



Council Policy CP2023-04

Policy Title: Tax incentives for renewable power generation developments on brownfield sites
Policy Number: CP2023-04
Report Number: EC2023-1120
Adopted by/Date: October 17, 2023
Effective Date: October 17, 2023
Last Amended: N/A
Policy Owner: Assessment & Tax, Climate and Environment

1. POLICY STATEMENT

- 1.1 The City of Calgary is committed to supporting a zero-carbon energy transition for the city, as outlined in the Calgary Climate Strategy: Pathways to 2050.
- 1.2 The City of Calgary aims to enable 10 per cent of total city electricity use generated within city boundaries from renewable sources by 2030, and 40 per cent of total city electricity use generated within city boundaries from renewable sources by 2050.
- 1.3 The City of Calgary is committed to achieving highest and best use of Eligible Brownfield Properties within city boundaries and enabling redevelopment of these sites to incorporate renewable energy.

2. PURPOSE

- 2.1 This Council policy addresses the need to:
 - 2.1.1 Increase renewable energy generation within city boundaries by reducing barriers for these types of developments to occur.
 - 2.1.2 Utilize brownfield sites for a higher value where appropriate.
 - 2.1.3 Reduce the need for additional transmission and distribution infrastructure for new generation, with the goal of lowering costs for Calgarians.
 - 2.1.4 Provide a municipal tax-based incentive to improve the financial viability of renewable energy generation within city boundaries.

3. DEFINITIONS

- 3.1 Act: the *Municipal Government Act*, RSA 2000 c M-26, as amended.

- 3.2 Applicant: the assessed person or authorized agent for the Assessed Person applying for an incentive.
- 3.3 Application: the documentation necessary for a complete assessment by The City of Calgary of the subject property and proposed renewable power generation facility, as outlined in the applicability section of this policy.
- 3.4 Assessed Person: an assessed person as that term is defined under section 284(1) of the Act.
- 3.5 Base Assessment Year: the year before redevelopment would impact the assessed value of the property.
- 3.6 Commercial Operation Date: The date from which the Machinery and Equipment components of the renewable power generation facility are operational as determined by MRAT and the Act. If the renewable power generation facility does not include Machinery and Equipment, then the date at which the renewable power generation facility is completed as determined in accordance with MRAT and the Act.
- 3.7 Current Improvement Assessment: the assessed value of the property after redevelopment occurs.
- 3.8 Environmental Standard: means any regulatory requirement under applicable law which prohibits contamination or establishes a qualitative or quantitative limit on the presence of contamination.
- 3.9 Eligible Brownfield Property: a titled parcel of land that is suitable for a low impact use including solar and wind farms where:
 - 3.9.1 Substances occurring in concentrations exceeding the maximum acceptable concentrations under an Environmental Standard are present in, on, or under the site; and:
 - 3.9.2 Site remediation or redevelopment to a higher and better use is not technically or economically feasible or permitted; or

- 3.9.3 An approved long-term in-situ remedial action plan is currently and will continue to be implemented.
- 3.10 Machinery and Equipment: machinery and equipment as that term is defined by the Act or MRAT.
- 3.11 MRAT: the *Matters Relating to Assessment and Taxation Regulation*, 2018 Alberta Regulation 203/2017, as amended.
- 3.12 Machinery and Equipment: machinery and equipment as that term is defined by the Act or MRAT. Renewable Power Generation Facility: the project on a Subject Property that would generate renewable electricity for the purposes of supplying energy onto the Alberta electrical grid from a fuel source that is considered renewable. The current acceptable renewable fuel sources include:
 - 3.12.1 Solar; and
 - 3.12.2 Wind
 - 3.12.3 Other renewable sources not listed here can be proposed for review during the application process.
- 3.13 Subject Property: a titled parcel of land within city boundaries that is being considered for an incentive under this policy.
- 3.14 Renewable Power Generation Facility: the project on a Subject Property that would generate renewable electricity for the purposes of supplying energy onto the Alberta electrical grid from a fuel source that is considered renewable. The current acceptable renewable fuel sources include:
 - 3.14.1 Solar; and
 - 3.14.2 Wind
 - 3.14.3 Other renewable sources not listed here can be proposed for review during the application process.

4. **APPLICABILITY**

- 4.1 This Council policy applies to properties where:
 - 4.1.1 The Assessed Person must not be in arrears owed to The City.

- 4.1.2 The proposed renewable energy generation facility exceeds 5 megawatts of electrical generation capacity.
 - 4.1.3 The Subject Property is not in violation of the *Safety Codes Act* at any time during the taxation years for which the incentive applies.
 - 4.1.4 All applicable municipal, provincial or federal approvals and permits are in place with respect to the Subject Property.
 - 4.1.5 The registered property owner or Assessed Person is not involved in litigation against The City. Filing of an assessment complaint is not considered a form of litigation under this policy.
 - 4.1.6 The assessed value for the Subject Property must increase compared to the Base Assessment Year by an amount that increases the taxes collected on the Subject Property such that the overall collection of taxes does not decrease below the Base Assessment Year taxes collected.
 - 4.1.7 The Subject Property meets the definition of Eligible Brownfield Property as outlined in this policy. An application for a Subject Property under this policy must include all environmental reports used to demonstrate the site meets the definition of an Eligible Brownfield Property. All environmental reports submitted must be prepared by a qualified environmental professional and shall be reviewed to the satisfaction of The City of Calgary.
 - 4.1.8 The renewable power generation facility on the subject property has not reached its Commercial Operation Date at the time of application.
 - 4.1.9 Any additional criteria as determined by Administration to be necessary to provide a tax-based incentive.
- 4.2 This Council policy does not apply if the Assessed Person is in bankruptcy or receivership or an Assessed Person's property is going through foreclosure.

5. **LEGISLATIVE AUTHORITY**

- 5.1 Pursuant to section 364.2 of the *Act*, a council may, by bylaw, for the purpose of encouraging the development or revitalization of properties in an assessment class specified in section 297(1)(b) or (d) for the general benefit of the municipality, provide for

- (a) full or partial exemptions from taxation under this Division for property in one or both of those assessment classes, or
- (b) deferrals of the collection of tax under this Division on property referred to in clause (a).

6. **PROCEDURE**

6.1 The application must include at a minimum:

6.1.1 Identification of the legal description of the Subject Property

6.1.2 Expected Commercial Operation Date.

6.1.3 Estimated capital construction costs.

6.1.4 Report prepared by a qualified environmental professional that demonstrates that the subject property meets the definition of an Eligible Brownfield Property. At a minimum, report must include, but is not limited to, the following:

6.1.4.1 Summary of soil and groundwater contamination assessment data with comparison to the applicable Alberta Environment & Protected Areas (AEPA) Tier 1 or Tier 2 Soil and Groundwater Remediation Guidelines criteria for the intended land use;

6.1.4.2 Copy of the approved contamination remedial action plan and/or risk management plan for the Subject Property including approval correspondence from the applicable government authority;

6.1.4.3 Rationale as to why further remediation and/or redevelopment to higher and better use is not technically or economically feasible;

6.1.4.4 Copies of all referenced environmental site assessment reports and;

6.1.4.5 Any additional documentation that may be relevant as determined by the applicant and/or The City of Calgary.

6.1.5 Proposed fuel source for the renewable power generation facility.

- 6.1.6 Proposed generation capacity of the renewable power generation facility.
- 6.2 The applicant will submit the application to Administration.
- 6.3 A bylaw will be drafted at the time of the first approved application. This bylaw must:
 - 6.3.1 Set criteria, outlined in section 4.1, to be met for property to qualify for an exemption or deferral,
 - 6.3.2 Establish a process, outlined in section 6.1, for the submission and consideration of applications for an exemption or deferral,
 - 6.3.3 Not provide for an exemption or deferral to have effect in respect of a property for more than 15 consecutive taxation years, but may, if the council considers it appropriate, provide for subsequent exemptions or deferrals of 15 consecutive taxation years or less to be applied for and granted in respect of the property, and
 - 6.3.4 Establish a process for requesting that the council review a decision made under the bylaw, including the period of time within which the request must be made.
- 6.4 Administration will circulate the application made under this policy to the appropriate internal teams to review documentation. All documentation shall be reviewed to the satisfaction of The City of Calgary.
 - 6.4.1 Climate & Environment will:
 - 6.4.1.1 Review the environmental information listed in section 6.1.4 and determine if the site meets the definition of an Eligible Brownfield Property.
 - 6.4.1.2 Review the proposed fuel source for the renewable power generation facility and proposed capacity.
 - 6.4.2 Assessment & Tax will provide:
 - 6.4.2.1 An approval outlining the duration and amount of the municipal tax exemption or deferral; or
 - 6.4.2.2 Reasoning behind rejection of the application.
- 6.5 Administration will notify the applicant of the results of the review, outlining:

- 6.5.1 The municipal tax incentive to be offered under the bylaw; or,
- 6.5.2 The reasons an incentive was not approved.
- 6.5.3 The exemption or deferral in this section must be granted in written form that specifies:
 - 6.5.3.1 the taxation years to which the exemption or deferral applies, which must not include any taxation year earlier than the taxation year in which the exemption or deferral is granted,
 - 6.5.3.2 in the case of a partial exemption, the extent of the exemption, and
 - 6.5.3.3 any condition the breach of which will result in cancellation and the taxation year or years to which the condition applies.
- 6.6 The approved exemption or deferral will take effect no earlier than the commercial operation date.

7. AMENDMENT(S)

Date of Council Decision	Report/By-Law	Description

8. REVIEWS(S)

Date of Policy Owner's Review	Description