The 7 deadly sins of SECR
For large unquoted companies and LLPs

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Sustainability Vision Ltd
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For many, the UK government’s Streamlined Energy and Carbon Reporting (SECR) legislation is an unknown quantity. The language is new and the concepts unfamiliar. These concerns are justified, because the process of compliance is complex and the guidance far from clear. Over time we expect the guidance to evolve and the ambiguities to disappear.

Emissions reporting initiatives are not new and we have been active in this area for many years. Below are “the seven deadly sins” that we have seen companies commit in the past.

1. **Relying on your energy provider to calculate the emissions**

Some energy suppliers provide a report with the emissions already shown.

In our experience, suppliers sometimes use emissions factors that are out of date. We recommend obtaining the kWh information and then applying the correct emissions factors using the annually published Government emission conversion factors for greenhouse gas company reporting.

2. **Relying on estimated billing data**

Some of your energy bills may well be estimated. In our experience energy companies tend to overestimate usage, in certain cases they have been massively overestimated! We recommend that you record the meter readings regularly or install automated meter reading equipment to ensure that you are reporting your emissions accurately and paying only for the energy that you have used.

3. **Omitting butane and propane usage**

Butane and propane are gaseous fuels and should be reported alongside natural gas usage. You may use these fuels to power forklift trucks or for cooking and heating at sites without mains gas. You will need to split the usage between emissions from combustion of gas (stationary) and emissions from the combustion of gas for transport purposes.
4. **Using the wrong emissions factors**

The Government emission conversion factors for greenhouse gas company reporting are quite detailed. It can be easy to choose the wrong factor.

For example, confusing forecourt diesel, with 100% mineral diesel and gas oil (AKA Red Diesel used for construction and agricultural machinery).

5. **Using emissions factors for the wrong year**

The Government emission conversion factors for greenhouse gas company reporting are updated and published every year usually in June. So, the emissions factors for 2020 will be published in June 2020. You should use the factors for the year in which the majority of your financial year falls.

For example, if your year end is 31st March 2020 you should use the 2019 factors. If your year end is 30th September 2020 then use the 2020 factors.

6. **Leaving it too late to collect the data**

Collecting electricity and gas data is usually straightforward, because the monthly/quarterly billing will show kWh. If you want to be accurate you can take meter readings at year end. You can use them to adjust the energy usage collected from quarterly billing and corroborate supplier billing.

However, collecting the data for transport can be more complicated. For example, collecting the data for business mileage driven in private cars and claimed through the expenses system can involve retrospectively analysing hundreds of expense claims.
7. Overlooking grey fleet mileage

Transport includes fuel purchased for hire cars and business mileage driven in private cars then claimed through the expenses system. (This is also known as grey fleet mileage)

You may find that it is not easy to collect the relevant data from your expenses system, so additional analysis would be required in and a workable reporting option established.

The Future

The UK Government has committed to net-zero greenhouse gas emissions by 2050. In order to achieve this there will be increasing pressure on businesses to reduce their carbon emissions. The first stage of this process is requiring businesses to report their emissions.

In 2013 quoted companies were required to report their Scope1 & Scope 2 CO2e emissions in their annual reports. In 2019 large unquoted companies and LLPs were required to comply with Streamlined Energy and Carbon Reporting (SECR).

Many small and medium sized businesses (SMEs) are currently having to provide some of their customers with energy and carbon emissions reports. We expect that the Government will extend the SECR reporting requirements to SMEs within the next 3-5 years.

Furthermore, we expect that large businesses (both quoted and unquoted) will be required to report a wider range of emissions than is currently the case. For example, emissions from inbound and outbound logistics, business travel, particularly by air and emissions from the disposal of waste.

Sustainability Vision will ensure that our software evolves to support our customers in meeting the current reporting requirements and any future requirements announced by the government.

If you have any questions about SECR or how to set up your process for data collection and calculation, please contact me.

Jean-François Lowes
Email: jeanlowes@ghginsight.com
Or Call: 01509 649 504 ext. 52