

Climate Change Agreement for FDF

Note 09: Glossary and Abbreviations

April 2022

The tables below contain a glossary of terms and abbreviations that you may come across in relation to your FDF CCA.

Glossary

70/30 Rule	Rule allowing for all the energy consumed at a site to be included in the CCA eligible facility if 70% or more of the site’s energy is consumed within the installation. The rule provides for an additional amount of the site’s energy to be included in the eligible facility if the energy consumed by the installation is less than 70% of the energy consumed on the site. The additional energy that can be included is a maximum of 3/7th of the energy consumed in the installation.
Base Year	<p>A 12 month period agreed between an operator and the Environment Agency, ending before the date of an underlying agreement, for which data are supplied by an operator to the Environment Agency before the operator enters into the agreement.* The data from this 12 month continuous period establish the baseline performance of the target unit before the underlying agreement. Future performance and energy and carbon savings achieved in the scheme are measured relative to this base year performance.</p> <p>* A greenfield facility is allowed to join the CCA scheme and then collect the data necessary to establish base year performance during the first year of certification.</p>
Bubbling	The grouping together of two or more eligible facilities into a single target unit with one target.
Buy-out	Buy-out is a fee a target unit may be required to pay to retain certification in the CCA scheme. It is payable at the end of a target period if the target unit has failed to meet the target stated in its underlying agreement, or to rectify an error identified at any other time in a material impact on the position of the target unit against its target at a previous reporting period. The buy-out fee is calculated by multiplying the amount by which the target unit has failed to meet its target, expressed in terms of tonnes of carbon dioxide equivalent (tCO ₂ e), by £12 per tonne for TP1 and TP2, £14 per tonne for TP3 and TP4 and by £18 per tonne for TP5. Any previously accrued surplus (expressed as tCO ₂ e) is used to offset the payment with the exception of TP5 where previously accrued surplus cannot be used. Where payment of the buy-out fee is needed to rectify an error identified at any time other than the end of the target period, surplus cannot be used to offset the amount payable. If the buy-out fee is not paid in the allotted time the target unit risks being decertified from the scheme.

Decertification	Suspension of a target unit’s eligibility for the CCL discount for the next certification period.
Delivered Energy	The amount of energy contained in fuel, heat or power delivered to a site or installation for consumption. It’s synonymous with metered energy. Not to be confused with primary energy, this is the basis on which energy is accounted for in the CCA scheme.
Department for Business, Energy and Industrial Strategy (BEIS)	Government department with the overall responsibility for energy and climate change policy in the UK.
Directly associated activity (DAA)	An activity on the same site which has a technical connection with the eligible process and which could have an effect on emissions and pollution.
Eligible Process	For FDF, the eligible activity is: A facility belongs to the food and drink sector if it is a facility which treats and processes materials intended for the production of food products. For this purpose ‘food’ includes drink, articles and substances of no nutritional value which are used for human consumption and articles and substances used as ingredients in the preparation of food. At an installation or site where refined salt for use in food products or supplements is prepared or processed from minerals
Facility	An installation site or part of site which is eligible to be covered by a climate change agreement. Also known as the eligible facility.
Greenfield facility	A newly built facility or an existing facility that has closed down and undergone a complete replacement of plant and been recommissioned with a new eligible process.
Memorandum of Account (MoA)	A notice sent from the Environment Agency to the operator to notify them that a fee is due for example annual subsistence charges or a buy-out fee.
Operator	A legal person or organisation that is party to an underlying agreement. May also be known as an account holder or participant.
Primary energy	The primary fuel (or other primary energy source such as wind or solar energy) consumed in the process of generating and delivering to the point of consumption secondary forms of energy such as electricity, heat or mechanical power.~
Reduced rate certificate (RRC)	A report published every month by the Environment Agency and submitted to HM Revenue & Customs (HMRC). The certificate details all facilities that are deemed to be part of the CCA scheme at the point of publication and therefore entitled to the CCL discount.
Reporting period	The period available at the end of a target period for gathering, submitting and verifying performance data.

Responsible person	<p>An individual who is legally authorised by the operator to:</p> <ul style="list-style-type: none"> • act on behalf of the operator (or their representative) • enter as the operator’s agent into an underlying agreement • agree any amendments to an underlying agreement • accept notices served by the Environment Agency on behalf of the operator. The responsible person is not required to be the day-to-day contact for the target unit.
Sector association	Trade association or other body representing a sector of industry. Some sectors have set up (or plan to set up) subsidiary or separate organisations to represent them in the agreements.
Sector commitment	The commitment agreed between DECC (now BEIS) and the sector association as set out in Schedule 5 of an umbrella agreement. It was agreed at the start of the new CCA scheme in April 2013 and reviewed in 2016 but not changed for Target Periods 1-4. This was to facilitate the determination and distribution of individual target unit targets, with the target unit targets producing, in aggregate, the agreed sector commitment. The sector commitments were reviewed in 2020 for Target Period 5 due to the revised base year of 2018 and new commitments and umbrella agreements agreed.
Target period	The period over which the energy consumption of participating target facilities (target units) is measured and reported at the end of a certification period. A target period lasts for be 24 months and is also referred to as the ‘milestone period’. The Climate Change Agreements (Administration) Regulations 2012 designate the following as target periods: • 1 January 2013 to 31 December 2014 • 1 January 2015 to 31 December 2016 • 1 January 2017 to 31 December 2018 • 1 January 2019 to 31 December 2020 • 1 January 2021 to 31 December 2022
Target unit	The target facility or group of target facilities that join together for the purposes of CCA target setting and reporting (that is, the facility(s) to which an underlying agreement applies). A facility or group of facilities becomes a target unit once it has signed its underlying agreement
Target unit Target	The target set out in Schedule 6 to an underlying agreement for a target unit (either one facility or a group of facilities). The target applies to the energy consumed in the target facilities making up the target unit, that is, the energy consumed in the eligible facilities less any energy consumed in the eligible facilities that is consumed in plant carrying out Annex 1 activities as defined in the Emissions Trading Directive 2003/87EC (as amended from time to time).
Throughput	The measure of production (or a factor related to production) that has been selected and agreed with the Environment Agency, and is used in determining the relationship between the amount of energy used by the target unit and the facility’s levels of activity. For FDF the ‘throughput’ is measured in tonnes.

Umbrella agreement	An agreement between a sector association and the Environment Agency that governs the obligations of both parties within the CCA scheme. It lists all the target units covered by it when it was signed.
Unbubbling	The splitting up of a target unit containing multiple eligible facilities into a number of target units. This is commonly known as ‘unbubbling’.
Underlying agreement	An agreement between the operator of a target unit and the Environment Agency that governs the obligations of the Environment Agency and the target unit (and its constituent eligible facilities) within the CCA scheme.

Abbreviations

BEIS	Department for Business, Energy and Industrial Strategy
CCA	Climate Change Agreement
CCL	Climate Change Levy
CHP	combined heat and power
CHPQA	Combined Heat and Power Quality Assurance
CO ₂	carbon dioxide
CO ₂ e	carbon dioxide equivalent
CRC	Carbon Reduction Commitment
DAA	Directly Associated Activity

EA	Environment Agency
EU ETS	European Union Emissions Trading System
FDF	Food and Drink Federation
GCV	Gross Calorific Value
GHG	Greenhouse Gas
HMRC	Her Majesty’s Revenue & Customs
RRC	Reduced Rate Certificate
SLR	SLR Consulting Limited (FDF helpdesk/administrators)
UK ETS	United Kingdom Emissions Trading System

For further information please contact SLR’s FDF CCA helpdesk:

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or visit <https://www.fdf.org.uk/fdf/what-we-do/environmental-sustainability/climate-change-agreements/>

The full suite of FDF CCA Guidance Notes are listed below and can be accessed via contacting the helpdesk or visiting the website.

Guidance Note	Title
1	What is a CCA
2	Applying for a CCA
3	FDF CCA Administration Charges
4	Completing HMRC PP10 and PP11 Forms
5	Timetable of FDF CCA Activities
6	Obligations under your CCA including audits
7	Reporting data at each Target Period
8	How CCAs interact with other schemes
9	Glossary and Abbreviations
10	What happens if...
11	NOVEM targets
12	NOVEM Calculation Spreadsheet
13	HMRC CCL Relief Reporting
14	Penalties for non compliance
15	Application Documentation