

Empowering Energy - Intensive Industries: A Guide to Government Support.

2050.

The target for net-zero set
by the UK government.

Government Support for Energy Intensive Industries in the UK.



The Importance of Energy Intensive Industries.

Energy intensive industries (EIIs) play a vital role in the UK economy, supporting major sectors including steel, chemicals, cement, glass and paper. These industries are essential to manufacturing, infrastructure and supply chains, employing thousands of people across the country while contributing significantly to the economy.

The Cost Challenge.

Because EIIs depend heavily on large amounts of energy to operate, they are particularly vulnerable to rising electricity and gas prices. Ongoing volatility in energy markets, combined with increasing environmental obligations, has placed additional pressure on businesses trying to maintain profitability and remain competitive in the UK.

Available Government Support

The UK government provides a range of support schemes designed to help energy intensive industries reduce costs and improve sustainability. These initiatives encourage greater energy efficiency while supporting the transition to lower-carbon operations.

Making the Most of Support

Understanding which schemes apply to your business can make a significant difference to long-term costs and resilience. In this guide, we'll explore the key support available and how businesses can maximise the benefits.

British Industry Supercharger (BIS) Support.

What is the British Industry Supercharger?

Launched in April 2024, the British Industry Supercharger (BIS) supports energy intensive industries (EIs) facing high energy rates and aims to improve UK industrial competitiveness by bringing energy prices closer to those seen in other major economies.

Reducing High Industrial Costs

UK manufacturers currently face some of the highest electricity prices in Europe. The BIS package helps reduce these costs by cutting policy and network charges on electricity bills for eligible businesses.

Up to 100% Relief from Renewable Levies.

Eligible businesses receive up to 100% relief on electricity policy costs (rather than a universal 100% exemption), increased from the previous 85% relief. This includes renewable levies and other policy costs.

Network Charging Compensation.

The Network Charging Compensation (NCC) reduces electricity network costs for EIs.

- Applies from April 2025
- Lowers the cost of using the electricity grid



EII Renewable Levy and Capacity Market Exemption scheme.

This government scheme is designed to reduce electricity policy costs for Energy Intensive Industries (EIIs), helping eligible businesses lower their overall energy bills and remain competitive.



100% Exemption & Capacity Market Exemption Scheme

Eligible businesses can receive a full exemption from a range of indirect electricity policy costs, including:

- Contracts for Difference (CfD)
- Renewable Obligations (RO)
- Feed-in Tariffs (FITs)
- Capacity Market charges

How the Exemptions Work

These exemptions remove policy charges that are normally added to electricity bills by suppliers, reducing overall energy costs for eligible EIIs.

Eligibility and Applications?

To access the scheme, businesses must apply for an exemption certificate. These exemptions apply to electricity bills where suppliers pass policy costs directly onto customers. By removing these charges, eligible EIIs can significantly reduce their overall energy-related operating costs.



Who qualifies?

The scheme applies to eligible Energy Intensive Industries (EIIs) in England, Wales, and Scotland. Northern Ireland is currently excluded from the scheme.

Sector Level Test

To qualify, your business must carry out an activity listed in Annexe 1 of the government's official guidance. These sectors typically have an electricity intensity of at least 7% and face strong international competition.

Business Level Test.

Your business must also show an electricity intensity of 20% or more. This means electricity costs must account for at least 20% of Gross Value Added (GVA) over a defined reference period.

Required Evidence.

To support an application, businesses must provide:

- At least two quarters of financial data
- A minimum of three months' evidence showing electricity use in eligible manufacturing activity

How to Apply for EII Exemption Scheme.

Submitting an Application.

Eligible businesses can apply by downloading and completing the official application forms from the UK government website. Before applying, it's important to review the full guidance to understand the eligibility requirements, supporting evidence, and application process. Providing accurate financial and energy usage information is essential to avoid delays and ensure the application is assessed correctly.

Approval and Certification.

If your application is successful, you will be issued an Energy Intensive Industry (EII) certificate. This confirms your eligibility and access to the exemption scheme.

Once issued, the EII certificate must be shared with your electricity supplier. This allows the exemption to be applied directly to your future electricity bills.



Businesses with Both Eligible & Non-Eligible Activities?

Can you still qualify?

Businesses that carry out both eligible and non-eligible activities can still benefit from the exemption scheme. However, the exemption will only apply to the proportion of electricity used for qualifying activities. You'll need to:

- Accurately calculate the proportion of electricity consumed in eligible activities
- Provide evidence, such as metered usage data or production breakdowns

Example of Claim.

For example, if 60% of a company's production relates to an eligible activity, such as non-woven fabric manufacturing, and 40% relates to a non-eligible activity like apparel production, the exemption can only be claimed on 60% of the business's electricity consumption.



Temporary reduction in electricity usage?

If your electricity usage drops below the qualifying threshold due to exceptional events, like a flood or fire, you may still qualify.

The scheme allows for 'force majeure' exceptions if the event was unforeseeable and beyond your control, but you'll need to provide supporting documentation to demonstrate the impact on your operations.

At Activ8 Energies, we can support you through the entire process, from identifying eligibility and calculating your electricity intensity to preparing your application, and helping you integrate solar or energy efficiency systems that further reduce grid dependency.

Important Note

If your business experiences a temporary reduction in electricity usage, it's important to keep detailed records of the event, including dates, operational impacts, insurance reports, or production data, as these may be required to support a force majeure claim.



Network Charging Compensation.

The Network Charging Compensation (NCC) scheme offers qualifying businesses up to **90% relief** on key network charges, including:

- Transmission Network Use of System (TNUoS)
- Distribution Network Use of System (DUoS)
- Balancing Services Use of System (BSUoS)

This support is funded through the EII Support Levy, a charge applied to electricity suppliers, ensuring the cost of maintaining a secure, reliable grid is shared more fairly across the system.

Whos Eligible?

If your business holds a valid EII certificate for the full duration of a given month, you may qualify for quarterly Network Charging Compensation (NCC) payments. These payments help offset electricity network costs for eligible Energy Intensive Industries, providing additional financial support alongside existing exemption schemes. NCC payments are now being issued on a quarterly basis to qualifying businesses.





How do I apply for the NCC?

The scheme is administered by Elexon. Unlike other support schemes, payments are not made automatically - eligible businesses must submit a claim for each quarter.

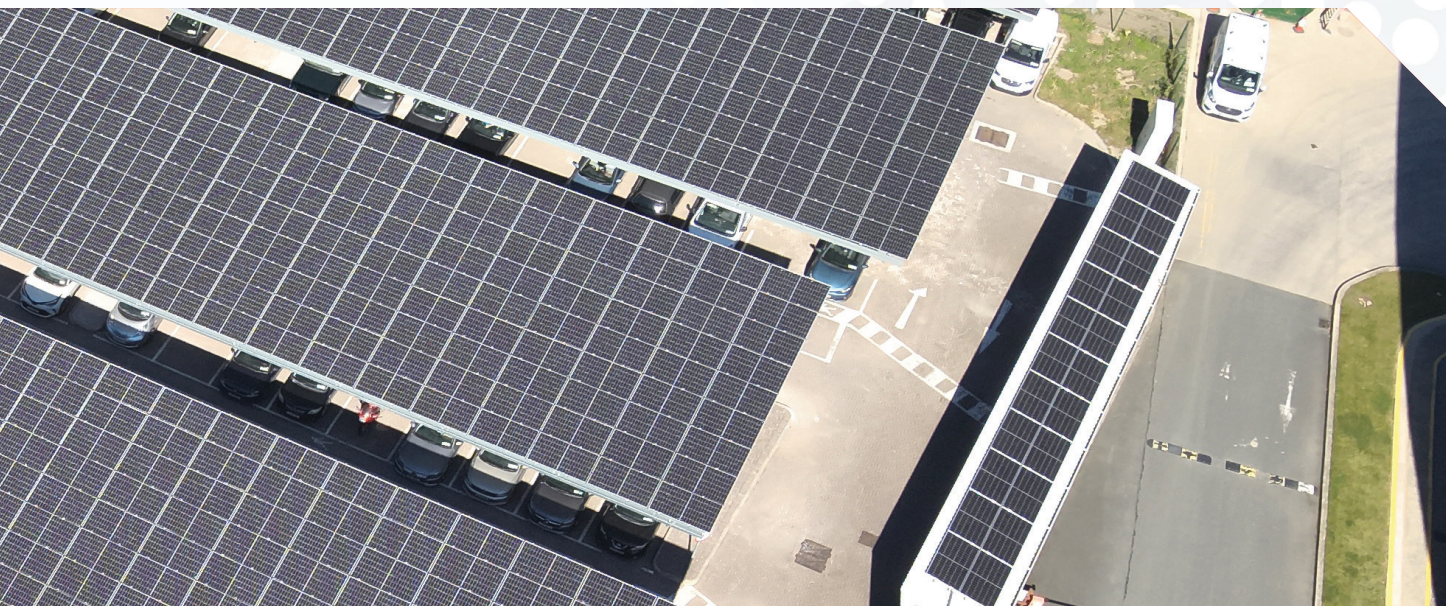
The Application Process

- 1. Register** Register via the Elexon NCC Portal
- 2. Submit** Submit a quarterly online application for payment within the designated window
- 3. Receive** Receive monthly payments based on your approved claim

Elexon has also published a payment schedule to help businesses understand when to expect their monthly payment, once a claim has been submitted and approved.

To claim your NCC support payment, your application must be submitted during the following windows:

- 31st December – 31st January
(for charges incurred in October, November, December)
- 31st March – 30th April
(for January, February, March)
- 30th June – 31st July
(for April, May, June)
- 30th September – 31st October
(for July, August, September)



Climate Change Agreements (CCAs).

A Climate Change Agreement (CCA) is a voluntary agreement between your business and the Environment Agency, whereby if you commit to and achieve agreed energy or emissions reduction targets, you get a significant discount on the Climate Change Levy (CCL), a tax normally added to your energy bills. These discounts can be substantial, with up to 90% off the CCL for electricity, and 65% off for other fuels.

Who benefits from CCAs?

CCAs are available to a wide range of sectors, including EISs such as:

- Steel and metal manufacturing
- Glass production
- Data centres
- Textiles and industrial processing

To qualify, your business must carry out eligible activities listed in Appendix A of the official operations manual. If you're unsure whether your operation is covered, our team can help assess your eligibility.

How do CCAs work?

There are two levels of agreement:

- **Umbrella Agreements** - managed by a sector association (e.g. the Metal Packaging Manufacturers' Association), setting the overarching targets and metrics for a specific industry.
- **Underlying Agreements** - held at site level by individual operators, committing a facility to specific energy reduction targets based on the umbrella agreement for its sector.

This structure ensures that national targets are supported by action at the site level, where real energy savings happen.

What's new in the CCA Scheme?

The current scheme (extended to March 2027) is being replaced by a new, separate CCA scheme set to run for six years, with CCL relief extended until March 2033.

Key changes include:

- Businesses will need to reapply for the new CCA and will not be automatically transferred. Even if you were previously part of the scheme, you must meet the updated eligibility criteria.
- Targets will now be set against 2022 as the reference year.
- The new scheme removes the option to group multiple sites under a single target ('bubbling'). Instead, each site will report.
- An Energy Management System (EMS) is no longer required, but still recommended as best practice. Its own performance individually.

How to Apply for the New CCA Scheme.

The main application window for new CCAs will run from 1st May to 31st August 2025.

After that, new entrants can join between 1st January and 31st August each year throughout the scheme.

New sectors may also become eligible, but these will not be allowed to join the scheme until 1st January 2027.



UK Emissions Trading Scheme.

The UK Emissions Trading Scheme (UK ETS) plays an important role in driving down carbon emissions from industry and power generation, but for energy-intensive businesses, it can also mean higher electricity costs. That's because carbon pricing forces electricity generators to buy allowances for the emissions they produce. These costs are then passed down the chain to consumers, and the more electricity you use, the more of that cost you absorb.

Carbon Leakage and Competitiveness.

For UK-based manufacturers competing internationally, this creates a real risk of carbon leakage, where production shifts to countries with lower or no carbon pricing. The UK ETS helps address this by providing financial support to eligible EITs, supporting

UK industry to stay competitive globally while continuing to invest in low-carbon innovation and a more resilient, future-ready manufacturing base.



**Government
Guidance.**



Am I eligible for the UK ETS Compensation?



The Importance of Energy Intensive Industries.

The scheme is available to businesses in certain energy-intensive manufacturing sectors, as defined by their Standard Industrial Classification (SIC) codes. These are listed in the official government guidance and are updated periodically.

To be eligible, your organisation must:

- Manufacture an eligible product (resellers or distributors do not qualify)
- Operates in England, Scotland or Wales (the scheme does not operate in northern Ireland)

In addition, businesses must also pass the '5% test' to qualify. This means demonstrating that the indirect carbon costs passed on through electricity bills represent more than 5% of your Gross Value Added (GVA).

Key Points

Calculations are typically based on the last five years of accounting data (less if your business is newer).

You must use a recognised method for calculating both GVA and carbon-related costs, as outlined in the official guidance.

Mixed Activities? You may still be eligible.

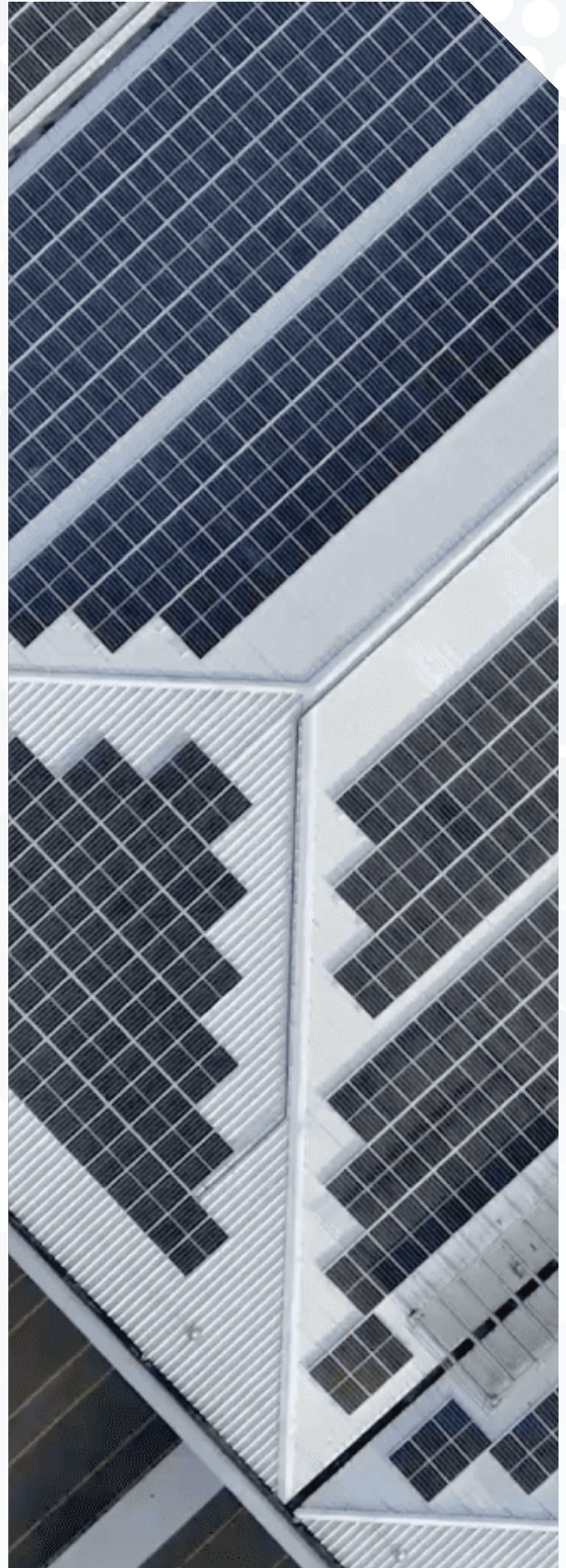
If your business manufactures both eligible and non-eligible products, you may still qualify for UK ETS compensation – but only for the proportion of electricity used in the production of eligible products.

To support your application, you'll need to demonstrate how energy is allocated across your operations. Where possible, this should be backed by metered data or other clear evidence showing the electricity consumption associated with eligible production processes.

Accurate energy mapping and supporting documentation can help maximise your claim and reduce delays during assessment.

Important Note

Eligibility under the UK ETS Compensation Scheme depends on meeting specific sector, electricity usage, and evidential requirements. Businesses with mixed activities should ensure energy consumption relating to eligible production can be clearly identified and supported before submitting a claim.



Industrial Energy Transformation and Decarbonisation Funding.

Industrial decarbonisation support in the UK is delivered through a range of Department for Energy Security and Net Zero (DESNZ) funding programmes, including industrial cluster decarbonisation funding, hydrogen production support schemes, and electrification and energy efficiency grant competitions. These programmes help high-energy-use businesses reduce energy consumption, improve efficiency, and invest in low-carbon technologies.



Do I Qualify for Industrial Decarbonisation Funding?

Industrial decarbonisation funding streams are available to eligible industrial businesses across England, Wales, Scotland and Northern Ireland, depending on the specific programme.

Eligibility typically applies to projects focused on:

- **reducing industrial energy consumption**
- **improving energy efficiency**
- **deploying low-carbon or fuel-switching technologies**
- **supporting deep decarbonisation of industrial processes**

How Funding is Accessed.

Industrial decarbonisation funding is delivered through competitive DESNZ-led programmes, including cluster-based initiatives and technology-specific funding rounds such as electrification and low-carbon process support. Application windows vary depending on the scheme and are announced through official government and sector channels.

Energy Bill Supports for ETIIs.

The UK government's Energy Bill Relief Scheme (EBRS), which provided broad-based support during the energy price crisis, ended in March 2023. It was replaced by the Energy Bills Discount Scheme (EBDS), which remains in place but provides more limited and targeted support for Energy and Trade Intensive Industries (ETIIs).

For organisations operating in eligible energy and trade-intensive sectors, enhanced support may be available where strict eligibility criteria are met. Eligibility is not automatic and must be demonstrated through the relevant application and verification process.

To qualify, organisations must typically be based in the UK and meet sector-based eligibility requirements defined through SIC codes and energy/trade intensity criteria. Assessment is based on government-defined thresholds and supporting evidence of activity within eligible sectors.



What support is available?

Under EBDS, eligible ETIIs may receive a limited discount on energy costs where wholesale prices exceed defined reference levels, subject to government caps and eligibility rules.

Unlike earlier crisis support schemes, EBDS does not operate as a fixed per-unit rebate. Instead, support is conditional, scheme-limited, and applies only where specific eligibility criteria and price conditions are met.

Important Note

Support under EBDS is not automatically applied and must be claimed where eligibility is established. Only a proportion of energy usage may qualify depending on the specific scheme rules, with the remainder charged at standard market rates.

Eligibility criteria and support levels are significantly more restricted than under previous emergency energy support schemes.



Support for Non-Standard Customers (NSCs).

Support for Non-Standard Customers (NSCs) applies to organisations receiving energy through non-standard supply arrangements, such as private wires, intermediary suppliers, or license-exempt electricity or gas systems. NSCs may include some public sector bodies and industrial users that are not on conventional retail energy contracts. The NSC framework exists to ensure eligible organisations can be considered within relevant government energy support schemes where applicable.

Scheme Coverage and Eligibility Periods

The Energy Bills Discount Scheme (EBDS), provides support for Energy and Trade Intensive Industries (ETIIs) and is not broadly retrospective. Claims are only valid within defined scheme periods. NSC arrangements may apply where relevant to determine how support is allocated within those periods.

Application Support

Eligibility for support under NSC arrangements is scheme-specific and must be demonstrated through the relevant application and verification process.

Organisations should review official government guidance to confirm eligibility under current energy support schemes before submitting any claims or assumptions of entitlement.

Your business needs to find ways of

- ✓ Reducing energy consumption
- ✓ Improving energy efficiency
- ✓ Taking steps to offset emissions

As experts in the design, installation and maintenance of extensive solar-powered systems, we use the sun's energy to power your present and preserve your future.

To see how we can empower your business to reduce your carbon footprint, increase your efficiencies and achieve net-zero targets, just get in touch with one of our experts.



Trusted by the largest companies.



Client Funding Options.

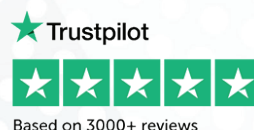
Power Purchase Agreement (PPA).

- Zero upfront costs
- Lock in reduced energy rates from 10-25 years
- Activ8 manage all maintenance of system
- Full ownership of asset on agreement end

CapEx Outright purchase.

- Direct capital investment
- Immediate control over system
- Long-term energy savings
- Maximise return on investment

Leading by Example.



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