

Climate Change Agreement for FDF

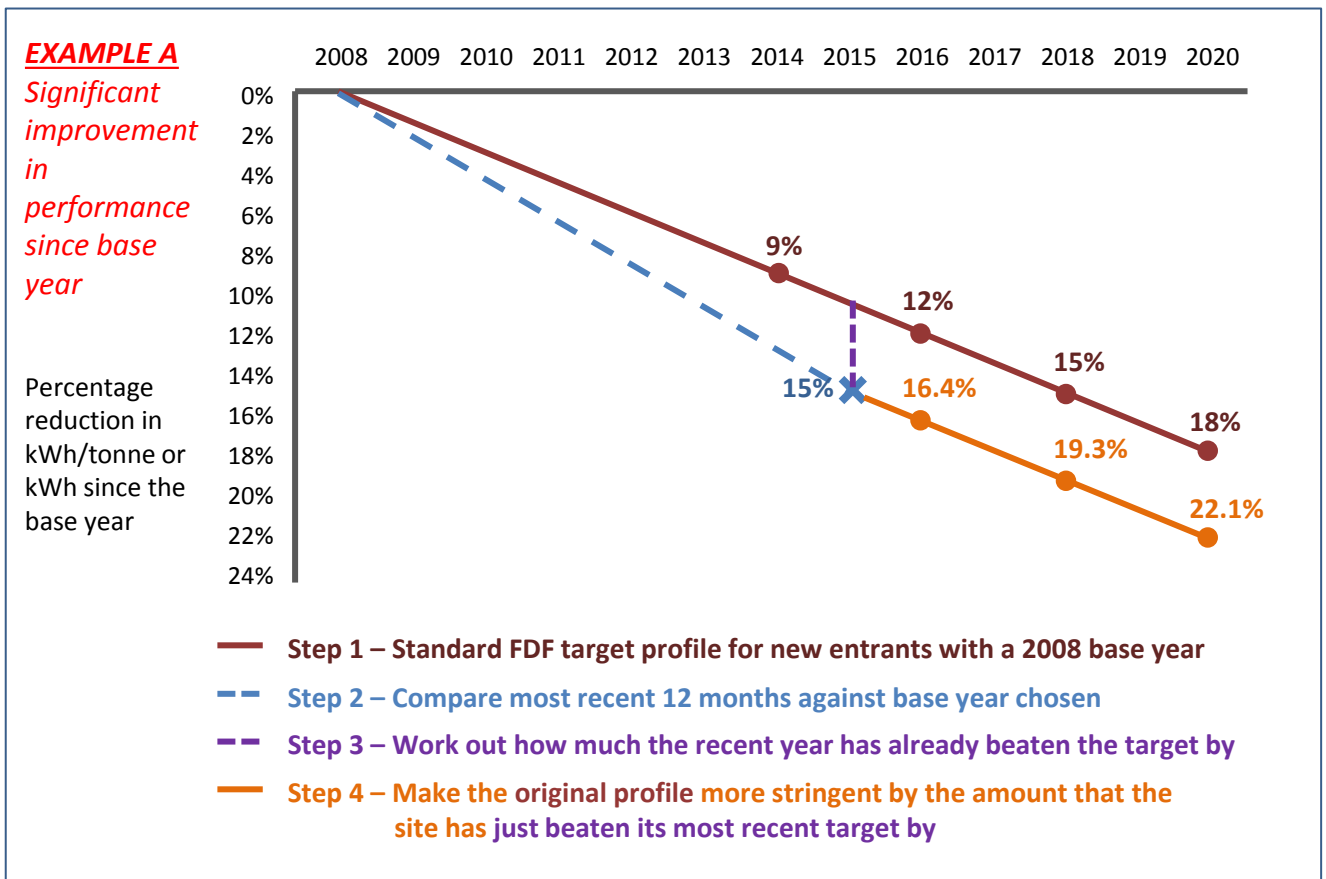
Note 12: Stringency tests on targets

Aug 2016

The purpose of this guidance note is to explain why the percentage targets applied to new sites joining the CCA, or newly acquired sites joining existing agreements, may be higher than expected. The stringency tests were only introduced by the Environment Agency in August 2016.

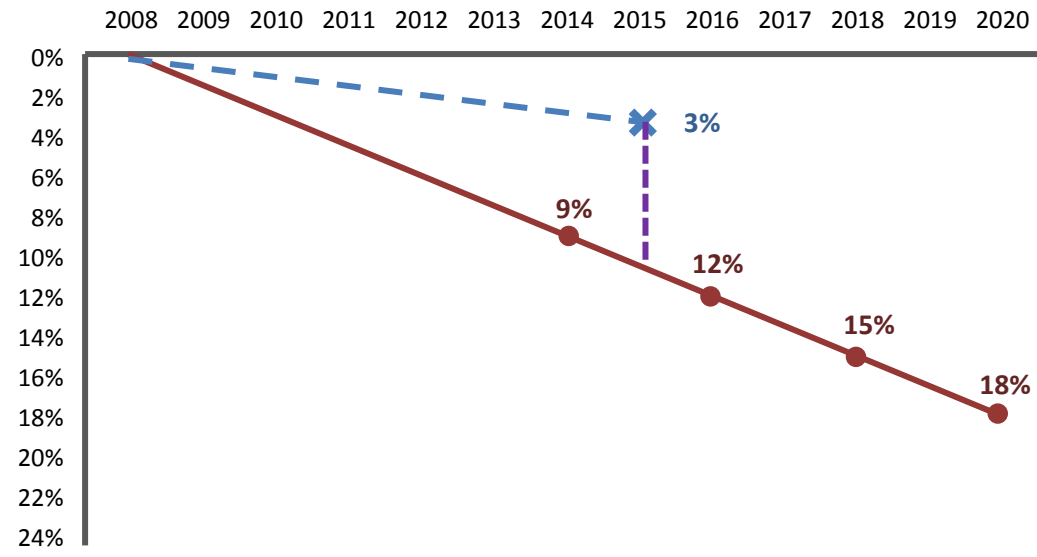
(1) When sites join the CCA that have never had a CCA before AND have a 2008 base year.

Examples A and B in the following graphs shows the steps involved in calculating the CCA targets for a site joining the CCA when it has a base year of 2008. Along with your application, your 70/30 evaluation must be undertaken on a recent 12 month period (to be within six months of the application date) – it is this period used in Step2 below – so be careful about which period you decide to use!



EXAMPLE B
Zero or very small improvement in performance since base year

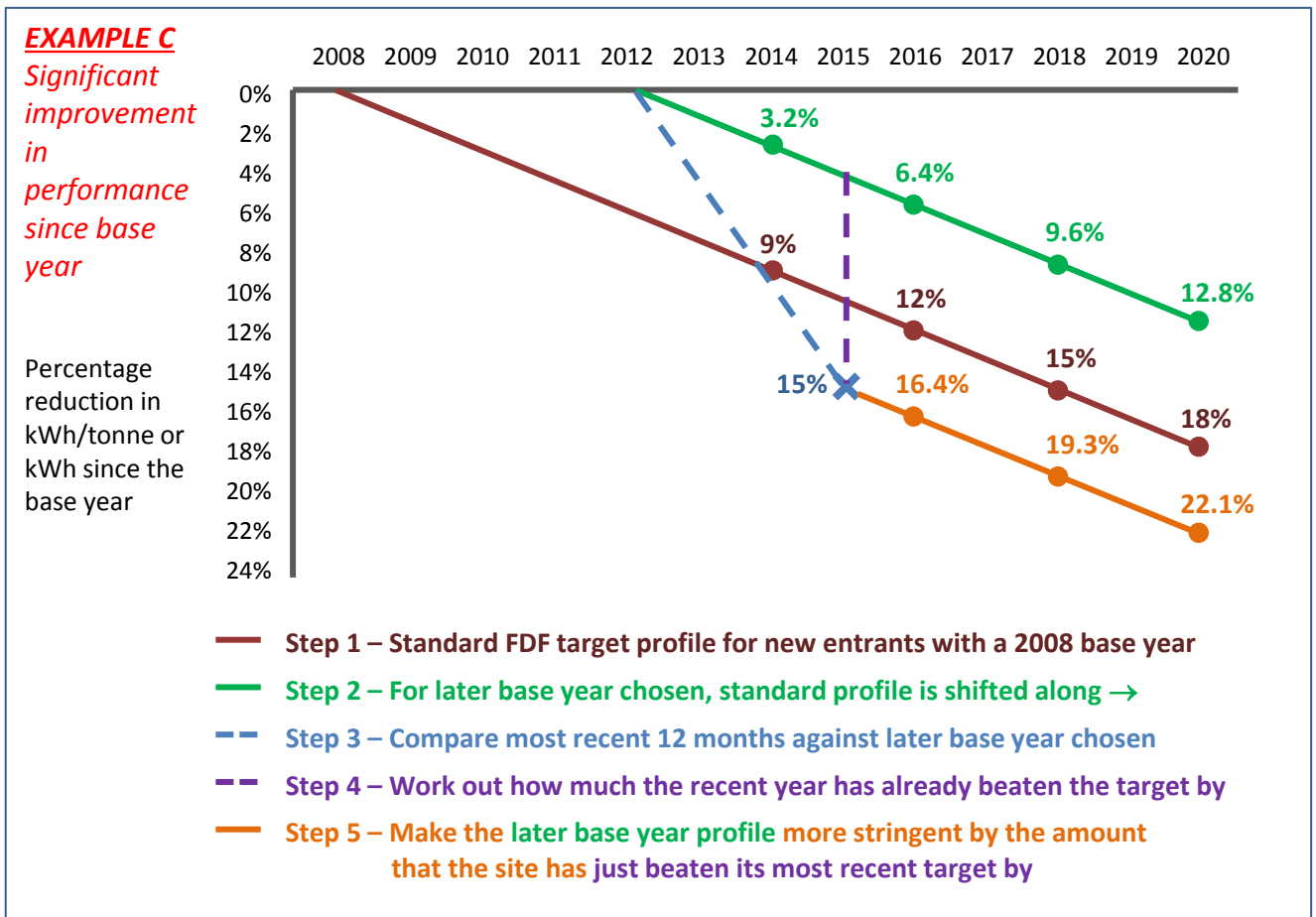
Percentage reduction in kWh/tonne or kWh since the base year



- Step 1 – Standard FDF target profile for new entrants with a 2008 base year
- - - Step 2 – Compare most recent 12 months against base year
- - - Step 3 – Work out how much the recent year has already beaten the target by
- Step 4 – In this case the target is not surpassed in step 3 hence the targets are tightened and the original profile applies**

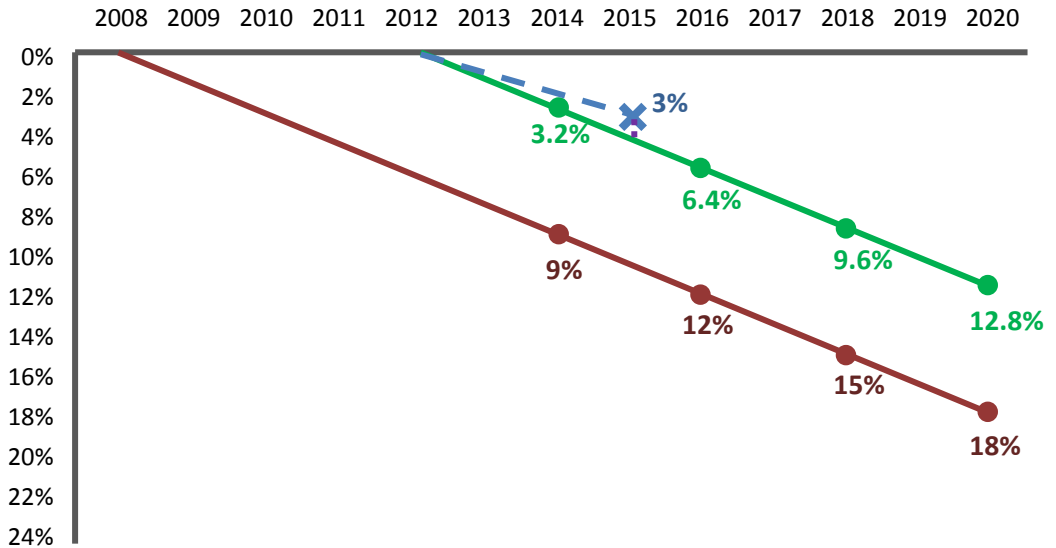
(2) When sites join the CCA that have never had a CCA before AND have a base year later than 2008.

Examples C and D in the following graphs show the steps involved in calculating the CCA targets for a site joining the CCA but has a base year of 2012. Along with your application, your 70/30 evaluation must be undertaken on a recent 12 month period (to be within six months of the application date) – it is this period used in Step 3 below – so be careful about which period you decide to use!



EXAMPLE D
Zero or very small improvement in performance since base year

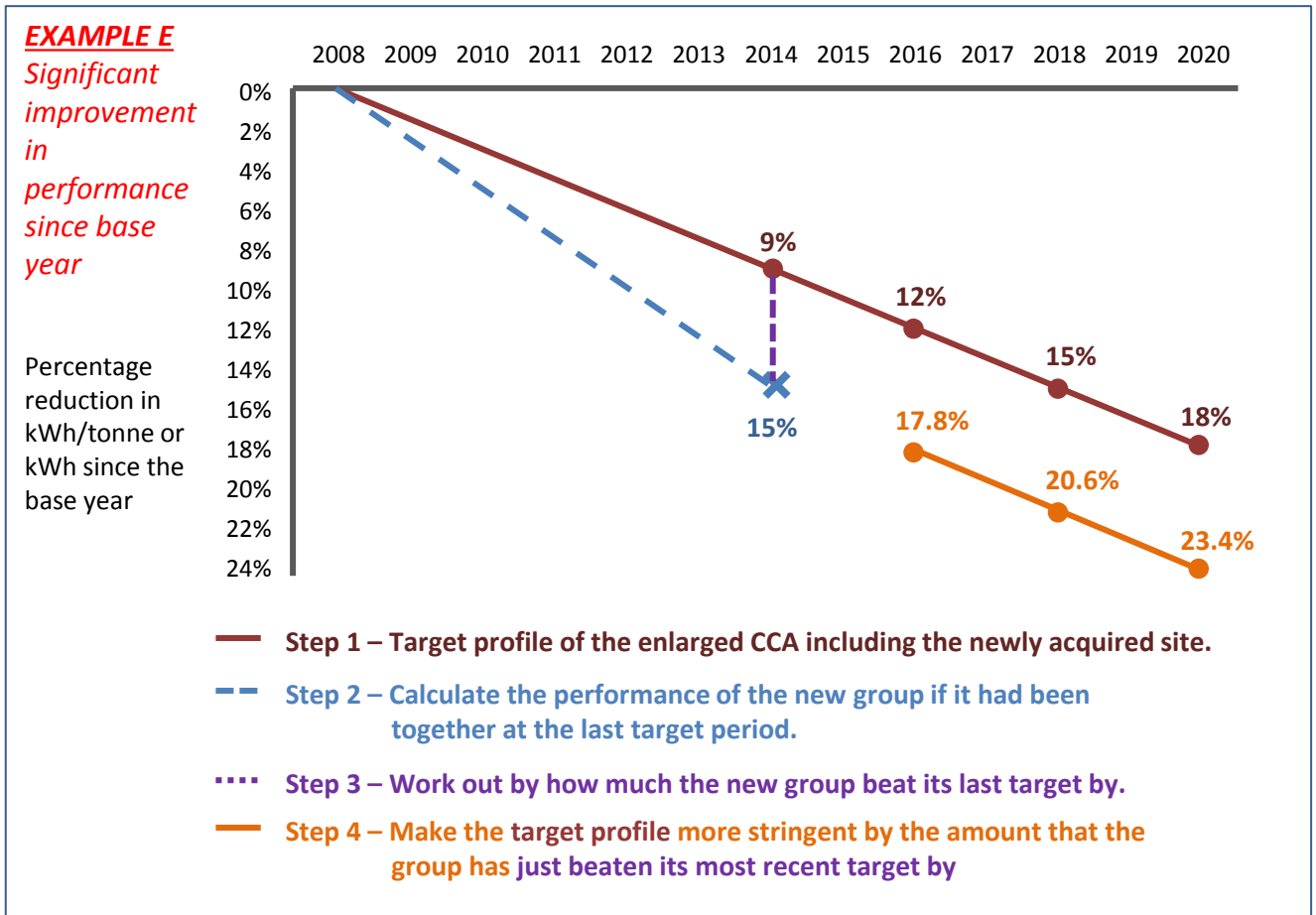
Percentage reduction in kWh/tonne or kWh since the base year



- Step 1 – Standard FDF target profile for new entrants with a 2008 base year
- Step 2 – For later base year chosen, standard profile is shifted along →
- - Step 3 – Compare most recent 12 months against later base year chosen
- - Step 4 – Work out how much the recent year has already beaten the target by
- Step 5 – In this case the target is not surpassed in step 3 hence the shifted along original profile remains

(3) When a site already covered by a CCA is acquired and the new owners want it to join another existing Climate Change Agreement.

The figure below shows the steps involved in calculating the CCA targets when a site with a CCA is acquired and the new owners want to include it in a CCA they already have.

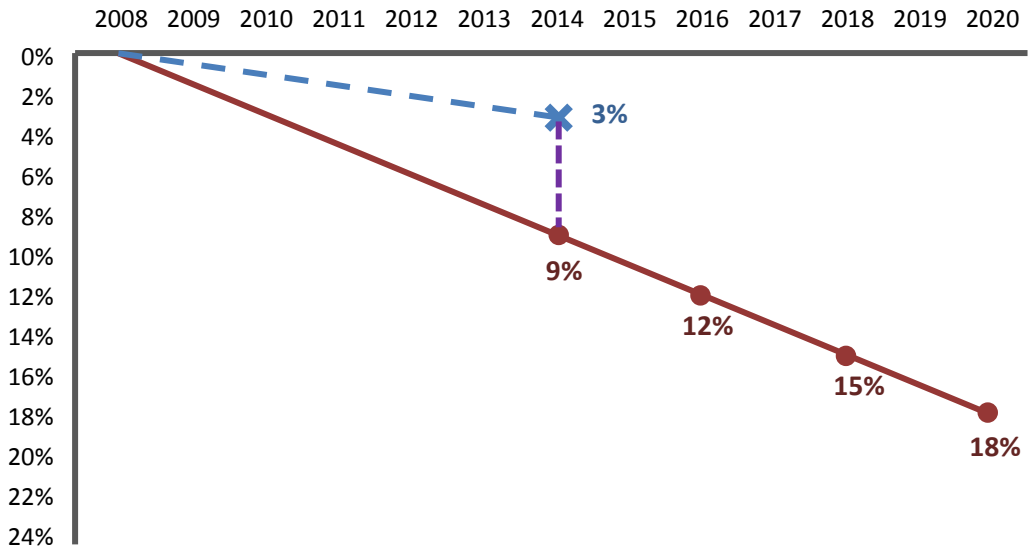


The actual result for the last target period DOES NOT GET CHANGED. It is simply used to set future targets for the enlarged CCA which includes the newly acquired site.

The company acquiring the site can choose NOT to include the new site in any of their existing CCAs and instead set it up on its own. In this event no stringency test will be applied.

EXAMPLE F
Zero or very small improvement in performance since base year

Percentage reduction in kWh/tonne or kWh since the base year



- Step 1 – Target profile of the enlarged CCA including the newly acquired site.
- - - Step 2 – Calculate the performance of the new group if it had been together at the last target period.
- Step 3 – Work out by how much the new group beat its last target by.
- Step 4 – In this case the new group has not surpassed the target in step 3 hence the targets are not made more stringent

The actual result for the last target period DOES NOT GET CHANGED. It is simply used to set future targets for the enlarged CCA which includes the newly acquired site.

For further information please contact SLR’s FDF CCA helpdesk:

+44 (0)844 800 1880

fdcca@slrconsulting.com

or visit www.fdf.org.uk/ccl

The full suite of FDF CCA Guidance Notes are listed below and can be accessed via contacting the helpdesk or visiting the website.

Guidance Note	Title
1	What is a CCA
2	Applying for a CCA
3	FDF CCA Administration Charges
4	Completing HMRC PP10 and PP11 Forms
5	Timetable of FDF CCA Activities
6	Obligations under your CCA including audits
7	Reporting data at each Target Period
8	How CCAs interact with other schemes
9	Glossary and Abbreviations
10	What happens if...
11	NOVEM targets
12	Stringency tests on targets