

POLICY NOTE

THE NON-DOMESTIC RATES (RENEWABLE ENERGY GENERATION RELIEF) (SCOTLAND) AMENDMENT REGULATIONS 2016

SSI 2016/121

The above instrument is made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994. The instrument is subject to the negative resolution procedure.

Purpose

Community involvement

The purpose of the Regulations is to provide non-domestic rates relief to renewable energy developments as set out in the table below with community involvement to incentivise and encourage the development of the community renewables energy sector.

The Regulations set out the percentage of relief available to non-domestic properties banded by rateable value, which are solely concerned with the production of renewable energy and where a community organisation has entitlement to a sum equivalent to—

- (a) at least 15% of the annual profit of the project; or
- (b) so much of the annual profit of the project as is attributable to 1 megawatt of the total installed capacity of the project (or more).

RV up to £145,000	100% relief
RV £145,001 to £430,000	50% relief
RV £430,001 to £860,000	25% relief
RV £860,001 to £4 million	10% relief
RV more than £4 million	2.5% relief

New build property

A new build renewable property, built between 1 April 2016 and 31 March 2017, may receive 10% relief if rateable value is no more than £500,000 and 1.5 % if above that figure.

Community renewables developments are offered a higher percentage of relief than new renewables to incentivise schemes benefitting communities.

There is independent evidence to suggest that community energy schemes have higher initial costs and take longer to develop than an equivalent commercial scheme. By providing relief, to support wholly-owned community schemes and shared ownership schemes in which ownership is shared between commercial developers and community groups this will help to support our policy ambitions for the community energy sector and our policy priority on shared ownership as set out in our Community Energy Policy Statement.

A renewable generation property may qualify for either community or new build relief. Both cannot apply together.

Policy Objective

Renewable energy is one of Scotland's most important industries, creating jobs and investment opportunities while delivering secure, low carbon and cost-effective energy. The Scottish Government is committed to reducing carbon emissions, and the development and promotion of renewable energy generation is one of a number of measures aimed at tackling this issue.

Decreasing the non-domestic rates payable on these properties should increase the attractiveness of renewables technologies as a means of energy generation. This should, in turn, promote greater energy generation in the sector and a reduction in carbon emissions.

Consultation

There is no statutory obligation to consult on these Regulations.

Business and Regulatory Impact Assessment

There is no statutory requirement to produce a BRIA.

Financial Effect

The decrease in the amount of non-domestic rates payable by businesses on renewable energy plant and machinery is in line with the policy objective as outlined above.

Local Government Division
February 2016