

# Revised guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants

## Guidance

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### Overview:

The CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) is a mandatory scheme to improve energy efficiency in large public and private sector organisations. The Environment Agency and Scottish Environmental Protection Agency administer the CRC Scheme.

The CRC Scheme was established under the CRC Energy Efficiency Scheme Order 2010 requires licensed gas and electricity suppliers to provide an annual statement of gas and electricity supply to participants of the CRC scheme. That requirement is mirrored in, and enforceable under, Condition 21A of the Standard Conditions of the Electricity and Gas Supply Licences (SLC 21A).

This document provides relevant supply licensees with information to help them understand the requirements of the licence condition. This document constitutes the latest guidance referred to in SLC 21A.

This version is effective from the CRC Energy Efficiency Scheme reporting year 2012-13 onwards. It provides an update to the previous version published in January 2011.

## Context

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The CRC Energy Efficiency Scheme began in April 2010 and is a mandatory scheme to encourage large private and public sector organisations to improve energy efficiency and reduce carbon dioxide emissions.

- The Environment Agency administers the CRC on behalf of the Department for Energy and Climate Change and the Welsh Ministers, and the Scottish Environment Protection Agency (SEPA) on behalf of the Scottish Ministers (together “the CRC Administrator”).
- The CRC Energy Efficiency Scheme Order 2010 (“the Order”) requires licensed gas and electricity suppliers to provide an annual statement on gas and electricity supply to participants of the CRC from 1 April 2010.
- Following discussion with CRC participants and energy suppliers in 2011, the CRC Administrator identified a need for greater clarity in the format of data that is provided, and for greater clarity from suppliers on which energy supplies are estimated versus actual as per the CRC Regulations. Ofgem held a consultation at the end of the CRC 2011-12 reporting year, resulting the issue of this revised Guidance document.
- Ofgem’s involvement in the CRC is in line with its corporate objective to contribute to the achievement of a low carbon energy sector

## Associated documents

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- The letter issued alongside this revised Guidance on 19 December 2012, summarising changes following the consultation in 2012, is available at: <http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Pages/Policy.aspx>
- The previous guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants, 14 January 2011 is available at: [http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/CRC\\_Final\\_guidance\\_Jan\\_2011.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/CRC_Final_guidance_Jan_2011.pdf)
- The CRC Energy Efficiency Scheme Order 2010 can be viewed at: [www.opsi.gov.uk](http://www.opsi.gov.uk)
- The Environment Agency and the Scottish Environment Protection Agency administers the CRC. Guidance for Participants of the CRC is available at: [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk)

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# 1. Introduction

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## Chapter Summary

This Chapter provides an overview of how this guidance relates to CRC, and the role it plays in setting out guidelines to licensed gas and electricity suppliers. It also includes excerpts from the CRC Energy Efficiency Scheme Order 2010 and supply license condition 21A.

## Background

- 1.1. The CRC Energy Efficiency Scheme began in April 2010 and is a mandatory scheme to improve energy efficiency in large public and private organisations. The CRC Energy Efficiency Scheme Order 2010 (the "Order") requires licensed gas and electricity suppliers to provide an annual statement on gas and electricity supply to participants of the CRC from 1 April 2010. The purpose of this statement of supply is to help CRC participants to report their consumption to the Environment Agency each year.
- 1.2. The Environment Agency administers the CRC on behalf of the Department for Energy and Climate Change and the Welsh Ministers, and the Scottish Environment Protection Agency (SEPA) on behalf of the Scottish Ministers. This role includes providing guidance to participants of the CRC on reporting and compliance.
- 1.3. The requirement to provide an annual statement is mirrored in Condition 21A of the Standard Conditions of the Gas and Electricity Supply Licences (SLC 21A). Ofgem has responsibility for monitoring and enforcing that requirement and may issue appropriate guidance.
- 1.4. This document sets out guidelines for suppliers, and is not intended to be legally binding in itself. Rather, it is intended to assist the relevant licensees to interpret the requirements of SLC 21A.

## CRC Energy Efficiency Scheme Order 2010

- 1.5. The relevant section of the CRC Energy Efficiency Scheme Order 2010 is below:

***"Information on electricity and gas supplied from authorised suppliers holding a licence***

*63.—(1) A participant may request in writing the following information from those authorised suppliers of electricity or gas which hold a licence to make such a supply—*

*(a) the amount of electricity or gas supplied to the participant in the year in which the request is made; and*

*(b) how much, if any, of that supply has been estimated by the supplier and the period to which such an estimate relates.*

*(2) Where such an authorised supplier receives such a request, the supplier must reply in writing within 6 weeks of the end of the year of the phase to which the information relates."*

## Supply licence condition 21A

1.6. The wording of the supply licence condition is as follows:

***"Condition 21A: Provision of the annual statement of supply to participants of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme***

***21A.1*** *Where a participant requests in writing for it to do so, a licensee must provide in Writing the information specified in paragraph 1.2 within 6 weeks of the end of the Year of the Phase to which the information relates.*

***21A.2*** *The information referred to in paragraph 1.1 is:*

*(a) the amount of electricity [or gas] supplied (in kWh) by the licensee to the participant in the year in which the request is made;*

*(b) how much (in kWh), if any, of the electricity [or gas] supply has been estimated by the licensee, and the period to which such an estimate relates;*

*(c) the premises to which the supply was made;*

*(d) the Meter Point Administration Number (MPAN) [Meter Point Reference Number (MPRN)] of the Electricity [or Gas] Meter that measured any such supply.*

***21A.3*** *The Authority may issue, and may from time to time revise, guidance regarding the interpretation of this licence condition."*

***21A.4*** *In this condition:*

*"Participant" has the same meaning as that set out in Article 3 of the CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768)*

*"Phase" has the same meaning as that set out in Articles 2 and 3 of the CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768)."*

*"Year" has the same meaning as that set out in Article 3 of the CRC Energy Efficiency Scheme Order 2010 (S.I. 2010/768)*

## 2. Guidance

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### Chapter Summary

This Chapter sets out guidelines to licensed gas and electricity suppliers. It covers the process and timing for providing the annual statement of supply, and describes the content of the annual statement of supply.

### Process and timing for providing the annual statement of supply

- 2.1. We encourage suppliers to develop and follow a defined process for managing requests from CRC participants and collating annual statements of supply. Suppliers are encouraged to inform participants about this process. This will ensure that participants understand how and when to submit their request and the information they will need to give suppliers to meet their request.
- 2.2. In addition, suppliers are encouraged to provide participants with some background on how the information in the annual supply statement is compiled. Participants might find this useful as they are responsible for the information reported to the CRC administrator.
- 2.3. The request for a statement can be made, and the statement itself sent, by letter or by electronic communication.
- 2.4. The statement should be provided in a protected or locked format (such as a PDF). In addition, the statement should also be provided in a commonly available unlocked format of use to the participant, with Excel (.XLS) or a Comma Separated Variable (.CSV) file type as preferred formats.
- 2.5. Each CRC year runs from 1 April to 31 March. Participants can request an annual statement for the CRC year from their gas and electricity supplier by 31 March each year. Suppliers are required to provide the annual statement within six weeks of the end of the CRC year; therefore suppliers need to provide the statement to participants by 12 May each year, if they receive a request on or before the end of the CRC year.
- 2.6. If a participant fails to submit the request on time, the supplier is encouraged to provide that participant with a statement of supply, as soon as they are able.
- 2.7. Under the CRC Energy Efficiency Scheme Order, suppliers are not required to provide data for supply before 1 April 2010. However, if an organisation requests information to help them determine whether they qualify for CRC,

such as whether they had any half hourly meters in the qualification year, the supplier is encouraged to provide that information.

- 2.8. Participants of the CRC are expected to gather consumption information about all of their sites and subsidiaries. Where a supplier considers it necessary, it may ask a participant to provide evidence, such as a letter of authorisation, that the premises for which a statement of supply is requested is indeed the participant's subsidiary or site.
- 2.9. A third party, such as a consultant, can request a statement of supply on behalf of a CRC participant. The supplier should request a letter of authorisation from the participant before giving the statement of supply to a third party.

## **Content of the annual statement of supply**

- 2.10. Under the Order, participants are legally entitled to ask their electricity or gas supplier at any time before 31 March for information on the amount of electricity or gas supplied to them in the CRC year in which the request is made. The licence condition requires suppliers to provide the annual statement of supply within six weeks of 31 March.
- 2.11. Suppliers can decide how to display the information, but must ensure it is clearly presented and accurate.
- 2.12. The statement of supply should set out how much electricity or gas was supplied to the participant over the CRC year. The report should state whether the gas or electricity supplied was actual, i.e. based on a meter reading, or an estimate. If some gas or electricity supplied to the participant was estimated then the statement should separately identify the estimated amount of gas and electricity supplied.
- 2.13. It is unlikely that the timing of suppliers' cycles for reading participants' meters and billing for supply will match exactly the CRC year, 1 April to 31 March. In such instances suppliers will need to collate and compile the statement of gas and electricity supply for the CRC year as required by the licence condition. There are different options for doing this. Suppliers are best placed to determine and adopt the most practical method to meet the licence condition requirements given the specifics of their information systems and billing procedures. As noted above, we encourage suppliers to inform participants about their methodology for compiling the annual statement in such circumstances so that participants understand the data they are reporting to the administrator of the CRC. This will also improve transparency for participants should there be differences between the annual statement and billing information because of differences in timing.

- 2.14. The statement of supply should include an indication to the participant as to which period of the supplies are actual and which estimated as defined in the CRC Order. How this is done is up to the supplier, but the indication should be clear. For the avoidance of doubt, this does not mean that suppliers are required to report estimated readings as actual, but rather requires them to present any readings held by the supplier. The indication would convey which of these were regarded by the supplier as actual, and which of these, while not regarded by the supplier as actual, would nevertheless be regarded as actual for the purposes of the CRC scheme.
- 2.15. In providing an indication of the treatment of the entire year as actual, suppliers should note that, for electricity and gas supplies where there are at least two meter readings a minimum of six months apart and these readings are during the same scheme year (1 April to the following 31 March), it is considered as an actual supply for CRC purposes, and the whole year is treated as actual. All other electricity and gas supplies are considered as estimated supplies.
- 2.16. Since a participant's meter reading does not need to meet the supplier's validation criteria for billing to count as an actual reading for CRC purposes, the supplier should signpost on the annual statement the Environment Agency CRC guidance explaining that a participant may use their own meter readings to determine actual supplies in addition to the evidence from the annual statement.
- 2.17. There may be instances where discrepancies are later found between an estimate given in a statement of supply and actual supply. Where this happens it is not necessary for suppliers to retrospectively amend a statement of supply nor is it necessary to reconcile any discrepancies in the following year's statement of supply.
- 2.18. In cases where a participant has a contract to buy electricity using ex-power station or grid supply point pricing, the annual statement should detail the electricity or gas supply as billed to the participant. However, some of the electricity to participants on these contracts might be lost through distribution and transmission and, therefore, the amount of electricity billed would be more than the customer received through the meter. The energy statement or an associated letter sent to participants on such contracts should advise the participant to refer to guidance for CRC participants published by the Environment Agency. This explains how CRC participants should adjust the billed data for electricity supplied to account for electricity lost through distribution / transmission networks.
- 2.19. The Order and guidance for CRC participants published by the Environment Agency state that where bills are estimated there is a 10% uplift added to the estimation. This uplift occurs where the estimated billing period covers six months or more of the annual reporting year. Suppliers should not add this 10% to their estimation; this is dealt with by the CRC Administrator once the participant reports their supply.



## Appendices

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## Appendix 1 – Frequently Asked Questions

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*Q1: What are the dates of the period to be reported in the annual statement of supply?*

1.1. The CRC Order and standard licence condition 21A stipulate that the annual statement of supply for a CRC participant must be prepared for the exact period 1 April to 31 March.

*Q2: How should periods of gas or electricity supply that have been calculated from a pro rata of an actual meter reads be classified?*

1.2. The CRC Order and licence condition require suppliers to clearly state if any estimates of supply have been included in the annual statement of supply. If actual meter reads are not available starting 1 April or ending 31 March then the associated supply data given in the annual statement for a CRC participant must be treated as an estimate even if it is apportioned from an actual meter read.

*Q3: What should a supplier do if there is gap or no validated data available to provide supply information for part of the period covered by the annual statement of supply?*

1.3. The guidance (paragraph 2.13) indicates that the statement of supply should include an indication to the participant as to which period of the supplies are actual and which estimated as defined in the CRC Order. How this is done is up to the supplier, but the indication should be clear. Since a participant's meter reading does not need to meet the supplier's validation criteria for billing to count as an actual reading for CRC purposes, the supplier should signpost on the annual statement the Environment Agency CRC guidance explaining that a participant may use their own meter readings to determine actual supplies in addition to the evidence from the annual statement.

## Appendix 2 - Glossary

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### **A**

#### [Authority](#)

The Gas and Electricity Markets Authority ('GEMA') established under section 1 of the Utilities Act 2000.

### **S**

#### [Standard Gas Supply Conditions](#)

Gas Supply Licence Conditions issued by GEMA as at 1 October 2010.

#### [Standard Electricity Supply Conditions](#)

Electricity Supply Licence Conditions issued by GEMA as at 1 October 2010.