



CCLA

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news

A Regular Newsletter for Companies in the FDF Climate Change Levy Discount Scheme

Update on the FDF CCL Agreement

In the FDF CCLA there are nearly 1100 individual sites that are currently benefiting from the Levy discount. The FDF CCLA is helping to save over £40 million per year of Levy.

We are still receiving new applications - it is not too late to apply. Anyone interested should contact the Help Line to obtain Applications Forms. Approval for the discount could be gained within 4-6 weeks of returning the application form.

The Clock Starts Ticking Soon!

Don't forget that the clock starts ticking for the first milestone period in just 4 months time! Your energy efficiency in the period 1st October 2001 to 30th September 2002 will be compared to your Base Year performance. If you want to achieve your first milestone target it is critical that you begin planning your energy efficiency initiatives within the next few months, so that you can begin to achieve improvements from October 1st.

Welcome to the first newsletter for companies in the FDF Climate Change Levy (CCL) Discount Scheme. One of the roles of Enviros, the Scheme Administrators, is to provide participants with access to the help and support required to ensure success in meeting the milestone targets. The newsletter is one element of the support that you will receive - it will be issued 3 to 4 times a year.

The newsletter will provide general CCL news and guidance on the requirements of your CCL Agreement (CCLA). Also, we will focus on the technical issues that are important in the food and drink industry and give practical advice on measures to help you achieve your targets. The newsletter includes a CCLA timetable - this

outlines important dates for which you should be prepared!

This is your newsletter and we want it to be as informative as possible. We welcome your input - if you would like us to cover any specific issues, please fax or e-mail your suggestions to the Help Line.

How the FDF CCL Discount Scheme Can Help

As well as this newsletter, other direct support from the Discount Scheme includes:

- Access to our Help Line (0161 874 3668)
- Feedback about site performance following each annual data collection
- Comparative performance information in the form of sectoral benchmarks
- Regularly updated information on the Scheme Web Site (www.ccleavy.com/fdf)

CCL on Liquid Nitrogen

We have received many Help Line calls about the impact of the CCL on the price of liquid nitrogen. The gas liquefaction industry is not eligible for a Levy discount because it does not fall under IPPC. Therefore, companies such as BOC and Air Products are likely to pass the costs of the Levy to their customers (a 6 to 7% price increase may be typical). You cannot try and reclaim this extra cost because it is a "pass-on charge", not the CCL itself.

On a more positive note, the gas liquefaction industry has been lobbying government to set-up a CCLA for their industry - and is likely to continue this activity. We will report any progress in future newsletters and on our CCL Web Site.

If you use liquid nitrogen as a refrigerant you should consider whether an on-site refrigeration system would be beneficial. For example, an ammonia blast freezer could use 10 times less energy than liquid nitrogen. This could make a big contribution to meeting a CCLA target. This topic will be covered in more detail in the next Newsletter.

Support from the Energy Efficiency Best Practice Programme

Another important source of support and advice is the EEBPP. This Government programme provides excellent Good Practice Guides and Case Studies that can help you evaluate energy saving opportunities. A new part of the programme "Action Energy" can provide site specific support in the form of fully or partially funded site audits and feasibility studies. For further information about all EEBPP activities look at their Web Site on www.energy-efficiency.gov.uk or call the Energy and Environment Help Line on 0800 585 794.

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for help or advice - CCL helpline 0161 874 3668 / www.ccleavy.com/fdf

Energy Management briefing

What do we mean by “Energy Management”?

Energy Management measures are those related to the activities of your staff and to the control and evaluation of energy use. Examples of initiatives in this category include monitoring and targeting, staff motivation and training, improved control and modifications to operating practices. Energy Management initiatives have a short payback period and often represent the “low hanging fruit” available to all energy users.

Audits of Base Data in the FDF CCL Discount Scheme

In February ten sites from the Discount Scheme were audited by the Government to check on the accuracy of data submitted. The two key recommendations from these audits should be part of your approach to energy management:

1. Sites should keep a record of the energy and production data submitted to the FDF CCL discount scheme and document how the data was collected.

2. There should be a clear line of responsibility for the provision of CCL data, and where possible there should be deputies.

More sites will be randomly selected for audit in the future - does your site have well documented data collection?

Now that your CCLA is in place, the next step is to consider how you are going to meet your milestone targets. It is helpful to sub-divide energy saving opportunities into 2 distinct groups - measures related to “people and systems” and to “technology and equipment”. A cost-effective balance of investment in both groups will be the key to meeting your targets. Advice on investments in technology and equipment are discussed in the “Technical Briefing” section opposite. Initiatives related to people and systems, commonly referred to as **Energy Management**, are discussed in this section.

What are the Key Elements of an Energy Management System?

It is difficult to provide a single definition of what is required as there are many site-specific influences on the design of a good Energy Management System. Some key aspects are:

At the core of the system you will require some form of Monitoring and Targeting (M&T) System. In an M&T system metered energy data is compared to influencing factors (such as production) on a regular basis. The M&T system will show how efficiency is varying in different parts of your factory on, say, a weekly basis and enable you to investigate and improve inefficient activities. M&T often requires some investment in energy sub-metering.

An active Energy Team must support the M&T system. M&T data can provide excellent feedback of performance data, but it requires appropriate people to interpret and act upon the data. Careful selection of an energy team is essential, requiring a mixture of “people skills” and technical ability. A site based energy team can often benefit from the support of an external team member who can bring special expertise and challenge current site practices.

A structured framework to progress and monitor projects is useful. As the Energy Team generates ideas it is essential that these are implemented.

A recent innovation is an “opportunities database” that helps keep a track of progress on each individual idea. It also helps keep a running total of the savings being made.

The Energy Management System should be part of a clearly defined site energy strategy. Senior level commitment to the strategy helps ensure that it is taken seriously. Feedback of data from the M&T system can be used to regularly review and update the strategy.

Why is Energy Management So Important in a CCLA?

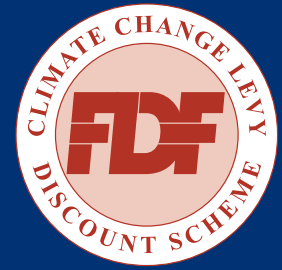
Setting up a good Energy Management System is a critical first step in the vast majority of energy saving programmes. A good system will provide enough savings to get you through the first CCLA milestone (and in many cases the second too!). It will also provide a strong foundation on which to implement the most cost effective technical measures that will enable you to meet the rest of your milestone targets. In addition it provides other benefits that relate specifically to CCLAs.

A good energy management system can:

- Provide zero and low cost savings
- Deliver a “quick start” by achieving savings at the earliest opportunity
- Identify capital investment projects
- Meet the “Qualitative Requirements” of your CCLA
- Provide data for use in the CCLA “product-mix algorithm”
- Help meet IPPC Requirements (Integrated Pollution Prevention and Control)

Each of these benefits will be discussed in more detail in future editions of this newsletter.

Technical briefing



Although a good Energy Management System will provide some useful savings it is inevitable that capital investments must be made to achieve your long-term CCLA targets. In the Technical Briefing part of the Scheme Newsletter we will discuss various opportunities to make energy savings through capital investment.

Enhanced Capital Allowances (ECAs)

As part of the Climate Change Levy package the Chancellor has introduced ECAs for some types of capital equipment. These allow you to fully depreciate an eligible investment in the first year. This defers payment of corporation tax and results in a saving that is typically about 5% (the actual value depends on interest rates). Where relevant, don't forget to take an ECA into account when developing the economic case for a project. ECAs are available to all businesses, not just those with a CCLA.

There is a detailed list of equipment eligible for an ECA on www.eca.gov.uk

Examples of eligible equipment include boilers, variable speed drives, lighting systems, good quality CHP, refrigeration, pipe insulation and thermal screens. The ECA list is under constant review and will be updated on a fairly regular basis.

Combined Heat and Power (CHP)

Installing a CHP system is an important energy saving technique that involves the on-site generation of electricity and the simultaneous use of the waste heat available from the generation system. CHP systems can have an overall efficiency of over 70%, which is far better than conventional power stations that can only achieve 40 to 50% efficiency (because they cannot utilise the waste heat).

In your CCLA you have made an undertaking to review whether CHP is worthwhile at your site.

Implementation of a CHP opportunity will not be counted as part of your basic energy target. If

CHP can be shown to be cost effective, your target will be increased to take this opportunity into account.

You will need to undertake a CHP Assessment based on a standard 3 stage process developed by government. For the first 2 stages they are preparing a spreadsheet model that can be used "in-house" to filter out those sites that are unlikely to have a cost effective opportunity. If you reach the 3rd stage you will need to carry out a formal CHP feasibility study to establish the economics and practicalities of a CHP plant. The spreadsheet model is still in the final stages of development and testing - we expect to issue it in early July.

The timetable for CHP evaluation at each site with a CCLA is:

Activity	Date	Participation
Issue of Stage 1 Methodology and Spreadsheet	July 2001	All sites
Report result of Stage 1 of evaluation to Enviros	October 2001	All sites
Issue of Stage 2 Methodology and Spreadsheet	November 2001	Only sites passing stage 1
Report result of Stage 2 of evaluation to Enviros	January 2002	Only sites passing stage 1
Issue of Stage 3 Methodology	February 2002	Only sites passing stage 2
Report result of Stage 3 of evaluation to Enviros	October 2002	Only sites passing stage 2

Take a Long Term View When Making Major New Investments

In the last 15 years energy efficiency has not been a major factor influencing investment in new plant. The climate change issue will be an important driver to change this attitude - and the Climate Change Levy gives a clear market signal that change is required! You are in a 12 year agreement, so wise investment now will be of benefit in years to come.

When you are considering new plant - whether for a green field site, a major expansion or a plant refurbishment - you have the ideal opportunity to include technical measures that will improve energy efficiency. The "incremental cost" of more efficient equipment is usually small - indeed, in some cases a more efficient plant design saves capital costs as well as energy and running costs. If you don't do justice to this opportunity you will be building an inefficient plant that will remain in operation for 20 or 30 years. This could be an unfortunate legacy.

An important part of your corporate energy efficiency strategy should be to ensure that pro-active steps are taken to ensure that any major new projects are properly reviewed and that you install systems with "state of the art" efficiency.

Training Courses

We are organising three training courses to help you address issues in this newsletter;

a) How to Meet Food and Drink Industry CCLA Targets - a 1 day introductory course covering the basics of energy management and reviewing some of the technical measures that are most relevant to the food and drink sector.

b) Setting Up a Good M&T System in Food and Drink Factories - a 1 day course covering the key elements of M&T including sub-metering, data collection and analysis, setting up energy teams, identifying and implementing projects.

c) Evaluating CHP Opportunities - a 1 day course covering the basics of CHP and explaining how to carry out the required CHP evaluations under a CCLA.

Details about dates and venues can be found on a separate leaflet circulated with this newsletter.

Alternatively, refer to the CCL Help Line or Web Site. Training courses covering other topics are being planned for late Autumn. These will be addressing efficiency opportunities in energy using systems such as refrigeration, boilers and compressed air. Let us know if there are any topics you would particularly like to see addressed by a training course.

Climate Change Levy - Key Activities in the Next 18 Months

April 2001	May 2001	June 2001
Climate Change Levy came into force	Request for data for CCL Year 1 (data for period October 1999 to September 2000)	First FDF CCLA Newsletter issued Signed Underlying and Administration Agreements returned
July/August 2001	September 2001	October 2001
Feedback of CCL Year 1 Data and Sectoral Benchmarking CHP Assessment Stage 1 Methodology Circulated	Second FDF CCLA Newsletter issued Training Courses available	<i>First Milestone Year</i> The Clock starts ticking! First milestone year begins. Request for Data for CCL Year 2 (data for period October 2000 to September 2001) Deadline for reporting result of CHP Analysis Stage 1
November 2001	December 2001	January 2002
<i>First Milestone Year</i> Deadline for return of data for CCL Year 2 CHP Assessment Stage 2 Methodology Circulated	<i>First Milestone Year</i> Feedback of CCL Year 2 Data and Sectoral Benchmarking	<i>First Milestone Year</i> Report of Sector performance to government Deadline for reporting result of CHP Analysis Stage 2
October 2002	December 2002	January 2003
CCL Year 4 begins. Request for Data for CCL Year 3 (data for period October 2001 to September 2002) Deadline for reporting result of CHP Analysis Stage 3	Feedback of 1st Milestone Performance Issue of emissions trading certificates (to sites that have beaten target)	Emissions trading "window"

Useful Contact Details

Contact	Telephone Number	Web Site
FDF CCL Help Line	0161 874 3668	www.ccleavy.com/fdf
Energy Efficiency Best Practice Programme	0800 585 794	www.energy-efficiency.gov.uk
Enhanced Capital Allowances		www.eca.gov.uk
Department of the Environment, Food and Rural Affairs (DEFRA)		www.defra.gov.uk
HM Customs and Excise	0161 261 7079	www.hmce.gov.uk

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