Draft Regulations laid before Parliament under section 30 of and Schedule 6 paragraph 146(3) to the Finance Act 2000, for approval by resolution of the House of Commons.

DRAFT STATUTORY INSTRUMENTS

2005 No.

CLIMATE CHANGE LEVY

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

Made - - - - 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:

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.

Two of the Lords Commissioners of Her
2005 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, managanese 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