

SMEs Workshop – September 7th

Date & Time: September 7th, 10:00-12:30

Location: Postgraduate Centre, Heriot-Watt University, Edinburgh

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Carbon Accounting in Small and Medium Sized Enterprises

Background

In 2009, the Scottish Government passed legislation to reduce GHG emissions by 80% (below 1990 levels) by 2050, with an interim target of 42% by 2020 (Climate Change (Scotland) Act 2009). To date, the focus of climate change legislation, as well as voluntary action, have been large enterprises, which include the EU Emission Trading System (EU ETS – the traded sector) and the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES). While the focus for policy instruments and proposed mandatory emission reporting schemes are at present (and should be) the traded sector and other enterprises with sufficiently high emissions such that the costs of participating are compensated by savings realised, smaller organisations will (of necessity) have to contribute to future emissions reductions.

Small and medium-sized enterprises (SMEs) comprise a significant part of the economy (99.8% of all UK enterprises), as well as generating a significant proportion of business related emissions. It is clear that engaging SMEs in measuring and reducing carbon emissions is a vital part of the drive to meet national targets. However, it is also widely recognised that particular barriers (e.g. limited expertise and resource) curb the ability of SMEs to monitor and improve their environmental performance. When considering carbon emission reductions in rural SMEs these barriers are compounded by poor transport infrastructure and long distances to service centres.

Workshop Overview

This is the first workshop in a series of stakeholder events/consultations to explore and reach consensus on common measures to evaluate carbon in SMEs. As this is a complex multi-faceted issue, this first workshop will focus on a number of core issues and also provide an opportunity to identify topics for future focus.

This interactive event will feature short scene setting presentations followed by round table discussions of the key questions. We would welcome input prior to the event regarding the key questions (from workshop participants or those unable to attend) – please email your views to r.dunk@carboncentre.org.

Agenda

- 09:30 Registration, refreshments & networking opportunity
- 10:00 Welcome & overview of workshop
- 10:10 What is an SME? What issues do SMEs face in carbon accounting?
- 10:20 A whistle-stop tour of standards and methodologies applicable to SMEs
- 10:30 Break out groups – all addressing Key Question 1



Key Question 1: Boundaries and sub-categories – who should the SME rule book cover?

The purpose of this session is to stimulate discussion regarding the types of organisation that should be included (or excluded) from the SME rule book, and to explore an appropriate set of sub-categories for development of methodologies and bench-marking. The outcomes of this session will be a proposal for the SME boundary and will identify the key sub-categories within the broader SME bracket. Issues for consideration include size and turn-over based classification systems (medium, small, micro), whether sector specific methodologies are required, or if broader division into providers of services versus producers of goods is sufficient, and whether different methodologies and/or bench marks are required for business enterprises versus not-for profit charitable and social enterprises.

11:10 Report back on Key Question 1

11:20 Break-out groups – all addressing Key Question 2

Key Question 2: What are the significant scope 3 emission sources in SMEs and how should we account for them?

Significant scope 3 emission sources should be included in a best practice carbon emissions assessment. However, measurement of scope 3 emission sources can be particularly difficult and time consuming, thus inclusion of scope 3 emissions may represent a barrier to participation if data rules are too severe. Conversely, not including significant scope 3 emissions will in many cases exclude a major proportion of total carbon emissions, while the absence of a standard approach to estimating emissions precludes comparability. As two key purposes for conducting carbon emissions assessments are to identify the best options for reducing emissions and to enable benchmarking it is therefore imperative that we develop a series of easy to apply methodologies appropriate to the size and type of enterprise.

In this session we will explore which scope 3 emission sources should be included in a carbon emissions assessment for specific SME sub-categories (identified in the report back from Key Question 1) and how they should be accounted for. Issues for consideration include whether there should be a defined set of emission sources that should be included, and/or a set of criteria for inclusion/exclusion (e.g. significance testing), possible approaches to estimating hard to measure emission sources (e.g. tiered methodologies supported by a common set of assumptions), and further data/research needs required to support the proposed approach.

12:00 Report back on Key Question 2

12:20 Wrap up and close

12:30 Sandwich lunch and further networking opportunity

