

## **CRC Energy Efficiency Scheme: Important Update**

### ➤ **Background**

On the 25<sup>th</sup> of January an addendum to the Government Response to the Consultation on the Draft order was issued, specifically relating to street lighting. This has an impact on how street lighting is viewed under the CRC Energy Efficiency Scheme (CRCEE) and should be considered as part of the switch to dynamic pseudo Half Hourly metering.

This is a change from the previously issued guidance and has been introduced with only a few months before the scheme is due to start. Power Data Associates is currently working with a number of Purchasing Organisations and Industry bodies to try and understand the rationale behind the Department of Energy and Climate Change's (DECC) decision. If the current guidance is not changed in time for the 1<sup>st</sup> year of the Scheme, we will seek to clarify DECC's intentions and possible timelines for the inclusion of Non Half Hourly and Passive Half Hourly Energy in the CRCEE.

### ➤ **What exactly has changed?**

Section 4.4 states:

Electricity supplied to street lighting measured on a passive or non-half hourly basis Government has "clarified" that under CRCEE an unmetered electricity supply measured on a passive or non-half hourly basis is not classified as a CRCEE supply, under the supply definition detailed in section 4.3 of the Government Response, and therefore not reportable for the purposes of CRC qualification or footprint and annual reporting. Government will however, keep this under review, and will consider including these types of supply in CRCEE in future phases.

### ➤ **What is the change in DECC's approach?**

- Dynamic pseudo Half Hourly metered UMS still qualifies as voluntary AMR for the purposes of the Early Action Metric benefit
- Dynamic pseudo Half Hourly metered UMS is still included for qualification, footprint and annual reporting
- Passive HH and NHH are excluded entirely from the scheme. Therefore you do not require allowances to cover these emissions

This is a significant change. Previously NHH and Passive supplies were included within the scope of the CRC once that organisation met the qualification threshold. These supplies were then also subject to a 10% estimation uplift.

The reason for the 10% uplift being due to the kWh consumption being calculated without reference to any actual data (dynamic), such as from a PECU array and / or any Central Management System (CMS).

### ➤ **What should I do now?**

You will need to discuss the way forward with your energy procurement / carbon management team. However most authorities considering switching to Half Hourly trading have already taken steps such as:

- Procuring a PECU array (or arranging to share)
- Requesting a Half Hourly MPAN from the DNO / UMSO

- Appointing a Meter Administrator
- Installing the array and populating with cells

Continuing with the change to Dynamic pseudo HH trading will allow the Authority to benefit from:

- Early Action AMR metric (see below)
- Accurate burn hours from the PECU Array
- Authorities should also get a better p/kWh rate from their supplier<sup>1</sup>
- Benefits from trimming, using for example 35/18 lux cells
- Benefits from dimming / dynamic lighting strategies
- Get the financial benefits of any approved Central Management System
- Monthly reports on energy usage

Although you will need to purchase carbon allowances that you could avoid by remaining NHH or Passive HH you will still be managing your energy more efficiently and with improved reporting capabilities.

You will need to let us and your supplier know whether you still want to proceed with Half Hourly trading from the 1<sup>st</sup> April as soon as possible.

### ➤ **Early Action Metric and Carbon Emissions**

It is potentially easier to reduce emissions from street lighting than other for sources of carbon. So including your street lighting in the CRC Energy Efficiency Scheme by trading dynamic HH allows you to boost the council's performance in the CRCEE league table.

This also applies to the voluntary AMR Early Action Metric. Dynamic pseudo HH counts towards this metric, so by including this energy (say 20-25% of an Authority's total electricity consumption) in the CRCEE, it will improve the Authority's performance in the league table. This is because 100% of the unmetered energy will be viewed as covered by an AMR, so it will increase the overall percentage of the Authority's energy covered by an AMR meter.

The Early Action AMR Metric only applies for the first phase of the CRCEE scheme and DECC will also be reviewing the inclusion of NHH and Passive HH in the CRCEE.

### ➤ **Some Definitions**

**Dynamic pseudo HH** – use a PECU array and/or any CMS to calculate the HH kWh consumption

**Passive HH** – use the calculated sunrise/sunset times to calculate the HH kWh consumption. This method of trading cannot use the information from an array or any CMS

**NHH** – trading is where the Estimated Annual Consumption (EAC) is calculated by the DNO / UMISO using the ELEXON published annual hours. Each region has its own set of annual hours published and it does not make use of an array or any CMS

**CDCM** – The Common Distribution Charging Methodology is an approach by the Distribution Network Operators to have a common charging methodology across their networks. This has resulted in some changes to the DUoS charges.

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<sup>1</sup> N.B. in some distribution areas this may not be the case due to a change in the Distribution Use of System (DUoS) charging methodologies. Power Data Associates is currently working with the Distribution Businesses to review the CDCM and have highlighted this issue to them.