



# ENERGY INTENSIVE INDUSTRIES (EII) SCHEMES

In partnership with Bonham & Brook, a UK leading tax advisor and funding specialist, we're able to support Energy Intensive Industries (EII) to secure compensation and exemption to mitigate the impact of costly carbon trading schemes and renewable policies.



## EII COMPENSATION

To improve the competitiveness of the UK's most energy intensive businesses, the government has implemented the Energy Intensive Industries scheme to mitigate the impact of the EU and UK carbon trading schemes. Through this scheme, eligible businesses can apply for compensation for a proportion of the costs of their energy bills.

The carbon trading scheme is used to incentivise businesses to reduce their consumption – if they don't, they must buy more carbon credits. This raises the overall price of electricity, which disproportionately affects any business which uses a lot of energy.

Specifically, this scheme entitles applicants to "compensation for the indirect costs of the UK ETS and the CPS mechanism: guidance for applicants".

Applicants receive quarterly compensation payments direct from the government.

## WHO QUALIFIES FOR EII COMPENSATION?

The EII compensation scheme focuses on the most 'at risk' sectors in the UK. Qualifying businesses need to demonstrate that their business is 'energy intensive'. To do this the government uses a filter test, which requires businesses to spend a percentage of their 'GVA' (a sum of EBITDA and wages) on electricity. Businesses passing this test classify as 'energy intensive' for the purposes of the scheme.

### Qualifying manufacturing industries include:

- Textiles
- Wood
- Pulp & paper
- Glass fibres
- Fertilisers
- Chemicals
- Iron
- Steel
- Aluminium
- Lead
- Zinc
- Tin
- Copper
- Battery production



## EII EXEMPTION

As with the compensation scheme, the EII exemption scheme aims to improve the competitiveness of the UK's most energy intensive businesses to mitigate the impact of renewables policies. Through this scheme, eligible businesses can apply for compensation for a proportion of the costs of their energy bills.

This scheme entitles applicants to an "exemption from the indirect costs of funding Contracts for Difference (CFD), the Renewables Obligation (RO) and the small-scale Feed in Tariff (FIT)".

Applicants receive a certificate giving them a discount on bills moving forward of up to 85% of the costs of these three elements.

The scheme focuses on primary and secondary industrial sectors, including the manufacturing, engineering, mining, and quarrying sectors.

## WHO QUALIFIES FOR EII EXEMPTION?

Businesses need to complete a two-part test, which covers the business financial information and the sector specific production output. The '20% test' requires business to use a significant amount of electricity in order to qualify for the exemption scheme.

### Qualifying manufacturing industries include:

- Wood & paper
- Rubber
- Glass
- Plastics
- Ceramics
- Metal casting
- Chemicals
- Fertilisers
- Battery production
- Malts
- Grain milling
- Metal production
- Construction materials
- Animal feed
- Poultry processing
- Refractory product

### BONHAM & BROOK

Our delivery partner, Bonham and Brook are uniquely positioned as an operationally sophisticated tax credit consultancy which has reshaped the normal routes of incentives advisory, especially for those industries not yet taking full advantage of the scheme. They were founded with the aim to demystify the process and ensure

that businesses were matched which the most beneficial team to support them through their growth, by providing instrumental advice and claim reporting. Their team has a wealth of expertise and their tax and technical consultants have provided support to over 1,000 businesses since their inception in 2016.



**FIND OUT MORE** If you think you could be eligible for Energy Intensive Industries support, then get in touch with our team at [CorpQueries@consultivutilities.com](mailto:CorpQueries@consultivutilities.com) or call us on 0191 250 8805