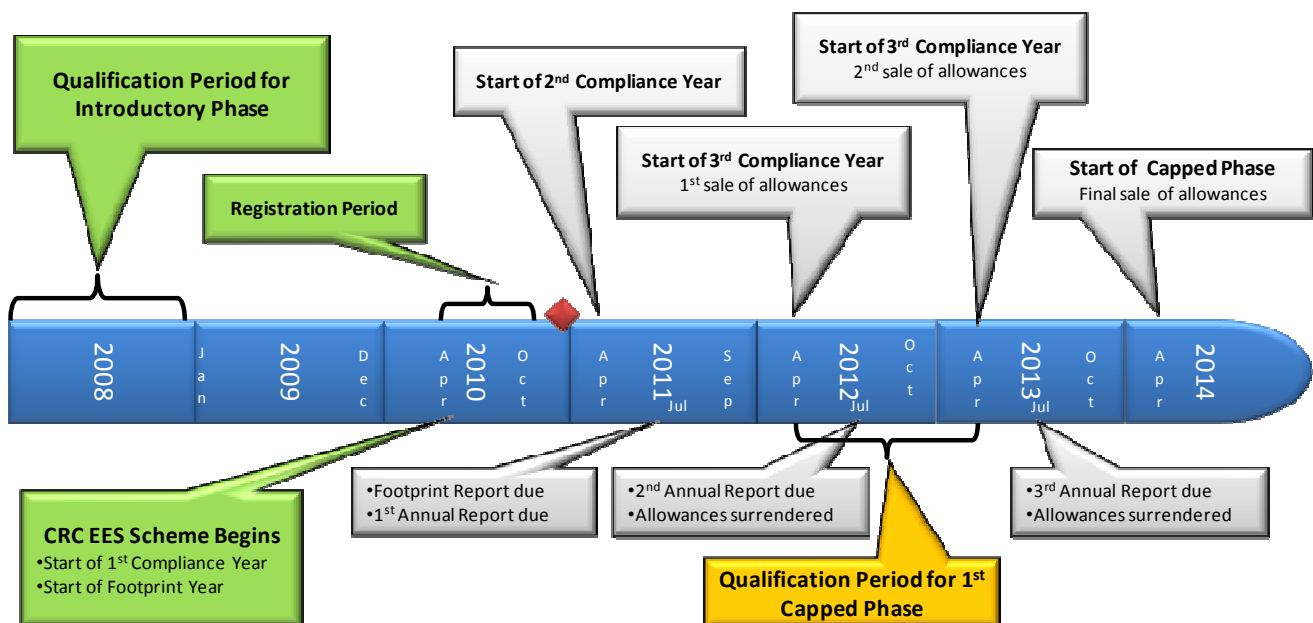


A Management Assurance Service for the CRC Energy Efficiency Scheme (CRC)

The CRC Energy Efficiency Scheme (CRC), formerly known as the Carbon Reduction Commitment, is a mechanism introduced by government with the aim of requiring larger energy users to reduce their carbon footprint by using energy more efficiently. It is a mandatory emissions trading scheme which will require those affected to purchase allowances, priced in £/tonne, to cover the equivalent amount of CO₂ produced from their operations. Participants will also be ranked in a Performance League Table according to how much CO₂ they have saved compared with their original Footprint.

The scheme comprises an Introductory Phase where allowances are sold at a fixed price (£12/t CO₂) and several capped phases where a reducing number allowances will be auctioned to Participants with the intention that increasing costs will encourage Participants to continue to reduce their emissions.



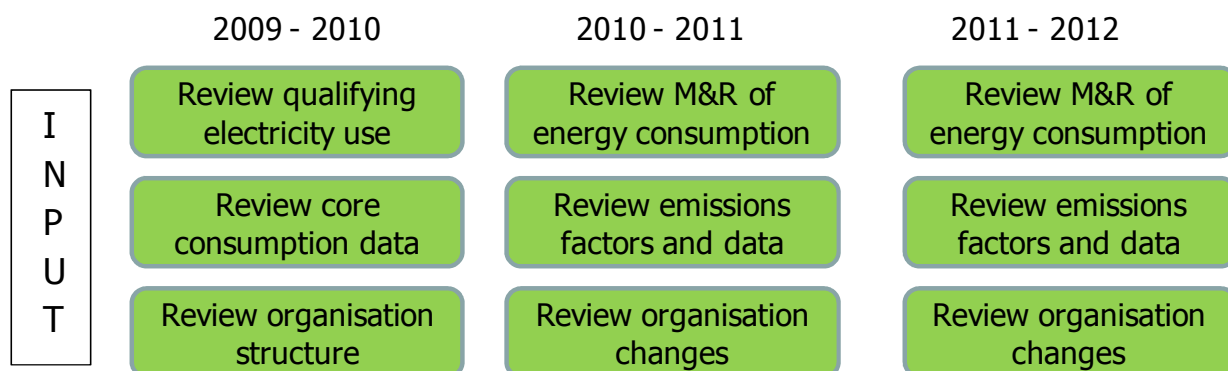
The scheme introduces significant cost and risk for the qualifying organisations. One of the biggest risks is that an organisation fails to correctly complete the exacting registration and reporting requirements or is unable to do so within the designated time. The consequence is that the Environment Agency will levy a fine and the organisation will be placed unfavourably on a published "Name and Shame" list. This could have a major impact on reputation, with a corresponding negative implication regarding the organisation's "Green" credentials.

Government regulation of the scheme will be relatively light, with emphasis placed upon self-certification but there will be targeted audits by the Environment Agency based on the perceived response to the new requirements. If an organisation fails to complete the required reporting satisfactorily, there is a much greater risk of a thorough audit of all the relevant documentation with all the attendant costs and management upheaval.

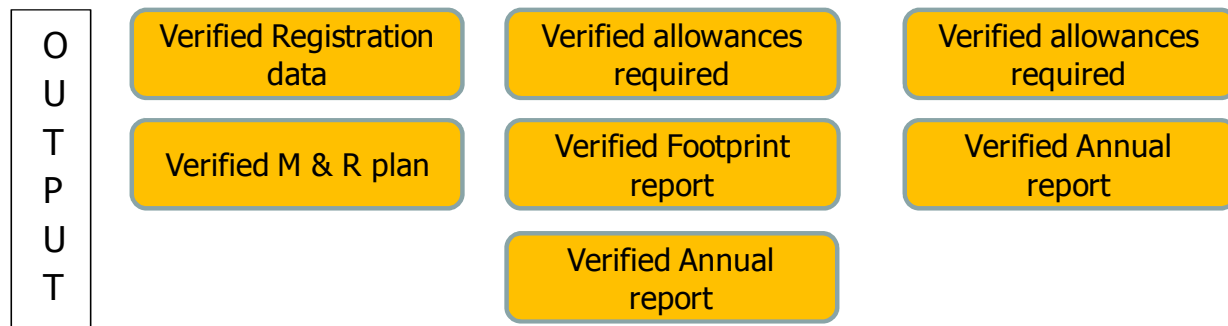
Assurance Service: Sohn Associates can provide a risk-based assurance service which uses the industry knowledge and experience of our associates to identify potential non-compliance areas and investigate these to ensure that the organisation has fully covered the CRC requirements. By focusing on the areas where errors may occur, the methodology adds far more value than merely seeking to repeat the data gathering and reporting processes already completed.

The areas covered by this assurance would be:

1. Review of the initial data used for Registration to ensure, for example, that correct conversion factors are used and all core emissions are included but with smaller emissions (up to 10% of the total) being excluded to reduce administration costs;
2. Review of the Evidence Pack for completeness and quality to ensure that all necessary documents are being retained in a form suitable for future audits;
3. Consider the possible position in the Performance League Table (PLT) and ensure that appropriate Early Action Metrics are being implemented to improve the ranking;
4. Review of Footprint and Annual Reports to ensure that data is for correct locations and period, converted correctly to emissions, adjusted for any site transfers or closures and that evidence is retained for future audits.



Assurance Service



The assurance activity may be office or site based, depending on the client requirements. A fully-costed proposal would be prepared once the client has provided site details and consumption data.

About Sohn Associates. Sohn Associates have been directly involved in some of the recent developments in national energy policy, working with government departments and regulatory bodies. We understand the regulations, the technology and the costs of energy in all of its various forms. We have also worked extensively with consumers on a broad range of energy issues affecting the organisations' financial well-being.

At Sohn we have a team of highly-experienced energy experts to help businesses and many other organisations in identifying opportunities for improvement, managing energy use wisely and reducing carbon emissions.

Please see our website for further details: www.sohn-associates.com

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