

# **ALL-ENERGY 2010 - Demystifying the CRC: Data Centres and Implications for the Renewables Industry**

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# The CRC Energy Efficiency Scheme

- CRC occupies a largely devolved policy area
- Developed in partnership with the UK Government, Wales and NI
- Subject to approval by all four UK Parliaments

# CRC – motivation and aims

- Large organisations (excluding EU ETS & CCA participants) responsible for ~ 10% of UK CO<sub>2</sub> emissions
- Most economical way to tackle emissions is joint focus on renewables and energy efficiency
- Studies of large organisations reveal opportunities for cost effective energy savings which are not being taken

# Why an emissions trading scheme?

- Guaranteed environmental outcome
- Minimises costs of emissions reductions
- The need to predict and monitor emissions promotes good energy management
- Revenue is recycled –
  - reduces participation costs whilst enhancing incentives to reduce emissions
  - not a tax, but will involve limited transfers from bad to good performers
  - means that costs to sector will be far outweighed by resulting energy savings

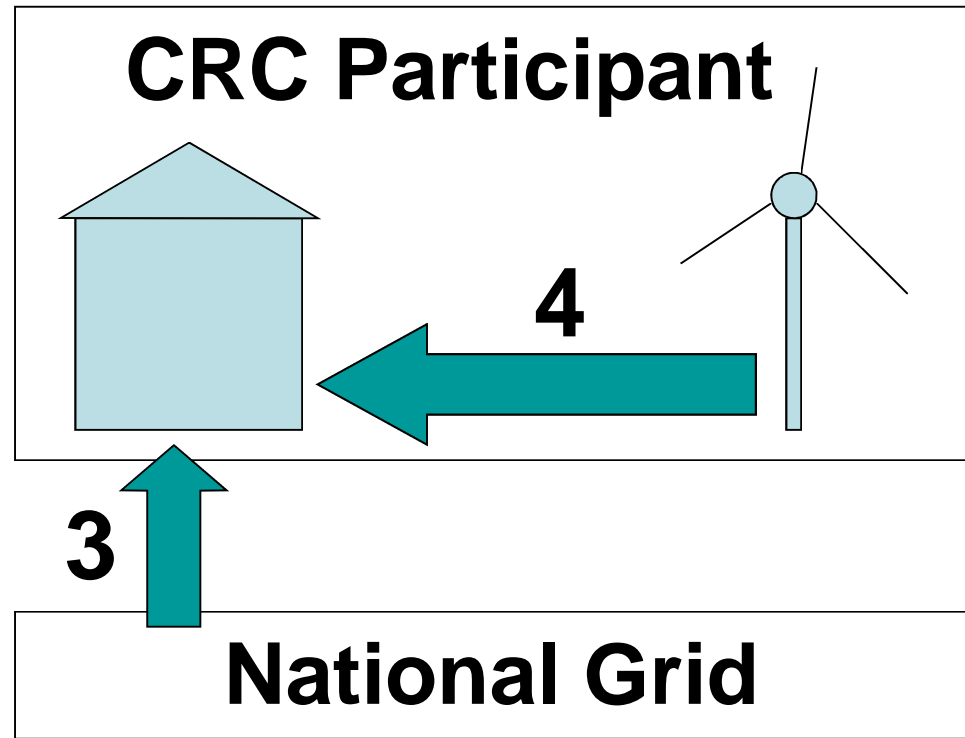
# CRC incentive mechanisms

- Limited ability to project cost/benefits at individual level initially
- Benefit of saving 1 tonne CO<sub>2</sub> compared to BAU:
  - Cost of one allowance
  - Smaller amount due to improved recycling payment
  - Related energy saving

# Treatment of renewables

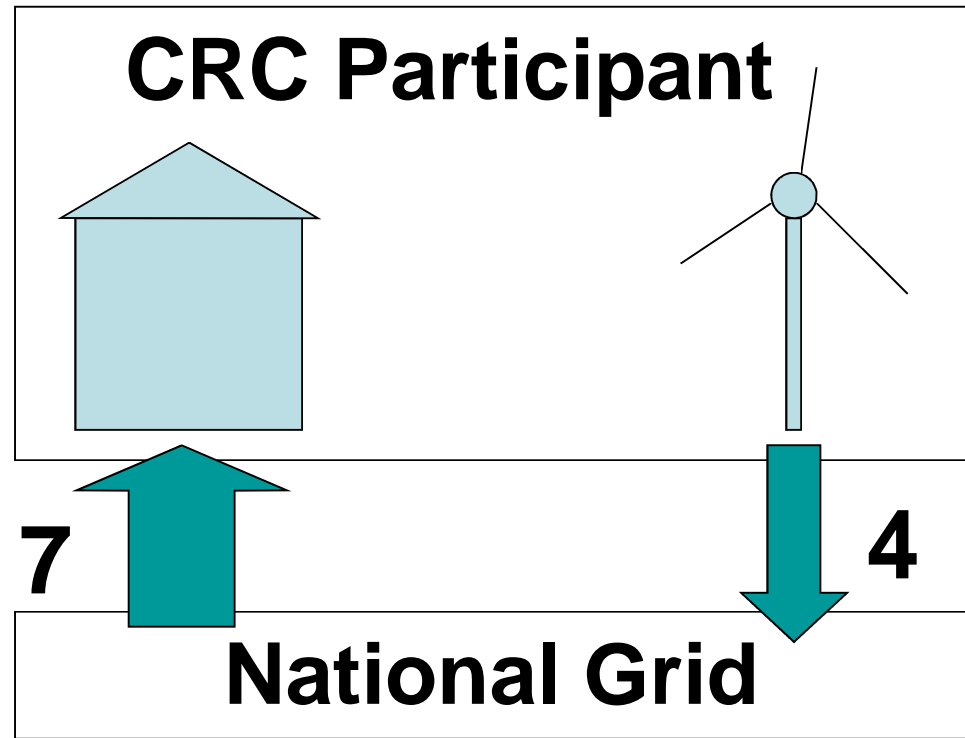
- All electricity drawn from the mains or generated and used on-site\* must be reported at the grid average emissions factor
- Electricity Generating Credits are awarded for generation where FIT/ROCs are not claimed

# Electricity supply Scenario 1



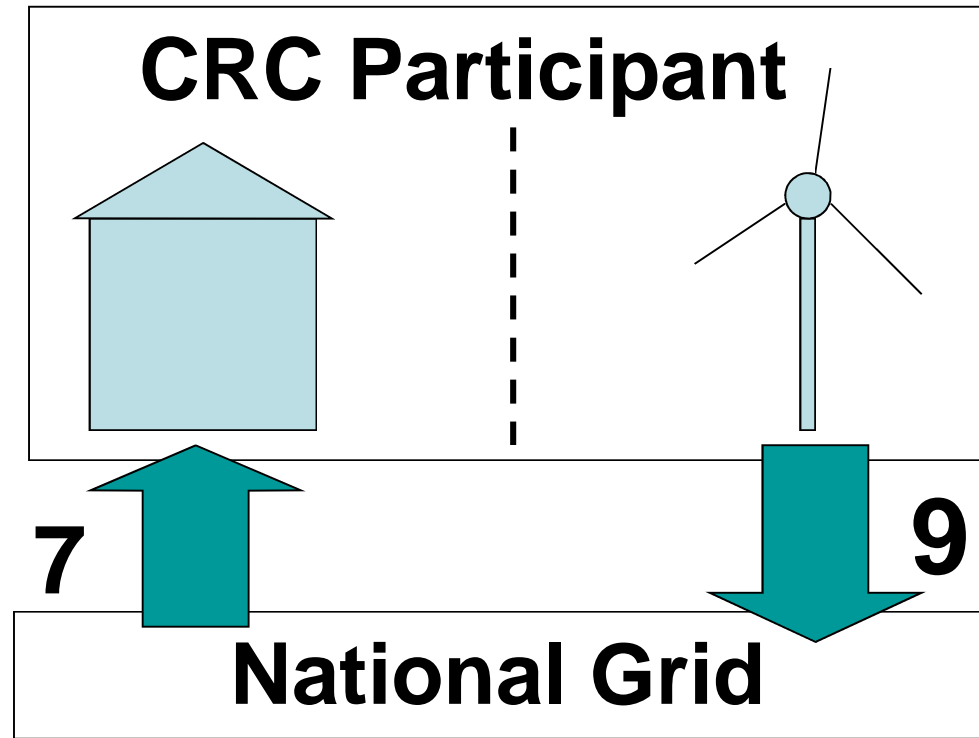
	Reported	EGC	Allowances
ROCs/FIT	3 + 4	-	7
No ROCs/FIT	3 + 4	4	3

# Electricity supply Scenario 2



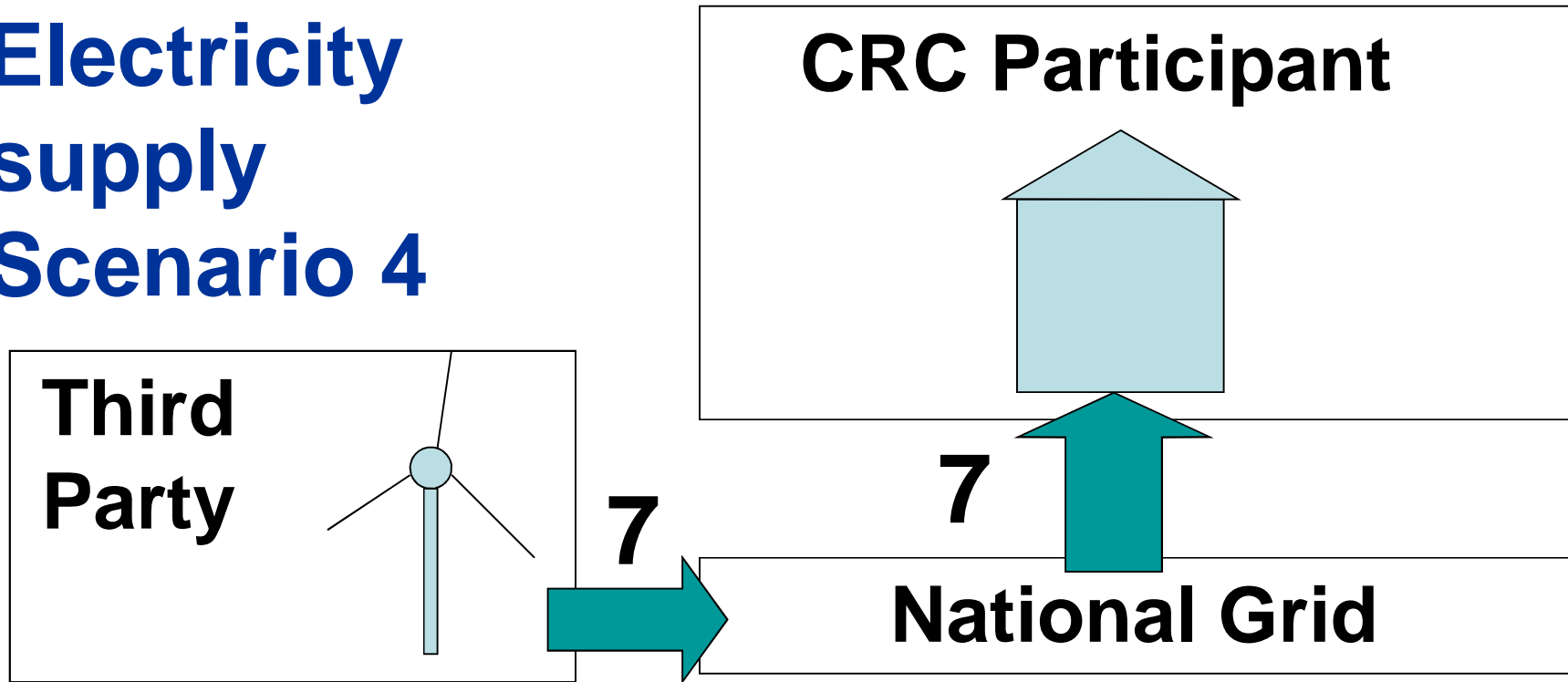
	Reported	EGC	Allowances
ROCs/FIT	7	-	7
No ROCs/FIT	7	4	3

# Electricity supply Scenario 3



	Reported	EGC	Allowances
ROCs/FIT	7	-	7
No ROCs/FIT	7	9	0

# Electricity supply Scenario 4



	Reported	EGC	Allowances
ROCs/FIT	7	-	7
No ROCs/FIT	7	-	7