

## Energy Adjustment Levy (EAL) – Port of Felixstowe – 2024 Q2 Revision

Dear Customer,

In May 2022, the Port of Felixstowe introduced an Energy Adjustment Levy (EAL) as a contribution towards the rising cost of the energy required to deliver a consistent level of service to our customers. The Energy Adjustment Levy (EAL) is linked to the wholesale price of energy paid by the port, and we are asking customers contribute to these costs.

As detailed at the time, the Port applies a strategy to mitigate its energy prices, by seeking to lock in the best price possible for our energy needs. Despite this protection, the size of the increase in the price we are being asked to pay remains significantly higher when compared with our baseline in 2021.

During our initial communication in April 2022, and follow up communications in November 2022, March & November 2023, we committed to review the EAL again during Q2 2024.

The review has now taken place and consequently the Energy Adjustment Levy will be decreasing by £2.70 per import laden container to £15.51 from 1st July 2024, with charges levied as follows:

- The EAL will be £15.51 per import laden container effective from 1st July 2024.
- The charge will be levied to the customs declarant (clearing agent) based on gate-out date.
- In order to cover the administrative costs of collection, the rebate will be revised to £0.67 and will be paid to the declarant per import laden container.

The level of the EAL will continue to be reviewed every six-months according to the prevailing and predicted cost of energy at the time of the review – including any further changes to UK Government support for businesses. The next review will take place during Q4 2024.

A set of FAQs is attached to this customer update to answer any questions you have relating to the EAL charge, for questions not covered in the FAQs, please submit them to [energylevy@fdrc.co.uk](mailto:energylevy@fdrc.co.uk)

Best regards  
Adam Ramsey  
Commercial Director

## **Energy Adjustment Levy FAQs**

### **When will the increased Energy Adjustment Levy commence?**

The increased levy amount will be applied to all laden import containers that out-gate from 00:01 on 1<sup>ST</sup> July 2024.

### **Who will be invoiced the EAL?**

The £15.51 for each import laden container will be charged to the Customs Declarant. The Declarant will receive a rebate of £0.67 per laden container to cover administrative costs incurred through collection.

### **How have you calculated the levy amount?**

We have taken the prices of electricity and diesel during 2021 as a baseline figure and calculated the increase in the price the Port is paying, and annualised that price rise, then divided it by the number of import laden containers expected to be handled. A proportion of this additional cost is passed on as the EAL, moreover the port will continue to absorb the remainder of the increase.

### **Why is the EAL charged on laden imports only?**

The UK economy is driven by imports entering the country through our ports. By levying the charge on all import cargo, it will have minimal impact on the cost of goods contained within each container. The price that the levy is set at assumes a round trip for each container, many of which leave our shores empty.

### **Why are you not recovering the increased cost of energy from the shipping lines?**

Normal operating costs are recovered from our Shipping Line customers as part of the price they pay to move cargo via Felixstowe. However, the recent increase in, and prevailing level of energy costs are unprecedented, and an approach is needed that shares these extraordinary costs between port users on a more equitable basis. We believe the approach we have taken achieves this objective. The EAL is designed to be uniform and spread across all laden import containers moving through Felixstowe.

### **How will the Customs Declarants claim their £0.58 administration rebate per laden import container?**

The rebate will be automatically shown on the surcharge invoice i.e. the net invoice will show £14.84

### **What steps has the port taken to mitigate the price pf the levy?**

Some of the energy price increases have already been absorbed by the Port. Further, using our buying power, we aim to secure the very best prices on the market as well as fixing prices where possible.

### **Are these increased costs not covered via the Green Energy Transition Levy?**

No, the recent increase in fuel costs are not covered by the Green Energy Transition (GET) levy. The GET levy covers a contribution to the significant capex involved in replacing diesel and petrol equipment with electric, battery and most likely green hydrogen solutions to achieve net zero emissions for container operations in the port. In addition to these capital costs the GET levy helps cover increased diesel costs from April 2022 when the UK Government removes fuel duty relief in ports.

**How long will the levy be in place?**

It is difficult to say as the factors increasing the current costs are outside of our control, but we are committed to reviewing the costs every 6 months and aim to minimise the impact to our customers.

**Why does the port not cover the whole increase in costs?**

Operating Britain's largest container port requires a lot of energy which represents a significant part of the operating costs. Whilst every effort has been taken to mitigate the levy, it is not feasible for the port to absorb all of these elevated costs.