

ENERGY COMPLIANCE UPDATE

A SUMMARY OF MANDATORY GHG EMISSION REPORTING

A requirement of the Climate Change Act 2008 (transposed into UK law under the companies act 2006, regulations 2013) is that all organisations listed on the FTSE100 are required to report on their GHG emissions for company reporting years ending on or after 30 September 2013. This date refers to the year-end date and not the date of publication of the directors' report. The emission totals should be published in the company's directors' report.

The official quoted companies' characteristics as set out in 'Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance 2013' are as follows: "Quoted companies in this respect are those that are UK incorporated and whose equity share capital is officially listed on the main market of the London Stock Exchange; or is officially listed in a European Economic Area; or is admitted to dealing on either the New York Stock Exchange or NASDAQ. Companies within the scope of the regulation must adhere to its requirements."

Reporting Period

Your usual financial year	Your first reporting year under the regulation
1 January to 31 December	1 January 2013 to 31 December 2013
1 April to 30 March	1 April 2013 to 30 March 2014
1 October to 30 September	1 October 2012 to 30 September 2013

Depending on a company's financial year, it may be required to report on emissions that occurred before the date the regulation was made. If the information is unavailable to meet the requirement in the first reporting year a company must:

- Provide an estimated figure instead, based on extrapolating data that it does have, or use generic data that is not specific to the company. The company is required to disclose its methodology, or
- Explain why it is unable to provide 12 months' data. Information collected should ideally correspond to the financial year of the company. A different 12 month's consecutive data may be reported on but this must be stated in the directors' report.

What must be reported?

Under the regulations quoted companies are required to report on their greenhouse gas emissions from activities for which they are responsible. The next step is to consider the requirements of the directors' report; this contains information relating to operations, both in the UK and abroad, covered by the consolidated financial statement.

Reporting emissions from activities for which they are responsible means that they will:

- Not report on GHG emissions from certain operations covered by the consolidated financial statement; or
- Report on GHG emissions from operations that are not included in this statement

They must make clear which route they choose.

What emissions must be included?

Companies are required to quantify and report on emissions of:

- CO₂
- Methane CH₄
- Nitrous Oxide N₂O
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PCFs)
- Sulphur hexafluoride (SF₆)

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The Energy Specialists

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Individual figures are not required but should all be reported together in a total CO₂e figure per annum. Emissions from the following sources must be included:

- The combustion of fuel on site or in transport
- The operation of any facilities (this is not limited to emission sources that are permanent or land based or stationary)

The following emissions should be considered when identifying which to report:

- Process emissions i.e. from a physical or chemical process
- Fugitive emissions i.e. intentional or unintentional releases from equipment such as refrigerant units
- A separate figure giving the annual quantity of emissions from the purchase of electricity, heat, steam or cooling by the company for its own use

In the case of companies that are lessees of an emission source, they should decide if they have responsibility for that emission source eg electricity use within the building.

Companies are not required to report on other emissions associated with inputs into their company (such as emissions from their supply chain) or emissions linked with outputs from their company (such as emissions from their products when they are used by customers)

Missing information

Companies must make every reasonable effort to acquire all material data to comply with the regulations. However, there may be circumstances where they find it difficult to compile all necessary data in a timely manner to comply with reporting requirements, eg because of significant restructuring or acquisitions by the company in the run up to producing their directors' report.

Should they be in the situation where they cannot report on all material emissions for which they have responsibility, they must state what is omitted and explain why in their directors' report

Intensity ratios

Reported emissions must also be compared to intensity ratios. These are an appropriate business metric or financial indicator, such as sales revenue or square meters of floor space.

No external verification is required

If you need help compiling your data, or understanding your obligations, please call us on 0800 6127 567, email info@jrpsolutions.com or book a call back through our website here.