

Consultation on draft guidance for how to measure and report your greenhouse gas emissions

August 2009

Northgate Public Services Response

Introduction

1. Northgate warmly welcomes the opportunity to respond to the government's consultation on draft guidance for how to measure and report your greenhouse gas emissions.
2. This brief response draws on our experience of working with a range of stakeholders in the field of energy efficiency including local authorities, surveyors, architects and most recently energy assessors.

General Comment

3. Climate change is a global problem that requires us all to take action to successfully meet the challenges we face. However, in the UK, businesses produce a significant proportion of total greenhouse gases and therefore must take a share of responsibility for reducing emissions.
4. The guidance on measuring and reporting greenhouse gas emissions is designed to support businesses to reduce their emissions by giving advice on the best way in which to measure them. The guidance also offers assistance on how organisations may wish to set carbon emissions reduction targets.
5. The nature of the modern commercial environment means that consumers, suppliers, and stakeholders are all expecting the companies with which they work to acknowledge that their actions have an impact on the environment, and to take action to remedy these impacts.
6. Northgate supports the assistance that this document will provide to businesses looking to reduce their environmental impact. However, we are concerned that the flexible nature of elements within the guidelines could lead to a lack of transparency and clarity.
7. We believe that the government can set an example of best practice measurement and reporting through this document by setting a standard that consumers, suppliers and other stakeholders would come to expect from the companies they deal with.
8. It is of particular concern to us that companies may be able to achieve carbon savings without taking any abatement measures. Because people will look to these reports for information about a company's environmental impact, we see it as essential that the figures are accurate and trustworthy.
9. An essential step towards achieving this transparency model would be to include any variable aspects of the measuring process, such as floor space, revenue, or staff, within the written explanations as standard.

Questions

Question 1

10. The guideline provides a detailed explanation of measurement and reporting requirements. However, there are a number of issues which we believe require further clarification within the guidelines which we acknowledge in our response to this and the other questions.
11. Direct emissions (scope 1) are described in Part 4 of the document as “activities owned or controlled by your organisation that release emissions straight into the atmosphere.” Examples of such emissions include: emissions from combustion in owned or controlled boilers, furnaces, vehicles owned or controlled; emissions from chemical production in owned or controlled process equipment.
12. Our concern is the lack of clarity regarding the definition of activities owned or controlled. There are several instances in which the organisation owning such equipment will be different to the organisation which controls it. This could occur, for example, through either a leasing agreement or the contracting out of management services. Potentially, this would lead to a duplication of carbon emissions and, more importantly, duplication of carbon savings.
13. We believe that the government needs to offer clearer guidance on this issue. One way in which it could be overcome is by offering a clarification of each party’s role within the written statement.
14. The document should also provide further guidance to businesses on how Energy Performance Certificates or Display Energy Certificates can be linked to reporting requirements. We are concerned that there may be a risk that different initiatives on energy reduction can appear to be disjointed and uncoordinated when, in fact, they aim for similar goals.

Question 2

15. We welcome the recommendations which will provide a simplification of the guidance for organisations trying to measure their emissions. However, in their current form, such a simplification of complex guidance could end up being too restrictive for the wide variety of organisations that follow them. Therefore, government should ensure that recommendations clearly outline the different options available throughout the measuring and reporting process.

Question 3

16. Measuring indirect emissions (scope 3) requires more complex tools and data than scope 1 or 2 emissions. However, by calculating scope 3 emissions, organisations can gain a more complete understanding of their total carbon footprint and make more informed decisions about carbon reduction measures.

17. The guidance encourages organisations wishing to measure scope 3 emissions to concentrate on those which are significant to their business. Whether emissions are significant should be assessed against the following criteria:
- **Scale:** what are the largest indirect emissions causing activities with which your organisation is connected.
 - **Importance to your business:** are there any sources of GHG emissions that are particularly important to your business or increase the company's climate change risk.
 - **Stakeholders:** which emission causing activities do your interest parties expect you to report.
 - **Potential for reductions:** where is there potential for your company to influence or reduce emissions from indirect emissions activity.
 - **Ability to 'influence' data gathering:** how easy/cost effective will it be for you to get activity data or emissions data from your suppliers/customers?
18. Although this is not an exhaustive list, Northgate sees these criteria as offering an appropriate guideline to organizations wishing to determine whether emissions are significant to their business or not.

Question 4

19. Northgate firmly agrees that an organisation's emissions should be expressed as a gross figure and that any purchased or sold emission reductions should be expressed as a net figure in addition to the gross amount. This will ensure transparency in the process and prevent organizations from simply buying their green credentials.
20. We are concerned, however, at the guidance on intensity ratios. The document claims that using an intensity ratio allows a company to compare their performance over time and with other similar types of organisations. However, the metrics proposed, such as floor space or sales revenue, could affect the transparency and reliability of the figures reported. For example, using a metric such as floor space could, in theory, allow an organization to benefit from a decrease in their total carbon emissions simply through site expansion without them reducing any emissions whatsoever.
21. We believe more guidance is needed on this issue. However, a simple option to overcome this would be to include variable information within the written statement.

Question 5

22. In our view it is essential that organisations who provide written explanations alongside carbon emissions figures when they are reported. This will help to clarify aspects of the report and allow organisations to explain anomalies within their reporting which

may otherwise impact upon their reputation.

23. Furthermore, we believe that written explanations could be a useful means by which government can ensure transparency in reporting. The inclusion of written explanations as standard may help to combat several of the issues we have already identified.

Question 6

24. Organisations must be transparent about any external emission reduction activities in which they partake. We welcome the approach laid down and support the 'good quality' criteria.

Conclusion

25. Northgate wholeheartedly welcomes the guidance on measuring and reporting greenhouse gas emissions. The measures outlined in this document will allow businesses, both large and small, to account for their energy use and take action to reduce their impact on the environment.
26. The measures included in the guidelines are robust, however, we are concerned that elements of the guidance are not sufficiently clear, particularly on the issue of owned or controlled equipment.
27. We support the flexibility within the guidelines, however we are concerned that a lack of detail may lead to a lack of clarity in reporting. The government should use this document to provide a best practice approach to reporting on measures which is sufficiently flexible to accommodate differing business needs, but at the same time transparent and reliable. A key step towards achieving this is to make more use of written explanations in reporting.