

PRESS RELEASE

STEPHENS & SON

SOLICITORS

Q: I am the landlord of an office block and on each floor I let out suites of offices on relatively short term leases. I have heard that due to Global Warming new rules will affect business – I am not a manufacturer so do I have to worry about these new rules?



Yes, you do. This is the Carbon Reduction Commitment scheme (CRC), designed to ensure buildings become more energy efficient.

From April 2010, energy users will be able to purchase an “allowance” at the rate of £12.00 per tonne of CO2 it produces (an average household emits 21 tonnes of CO2 annually).

Allowances will in due course be capped, so trading to sell surplus allowances will ensue (Carbon Trading). Initially the scheme is limited to organisations using large amounts of energy (6000 megawatts annually) but over the next five years the scheme will expand and any business using energy will be affected and this will affect you.

This scheme is complex, with some rules yet to be finalised. You will be assessed on your entire business, not energy use per building, and credited for green energy. Users will have to keep records of usage and supply reports of actual and forecast use.

Who ‘participates’ in the scheme may ultimately depend on who pays the energy bill. If you pay and recover costs from tenants you will have the CRC obligations. You will be able to recover the cost from the tenant only if the lease provides for this. Furthermore, you will need each tenant to provide the requisite information. Most leases will not cover this and there will be no legal obligation for tenants to supply the information. If tenants pay the energy supplier, they have the CRC obligation.

You need to prepare now. Speak to your solicitor about updating your leases and planning for these changes.

ENDS

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