

# **PE1885/P: Make offering Community Shared Ownership mandatory for all windfarm development planning proposals**

## **Minister for Climate Action submission, 19 July 2024**

Thank you for your letter of 4 July 2024 advising of your meeting on 26 June 2024 to consider the above petition and detailing the request for the Scottish Government to provide updates on the following points:

- a) The possibility of utilising tax powers to mandate Community Shared Ownership (CSO) in renewable energy developments.
- b) Policy proposals for inclusion in the final Energy Strategy, particularly those which concern CSO.
- c) If the Scottish Government will collaborate with the next UK Government to identify options for mandating CSO for new windfarms.

The Scottish Government remains committed to growing shared ownership opportunities. As set out in our draft Energy Strategy and Just Transition Plan, the Onshore Wind Sector Deal, and our Good Practice Principles, we encourage developers to offer shared ownership opportunities as standard on all renewable energy projects, including repowering and extensions to existing projects.

### **Taxation**

As detailed in Ms Martin's response of 6 April 2023, the Scottish Government welcomes discussions on the role tax can play as a lever to support our policies and we would be keen to explore the possibilities further. The devolution settlement limits the tax powers the Scottish Government has at its disposal, with levers such as Corporation Tax reserved to the UK Government. Any changes to devolved tax powers must be considered in line with the Framework for Tax and the principles of the Scottish Approach to Taxation, which includes consideration of the impacts on public expenditure, taxpayers and stakeholders.

The Scottish Government continues to explore all avenues to enhance the provision of community benefits and shared ownership. An example of where devolved tax powers have been used is [Renewable Energy Generation Relief](#), which is a generous non-domestic rates relief package for renewable energy producers. This offers up to 100% non-domestic rates relief for renewable generators that offer community benefit by way of an arrangement which gives at least 15% of the annual profit to a community organisation, in return for investment (or, failing that, so much of the annual profit as is attributable to 0.5 megawatt of the total installed capacity).

The Scottish Government is committed to reviewing non-domestic rates policies on a regular basis to ensure that the rates system effectively supports businesses and communities, and the consultative sub-group on non-domestic rates established under the New Deal for Business recently agreed to consider how non-domestic rates reliefs support net zero.

## **Energy Strategy and Just Transition and wider support for Shared Ownership**

The Scottish Government's forthcoming Energy Strategy and Just Transition Plan will set out our vision for a future energy system that delivers affordable, secure and clean energy and provides high quality jobs and economic opportunities. It will make clear how we will support a managed transition from fossil fuels in line with our climate change goals, alongside policies in areas such as skills, investment, community energy, and supply chains to help ensure that this is a just transition. This will include actions to help maximise community benefits from onshore renewables and shared ownership opportunities.

As part of the Onshore Wind Sector Deal, we have set out how we will collaborate with the sector and other relevant stakeholders to explore the development of a potential model for communities to own a share of renewable energy projects in their area, and to make it easier to finance them. The Sector Deal also includes a commitment by the sector to engage with communities at the earliest opportunity in project development.

The Scottish Government's Community and Renewable Energy Scheme (CARES) supports communities to explore shared ownership opportunities and enable them to work with developers. This includes providing impartial support and advice, and helping communities to access funding and contractors for project management, financial matters and legal matters in relation to shared ownership projects.

## **Collaboration with the UK Government**

The Scottish Government recognises the importance of providing support to communities and developers to ensure shared ownership opportunities are viable. We will continue to engage with the UK Government on a range of areas which support communities to benefit from the energy transition, including shared ownership and consideration of mandating community benefits.

I hope the Committee finds this response helpful.

**Alasdair Allan MSP**