

## **Carbon Reduction Plan**

The Essex Climate Action Commission (ECAC) published its report 'Net-Zero: Making Essex Carbon Neutral' in July 2021. This set out a comprehensive plan for Essex to reduce its greenhouse gas (GHG) emissions to net zero by 2050 in line with UK statutory commitments and to make Essex more resilient to climate impacts such as flooding, water shortages and overheating. The report's recommendations are a comprehensive call to action for everyone and every organisation in Essex. ECC has a critical role to play, working in partnership with others to deliver a programme of action.

In addition to this, central government has made it a mandatory requirement for suppliers of their contracts over £5m to provide a carbon reduction plan commitment for the supplier's whole organisation. Councils are not currently mandated to follow the guidance, however as an organisation ECC has adopted the principles as best practice to support ECC's organisational commitment to achieving Net Zero.

What is a compliant Carbon Reduction Plan?

- Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocols.
- Scope 1, Scope 2, and Scope 3 emissions<sup>1</sup> have been reported and published in accordance with their required compliance.
- The Carbon Reduction Plan has been reviewed and signed off by the Supplier's board of directors (or equivalent management body) and published on their website.

The link below provides the full details of the Government's publication:

[www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts](https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts)

## **Carbon quality evaluation**

ECC has considered a number of industry-available tools that could be used by our bidders and contractors to calculate the total harmful emissions across the lifetime of the residual waste contract. The one that ECC proposes to use for this procurement is the EPE Calculator which is an Excel-based tool that was designed in conjunction with two major waste contractors – Suez and Veolia – as well as pro-environmental working groups.

The EPE tool will produce a GHG output calculation based on the contractor's proposed delivery methods. Bidders will be required to input the calculated emissions per tonne of waste treated/accepted generated by the tool into the evaluation matrix. The bidders will have the opportunity to propose an amended delivery target which will

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<sup>1</sup> Scope 1 – Includes Green House Gas (GHG) emissions that a company creates directly.

Scope 2 – Includes indirect emissions, e.g., when energy is produced to heat or cool their buildings.

Scope 3 – Includes wider indirect emissions created from the company's value chain, e.g., when buying services from its suppliers.

be scored against a baseline and the higher quality marks will be awarded to the greenest solutions. Bidders can choose to err on the side of caution if they have uncertainty about changes in their delivery models that may occur within the contract period to minimise their financial risk. Or they may set more reaching targets which will score far better in the tender but will receive financial deductions if not achieved in each contract year. Officers recommend that allowing the bidders the opportunity to set their own targets will negate the possibility of bidders pricing risk into their contract, but also ensure that solutions that are more environmentally friendly will score better during evaluation.

For every annual review during the contract term, the contractor will need to run their EPE calculation and provide to ECC their actual output for the previous year. For every tonne of GHG over the bidder's proposed target, they will receive a deduction of £248 to reflect the costs to society of the excess emissions. This amount is defined by HM Green Book, [Valuing greenhouse gas emissions in policy appraisal – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/valuing-greenhouse-gas-emissions-in-policy-appraisal).

If a bidder exceeds their annual target by producing fewer tonnes of harmful emissions, they can carry-over the surplus tonnage to offset in other years where they may have produced more. However, ECC will apply deductions if emissions are exceeded both in year and cumulatively.

Deductions are to be ring-fenced in a separate account. Any funds that have been accumulated by ECC at the end of the contract will then be channelled back into carbon reduction or carbon offsetting projects, sending a strong message that as a council ECC is fully committed to the journey to 'Net-Zero: Making Essex Carbon Neutral'.