



Utility Alliance Ltd

# Streamlined Energy & Carbon Reporting (SECR): Are You Prepared?

An Executive Overview  
of the new energy  
compliance legislation,  
in force from April 2019.

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# Streamlined Energy & Carbon Reporting (SECR): Are You Prepared For New Legislation?

As of April 2019, all large UK registered companies will be required to report on their energy consumption, Greenhouse Gas (GHG) emissions and energy intensity within their annual report, this new compliance requirement is called Streamlined Energy and Carbon Reporting (SECR) consultation.

The SECR scheme is due to replace the Carbon Reduction Commitment (CRC) scheme in April 2019, simplifying reporting requirements and drawing in an additional 8,000 businesses into mandatory carbon reporting. SECR is expected to apply to all 'large companies', registered in the UK, similar to the qualification criteria of the Energy Savings Opportunity Scheme (ESOS). This means 10,700 companies will be reporting energy and emissions in their annual reports for the first time, approx. 12,000 overall.

The SECR legislation will begin in parallel with the proposed increase in Climate Change Levy (CCL), ensuring that a financial incentive to reduce energy consumption increases. The CRC scheme required all qualifying organisations to purchase carbon allowances to cover their carbon emissions. As part of SECR the prevailing CRC charges are added to the Climate Change Levy (CCL) increasing the CCL on electricity to 0.847p/kWh, and the CCL on natural gas to 0.339p/kWh in 2019/20. Increases of 45% and 67% respectively.

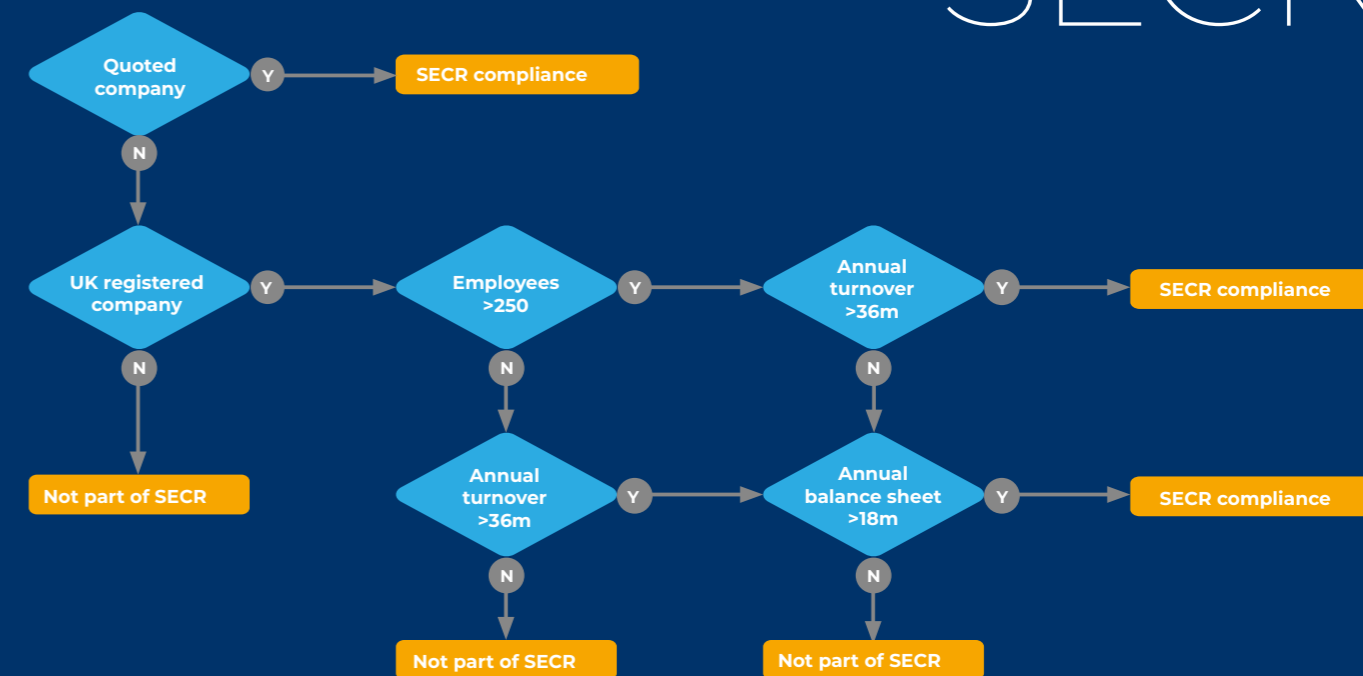
The proposed SECR scheme aims to ensure that energy use and carbon emissions will be visible to company boards and investors, and an energy intensity metric (such as kWh per unit of production, per employee etc) will help put usage into context for companies. The inclusion of energy and carbon reports into annual reports is in line with The Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD). SECR will also contribute to government's Clean Growth Strategy ambition of enabling business & industry to improve their energy productivity by at least 20% by 2030.

The Government have tried to keep eligibility in line with ESOS regulations for simplicity, however organisations should be cautious as unlike ESOS, SECR eligibility does not require a company to meet the employee de minimis of 250 employees.

The government will not specify the exact procedures that should be used for SECR reporting, nor will they specify which intensity metrics to use. They have however created guidance on good practice. Our service uses this guidance as a minimum.

## To comply or not to comply

# SECR



## What to report

What to report	Quoted Company	Unquoted UK Company*
Energy Use	Global	UK
Scope 1 Emissions	Global	UK
Scope 2 Emissions	Global	UK
Scope 3 Emissions	Voluntary	
Carbon Intensity	Yes	
Energy Efficiency Measures & Results	Yes	

## Examples of Carbon Intensity Metrics

- Tonnes of CO2e per total £m sales revenue
- Tonnes of CO2e per total £m EBITDA
- Tonnes of CO2e per square metre of gross usable area
- Tonnes of CO2e per £ millions of income
- Tonnes of CO2e per total million tonnes of production
- Tonnes of CO2e per total square metres

## Exemptions from SECR

- Very low energy users who can confirm they used 40,000kWh or less in a 12-month period are not required to disclose SECR information.
- Unquoted companies can apply for exemption where it is not practical to obtain some or all of the SECR information.
- Where Directors believe that disclosing SECR information will be seriously prejudicial to the interests of the company.

## How we can help you to comply with SECR?

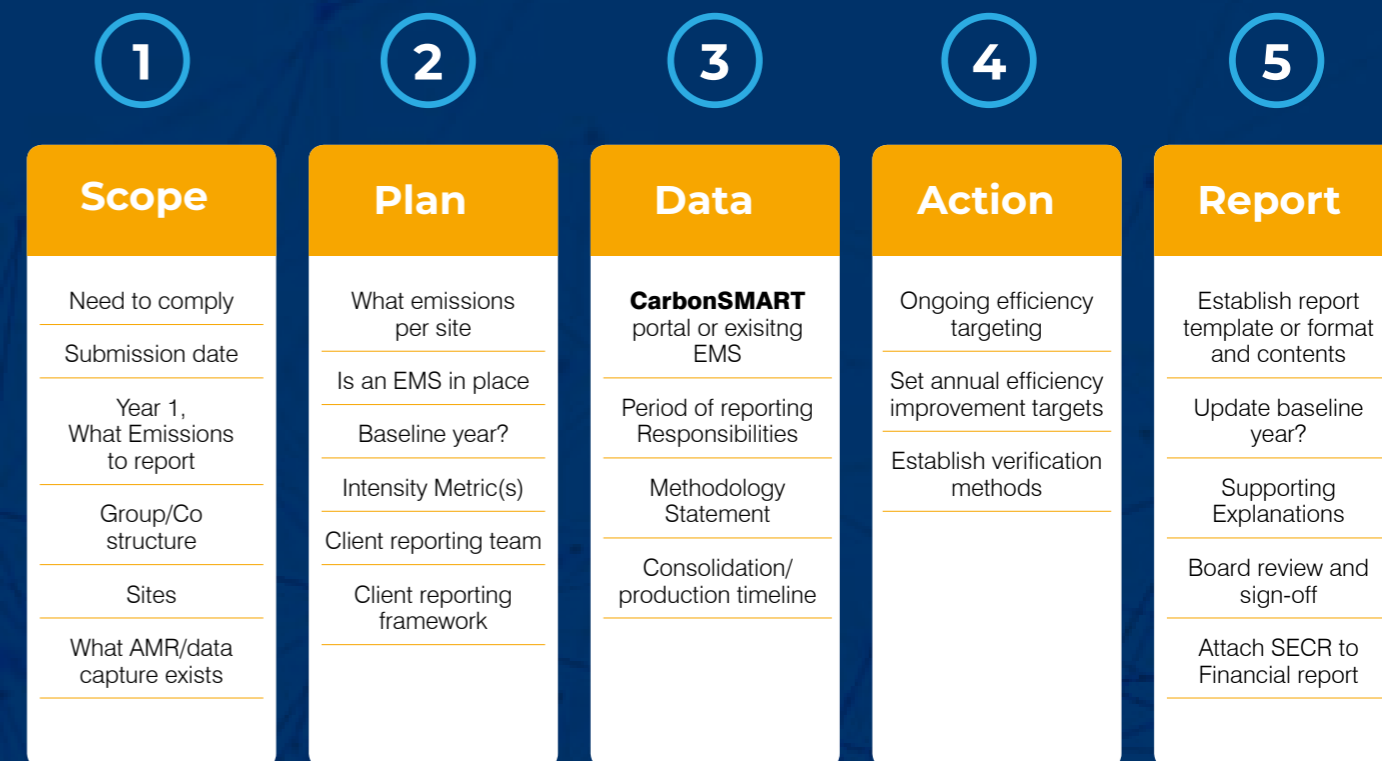
- ▶ **Understand**  
Help you determine your risk/exposure to SECR compliance both now and in future years.
- ▶ **Inform**  
those responsible for your annual financial report submission (to Companies House) of any current/future SECR inclusions.
- ▶ **Collect**  
Implement utility, transport consumption and emission type data collection strategy across the organisation. This might be via energy champions at each location, recording meter readings or collecting data from utility providers. SECR suggests automated metering data be used where possible to remove/reduce data inaccuracies from this process. Supplier invoices should be used to cross-reference site information rather than informing the submission.

- ▶ **Calculate**  
Scope 1, 2 emissions (including transport), Scope 3 is optional. Help you decide and report on an intensity metric - this will be a metric that influences energy use (i.e. production, per employee or floor area).
- ▶ **Report**  
Your global and/or UK energy use, emissions, intensity metric and commentary of energy efficiency measures as part of your Annual Report submission to Companies House via a specific addendum.

# SECR-Assist

## Our process for SECR reporting & compliance

Utility Alliance have developed a 5-step process (SECR-Assist) to help our customers setup a compliant reporting framework, report on to-date & historic emissions, and importantly use SECR data to identify locations & systems to improve energy efficiency.



# The tools we deploy to help you with SECR

**Our Compliance team of sustainability and governance experts help you to interpret SECR guidelines to determine whether you need to comply with SECR. If so, we then help to produce your first SECR report, creating a template that fits your business for future use.**

We'll help you decide the most appropriate metrics to measure your business against and express your emissions as a ratio of activities chosen specifically for your company. We can carry out all necessary on-going audits to ensure you are fully compliant with SECR, with minimal disruption to your organisation.

CarbonSMART®, our independent energy & emissions-management platform, help organisations collect, manage and report SECR environmental compliance data accurately and efficiently.

## Audit and Data Integration services

**If you are collecting and reporting the information required under SECR for the first time or simply don't have the internal resource, our SECR-Assist service is here to help.**

Our flexible data collection and reporting service helps ensure that all your relevant data is collected efficiently across your business with a clear audit trail.

As part of this service, we chase people up if they get behind with data reporting, install AMR meters, check the data for errors and anomalies that gives you extra confidence in the numbers you report.

## Emissions reporting software

**The Environment module of our Energy Monitoring & Reporting Dashboards aligns with SECR reporting needs. Our clients use our CarbonSMART environmental reporting software as part of their internal and external reporting processes.**



## To help you report under SECR, CarbonSMART:

- ✓ Converts your energy consumption data from different activities (electricity, fuel and transport) into GHG emissions, drawing from our database of international and UK Government GHG emissions factors.
- ✓ Blends the energy consumption dashboard (UtilitySMART) with the environmental dashboard (CarbonSMART) to give you the big picture on energy efficiency opportunities, verification of energy saving investments and environmental emissions reporting.
- ✓ Via dashboards and reports, provides users the flexibility to report by different emissions scopes, including scope 3, which does remains voluntary under SECR, with some companies using parts of the optional elements as a best practice to report against.
- ✓ Through our Savings Verification Module, users can track their energy efficiency projects' savings from across their portfolio, helping them to provide narrative reporting required for the SECR.
- ✓ Enables users to include any intensity metrics they choose, such as floor area, units or production, employee numbers, to help provide further useful analysis.



**Please get in touch with our team to discuss your SECR reporting needs and how we can start to help you to comply.**

# What are the penalties for non-compliance?

**BEIS, Companies House and the Financial Reporting Council will work together to monitor how organisations respond to the new reporting requirements as they review the impact of the legislation on businesses and the wider economy.**

SECR comes under the same compliance rules as for financial reporting for Companies House. So, reporting energy usage – or not – will follow the same penalties and fines as late financial filing charges. Therefore, in the most extreme example, if energy was unreported or misreported through SECR, a named director or the organisation may be taken to court and could face an unlimited fine.

There will also be civil penalties for any late filing of SECR reports, or where accounts do not meet the specific requirements laid out under the Companies Act.

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**The clear message from The SECR consultation is that mandatory reporting is important... that it should align with best energy efficiency practice in the UK and internationally, build on the existing mandatory reporting of greenhouse gas emissions... and ensure we are not imposing unnecessary administrative burdens on UK business.**

**Claire Perry, Energy Minister, BEIS**

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