



CCA

ISSUE 1 October 2001

news

A Regular Newsletter for Companies in the Master Bakers (MB) Climate Change Levy Discount Scheme

Update on the MB CCL Agreement

In the MB CCA there are over 4000 individual sites that are currently benefiting from the Levy discount.

These sites consist of approximately 300 wholesale bakeries, 450 bakeries with a shop attached, 2900 eligible shops and 600 ineligible shops.

The MB CCA is helping to save over £1 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 Has Started Ticking

Don't forget that the first milestone period started on 1st October 2001. 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 implement 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 MB Climate Change Levy (CCL) Discount Scheme. The discount scheme is open to all companies in the Craft Bakery sector, including members of the National Association of Master Bakers (NAMB) and Scottish Association of Master Bakers (SAMB). One of the roles of Enviro, 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 2 to 3 times a year.

The newsletter will provide general CCL news and guidance on the requirements of your Climate Change Agreement (CCA). Also, we will focus on the technical issues that are important in the craft bakery industry and give practical advice on measures to help you achieve your targets. The newsletter includes a CCA 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 MB 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.cclevy.com/mb)

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.

New Information Available on our Website

We are producing new Information Sheets on important topics on a regular basis. These will be available on our website. There is new information on the website about:

- Enhanced Capital Allowances
- CHP Evaluation
- Training Courses

In the near future we will be producing Information Sheets on the following subjects and covering them in future newsletters:

- Emissions Trading
- Qualitative Requirements of your Agreement (Schedule 3)
- Product Mix / Output adjustments
- IPPC

Reminder

CHP Evaluation

Don't forget that you should have completed a Stage 1 CHP evaluation for each bakery with a CCA by the end of September, using the spreadsheet circulated in early August. Please return the evaluation report to us as soon as possible if you have not already done so. Contact the help line if you need another copy of the CHP evaluation spreadsheet.

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for help or advice - CCL helpline 0161 874 3668 / www.cclevy.com/mb

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.

Sources of Useful Information

There are numerous excellent publications about energy management available from the Energy Efficiency Best Practice Programme, including:

Energy Bills in Craft Bakeries (ECG 62)

Energy Management Pathfinder (GIR63)

M&T for Large Companies (GPG112)

M&T for Small & Medium Sized Companies (GPG125)

Monitoring and Targeting at a Brewery (GPCS273)

Energy Monitoring and Target Setting at a Dairy (GPCS138)

Now that your CCA 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 CCA?

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 CCA 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 CCAs.

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 CCA
- Provide data for use in the CCA “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 CCA 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 CCA.

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 CCA you have made an undertaking to review whether CHP is worthwhile at your bakery. 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. Please note that you do not need to complete the CHP assessment for eligible shops, ineligible shops or for bakeries with a shop attached.

The timetable for CHP evaluation at each wholesale bakery with a CCA 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.

Climate Change Levy - Key Activities in the Next 18 Months

April 2001	
Climate Change Levy came into force	
August 2001	
CHP Assessment Stage 1 Circulated	
October 2001	First Milestone Year
The Clock starts ticking! First milestone year begins. Request for Data for CCL Year 1 (data for period October 2000 to September 2001). Deadline for reporting result of CHP Analysis Stage 1	
November 2001	First Milestone Year
Deadline for return of data for CCL Year 1 CHP Assessment Stage 2 Methodology Circulated	
December 2001	First Milestone Year
Feedback of CCL Year 1 Data and Sectoral Benchmarking	
January 2002	First Milestone Year
Report of Sector performance to government. Deadline for reporting result of CHP Analysis Stage 2	
October 2002	
Request for Data for CCL Year 2 (data for period October 2001 to September 2002). Deadline for reporting result of CHP Analysis Stage 3	
December 2002	
Feedback of 1st Milestone Performance. Issue of emissions trading certificates (to sites that have beaten target)	
January 2003	
Emissions trading "window"	

Useful Contact Details

Contact

MB CCL Help Line

Telephone Number
0161 874 3668

Web Site
www.cclevy.com/mb

Contact

Energy Efficiency Best Practice Programme

Telephone Number
0161 874 3668

Web Site
www.energy-efficiency.gov.uk

Contact

Enhanced Capital Allowances

Web Site
www.eca.gov.uk

Contact

Department of the Environment, Food and Rural Affairs (DEFRA)

Web Site
www.defra.gov.uk

Contact

HM Customs and Excise

Telephone Number
0161 261 7079

Web Site
www.hmce.gov.uk

Some of the CCL Admin. Team

Ever wondered what we
look like?

From left to right:

Surish Pal, Julie Gartside,
Paul Bromley,
Helen Fairclough,
Ray Gluckman, Claire Shaw and Lesley Butterworth.



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