

The Climate Change Levy

How to minimise the impact



Climate Change Levy

The Facts

On 1st April 2001, The Government's Climate Change Levy came into force. This tax increases every caterer's energy costs by, on average, 15% a year, so it is vitally important that every caterer, no matter how large or small their business, controls the cost of this Levy. There are ways we can all minimise additional costs.

What exactly is the Climate Change Levy?

The Climate Change Levy (CCL) is a tax designed to encourage all non-domestic sectors in the UK to cut their energy consumption- it is hoped that the industry can reduce overall energy consumption by as much as 20% over the next 20 years.

The tax is charged at an exact rate per unit of energy used. Currently the Levy is 0.43p per kilowatt-hour of electricity and 0.15p per kilowatt-hour for gas and coal (for those in business in Northern Ireland, the levy on gas will not apply for the first five years). Those businesses relying purely on electricity have therefore been hit the hardest.

However, if your power comes from 'new' renewable energy sources (i.e. not large scale hydroelectric schemes) or is generated by 'good quality' Combined Heat and Power (CHP), it is exempt from the Levy. There are formulae in place to determine 'good quality' CHP installations- call your supplier now to check if their power generation methods make you exempt.

What can you get back?

Thankfully it's not all bad news. There are a number of ways to reduce the increase in costs imposed by the Levy. The Government has cut employers' National Insurance Contributions by 0.3% effectively allowing you to offset some of the CCL expense.

In addition to the reduction of the NI Contributions, the Government has introduced an Enhanced Capital Allowance (ECA) Scheme whereby companies will qualify for 100% first year capital allowances for making investments on low carbon technologies.

The ECA Scheme (also known as the Enhanced Capital Allowance scheme) provides up-front tax relief for businesses that invest in energy-efficient equipment. With effect from 2003, the Scheme, which already covers many refrigerated display cabinets and compressors, was extended to cover selected upright refrigerated cabinets and freezers.

The Scheme calls for manufacturers and importers of refrigeration equipment to establish that their products conform to certain requirements on energy efficiency, performance and capacity. Such equipment is then "ECA Registered" and appears on what is known as the "Energy Technology List". Anyone purchasing equipment from the list will be entitled to 100% tax relief on their investment in the first year.



Authorised User No. 00101

In order to meet the requirements of the new ECA Scheme, manufacturers must have their refrigeration equipment tested to prove that it conforms to various requirements on energy efficiency, performance and capacity.

All businesses subject to income or corporation tax can claim. Provided the refrigeration equipment you purchase is listed - at the time of purchase - on the Energy Technology List, you will qualify for an ECA. To claim, ensure that you retain a proof of purchase, and keep a record of qualifying purchases. Your ECA should then be claimed as part of your normal tax return calculations.

Leasing, letting or hiring energy-saving equipment also qualifies. You can claim the allowance as you incur the expenditure. These claims should also be made in your tax return.

Businesses are able to check, via, the ECA website, exactly which cabinets qualify under the terms of the ECA Scheme before investing in new equipment. The league table is updated regularly, ensuring caterers have access to the latest information, whenever they decide to buy. For more information visit www.eca.gov.uk or see our Blue Paper entitled 'The ECA Scheme'

How can I cut down on my refrigeration energy consumption?

Research has been carried out into more energy efficient refrigerants, with Hydrocarbon now identified as the best energy saving option. The use of Hydrocarbon as a refrigerant saves up to 15% more energy than other refrigerants available, making a significant saving to both the environment and your business.

Advantages of Using Hydrocarbon Technology

A number of "environmentally friendly" refrigerant options are available, but none can match the energy saving benefits and convenience of Hydrocarbon. Although most do not harm the ozone layer, they still contribute to Global Warming, unlike Hydrocarbon which has an extremely low GWP (Global Warming Potential) rating.

Hydrocarbon technology has been successfully tested at a large number of sites over the past few years, and Hydrocarbon has now been specified by the following:

- The Millennium Dome
- The National Trust
- HM Prison Service
- McDonalds
- Tesco
- Sainsbury's
- Granada Hotels
- Hilton Hotels

Coca-Cola, the world's largest user of refrigeration equipment, also supports the use of Hydrocarbons as a way of reducing energy consumption, and has purchased new Hydrocarbon cabinets to coincide with the 2004 Olympic Games in Athens.



Why buy a Hydrocarbon Cabinet?

- Hydrocarbons are more energy efficient than HFC refrigerants reducing energy by approximately 15%- thus reducing the Total Global warming impact
- Hydrocarbons can reduce energy consumption by up to 15%
- Hydrocarbons are a less 'aggressive' material- this extends the life span of your compressor, which in turn reduces servicing costs
- A quicker 'pull down time' when doors are closed means more efficient recovery
- A lower kitchen noise level is achieved due to less noise emanating from the compressor. This is excellent news in any kitchen, but combined with the reduced heat factor, really makes a difference in a large room with several cabinets.
- A lower compressor operating temperature means less heat is emitted into the kitchen.
- Expected longer compressor life as Hydrocarbons are a less corrosive chemical
- Less refrigerant is used- only 50% compared with the standard refrigerants
- Foster Dealers and Engineers have been trained in handling Hydrocarbon refrigeration systems
- Foster is the only UK manufacturer offering Hydrocarbon cabinets as a genuine factory option with a manufacturer's warranty

Can engineers handle this new technology?

Training in the use of Hydrocarbon refrigerants is an essential part of the Foster Training Development programme. All Foster engineers have gained the City & Guilds 2078 Safe Handling of Refrigerants Certificate. In addition, as part of the sales policy with Foster Authorised Dealers, Hydrocarbon cabinets will not be supplied to them unless they can demonstrate their own engineers are certified to the above scheme or approved by the refrigerant supplier as competent to handle Hydrocarbon by attending their own training course.

For more information on Hydrocarbons, please see our separate Blue Paper entitled 'Hydrocarbons in refrigeration'.

Where can I get more information on the Climate Change Levy?

For more information, register now to Hospitable Climates, HCIMA's free service for members and visitors to their web site- <http://www.hcima.org.uk>

By registering your business, you will gain access to free information and advice on how you can set about reducing energy consumption.

Your own personal energy consumption can be confidentially analysed, free of charge, and comparisons can be made with similar businesses in your sector- so you will be able to judge for yourself how competitive your business is, as well as your potential to save energy and cut costs.

- Over 5% of your annual energy bill can be saved through simple good housekeeping measures
- 5%-10% can be saved through implementing low cost measures
- Between 15%-40% can be saved through capital expenditure on energy efficient consumption

You may even be able to reduce energy consumption to such an extent that, even with the new tax burden, you will have reduced your energy noticeably.

You can also call the free HCIMA Environment and Energy Helpline on 0800 585 794.

You will find answers to your most pressing queries- plus plenty of practical tips on how to increase your profits generally. In some cases, the Helpline can also offer smaller companies a free site visit by an environmental or energy specialist. The visits are friendly, co-operative and confidential- they simply aim to assess how operations can be improved so that profitability can be increased.

Impact of the Climate Change Levy (CCL)

On April 1st 2001- the Government's Climate Change Levy (a new tax on energy bills) began to bite.

- It meant an average 15% increase in energy costs
- These costs for major players amounted to several million pounds
- There is a tax relief on those with the more energy efficient commercial refrigerators
- Hydrocarbon cabinets = less energy consumption = lower bills = less CCL

Act NOW to cut your energy costs

For further details of Foster's range of Hydrocarbon cabinets, call 0500 691122, or visit the Foster web site at www.fosterrefrigerator.co.uk

Foster Blue papers include:

HACCP - An Update 2006
The ECA Scheme
The safe way to Blast Chill, Freeze and Thaw
Energy Efficiency
Hydrocarbons in Refrigeration - What caterers need to know
Coldroom Panels, Polyurethane Foam & Fire Ratings: An Update
Food Temperature Laws
Inspection by Environmental Health Officers
Food Safety and E. Coli
Handling and Serving Ice
Safe Food Storage
Plan for a Catering Crisis
Food Hygiene & Staff Training



For copies of our other Blue Papers, visit www.fosterrefrigerator.co.uk/food_safety or call 0500 691122



ISO 9001



ISO 14001



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