

A presentation by
HILL DICKINSON

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National law firm of the year
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**IRM / MBCF joint meeting
Manchester, 30 June 2011**

Adapting to climate change legislation

**Bill Chandler
Legal Director
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Climate change – an inconvenient truth or a man-made myth?



Team Obama?



.... or Team Bellamy?

IRRELEVANT

All that really matters is ...

Environmental targets:

- 2019 all new buildings carbon neutral
- 2050 all existing buildings carbon neutral
- 2020 carbon emissions down by 34%
- **2050 carbon emissions down by 80%**
- 2020 renewable energy up to 20%



RISK

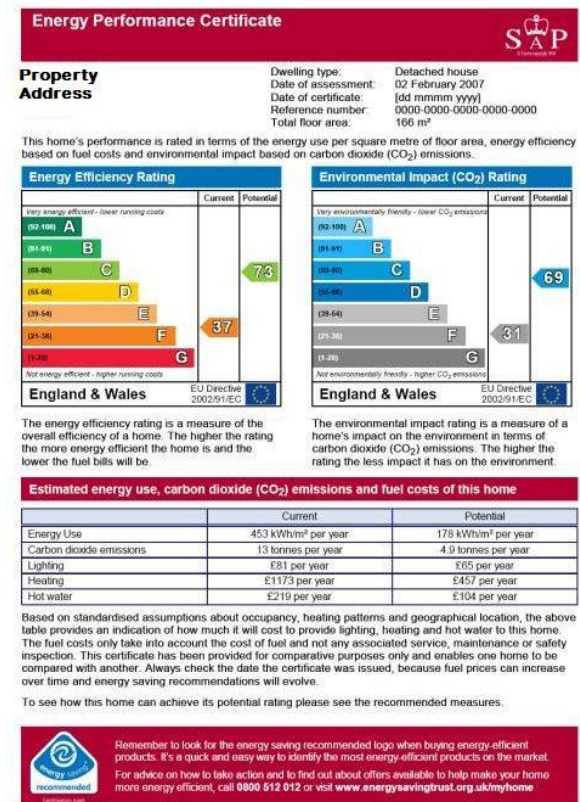
What risk?

- Implications of compliance:
 - financial
 - management & administration
- Implications of non-compliance:
 - fines & penalties
 - damage to reputation
- Loss of reputation and/or competitiveness if poor energy ratings received



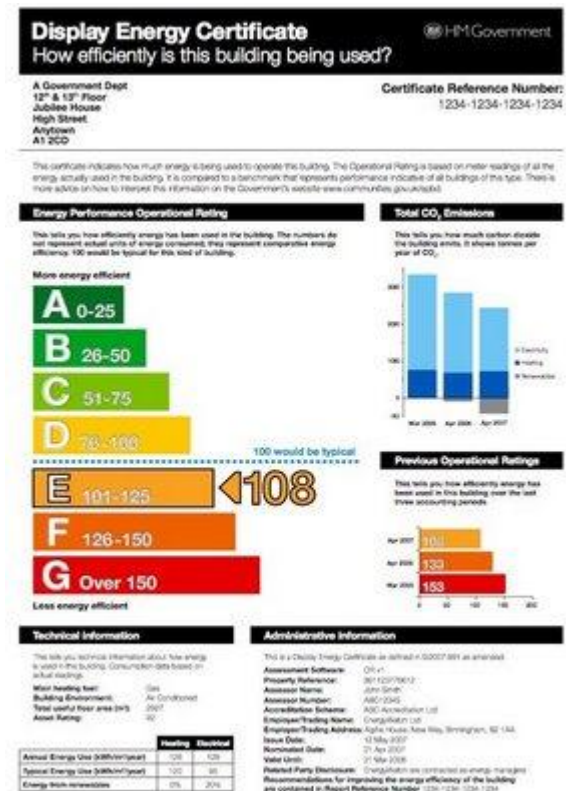
Energy Performance Certificates (EPC)

- Introduced in 2008
- Required on construction, sale or renting out of property
- Risks:
 - Fines for non-compliance
 - Damage to reputation
 - Loss of competitiveness
 - Changes to legislation
 - Energy Bill



Display Energy Certificates (DEC)

- Currently only public buildings but being extended to private sector
- Risks:
 - Cost/management of compliance
 - Fines for non-compliance
 - Damage to reputation
 - Loss of competitiveness
 - Changes to legislation

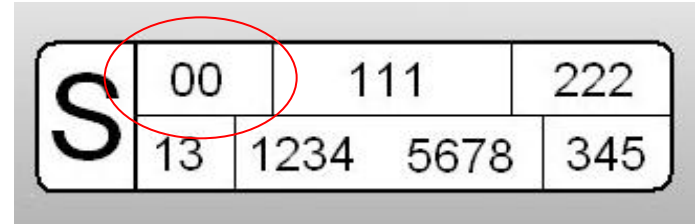


Carbon Reduction Commitment (CRC)

- Introduced 1 April 2010
- Mandatory “cap and trade” emissions trading scheme; participants purchase and surrender ‘allowances’
- Annual league table
- Recycling payments – now abandoned
- Registration required by 30 September 2010



Who is at risk?



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- Participants - UK organisations (public and private sector) whose annual **electricity** consumption *through HHMs* in 2008 exceeded 6,000 MWh (approx £500K pa)
 - Government estimated 4,000 – 5,000 full participants
 - 2,789 registered as at 11 May 2011
- Information disclosure – electricity consumption *through HHMs* in 2008 but not exceeding 6,000 MWh
 - Government estimated 15,000 information disclosures
 - 12,856 information disclosures as at 11 May 2011

CRC risks

- Fines for failure to register/make information disclosure
- Risk of becoming a participant in future phases
- Costs of compliance (inc buying allowances)
- Problems of data capture and management time
- Implications of buying/selling properties or businesses
- Fines for non-compliance
- Implications of position in league table
- The constantly moving goalposts



Other climate change legislation

- Climate Change Levy
- Climate Change Agreements
- EU Emissions Trading Scheme (EU-ETS)
- Energy Bill
-
- ???????



Risk management

- 'Buy in' from senior management
- Implement (and review) clear strategies for legal compliance and carbon reduction
- Clear allocation of responsibility
- Robust systems to ensure compliance
- Budget for known/anticipated costs
- Keep up-to-date with legal developments

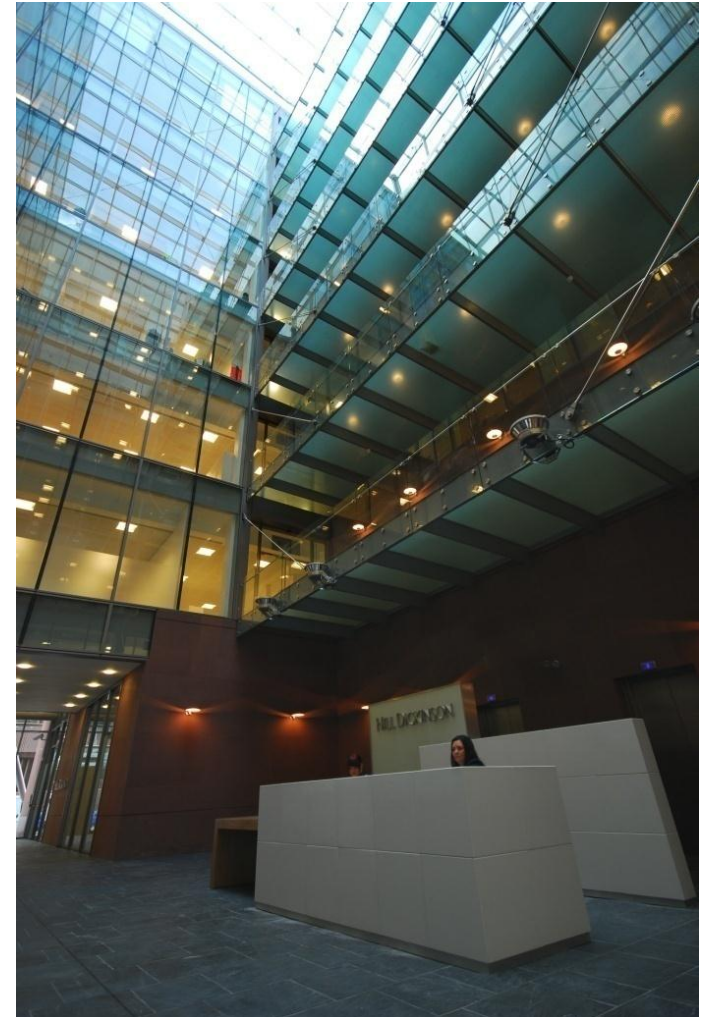


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