

Budget 2020 summary for CCA Trade Associations

Climate Change Agreements (CCAs)

- The Government is extending the existing CCA Scheme to continue for 2 years.
- Scheme will “reopen and extend” – new entrants will be allowed into the CCA Scheme.
- The terms of the extended CCA Scheme will be set out in a consultation that will follow the budget.
- The consultation will also “simultaneously consult on long-term options for the CCA Scheme”.

Climate Change Levy (CCL)

- The Government has a commitment to make gas and electricity CCL rates equal by 2025.
- A freeze on electricity CCL from next year and gas CCL rises annually.
- Rates confirmed from the EA:

CCL main rates Taxable commodity	Rate from 1 April 2020	Rate from 1 April 2021	Rate from 1 April 2022	Rate from 1 April 2023
Electricity (£ per kilowatt hour (KWh))	0.00811	0.00775	0.00775	0.00775
Natural gas (£ per KWh)	0.00406	0.00465	0.00568	0.00672
LPG (£ per kilogram (kg))	0.02175	0.02175	0.02175	0.02175
Any other taxable commodity (£ per kg)	0.03174	0.0364	0.04449	0.05258

Net Zero Target 2050

- The government is allocating an additional £10 million in 2020-21 to support the design and delivery of net zero policies and programmes.
- A review will be published by HM Treasury this year on the economic costs and opportunities of reaching net zero.

Energy Innovation Programme

- Energy Innovation Programme funding will at least double – exact budget will be decided at the end of the Comprehensive Spending Review which concludes in July.
- The Programme is for accelerating the design and production of innovative clean energy technologies.

UK Emissions Trading System (UK ETS)

- Government will legislate at Finance Bill 2020 to prepare for a UK ETS which may be linked to EU ETS.
- Government will legislate for a carbon emission tax as an alternative carbon pricing policy and consult on the design of a tax in Spring 2020.

Carbon price support (CPS) rate

- The government will freeze the rate of the CPS at £18t/CO₂e in 2021-22.
- Aimed at encouraging decarbonisation of the power sector.

Carbon capture and storage (CCS)

- CCS Infrastructure Fund to invest £800m by 2030.
- Aims to create two or more Carbon Capture and Storage clusters,
- One by mid-2020s and another by 2030.
- Using consumer subsidies, the government will support the construction of the UK’s first privately financed gas CCS power station.

Carbon Sequestration

- £640 million to plant 40 million trees and restore peatland.
- Money includes funding to protect Britain’s plants and animals.

Research and Development

- Government to increase investment in science, innovation and technology to £22 billion by 2024-25.

- Government will invest over £900 million to ensure UK businesses are leading the way in high-potential technology and sectors, including nuclear fusion, space, electric vehicles, and life sciences.
- Allocation of £10 million for R&D spending to help decarbonise UK distilleries, including the whisky sector.

Renewable energy and heat

- Introduction of a Green Gas Levy – will provide the funds to support a new scheme for biomethane.
- Consultation will begin on this to increase the proportion of green gas in the grid.
- Low Carbon Heat Support Scheme will support the installation of heat pumps and biomass boilers. New grant being considered from April 2022 onwards.
- Confirmed funding for another year of the Heat Networks Investment Project – providing £270million of new funding.
- Domestic Renewable Heat Incentive (RHI) extended until 31st March 2022.
- New allocation of flexible tariff guarantees to the Non-Domestic RHI in Great Britain in March 2021 to improve investment certainty for renewable heat projects.
- £96 million for the final year of the Heat Networks Investment Project, which ends in March 2022.
- After the HNIP, the government will invest a further £270 million in a new Green Heat Networks Scheme.

Transport

- Fuel duty frozen for the next year at 57.95p per litre.
- Future fuel duty rates will be considered alongside measures that are needed to help meet the UK's net zero commitment.
- To support the haulage sector, HGV VED and the HGV Road User Levy will be frozen for 2020-21.
- The government is publishing a call for evidence which will include how VED can be used to support the take-up of zero and ultra-low emission vehicles and reduce overall emissions from road vehicles.

Electric vehicles

- £500m to support the rollout of rapid electric charging hubs.
- Drivers will never be more than 30 miles away from a charge point.
- £532m includes consumer incentives for ultra-low emission vehicles:
 - £403 million for the Plug-in Car Grant, extending it to 2022-23.
 - £129.5 million to extend the Plug-in Van Grant, Plug-in Taxi Grant, and Plug-in Motorcycle Grant to 2022-3
- Rapid Charging Fund to help businesses with the costs of connecting high-powered charge points to the electricity grid.
- VED: exempt zero emission vehicles (registered until 2025) from the "expensive car supplement".

Red diesel

- Remove entitlement to the use of red diesel and rebated biofuels from April 2022 (except for agriculture, fish farming, rail and non-commercial heating).

Air Quality

- £304million to help Local Authorities to reduce nitrogen dioxide emissions and improve air quality.

Waste

- The government will invest £7.2 million in a national system to enable the smart tracking of waste movements across the economy.
- The government will launch a £2 million fund to support innovative approaches to tackling fly-tipping.

Plastic tax

- Plastic packaging tax from April 2022 to incentivise the use of recycled plastic in packaging
- Tax set at £200 per tonne of plastic packaging that contains less than 30% recycled plastic.
- This will apply to the production and importation of plastic packaging.
- £700,000 will support the Extended Producer Responsibility scheme, encouraging plastic producers to make their plastic more recyclable and reduce the quantity of plastic on their products.