Self Generation & Carbon Reporting – a BT View

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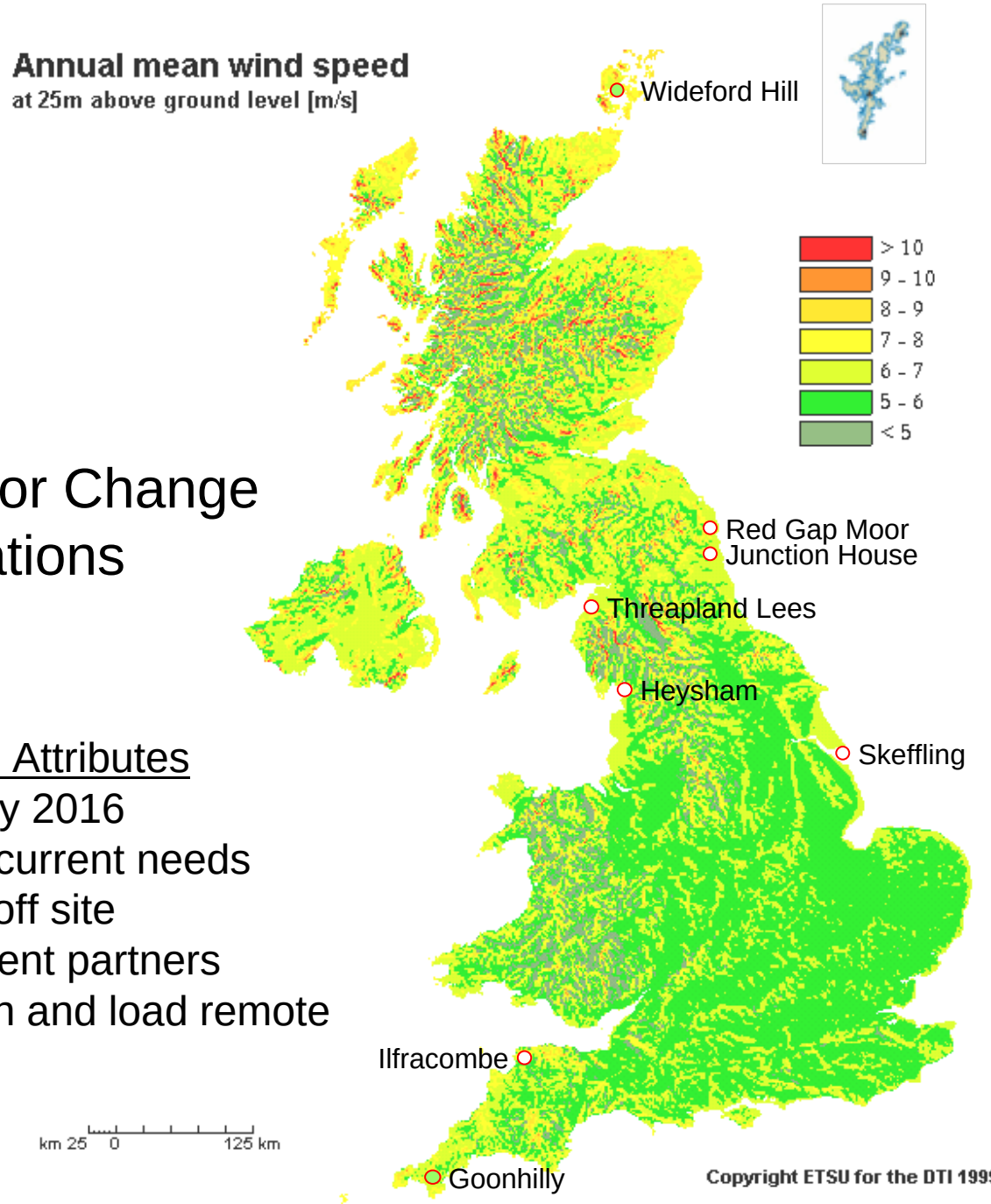
BT – Energy and Carbon Programme

Annual electricity usage c. 2.2 TWh (0.7% of UK total)

1. **Energy Saving:** Running a global energy saving programme to deliver energy and carbon reductions
2. **Sourcing:** Secured the largest “green” electricity contracts in the world
3. **Renewable Generation:** Delivering the largest wind farm project by a company outside the energy sector ‘BT Wind for Change’

Plan to reduce our UK carbon footprint by 80% by 2016

BT Wind for Change Locations



<u>Programme Attributes</u>

- 250 MW by 2016
- c. 25% of current needs
- On site & off site
- Development partners
- Generation and load remote

The Carbon Reduction Commitment - CRC

- Good mechanism to deliver greater incentive for organisations to improve energy efficiency (Cap & Trade)
- The CRC will report a league table of performance based on energy efficiency improvement, ***but*** reported in CO2 units
- CRC ignores the source of energy in CO2 calculations (eg: Coal, vs Renewable, vs CHP)

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UK Carbon Reporting of purchased electricity

Standard tariff	EU Fuel mix directive disclosure shows mix. Supplier reports fuel mix. Purchaser reports as UK grid average
Renewable tariff	Supplier receives subsidy by spreading cost of obligation across all tariffs. Supplier reports as zero carbon Purchaser reports as UK grid average
CHP tariff	Supplier reports as actual emissions. Purchaser reports as: 60% of grid average (DEFRA) & grid average (CRC)

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Carbon reporting of self generated renewable energy

UK*	Organisation can't receive subsidy (ROC) and take carbon off footprint. If an organisation sells ROCs then has to report fictitious 'grid average' carbon.
USA	Financial support (grants, tax relief, etc.) separate to carbon (REC). Company can receive subsidy and take carbon off footprint.

** New reporting guidelines introduced to the UK in 2008*

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Reasons for DEFRA reporting approach:

"Carbon savings for renewable electricity counted twice – once by supplier and once by user" and "Suppliers are under a legal obligation. Any renewable electricity funded under the RO is not additional and would have happened anyway"

BUT

- Carbon emissions for standard electricity are always counted twice – once by supplier and once by user.

SUPPLIER CO2 = CUSTOMER CO2

- Ofgem should ensure no double selling.
- Will same rule apply to road fuel obligation?
- The RO doesn't apply to Nuclear or CHP?

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Recommendations

1. **CRC:** Government should make it clear to all stakeholders that the CRC is not a measure of the overall CO2 footprint of an organisation, as it does not take account of the source of energy being purchased by and organisation or self-generated.

2. **Self generation:** Recognise the substantial additional effort expended by organisations generating own renewable electricity by allowing receipt of a subsidy (via the sale of ROCs or some other mechanism) **and** the reduction of carbon footprint. Ensure the electricity is not sold by purchaser of the ROCs.

3. **Renewables from the grid:** Introduce fully regulated tariff labelling - Or - Use fuel mix disclosure rather than grid average

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Thank You

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