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# First steps to compliance

With data quality essential for CRC reporting, software should be a fundamental part of support your strategy, believes **Paul Martin**

The CRC Energy Efficiency Scheme (CRC) poses a significant challenge for most affected organisations. Specially designed CRC software, however, can take some of the hard work out of complying and help maximise the potential opportunities associated with the scheme.

Those organisations that have already compiled a single, accurate and consolidated energy consumption database of electricity, gas, oil, propane and any other fuels are in a much stronger position than those who haven't. The data included in an existing monitoring and targeting (M&T) software system where electricity half hourly data and utility bills from all the providers are recorded in a central database is the ideal starting point for any CRC participant. This data can be imported into CRC software and used for compliance reporting as well as forecasting and scenario planning.

## Complying with CRC

Well-designed software can make complying with the CRC much easier. Tasks like producing the required annual and footprint reports can be simplified through the use of step-by-step guides or wizards while built-in validation can highlight problems with data quality.

Data quality is crucial for CRC reporting and compliance. Supply types like half-hourly metered data and others need to be recorded. Although utility companies are obliged to provide statements under the scheme, in most cases an organisation will use different suppliers for different fuels and even for the above and below 100kW market for electricity. Also your utility provider will not necessarily be able to consolidate all your accounts/sites as these may have individual contracts for example.

An accurate database means that CRC compliance becomes an easy task and indeed the CRC software itself can become part of the "evidence pack" of data with audit trails of data quality checks



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and when changes were made. This can be kept for if and when an Environment Agency audit is carried out. Good CRC software will have in-built data validation checks that can indicate where data is missing and highlight where data fails essential validation checks. It can also exclude supplies from residential and transport sources, which do not need to be included when reporting your emissions under CRC.

Only 90 per cent of all your emissions need to be regulated by the CRC Scheme, but to know which 10 per cent of your carbon emissions you could leave out of the scheme, you need to know what the 100 per cent are! This means an accurate database of everything you use is an essential requirement, so CRC software can help ensure you are not excluding more than 10 per cent or any of your core supplies.

CRC can pose a substantial financial risk for some organisations in particular in terms of cash flow where expenditure is required upfront to purchase carbon allowances. CRC software can help minimise this risk through sophisticated forecasting tools which determine

if?" scenarios can be covered and projections can be made to determine which energy saving projects become "go" or "no go".

Although compliance is likely to be the initial focus of many organisations, the scheme has been designed to encourage cuts in carbon emissions. This is where the integration of CRC software with conventional M&T tools such as benchmarking can play a part. These tools can identify the worst performing sites and therefore help prioritise actions so that those with the highest potential savings are targeted first. Energy engineers can then be sent to site to make more in-depth investigations into potential projects to develop more detailed savings, costs and payback projections. The energy manager then has the opportunity to engage with the financial director and other stakeholders to interactively model the effects of the investment in various projects. These are powerful tools in helping an organisation design a strategy to maximise the opportunities that the CRC legislation provides and minimise the associated risk. Once targets are set performance can be tracked over time and through the different phases.

In summary, using CRC software which can automatically consolidate and quality check your data as well as produce all the required reports will make the whole process of complying with CRC legislation relatively simple and therefore inexpensive. Integrating this with an M&T software system which contains primary information from all supplier sources means all information for your Evidence pack is kept in one place.

This also provides you with all the tools to evaluate the effect of projects and progressively reduce consumption, which is key in improving your position in the CRC league table to help maximise the potential financial opportunities CRC offers. ●

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how many carbon allowances need to be purchased to cover the emissions in the coming year.

## Unknown factors

The unknown factors within the CRC Scheme are which position your organisation will have in the league table, the credits or penalties you may receive as a result, and the future price of carbon. CRC forecasting tools and scenario planning allow you to model your organisation's risk exposure as the CRC legislation progresses from 10 per cent recycling payments to 50 per cent over the next five years. "What