



## FROZEN FOOD STORAGE SECTOR SUFFERS FROM RISING ELECTRICITY PRICES

**PRESS RELEASE**

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**The constant and unpredictable daily increases in electricity prices are causing major headaches for Belgian cold storage companies. Since the cooling installations of frozen food storage companies run on electricity, electricity is - next to wages of the personnel - the most important cost item. The increase in wages is determined by the evolution of the consumption index and, thanks to the predictions of the planning office, the operator of a cold store can take this into account when calculating his cost price.**

**But if at the end of the month the electricity bill is suddenly double what he expected, that is a disaster, as the storage cost is agreed with the customer in advance.**

**In order to protect companies in the refrigeration and cold storage sector from this situation, the BVBVK recommends switching from a quarterly to a monthly energy surcharge as of 1 September 2022.**

Since energy prices shot through the roof last year, the BVBVK has introduced the "energy price surcharge". This is a calculation based on objective data, i.e. the Belpex prices that are published daily on the Elexys website, in order to be able to communicate transparently to customers on a monthly or quarterly basis.

Before the "energy surcharge" was introduced, the average monthly electricity price was 42.77 €/MWh. In the month of July, the price rose to 321.33 €/MWh, which is more than 7.5 times higher than before. For the month of August, the mark of €400/MWh has already been exceeded.

On the BVBVK website, the necessary data for calculating this are published monthly, and each company can use this for their customers, depending on their consumption and agreements.

Whereas the companies in the sector initially thought that a quarterly application of the 'energy surcharge' would suffice, in order to absorb rising electricity prices and pass them on to their customers, this is no longer the case in the current situation.

As companies in the frozen food storage sector are faced with a force majeure situation, they are forced to pass on the increased energy costs to their customers immediately - i.e. monthly. If not, they fear being obliged to - temporarily - stop their activities.

Because we, as a sector, are an important and indispensable link in the food storage and supply chain, this would be a disaster for the entire Belgian agriculture and food industry, as well as for food distribution.

In Belgium, it is currently unclear whether there will be any support for energy-intensive sectors. BVBVK also supports the position of the Dutch branch association (NEKOVRI), viz: *"We must not lose our position in Europe and worldwide. Moreover, our investment room to become more sustainable will evaporate"*.

As the Belgian Branch Association (BVBVK), we advise the sector to start applying the energy surcharge on a monthly basis as of 1 September 2022.

The BVBVK Secretariat.