

Appendix O

Food Processing Segment Optimization Plan

Food Processing Segment Optimization Plan

2011-2012

BACKGROUND

The sub-segments that require the most energy are fruits and vegetables, dairy, meat and wine. Of greater concern has been the quality and reliability of available power, since any interruptions in utility service can result in significant production losses and impact the safety of the product.

California Institute of Food and Agricultural Research Survey on Energy Management in the Food Industry in April 2011 reported:

- Barriers --The two most common barriers identified were 1) further investments in energy efficiency can't be justified economically (26%) and 2) there is lack of resources to evaluate investments (26%).
- Purchasing--Rate management is widely practiced and interruptible rates were elected by 38%, which are primarily larger companies, a surprising result in view of the cost of power interruption to most food processing operations.
 - The larger the company, the more likely the company was to regularly review and evaluate rate schedules with the utility rep or energy marketer
- Credibility Issues--Food industry managers stated that the most credible sources of information are from their own colleagues in the industry with similar bottom-line responsibilities.
 - Industry publications are the second most credible source of information.
- Training Preferences--Seminars were more desirable than written materials or videos.
 - Utility-sponsored seminars were frequently mentioned
- Rebates-- several reasons use rebates, including peer pressure, competitive pressure, and because the equipment needed replacement anyway.
- Expected Future Course of Action (Electricity purchasing)
 - Direct Access 39%
 - Don't know 24%
 - Join aggregator 12%
 - Join cooperative 12%

Only a limited number of Southern California food processors are members in the primary local trade organization, California Food processing League, attend the annual trade conference and receive the publication, News and Views. However, many small food processors, who are also growers and producers, participate in the California Farm Bureau.

Food Processing Quick Facts

- Food processing is 3rd largest and one of the most energy-intensive manufacturing industries in California
- Chilling takes 79% of the total electricity usage in meat processing
- 75% of electricity costs at food process facilities occurs in processing and assembly systems
- California's food processing industry consumes more than 3.7 billion kilowatt hours (kWh) of electricity.
- The Dairy sector and the Fruit and Vegetable sector were most likely to be planning an expansion.