

BATC CCL Energy Intensive Discount Scheme

Questions & Answers

Q - What is the Climate Change Levy?

A – The Levy was introduced by the Government in 2001 as a way of helping the UK meet its commitments under the Kyoto protocol.

Q – How much is the Levy?

A – At present the Levy is £0.0015 per kWh on Gas and Coal, £0.0043 per kWh on Electricity and £0.0007 per kWh on LPG. The Levy does not apply to fuel oil but if you use fuel oil as an energy source you must include the kWh in your energy figures.

Q – How much is the discount?

If you qualify you are eligible to claim an 80% rebate in the Levy for up to 100% of your energy.

Q – What do I have to do in return for the reduction in the Levy?

In return for receiving the discount you must agree to reduce your energy consumption by a specified amount between October 1st 2005 and the end of the scheme in March 2013. Your energy consumption is expressed in terms of kWh of energy per unit of production and it is this figure that must be reduced by set amounts over the period of the scheme. *(As yet the precise percentage reductions have yet to be agreed.)*

Q – Why has it taken so long for the textile sector to secure a discount in the Levy?

A – Originally only those companies that fell under the IPPC Regulations were eligible for the discount. In the Textile industry this only applied to the wet processes of scouring, dyeing and finishing. New criteria for eligibility based on energy usage and import/export penetration were proposed by the Treasury last year. Since then BATC has had to collect the necessary information from industry and to have it approved by an external auditor, DEFRA and HMC&R.

Q – How do I qualify for the discount?

A – Your company needs to be a manufacturer of textiles. The full definition for those eligible for the scheme is as follows:

'The manufacturing of textile material including fibres, yarns, fabrics, carpets and knitwear of blends of natural and/or synthetic fibres. Integrated processes on a single site can include spinning, weaving, carpet manufacture, knitting and finishing of textiles to produce yarn, woven/knitted fabrics, materials, non-wovens or knitted clothing but excluding wet processes such as printing and dyeing and the making up of woven clothing'

If you fall within this definition above you will then need to complete a set of paperwork. There are four forms PP3, PP4, PP10 and PP11. Further guidance on completing these forms is given elsewhere.

Q – Is there a charge for participating in the scheme?

A – If a company is a member of a trade association which is in turn a member of BATC then there is no fee. If a company is not a member then the annual fee has been set at 5% of the savings achieved by taking part in the scheme.

Associations that are members of BATC are British Clothing Industry Association, Confederation of British Wool Textile, Knitting Industries' Federation, Silk Association of Great Britain, British Interior Textiles Association, British Throwsters Association, British Narrow Fabrics Association, Textile Finishers Association, National Wool Textile Export Corporation and Lancashire Textile Manufacturers Association.

Q – How will I receive the discount?

Your utility companies automatically collect the Levy. The utility companies will also apply the discount. You will not, therefore, directly receive any monies but you will pay less.

Q – Can I backdate my claim?

A - No. You are only eligible to receive the discount from the day DEFRA accepts all of your paperwork.

Q – How long will it take to process my application?

A – All applications have to be checked firstly by BATC and then sent to DEFRA for approval. Staff at BATC will try to ensure all forms are completed correctly but DEFRA may ask for further information. Depending on the information you provide your forms could be processed in a few weeks, but it can take much longer.

Q - How will my performance be monitored?

Starting in 2006 and then every other year there is a 'milestone year'. You are required to report on your performance every milestone year and you must hit your target to continue to receive the discount until the next milestone year.

The milestone year runs from 1st October to 30th September and the first milestone year is 1st October 2005 – 30th September 2006. Therefore, you must start to collect detailed production and energy records immediately.

Q – If I fail to hit my energy reduction targets what happens?

Initially DEFRA will look to see if the Sector meets its collective target. If it does then all companies in the scheme can continue to claim the discount until the next

milestone. If the Sector does not meet its target then DEFRA assesses individual company performance. Ultimately, if your company does not meet its target you will be unable to claim the discount for at least the two years until the next milestone.

Q – I have heard that the scheme requires a lot of administration – is this true?

There is a considerable amount of form filling to begin with then, thereafter, the scheme requires you to closely monitor energy use and production volumes and report that information to BATC every quarter. You are also required to implement energy management policies, review energy efficiency etc.

The existing scheme for textile wet processors on average saves each participant £30,000 per annum.

Q – Is there any help available on reducing energy?

There are a number of sources of help. BATC will issue newsletters and run seminars which will highlight practical ways in which you can help reduce energy consumption and will also point you towards other areas of help.