

► Climate Change Levy (CCL)

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energy contract enthusiasts





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) and enhanced capital allowances (ECAs) which provide support for investments in energy saving technologies

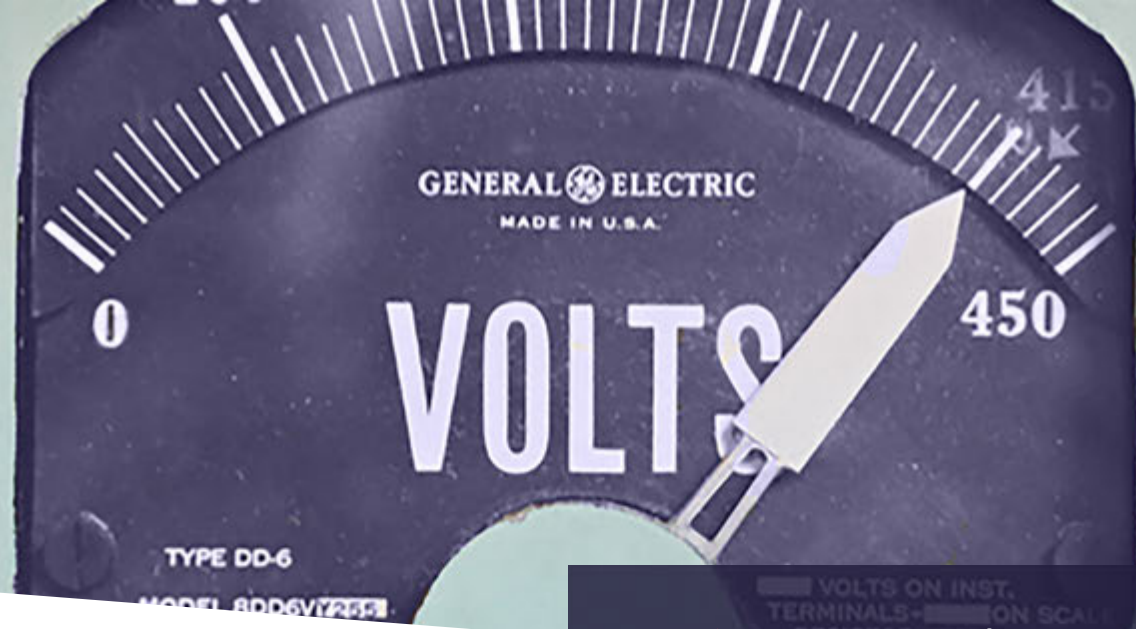
The introduction of CCL was accompanied by a 0.3% cut in employer's national insurance contributions (NICs). This was to ensure the scheme did not

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 at around 5% and 15% for gas.



▶ Do you have to pay?

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.

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 mostly used for charitable purposes

If you are 5% VAT registered

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 announced 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 was 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 collected revenue from larger organisations through the purchase of Carbon Allowances, so this change shares the cost neutral burden with smaller consumers, increasing their energy costs.

In the 2018 budget, it was announced the electricity charge would decrease from April 2020 and 2021, being held into 2022. The gas charge continues to increase.

The government has confirmed that the CCA scheme is to run up until 2025, implying the CCL will be around for at least that period.

The maximum discount per CCA is reviewed, changing from 90% to 93% for electricity and 78% for Gas from April 2019, 92% and 81% from April 2020, 92% and 83% from April 2021 and from April 2022 will be 92% and 86%.

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.

<i>Rate from</i>	<i>Electricity</i>	<i>Gas</i>
► 1st April 2018	0.583 p/kWh	0.203 p/kWh
► 1st April 2019	0.847 p/kWh	0.339 p/kWh
► 1st April 2020	0.811 p/kWh	0.406 p/kWh
► 1st April 2021	0.775 p/kWh	0.465 p/kWh
► 1st April 2022	0.775 p/kWh	0.568 p/kWh



► How can I cut the cost?

The April 2022 change will need to be factored into budgets, especially if you have a high gas usage, due to its 22% increase. 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.

► How much?

Here's an example of the CCL change using consumption data from a manufacturer we work with:

	CCL Charge		
	<i>April 2021</i>	<i>April 2022</i>	<i>Diff</i>
Yearly Gas Consumption of 447,392 kWh	£2,080	£2,541	22% ▲
Yearly Elec Consumption of 955,083 kWh	£7,402	£7,402	0%

For more info, get in touch - hello@indigoswan.co.uk

► About Indigo Swan

We're Indigo Swan, energy contract enthusiasts. Our tailored service fuses relentless efficiencies with a colourful personality, and an unflinching commitment to finding a better way. We're proud to be exceptional. This, alongside our world class team, is what makes our service award-winning.

► Contact us

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