



CRC Financial Impacts Calculator

Briefing Paper

Background

The recent spending review announcement on the **Carbon Reduction Commitment Energy Efficiency Scheme** will mean that allowance payments by CRC participants, will no longer be recycled. So from April 2012 the Government is in effect introducing a carbon tax (£12 per tonne) on all carbon emissions arising from energy consumption within CRC registered companies. This is likely to have significant impacts for most businesses.

To assist clients in gauging the impact from the recent changes to the CRC scheme, Carbon Masters have developed a CRC financial Impacts Calculator. This allows companies to quickly assess the full carbon and energy cost implication under two scenarios over the next 5 years of the CRC scheme. A business as usual scenario and one called the carbon management scenario where a carbon emission reduction strategy is put in place.

Carbon Masters CRC calculator will help companies facing a carbon tax bill to understand the impacts from 2012 under both BAU (Business As Usual) Scenario and Carbon Management Scenario.

FAQ about Carbon Masters CRC Financial Impacts Calculator

1. What is Business As Usual (BAU) Scenario?

Carbon Masters assumes under BAU scenario a typical CRC company will have

- * Total energy consumption increasing at 3% per annum
- * Electricity prices increasing at 3% per annum
- * Gas prices increasing at 3% per annum

2. What is Carbon Management Scenario?

Under the Carbon Management scenario a typical CRC company will implement a carbon management strategy aimed at reducing their carbon emissions such that

- * Total energy consumption **decreases** at the rate of 3% per annum
- * Electricity prices increase at 3% per annum
- * Gas prices increase at 3% per annum

3. What is cost of carbon per tonne?

We assume under both BAU and Carbon Management scenarios the cost per tonne of carbon under CRCEE scheme for participating organizations will be £12/tonne from 2012-2015 and assume the carbon prices will increase to £18/tonne for 2016 & 2017.

4. What is the purpose of the Carbon Masters CRC Financial Impacts Calculator?

The recent announcement will make it more important than ever for CRC companies to be able to accurately account for their energy related carbon emissions but now equally importantly to identify ways of reducing them. For perspective for every 1 tonne of carbon emissions reduced by taking energy efficiency measures that reduce those emissions saves c £ 192 per tonne.

5. What input values do I need to use the Carbon Masters CRC Financial Impacts Calculator?

You only need your organisations annual total electricity & gas consumption. We assume the other required inputs such as

- * Supply of electricity at the rate of 9pence/KWh
- * Supply of Gas Prices at the rate of 3pence/KWh

6. The above assumptions are not true for my organisation. How do I change them to actual figures?

Please contact us for any changes required to the assumptions and no obligation discussion about how Carbon Masters can help your business reduce its CRC financial risk.

Contact us on info@carbonmasters.co.uk

CRC calculator available on www.carbonmasters.co.uk/crc.aspx