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Response to: Consultation on proposals for non-domestic rates differential multipliers

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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.

The UK is a core market where Uniper's commitment to invest approximately €8 billion to support its strategic decarbonisation efforts and transformation by the early 2030s sees potential investment in new low carbon power generation, solar and onshore wind projects in the UK.

Connah's Quay

We own and operate Connah's Quay power station in North Wales, employing approximately 100 people at the site. During site outages the number of people working at the power station can exceed 400 people.

We are exploring the potential development of a new gas-fired power station with carbon capture technology at our Connah's Quay site, the Connah's Quay Low Carbon Power project. If consented and developed the new power station would be capable of providing around 1.1GW of low carbon power, to help meet the growing need for electricity, whenever it is required.

The proposed new combined cycle gas turbine (CCGT) power station is expected to be developed in two phases; with an initial capacity of around 550MW of low carbon power, and later expansion to around 1.1GW. Phase one could potentially be operational by 2030.

An initial 550MW would be enough low carbon electricity to power up to 1.4 million homes a year or the equivalent of 34% of the average annualised power demand for Wales.

The new power station would be fitted with carbon capture technology to capture CO_2 emissions. It would connect into nearby CO_2 transport and storage infrastructure as part of the HyNet industrial cluster, enabling the captured CO_2 to then be safely transported to permanent offshore storage facilities in repurposed depleted offshore gas fields.

The development of a new low carbon power station at Connah's Quay could help to maintain economic prosperity in Deeside and across the region, by providing approximately 60 highly skilled jobs, as well as creating new opportunities during construction and through the wider supply chain.

The planned development has the potential to contribute up to £1,500m to the UK economy, of which up to £811m could benefit the local area, and £1181m could benefit the wider North East Wales region and North West England[*].

[*] Based on socio-economic analysis carried out by Mace on behalf of Uniper during 2023-2024. Figures shown based on the 'target' model, which seeks to leverage UK content. 'Local Area' – Flintshire, Wrexham, CWAC, Wirral. 'North West England and North East Wales region' – Conwy, Denbighshire, Flintshire, Wrexham, CWAC, Wirral, Cheshire East, Stockport, Manchester, Trafford, Salford, Warrington, Liverpool, St Helens, Sefton

Consultation Response

We have set out below our view in summary:

- Introducing a new higher multiplier for all properties with RVs of £100,000 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 Welsh energy sector,
- To boost investment in critical low carbon energy assets, the Welsh Government should introduce measures to reduce or remove non-domestic rates on new low-carbon investments.

Our views in full:

Question 1. Do you agree with the proposal to introduce a lower retail multiplier?

No, we disagree if the proposed retail multiplier is accompanied by a higher multiplier to offset the resulting revenue loss.

Question 2. Do you think the proposed definition for a retail multiplier would align with the policy intent?

Please see our response to Question 1.

Question 3. Do you think a higher multiplier should apply to properties with a rateable value above £100,000 (subject to the described exclusions)?

No.

Funding the proposed reduction in non-domestic rates for the retail, leisure and hospitality sectors by increasing the rate burden on other industries will directly impact investment decisions that are needed to achieve the Welsh Government's policy objectives of economic growth and achieving net zero. The approach announced in the consultation introduces further uncertainty and higher non-domestic rate (NDR) liabilities on capital intensive sectors, which are already adversely and disproportionately affected.

The low-carbon energy sector is subject to significant distortions, with some technologies, such as heat networks, receiving relief, while others, including hydrogen and CCS, remain ineligible for any exemptions. 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 NDR relief and the inclusion of financial incentives in the valuation process. Under the current NDR and UBR regimes, Uniper's planned CCS power projects could face rateable values 4.5 to 7 times higher than those of Grain Power Station, our newest existing asset, and 9 to 11 times higher than our other unabated CCGT plants. A higher multiplier, as set out, would exacerbate this distortion and undermine investor confidence, hindering economic growth and the transition to net zero.

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 Welsh Government's Net Zero Strategic Plan. The following measures should be incorporated into the new NDR regime:

1. The exclusion of financial incentives and subsidies (like Contracts for Difference, Hydrogen Production Business Model and Dispatchable Power Agreement Business Model) from the valuation process;
2. A lower NDR multiplier or a relief for new low-carbon energy infrastructure investment;
3. The improvement relief for new long-term capital investments should be extended significantly (e.g. to align with the timeline of government policies) and apply to new build assets as well as retrofit;

Question 4. Do you think the proposed definition for a higher multiplier would align with the policy intent?

Please see our response to Question 3.

Question 5. What, in your opinion, would be the likely effects of the proposals on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

1. **Do you think that there are opportunities to promote any positive effects?**
2. **Do you think that there are opportunities to mitigate any adverse effects?**

A fairer, less distorted NDR regime that reduces the burden on new low-carbon energy infrastructure would stimulate regional economic growth by encouraging investment in infrastructure projects. This would provide skilled technical jobs and create new opportunities during construction in both Welsh and English-speaking communities.

Question 6. In your opinion, could the proposals be formulated or changed so as to:

1. **have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or**
2. **mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?**

The Welsh Government's approach should reduce or remove this tax on new low-carbon energy infrastructure investments. This would reduce market distortion and stimulate low carbon investment and economic growth in Wales.

Question 7. We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.

No response.