

Breaking Developments in Sustainability and Climate Change Law**U.K. Rolls Out Carbon Trading for Businesses — Would the U.S. Adopt It Too?****04/12/10**

(The following is a condensed version of a posting on our newest blog, Sustainability & Climate Change Reporter. To view the full article, go to <http://www.sustainabilityclimatechangereporter.com>)

While the U.S. Congress argues whether or not to adopt climate change legislation that includes cap-and-trade, the United Kingdom has rolled out a new mandatory carbon trading program sweeping in businesses that, up to now, have not been covered by the European Union's ("EU") Emissions Trading System.

Under the Carbon Reduction Commitment Energy Efficiency Scheme ("CRC"), large private and public sector organizations in the U.K., such as banks, supermarkets, hotel and restaurant chains, hospitals, government offices and universities, will be required to report their CO₂ emissions and some will have to buy allowances. The registration period started April 1, 2010, and will run through September 2010. An estimated 20,000 organizations will be required to report and about 5,000 will need to buy allowances starting in 2011.

The purpose of the CRC is to encourage energy efficiency, which the program intends to accomplish by making the cost of buying allowances more expensive than reducing energy use. One estimate is that the scheme will result in savings of about £1 billion (~ \$1.5 billion USD) and a reduction of 4.4 million tons of CO₂ per year by 2020.

The U.K. seems to be on the forefront of carbon trading programs, first with its own Emissions Trading Scheme that predated the EU's and now with the CRC. While a CRC-like program is unlikely to be adopted anytime soon in the U.S. due to wide disagreement over cap-and-trade and various attempts to roll back existing programs, such as California's AB 32 measures, it nevertheless could become a template for the future. It will be important, however, for CRC to avoid becoming a poster child against cap-and-trade by demonstrating that it is not subject to the various problems that have plagued the EU's Emissions Trading System, including price collapses, hackers and improper recycling of certified emissions reductions.

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