

Energy costs relief through a CCA and EII exemption for a plastics injection moulding company


£300,000 in annual savings through carbon and sustainability compliance measures



Introduction

A plastics injection moulding company in the east of England approached Alfa Energy out of interest in a Climate Change Agreement (CCA), which grants relief from the Climate Change Levy (CCL) charge on energy bills. In the process of exploring eligibility and applying for a CCA, the company appeared to also be eligible for the Energy Intensive Industries (EII) exemption from the costs of the Renewables Obligations (RO), Contracts for Difference (CfD), and Feed-in Tariff (FiT) charges on energy bills.

Alfa Energy applied for and implemented both these schemes on behalf of the client and was able to realise roughly £50,000 annual savings on CCL charges from the CCA, and nearly £250,000 annual savings on RO, CfD, and FiT charges from the EII exemption. Alfa Energy continues to maintain both these schemes while keeping the client informed of any policy changes and delivering monthly savings and performance reports.



a significant difference in
its competitiveness

The Challenge:

The client is an energy intensive business with electricity representing one of its largest operational costs. Incentive schemes and relief programmes that reduce energy costs in the manufacturing sector are numerous but can be difficult to access. An organisation implementing the maximum relief it is eligible for can make a significant difference in its competitiveness with both its domestic and overseas counterparts. Identifying the relief that a company is eligible for and implementing it requires time and detailed knowledge of policy.

The Solution:

The plastics moulding company initially engaged Alfa Energy's services out of interest in obtaining a CCA.

A carbon compliance consultant and engineer visited the facility to better understand the assets and processes used. The application for the CCA then began.

Applying to the British Plastics Federation's CCA

The British Plastics Federation (BPF) – which represents the sector to the Environment Agency – holds the sector's CCA. The client applied to join this CCA. The application process involved collecting detailed information about the client's facility. This included:



Floor plans



Information about
the manufacturing
processes in use



Details of ineligible
processes and the
share of energy use
they had at the
facility



A base year of
energy consumption
and production
throughput

Exploring the EII exemption

During the CCA application process Alfa Energy became familiar with the client's operations and found that the facility was potentially eligible for additional relief through the EII exemption. The application process required the client's finances to be considered.

The Result:

CCA Application

The information collected allowed Alfa Energy to determine that greater than 70% of the energy used on site was for eligible processes or processes directly associated with the eligible ones. Under the CCA, this condition meant that 100% of the site's energy was eligible for relief. The client could claim the maximum level of relief. The application was successfully made to the BPF, and the relief was implemented with the client's energy supplier.

EI Exemption Application

The client was found to be in an eligible sector and manufacturing an eligible product. Using three years of the client's EBITDA, staff costs, and electricity consumption, Alfa Energy determined that the client's energy intensity was greater than 20%, making it eligible for the EI exemption.

Alfa Energy successfully applied for the exemption to the Department for Business, Energy and Industrial Strategy (BEIS) – the administrator of the exemption – on behalf of the client. The exemption was activated with the client's energy supplier.

Savings

The client saves £50,000 annually from its CCL costs thanks to its CCA, and £250,000 annually from its RO, CfD, and FiT costs thanks to its EII exemption. The facility consumes in the region of 7,000 MWh of electricity annually, with no natural gas consumed.



£50,000

annual savings on CCL charges
from the CCA



£250,000

annual savings on RO, CfD, and FiT
charges from the EII exemption

Ongoing support for the CCA

Alfa Energy is in monthly contact with the client to obtain energy consumption and production throughput data. These are used to calculate the facility's monthly performance against its CCA energy efficiency target. Alfa Energy forecasts the performance of the facility against each two-year target period the CCA uses and can anticipate the client outperforming or underperforming against its target. These reports are submitted to the client every month for the previous month.

Alfa Energy updates the client with any policy changes and will assist the client in the eventual reporting phase for the current target period of 2019-2020.

Ongoing support for the EII exemption

Alfa Energy uses energy consumption data to produce monthly estimated savings reports.

The EII requires its beneficiaries to submit quarterly declarations and annual returns to BEIS which confirm that the beneficiary still qualifies for the relief. Alfa Energy assists in the completion of these declarations and returns and submits them to BEIS on behalf of the client.

Alfa Energy updates the client with any policy changes. In April 2019, the relief from FiT charges transitioned from a reimbursement to an exemption (the intention of the original policy). Alfa Energy ensured that the client's energy supplier implemented the change and that the client was aware of it.