

SECR – Streamlined Energy and Carbon Reporting

What is SECR?

In July 2018 the UK government announced its proposal to simplify the energy and carbon reporting framework for businesses and industry. This scheme will replace the CRC Energy Efficiency Scheme, ending in April 2019, with a new streamlined energy and carbon reporting (SECR) framework. SECR affects most organisations that are currently covered by the ESOS legislation. However, as most ESOS participants do not currently do CRC reporting, SECR will impose annual energy and carbon reporting on a large number of businesses who have only been involved in the 4-year cycle up to now.



Objective

The purpose of SECR is to simplify the carbon and energy reporting requirements so that companies have the information they need to reduce energy costs. Business and industry accounts for approximately 25% of UK greenhouse gas emissions, and measurement and reporting could help the UK meet its emissions reduction targets (80% by 2050). Board level directors would be made aware of their company's energy costs and carbon emissions.

ESOS and SECR

ESOS	SECR
Periodic assessment over 4 years	Annual measurement of energy and carbon emissions
No public disclosure	Annual Directors' Report at Companies House
Phase II 2015-2019, Phase III 2019-2023	From April 2019
Actions from ESOS audit to be included in SECR report	Statement of energy efficiency actions taken
A smaller subsidiary of a parent company is not exempt, even when it would not meet the ESOS eligibility criteria on its own	A smaller subsidiary can be excluded from the report if it does not meet the SECR criteria, but may be added voluntarily

Annual Reporting

It is an annual reporting requirement for large organisations to disclose their energy consumption and carbon emissions relating to their use of electricity, natural gas and transport. Companies in the scope of SECR will need to report/disclose this information each year in their Directors' Report as part of their annual filing obligations under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Report Requirements

- UK energy usage (kWh) including electricity gas and transport.
- Associated carbon emissions (tCO₂)
- Associated carbon emissions as an intensity ratio (e.g. tCO₂/turnover or tCO₂/occupied floor area)
- What energy efficiency actions had been taken during the organisation's financial year, (e.g. LED installation projects or actions implemented after an ESOS audit)
- Methodologies used to calculate the energy and carbon figures

When will you need to comply?

The regulation is in force from 1st April 2019 and the requirements apply to reports for a company's first full financial year starting on or after 1st April 2019 (i.e. those filed in 2020 at Companies House).

Group Reporting

If a UK registered company is part of a Group, the Directors' Report must include the information of any subsidiaries classed as a large business, i.e. with over 250 employees and an annual turnover of greater than £36m and/or a balance sheet greater than £18m. These businesses do not need to report separately if they are covered by the group report. It is not mandatory to include any non-qualifying subsidiaries of a Group, but they may be included voluntarily.

Where the parent company is not registered in the UK, but the subsidiaries are, the subsidiaries will be in the scope of SECR if they qualify as a large business.

Exemptions

- Companies not registered in the UK or those who do not file annual reports at Companies House.
- Low energy users – less than 40MWh during the reporting period
- Those companies where it is not practical to obtain energy and carbon information (a relevant report must state why the information is not disclosed)

How can we help?

If your company qualifies for SECR and you want to know how to proceed, please call ENCOM for expert advice and a highly competitive quote. We tailor our service to meet the individual needs of the client.

For further information and a free quote, please contact:

Marcin Gorecki MSc LCC ESOS LA

M: +44(0)7525 477937

marcin.gorecki@encomconsultancy.com