

Minister for Energy submission of 6 April 2023

PE1885/K: Make offering Community Shared Ownership mandatory for all windfarm development planning proposals

Thank you for your letter of 21 March 2023 concerning the above petition.

You ask if the Scottish Government could pursue mandating Community Shared Ownership through its existing tax powers, and to consider how it can work with the finance sector to secure a means of funding for Community Shared Ownership.

As you point out, shared ownership of onshore and offshore renewable energy developments is currently voluntary. Electricity regulation, generation, transmission and distribution is reserved to the UK Government; this means that any legislation relating to how consents for electricity generation stations are granted will relate to a reserved matter, putting it beyond the legislative competence of the Scottish Parliament. The Scottish Government cannot therefore legislate to require the provision of shared ownership from renewable energy developments.

Scottish Ministers continue to press the UK Government for greater support to communities and energy consumers, including seeking additional powers for energy consenting. As set out in the draft Energy Strategy and Just Transition Plan, we are committed to engaging with the UK Government to consider mechanisms for increasing offers of shared ownership in relation to renewable energy developments. These could potentially include powers to make such benefits and offers of shared ownership mandatory, subject to full consultation.

Within current devolved powers, we continue to explore different avenues to enhance the provision of community benefits and shared ownership. This includes targeted incentives such as providing Non-Domestic Rates relief to renewable energy generators who provide community benefit and shared ownership.

We would therefore welcome discussion on the role of tax as a lever to support wider Scottish Government policy objectives.

Any tax changes must be considered alongside the impacts on public expenditure, taxpayers and stakeholders in a careful and measured manner, following the Framework for Tax and the principles of the Scottish Approach to Taxation. In considering options for a potential tax relief, supplement, or new tax, we must also work to ensure certainty for taxpayers, while addressing issues of unfair or unintended consequences. However, we would be interested to explore the possibilities in this area in more detail.

In response to your interest in how the Scottish Government will support funding routes to enable communities to pursue shared ownership, we are working with the Scottish National Investment Bank and Local Energy Scotland to assess the pipeline of shared ownership opportunities – alongside other appropriate community energy projects – and the alternative ways in which those opportunities could be financed.

As part of this work, Local Energy Scotland is exploring developer and funder appetite for shared ownership models and ways in which barriers can be overcome, the results of which the Scottish Government and SNIB expect to see in the coming weeks.

The Committee may also be interested to note that we have commenced a review of our existing Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments ahead of plans to consult on the draft guidance later this year. We will ensure that we build any relevant lessons from this process into future updates to the equivalent guidance for onshore renewables.

I hope the Committee finds this response helpful.

Minister for Energy, Gillian Martin MSP