

► 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).

► 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.

It was announced the electricity charge would decrease from April 2020 and 2021, being held into 2022, 2023 and 2024. The gas charge continues to increase and in 2024 will fall in line with electricity. April 2025 remains the same as 2024. April 2026 sees an increase to 0.801 p/kWh.

The maximum discount per CCA from April 2023 is 92% for electricity and 88% for gas. From April 2024 the discounts will be 92% and 89%.

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.

Rate from	Electricity	Gas
► 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
► 1st April 2023	0.775 p/kWh	0.672 p/kWh
► 1st April 2024	0.775 p/kWh	0.775 p/kWh
► 1st April 2025	0.775 p/kWh	0.775 p/kWh
► 1st April 2026	0.801 p/kWh	0.801 p/kWh



How can I cut the cost?

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 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

	April 2025	April 2026	Diff
Yearly Gas Consumption of 447,392 kWh	£3,467	£3,584	3.35%
Yearly Elec Consumption of 955,083 kWh	£7,402	£7,650	3.35%

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

► About Indigo Swan

We are Indigo Swan. We believe in cultivating success through trust and exceeding our customers' expectations. We surprise and delight in all we do and put service at the very centre of our mission. Curiosity allows us to innovate, learn and grow as a business and Swans. We are a successful award-winning business, that rewards its Swans, providing a happy, caring and dynamic working environment. We all strive to create success through the trust we have for each other and from the trust our clients and partners place in us. We are a shining light in the energy industry.

► Contact us

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