate in demand side response.

## EVs - driving the energy evolution

Globally, sales of EVs are expected to be five times higher in 2020 compared to 2015, and to take a rapidly increasing share of the market in an industry whose revenue in 2016 was more than \$2 trillion.

Hybrid and ultra-low emission vehicles (ULEVs), such as electric and hydrogen fuel cell cars, accounted for a record 5.5% of UK sales in July 2017.

Transport and the 2032 target: One possible pathway to 2032 could involve emissions from transport falling by almost 30 percent compared to today (to around 83 Mt by 2032).

## Transport – the plans

Key proposals for transport under the Clean Growth Strategy include:

- Spending £1 billion to support the take-up of ultra-low emission vehicles (ULEV)
- Developing one of the best electric vehicle charging networks in the world by investing an additional £80 million, alongside £15 million from Highways England, to support charging infrastructure deployment
- Taking new powers under the Automated and Electric Vehicles Bill, allowing the Government to set requirements for the provision of charging points
- Accelerating the uptake of low emission taxis and buses by providing £50 million for the Plug-in Taxi programme, which gives taxi drivers up to £7,500 off the purchase price of a new ULEV taxi, alongside £14 million to support 10 local areas to deliver dedicated charge points for taxis, and providing £100 million for a national programme of support for retrofit and new low emission buses in England and Wales
- Working with industry as it develops an Automotive Sector Deal to accelerate the transition to zero emission vehicles
- Announcing plans for the public sector to lead the way in the transition to zero emissions vehicles
- Investing £1.2 billion to make cycling and walking the natural choice for shorter journeys
- Working to enable cost-effective options for shifting more freight from road to rail
- Positioning the UK at the forefront of research, development and demonstration of connected and autonomous vehicle technologies, including through the establishment of the Centre for Connected and Autonomous Vehicles and investment of over £250 million, matched by industry

- Investing around £841 million of public funds in innovation in low carbon transport technology and fuels
  - Building on the UK's strengths and leading the world in the design, development and manufacture of electric batteries through investment of up to £246 million in the Faraday Challenge\*
  - Delivering trials of HGV platoons on UK roads
- \*The Faraday Challenge is a 4-year investment round, which forms a key part of the government's Industrial Strategy. It will deliver a coordinated programme of competitions that will aim to boost both the research and development of expertise in battery technology.

**Spending £1 billion to support the uptake of ultra-low emission vehicles (ULEV)**



## COMMERCIAL AND INDUSTRIAL BUILDINGS

The Clean Growth Strategy includes plans to improve the energy efficiency of commercial and industrial buildings and reduce the emissions from heating businesses.

The Government wants to help businesses improve their productivity and competitiveness; this includes working together to unlock any potential energy savings to help keep energy bills as low as possible.

In 2015, business and industry were responsible for 25% of UK emissions. Heating in buildings and industry creates around 32% of total UK emissions.

In the same year, the final energy expenditure for buildings was £7.6 billion for electricity and £1.8 billion for gas and other fuels.

### Keeping up the good work

Our commercial buildings have become more efficient in the way they use energy, which helps to reduce emissions and also cuts energy bills. The energy efficiency of non-domestic buildings has been improved since 1990, with emissions 18% lower in 2015. The number of properties registering as having the lowest Energy Performance Certificates (EPC Bands F and G) dropped from 19% to 13% between 2010 and 2016.

The costs of low carbon and more efficient technologies have fallen significantly since 2010 through a series of innovations and growth in deployment: solar photovoltaic modules are now almost 80% cheaper, and LED lightbulbs are over 80% cheaper.

### Commercial and Industrial Buildings – what is being proposed?

A policy and regulatory framework will be put in place to make it easier for businesses to identify where they can save energy by simplifying energy and carbon reporting. The Government will ensure that those who lease premises to businesses continue to refurbish and improve the performance of their buildings. In parallel, all new commercial and industrial buildings should be more energy efficient.

The Government says the potential for further energy efficiency in businesses and industry is significant. It suggests that up to £6 billion could be saved by 2030 through investment in cost-effective energy efficiency technologies. Roughly half of these savings are available through improving the efficiency of buildings and industrial processes, including by fitting better insulation and smarter energy controls. The other half can be realised through eliminating electricity waste in business, for example by using better lighting and energy management systems.

Heating our homes, businesses and industry accounts for nearly half of all energy use in the UK and a third of our carbon emissions.

### Commercial and Industrial Buildings – the opportunity

The UK energy efficiency sector already turns over £20.3 billion, employs 144,000 people and sells exports worth over £1 billion.

As well as reducing bills across the UK, building the energy efficiency market would place UK businesses and industry in a prime position to further increase the export of knowledge, skills and products to other countries.

The global construction sector will be boosted by investment in sustainable infrastructure to meet decarbonisation goals. Global markets for energy efficient buildings and for low carbon heating and cooling are already growing.

There is also a significant expansion in the use of innovative green finance to support the investment needed to realise these opportunities.

Higher quality, more energy efficient buildings and healthier places to work.



## Commercial and Industrial buildings – the plans

The Government has identified key policies and proposals to drive emissions down throughout the next decade. Plans for commercial and industrial buildings include:

- Consulting on improving the energy efficiency of new and existing commercial buildings. The Government has commissioned an independent review of building regulations and fire safety, led by Dame Judith Hackitt, to be reported on in spring 2018
  - Subject to the conclusions, the Government intends to consult on making improvements to Building Regulations requirements for new and existing commercial buildings where there are cost-effective and affordable opportunities, and it is safe and practical to do so
  - It will look to promote low carbon and higher energy efficiency heating, ventilation and air conditioning systems in new commercial buildings
- Consulting on raising minimum standards of energy efficiency for rented commercial buildings
  - 42% of business buildings' energy use is in the private rented sector
  - The Government will consult in 2018 on how best to improve the energy performance of these buildings through tighter minimum energy standards
- Exploring how voluntary building standards can support improvements in the energy efficiency performance of business buildings, and how the provision of information and advice on energy efficiency to SMEs can be improved

- Simplifying the requirements for businesses to measure and report on energy use, to help them identify where they can cut bills
- Phasing out the installation of high carbon forms of fossil fuel heating in new and existing businesses off the gas grid (which are mostly in rural areas) during the 2020s, starting with new buildings, which lend themselves more readily to forms of low carbon heating
  - As the Government works to understand different options for the long-term decarbonisation of heat, it will need to tackle the challenge of those business properties off the gas grid, particularly those heated by oil boilers and facing volatile costs
  - It will involve businesses and industry in developing new policy, in line with broader Government priorities on delivering clean air
- Investing in low carbon heating by reforming the Renewable Heat Incentive (RHI), spending £4.5 billion to support innovative low carbon heat technologies such as heat pumps, biomass boilers and solar water heaters in businesses (and homes) between 2016 and 2021.
- Investing around £841 million of public funds in innovation in low carbon transport technology and fuels
- Building on the UK's strengths and leading the world in the design, development and manufacture of electric batteries through investment of up to £246 million in the Faraday Challenge\*
- Delivering trials of HGV platoons on UK roads

\*The Faraday Challenge is a 4-year investment round, which forms a key part of the government's Industrial Strategy. It will deliver a coordinated programme of competitions that will aim to boost both the research and development of expertise in battery technology.

## THE PUBLIC SECTOR

In 2015, the public sector was responsible for 2% of UK emissions. The Government wants the public sector to be a leader in reducing carbon emissions, an approach that will also save organisations significant amounts of money, releasing funds for frontline services.

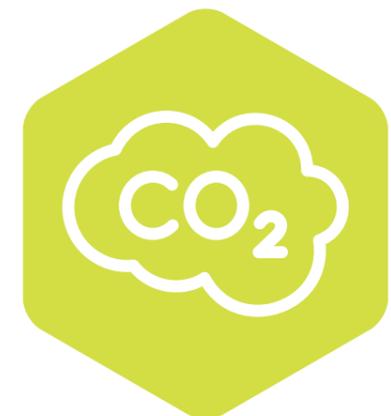
The annual energy bill across all public sector buildings in England and Wales is estimated to be around £2 billion, which could be reduced significantly.

Outside central government, energy efficiency to date has been supported by an interest-free loan scheme, managed by Salix Finance. This has funded over 16,000 projects, improving public sector and higher education buildings for its users, and is projected to save the sector around £55 million on energy bills during the year following release of the Clean Growth Strategy. In addition, the Re:fit programme, managed by Local Partnerships, has helped public sector organisations invest in energy efficiency and energy generation projects by helping them to establish energy service contracts.

Some parts of the wider public and higher education sectors have already set emission reduction targets to encourage organisations to focus on cutting carbon and energy bills. However, currently there is no common target that covers the whole sector.

### The NHS

The NHS is responsible for around a third of public sector carbon emissions, and in 2015/16 the NHS Trust spent around £570 million on energy. Despite the challenges in the sector, over the last 10 years the health system has reduced its annual carbon emissions by 3.6 million tonnes and saved almost £2 billion in energy costs.



## The public sector – what is being proposed?

The pathway to 2032 sees emissions from the public sector falling by around 50% compared to today. And, to meet the UK's 2050 target, emissions from the buildings and activities of the public sector will need to be near zero; this will involve improving energy efficiency and energy management and decarbonising the heating and cooling of buildings as far as possible.

The Government will need to set longer term emissions reduction targets across the public sector and encourage transparent reporting. It will also need to address barriers to energy efficiency and low carbon investment, such as by supporting organisations to access finance and make the case for action internally.

The public sector has a key role to play in demonstrating best practice and promoting energy efficiency and transparency over emissions reporting.

## Keeping up the good work

Since 1990, the public sector – including central and local government, health, education and emergency services – has reduced its emissions by 40% as a result of energy efficiency and rationalisation of the central government estate.

Central government and its agencies have led by example through the Greening Government Commitments (GGC), which include a greenhouse gas reduction target. GGCs have already produced significant emissions savings across departments and agencies.

As of 2015/16, a 27% emissions reduction and £127 million of savings against 2009/10 levels were achieved. The original target was a 25% reduction compared to the 2009/10, so new targets were set in January 2017, with the aim of achieving a 32% reduction by 2019/20.

Nearly 70 local authorities are signed up to using 100% clean energy by 2050 as part of the UK100 network, reflecting the leadership shown by mayors globally on climate change and clean energy.

## The public sector - what is being proposed?

The Government has identified key policies and proposals to drive emissions down throughout the next decade. Plans for the public sector include:

- Providing £255 million of funding for energy efficiency improvements in England, and helping public bodies access sources of funding
- Introducing a voluntary target of a 30% reduction in carbon emissions by 2020-21 for the wider public and higher education sector against a 2009/10 baseline.
- The Government will review progress against this voluntary target by 2020, with a view to moving to a more ambitious target during the 2020s (such as a 50% reduction by 2030)
  - Once a reporting framework is in place, and there is clear evidence of the impact of voluntary action, a mandatory target could also be considered
- Agreeing tighter targets for 2020 for central government and actions to further reduce greenhouse gas emissions beyond this date.

## The business opportunity

Ambitious action in the public sector will catalyse further innovation in low carbon products and services, generating new business and employment opportunities, and acting as a springboard for the wider low carbon market in the UK and internationally.

Moving to a productive low carbon economy cannot be achieved by central government alone; it is a shared responsibility across the country. Local areas are best placed to drive emission reductions through their unique position of managing policy on land, buildings, water, waste and transport, and can embed low carbon measures in strategic plans across areas such as health and social care, transport and housing.

The Government recognises the importance of anchoring economic growth in the strengths of local areas – each will be responsible for coordinating its own local industrial strategy in alignment with the national Industrial Strategy.

In 2017, 13 Local Enterprise Partnerships (LEPs) in England were funded to develop local energy strategies, and Government will support the remaining 25 LEPs to produce their own. A new Local Energy programme will support local areas in England to play a greater role in decarbonisation – this will start to support delivery of the Industrial Strategy and Smart Systems Plan, working with local areas to demonstrate that deep decarbonisation can be achieved through local system change in a way that keeps costs down and maximises economic benefit.

The Energy Innovation Board will ensure that all relevant clean technology innovation funds are accessible to local actors, including local authorities, Local Enterprise Partnerships and community sector organisations.



## The public sector - the plans

- Under the Clean Growth Strategy, £255 million of funding will be provided for energy efficiency improvements in England.
- In the 2015 Spending Review, the Government announced £295 million of new funding for public sector energy efficiency across the UK.
- In England, this increased funding is invested in the existing public sector energy efficiency loan scheme, which is available to the wider public and higher education sectors
  - The loan scheme administrator currently manages £210 million, and this will rise to some £385 million by 2020
  - This revolving loan scheme will continue to be recycled to at least 2025
  - Similar schemes run in Scotland and Wales received £40 million of the 2015 Spending Review award
- An Energy Performance Contract provides finance to organisations so they can invest in cost-effective energy conservation measures, without incurring any upfront capital costs
- The Government is continuing support to the Re:fit programme in 2017/18 alongside Local Partnerships.

## What is being proposed?

It is proposed that energy and carbon reporting will now be included within companies' annual reports and filed with Companies House. Reporting will apply to UK companies formed and registered under the Companies Act 2006 (and potentially Limited Liability Partnerships). However, in a significant change from CRC reporting, it is not proposed that mandatory reporting will apply to the public sector. The key proposals and points for consultation are as follows:

- Certain UK unquoted companies will be required to report emissions from energy use on an annual basis. The proposal is to apply the new legislation to 'large companies' and the consultation lays out various options for discussion as to how a 'large company' will be defined (e.g. ESOS definitions of a large company, or the CRC reporting threshold)
- Companies will be required to include the information within their annual reports, which are filed with Companies House, possibly using a new bespoke electronic reporting system
- The scope of emissions to be reported will be those associated with electricity and gas consumption, plus energy used for transport
- Only the reporting of Scope 1 (direct) and 2 (energy indirect) emissions will be mandatory
- Additional reporting on any identified energy savings opportunities and energy efficiency action taken may also be included.



## STREAMLINED ENERGY AND CARBON REPORTING

### The future of existing schemes

Energy and carbon reporting is a vital tool in progressing business energy efficiency levels and achieving UK carbon targets, but also places a burden on business and industry, which the proposals seek to reduce. Businesses can expect the following changes:

**CRC** – It has been confirmed that CRC will come to an end as planned in 2019, with the new reporting scheme replacing this from April 2019

**MGHG** – The consultation proposes that companies already captured under existing mandatory GHG Reporting will still be required to report in the same way under the same scope

**ESOS** – No change to the scope of ESOS has been proposed, although there may be the potential to use ESOS outputs in the new streamlined reporting

**EUETS** – No changes to EUETS reporting are proposed

**CCA** – No changes to the current CCA scheme are mentioned. The current phase ends in 2023, with the final target period being 2019-20. However, the Clean Growth Strategy document, also published in October 2017, states that next year BEIS is likely to undertake an evaluation of CCAs to inform any successor scheme

For now, it's really business as usual with respect to any carbon and energy reporting schemes that your organisation is currently involved in. The changes discussed will apply from April 2019 onwards.

## SUMMARY

The scope of the Clean Growth Strategy is broad and many of its consequences cannot yet be predicted, but one thing is certain: businesses will need to stay abreast of the plans, proposals and regulatory updates. If they fail to do so, they risk missing out on opportunities or incurring penalties for non-compliance.

Forward-facing businesses are working to ensure that their energy strategy is aligned with their wider business strategy and are looking for ways to participate in the energy evolution that's taking place right here in the UK. It's no longer just about procurement: today, energy management means handling demand intelligently, staying ahead of technology and legislation, mitigating rising costs, and maximising new revenue opportunities.

If you need energy advice or help planning your future energy strategy, please get in touch.

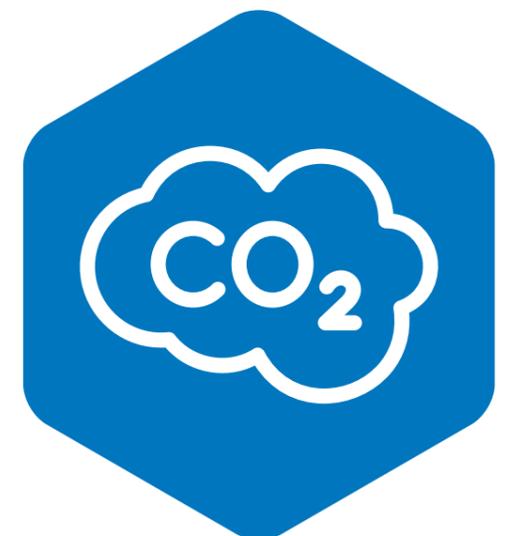
## Useful links

### **Streamlined Energy and Carbon Reporting Consultation:**

<https://www.gov.uk/government/consultations/streamlined-energy-and-carbon-reporting>

### **The full Clean Growth Strategy:**

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/651916/BEIS\\_The\\_Clean\\_Growth\\_online\\_12.10.17.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/651916/BEIS_The_Clean_Growth_online_12.10.17.pdf)



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