



The following paper provides a brief overview of what the CCL scheme is. It does not provide detailed guidance on the application process, or the administration mechanisms of the scheme.

CLIMATE CHANGE LEVY REBATE SCHEME

The CCL rebate scheme for the textile industry has been running very successfully since 2002. In that time the industry has saved over £70 million in the Levy and energy saving measures have seen the sector reduce its emissions by over 500,000 tonnes of CO2.

From April 2013 a new CCL scheme came into effect and runs until 2022. Companies can join the scheme at any point before December 2018. The application process is straightforward but can take up to 3 months. There are around 150 textile companies already in the scheme.

THE CCL SCHEME

The Climate Change Levy was introduced as an energy tax payable by all business in 2001. However, some industrial sectors were offered a rebate in the Levy in return for agreeing to specific energy reduction targets. For the textile industry there are two separate schemes with different eligibility criteria - one covering the wet processing sector (dyeing, printing coating and associated drying and finishing activities) and the other covering spinning, weaving and knitting (and other similar processes). If companies carry out any of these processes they are eligible to join the scheme.

The currently CCL is as follows

Gas	0.203 pence per kwh
Electricity	0.583 pence per kwh
Coal	1.591 pence per kilo
LPG	1.304 pence per kilo

However, from April 2019 the rates will rise significant

Gas	0.339 pence per kwh
Electricity	0.847 pence per kwh
Coal	2.653 pence per kilo
LPG	2.175 pence per kilo

Companies joining the UKFT CCL scheme will be eligible for a rebate of some 90% on the CCL on electricity and 65% on all other energy. In 2019 the savings rise to 93% and 78% respectively. On average companies are currently saving over £30,000 a year, but for large companies the savings can be over £100,000 a year.



If companies are eligible to join the scheme they will receive the discount from the date of joining (provided applications re submitted in a timely fashion). In order to maintain the discount companies must meet set energy reduction targets. These targets will have to be met every two years, and in total a 15% reduction in energy consumption per unit of production will be required.

The targets will run as follows

2014 – 7.5%
2016 – 10%
2018 – 12.5%
2020 – 15%

If companies hit their target they are automatically eligible to claim the discount for the following 24 months. If companies do not hit their target they can either chose to pay a ‘buy out’ fee to make up for the shortfall in their performance vs target (set at £14 per tonne of CO₂), or they can decide to leave the scheme with no penalty. If a company leaves the scheme and then decided to re-join they will have to pay any outstanding buy out fees.

Companies joining the scheme later in the 10 year period will have to meet similar reductions in energy used. Original targets will be based on performance in 2008 but will then be amended depending on energy and production used over the past 2-4 years.

CCL Administration

The CCL rebate scheme for the textile industry is administered by UKFT. UKFT will help companies complete all the necessary paperwork, will submit all necessary registration details etc to the Environment Agency who have ultimate responsibility for the will run the scheme. UKFT collect and monitor company’s performance every three months and help companies develop strategies to meet their energy reduction targets.

There are costs involved in taking part in the scheme. There is a fee of £185 that is payable to the Environment Agency and then there is an administration fee payable to UKFT of an annual 5% of the savings achieved through the scheme.

What Next?

If you think you are eligible for the discount use the CCL savings ready reckoner to calculate what you might save each year. Then contact UKFT who will send you out the forms and guide you through the application process.

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