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Climate Change Levy (CCL)

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The Climate Change Levy (CCL) is a tax on electricity and gas consumption for businesses and the public sector.

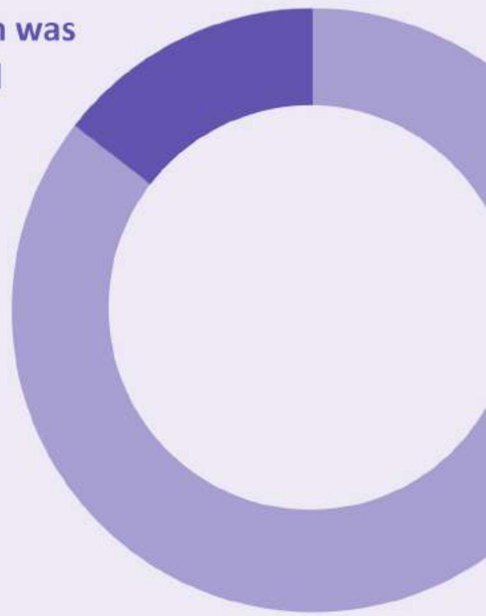
Overview

CCL was introduced in 2001 to encourage business to find ways of reducing energy demand. It does this by making energy more expensive by placing a tax on energy used at volume.

The CCL also covers the supply of liquid and solid fuels used for lighting, heating and power. Heating oil and road fuels are exempt as they are liable to other levies. Electricity generated from renewables was exempt from CCL, but this changed in 2015. As part of the CCL package, the government also introduced climate change agreements (CCAs); enhanced capital allowances (ECAs) which provide support for investments in energy-saving technologies; and funding for the Carbon Trust to ensure British businesses remain competitive.

The introduction of CCL was accompanied by a 0.3% cut in employers' national insurance contributions (NICs). This was to ensure the scheme did not increase overall taxation on the non-domestic sector.

CCL addition was 15% to a bill in 2001



In 2001 the CCL added around 15% to the energy bill of a typical UK business. But with much higher costs for wholesale energy, networks and renewables since then, the CCL now makes up a smaller proportion of electricity bills (around 5%). But this will change from April 2019.

Do you have to pay?

Yes

If you use 12,000 kWh or more of electricity each year

If you use 53,000 kWh or more of gas each year

Your electricity or gas supply is used solely for business or non-domestic purposes

If you are a charity where you use fuel for business rather than charitable purposes

If you are not eligible for a CCL abatement or exemption

No

If the fuel is used for households and domestic premises

If the fuel is used for charitable purposes only

If you are 5% VAT registered

Although the CCL is applied as a flat rate on consumption, there is a complicated range of abatements and exemptions. This list covers the main exemptions but is not complete.

Please check if you are unsure whether or not you may be eligible to claim an exemption.

How much does it cost?

In the 2016 Budget, it was annouced that from the 1st April 2019, the Climate Change Levy (CCL) would replace the Carbon Reduction Commitment (CRC) as a source of revenue generation, in the form of higher CCL charges.

This is intended to reduce some of the administration and confusion due to the growing array of mechanisms that support renewable projects and promote our security of supply. The CRC collects revenue from larger organisations through the purchase of Carbon Allowances, so this change will share the cost neutral burden with smaller consumers, increasing their energy costs.

Electricity attracts a higher tax rate because a considerable proportion of the energy content of the fossil fuels used to generate it is lost in combustion, transmission and distribution.

The government has confirmed that the CCA scheme is to run up until 2023, implying the CCL will be around for at least that period.

The maximum discount per CCA stands at 90% but from April 2019, the discount levels are changing to 93% for Electricity and 78% per Gas.

Like VAT the levy is imposed at the time of supply, so it will already be included in your energy bills. As the CCL is also VAT chargeable it should appear on your bill above the VAT line.

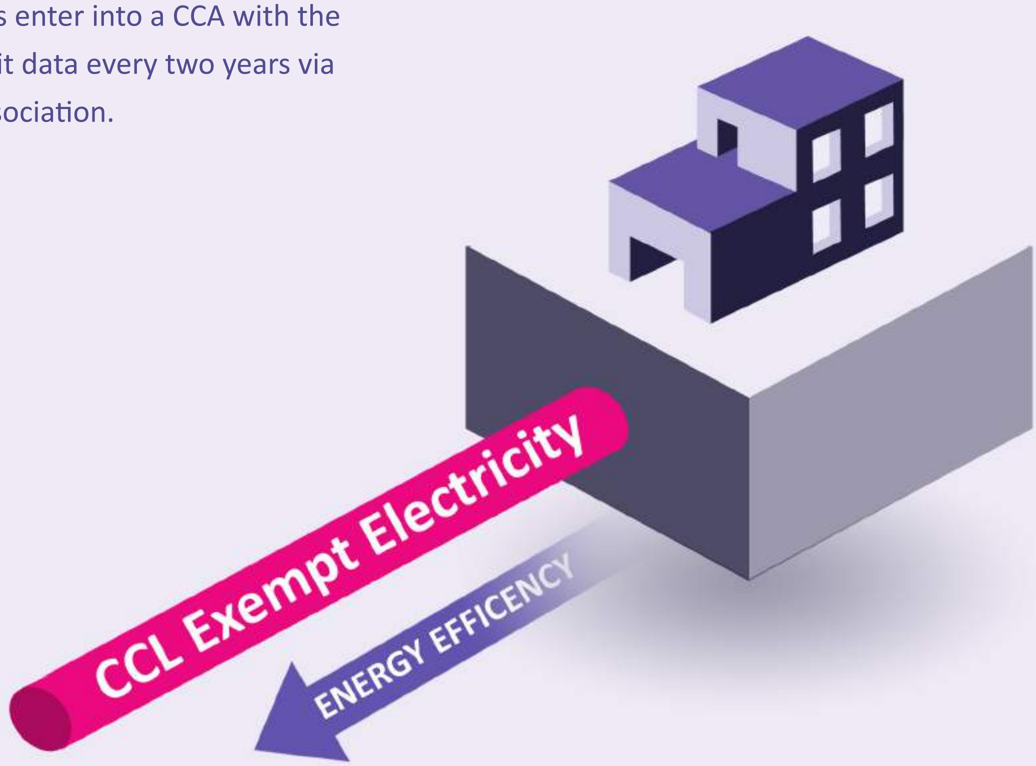
	Electricity	Gas
Rate from		
1st April 2017	0.568 p/kWh	0.198 p/kWh
1st April 2018	0.583 p/kWh	0.203 p/kWh
1st April 2019	0.847 p/kWh	0.339 p/kWh

How can I cut the cost?

The April 19 increase will need to be factored into budgets, especially if you have a high gas usage, due to a proportionately higher change. We can help by providing an independent energy audit, giving you a report detailing what you use, how you use it and what you can do to lower it. The report is completely unbiased and is designed to be used as a tool for any future energy reduction projects. A typical audit for one site takes about a day and is not disruptive.

Many manufacturers can apply for a discount on the CCL. To do this sites enter into a CCA with the government and submit data every two years via their industry trade association.

All non-domestics, regardless of size, industrial or commercial sector or location, can apply for Enchanced Capital Allowances (ECA's) to support investment in specified technologies. The qualifying technologies have to meet defined energy efficiency criteria.



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About Indigo Swan

We believe everyone is entitled to the truth about their energy and shouldn't be penalised because they don't have the knowhow.

If you have any questions please get in touch.

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