

## POLICY NOTE

### THE NON-DOMESTIC RATES (DISTRICT HEATING RELIEF AND RENEWABLE ENERGY GENERATION RELIEF) (SCOTLAND) AMENDMENT REGULATIONS 2021

#### SSI 2021/64

The above instrument is made in exercise of the powers conferred by section 153(1) of the Local Government etc. (Scotland) Act 1994 and all other enabling powers. The instrument is subject to the negative procedure and comes into force on 1 April 2021.

This instrument amends the Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Regulations 2010 and the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017. The instrument time-limits the current 60% non-domestic rates reduction for lands and heritages used to generate renewable energy from water and the 50% rates reduction for lands and heritages used as District Heating schemes, until the end of the 2031-32 financial year.

The instrument also provides a 90% rates reduction for lands and heritages used for district heating networks, introduced on or after 1 April 2021 that are powered by renewables, until the end of the 2023-24 financial year.

**Policy objective** This instrument time limits the current 50% District Heating relief and 60% Hydro relief, until the end of the 2031-32 financial year, as per commitments made in the Scottish Budget 2020-21 and 2021-22 respectively.

The instrument also creates a 90% relief for District Heating networks powered wholly or mainly by renewable generation, for District Heating networks entered on the valuation roll on or after 1 April 2021. This relief will be available until 31 March 2024. The instrument also defines “renewable generation” for this purpose.

#### **Background**

On 1 April 2017, a 50% District Heating Relief was introduced through The Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017. On 1 April 2018, 60% relief was introduced for small hydro generators through The Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Amendment Regulations 2018, amending The Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Regulations 2010.

The Scottish Government has a commitment to supporting renewable energy. The relief for District Heating networks that is created by this instrument aims to support development of non-domestic properties that produce renewable energy.

The objective of time-limiting the 60% Hydro relief and the 50% District Heating relief to 31 March 2032 is to provide investor certainty by demonstrating the Government's commitment to these reliefs. In relation to Hydro relief, this also responds to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery.

The expansion of the District Heating relief to provide 90% relief, until 31 March 2024, to new schemes introduced on or after 1 April 2021 that are powered by renewables, forms part of the Heat in Building Strategy.

### **Consultation**

There is no statutory requirement to formally consult on these Regulations.

### **Impact Assessments**

No Business and Regulatory Impact Assessment has been carried out.

### **Financial Implications**

The decrease in the amount of non-domestic rates payable is in line with the policy objective as outlined above.

Scottish Government

*Local Government and Communities Directorate*

*February 2021*