

19<sup>th</sup> July 2024

Rt Hon Ed Miliband  
Department for Energy Security and Net Zero  
Level 3  
55 Whitehall  
London  
SW1A 2HP



Dear Minister,

**PRIORITISING THE RENEWAL OF THE CLIMATE CHANGE AGREEMENT SCHEME TO CONTINUE THE DRIVE TO NET ZERO WHILST PROTECTING COLD CHAIN BUSINESSES FROM FUTURE ENERGY VOLATILITY**

May I take this opportunity to congratulate you on your appointment. As the CEO of the Cold Chain Federation, I am eager to work with you and HM Government to support the country's growth, security and future prosperity. The cold chain sector is a cornerstone of the UK economy. In 2023, it contributed a staggering £14 billion in gross value added, supported 184,000 jobs, and generated £3.7 billion in tax revenue. The cold chain's primary role is to ensure the safe and efficient delivery of essential goods such as food, plants, and medicines across the nation. It is a critical service that all UK citizens rely on each day.

Cold storage is crucial element of the UK's cold chain, keeping products in safe storage until required for onward distribution to shops, restaurants and homes. Cold storage is the nation's buffer against shocks to the food system, without the reserve supplies kept safe in cold storage, the nation would be much more susceptible to shortages of products like meat, dairy, fresh produce and pharmaceuticals during times of crisis.

But cold storage is also a high energy using industry, with 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.

We ask you to consider and respond to two requests urgently:

1. Overseeing the prompt confirmation and implementation of the renewal of the Climate Change Agreement Scheme.
2. Ensuring that in the unlikely event of future energy shortages and rationing in the UK, that all cold storage sites are included as a priority for uninterrupted supply due to their criticality in sustaining pharmaceutical and food supply chains.

## EXTENDING THE CLIMATE CHANGE AGREEMENT SCHEME

The Climate Change Agreement scheme, which is administered by the Cold Chain Federation on behalf of your Department, has been a lifeline for cold storage operators during recent volatility in energy pricing and has been a key driver of continued improvements in energy efficiency for over two decades.

Since its introduction in the early 2000's by the then Labour Government, the Climate Change Agreement Scheme has saved cold storage businesses around £10m per annum. In return the industry has met every single energy efficiency target set by the Government, most recently achieving a 7% relative efficiency saving across 2021/22 against a baseline year of 2018. The Scheme has been hugely successful, with a recent independent study commissioned by your Department concluding it provided good value to the UK taxpayer and was achieving its goal of promoting industrial energy efficiency.

The Climate Change Agreement Scheme is a shining example of a successful sustainability policy, delivered in partnership between industry and the Government. Its continuation is crucial to the delivery of a net zero economy by 2050.

With the current Climate Change Agreement target period ending in 2024 and discount ending in 2027, there is an urgent need to confirm the extension of the scheme to provide confidence to industry that they can keep investing in energy efficiency measures. The previous Government announced a much-needed extension of the Climate Change Agreement scheme until 2032 at least but progress on securing this extension has stalled due to the uncertainty surrounding July's election.

I am writing to you to ask for your help in ensuring the proposed extension to the Climate Change Agreement Scheme is prioritised and confirmed as soon as possible.

## PRIORITISING ENERGY FOR COLD STORAGE DURING CRISIS

At the height of the energy crisis in winter 2021 there was a very real risk of energy rationing and enforced blackouts. Currently, cold storage is not classed as critical infrastructure and was not given a priority status during the crisis. This presented the very real risk of energy rationing seriously impacting food and pharmaceutical supplies.

I would also like to work with you to ensure in the eventuality of future UK energy rationing or blackouts, that cold storage is given priority status consistent with its criticality to UK food and pharmaceutical supply. I would also like to invite you to a meeting to be arranged at your convenience to discuss the important issues raised in this letter.

I look forward to your reply and a long and successful partnership with you and your Department.

Yours



Phil Pluck

Chief Executive

**Cold Chain Federation** (formerly FSDF – Food Storage & Distribution Federation)

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