

To Defra

Response from the Paper Sector - Consultation on the further promotion of consistent corporate reporting of greenhouse gas emissions

The Confederation of Paper Industries (CPI) is the trade association for the paper industry in the UK and has within its membership paper manufacturers, corrugated packaging manufacturers and mill-owned and independent recovered paper merchants and exporters. The sector continues to be a major manufacturer and employer, producing slightly less than 5,000,000 tonnes of paper each year in the UK, manufactured by more than 50 paper mills, with around 20,000 people directly employed by the sector.

Existing reporting requirements

Almost without exception CPI members already report GHG emissions either through EU ETS, CCA or CRC as well as through returns to the appropriate regulators through statutory returns and resource efficiency programmes.

In the light of these existing reporting requirements, we would argue that for those organisations already regulated by EU ETS, CCA or CRC there is no additional reporting requirement required – emissions are already reported and verified as required by the particular scheme. If mandatory reporting is required, it should be aligned with the reporting rules of existing schemes meaning no additional verification would be required and reports could be taken from existing returns – we note this approach is already supported by the existing guidance from Defra on the reporting of GHG emissions. Organisations not already covered by the above schemes will by definition be small or diffuse users of regulated energy. It must seriously be questioned if an additional burden on such organisations would be effective in driving the reduction of emissions or better energy efficiency.

Accordingly any additional requirement stemming from the Climate Change Act does not seem to be required; rather a streamlining and alignment of existing requirements and the retention of a voluntary approach would be a logical first step. Indeed the requirements of ‘better regulation’ and the current review seeking to reduce the administrative burden of red tape would seem to mandate this approach rather than adding new reporting requirements. The existing voluntary additional reporting processes should suffice - this voluntary approach is already strongly driven by companies wishing to demonstrate their environmental credentials and to inform their investors and shareholders alike.

Cost of energy

Additional to any emissions reporting and trading schemes, all parts of the economy are exposed to the increasing cost of energy – both the direct cost of the energy itself, supply chain costs and the increasing passed through costs imposed by regulation. These additional costs act as a key driver to ensure energy is used in an efficient and effective manner – additional regulatory reporting requirements is unlikely to drive additional energy savings or reduced emissions of Green House Gases.

Mandatory reporting of GHG emissions through Company Accounts

Many organisations already report their GHG emissions through their annual accounting systems. If enhanced accounting of GHG emissions is required, then it should be permissible (and perhaps required) to draw on data already reported for other purposes. Of course in such reports there needs to be transparency and clarity on what is actually being reported as issues can be complex and not straightforward – the development and ongoing problems with CRC and how to report transport emissions illustrate this point perfectly. Assuming existing data is being reported, there should be no question of additional auditing being required beyond confirming the veracity of the overall statements. Detailed auditing of emissions should not be required – rather audited figures drawn from elsewhere should be accepted as they have been calculated and recorded according to the particular scheme rules. Some apportionment of data is likely to be required to match reporting periods and particular attention to the avoidance of double counting will be required.

Misleading comparisons

We continue to be critical of attempts to compare the performance of different organisations through emissions reporting. Certainly in the Paper Sector, each installation is unique and comparison against others is of limited use and potentially misleading. Companies already benchmark their own performance across time and operations and it is difficult to see how mandatory reporting of GHG emissions would make this more effective. As GHG issues are addressed at a UK level there seems little advantage in requiring the inclusion of emissions outside the UK; such a requirement would risk double counting against other nation reporting requirements.

Existing guidance

Defra's existing guidance on reporting GHG emissions was only published in September 2009, meaning there has been little opportunity for this to be integrated into the annual reporting process. Changes to guidance at this stage are premature.

Confused and overlapping schemes

Soon after election, the present Government raised concerns over the complex and overlapping nature of policies addressing climate change – clearly this is still the case and indeed the development of CRC has added to the complexity. What should definitely not happen is to add an additional layer of complexity by adding a new mandatory requirement to report GHG emissions to a new set of rules.

In conclusion a more complex reporting regime is unwelcome and unnecessary – mandatory reporting of GHG should not be implemented and the voluntary approach should be retained. It is accepted the issue is complex, in part caused by the different rules governing the reporting schemes that already existing. However the problems in implementing CRC and subsequent and ongoing revisions to the scheme illustrate the inherent complexity that will not be addressed by instigating a new and different set of reporting requirements.

Please do not hesitate to contact me for additional information. Grateful if you could acknowledge receipt.

Yours sincerely

Steve Freeman
Director of Energy & Environment Affairs
Tel: 01793 889625

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