

Response to HM Treasury's Review of the Aggregates Levy: discussion paper

4 July 2019

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. Around 7,000 people are directly employed in the energy sector in Wales, with many more jobs supported indirectly. The energy industry invests £12bn annually, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HM Treasury.

We welcome the opportunity to respond to HM Treasury's discussion paper on the review of the Aggregates Levy. Our comments are set out below.

Comments on the discussion paper

Energy UK wishes to express support for the maintenance of the Levy in its current form and believes that the Levy plays an important role in encouraging the use of less environmentally damaging sources of aggregate.

One source of secondary aggregates which has played a role in replacing fresh aggregates is combustion by-products from the electricity generating industry.

Furnace Bottom Ash (FBA) and Pulverised Fuel Ash (PFA) are produced as a result of electricity generation from solid fuels and for many years have been used for environmentally and economically beneficial purposes as secondary raw materials in the building and road construction industries. For example:

- as secondary aggregate materials
- as raw kiln feed material in cement production
- as a direct cement replacement in concrete

- in the production of lightweight aggregates/blocks
- as engineered fill material.

The use of these materials not only preserves resources, but also reduces the environmental impacts associated with the extraction of fresh aggregates. As such, they should remain exempt from the Aggregates Levy.

As an indicator of the scale of use of these secondary raw materials, in 2017 approximately 1.3 million tonnes of FBA and PFA were produced as a by-product of electricity generation in England. Of this production, approximately 0.9 million tonnes was sent directly from power stations for utilisation in construction products.

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