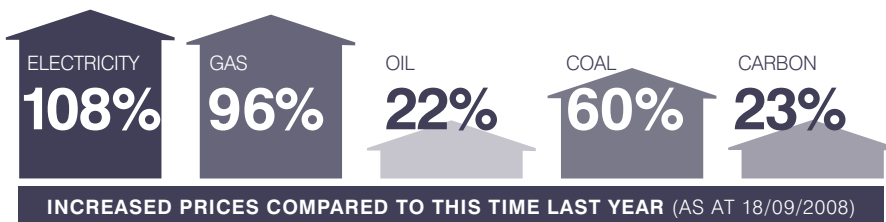


Welcome to CUC's Energy Newsletter

MARKET IN BRIEF

Broadly there has been slight upward pressure in the electricity market due to system capacity restrictions. In the key markets of gas, oil and coal we have seen a little softening which may eventually come through into the electricity price.



UK ENERGY RATES		10/09/08	18/09/08
Electricity / MWh		£84	£85
Annual Gas / therm		90p	84.5p
Annual Brent Oil / barrel		\$100	\$94
Coal / tonne		\$175	\$162
Carbon Emissions / tonne		€23	€24

In this edition, we look at the **Carbon Reduction Commitment (CRC)**, which has been initiated by Government and will affect a number of our clients during 2008 and 2009.

CARBON REDUCTION COMMITMENT (CRC)

The **Carbon Reduction Commitment Scheme**, launched by **Central Government**, is aimed at giving an incentive to companies who are larger energy users, to reduce the amount of energy that they are consuming.

Qualification for the CRC Scheme is based upon the amount of electricity that is consumed through half hourly electricity meters. Qualification at the moment is obtained if you consume more than 6 million kWh per annum.

In order to see whether or not your organisation qualifies, during early 2009 a calculation based on your half hourly electricity consumption period of 1st January 2008 to 31st December 2008 needs to be carried out. If you qualify, i.e. the total is more than 6 million kWh, then you must enter the CRC Scheme. The calculation itself, is carried out at the highest UK parent company level. Therefore if your company is only part of a group, your figures constitute part of the group's figures and it is the group that must report, and if the group qualifies, then all sites within the group will qualify as well.

CRC continued

A return must be made to Government, the CRC Return, by the end of March 2009, if you have qualified. Although qualification is calculated on your half hourly volume, when the full return is calculated it must include all fossil fuel based energy volumes i.e. half hourly electricity, non half hourly electricity, natural gas, bottled gases, road fuel, heating oils. Essentially, if qualification is met on the half hourly energy consumption, then a full energy audit needs to be undertaken of all of the areas of fossil fuel consumption for your company. From that consumption audit, the total tonnage of CO₂ can then be calculated i.e. your Carbon Footprint.

The cost of CRC will start to bite in January 2010. At that point you will need to buy sufficient allowances to cover your calculated CO₂ tonnage based on your 2008 year. The price will be £12 per tonne. At the end of the year i.e. 2010, you will then have to submit a further return, comparing your current usage i.e. the 2010 consumption with the number of metrics which will put you into a CRC League Table. Your position in that league table will determine how much of your allowances will be returned to you. This could be as much as a 90% rebate, or for those who have been inefficient there could be a surcharge.

This basic information is available now and CUC will be able to assist you in calculating, firstly whether or not you qualify and secondly carrying out a full audit to assess your Carbon Footprint. This is essential in order to ensure that you are ready for the additional charges that will reach you in 2010. It also give significant lead-time to allow for any energy reduction measures to be put in place so as to alleviate the impact of the additional costs.

Your Client Manager will be talking to you about this project in the near future and how CUC will be able to assist your company with this particular issue.

CUC SPOTLIGHT

CUC has been undergoing a fundamental restructure during the past 6 months which is intended to lead to an enhanced level of service and support for our clients. We now have a team of highly skilled and able Client Managers who have the primary role of maintaining and developing our relationships with our clients. Each Client Manager is supported by an Account Manager who deals with the detailed technical work on a client account and who provides continuity of cover ensuring that there is always someone at CUC with direct and up-to-date knowledge of our clients' accounts at all times. These teams of

Client and Account Managers are in turn supported by two product teams, one specialising in Technical Analysis and the other in Procurement and Contract negotiations. This specialisation means that we can deliver the very best advice at all times to all of our clients.

Our Client Managers have started and will be continuing to meet with all clients on a regular basis to give face-to-face reports and updates with regards to the specifics of each client's business. In addition we would like to extend a warm invitation to all of our clients to visit us here in Crawley, at our new offices, in

QUESTIONS? CONTACT US TODAY

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order to meet not only your Client and Account Managers but the whole of the team which is actively working on your behalf and supporting your business.

The offices are easily reached, being adjacent to the main railway station at Crawley which provides a direct service to London and also being just 5 minutes from the M23. If you should like to arrange your next meeting here at Crawley please talk with your Client Manager who will be more than happy to make the necessary arrangements.

We know energy.

utility management electricity gas water