



31<sup>st</sup> May 2024

**Customer Advisory – DP World Southampton**

**Energy Adjustment Mechanism (EAM) & Energy Transition Contribution (ETC) at DP World in the UK**

Energy markets are fluctuating, and DP World UK wants to provide resilience to the supply chain and are adjusting the EAM and ETC charges accordingly to reflect an overall saving of £1.22 per import laden container from 1<sup>st</sup> July 2024. This communication explains these changes.

**Energy Transition Contribution (ETC)**

At DP World we focus on making a positive economic and societal impact wherever we work. Our sustainability strategy ‘Our World, Our Future’ is woven into everything we do, supporting the UN’s Sustainable Development Goals across safety, climate change, security, community engagement, people development, ethics and well-being. As part of this strategy DP World has invested in many measures to enable sustainable trade at its port operations at Southampton and London Gateway. We have made significant progress to reduce carbon emissions through maximising efficiency, using renewable energy and displacing fossil fuels.

We have been at the forefront of innovation and at DP World Southampton measures have included scaling up our use of hybrid ‘straddle carriers’ and across both UK ports, since January 1<sup>st</sup> 2024 we have stopped all direct usage of fossil diesel, by using fossil free HVO fuel as a transition step towards net zero. Other initiatives include electrification of yard operations and trialling fully electric ‘straddle carrier’ operations at DP World London Gateway. Due to the success of the trial, we have invested £12m in eight new straddle carriers to service the new fourth berth due to open this summer. This will be part of the first all-electric fleet in the world to go into commercial operation at a port. These electric straddle carriers are zero local emissions. Future planned energy transition investments include but are not limited to vehicle replacement programmes, electrification of mobile equipment, LED replacement and we are currently scoping for shoreside power.

DP World UK has engaged LRQA to independently verify the greenhouse gas emissions generated from our operations. Since the inception of the ETC charge in October 2021, DP World UK’s carbon intensity (kgCO<sub>2</sub>e/TEU) has fallen by around 30%.

To continue our decarbonisation journey, we need to make considerable investments in the coming years to progress our energy transition. The incremental investment costs for sustainable container handling equipment are significantly higher than standard options and the multi-year journey to net zero is expected to exceed £100 million. The end game is net zero operations by 2050 through electrification or green hydrogen, although an intermediate step through hybrid solutions is part of the transition.

The energy transition at DP World UK will benefit supply chain partners and the wider UK economy by decreasing supply chain emissions.

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DP World UK will ensure visibility on carbon emission performance through independent certification by LRQA. The Energy Transition Contribution represents a very small proportion of the value of import cargo into the UK, but can make a big difference in ensuring that UK customers have more sustainable ports to support international supply chains.

As a forward-thinking organisation, it is essential that we mitigate future impacts. To continue to contribute towards the energy transition investments, we will be increasing the Energy Transition Contribution to accelerate investments and mitigate this risk moving forwards and provide resilience with the essential energy transition.

We therefore announce that from **1<sup>st</sup> July 2024** the ETC charges will be as follows:

- the ETC will be increased by £8.44 per import laden container to £14.50 per import laden container
- the ETC fee will be made to the clearing agent who makes the customer clearance or removal request (as per the current Infrastructure Fee)
- the clearing agent will be credited 50p for ETC fee paid to cover administration costs associated with the transaction

#### Energy Adjustment Mechanism (EAM)

In November 2021, DP World made the decision to protect supply chains serving the UK economy from wholesale price volatility by entering into fixed price arrangements with energy suppliers. This move was enabled through the introduction of the Energy Adjustment Mechanism (EAM) which covers the incremental energy costs incurred over 2021 as a baseline.

Our long-term contracting approach to energy purchasing has resulted in lower input costs moving forward which means we can now pass this onto our customers by reducing the EAM.

We therefore announce that from **1<sup>st</sup> July 2024** the EAM charges will be as follows:

- The EAM will be decreased by £9.66 per import laden container to £4.80 per import laden container
- The EAM fee will be made to the clearing agent who makes the customs declaration
- The clearing agent will be credited 75p per EAM fee paid to cover the administrative costs associated with the transaction
- The revised 2025 EAM will be advised by 30th September 2024 to provide sufficient notice & visibility to supply chain partners

#### Summary

Through these changes to the ETC and EAM, the overall net effect is a **reduction** of **£1.22** per import laden container.

DP World reserve the right to adjust the ETC & EAM charges, with a minimum 1-month notice period.



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We will also provide updates on the improvement measures underway, and are open to discuss and explore how we can support your supply chains to become more sustainable at [energytransition.uk@dpworld.com](mailto:energytransition.uk@dpworld.com)

All services provided at DP World Southampton are governed by our terms and conditions which can be found here <https://www.dpworld.com/southampton/terms-and-conditions> along with further information on EAM and ETC <https://www.dpworld.com/southampton/port-info/tariffs-and-charges>

Should you have a specific question please email [commercial@dpworldsouthampton.com](mailto:commercial@dpworldsouthampton.com).

Yours faithfully,

**John Trenchard**

Vice President - Commercial & Supply Chain, UK



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