

Mineral Products Association (MPA) response to the DECC Consultation: Finalising CRC Simplification: treatment of renewable energy and the metallurgical and mineralogical sectors

The Mineral Products Association (MPA) is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries. With the recent addition of The British Precast Concrete Federation (BPCF) and the British Association of Reinforcement (BAR), it has a growing membership of 465 companies and is the sectoral voice for mineral products. MPA membership is made up of the vast majority of independent SME companies throughout the UK, as well as the 9 major international and global companies. It covers 100% of GB cement production, 90% of aggregates production, 95% of asphalt and ready-mixed concrete production and 70% of precast concrete production. Each year the industry supplies £9 billion of materials and services to the £120 billion construction and other sectors. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors¹.

The responses below is given to the question relating to the metallurgical and mineralogical sectors part of the consultation. The question numbering is retained from the consultation document.

2. Do you agree with the Government's intention to include a provision to exclude supplies used for metallurgical and mineralogical processes from the CRC?

The intention of the Government to exclude energy supplies used for mineralogical processes from Climate Change Levy (CCL) is to align with exemptions already applied in other EU member states and to therefore ensure that these UK industries are not put at a competitive disadvantage.

The stated intention of the CCL exemption is the complete removal of Climate Change Agreements for mineralogical sectors. The consequence of this is that energy would then be subject to CRC. A solution is therefore required to ensure that the benefit of the CCL exemption is not negated by increased exposure to CRC, as this would not create the level playing field with other EU competitors intended by the CCL mineralogical and metallurgical exemption. The most effective solution is to include a provision to exclude taxable commodity supplies used for metallurgical and mineralogical processes from CRC.

MPA therefore strongly welcomes the Government's intention to exclude taxable commodity supplies used for mineralogical processes from CRC where the supplies are given the mineralogical and metallurgical CCL exemption.

MPA seeks clarity on one specific point in the consultation. The consultation document states that:

¹ For more information visit: www.mineralproducts.org

“We propose to do this via a new ‘supply deduction’ whereby the energy used for specified metallurgical and mineralogical processes will not be considered a CRC supply for the purposes of both qualification and compliance”

Does this proposal mean that energy covered by the mineralogical exemption but supplied to organisations that qualify for CRC should be excluded from registration for Phase 2 (to be completed by 31st January 2014) and also excluded from annual reports for the rest of CRC Phase 2? MPA requests that urgent clarification is provided early in 2014 so as to avoid confusion at Phase 2 registration.