

Businesses to save up to £300 million annually thanks to Climate Change Agreement scheme extension

- Extension of Climate Change Agreement scheme set to secure up to £300 million of annual savings for companies
- government consultation will allow new energy intensive businesses to sign up and make vital savings from January 2021
- scheme prevents an estimated 700,000 tonnes of CO₂ from being emitted each year – equivalent to taking 350,000 cars off the road

Businesses across the UK are set to save up to £300 million a year, as the government today (16 April 2020) launched a consultation on the terms of an extension to the Climate Change Agreement scheme (CCA).

CCAs work by setting targets for reducing businesses' energy use in return for discounts on the climate change levy on their energy bills. The consultation will enable new targets to be put in place from January 2021, allowing the extension of the scheme beyond its current March 2023 end date to March 2025.

The 2-year extension, announced by the Chancellor during the Spring Budget, will give eligible companies extra financial support and security by guaranteeing access to savings worth up to £300 million a year until 2025.

Energy Minister Kwasi Kwarteng said:

Extending the Climate Change Agreement scheme will give businesses greater clarity and security at a time when they need it most.

This extension will save businesses money while cutting emissions – a key element of our work to combat climate change in the months and years ahead.

In addition to extending the CCA for thousands of companies currently in the scheme, the consultation will also allow new businesses to apply to join and gain vital access to savings as of January 2021. Under the current rules, businesses have not been able to join the scheme since October 2018.

By joining the scheme businesses will also be helping the fight against climate change. Since the CCA was introduced in 2013, it is estimated to have helped companies reduce energy use by up to 2.3 terawatt hours a year – enough energy to power 140,000 homes.

Andrew Large, Director General of the Confederation of Paper Industries, said:

CCAs successfully focus attention onto energy efficiency at production sites. For papermaking, these agreements have helped reduce the energy to make each tonne of paper by a third since the programme started.

We're grateful to ministers for listening to feedback and extending the CCA end date and discussing a successor scheme. In the current crisis, this removes one element of uncertainty and helps companies plan for the future with confidence in the knowledge that the government is committed to supporting UK industry.

Phillip Law, Director General of the British Plastics Federation, said:

The British Plastics Federation (BPF) welcomes the 2-year extension of the Climate Change Agreement (CCA) scheme.

As an organisation that manages the CCA for the plastics industry, we know this scheme is highly valued and has helped to significantly reduce energy use. Reopening the scheme to new entrants is vitally important to UK businesses as it will help drive improvements to energy efficiency as well as reduce costs.

1. The consultation runs from 16 April to 11 June.
2. It proposes targets, to be agreed with businesses, which will be put in place from January 2021 to enable the scheme's extension to March 2025.
3. New eligible firms wishing to join the CCA can submit applications until September 2020.
4. The consultation is also seeking views from industry on a potential future CCA Scheme beyond March 2025.
5. An [evaluation of the scheme containing the above estimates](#) has also been published today.