

# CRC Energy Efficiency Scheme Treating Everyone Equally

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# Principles

- Land Securities is committed to reducing the carbon footprint of its own operations and working with occupiers to help them achieve energy savings. We applaud the Government for introducing an emissions trading scheme to help make progress towards the required long-term 80% national reductions although we believe that there is scope to amend the CRC to improve clarity and bring about greater reductions.
- The "Polluter Pays" principle is fundamental to the use of economic instruments to manage environmental impacts and so Land Securities will engage fully with the intentions of the CRC by implementing the costs and benefits of the trading mechanism accordingly.





# Key issues

- Legal – Lease v RICS service charge code
- Polluter pays
- Only control a very small percentage of energy use
- Published League Table not specific to operation
- Property Transactions
- Leasing
- Development
- Administration





# Option 1

## Scheme within Scheme

Each customer within building to have its own profile

Customer area combined with Landlord areas = building footprint

Non recharge locations Landlord areas = building footprint

<b>PROS</b>	<b>CONS</b>
<b>Polluter Pays</b>	<b>Complex</b>
<b>Rewards customers fairly</b>	<b>Churn</b>
<b>Encourage customers to work with LL</b>	<b>Directive not legislation. Legal?</b>
<b>Strengthen the management relationship</b>	
<b>Small cost per customer</b>	



## Option 2

Any reward element used for energy fund

<b>PROS</b>	<b>CONS</b>
<b>Simple</b>	<b>Polluter does not pay</b>
<b>Creates resource for Energy Efficiency</b>	<b>Does not engage customer</b>
<b>Improved ranking in scheme ?</b>	<b>No risk and reward for customer</b>
	<b>Not our money particularly customer demise</b>
	<b>Only effective if CRC returns &gt; 100%</b>
	<b>Churn</b>
	<b>Still have to administer scheme</b>
	<b>Legal ?</b>





## Option 3

LS take financial hit

<b>PROS</b>	<b>CONS</b>
<b>Easier to administer</b>	<b>Costs</b>
<b>No cost to customer</b>	<b>Risk to LS</b>
<b>Group cost</b>	<b>Polluter does not pay</b>
	<b>No incentive for customer to reduce emissions</b>
	<b>Still have to administer scheme</b>
	<b>If non recoverable for building scheme within scheme required to administer</b>
	<b>As carbon costs rise the arrogate cost will increase significantly</b>





# Customer Engagement

- Working together
- Full transparency
- Compliance with RICS service charge code of practice
- Sharing information
- Joint energy initiatives
- Agreed targets
- Reward good performance



# Example Building footprint

Building	Demised Nos.	Baseline t <sub>e</sub> CO <sub>2</sub>	Credit cost (£)
Building B		11,983	£143,792
<b>Total</b>			<b>£143,792</b>
<b>Building B</b>			
Common Parts		8,148	£97,770
TD1		564	£6,768
TD2		91	£1,095
TD3		585	£7,019
TD4		62	£741
TD5		898	£10,782
TD6		265	£3,182
TD7		336	£4,030
TD8		232	£2,779
TD9		235	£2,826
TD10		168	£2,010
TD11		67	£809
TD12		106	£1,276
TD13		76	£918
TD14		149	£1,788
<b>Total</b>			<b>143,792</b>