

ACTION TAKEN UNDER DELEGATED POWERS

SUMMARY REPORT

Reference - 2083

Chief Officer: Craig Cooper, Commercial Director

Subject:

Purchase of Carbon Allowances in accordance with the Council's Statutory Requirements under the Carbon Reduction Energy Efficiency Scheme (CRCEES).

Delegated Powers reporting requirement:

Reporting through the CRCEES Registry and the Council's annual compliance audit.

Background information

The CRCEES is a mandatory climate change and energy saving scheme which forms a central part of the UK's strategy for improving energy efficiency and reducing carbon dioxide (CO₂) emissions. The scheme principally covers sources of CO₂ emissions from electricity and fossil fuel usage derived from fixed point sources such as buildings and industrial processes for which participants are required to purchase carbon allowances to cover their emissions

The Council completed its scheme registration process in September 2010 and the Council's level of consumptions established its status as a full participant in the scheme exceeding the qualification threshold set at 6,000 Megawatt hours.

The payment for CRCEES Allowances is a requirement under the CRC Energy Efficiency Scheme Order 2010 which continues to have effect in relation to the first phase under the 2010 Order. Detailed provisions for the same can be found under the CRC Energy Efficiency Scheme (Allocation of Allowances for Payment) Regulations 2012.

The allowance liability for 2012-13 is in the process of being determined based on the Council's obligations under the CRCEES and this report seeks permission to draw down on that provision and purchase the necessary carbon allowances once that liability has been determined. Once purchased, sufficient Carbon allowances have to be surrendered by 31st October 2013 to cover the Council's 2012-13 carbon emissions. Any surplus allowances will be retained within the CRC registry for use in 2013-14 reporting year.

Provision for allowance purchase of £378K has been made in the 2012/13 accounts for the liability that was incurred in financial year 2012/13. Should the allowance requirement exceed the value of the provision the necessary additional expenditure will be set against the 2013/14 £500K for carbon allowances which is held within the

contingency budget in central expenses. The Council has carried forward £33K of allowances from 2011/12 which it proposes to reduce to £5K to carry forward to the final 2013/14 reporting year of phase 1.

The Constitution, Part 3, Responsibilities for Functions, paragraph 7.1 states that Chief Officers can take decisions without consultation with the Cabinet Member concerned where it is a decision authorised to be taken by the Chief Officer under the Contract Procedure Rules; and it is in respect of operational matters within the Chief Officers sphere of managerial or professional responsibility and is not significant in terms of budget or policy.

The Council's Contract Procedure Rules (CPRs) are not applicable in this case as this is a direct payment to the Department of Energy & Climate Change (DECC) under a statutory requirement. Refer to clause 16.17 (CPRs) "Non-Procurement" expenditure applies where the Council has to pay for a Service which it did not imitate or is contained within the Exemptions list duly authorised by the Commercial Lead.

It is proposed to draw down on the Council's allowance provision for 2012/13 and if required 2013/14 to purchase and surrender the necessary carbon allowances once the Council's carbon liability under the CRCEES has been determined.

DECISION TAKER'S STATEMENT

I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.

Signed: Craig Cooper, Commercial Director

Date: 18 July 2013