

FAQ sheet Number 1 – Climate Change Levy

What is the Climate Change Levy and how will it affect Business?

Climate change is a global problem in need of a global solution. At Kyoto in 1997 EU Member States agreed to a legally binding 8% reduction in the emissions of a basket of 6 greenhouse gases. In addition the UK has set itself a domestic objective – to reduce emissions of carbon dioxide by 20% on 1990 levels by 2010.

The Climate Change Levy (CCL) is designed to reduce emissions by taxing energy consumption and by using some of the money raised to support energy efficiency measures.

What are the charges and will they affect all businesses?

| Commodity | Rate |
|-------------|---------------|
| Electricity | 0.43p per kWh |
| Gas & Coal | 0.15p per kWh |

The levy will not apply to:

- Domestic users
- Transport
- Coal and gas used in power stations
- Non-energy uses e.g. feedstocks
- “New” renewable sources of energy such as wind & solar power
- “Good quality” Combined Heat & Power schemes

In addition, Energy intensive sectors can obtain an 80% discount if they sign binding energy efficiency agreements with the Government.

When will the levy come into force and what will the impact be?

The charges will come into force April 2001 and for multi Megawatt sites energy costs will rise by tens of thousands of Pounds per year.

There will be a surge in interest for CHP energy efficiency schemes and metering. Businesses that can take advantage of CHP will benefit both from it's exemption from the levy and from the capital allowances available for energy efficiency scheme.

For further information contact
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