

npower Survey Shows Business Energy Users Fear Carbon Cutting Regulation will Make UK Uncompetitive



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The **fifth [npower Business Energy Index \(nBEI 5\)](#)** canvassed 200 senior managers and energy buyers at small and medium-sized enterprises (SMEs) and large industrial firms on attitudes to energy use, costs and **CO2 emissions**, revealing unease within the business community about the existing **CO2 reduction** framework of regulation.

When questioned about the new **Carbon Reduction Commitment (CRC)** – a new carbon reduction scheme aimed at large businesses, announced in the **2007 Energy White Paper*** – 71% of intensive energy users said they believed that the scheme would make the UK uncompetitive. When asked about the implementation of such

regulation, 63% of respondents said they thought the costs would outweigh the benefits. Only 48% believed that the **CRC** would achieve its target of removing 1.2 million tonnes of **CO2** from the atmosphere each year by 2020.

Demonstrating further concern, 75% of intensive energy users surveyed said they thought the combined pressures of the **Climate Change Levy**, the **EU Emissions Trading Scheme** and the new **CRC** will place an undue burden on business.

The Government has shown a desire to involve businesses in meeting the UK's **CO2 reduction** targets and introduced a framework of regulation to incentivise and reward emission reduction, but npower business's findings indicates companies need further convincing that this is the best method. Comments from the report suggest that British businesses feel penalised as other European and global businesses do not have to conform to the same administrative and financial requirements imposed by UK regulation.

*"Businesses have faced a raft of new legislation in recent years, with more now promised in the form of the **CRC**, so it is understandable that they may feel the responsibility to reduce **CO2** is being placed at their door. However, with the UK's **CO2 emission** targets becoming legally binding this year, we cannot escape the fact that all businesses will be called on to reduce their carbon footprint,"* said **Paul Coffey, managing director of npower business.**

*"While the need to actively reduce **CO2** has become a business requirement in the last few years, it will increasingly become a priority as low carbon outputs become evermore linked with strong financial performance. Those that identify the advantages of low carbon operations now, and work within the existing legislative framework, will be the ones that benefit in the future,"* he added.

He also pointed to the fact that advice is available from energy providers and government organisations, which can assist businesses in reducing **CO2 output**. The **nBEI** clearly suggests businesses are in need of guidance: 56% agreed they would value help in reducing **CO2 emissions** and 50% said they would welcome guidance to improve energy efficiency.

While the findings suggest a lack of support for carbon reduction regulation in business, finding 88% of respondents stating they support the Government's commitment to reduce **CO2 emissions** and

56% said they thought compliance with climate change agreements had resulted in energy savings or process improvements. Also, 36% said they believed there were commercial advantages to be had from a small carbon footprint.

Mr. Coffey pointed to the fact that, "*Businesses will have to develop policies to manage the risks associated with corporate energy use including cost, environmental and societal risks. In this way, decisions on buying and investment in energy efficiency measures that can reduce **CO2 outputs** can be assessed on a more holistic basis, rather than just cost. This moves away from a quick win scenario in which energy efficiency measures are only made for financial gain to a more progressive strategy in which the approach to energy management and **CO2 reduction** is aligned with business goals*".

Notes to Editor:

* The **Carbon Reduction Commitment (CRC)** is a mandatory cap and trade scheme, which will apply to large non-energy intensive public and private sector organisations. The **CRC** was first detailed in a **2007 Energy White Paper**.

In-depth telephone interviews were conducted in October and November 2007 with 200 UK businesses, comprising 100 SMEs with significant energy usage and 100 major energy users.

Web Site:

http://www.npower.com/web/In_business/index.htm

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