

Ministear airson na h-Àrainneachd agus Atharrachadh Aimsir  
Minister for Environment and Climate Change

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Rob Gibson MSP  
Convener  
Rural Affairs, Climate Change and Environment  
Committee, Room T3.40  
The Scottish Parliament  
Edinburgh  
EH99 1SP

In 2014 Scotland Welcomes the World



29 April 2014

Dear Rob

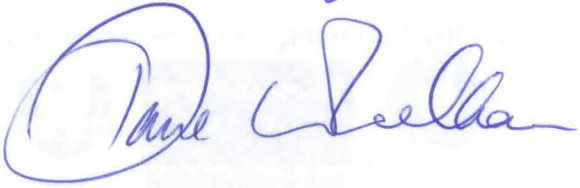
**CRC Energy Efficiency Scheme (Amendment) Order 2014 (SI 2014/502)**

Thank you for your letter of 8 April regarding the Rural Affairs, Climate Change and Environment Committee's consideration of the above statutory instrument. At the Committee Claudia Beamish raised a point regarding the impact assessment which stated that it is estimated that the Order will result in a small reduction of coverage of the CRC of 0.3MtCO<sub>2</sub> and you asked for clarification from officials what the definition of "small" was in this case.

The simplification measures included in the Order are the product of a UK-wide engagement with stakeholders, the majority of whom considered the CRC too complicated and burdensome. Following consultation, we brought forward a number of measures to reduce the burden on participants and to make the Scheme less complicated. The result is a reduction of energy savings attributable to the Scheme and an associated reduction in emissions covered by it. The reduction in these energy savings will also impact on other ancillary benefits, such as air quality. The loss of benefits is driven by a reduction of £44m in energy savings, an additional reduction of £13m in Carbon savings and a reduction of £1m in Air Quality benefits. These reductions are the monetary value 0.3MtCO<sub>2</sub> reduction in lifetime carbon savings, i.e., 2010-2030. This represents a 1.8% reduction of total CRC carbon savings and is therefore considered small. I and my other Devolved Administration counterparts agreed with the UK Government that the reduction in the burden of the CRC to participants brought in by Scheme simplification far outweighed this small reduction in emissions coverage.

I would like to reassure the Committee that no further reduction in emissions savings is planned: indeed, we expect these to increase significantly over time. A year-on-year profile of carbon savings was published in the Impact Assessment. These projections are being reviewed as part of the CRC evaluation project and an update will be published in 2015 as part of the evaluation report.

*Kindest regards*



**PAUL WHEELHOUSE**