

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Enterprise, Planning and Infrastructure
<b>DATE</b>	26 November 2009
<b>DIRECTOR</b>	Gordon McIntosh
<b>TITLE OF REPORT</b>	Climate Change Commitments and the Carbon Reduction Commitment
<b>REPORT NUMBER:</b>	EPI/09/066

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### 1. PURPOSE OF REPORT

The purpose of this report is to seek approval for the Council to sign up to two national campaigns on Climate Change – 10:10 Commitment and the Prince's May Day Network.

The report also seeks consideration for an Elected Member and Officer to attend the Scottish event at the United Nations Climate Change Conference (COP15) in Copenhagen in December.

The report outlines the new National scheme of the Carbon Reduction Commitment and the requirements of the Council under this scheme.

### 2. RECOMMENDATION(S)

- i) To approve the Council signs the 10:10 Commitment;
- ii) To approve the Council signs up the Prince's May Day Network and takes pledges 1- 4;
- iii) To consider if an Elected Member and officer should attend the Scottish Event at the Copenhagen Climate Change talks on the 14 and 15 December 2009;
- iv) To note the new national Carbon Reduction Commitment obligation and instruct Director of Corporate Governance to keep members appraised of the potential financial impact on the Council as more details become available.

### 3. FINANCIAL IMPLICATIONS

The cost of attending the two day Scottish Event in Copenhagen would be in the region of £500 per person if an overnight stay was required. Elected member costs would be met from their own travel budget and officer costs met within relevant service budgets.

There are significant savings and efficiencies to be made from effective carbon management. This supports the Council's improvement plan and budget process. The cost of applying the work on the commitments to reducing climate emissions will be met from within existing budgets.

#### **4. SERVICE & COMMUNITY IMPACT**

European, UK, Scottish and Council policy recognises the need to address Climate Change. This supports the environmental and economic priorities within the City's Community Plan, the Council's Administration Policy, 'Vibrant, Dynamic and Forward Looking' and the Single Outcome Agreement, in particular the area of reducing carbon emissions.

#### **5. OTHER IMPLICATIONS**

The need to address climate change and reduce carbon emissions is now a legal requirement under the Scottish Climate Change Bill (2009) and under other UK and European measures including the Carbon Reduction Commitment and the Energy Performance of Buildings Directive (which includes Energy Performance Certificates). The majority of savings will need to be made from our own facilities, fleet and procurement.

#### **6. REPORT**

##### **Existing Work on Climate Change**

The Council has been a leader (locally and nationally) in the area of addressing climate change mitigation for a number of years. The Council has made significant carbon savings to date and have achieved its earlier targets. The range of work the Council has undertaken includes insulation of buildings and homes, replacement of energy fittings and machinery, development and use of combined heat and power, an application of small scale renewables in schools.

Aberdeen City Council is currently undertaking The Carbon Management and Monitoring Programme, which the Council is undertaking as part of The Carbon Trust national programme. Participation in this Programme was approved by Policy and Strategy Committee on 9 June 2009 (Item 7.1). The Programme is an intensive piece of work to examine the most practical ways to reduce the Council's own emissions and to set an ambitious and achievable target. The Plan with targets will be reported to Committee early in 2010. Areas of work to reduce emissions will be in the areas of waste, energy efficiency, street lighting, business travel and smart use of information technology.

The Council is already a signatory to a number of Climate Change Commitments – including the Calgary Climate Change Accord (2009), European Covenant of Mayors (2009) and the Scottish Climate Change Declaration (2007).

##### **May Day Network**

The Prince's May Day Network is the UK's largest group of businesses committed to taking action on climate change. By sharing best practice, these businesses promise to play a powerful role in reducing the UK's carbon emissions. Joining the network will give access to free advice and climate

change tools. It will allow the Council to promote the work it is already doing on climate change.

The Prince's May Day Network is convened by Business in the Community (the Council is a member of Scottish Business in the Community), and helps businesses realise benefits from taking action on climate change. It helps provide practical support, and by profiling their low carbon activities. It is sponsored by businesses that are taking a lead on climate change, and partners with key business support organisations.

Once you have joined the Prince's May Day Network, the organisation should make one or more of the following six pledges.

Pledge 1: Measure and report your business' carbon emissions publicly or to Scottish Business in the Community

Pledge 2: Manage your carbon emissions by developing a carbon action plan, including setting an absolute target

Pledge 3: Take action to reduce your business' carbon emissions

Pledge 4: Encourage employees to reduce their carbon emissions at home and at work

Pledge 5: Work in partnership with suppliers to reduce carbon emissions in the supply chain

Pledge 6: Encourage your customers to take action on climate change

Given the work already being undertaken by the Council, we are in a position to take pledges 1,2, 3, & 4.

### **10:10**

10:10 is an ambitious project to unite every sector of British society behind one simple idea: that by working together we can achieve a 10% cut in the UK's carbon emissions in 2010. 10:10 was conceived by the team behind climate blockbuster The Age of Stupid. They now run the campaign with support from partner organisations including The Guardian, ActionAid, Comic Relief, the Energy Saving Trust, the Carbon Trust, the Public Interest Research Centre and many more.

10:10 is unique because it asks people to take a simple but meaningful action that everyone can understand and contribute to. As a result, it is already receiving support from media, business, NGOs and the public sector. Over 37,000 companies, organisations (including Local Authorities) and individuals have signed up so far.

However, the campaign recognises that some progressive organisations that have made significant cuts already may find it impossible to achieve a 10% cut in 2010. Therefore they are asking in such cases for any cuts of 3% or greater.

Aberdeen City Council will be setting an ambitious target of around 20% CO2 emissions reduction by 2015. It will be very unlikely that we would be in a position to reduce emissions by 10% in 2010 – as significant reductions (over 30%) over the last 5 years has taken away the 'easy options'. Therefore it would

be reasonable for commit to a minimum of 3% under this campaign given that a revised plan is currently being developed.

## **United Nations Climate Change Conference**

The Conference takes place in Copenhagen from the 7 – 18 December 2009. COP stands for Conference of the Parties and is the 15<sup>th</sup> meeting of its kind – hence the term COP15. It is the highest body of the United Nations Climate Change Convention and consists of environment ministers who meet once a year to discuss the convention's developments. The overall goal for the 2009 (COP15) United Nations Climate Change Conference hosted by Denmark is to establish an ambitious global climate agreement for the period from 2012.

The Council is aware that there will be a Scottish event during the conference which the Scottish Government is keen to support in order to demonstrate the Scottish Commitment to climate change. It is understood that this will take place in Copenhagen on 14 and 15 December. Further details are to follow.

## **Carbon Reduction Commitment**

The Carbon Reduction Commitment (CRC) is a new mandatory emission trading scheme that aims to improve energy efficiency and reduce the amount of carbon dioxide emitted in the UK. CRC will affect all organisations in the public and private sector that consume more the 6,000 MWh of half hour metered electricity in 2008, and, are not already covered by another emission trading schemes. That includes Aberdeen City Council.

All participant organisations will have to accurately monitor and report on their annual emissions, and, purchase allowances from the Government, for each tonne of CO<sub>2</sub> they emit. The more CO<sub>2</sub> an organisation emits the more allowances it will have to purchase.

It is estimated that 5000 organisations will be required to participate in the CRC. Many organisations have subsidiaries, or, as with this Council, have set up arms length organisations (for example Sport Aberdeen, Aberdeen Performing Arts, and the PPP arrangement for the 3Rs schools). The carbon emissions from buildings used by those arms length organisations will count towards the Council's overall emissions where the Council continues to own the building and procures the fuel on behalf of the subsidiary or arms length organisation. Arrangements will be in place to take account of changes in an organisation's size resulting from an increase or reduction in their activities.

The scheme starts in April 2010 with a 3 year introductory phase. The first year will require collation of data only. From the second year allowances will be sold at a fixed price of £12 per tonne. From year 4 onwards the scheme moves into the capped phase where the Government puts a cap on the number of allowances available and then sells these at auction. It is anticipated that this will entail a significant increase in the cost of allowances.

If the baseline had been the 2008/09 financial year, the Council would have had to purchase allowances to the value of approximately £500,000 in 2011/12, based on the following figures:

<b>Energy Use in Council Buildings 08/09</b>	<b>Electricity</b>	<b>Natural Gas</b>	<b>Burning Oil</b>	<b>Total</b>
<b>kWh</b>	37,829,340	95,025,642	17,394,521	150,249,503
<b>CO<sub>2</sub> (tonnes)</b>	20,354	17,577	4,267	42,197
<b>CRC Cost (£12/tonne CO<sub>2</sub>)</b>	£244,243	£210,923	£51,205	£506,370

The better an organisation performs in terms of reducing its emissions year on year, the higher it will appear in the annual performance league table that the Government will publish, showing the comparative performance of all participants. All revenue raised from selling the carbon allowances is recycled back to participants. This starts at a low level of only 10% in the first year but increases substantially in later years reaching 50% in year 5. This recycle mechanism means that organisations that perform well will be able to make money from the CRC while poor performers will be penalized financially. An organisations success or failure in the league table is determined by its ability to reduce CO2 emissions year on year.

The first year of the league table is based exclusively on the “early action metric” which will determine the full bonus or penalty amounts, rewarding those organisations that have taken “early action” to reduce carbon emissions on a voluntary basis before 2010. There are only two early actions which are recognized and action is being taken on both of these:

- Installation of voluntary Automatic Metering (AMR): Arrangements have been put in place to install 140 AMRs in Council owned buildings that use non half hourly electricity by the end of 2009;
- Achieving certification against the Carbon Trust Standard: We have collated and submitted energy consumption data for the last 3 years as part of our application for this Standard, and aim to achieve certification by the end of 2009.

Managing CRC effectively will require input and commitment from a wide range of Council services. The lead responsibility, however, will be divided between:

- the Energy Management Team to ensure energy consumption data is accurately monitored and carbon reduction measures are carried out year on year, and,
- Finance to trade in carbon emissions in such a way as to minimize the negative impact on the Council and maximize our income from the CRC.

## **7. REPORT AUTHOR DETAILS**

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## **8. BACKGROUND PAPERS**

10:10 <http://www.1010uk.org/>

May Day Network: <http://www.sbcscot.com/what-we-do/programmes/climate-change>

Scottish Government:

<http://www.scotland.gov.uk/Topics/Environment/climatechange>

United Nations Climate Change Conference: <http://en.cop15.dk/>