

Written Response to the Sustainability Committee's Report on Carbon Reduction in Industry and the Public Sector

June 2009

Executive Summary

Our Sustainable Development Scheme, *One Wales: One Planet* confirms our vision for a sustainable Wales, based on Wales using only its fair share of the earth's resources and becoming a fairer and more just society.

It makes clear our intention that sustainable development should be the central organising principle of the Assembly Government. Our approach to climate change is framed within that context and will be a critical element of putting the Scheme and our commitment to sustainable development into action.

One Wales sets out the Assembly Government's commitment to reducing greenhouse gas emissions in Wales.

One Wales states:

"We will aim to achieve annual carbon reduction-equivalent emission reductions of 3% per year by 2011 in areas of devolved competence. We will set out specific sectoral targets in relation to residential, public and transport areas. We will work with the heavy industry/power generation industries to reduce emissions in those sectors".

The 3% target relates to emissions of the basket of six greenhouse gases.

The target will include all 'direct' greenhouse gas emissions in Wales except those from heavy industry and power generation, which are being broadly defined as those installations covered by the EU Emissions Trading Scheme (EU ETS).

Emissions from most large power plants are covered by the EU ETS. However, because we recognise the importance of reducing electricity consumption in order to reduce emissions, we will also be including these emissions in the 3% target by assigning them to the end-user of the electricity.

This means that the direct emissions from transport, the residential sector, the public sector, waste, agriculture and land use change will be included, along with all business and industrial emissions that are not subject to the EU ETS. Additionally, we will be including the emissions resulting from electricity consumption in each sector.

We recognise that both industry and the public sector have an important role to play in reducing greenhouse gas emissions and our consultation on a *Climate Change Strategy – High Level Policy Statement* provided an overview

of the areas where we saw potential to deliver emission reductions in these sectors. We are now developing specific proposals for action in these and other sectors for consultation in the summer.

We also recognise that delivering our targets and ensuring that effective action on climate change is taken requires everyone to play their role, not just the Assembly Government, and we are working through the Climate Change Commission for Wales and with individual sectors and organisations to support action across Wales. We also recognise that UK Government and EU policies and programmes will have a critical role to play in achieving our targets

The Committee's report, and the recommendations it contains, are wide-ranging and have implications for almost all Ministerial portfolios and the response set out reflects the Assembly Government's response to the Report's individual recommendations.

Detailed Responses to the report's recommendations are set out below.

Headline recommendations

Headline Recommendation 1:

The Committee recommends that:

1. The Welsh Assembly Government sets targets for carbon reduction in the industrial and business sector in Wales as part of its implementation of the One Wales carbon reduction commitment. Following a five year period of voluntary action by the industrial and business sector in Wales to meet the targets imposed on them, the Welsh Assembly Government implements regulations that require the targets to be met.

Response: Reject

The Assembly Government rejects this recommendation. The EU Emissions Trading Scheme (EU ETS), Climate Change Agreements and, from 2010, the Carbon Reduction Commitment (CRC), provide market-based mechanisms to drive emission reduction in industry and business across the UK. The EU ETS cap provides an overall limit on the emissions from the installations covered by the scheme, which represent over 50% of UK carbon dioxide emissions. Similarly, once the CRC enters its capped phase in 2013 it will also introduce an overall limit on emissions.

This approach enables emission reductions to be made at the point of least cost in a carbon market that operates across the UK (and indeed the EU).

By setting an additional target for industry and business, particularly if it were made statutory as recommended by the Committee, we would force

businesses in Wales to make reductions even when it might be more cost effective for emission reduction to occur elsewhere and may put competitiveness at risk.

Financial Implications – None, because the recommendation is being rejected

Headline Recommendation 2:

The Committee recommends that:

2. The Welsh Assembly Government should carry out an assessment of the employment opportunities that could be created in Wales through reducing carbon emissions, which should include an evaluation of the skills needed within the workforce. The assessment and evaluation should inform the Welsh Assembly Government's Green Jobs Strategy.

Response: Accept in principle

The Assembly Government accepts this recommendation in principle.

The Green Jobs Strategy, which is currently being finalised following a public consultation earlier this year, will set the framework for assessing and capturing the employment opportunities that could be created by a move to a sustainable low carbon economy.

The Green Jobs Strategy will be the overarching economic development strategy for the Welsh Assembly Government to achieve a sustainable economy for Wales. The Green Jobs Strategy provides us with an opportunity to respond to the twin challenges of climate change and the economic situation.

Through the Green Jobs strategy we will identify how skills will be provided for the development, installation and manufacture of sustainable technologies. Specifically on the energy side, we have an Energy Sector Skills Champion and some of the Further Education Institutions are investing in new training facilities like those at Pembroke College opening in early summer.

The Welsh Assembly Government will work with partners such as the Wales Employment and Skills Board and the Sector Skills Councils in developing the criteria and methodology to undertake an assessment of the employment opportunities that could be created in Wales through reducing carbon emission.

Financial Implications – Any costs associated with carrying out the assessment will be met from existing budgets

Headline Recommendation 3:

The Committee recommends that:

3. The Welsh Assembly Government to revise/replace current economic strategies to give carbon reduction a high profile and be explicit about how it can act as one of the key principles to sustainable economic growth.

Response: Accept

The Assembly Government accepts this recommendation.

The Green Jobs Strategy will deliver key elements of the Sustainable Economy Chapter of the new Sustainable Development Scheme, and will in turn be a significant driver for Assembly Government economic activity.

The Assembly Government has made a clear commitment to reducing greenhouse gas emissions in *One Wales*. The *Climate Change Strategy – High Level Policy Statement consultation*, the *Green Jobs Strategy consultation*, the new *Sustainable Development Scheme* and the forthcoming *Climate Change Strategy – Programme of Action consultation* all make absolutely clear that Assembly Government economic development policy is intended to deliver sustainable development and acknowledges the importance of carbon reduction.

Financial Implications – None, the development of a Green Jobs Strategy is already underway and the costs built into exiting budgets

Headline Recommendation 4:

The Committee recommends that:

4. The Welsh Assembly Government to introduce a sliding scale rebate on Business Rates to businesses not covered by any carbon trading scheme who achieve agreed levels of carbon reduction or agreed levels of accreditation in schemes such as The Green Dragon Environmental Standard.

Response: Reject

The Assembly Government rejects this recommendation because there is not sufficient evidence that it would be a cost effective way of promoting carbon reduction.

It is the case that, in principle, business rates can provide a vehicle incentivising certain activities but there is a significant cost implication. A 1%

variation in the level of increase in business rates on a Wales-only basis would represent a cost to the Assembly Government of around £8 million.

In the absence of any detailed analysis of the carbon savings likely to be generated for this expenditure, this is not something that the Assembly Government could pursue.

Financial Implications – None because the recommendation is being rejected.

Headline Recommendation 5:

The Committee recommends that:

5. The Welsh Assembly Government sets targets for carbon reduction across the whole of the Public Sector in Wales as part of its implementation of the One Wales carbon reduction commitment. The Welsh Assembly Government should consider setting those targets in excess of 3% for the public sector in Wales.

Response: Accept in part

The Assembly Government accepts this recommendation in part. We will set a target for public sector emission as stated in *One Wales*, but at this stage we are not making any final decisions on the level at which the target should be set.

The consultation on the *Climate Change Strategy – High Level Policy Statement* outlined our proposed approach of setting a target of a 3% per year reduction for the public sector and we will consider the responses to the consultation and the Committee's recommendation in coming to a final decision on the level of the target when we publish the final Climate Change Strategy later this year.

We will also consider the opportunities and constraints impacting on different parts of the public sector to deliver higher levels of emission reduction. For example, in relation to increasing electricity demand in the NHS or the particular challenges of buildings belonging to public sector organisations in the Heritage portfolio.

Financial Implications – Any additional costs will be managed from existing programme budgets and the financial implications will inform final decisions on the level of the target

Headline Recommendation 6:

The Committee recommends that:

6. The Welsh Assembly Government should work closely with the WLGA and other public sector bodies to produce guidelines for local authorities and public bodies on the baselining, collection and reporting of carbon reduction information to ensure a consistent and understandable approach.

Response: Accept

The Assembly Government accepts this recommendation. Improved data about emissions is important in assisting organisations to target action and measure progress; and achieving greater consistency across organisations and sharing good practice will be helpful.

The UK Government will be publishing guidance, as required under section 83 of the Climate Change Act 2008, setting out how organisations can report emissions on a consistent basis. This guidance will inform the approach taken by the Assembly Government.

Financial Implications – Any additional costs can be managed from within existing budgets.

Headline Recommendation 7:

The Committee recommends that:

7. The Welsh Assembly Government should consider making money available to appropriate public bodies to ‘kick start’ capital programmes for achieving carbon reduction. The Welsh Assembly Government should agree a programme of offsetting the capital funding through subsequent savings in energy bills (having regard to substantial changes in fuel prices) at the time of providing the funding.

Response: Accept in principle

The Assembly Government accepts this recommendation in principle. The *National Energy Efficiency and Saving Plan* set out our intention to develop a public sector invest to save loans focused on energy efficiency and carbon reduction as part of the consultation on the *Climate Change Strategy – Programme of Action*.

The detailed way forward will be confirmed following the consultation.

The recently announced Invest to Save fund is designed to achieve cash releasing savings from public sector bodies.

Financial implications: There are financial implications of providing funding to ‘kick start’ capital programmes. The proposed energy efficiency and carbon reduction invest to save loan programme can be met from within existing budgets.

Headline Recommendation 8:

The Committee recommends that:

8. The Welsh Assembly Government reviews and amends where necessary all the targets set for public bodies in Wales to ensure that they are consistent with carbon reduction targets.

Response: Accept in principle

The Assembly Government accepts this recommendation in principle. The Assembly Government supports the principle behind the recommendation – that is to ensure that our processes help to drive emission reduction.

We want to avoid a situation where the targets that we set for other policy reasons inadvertently provide an incentive to increase greenhouse gas emissions. We will consider this risk and ways of avoiding it as part of the process of setting new targets for public bodies or review and update existing targets.

We have not accepted this recommendation in full because we do not consider that a wholesale review of all targets would be an effective use of resources and we would also need to assess the wider implications of changing targets that a particular public sector body has been working to.

Financial Implications – None because we propose to assess targets in relation to emission reduction as part of wider reviews of the targets for public bodies can which can be met from within existing budgets

Carbon reduction by industry

Recommendation 1:

The Committee recommends that:

1. The Welsh Assembly Government should ensure that there is sufficient support, including financial incentives and advice available to enable the low carbon technologies developed by bodies such as the Low Carbon Research Institute in Wales to be manufactured in and marketed from Wales.

Response: Accept in principle

The Assembly Government supports the principle behind the recommendation and will investigate how the recommendation could be achieved and consider the implications.

This issue has been identified in our Green Jobs Strategy and will be looked at and developed by the Department for Economy and Transport, working with others as part of its implementation.

Whilst we should maximise the opportunities for Welsh businesses we should also be mindful of the wider market opportunities for the commercialisation of these technologies. There is however, sometimes a mismatch between the technology being developed in Wales and the Welsh companies that are able to commercialise it.

Financial Implications – Any additional costs can managed from within existing budgets.

Recommendation 2

The Committee recommends that:

2. The Welsh Assembly Government should set targets for the percentage of low carbon technologies developed by bodies such as the Low Carbon Research Institute in Wales that go on to be manufactured in Wales and should use incentive schemes to enable those targets to be reached.

Response : Reject

The Assembly Government rejects this recommendation as it stands. While we support the intention behind the recommendation, we would need to consider very carefully whether incentives to manufacture a particular product in Wales would be acceptable under State Aid rules.

We want the best technologies to be developed in Wales and we want Wales to adopt the best technologies in our response to climate change. We believe that Welsh technologies will compete with the very best on their merits, but that excellence in R&D, a strong culture of innovation and entrepreneurship and powerful partnership between research, government and business are the key to success.

An attempt to arrange a market to favour particular technologies or producers has several risks, including: an ineffective or expensive response to climate change in Wales; a distortion of the signals sent by international markets to Welsh technology companies; reciprocal action that works against Wales internationally, and challenges under state Aid Rules.

Financial Implications – None because the recommendation is being rejected.

Recommendation 3

The Committee recommends that:

3. The Welsh Assembly Government should work in partnership with the Higher and Further education sectors, the sector skills councils, professional development bodies and schools and colleges to ensure that appropriate training and skills are available to meet the needs of companies developing in the low carbon technology market as part of its Green Jobs Strategy.

Response : Accept

The Assembly Government accepts this recommendation. We will work with partners such as the Wales Employment and Skills Board and the Sector Skills Councils in developing the criteria and methodology to undertake an assessment of the employment opportunities that could be created in Wales through reducing carbon emission.

However, the incorporation of low-carbon skills into national qualifications and apprenticeship frameworks will need to involve discussion at UK level. We should also note that the delivery will also depend on employer and learner demand, without which providers will not be able to offer the courses economically.

Our skills and employment strategy, '*Skills That Work for Wales*', describes how we are working to integrate approaches to skills, employment and business development. We are sustaining and developing apprenticeship recruitment to ensure young people leaving school or college can access quality training. We will continue to discuss with the UK Government further work on the incorporation of low-carbon skills into national qualifications and apprenticeship

The Welsh Assembly also recognises that good skills develop from an early stage, and that is why it has ensured that the school curriculum provides the education and the qualification to support the climate change agenda.

Financial Implications – Any additional costs can managed from within existing budgets.

Recommendation 4

The Committee recommends that:

4. That any Welsh Assembly Government targets for carbon reduction in industry should not penalise early adopters either by setting unrealistic targets that they cannot achieve because of the savings they have already made or by offering incentives for carbon reduction which they will not be able to access.

Response : Accept

The Assembly Government accepts this recommendation and any targets that are set would be designed to avoid penalising early adopters and creating perverse incentives.

Financial Implications – None, there are no financial implications associated with this recommendation.

Recommendation 5

The Committee recommends that:

5. The Welsh Assembly Government should urge the UK Government to support the proposed amendments to Phase 3 of the EUETS to link state and sectoral targets to overall EU emissions targets.

Response: Accept

The Assembly Government accepts this recommendation. The Assembly Government and the UK Government have supported the adoption of an EU-wide cap on emissions for Phase III of the scheme.

A centralised cap will ensure a consistent approach across the EU, rather than relying on individual Member States National Allocation Plans. This provides certainty for the level of emission reductions that will be delivered by the scheme. The cap will reduce by 1.74% each year, delivering an overall reduction of 21% below 2005 verified emissions by 2020. This compares with 9.3% below 2005 levels for 2012.

EU leaders also agreed an Effort Sharing Decision, which sets Member State targets for reductions in the sectors of their economies not covered by the EU ETS, in the most part residential and transport. The effort towards the EU target is shared between the Member States according to GDP per capita. For the UK this equates to a reduction of 16% over 2005 by 2020. The Effort Sharing Decision provides each Member State with a stringent annual binding trajectory towards their 2020 target.

It is left to Member States to set out the policy measures they will use to meet their targets, which in the UK will be delivered through the implementation of the Climate Change Act, the Energy Act and the Renewable Energy Strategy.

We published the first stage consultation on our Climate Change Strategy earlier this year and will publish a second consultation, on our programme of action for delivering our targets, shortly.

The UK negotiates internationally on Climate Change as part of the EU and, as it did for the Kyoto Protocol, expects to agree emission reduction targets under any international agreement at European level as part of EU arrangements to share the target.

Financial Implications – None, there are no financial implications associated with this recommendation.

Recommendation 6

The Committee recommends that:

6. The Welsh Assembly Government should commission research in order to produce an evidence base for the establishment of an emission trading scheme in Wales by the end of 2009 through the powers given to it in Section 47 of the Climate Change Act 2008 with a view to using the scheme to contribute towards achieving national, UK and EU targets.

Response : Reject

The Assembly Government rejects this recommendation because it is premature. The Carbon Reduction Commitment (CRC) has not yet been introduced and we need to gain a better understanding of its operation before considering developing an additional trading scheme.

To be effective, a trading scheme needs to have a sufficiently liquid market to produce an appropriate carbon price and ensure that compliance costs are minimised.

It is not clear that there is gap in coverage for an additional trading scheme to occupy alongside the EU Emissions Trading Scheme, the CRC and Climate Change Agreements. The largest industrial emitters, energy generators and energy users will be captured by one those instruments and while some businesses and organisations will fall outside their scope they are likely to be responsible for much lower levels of emissions individually and a trading scheme is unlikely to be the correct instrument to use to address these emissions.

Financial Implications – None because the recommendation is being rejected.

Recommendation 7

The Committee recommends that:

7. The Welsh Assembly Government should use the powers given to it in Schedule 4 of the Climate Change Act 2008 to require all businesses that are not covered by any national trading scheme to produce a carbon appraisal to establish a baseline for their trading agreement. The carbon appraisals should be carried out by the Carbon Trust.

Response: Reject

The Assembly Government rejects this recommendation because it is based on a misunderstanding of the provisions in Schedule 4 of the Climate Change Act. Section 50 of the Act provides that Schedule 4 confers powers "to require information for the purposes of enabling a *trading scheme* to be established", and it is for those purposes only that the powers in Schedule 4 may be exercised. They cannot be exercised to require information to be provided for the purposes of drawing up baselines for *trading agreements*.

The provisions in the Act enable the Welsh Ministers, UK Government and other devolved administrations to require certain information to be provided for the purposes of enabling a trading scheme to be established but it does not provide a generic power to require carbon appraisals to be carried out.

The information which the Welsh Ministers may require is set out in paragraph 3 of Schedule 4. Carbon appraisals are not listed in that paragraph and potential participants in trading schemes cannot, therefore, be required to provide carbon appraisals under Schedule 4 of the Climate Change Act 2008.

We would strongly encourage businesses and public sector organisations to carry an assessment of the carbon impact of their activity. We fund the Carbon Trust in Wales to support businesses in carrying out this sort of assessment.

We are also working with the UK Government on the implementation of section 85 of the Climate Change Act on reporting of emissions by companies.

Financial Implications – None because the recommendation is being rejected.

Recommendation 8

The Committee recommends that:

8. The Welsh Assembly Government should establish a One Stop Shop for information and advice on carbon reduction. The one stop shop should take a pro active role in raising awareness of carbon reduction issues and giving help and advice to all business sectors.

Response: Accept

The Assembly Government accepts this recommendation. The new Flexible Support for Business advisory service (FS4B) was launched on 1 May and provides easy to follow, relevant environment and sustainability guidance is available through a dedicated section on the FS4B website, www.business-support-wales.gov.uk/environment and via the FS4B advice line, 03000 6 03000.

Through the advice line all businesses will be referred to a Relationship Manager who will determine their support needs and refer the caller onto the most appropriate part of the support infrastructure. Its aim is to guide each business to the right support to help them address their environmental and sustainability issues and meet business needs.

FS4B Environment and Sustainability will allow companies across Wales to access the best possible knowledge on sustainable and cost-effective business practices, and will contribute towards Wales' ambitions for a sustainable and low-carbon economy.

Carbon Trust will continue to provide dedicated, specialist support on emission reduction.

Financial Implications – Any additional costs can managed from within existing budgets.

Recommendation 9

The Committee recommends that:

9. There should be clear and accurate information made available to business through the Carbon Trust (until the establishment of the body recommended in recommendation 8) on the differing roles undertaken and funding opportunities provided by the Welsh Assembly Government, UK Government and the EU

Response: Accept in principle

I accept this recommendation in principle. Advice on roles and responsibilities and funding opportunities will be available through the new Flexible Support for Business advisory service (FS4B) and the Carbon Trust.

The Assembly Government is working with both the Carbon Trust and the Energy Saving Trust to maximise the funding opportunities available to businesses in Wales to improve energy efficiency, by ensuring that clients are properly signposted to the most appropriate advisory body.

The Carbon Trust will be strongly linked into FS4B. The continuation of their role as a provider of specialist advice and information to businesses is outlined in recommendation 8.

Financial Implications – Any additional costs can managed from within existing budgets.

Recommendation 10

The Committee recommends that:

10. The Welsh Assembly Government should work with the UK Government and other agencies to ensure that any Wales and UK wide requirements for measuring, benchmarking and reporting systems for carbon reduction should require data recording and reporting to be undertaken in the same way.

Response: Accept

The Assembly Government accepts this recommendation and is working with the UK Government on the implementation of section 83 of the Climate Change Act on reporting of emissions by organisations.

Financial Implications – None, there are no financial implications associated with this recommendation.

Recommendation 11

The Committee recommends that:

11. The Welsh Assembly Government to review other policies which impact on economic development and carbon reduction (e.g. planning policies) with a view to aligning them to the revised economic policies.

Response: Accept in principle

The Assembly Government accepts this recommendation in principle.

We are in the process of integrating sustainable development and climate change action across the work of the Department for Economy and Transport and the wider economic development activity of the Assembly Government through the Green Jobs Strategy, FS4B - Environment and Sustainability and 'Creating Sustainable Places'.

Planning policy is fully integrated with sustainable development and climate change actions. It seeks to ensure that economic development proposals take place in sustainable locations that minimise the need to travel and that new commercial and industrial buildings reduce carbon emissions by at least 25%.

Financial Implications – None, there are no financial implications associated with this recommendation.

Recommendation 12

The Committee recommends that:

12. The Welsh Assembly Government should ensure that good practice in procurement is shared through the Value Wales initiative and should encourage small, medium and large scale businesses to interact and share ideas.

Response: Accept

The Assembly Government accepts this recommendation. Value Wales works with all parts of the Welsh Public Sector to improve procurement practices in general and specifically to promote sustainable development principles being embedded into purchasing decisions through use of the Sustainable Risk Assessment template (SRA).

Value Wales is also working with the Department of Economy and Transport to promote engagement with SMEs in Wales through "Opening Doors the Charter for SME Friendly Procurement".

Financial Implications – Any additional costs can managed from within existing budgets.

Carbon reduction by public bodies

Recommendation 13

The Committee recommends that:

13. The Welsh Assembly Government work together with the WLGA to ensure that local authorities in Wales fulfil their role as key leaders in carbon reduction.

Response: Accept

The Assembly Government accepts this recommendation. Working with local authorities and the WLGA to identify how the Assembly Government can support action by local authorities to reduce emissions is a priority for the coming year.

Financial Implications – Any costs can be accommodated within existing budgets.

Recommendation 14

The Committee recommends that:

14. The Welsh Assembly Government should issue guidance to local authorities on the ways in which the targets in the Energy Efficiency Performance Indicator could be achieved

Response: Accept in principle

The Assembly Government accepts this recommendation in principle.

The Assembly Government will also be developing updated guidance through the Climate Change Measures Report which is provided for in Section 81 of the Climate Change Act 2008.

There are currently two local authority indicators related to energy efficiency but these do not contain targets.

EEF/001a measures percentage change in carbon dioxide emissions in the non-domestic stock (i.e. the local authorities' own buildings). The Assembly Government is considering reviewing the methodology associated with this indicator to link in with reporting alongside the Climate Change Strategy.

EEF/001b measures percentage change in energy use and carbon dioxide emissions in the housing stock (all housing in the local authority area). The Assembly Government is currently consulting on a proposal to repeal the Home Energy Conservation Act (HECA) as part of the National Energy Efficiency and Savings Plan consultation. EEF/001b is linked to HECA and we would need to review the appropriateness of this indicator in the light of any changes made following that consultation.

More widely, the Assembly Government is considering the role of local authorities in reducing emissions as part of our work on the Climate Change Strategy.

Financial Implications – Minor and to be accommodated within existing budgets

Recommendation 15

The Committee recommends that:

15. The Welsh Assembly Government should consider rolling out the support currently given to all local authorities to develop energy strategies.

Response: Accept in principle

The Assembly Government accepts this recommendation in principle.

We are considering the support offered to local authorities to promote action to tackle climate change as part of work on developing the Climate Change Strategy

We do not intend to require the development of local authority energy strategies.

Financial Implications – To be considered as part of the development of any support package.

Recommendation 16

The Committee recommends that:

16. That the new performance indicator for energy usage be included in the Core Asset Management Suite of indicators to ensure the connections are made between managing the local government estate and reducing carbon emissions.

Response: Reject

The Assembly Government rejects this recommendation.

There is no performance indicator on energy usage in the asset management set of the local government Performance Measurement Framework.

Trials of such an indicator in 2007-8 revealed very considerable costs of collection and difficulties in reliably comparing data between local authorities.

The Framework continues to require collection and reporting of data on overall carbon emissions from, and energy usage in, public buildings.

Financial Implications – None because the recommendation is being rejected.

Recommendation 17

The Committee recommends that:

17. That the Welsh Assembly Government identifies at an early stage those local authorities and public bodies who will come under the Carbon Reduction Commitment and works with those organisations to ensure that they have sufficient expertise and resources to meet the requirements of the scheme.

Response: Accept in principle

The Assembly Government accepts this recommendation in principle.

The Carbon Reduction Commitment (CRC) is a new UK-wide emission trading scheme which starts in 2010.

We have already been liaising with the WLGA to establish which Local authorities in Wales may be captured by the scheme and the WLGA held a

Climate Change Conference in September 2008 which included a session on the CRC.

The Climate Change Act 2008 contains powers to obtain information from energy companies to provide a clearer picture of organisations that will qualify for the CRC. Now that the relevant provisions are in force that information has been obtained and is being reviewed.

As part of the communication strategy for the CRC, local authorities in Wales have received regular updates on the implementation of the scheme and were first invited to attend a CRC workshop in September 2007.

The Minister for Environment Sustainability and Housing wrote to the Chief Executives of all local authorities in Wales in July 2008 to tell them about the scheme and is intending to write again shortly.

Public sector bodies and businesses who might qualify for the Scheme were invited to participate in a major workshop in Cardiff on 29 April 2009 which provided potential participants with further information about participating in the scheme.

A sub group of the Wales-wide Directors of Finance Network, represents a wide variety of public sector organisations including local authorities and the NHS, is being established to consider how consideration of climate change can be embedded into organisations. It is intended that the group will initially focus on the issues around implementation of the Carbon Reduction Commitment.

The Carbon Trust has been working to ensure that all local authorities in Wales have been through the carbon management programme putting them in a good position for complying with the CRC.

Financial Implications – Working with local authorities and public sector bodies to ensure they understand the requirements of the CRC and what they need to do can be met from within existing budgets. Both the Environment Agency and the Carbon Trust will have an important role to play.