

7th November 2022

Secretary of State
Department for Business, Energy and Industrial Strategy
1 Victoria Street
LONDON
SW1H 0ET



Dear Secretary of State,

PRIORITISING THE COLD CHAIN DURING THE ENERGY CRISIS TO ENSURE SUPPLY CHAIN RESILIENCE AND TO PROTECT BUSINESSES AND CONSUMERS

Businesses involved in the storage of perishable products, such as food and pharmaceuticals have been at the forefront of the events of the last 2 years. From the impacts of the Covid-19 pandemic to post-Brexit trade changes and ongoing recruitment challenges across supply chains, the industry has risen to the challenge of safely storing our unpredictable food and pharmaceutical supply.

Whilst cold storage is crucial to our perishable supply chain and a key weapon in the fight against food waste, it is also a high energy using industry, with vast warehouses operating at temperatures as low as -25°C. The UK's approximately 500 cold stores use approximately 4 TWh of electricity making them extremely vulnerable to increased costs and a volatile, unpredictable energy market.

The current energy crisis has resulted in huge cost increases to those not on a long-term fixed deal, or whose deals are expiring, in some cases by as 400% which risks adding millions of pounds in annual running costs to the largest cold stores. The industry is extremely grateful to the support provided by the Government in the form of the Energy Bill Relief Scheme, it has undoubtedly prevented mass business closures and disruption to food supplies, however for cold storage operators there is significant concern about what happens after March 2023.

As the Government reviews the future arrangements for energy bill support, we believe there is a strong argument that cold storage businesses should be prioritised for continued energy bill support based on the following reasons:

- Unlike other sectors, cold stores use more energy in the summer rather than the winter, to keep products cool.
- Cold stores are critical infrastructure, fundamental to maintaining food and pharmaceutical supply chains. For many, the levels of cost rises predicted from April 2023 risk putting profitable businesses into the red. The ability for a logistics business to pass on overhead costs depends on the arrangement they have with their customers. Where costs cannot be passed on, this threatens the existence of individual businesses and risks further reducing the capacity of a supply chain already struggling to meet the demand placed upon it.

Cold Chain Federation (formerly FSDF – Food Storage & Distribution Federation)
7 Diddenham Court, Lambwood Hill, Grazeley, Reading, Berkshire RG7 1JQ
T 0118 988 4468 E info@coldchainfed.org.uk W coldchainfederation.org.uk
Registered in England and Wales company no. 517554

- Where additional energy costs can be passed on by companies to their customers, there is a significant risk of further food inflation for products like meat, dairy, fruit and vegetables. Continued support for cold storage businesses would help control further rises.

We are working to gather evidence and information to back up all of these points which we would like to share with you and your officials.

We ask you to consider and respond to two requests:

- As you consider the future of energy support for businesses beyond April 2023, that you to include cold storage as a priority industry for continued support.
- In the event of an energy shortage in the UK this winter, that all cold storage sites are included as a priority due to its criticality in sustaining pharmaceutical and food supply chains.

We would like to continue to work collaboratively with the Government to support the understanding of the importance of the UK's cold chain and how factors such as energy prices can impact food and pharmaceutical supply chain resilience.

I look forward to receiving your response on this important matter.

Yours sincerely



Shane Brennan
Chief Executive
Cold Chain Federation