Climate Change Agreement for FDF

Note 08: How CCAs interact with other schemes

April 2022

Carbon and Energy Policies

Climate Change Agreements (CCAs) are just one of a suite of carbon and energy policies introduced by the UK Government to reduce energy consumption and hence carbon emissions. CCAs are one of the 'oldest' policies having been introduced in 2001 when the Climate Change Levy (CCL) was introduced. Since 2001, a number of other carbon and energy reporting schemes have been introduced. In recent years, the Government has tried to prevent overlap between the schemes, however, there remains complex interactions between the schemes.

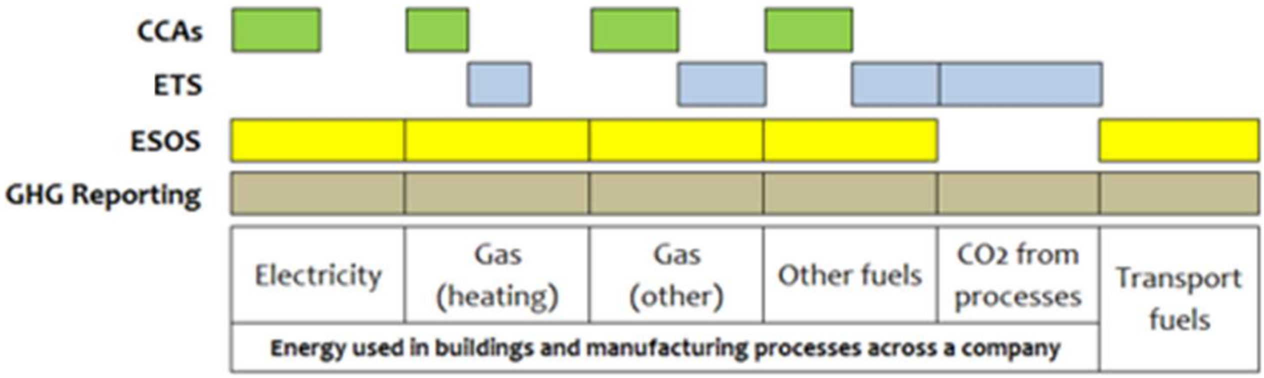
The purpose of this guidance note is to summarise the other schemes and explain what companies with a CCA need to know about them. The table below provides a high level overview of four government policies where energy and carbon data is collected and reported upon. A fifth scheme 'CRC' concluded in March 2019 and detail on this is contained later in this note

Climate Change Agreements	CCAs are voluntary and only available to sites undertaking an 'eligible' process. A company agrees to reduce the energy consumption or carbon emissions at the site in return for both a discount on the Climate Change Levy and for that energy to be exempted from the Carbon Reduction Commitment.
EU Emissions Trading Scheme	EU ETS was mandatory for all sites undertaking specific processes or having a large amount of combustion equipment. EU ETS is a 'cap and trade' scheme; i.e. a site is set a cap on the CO2e it can emit and if it is over that allowance it must secure more allowances in a trading market to cover its actual emissions. Following Brexit, EU ETS is now being replaced with UK ETS
Energy Savings Opportunity Scheme	ESOS is mandatory for any organisation that contains at least one company that is classed as a 'large undertaking'*. A qualifying organisation must measure their buildings and vehicle energy use over a 12 month period and assess the potential for energy savings across at least 90% of the total energy consumption.
GHG Director's Report	All FTSE XXX companies must calculate their Greenhouse Gas (GHG) emissions in tonnes carbon equivalent (CO2e, also known as their carbon footprint) annually and include in their Director's Report. The CO2e emissions cover all sources of greenhouse gases (e.g. energy, transport, waste, refrigerants, agriculture, etc).

** A large enterprise is classed as a company that has 'more than 250 employees', or, 'a turnover exceeding €50m and a balance sheet exceeding €43m'.*

Overlaps between the policies

The diagrams below illustrates for a typical company which energy sources are reported under each scheme.



As illustrated above, energy covered by a CCA should not also be reported in EU/UK ETS, but it could also be included in ESOS or a GHG report.

Other differences

The five schemes highlighted also use different reporting years as illustrated by the diagram below.

Carbon Reduction Commitment

Carbon Reduction Commitment	CRC was mandatory for all organisations that used over 6,000 MWh of electricity through half hourly meters. The affected organisation reported electricity and gas annually which was converted into carbon allowances which then needed to be purchased. Any energy already covered by CCAs or EU ETS was excluded from CRC. The CRC scheme concluded in March 2019 and CCL rates were reviewed in conjunction with the cessation of this scheme

Further information

If you, or think you could be, affected by the other carbon and energy policies, please find links below to accessing further information or please do not hesitate to contact the CCA Help Line as we are knowledgeable about many of these schemes.

CCAs
https://www.gov.uk/climate-change-agreements--2

CRC
https://www.gov.uk/crc-energy-efficiency-scheme-qualification-and-registration

EU ETS
https://www.gov.uk/participating-in-the-eu-ets

ESOS
https://www.gov.uk/energy-savings-opportunity-scheme-esos

GHG Reporting
https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance

The government is looking to simplify this policy landscape and if there are consultations relevant to FDF CCA companies we will make you aware of them via a news email.

For further information please contact SLR's FDF CCA helpdesk:

+44 (0)844 800 1880

fdfcca@slrconsulting.com

or visit https://www.fdf.org.uk/fdf/what-we-do/environmental-sustainability/climate-change-agreements/

The full suite of FDF CCA Guidance Notes are listed below and can be accessed via contacting the helpdesk or visiting the website.

Guidance Note	Title
1	What is a CCA
2	Transferring Ownership of a CCA
3	FDF CCA Administration Charges
4	Completing HMRC PP10 and PP11 Forms
5	Timetable of FDF CCA Activities
6	Obligations under your CCA including audits
7	Reporting data at each Target Period
8	How CCAs interact with other schemes
9	Glossary and Abbreviations
10	What happens if...
11	NOVEM targets
12	NOVEM Calculation Spreadsheet
13	State Aid Transparency reporting
14	Penalties for non compliance
15	Application Documentation