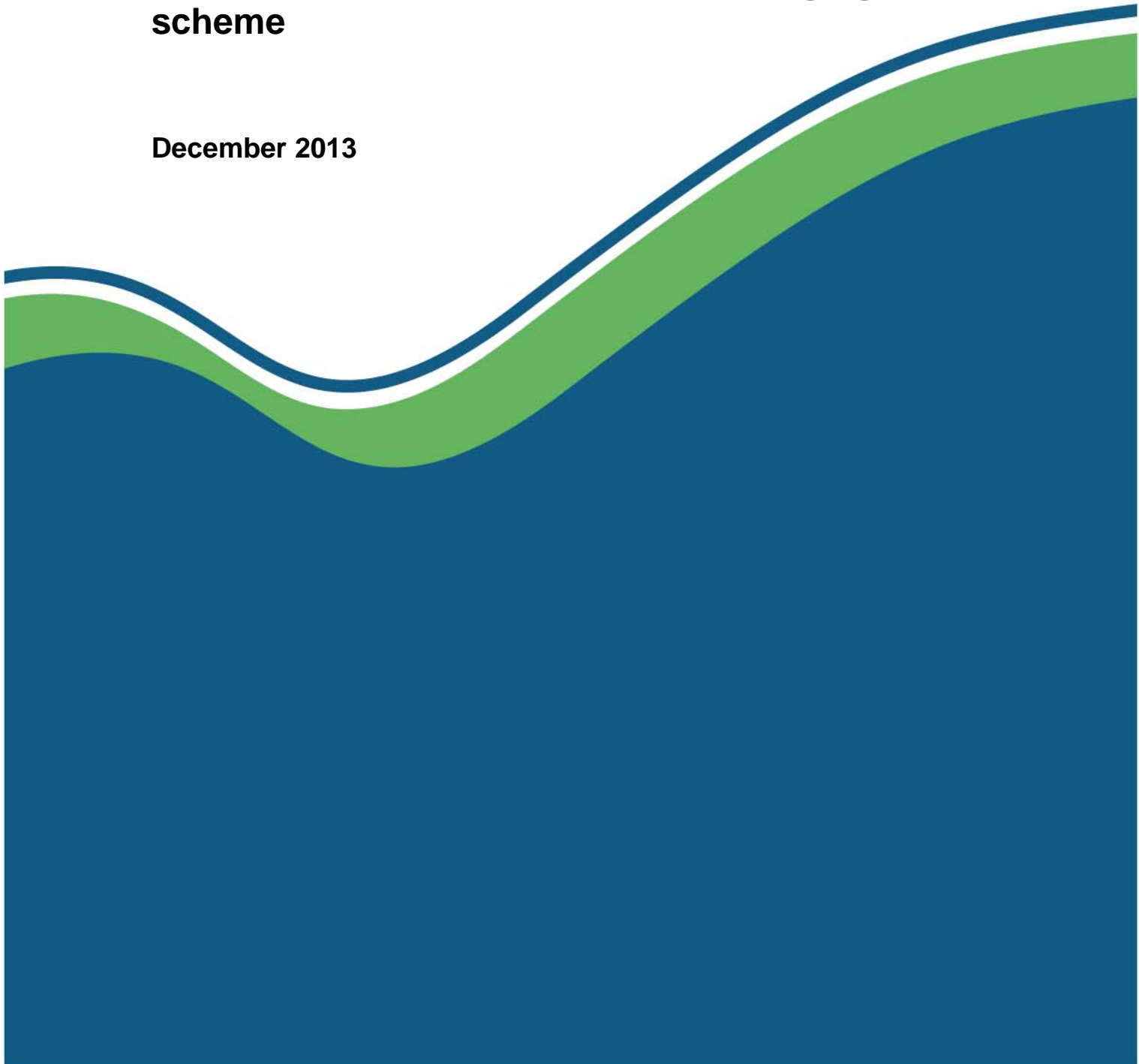




Consultation on a proposal to amend the Pollution Prevention and Control charging scheme

December 2013



The purpose of this consultation

The Scottish Environment Protection Agency (SEPA) is inviting your comments on a proposal to amend the Pollution Prevention and Control (PPC) charging scheme to align it with the [Pollution Prevention and Control \(Scotland\) Regulations 2012](#). The 2012 Regulations include transitional charging arrangements and these proposals seek to replace those transitional arrangements.

The focus of this particular consultation is around structural changes to the scheme and one application fee increase. There is no proposal for an across the board increase in charges.

However it is important this consultation is read in conjunction with the document "[Consultation](#) on a proposal to increase charges in 2014-15 and 2015-16" as that does contain a separate proposal to increase charges, including an increase to PPC charges, by 2.7% in 2014/15 and 2015/16. **We would urge customers with PPC permits and their representative bodies, to respond to both consultations.**

Your responses will inform the development of the revised PPC scheme, which will be submitted to the Scottish Government for final approval by the Scottish Ministers.

SEPA is currently reviewing all of its charging schemes and we intend to implement a new and significantly different charging framework in 2016. It will be based on a common and consolidated risk assessment, aiming to reduce the number and complexity of schemes and support the delivery of better regulation. The PPC scheme is part of this review. As such, these proposals seek to make the minimum changes to the PPC charging scheme to achieve business as usual, while integrating new PPC activities and descriptors.

The charges approval process

Any significant changes to a charging scheme are subject to approval by the Scottish Government and the Scottish Ministers. Before submitting proposals to the Scottish Ministers we must consult with interested parties.

The Scottish Ministers consider the comments received on the consultation, while having regard to the desirability of ensuring that the amounts recovered by the charges meet the relevant costs and expenses. SEPA will publish a summary of the comments received on our website and share copies, where appropriate, with the Scottish Government.

Handling your response

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the Respondent Information Form (Annex 1) as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly. We will, where necessary, share any responses with Scottish Government and will retain all responses for one year following implementation of the revised scheme. After a year, all responses will be destroyed.

All respondents should be aware that SEPA and Scottish Government are subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would

therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise. This could mean releasing your response to this consultation.

How to respond

We would like your views on these proposed amendments, the reasons behind your views and, where possible, any evidence you have that supports them.

The consultation period closes on 17 February 2014.

Please send your written responses and the completed form in writing or by email to:

Charges Consultation Response
Scottish Environment Protection Agency
Erskine Court
Castle Business Park
Stirling
FK9 4TR

Email: [PPC charges consultation](#)

We would be grateful if you could clearly indicate which parts of the consultation document you are responding to, as this will help with the analysis of the responses received. Please also submit the enclosed Respondent Information Form (Annex 1) with your response.

We look forward to receiving your comments.

Introduction

Scottish Government requires charges to be set for public services at full cost recovery. Any new SEPA charging schemes or changes to existing schemes proposing increases to exceed the Retail Price Index (RPI) must be submitted for approval by the Scottish Ministers and subject to consultation. The consultation is led by SEPA and approval is sought from the Scottish Government for all proposed increases.

Background

The [Pollution Prevention and Control \(Scotland\) Regulations 2012 \(PPC 2012\)](#) came into force on 7 January 2013. The PPC 2012 regulations implement the requirements of the [Industrial Emissions Directive \(IED\)](#) as well as consolidating the Pollution Prevention and Control (Scotland) Regulations 2000 (PPC 2000)

The current PPC charging scheme was constructed in accordance with the regulations it was revoking – the PPC 2000 Regulations. The PPC (Scotland) Regulations 2012 also consolidated and amended several sets of regulations.

Since January 2013 and during the transitional period, fees and charges for newly regulated activities have been included in the 2012 Regulations. Those transitional charges will be replaced by these revised charges.

The 2012 Regulations brought some new or amended activities into regulation and charging. These new regulatory amendments can be accommodated by varying the existing PPC charging scheme.

Any existing installations that were already operating newly regulated activities on 7 January 2013 must obtain a revised permit by 7 July 2015.

The new Regulations also removed some installations from regulation completely and we have already withdrawn these from the charging scheme. Additionally, some installations have been moved from PPC Part A to PPC Part B permitting. Existing Part B charges can be applied without modification and so no changes are proposed. This paper refers to amendments to PPC Part A charges only

For new activities we have consulted internally on the regulatory, monitoring and reporting costs for application processing and subsistence work and where necessary we have calculated a new charge, based on our experience of regulating similar installations.

The vast majority of installation descriptors in the charging scheme will remain unchanged or broadly similar.

There are currently around 470 PPC Part A and around 1650 PPC Part B permits which are generating annual subsistence charge income of £3.9M and £1.2M respectively.

Please note Compliance Assessment Scheme (CAS) adjustments will continue to be applied to PPC charges.

To reiterate: The focus of this particular consultation is around structural changes to the scheme and one application fee increase. There is no proposal for an across the board increase in charges. However it is important this consultation is read in conjunction with the document "[Consultation](#) on a proposal to increase charges in

2014-15 and 2015-16” as this contains a separate proposal to increase charges, including an increase to PPC charges, by 2.7% in 2014/15 and 2015/16. **We would urge customers with PPC permits, and their representative bodies, to respond to both consultations.**

Activities removed and added in the PPC regulations

Gas odourisation and Tributyltin (TBT) activities ceased to be PPC A activities on 7 January 2013 and have been removed from the current scheme. The resultant reduction in annual subsistence income was around £43,000.

New and amended activities and charges added will be in the following sections of the charging scheme:

Section 1.2	Gasification, liquefaction and refining activities
Section 5.1	Incineration and co-incineration of waste:
Section 5.4	Anaerobic digestion plant >100tpd, Composting>75tpd, Treatment in metal shredders, Treatment of slags & ashes
Section 5.6	Temporary or Underground Storage of Hazardous Waste
Section 5.7	Treatment of waste water (at an independently operated site)
Section 6.1	Manufacturing of wood based panels
Section 6.6	Preserving wood with chemicals (>75m ³ /day)
Section 6.10	Carbon capture and storage

Changes to application fees

Application fees (2013/14) are calculated using the formula:

$$\text{Application fee} = \text{£}3,222 \times (A + 2)$$

where A is the number of application units for each installation.

Details of the charge formulae and all current charges are on our website at [Pollution Prevention and Control charges](#).

Variation, Substantial Change Variation, Surrender and Transfer fees will be unchanged.

We propose to keep all fixed fees unchanged, including those for Standard Farming Installation Rules (SFIR), Low Impact and Inert and Isolated Landfills, with the exception of those for small incinerators.

A new fee will be added for gasification or liquefaction of fuels, other than coal, in installations with a total rated thermal input of 20 megawatts or more (two application units).

To bring fees in line with the application fee for other incinerators we propose to increase fees for infectious clinical waste in a small incinerator (Section 5.1) from a fixed fee (currently £4,707) to one application charge unit (ACU). As a result the application fee will approximately double to £9,666, bringing it in line with other incinerator applications, and more accurately reflecting the costs of processing an

application and preparing and issuing such a permit. However we do not anticipate any such applications in the foreseeable future.

New fees have been added (section 5.4) for the disposal and/or recovery of non hazardous waste involving biological, physico-chemical, pre-treatment for incineration, treatment of slags and ashes and metal waste shredding (1 or 2 application units).

A new fee will be added for Carbon Capture and Storage (CCS) installations. These have not been previously subject to charges. There are currently only a small number of potential CCS sites in Scotland (five application units).

Applications for newly regulated installations will be phased across the period January to October 2014. Applications submitted before implementation of the revised PPC scheme will pay £9,666, as per the transitional arrangement in the 2012 Regulations. Applications submitted after 1 April 2014 will be subject to revised PPC charges, subject to Ministers approval.

Changes to subsistence charges

Subsistence charges (2013/14) are calculated using the formula:

$$£714 \times S \times C$$

where S is the number of subsistence charge units for each installation and C is the previous years compliance assessment score for the installation. Compliance adjusted charges are issued for all PPC Part A installations and Category 3 and 4 PPC Part B installations.

The adjustment of Part A and Part B (Categories 3 and 4) subsistence charges by a factor based on annual Compliance Assessment scores will be continued. Material changes to the subsistence charge tables will be as follows.

In Section 1.2 - Gasification, liquefaction and refining activities - the production of coke has been added to match the 2012 Regulations (eight charge units). No applications for this activity are expected in the foreseeable future

Chapter 5 - Waste Management - is the area of regulation and charges most impacted by the proposed changes.

In section 5.1 - Incineration and co-incineration of waste:

Smaller installations have been moved to PPC Part B and three new descriptors and thresholds have been added to PPC Part A:

- a. Incineration of biomass waste in an incineration or co-incineration plant with a capacity of more than three tonnes per hour (22 charge units)
- b. Incineration of animal carcasses in an incineration or co-incineration plant, with a capacity of more than 10 tonnes per day (9 charge units)
- c. Incineration, other than incidentally, in the course of burning solid or liquid waste, of any gaseous compound containing halogens arising from electrical equipment (22 charge units)

Incineration and co-incineration of hazardous waste will be charged 41 subsistence charge units. Previously, some co-incineration installations may have been subject to a lower charge, if not part of a Part A installation.

In section 5.4 - Disposal and/or recovery of non-hazardous waste - Significantly changed descriptors in the new regulations focus on specified installations and treatment processes including; biological and physico-chemical treatment, pre-treatment for incineration and metal shredding. The revised charging scheme refers directly to these descriptors (four charge units for each).

In section 5.6 - Stand alone temporary storage of hazardous waste activities above and below ground have been added in the 2012 Regulations. Subsistence charges are proposed which broadly match those for existing waste activities (12 charge units).

In section 5.7 - Independently operated Waste Water Treatment (WWT) plant is a new activity. Charges are proposed which broadly match those for a small to medium sized Urban Waste Water Treatment (UWWT) plant treating trade effluent waste (CAR scheme). Currently we are aware of only one candidate independently operated WWT plant (12 charge units)

Other section 5 subsistence charges will be unchanged.

Section 6.1 - Manufacturing of >600m³/day of wood based panels has been added (8 charge units).

Section 6.6 - Preserving >75m³/day of wood with chemicals as amended by the regulations (3 charge units)

A new section 6.10 will be added for Carbon Capture and Storage activities. Currently no CCS installations exist and CCS has not been subject to charges previously (16 charge units).

Financial impact

The estimated total number of newly regulated installations is currently less than 30. Application fees from 30 new activities would generate an application fee income of around £290,000. Food industry sector applications (estimated to be <10) are due before 7 April 2014. Remaining sectors will apply in 2014/15 financial year.

Charge payers affected by any increase or decrease in their subsistence charges will be notified when annual charges are issued in April 2014.

PPC Part A cost recovery during 2012/13 was 78%, significantly short of the Scottish Government required standard of 100% cost recovery. Income from newly regulated installations and those section 5 incineration and waste installations where increases are proposed will result in a small overall improvement on forecast Part A under recovery. This will be more comprehensively addressed during the wider regulatory review and sustainable funding project.

Customer information

Any amendments to the PPC charging scheme or increase in charges for 2014/15 will be advised clearly on the SEPA website and a note informing PPC charge payers of any changes will be included with invoices issued in March or April 2014.

Annex 1 Consultation on proposals to amend the PPC Charging Scheme

Respondent Information Form

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Title Mr Ms Mrs Miss Dr Please tick as appropriate

Surname

Forename

2. Postal Address

<input type="text"/>		
<input type="text"/>		
<input type="text"/>		
<input type="text"/>		
Postcode	Phone	E-mail

3. Permissions - I am responding as...

Individual

/ Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public?
Please tick as appropriate Yes No

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis
Please tick **ONE** of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public.

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

(d) We will share your response internally with other parts of SEPA who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for SEPA to contact you again in relation to this consultation exercise?

Please tick as appropriate

 Yes No