

Thursday 6th October 2022

Customer Advisory – DP World Southampton

Energy Adjustment Mechanism (EAM) 2023

DP World in the UK is at the heart of Britain's trading future. We enable our customers' international supply chains through safe and efficient sea, road and rail connections. We aim to think ahead and anticipate change so that our customers have choices to optimise trade solutions.

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 for 2022 with energy suppliers. This move was enabled through the introduction of the Energy Adjustment Mechanism (EAM).

Global energy markets have been in the news over the last months as domestic and industrial energy users are impacted with volatile and significantly elevated price levels.

The UK Government has recently issued guidance for non-domestic customers on energy bill relief from 1st October 2022 to 31st March 2023 and this can be found at:

<https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>

It is not yet clear what the final impact of the government energy relief scheme will be to our operation at Southampton either up to, or beyond, 31st March 2023. Any support provided to energy suppliers for the wholesale generation portion of energy costs will need to be passed on through the energy supply network to end users in a reasonable and proportionate way.

With the aim to provide customers market clarity and reasonable preparation time, we are therefore announcing today that the EAM fee for 2023 will be revised on the basis of current long term wholesale energy prices for 2023.

We will review the 2023 EAM fee again in December 2022 so that there is the opportunity to adjust for any favourable impact of the UK Government Energy Bill Relief Scheme prior to 1st January 2023 applicability.



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Therefore, the EAM fee will be revised at DP World Southampton from 1st January 2023 and comprise the following:

- **The EAM fee will be increased by £7.43 per import laden container to £16.88 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.**

Further information is included in the attached Frequently Asked Questions. Should you have a specific question please email commercial@dpworldsouthampton.com.

All services provided at DP World Southampton are governed by our terms and conditions which can be found at: <https://www.dpworld.com/southampton/terms-and-conditions>

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Trenchard'.

John Trenchard
Commercial & Supply Chain Director, DP World UK

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Frequently Asked Questions

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Energy Adjustment Mechanism (EAM)

What are the benefits to customers of the EAM?

By forward buying energy at DP World Southampton for 2023, we aim to reduce the impact of energy cost fluctuations imposed on supply chains serving the UK economy and ensure that supply chains can rely on the world class service provided for our customers.

How do you calculate the EAM?

The EAM at DP World Southampton is formulated to assess the increase in energy costs for 2023 as compared to the energy cost baseline period, defined as the 2021 calendar year. The impact of fuel duty is excluded from this assessment. The increased energy costs are then apportioned by forecasted 2022 import laden containers.

Why can you not cover the energy price increases yourselves at DP World Southampton?

Energy costs for port operations have increased approximately 400%. DP World Southampton is a significant user of energy and is geared to operate with a normal level of fluctuation in energy prices. Recent energy market developments causing elevated prices are forcing many industries to examine how to adapt operations. As a critical supply chain partner, the EAM gives customers stability both in serving supply chains and pricing for 2023.

DP World Southampton also has an Energy Transition Contribution, why can that not cover the EAM?

The Energy Transition Contribution by design cannot be used to fund energy cost rises on existing operations.

The Energy Transition Contribution has been implemented to accelerate the journey to zero carbon operations at DP World Southampton by investing in new technologies and operations. The aim is carbon neutral operations by 2050 through electrification or green hydrogen, with intermediate steps of hybrid technology and 'drop in' lower carbon fuels on the roadmap.

The current disturbance in energy markets serves to emphasise the need to accelerate the energy transition and reduce the dependence on volatile hydrocarbon markets.



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Will you fully hedge your energy consumption at DP World Southampton?

DP World aim to enter into fixed price arrangements with energy suppliers for 2023.

Why are importers covering this charge?

Import laden containers are the dominate flow for the UK economy and therefore drive operational requirements for our container terminals in the UK. A high proportion of containers are shipped out of the UK empty, so that they can be repositioned for re-loading. We believe that recovering the elevated energy costs through the EAM applied equally across all laden import containers is a fair apportionment for international supply chains serving the UK economy.

What about the agents / declarants cost incurred in collecting the EAM?

Our invoices will reflect the additional administrative costs associated with the transaction and will show a reduction in respect of a 75p administration fee per container. The net invoice charge to the agent / declarant will be £16.13 per import laden container from 1st January 2023.

When does the 2023 EAM apply?

The 2023 EAM fee will be applied for all laden import containers leaving our terminals at DP World Southampton after 00:01 on Sunday 1st January 2023.