
STATUTORY INSTRUMENTS

2005 No. 1715

CLIMATE CHANGE LEVY

**The Climate Change Levy (Fuel Use and
Recycling Processes) Regulations 2005**

Made - - - - 21st July 2005

Coming into force in accordance with regulation 1

The Treasury, in exercise of the powers conferred by section 30 of and Schedule 6 paragraphs 18(2), 18(3), 18A(1), 18A(7), 146(7) and 147 to the Finance Act 2000⁽¹⁾, make the following Regulations, a draft of which has, in accordance with paragraph 146(3) of that Schedule, been laid before Parliament and approved by a resolution of the House of Commons:

Citation and commencement

1. These Regulations may be cited as the Climate Change Levy (Fuel Use and Recycling Processes) Regulations 2005 and shall come into force on the day after the day on which they are made.

Interpretation

2. In these Regulations—

“the Act” refers to Schedule 6 to the Finance Act 2000⁽²⁾;

“CCL” refers to climate change levy.

Use as fuel or otherwise

3. For the purposes of paragraph 18(1) of the Act (CCL exemption if commodity supplied for non-fuel use)—

(a) the uses of a taxable commodity that are specified in Schedule 1 to these Regulations are not to be taken as being uses of that commodity as fuel; and

(b) any uses of a taxable commodity that are not specified in Schedule 1 are specified by this paragraph as uses that are to be taken as being uses of that commodity as fuel.

(1) 2000 c. 17; paragraph 18A was inserted and paragraphs 146 and 147 were amended by section 188 of the Finance Act 2003 (c. 14).
(2) 2000 c. 17.

Recycling processes

4. The recycling processes described in Schedule 2 to these Regulations are prescribed for the purposes of paragraph 18A(1) of the Act (CCL exemption if commodity supplied for use in recycling process for which there is a relevant competing process, see paragraph 18A(2) of the Act).

Revocations

5. The Climate Change Levy (Use as Fuel) Regulations 2001⁽³⁾ and the Climate Change Levy (Use as Fuel) (Amendment) Regulations 2003⁽⁴⁾ are revoked.

21st July 2005

Gillian Merron
Joan Ryan
Two of the Lords Commissioners of Her
Majesty's Treasury

⁽³⁾ S.I.2001/1138, amended by S.I. 2003/665.

⁽⁴⁾ S.I. 2003/665.

SCHEDULE 1

Regulation 3(a)

Uses otherwise than as fuel

A. WHOLLY NON-FUEL USES

1. Electricity in electrolysis for the production of:
 - Fluorine
 - Chloroalkali (chlorine, caustic soda and caustic potash)
 - Hydrogen peroxide, persulphates, chlorates and peroxyorganic acids by electro-oxidation
 - Aluminium
 - Copper
 - Basic materials directly from an ore or other compound (electrowinning)
 - Advanced chemicals from other more basic chemicals
2. Electricity in the following types of electrolysis:
 - Electro-organic synthesis of fine organics and intermediates such as adiponitrile
 - Gold and silver electrolysis, and the electrolytic dissolution of platinum group metal alloys and alkali earth metals such as sodium, potassium, lithium and calcium
 - Electrolysis to purify materials (as distinct from electrowinning)
 - Electrolysis in refining tin or copper from impure metals or ingots
 - Electrolysis involving sodium chlorate, potassium permanganate, potassium dichromate, manganese dioxide, cuprous oxide, sorbitol, fatty alcohols
3. Electricity in battery formation
4. Natural gas as feedstock to produce hydrogen and for hydrogenation reactions
5. Natural gas in the production of hydrogen and carbon monoxide for the reduction and subsequent purification of nickel
6. Natural gas as a feedstock in producing acetic acid and acetic anhydride by a partial oxidation process
7. Natural gas to provide carbon in producing carbon-carbon composites
8. Natural gas in manufacturing sodium cyanide
9. Natural gas and propane in steam reformers to produce a mixture of hydrogen and carbon monoxide in the production of:
 - Fertilisers
 - OXO (Oxonation) chemicals – detergent and plasticiser alcohols
 - Phosgene
 - Ammonia
 - Higher alcohols, synthetic fuels, plastics precursors
 - Methanol, methyl tertiary butyl ether, formaldehyde, formic acid, acetic acid, methyl amines, single cell proteins
10. Methane as a feedstock in producing higher paraffins and their derivatives
11. Liquefied petroleum gas as a propellant in aerosols
12. Liquefied petroleum gas as feedstock in the cracking process to produce lower olefins

13. Lower olefins as feedstock for conversion by chemical processes
14. Propylene as feedstock in the manufacture of propan-2-ol (iso-propyl alcohol), polypropylene and cumene
15. Petroleum coke in the manufacture of carbon and graphite electrodes
16. Coke as a resistor in electro-thermal furnaces
17. Coke in the manufacture of titanium dioxide by the chloride process

B. MIXED USES

These mixed uses are the only ones that involve relevant commodities being used partly as fuel and partly not, but which are specified as being uses that are not to be taken as being uses of those commodities as fuel (see paragraph 18(3) of the Act).

18. Coal, coke and natural gas as chemical reductants for ironmaking, for example, in blast furnaces
19. Coal, coke and natural gas as chemical reductants in the blast furnace production of zinc and other non-ferrous metals
20. Coal and coke in the recarburising of iron and steel
21. Coke breeze in a sinter plant to assist in the agglomeration of iron ore and its subsequent chemical reduction in blast furnaces
22. Coke injected into electric arc furnaces to control the chemistry of the steel and the steelmaking slag
23. Coke charged to electric arc furnaces to control the oxygen activity of the steel melt
24. Coke as a carburiser in iron casting
25. Coke as a source of carbon dioxide in the Ammonia Soda process for producing soda ash
26. Anthracite as a reductant in the smelting of precious metals
27. Gas for vacuum reduction in metal powder production and to maintain carbon content in metal during the sintering process
28. Gas to maintain or increase the carbon content of metals during heat treatment
29. Natural gas as a reductant in emission control systems, for example, in the reduction of oxides of nitrogen
30. Natural gas in the manufacture of methacrylate monomers and polymers including that natural gas used for emission control which is an integral and essential part of the manufacturing process
31. Natural gas as feedstock in the production of carbon black
32. Natural gas as feedstock in a gas generator supplying a reducing atmosphere for the treatment or annealing of metal products
33. Liquid propane in the production of ethylene where heat is provided either by combustion of the waste products or from another source
34. Commodities in reduction furnaces for the production of lead
35. Commodities in the reduction of chlorine
36. Commodities to form reducing atmospheres, for example, in the refining and manipulation of molten copper to control oxygen levels

37. Commodities in ASARCO (American Smelting and Refining Company) shaft furnaces, the deoxidisation of copper swarf and the annealing of copper and copper alloys to provide a reducing atmosphere

SCHEDULE 2

Regulation 4

Recycling processes

Description

The preparation of scrap metal for recycling.

“Preparation” is only shredding, fragmentation, pre-treatment and melting of scrap.

“Scrap” is only—

- (a) post-consumer scrap, namely, goods that have performed the function for which they were designed and have been discarded (for example, end of life road vehicles, discarded food cans, steel girders or rods from demolished buildings, worn out battery electrodes, discarded lead roofing);
- (b) scrap generated from the process of which that preparation forms part or from a different process (for example, off-cuts from metal stampings, unmarketable goods).

“Metal” is only aluminium, lead or steel.

“Melting” is only—

- (a) the pre-heating and first melting of scrap before casting into intermediates; or
- (b) the heating of scrap as part of the recycling process before any solidification and re-melting.

It excludes melting of any type of non-scrap metal added to the recycling process to improve the quality or adjust the composition of the recycled metal or intermediates.

“Intermediates” are only items for further processing or re-melting, such as rolling slabs or ingots.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Climate change levy is charged on supplies of electricity, gas and solid fuels that are not for domestic or charity use. Supplies for *non-fuel* use are exempt, as are supplies for *fuel* use in a prescribed recycling process.⁽⁵⁾

(5) Finance Act 2000 (c. 17) Schedule 6 paragraphs 2, 3, 8, 9, 18 and 18A, the latter inserted by the Finance Act 2003 (c. 14) section 188. The recycling process must compete with a process benefiting from the non-fuel exemption, see paragraph 18A(2).

Exemption for non-fuel uses

Regulation 3 and Schedule 1 specify non-fuel uses, and regulation 3(b) specifies everything else as fuel use⁽⁶⁾.

Exemption for fuel use in prescribed recycling processes

Regulation 4 and Schedule 2 prescribe the relevant recycling processes.

Regulatory impact assessment

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business, charities or voluntary bodies.

(6) Additionally, regulation 5 revokes the existing provisions in S.I. [2001/1138](#) and S.I. [2003/665](#). Schedule 1 Item 32 adds to the specified non-fuel uses.