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Response to: Transforming business rates

31 March, 2025

About Uniper

Düsseldorf-based Uniper is a European energy company with global reach and activities in more than 40 countries. With around 7,500 employees, the company makes an important contribution to security of supply in Europe, particularly in its core markets of Germany, the UK, Sweden, and the Netherlands. Uniper's operations include power generation in Europe, global energy trading, and a broad gas portfolio. Uniper procures gas – including liquefied natural gas (LNG) – and other energy sources on global markets. The company owns and operates gas storage facilities with a total capacity of more than 7 billion cubic meters.

Uniper aims to be carbon-neutral by 2040. To achieve this, the company is transforming its power plants and facilities and investing in flexible, dispatchable power generation units. Uniper is one of Europe's largest operators of hydropower plants and is helping further expand solar and wind power, which are essential for a more sustainable and secure future. Uniper is gradually adding renewable and low-carbon gases such as biomethane to its gas portfolio and is developing a hydrogen portfolio with the aim of a long-term transition. The company plans to offset any remaining CO_2 emissions by high-quality CO_2-offsets.

Uniper is a reliable partner for communities, municipal utilities, and industrial enterprises for planning and implementing innovative, lower-carbon solutions on their decarbonization journey. Uniper is a hydrogen pioneer, is active worldwide along the entire hydrogen value chain, and is conducting projects to make hydrogen a mainstay of the energy supply.

About Uniper in the UK

In the UK, Uniper owns and operates a flexible generation portfolio of power stations, a fast-cycle gas storage facility and two high pressure gas pipelines, from Theddlethorpe to Killingholme and from Blyborough to Cottam. We also have significant long-term regasification capacity at the Grain LNG terminal in Kent, to convert LNG back to natural gas.

Consultation Response

We have set out below our view in summary:

- Introducing a new higher multiplier for all properties with RVs of £500,000 and above will place a disproportionately high tax burden on critical new low-carbon energy assets and hinder low-carbon investment and growth in the UK energy sector,
- To boost investment in critical low carbon energy assets, Government should introduce measures to reduce or remove the Uniform Business Rate ("UBR") on new low-carbon investments.

Our views in full:

Funding the proposed reduction in UBR for the retail and hospitality sectors by increasing the rate burden on other industries will directly impact investment decisions that are needed to achieve the government's policy objectives of economic growth and achieving net zero. The approach announced at Autumn Budget 2024 introduces further uncertainty and higher tax liabilities on capital intensive sectors, which are already adversely and disproportionately affected. New capital intensive, low carbon developments will be subject to very significant annual liabilities due to high construction costs, the use of modern technologies, lack of business rate relief and the inclusion of financial incentives in the valuation process.

According to our internal calculations, the new higher multiplier for all properties with RVs of £500,000 and above from 2026-27 will mean Uniper's planned CCS power projects could face 4.5 and 7 times higher rateable value compared to Grain power station, our newest existing asset and 9 to 11 times higher rateable value compared to conventional unabated plants we are planning to replace. Low-carbon investment is critical to reduce the OPEX of the energy system, boost economic growth and enhance energy security[1]. The new business rates – as set out – would undermine investor confidence, hindering economic growth and the transition to net zero.

As the proposed change would apply to government-supported hydrogen and CCS assets and infrastructure, the increased costs of the UBR system would be reflected in that support, increasing the cost of projects to the government.

The low-carbon energy sector is already highly distorted, with certain technologies like solar, wind generation, and heat networks eligible for relief, and other technologies, like hydrogen and CCS, not eligible for any exemptions. This distortion will be further exacerbated by a new higher multiplier.

The government should introduce measures to reduce or remove this tax on new low-carbon energy infrastructure investments to stimulate economic growth, reduce market distortion, and align with UK net zero and energy security policy objectives. The following measures should be incorporated into the new business rate regime:

1. The exclusion of financial incentives and subsidies (like CfD, HPBM and CCS DPA) from the valuation process;
2. A lower business rate multiplier for new low-carbon energy infrastructure investment;

[1] CCC (2025) Seventh Carbon Budget

3. The improvement relief for new long-term capital investments should be extended to at least 10 years and apply to new build assets as well as retrofit;
4. A review of the plant and machinery regulation should take place with a stated aim of removing from assessment all new investment in plant and machinery associated with the net zero transition .