



December 2008

EU REGULATORY UPDATE

The UK Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) is a mandatory emissions trading scheme designed to encourage both private and public sector organizations in the United Kingdom to reduce their carbon emissions. It will apply to organizations that have a half-hourly electricity consumption greater than 6,000 MWh per year. This threshold roughly equates to an electricity bill of £500,000 per year (currently around US\$330,000).

Participating organizations will have to calculate their emissions for core static energy use, fulfill reporting obligations, purchase allowances corresponding to their emissions and surrender the allowances at the end of each scheme year. Emissions covered by the EU Emissions Trading Scheme and/or by a Climate Change Agreement will be exempt from the CRC. Organizations that have more than 25 percent of their emissions covered by Climate Change Agreements will also be exempt.

Electricity use in the 2008 calendar year will form the basis for the assessment of whether an organization meets the CRC threshold. The UK Environment Agency, which will administer the CRC, intends to contact all UK billing addresses with half-hourly meters to provide them with registration packs early next year. Organizations that receive one of these packs will then have to provide information on their total half-hourly electricity consumption in 2008. The UK Department for Environment, Food and Rural Affairs expects that the CRC will come into effect in April 2010.

FOR MORE INFORMATION

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For more information on Thompson Hine's Climate Change and Sustainable Business Solutions group, please go to <http://www.ThompsonHine.com/practices/climatechange/index.php>.

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