

FINANCE ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Section 67: Climate Change Levy: Compatible State Aid

Summary

1. [Section 67](#) cites specific EU rules on State aid which may sometimes be relevant to the application of the reduced rate of climate change levy (CCL). This citation is a requirement of the Commission Regulation which the UK proposes to use to renew State aid approval for the extension of the climate change agreement (CCA) scheme from 1 April 2011.

Details of the Section

2. [Section 67](#) inserts new sub-paragraphs (3) and (4) into paragraph 42 of Schedule 6 to the Finance Act 2000, which fulfil the requirements of the stated EU State aid Regulation for the scheme in question to cite that Regulation's title and publication reference.

Background Note

3. CCL was introduced in 2001 and is a UK wide tax on the supply of electricity, gas, solid fuel and liquefied gases used for fuel purposes by business and the public sector.
4. The purpose of the CCL is to encourage the efficient use of energy and the use of renewable energy, in order to help meet the UK's international and domestic targets for cutting emissions of greenhouse gases.
5. CCAs were introduced alongside the levy and entitle participating facilities to pay a reduced rate of levy in return for meeting challenging targets for improving energy efficiency or reducing emissions.
6. The reduced rate of CCL, which is claimed by facilities in the climate change agreements scheme, is a State aid. Section 67 of this Act amends the level of CCL discount for facilities participating in the scheme from 1 April 2011. Doing so enables the UK to renew its State aid approval for the CCA scheme using the simplified procedure for State aid clearance provided for by Commission Regulation ([EC](#)) No [800/2008](#). Article 3(1) of that Regulation requires the aid scheme to contain an express reference to the Regulation.