

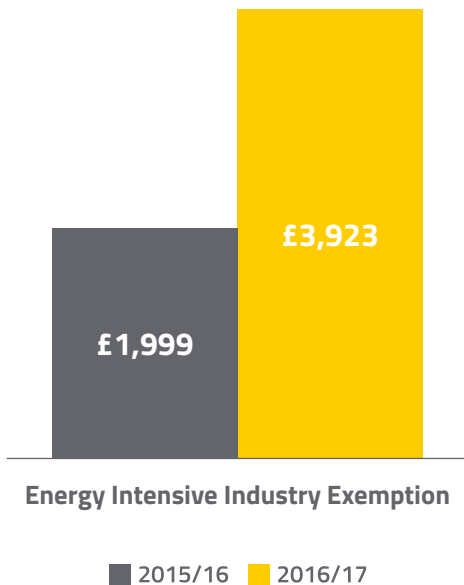
# CfD Exemption Opportunities

July 2015

## At a glance:

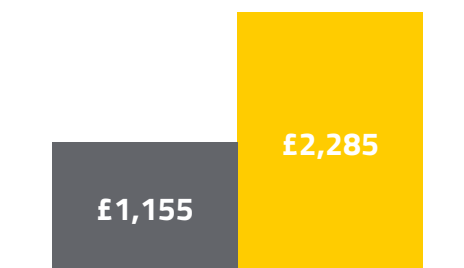
- Exemption from CfD charges can be secured from **October 2015**
- CfD charges can be reduced by up to **85%**
- We support our customers to **negotiate and secure the savings**

## Projected Cost Savings per GWh of Consumption



Energy Intensive Industry Exemption

■ 2015/16 ■ 2016/17



EU Imported Renewable Energy Exemption

## Opportunity to reduce the impact of Contracts for Difference (CfD) in energy contracts

Contracts for Difference (CfD) charges were introduced in 2015 to cover the costs arising from the Government scheme to support large scale renewables projects. The charges are paid by all customers and they are either incorporated into the energy rates or displayed on the invoice as a separate line item. CfD charges will add circa 2% to the average electricity bill by 2016 and this cost will rise significantly in the following years.

Exemptions from these charges can be obtained from 1st October 2015 which broadly speaking can be secured in one of two ways:

- Negotiating a suitable energy supply contract in which renewable electricity is imported from other EU member states and supplied to your business in Great Britain.
- Securing an 85% exemption if your business is categorised to be operating in an Electricity Intensive Industry sector (See Annex 1) and that you can demonstrate electricity costs exceeded 20% of Gross Value Added during a baseline period of 2010-2014.

## How are the savings realised?

**Through a suitable energy contract:** The exemptions on EU imported renewable electricity are offered directly to the suppliers. We have found that many of the suppliers are planning to pass on some of these benefits to their customers.

**By securing exemption:** which will provide an 85% reduction on the CfD charges.

## How can Novesus Energy help?

We can support realising cost savings on CfD in either of the following ways:

- Exemptions on EU imported renewable electricity are offered directly to suppliers. It is important to **engage with the suppliers that have access to renewable generation outside of the UK** who offer the most beneficial contract structures available. As part of our ongoing discussions with suppliers we identify and develop product solutions that allow a significant share of the savings to be passed onto our customers.
- As illustrated above, **the wider opportunity is for Energy Intensive customers to obtain savings** through CfD exemption, and we can support this using our detailed knowledge and experience of similar Schemes to firstly define whether exemption is likely and achievable, and if so we fully support the process to achieve exemption in the most cost effective way.

## Annex 1 - Sector List

NACE Code	Description
510	Mining of hard coal
811	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate
812	Operation of gravel and sand pits; mining of clays and kaolin
899	Other mining and quarrying n.e.c.
1091	Manufacture of prepared feeds for farm animals
1106	Manufacture of malt
1310	Preparation and spinning of textile fibres
1320	Weaving of textiles
1393	Manufacture of carpets and rugs
1395	Manufacture of non-wovens and articles made from non-wovens, except apparel
1396	Manufacture of other technical and industrial textiles
1399	Manufacture of other textiles n.e.c.
1419	Manufacture of other wearing apparel and accessories
1431	Manufacture of knitted and crocheted hosiery
1439	Manufacture of other knitted and crocheted apparel
1511	Tanning and dressing of leather; dressing and dyeing of fur
1621	Manufacture of veneer sheets and wood-based panels
1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
1712	Manufacture of paper and paperboard
1722	Manufacture of household and sanitary goods and of toilet requisites
1920	Manufacture of refined petroleum products
2011	Manufacture of industrial gases
2013	Manufacture of other inorganic basic chemicals
2014	Manufacture of other organic basic chemicals
2015	Manufacture of fertilisers and nitrogen compounds
2016	Manufacture of plastics in primary forms
2017	Manufacture of synthetic rubber in primary forms
2060	Manufacture of man-made fibres
2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres
2219	Manufacture of other rubber products
2221	Manufacture of plastic plates, sheets, tubes and profiles
2222	Manufacture of plastic packing goods
2311	Manufacture of flat glass
2313	Manufacture of hollow glass

NACE Code	Description
2314	Manufacture of glass fibres
2332	Manufacture of bricks, tiles and construction products, in baked clay
2342	Manufacture of ceramic sanitary fixtures
2344	Manufacture of other technical ceramic products
2351	Manufacture of cement
2352	Manufacture of lime and plaster
2362	Manufacture of plaster products for construction purposes
2399	Manufacture of other non-metallic mineral products n.e.c.
2410	Manufacture of basic iron and steel and of ferro-alloys
2442	Aluminium production
2443	Lead, zinc and tin production
2444	Copper production
2445	Other non-ferrous metal production
2451	Casting of iron
2453	Casting of light metals
2592	Manufacture of light metal packaging
2611	Manufacture of electronic components
2720	Manufacture of batteries and accumulators
2732	Manufacture of other electronic and electric wires and cables
3211	Striking of coins

### Get in touch

To discuss further please call the office on **0203 011 1785** or email: [james.jenkins@noveusenergy.com](mailto:james.jenkins@noveusenergy.com)