

Welsh energy intensive firms awarded £5.5m UK grant funding to cut carbon emissions

Two energy intensive businesses in south Wales have been £5.5m in UK Government grant funding to help cut their carbon emissions and energy costs. Food processor Dunbia in Carmarthenshire and Celsa Steel UK in Cardiff have received financial support as part of a wider £12.4m Industrial Energy Transformation Fund (IETF).

Dunbia, one of the largest food firms in Europe which has a base in Cross Hands, has received £1,024,100 to replace its gas oil fired steam boiler with a new air source heat pump harvesting system to harvest produce and process the food with hot water washing.

Celsa Steel, the leading user of electric arc furnaces in the UK supplying the construction market with 1.2m tonnes of recycled scrap each year, has been awarded more than £4m for two steel projects.

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The recycled steelmaker, whose main operation is in Cardiff, has received £3,868,481 for its integrated resource circularity and lifecycle energy project to utilise its inhouse shredding and repurposing of steel scrap.

It has also received a further £426,970 for its study into hydrogen-based steelmaking techniques, with the IETF funds supporting plans to replace its reheat furnace into a bespoke furnace fired using green hydrogen.

The three projects are among 22 across England, Wales and Northern Ireland that have been awarded a share of £12.4m UK government IETF grant funding in a bid to help decarbonise their industrial processes and reduce their reliance on fossil fuels

So far £34.8 million of funding has been awarded through the IETF which first launched in June 2020. It is estimated that industry is currently responsible for producing 16% of the UK's emissions and will need to cut emissions by two thirds by 2035 in order for the UK to achieve its net zero target.

Graham Stuart, Minister at the Department for Energy Security and Net Zero said: "South Wales has both a proud history of industrial enterprise and a wide catalogue of next generation green innovators. That is why today the UK government has awarded two leading Welsh companies with funding that will help to boost the energy efficiency of their industrial processes.

"This will create new opportunities for the region to become a leader in the low carbon sector, while cutting costs and securing jobs and investment for the region."

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Welsh Secretary of State, David TC Davies said: "It's great to

see significant UK Government investment supporting green technology in Wales and helping energy intensive businesses cut their emissions and their fuel bills. We want employers to grow their businesses so they are fit for our modern economy, ensuring both jobs and future prosperity are secured, whilst also helping us achieve our net zero ambitions. This funding is exactly what is needed to help us towards those goals.”

Dunbia chief executive Niall Browne said: “Dunbia, through its parent company Dawn Meats, was the first European beef and lamb processor to make a commitment to the Science Based Targets Initiative. We have been working for more than 10 years to reduce emissions internally and more widely across our supply chain and recognise the urgency to adopt even more aggressive measures to reduce emissions.

“We welcome this opportunity to work with the Department for Energy Security and Net Zero via the Industrial Energy Transformation Fund to further improve our energy efficiency and cut our carbon emissions.”

A Celsa company spokesperson said: “Neither of these projects would have been possible without IETF funding. The furnace feasibility study needed support to de-risk the proposed first hydrogen implementation at a UK furnace while maintaining production output at the mill, enabling a sensible transition from natural gas supply to hydrogen usage.

“The benefits of the CIRCLE project would not satisfy normal payback criteria for globally competitive decarbonisation & circular economy projects for CELSA Group. The IETF support in combination with our own resources means we can continue with our ambitious plans for reaching net zero.”

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