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Welsh Government
Consultation – Summary of Responses

Non-Domestic Rates

Renewable Energy Rates Support – Summary of Responses

16 October 2023

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Overview

This document provides a summary of the responses to the consultation on Renewable Energy Rates Support in Wales.

Action required

This document is for information only.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

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Additional copies

This summary of responses and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation:
<https://www.gov.wales/renewable-energy-rates-support>

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Introduction

1. The Welsh Government is pursuing a range of reforms to the non-domestic rates (NDR) system in Wales, during the current Senedd term. Our Programme for Government sets out the ambition for a fairer, greener and stronger Wales. These principles form the basis for any potential changes to the NDR system. We have developed proposals to help incentivise investment in renewable energy and, in turn, play a part in supporting our decarbonisation and net-zero goals.
2. This consultation sought views on the Welsh Government's proposals to exempt eligible renewable plant and machinery from inclusion in NDR valuations and provide relief for low-carbon heat networks, from 1 April 2024. It applied to Wales only, but similar proposals have been developed by the UK Government in relation to England.
3. Engagement was sought from a broad range of stakeholders including local government, representative bodies for sectors of the tax-base, professional rating or taxation representatives, and individual ratepayers.

Proposals

4. The Valuation for Rating (Plant and Machinery) (Wales) Regulations 2000 specify the plant and machinery which is to be assumed to be part of a property valued for NDR purposes, and provides for certain exceptions. "Class 1" plant and machinery is that which is used mainly or exclusively in connection with the generation, storage, primary transformation or main transmission of power at the property. The Welsh Government proposes to exempt from Class 1 eligible plant and machinery for onsite renewables and electric vehicle charging point (EVCP) storage, transformation and transmission of power.
5. The Welsh Government also proposes to provide relief for low-carbon heat networks. The definition of an eligible heat network, for the purposes of providing relief, will be prescribed in regulations. Eligible hereditaments will be wholly or mainly used as a heat network supplying thermal energy from a low-carbon source. For the purposes of the relief, a heat network is a facility which supplies thermal energy from a central source to consumers, through a network of pipes, for the purposes of space heating, space cooling or domestic hot water. Networks wholly or mainly providing heat for a different purpose (such as an industrial process) will not be eligible.

Engagement

6. Views were invited as part of a 12-week consultation which ran from 23 May 2023 to 15 August 2023. The consultation was published on the consultation pages of the Welsh Government's website. Respondents were able to submit their views and comments on paper, by email or online, and in Welsh or English.

Summary of responses

7. In total, the consultation received 33 responses. Responses were received from a range of stakeholders. There were 11 responses from individual businesses, eight from members of the public who may also be ratepayers, eight from representative bodies for sectors of the tax-base, four from professional rating or taxation representatives and two from local government.
8. The following summary concentrates on the questions asked throughout the consultation. Views were generally supportive of the Welsh Government's proposals in most cases, with some exceptions. This document is intended to be a summary of the responses received. It does not aim to capture every point raised by respondents, but to highlight the key themes.
9. Some respondents did not answer every question. All percentages are based on views provided in relation to the relevant question, rather than the total number of respondents to the overall consultation.
10. A full list of respondents is available at **Annex A**.

Q1. Do you agree with the proposed exception of renewables and EVCP plant and machinery from NDR valuations?

11. Out of 33 responses received, 70% were in favour of the proposal set out in the consultation, whereas 30% were against. 26 responses provided specific views in response to the question.
12. Approximately three-quarters of comments focused on the need for proposals to include more exceptions, with this view put forward by both those in favour and those against proposals. The most common suggestion, in half of comments, was that hydrogen technology should also be included as an exception.
13. Among those specifically in favour of the proposed exceptions, there were wider comments suggesting additional financial support to act as an incentive alongside the proposed exceptions. Comments also suggested a longer time frame for exceptions or, in some cases, permanence.

Q2. Do you agree that the proposed heat network relief would help to support growth in the low-carbon sector?

14. Out of 27 responses received, 89% agreed with the proposals set out in the consultation, whereas 11% were against. 14 respondents provided further comments.
15. Comments were broadly in agreement that heat network relief would help support growth in the sector. Wider views included calls for the inclusion of heat for different purposes, particularly industrial processes, in the eligibility criteria for the relief.

Q3. Do you think that the proposed definitions would ensure the heat network relief is targeted correctly?

16. Out of 18 responses received, 78% agreed that the proposed definitions would ensure that heat network relief is targeted correctly, whereas 22% did not.
17. Among those who generally agreed, 10 respondents made further comments. Several of the comments included suggested clarifications in relation to the proposed scope. A small number made comments on administration of the relief, including guidance and monitoring.
18. Those who did not agree were of the view that the scope of the proposals should be widened to include other forms of heat and networks that form part of a larger hereditament, rather than being standalone.

Q4. Do you have any other comments on the policy proposals or their practical application?

19. Out of 20 responses received, around half were of the view that hydrogen technologies should be included in the plant and machinery exceptions. Other comments focused on removing other related business costs or providing more financial support to support businesses, such as through grant schemes. Some respondents were of the view that proposals should cover a longer timeframe, including suggestions for the relief to be permanent.
20. One response did not directly address the questions set out in the consultation. The view put forward was that these proposals would help support goals for Wales to reach net-zero by 2050.

Q5A. The Welsh Government would like your views on the possible effects that the proposals could have on the Welsh language, specifically on:

- i. **opportunities for people to use Welsh; and**
- ii. **on treating the Welsh language no less favourably than English.**

21. Six respondents provided comments for this question. Of these, four thought that the proposals set out in this consultation would have no effect on the Welsh language. Two highlighted the importance of ensuring EVCP terminals could be used through the medium of Welsh.

Q5B. Please also explain how you think the policy could be developed so as to have:

- i. **positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and**
- ii. **no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

22. Six respondents provided an answer to this question. No specific suggestions on how to improve the policy were made. Comments were provided on the importance of wider policy interventions.

Next steps

23. Following the consultation, the Welsh Government intends to move forward with the development of the proposals.

24. Several respondents made comments related to the importance of hydrogen within the future energy mix for Wales. These proposals target support based on the **source** that energy types relevant to the individual interventions are generated from. Where the energy is generated from renewable sources, it is intended to be in scope for the proposals. Energy generated from non-renewable sources is beyond the scope of these proposals.

25. The Welsh Government will bring forward the secondary legislation required to implement the proposals in due course, to take effect from 1 April 2024.

Annex A: List of respondents

Responses were received from the following:

Association of Convenience Stores
Builders Merchants Federation
EDF Energy
Electric Vehicle Association
The Federation of Small Businesses
Gerald Eve
GL Hearn
Heat Pump Association
Hynamics
Menter Mon
National Farmers Union Cymru
Nordic Energy
Protium
Rating Surveyors Association
Scottish Power
Solar Energy UK
The Institute of Revenues, Rating and Valuation
UK Hospitality Cymru
Ynni Glan

Eight responses were received from individual members of the public who may be ratepayers.

Six further respondents wished to remain anonymous. Where it has been unclear on the respondent's preference, the response has remained anonymous.