



News Release

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AEA hosts breakfast briefing on the Carbon Reduction Commitment

As we push towards a low carbon economy with a commitment to an 80% reduction of UK carbon emissions by 2050, climate change is firmly on the political agenda. The Carbon Reduction Commitment is one element of this target and will form a groundbreaking, legally binding, emissions trading scheme creating a carbon market worth over £600m per year, putting a price on carbon dioxide emissions from energy use.

Leading climate change and energy consultancy AEA held a breakfast briefing on 23rd April to discuss the impact of the Carbon Reduction Commitment to UK businesses and how the new legislation could provide businesses with new opportunities in driving efficiencies.

Speakers to the event held on 23 April 2009 included, Professor Michael Kelly, Chief Scientific Adviser to Communities and Local Government; Sir David King, Director, Smith School of Enterprise and the Environment; David North, Director of Government Relations and Communities, Tesco and Daniel Waller, Knowledge Leader, AEA.

Under the Carbon Reduction Commitment (CRC), it is estimated 5,000 companies and organisations across a range of sectors will be affected. These organisations will have to buy carbon allowances according to the amount of energy they use. These will cost £12 per tonne of CO₂ produced, coming in at a total upfront annual cost of £1 million upwards.

At the end of the year this amount will be paid back by the government, plus or minus a bonus or penalty, depending whether the company has met its energy reduction targets

and how it compares to other companies in the sector. Defra will make public the league table detailing the relative positions.

David North, Director of Government Relations and Communities, identified that the CRC was an issue Tesco supported:

"Tesco supports the aims of the Carbon Reduction Commitment, in particular the principle of using market incentives to drive down energy use. The inclusion of large companies and public bodies in the scheme should help to raise public awareness, which will be crucial in the move to a low-carbon economy. But we have concerns about some details of the CRC, including the way in which it deals with renewable energy generation, and we are keen to work with Government on these issues before the scheme comes into force."

While the CRC does bring challenges for companies it can also bring benefits not only from reducing consumption costs but as a route in gaining maximum business advantage.

Robert Bell, Operations Director, AEA, added:

"The Carbon Reduction Commitment is truly groundbreaking. This is the first time that a sector of the economy will be charged with measuring, managing and reporting their energy consumption on a league table, that businesses, as well as consumers, will be able to compare like with like. Whilst there are penalties for those who do not comply, there are great rewards for those who use innovation to derive the benefits."

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To download a copy of the AEA Expert Paper, *The Carbon Reduction Commitment - getting behind the big questions*, please visit <http://www.aeat.co.uk/cms/carbon-reduction-commitment/>

About AEA

AEA is one of the world's leaders in the field of climate change and energy consultancy - operating in the UK, Europe, the US and China. It is the leading provider of advisory services to the UK Government and works extensively with the EU and major private sector organisations. With internationally renowned expertise in air quality and climate change, carbon management, resource efficiency and the environmental impacts of transport, AEA employs many world leading experts and provides a high-level of policy consultancy and a range of technical services to its public and private sector clients.

AEA manages the UK government's Envirowise project, one of the world's largest resource efficiency programmes and provides carbon management expertise to many of the UK's largest private sector organisations.

AEA is voted Number One Consultancy for Climate Change and Renewables by industry consultants (Edie surveys 2006, 2007 and 2008).

For further information please visit www.aeat.co.uk.