

Renewal of Cold Storage CCA

Claire Chaffer & Siobhan Gibbons

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Cold Chain Federation CCA Helpline Team

Tel: 0845 600 8122

Email: cclevy@jacobs.com

www.cclevy.com

Agenda

1. CCA extension
 2. New TP5 CCA Target
 3. Future CCA post 2025
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CCA Extension

2 year extension

2 Year CCA Extension

- Target Period 5 (TP5) Jan 2021 to Dec 2022
- CCL discount to 31 March 2025
- TP5 reporting Feb 2023

	2019	2020	2021	2022	2023	2024	2025
Target Period (TP)	TP4: 1 Jan 2019 – 31 Dec 2020		TP5: 1 Jan 2021 – 31 Dec 2022				
Certification Period (CP)	CP4: 1 Jul 2019 – 30 Jun 2021		CP5: 1 Jul 2021 – 30 Jun 2023			CP6: 1 Jul 2023 – 30 Mar 2025	

- ✓ CCF lobbied for CCA extension and new entrants
- ✓ ~50 new entrant applications

Impact of CCA extension changes

Change	Impact of change
Buy-out fee now £18/tCO ₂ e (was £14/tCO ₂ e)	Significant 30% increase in buy-out costs
No surplus carry over into TP5	Medium impact 10 TUs used surplus for entire TP3 buy-out
Penalties use new £18/tCO ₂ e	Low impact Penalties are rare
CCL discount extended to Mar 2025	Very significant Discount ~£10 million PA 2021-2024
TP5 base year 2018 (was 2008)	Mixed More relevant BY Harder for earlier movers
New entrants allowed	Very significant ~50 applications (first opened since 2018) Improves competitiveness, stimulates EE

Key dates for CCA Extension

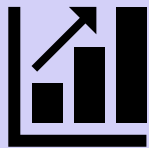
Key Date	Action	
30 Oct – 20	Deadline to submit new entrant applications to Helpline	
30 Nov – 20	EA deadline for new entrant applications for TP5	EA new entrant deadline
11 Dec – 20	TP5 targets finalized between BEIS and sector	Target confirmed
16 Dec – 20	Deadline for current operators to confirm to sector that they remain eligible	
1 Jan to 31 Mar – 21	New entrant agreements issued by the EA, taking effect on the date of assent	Assent NE quickly
8 Feb – 21	EA issue variation notices to operators to include TP5 target in their underlying agreements	New Agreements (all)
July to Sept – 21	Correction window potentially allowing new entrants to be “bubbled” into existing agreements	Variations window

Variations Window (TBC)

- Variations window 1 Jul - 30 Sept 2021 will allow:

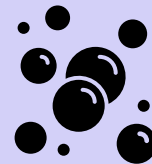
2018 Correction

If 2018 BY estimated,
replace with actual 2018
data



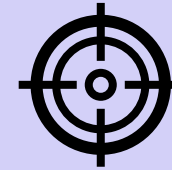
Bubble new entrants

New entrant facilities
can “bubble” into
existing agreements



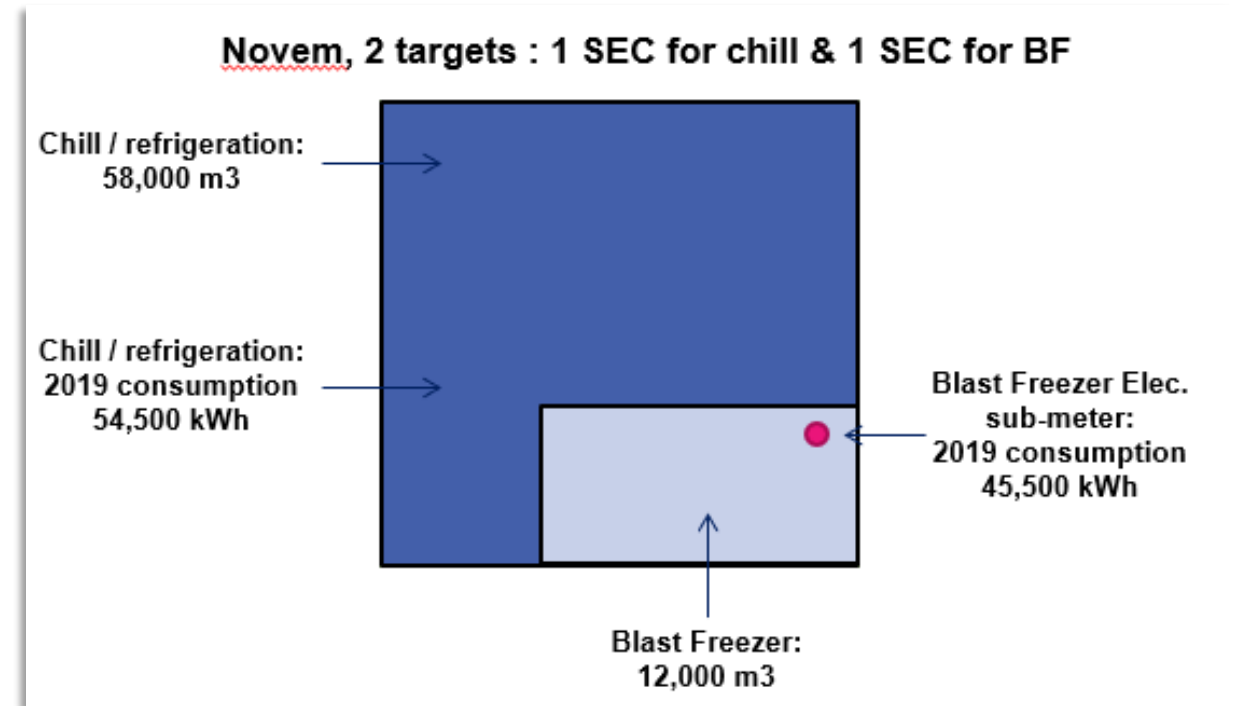
Absolute to novem/rel

TU with absolute target
can request novem or
relative TP5 target



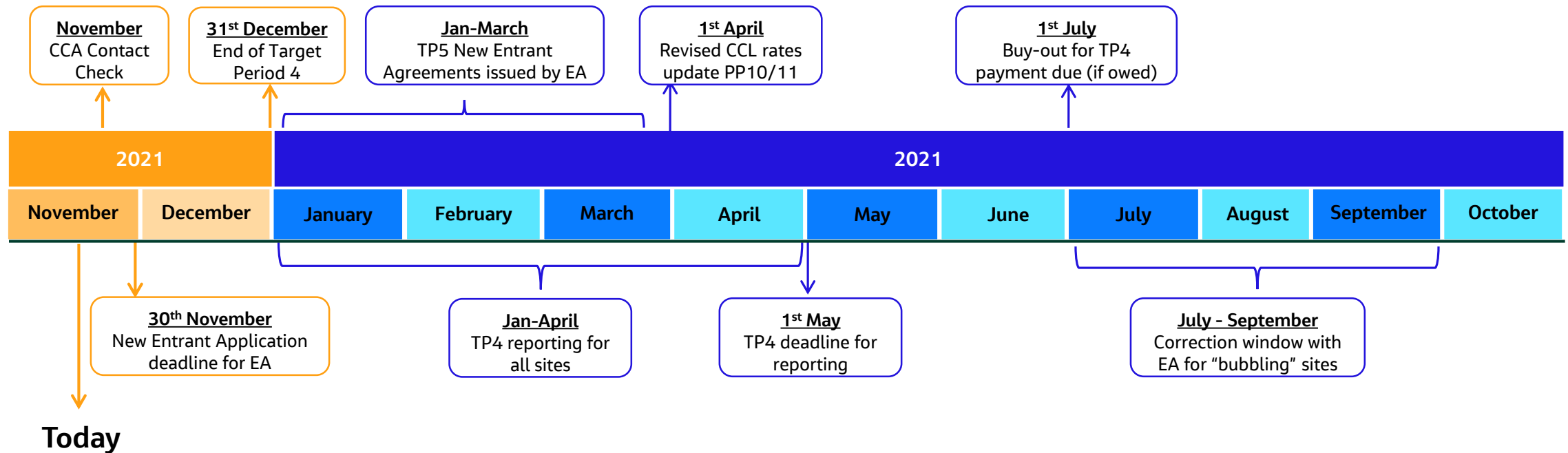
Changing from Absolute to Novem targets

- Issue:
 - 24 of 230 TUs absolute target
 - Fail, average buy-out £14,000
- Reason:
 - Absolute kWh target
 - Blast freezing / footprint growth
- Outcome:
 - Novem target option
 - 2021 variation window
- How:
 - ✓ CCF letter to Kwasi Kwarteng BEIS Minister
 - ✓ CCF evidence to BEIS & EA
 - ✓ New guidance imminent



TP4 and TP5 timeline

CCA Reporting and Admin Timeline:





New CCA Target

TP5 CCA Target (TBC)

- Sector target 6.67% energy efficiency improvement by 2022
- New 2018 base year
- Government's goal:
 - to improve business energy efficiency by 20% by 2030
- UK's net zero 2050 GHG emissions even more ambitious

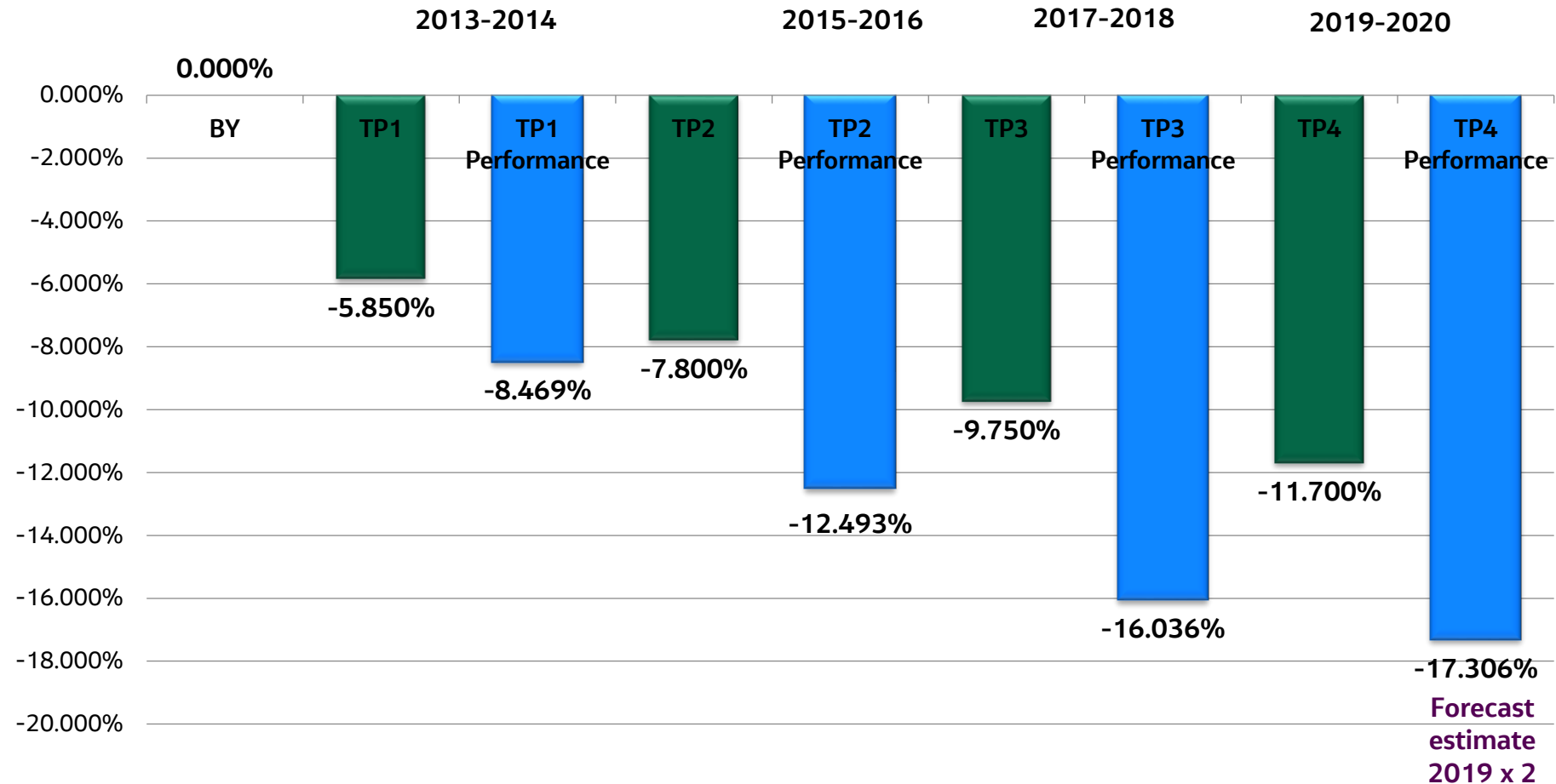
	TP4 (2019-20)	TP5 (2021-22)
Estimated sector CCL discount	£19.6 million	£21.3 million
Estimated sector buy-out cost	£1.2 million	£1.0 million

Forecast Sector Performance – TP4 estimate



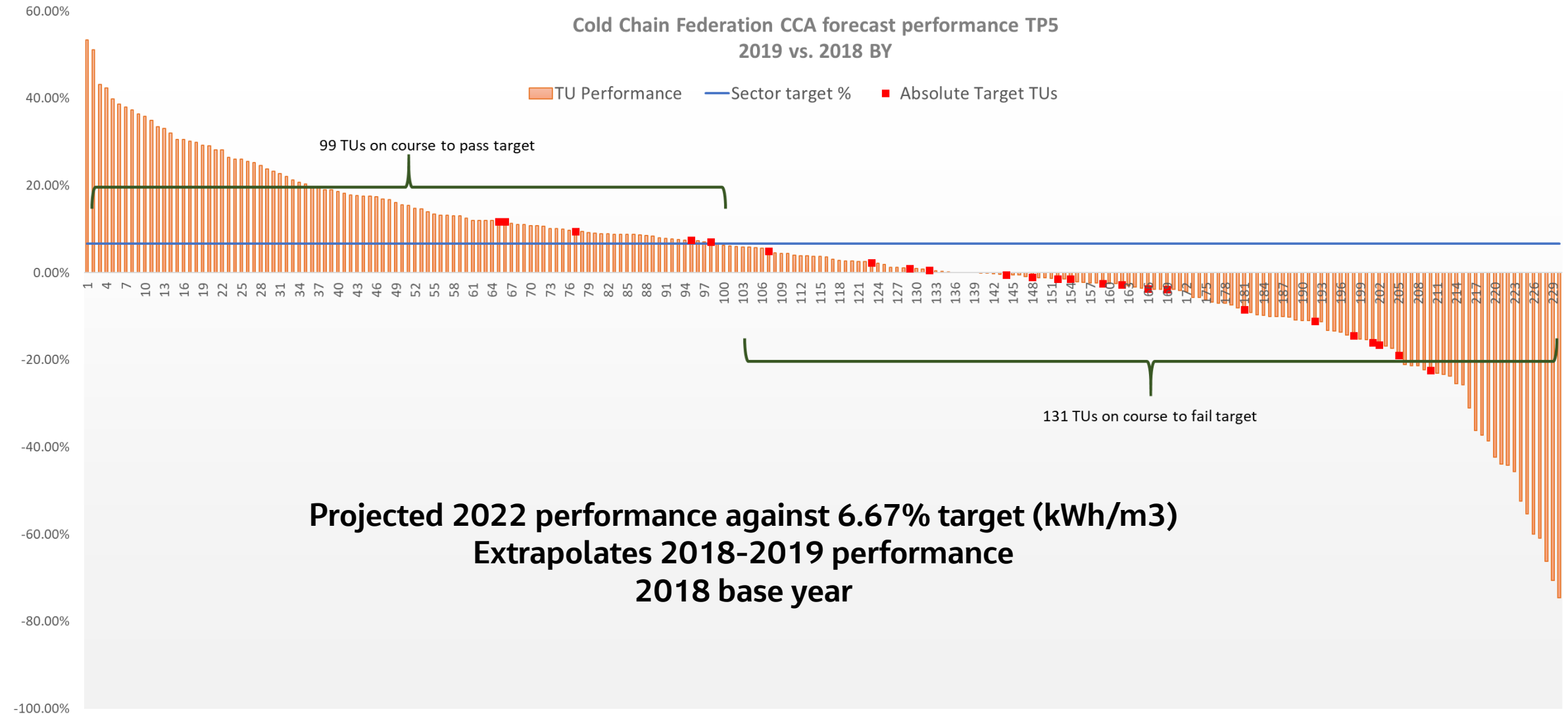
Note: results are subject to change pending any data changes and 2020's actual performance

Historic 2008 base year



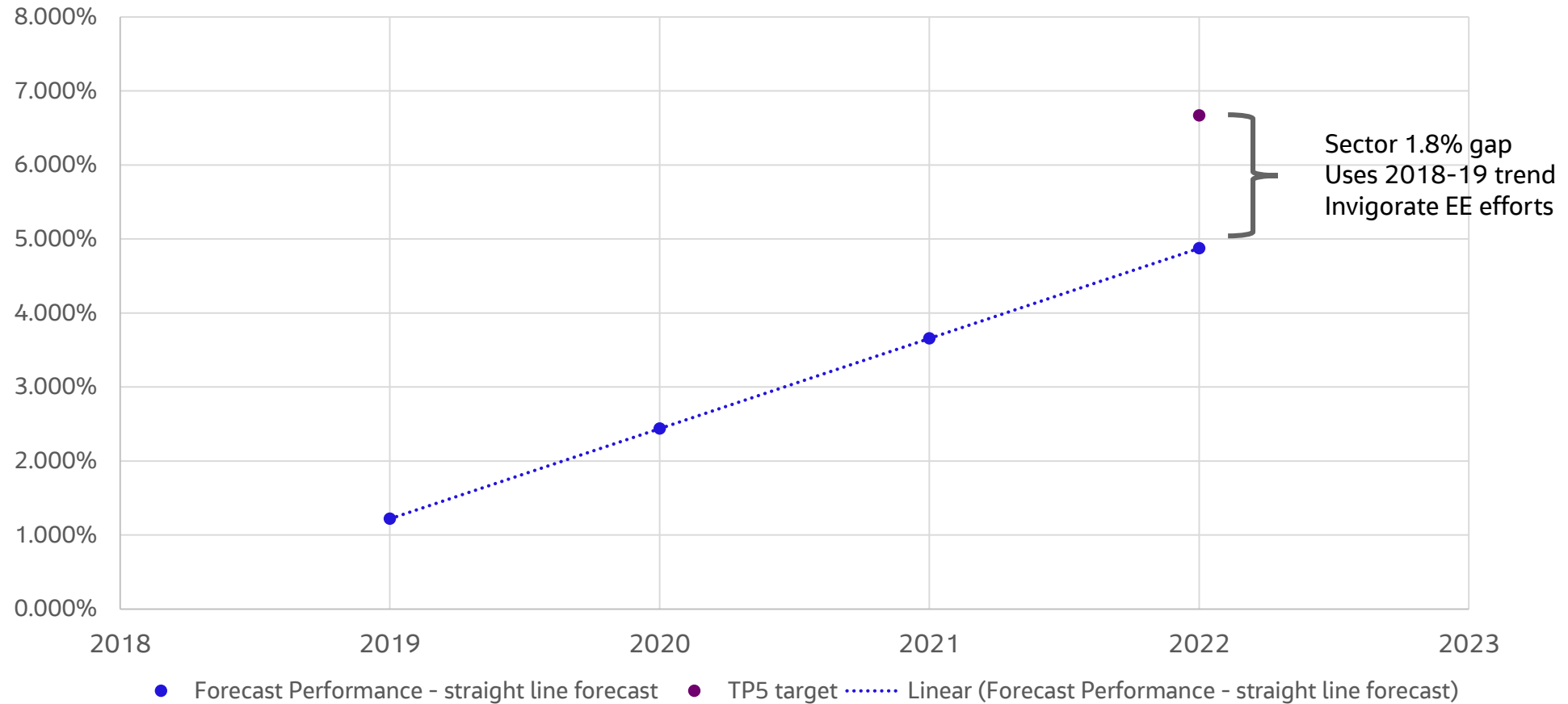
Forecast performance at TP5 (BAU)

Cold Chain Federation CCA forecast performance TP5
2019 vs. 2018 BY



**Projected 2022 performance against 6.67% target (kWh/m³)
Extrapolates 2018-2019 performance
2018 base year**

Forecast TP5 target performance (BAU)











Future CCA beyond 2025

CCA Scheme long term future

- CCA Consultation covered future CCA Scheme 2023 - 2030+
- Net-Zero 2050 pressure for more ambitious CCA targets, possibly absolute
- Cold Chain Federation consultation response:
 - relative carbon savings as opposed to energy
 - recognition for on-site and procured renewables
 - accessible energy efficiency funding
 - carbon trading

BEIS feedback on CCA beyond 2025

Future CCA Features	What might change?	
Eligibility criteria	Improved for better targeting and allow new EI sectors	
CCA targets	Carbon reduction targets alongside energy efficiency	
Technologies recognised	Low-carbon technologies, renewable energy and on-site renewables, batteries and other energy storage	
CCA carbon targets	Note interaction of grid decarbonisation	
Longer payback measures	Government support may be needed	
Scheme interaction	Work better with other schemes to reduce admin burden	

NB Any future CCA beyond 2025 is not certain



Conclusions

Conclusions

- CCA extension boosts competitiveness
 - ~£10million PA benefit to Mar 2025
 - Stimulates energy efficiency
- Challenging 6.67% energy efficiency target by 2022
 - Sector pulls it weight
 - CCF supports decarbonisation journey
- Future CCA post 2025
 - Tougher still
 - Carbon and energy efficiency targets
 - Recognise renewables

Thank you

CCA Helpline Team

Tel: 0845 600 8122

Email: cclevy@jacobs.com

www.cclevy.com

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Regulations now in force

- Amended CCA Administration and CCA Eligibility regulations
 - In force from 1st October 2020
 - Key changes:
 - Addition of TP5, 2021-2022
 - Buy-out fee £18/tCO₂e (was £14)
 - Zero surplus carried into TP5
 - Financial penalties use new £18/tCO₂e
 - Extend the certification period to March 2025
 - Base year for TP5 is 2018 (was 2008)
 - Allow EA to add TP5 to agreements
- ...All Operators issued new Underlying Agreements

