

## FDF's Response to FISS Report on Energy and Climate Change

### Data

**Recommendation 1** – Government and the industry need a long-term strategic engagement plan to develop, implement and monitor plans to deliver the necessary carbon savings over the next few decades. We would welcome the formation of a top level industry and government group to oversee and guide this engagement.

FDF supports this recommendation and would be willing to participate in any such group. This Group should cover the whole of the food chain and build on the work of the Energy Champions Group

**Recommendation 2** – Action should be taken now to learn from the experience of setting up the database for Climate Change Agreement participants and to prepare for a national database for the whole food chain to track progress towards the energy/CO<sub>2</sub> reduction targets in the FISS. This could be linked in to the reporting as part of the proposed Energy Performance Commitment.

This recommendation needs to be captioned under the auspices of Defra as necessary input of the Group to be set up under the previous recommendation.

### Barriers

**Recommendation 3** – Industry would welcome more financial assistance from Government for investments in energy efficiency measures, and should publicise these better in order to reduce the volatility in these markets. For example, new industry-funded technical developments in direct fire oven burner technology and control systems can deliver up to 15% emissions reductions. To promote the widespread uptake by industry, Government should ensure that such new technologies are recognised and covered by the Enhanced Capital Allowance scheme.

A proactive response from Government on this recommendation would be very welcome. In a more general framework FDF is willing to work with Government and organisations such as The Carbon Trust to develop and promote suitable financial support mechanisms to facilitate food and drink manufacturers to invest in energy saving technologies.

**Recommendation 4** – Incentives for carbon management should be introduced via the business rates system. The energy efficiency of a building should be an explicit consideration in the assessment of a site's rateable value, with relief for the most environmentally-friendly buildings (without unfairly penalising older buildings).

FDF supports this recommendation.

**Recommendation 5** – Alternatively, the uniform business rate could differentiate between energy efficient organisations and/or buildings, and those that use energy less effectively, or could provide incentives for investment in low-carbon technology.

*No comment*

**Recommendation 6** – Manufacturing in particular needs greater clarity on the future of Climate Change Agreements (CCAs) beyond 2011. Whether that takes the form of regulations or incentives, there is a need for stability and clarity.

CCAs are viewed by FDF as a very effective policy instrument under which industry can contribute to emissions savings and reduce their energy consumption. We feel strongly that an early start to discussions about the future of CCAs after the 5<sup>th</sup> Milestone in 2010 is essential.

**Recommendation 7** – Government should review the experience of CCAs, which have boosted energy-efficiency in some businesses, and examine the potential for developing and extending them or similar schemes to more businesses – including smaller businesses.

FDF supports this recommendation

**Recommendation 8** – Efforts should be made to reduce the complexity and costs associated with involvement in schemes such as the CCA, Integrated Pollution Prevention Control (IPPC) and European Union Energy Trading Scheme (EU ETS). For example a number of manufacturing site are covered by both CCAs and the EUETS. This means that they have to comply with two regimes for what are largely the same emissions. This is a key area for simplification as part of future UK climate change policy. The development of new CCA regime will also be an opportunity to simplify some administrative procedures required to operate the scheme.

FDF fully supports this recommendation and is willing to engage with Government on taking this forward.

#### Best Practice

**Recommendation 9** – Industry, Government and Trade Associations should work together on an industry-wide programme to raise awareness of energy-efficiency and to share best practice on technology and carbon management.

FDF fully supports this recommendation and seeks to build on its current activities such as the refrigeration and canning projects (supported by The Carbon Trust).

**Recommendation 10** – There should be a larger programme of: energy surveys; energy and carbon savings implementation packages tailored to the needs of individual companies; and an ongoing monitoring and targeting programme to maintain the savings already achieved and drive new ones.

FDF supports this objective and wishes to build on its current working relationship with The Carbon Trust to implement this objective

**Recommendation 11** – Through a mix of Government-Industry initiatives, “easy wins” should be implemented as soon as possible. This might be achieved via: encouraging action following site audits; sharing of good practice across the industry; and incentivising the use of best-in-class technology.

*See answers to 9 and 10*

**Recommendation 12** – There should be considerable investment in carbon-management engineering and related skills to support and develop new sustainable technology and energy efficiency programmes.

FDF supports this objective and calls upon Government to invest in such skills support.

### Energy Supply

**Recommendation 13** – The many scoping projects being conducted need to be shared more widely. Central funding of feasibility studies for renewables, possibly combined on an easily located database with a resource map (biomass, biofuel, wind, geothermal, hydro etc) would encourage uptake.

FDF would welcome Government support for this recommendation

**Recommendation 14** – A financial incentive for Combined Heat and Power, Tri-Generation (CHP and Tri-Gen) and on-site renewable generation needs to be sufficient to ensure such projects meet industry norms for returns and payback criteria.

Current investment by industry in such technologies is often delayed or not progressed due to poor and/or uncertain returns and payback. This is an issue that Government needs to consider as part of its overall energy and climate change policy.

**Recommendation 15** – CHP/Tri-Gen is a well understood technology with significant CO<sub>2</sub> emission reduction potential in the food industry, but the current payback periods are unattractive. A CHP/Tri-Gen equivalent to the Renewables Obligation is worth consideration.

FDF supports further consideration of this approach by Government.

**Recommendation 16** – Industry would welcome the Government's help in establishing municipal CHP/Tri-Gen projects. This could take the form of feasibility studies, a supportive policy framework, or financial help.

FDF supports further consideration of this approach by Government.

**Recommendation 17** – Collective investment programmes either by third parties or supported by large customers, financial institutions, or government/local authorities, could encourage uptake of in-situ generation by small and medium sized enterprises (SMEs) on industrial estates and trade parks.

*No response*

**Recommendation 18** – A fast track process for self-generation projects requiring planning permission (in similar vein to the accelerated planning for nuclear referred to in the recent Energy Review report from the Department for Trade and Industry (DTI) is required.

Often it is obtaining planning permission that delays and increases the cost of companies investing in energy saving projects such as on site renewables. FDF supports reform of the planning regime to facilitate the more timely development of such schemes and calls on Government to progress this recommendation.

**Recommendation 19** – Industry would welcome the standardisation of local authority planning processes to enable more ready acceptance of renewables projects.

*See answer to 18*

**Recommendation 20** – We recommend that the Food and Drink Federation (FDF) and British Retail Consortium (BRC) should create a specific Task Force to drive this priority forward working closely with other food sector trade associations particularly those that represent, and are effective at communicating with, sector small and medium sized enterprises (SMEs).

FDF supports this objective

- Technology

**Recommendation 21** – The industry, Government and research institutes need to establish an effective forum to discuss, identify and progress technology development programmes.

A number of one to one and informal forums already exist to help develop and progress technology development needs for example FDF's involvement in the Defra funded refrigeration project being conducted by a consortium of UK Universities. However FDF would welcome the setting up of a higher level forum to help inform and guide the overall technology development agenda

**Recommendation 22** – Government, the industry and technology providers need to explore mechanisms to improve the awareness and communication and utilisation of technological research and development programmes. Likewise, technology users require up-to-date information on the progress of energy technology studies.

This could be progressed under the auspices of the forum proposed under Recommendation 21

**Recommendation 23** – A system for prioritising research or technological innovations, such as the one described in the Defra-funded AEAT report on "Resource use efficiency in food chains" should be used to identify where the main opportunities for implementing novel energy efficiency measures lie.

Again his could be progressed under the auspices of the forum proposed under Recommendation 21

**Recommendation 24** – More research is needed into natural alternatives to HFCs and development of higher efficiency equipment based on zero GWP (Global Warming Potential) and ODP (ozone depleting potential) refrigerants.

FDF supports this recommendation

**Recommendation 25** – The Carbon Trust is currently supporting a 12-month project entitled the “Food and Drink Industry Refrigeration Efficiency Initiative”. The outputs will be Guidance Notes on important refrigeration efficiency opportunities. However, due to its limited scope, this project will only deliver around 10% of the saving potential within the sector. Industry and The Carbon Trust should investigate ways to implement the results of this promising work.

Action has already been undertaken on this Recommendation and FDF and The Carbon Trust are currently developing proposals to progress this.

#### Customers

**Recommendation 26** – Efforts should be made to drive interest in low-energy products through product development and marketing.

*No response*

**Recommendation 27** – Further work must be undertaken to fully understand the best way to conduct lifecycle analysis of a product.

*No response*

**Recommendation 28** – Government, manufacturers and retailers must work together to develop a universally accepted carbon labelling protocol. This, in time, will allow customers to make informed choices about what they buy.

*No response*