Country profile –United Kingdom

Country: UK													
Support schemes	Electricity and heat production			Consumption				Transport		Supply and others			
	RES	Fossil	Nuclear	RES	Fossil	Electricity	Heat	Biofuels	Fossil	RES	Fossil	El.\heat
1. Direct subsidies													
Direct on-budget subsidies	5, 4												
Feed-in tariffs	1												
Feed-in premiums													
Adjustment Aids													
Inherited liabilities		8											
Induced transfers			18										
Others													
2. Fiscal measures													
Energy Tax Allowance		14											
Energy Tax Exemptions		13, 12, 11, 10, 9		3	17, 7	7							
Other Tax Deductions		16, 15											
Earmarked refunds of taxes													
3. Transfer of risk to government													
Adjustment Aids													
Inherited liabilities			19										
Others													
4. Other financial measures													
Adjustment Aids													
Other Tax Deductions													
Others													
5. Non-fiscal measures													
Quota obligations								6		2			
Priority Grid Access													
Others													

No	Datasource	Description
1	RES-LEGAL	Feed-in tariff - The feed-in tariff scheme in Great Britain came into effect in April 2010 and aims to support small-scale RES-E plants (less than 5 MW, however plants between 50 kW and 5 MW located in Great Britain are entitled to choose between this system and the quota system “Renewables Obligation” – art. 17B, 17D ROO 2009 in conjunction with art. 3 FTO 2012). Plants using eligible sources (solar PV, wind, hydro and AD) must undergo an accreditation process, which may differ according to plant size and energy source. Once this process is completed, and a plant has been accredited, the electricity exported to the grid by the plant is bought by a FiT licensee, i.e. an electricity supplier, at the rates fixed by the FTO 2012, as a minimum, and corrected yearly by the Gas and Electricity Markets Authority. In addition, the FIT licensee is obligated to pay a generation tariff to the FIT generator for each kWh of electricity generated by his eligible installation for a period of 20 years.The FTO 2012 applies only to Great Britain, i.e. England, Wales and Scotland. The Order does not apply to Northern Ireland.
2	RES-LEGAL	Under the Renewables Obligation Orders, electricity suppliers are obliged to prove that a certain percentage of electricity supplied to final consumers within the United Kingdom was generated from renewable sources (art. 5 ROO 2009). To this end, they shall present Renewables Obligation Certificates (ROCs, SROCs in Scotland, NIROCs in Northern Ireland) to the regulatory authority

		Ofgem (in charge of England, Scotland and Wales and receiving NIROCs on behalf of NIAUR, the regulatory authority of Northern Ireland). Hereinafter all information will refer to ROO 2009, as the wording and content of the rules and regulations of ROO SCO and ROO NI are broadly the same. Important differences in the ROO SCO for Scotland and the ROO NI for Northern Ireland will be pointed out explicitly. This framework supports systems or plants above 5 MW. Plants between 50 kW and 5 MW located in Great Britain (England, Wales and Scotland) are entitled to choose between the ROC scheme and the FIT (art. 17B, 17D ROO 2009 in conjunction with art. 3 FTO 2012). Accredited generators receive ROCs from Ofgem in relation to the renewable electricity that they generate and sell these ROCs to suppliers to help them meet their annual obligation.
3	RES-LEGAL	Tax regulation mechanism (Climate Change Levy) - The Climate Change Levy (CCL) is a climate protection tax, which is levied on the consumption of electricity from non-renewable sources by commercial and industrial final consumers and the public sector (section 30 in connection with schedule VI, §§ 3, 5 FA 2000). Electricity from non-renewable sources shall mean electricity generated from traditional sources, gas, LPG (liquefied petroleum gas) and coal (for the definition of "renewable source" please see art. 32 EA 1989). The CCL aims at reducing greenhouse gases and promoting energy-efficiency in final consumers. The Climate Change Levy is collected from the electricity suppliers, who pass it on to their consumers through the electricity price. Electricity from renewable sources is exempt from this tax (schedule VI, § 19 FA 2000 in connection with part IV of the CCL GenReg 2001).
4	RES-LEGAL	Price-based mechanisms (Renewable Heat Incentive) - The Renewable Heat Incentive (RHI) is a scheme targeted at supporting RES-H installations with a tariff basis per kilowatt hour of heat generated. The RHI was first introduced for non-domestic applicants (commercial, industrial, public sector, not for profit and systems heating multiple domestic dwellings) in November 2011 and recently expanded to include domestic applicants in April 2014.The scheme applies in Great Britain. The Northern Ireland Renewable Heat Incentive (NIRHI) was launched on 1 November 2012.
5	RES-LEGAL	Subsidy (Renewable Heat Premium Payment) - The Renewable Heat Premium Payment (RHPP) provides once-only financial support to households in the United Kingdom, for purchasing RES H installations. As confirmed by DECC, this scheme has been established under the Energy Saving Trust, as indicated in Sec 153.1.y EPA 1990. It is intended to run until 31 March 2013. The measure has been closed.
6	RES-LEGAL	Biofuel quota (Renewable Transport Fuel Obligations) - A quota system for biofuels is in place in the United Kingdom since 2007. Fuel suppliers for transport are obliged to satisfy a specified quota amount of biofuels in the total supplied fuel. There is a certificate system for providing proof of compliance.
7	OECDTADFFSS	Reduced Rate of VAT for Fuel and Power. The domestic consumption of both heating fuel and power in the United Kingdom is subject to a much lower rate of VAT than that applied

		to regular products (20% as of January 2011). Domestic fuel and power were initially zero-rated when VAT was first introduced in 1973 but subsequently became liable to an 8% rate with the VAT Act of 1994. The latter rate was eventually lowered to 5% (the EU minimum) in 1997.
8	OECDTADFFSS	Inherited Liabilities Related to Coal Mining. The Coal Authority was established by the Coal Industry Act of 1994 to address those inherited liabilities for which no licensed coal-mine operator can be held responsible.
9	OECDTADFFSS	Petroleum Revenue Tax Oil Allowance. The Oil Allowance was introduced in 1975 to encourage the development of small and marginal fields. It is a relief against Petroleum Revenue Tax applicable to profits after all losses and expenditures have been relieved. The value of the allowance itself is determined using a statutory formula that depends in part on the date at which the field was developed and its location. The Oil Allowance is normally available for a period of ten years but relief can be claimed for a much longer period if there are sufficient profits to absorb all of the available deductions.
10	OECDTADFFSS	Petroleum Revenue Tax Safeguard. The Petroleum Revenue Tax Safeguard is a provision contained in the Oil Taxation Act of 1975. Safeguard, like the Oil Allowance, forms part of a package of measures designed to reduce the incidence of Petroleum Revenue Tax on small, marginal fields. The Petroleum Revenue Tax Safeguard is a relief against the amount of tax payable, and so applies only if there remains a tax liability once all expenditure and other reliefs have been taken into account.
11	OECDTADFFSS	Petroleum Revenue Tax Tariff Receipts Allowance. This provision was introduced in 1983 and excludes some tariff receipts from taxable profits under the Petroleum Revenue Tax regime. Tariffs are here understood as payments to a company for the use of its assets by other oil and gas companies.
12	OECDTADFFSS	Petroleum Revenue Tax Uplift for Certain Capital Expenditures. This relief is available only while the field in question is in its initial phase and has yet to recover its start-up costs. Since Petroleum Revenue Tax only applies to fields that were given development consent prior to 16 March 1993, availability of the uplift is restricted to a limited number of cases.
13	OECDTADFFSS	PRT Exemption for Sales to British Gas. Proceeds from the sale of natural gas to what was formerly the British Gas Corporation are exempt from PRT if contracts were signed prior to 30 June 1975. This provision still applies to those contracts that have not been subject to any kind of “fundamental alteration” since then. The associated revenue losses are, however, expected to become negligible over time.
14	OECDTADFFSS	Field allowance. This new allowance was first introduced in 2009 and later extended to encourage the development of small or technically challenging fields. Before 2012, qualifying fields had to be small in size, feature ultra high pressure or temperature, possess ultra heavy oil reserves, or be remote deep water gas fields. In 2012, it was then announced that new field allowances would also be extended to very deep fields with sizeable reserves, and large shallow water gas fields. No estimates available.

15	OECDTADFFSS	Mineral Extraction Allowance. The Mineral Extraction Allowance (MEA) was introduced in 1986 to provide mining companies (including coal, oil, and natural gas producers) with faster rates of depreciation for qualifying capitalised expenditures. No estimates available.
16	OECDTADFFSS	Abandonment Costs. This provision allows capital expenditures connected to the abandonment of fields and mines to be deducted in full in the year in which they are incurred.
17	OECDTADFFSS	Reduced Rate of Excise for Red Diesel. The use of “red diesel” (i.e. dyed diesel) and other such petroleum products in the United Kingdom is subject to a reduced rate of excise duty. Eligible uses include off-road vehicles such as those used for agriculture, road construction or clearing snow.
18	Steve Thomas-The economics of nuclear and Wprld nuclear report2013 Schneider&Froggatt	This is a Contract for Difference (CfD) which provides the developer with increased price certainty for the electricity generated by the plant.. If the Strike Price is above the reference price, the generator would receive the difference between the two. However, if the reference price is above the Strike Price, the generator pays back the difference to the counterparty. The European Commission has approved the State Aid case for Hinkley Point C which included the proposed CfD for the project. The Government and EDF are continuing to work together to finalise the Hinkley project including the full terms of the CfD.
19	Steve Thomas-The economics of nuclear and Wprld nuclear report2013 Schneider&Froggatt	The collapse of British energy means that a significant portion of their decommissioning costs will be transferred to the tax payers. The liability for nuclear decommissioning was estimated to be in excess of 58bn GBP. The Nuclear decommissioning authority NDA is relying partly on governmental grants and partly on income from facilities currently in operation (World Nuclear Report 2013 http://www.worldnuclearreport.org/IMG/pdf/20130716msc-worldnuclearreport2013-hr-v4.pdf)