

SCOTTISH ENVIRONMENT PROTECTION AGENCY

DRAFT

**ENVIRONMENTAL REGULATION (SCOTLAND)
CHARGING SCHEME 2016**

CHARGING GUIDANCE version 1, 3 March 2016

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1 INTRODUCTION

This guidance document explains how to determine your charge under the Environmental Regulation (Scotland) Charging Scheme 2016 (the Scheme). It provides interpretation of the legal scheme, and help on how to calculate your charge.

The layout of this guidance is as follows:

- Section 2 gives a brief overview of the scheme and how it will be regularly reviewed.
- Section 3 details application charges.
- Section 4 details the charging arrangements for annual charges.
- Section 5 lists exemptions and abatements.
- Section 6 outlines future changes.
- Section 7 covers terms and conditions.

You should refer to the relevant section to work out your charge.

While every effort has been made to ensure the guidance is consistent with the legal scheme, in the event of any conflict then the legal scheme takes precedence.

2 AN OVERVIEW OF THE SCHEME

2.1 Introduction

The Environmental Regulation (Scotland) Charging Scheme 2016 (referred to as the Scheme) allows SEPA to charge for the following.

- Application charges: which are one-off charges intended to recover our costs when a person applies for a new authorisation or applies to change an existing authorisation.
- Annual charges: which are charges paid every year to recover our on-going costs of regulating an authorised activity.

The Scheme sets charges for the following types of authorisations:

- waste management licences and exemptions;
- pollution prevention and control permits;
- authorisations for holding/use/disposal of radioactive substances;
- authorisations and registrations for discharges to water, water abstraction, impoundment and engineering; and
- registrations and authorisations for disposal to land.

General Binding Rules - which are authorisations under the Controlled Activity (Scotland) Regulation (CA) - are not subject to charges. Many types of CA Registrations are subject to application charges only. The same applies to some CA licences/authorisations covering some small low-risk activity types.

2.2 Application Charges

Application charges recover our costs for processing an application or a modification to an authorisation.

The Application Charge is related to the number of activity types being applied for. Each activity type attracts an Activity Application Charge. The list of activity types covered and their corresponding application charges are listed in the Table in the Schedule to the legal scheme (hereafter referred to as the Schedule). Charges have been arranged by sector and sub sector to help you identify which activity type – and corresponding Activity Application Charge – applies. Note: while there are a large number of activity types listed, there are only 19 different actual Activity Application Charges.

Most applications involve an application for a single activity type and the application charge is just the relevant Activity Application Charge. Where an application covers multiple activities, the application charge is the sum of the Activity Application Charges (subject to discount rules described later). The discount rules take account of the efficiencies involved in processing more than one activity type. Full details are given in Section 3.3.

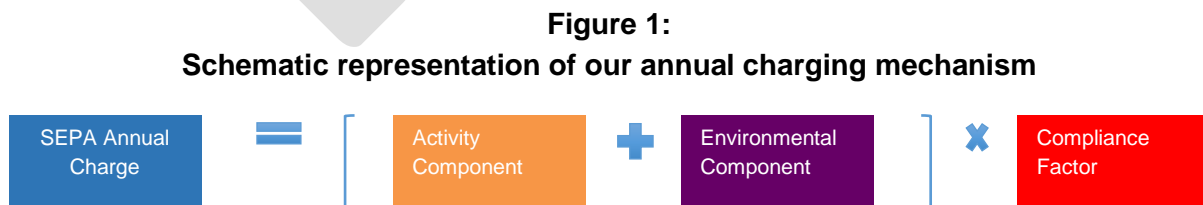
Some applications are so large and complex that we do not provide a set charge for the work. Instead we charge for these projects on a time and materials basis (see Section 3.4).

2.3 Annual Charges

Annual charges recover the on-going costs we incur in delivering the our regulatory duties of protecting and improving the environment. The charge is for an individual authorisation. If a site has more than one authorisation, each authorisation will attract a charge. Our charges look to recover costs of our

- direct work such as site inspections; and
- indirect work such as environmental monitoring and reporting.

The Scheme is based on a charging model in which the annual charge is calculated from three components: an activity component, an environmental component and a compliance factor:



The **Activity Component** of the Scheme is determined by the activity type(s) included in the authorisation. The list of activity types covered and their corresponding Annual Activity charges

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are listed in the Table in the Schedule. Charges have again been arranged by sector and sub sector to help you identify which activity type – and Annual Activity Charge - applies.

This element of the charge recovers our direct regulatory costs as well as some indirect costs.

Note that – as with the application-related charge – there are a range of reductions in the Activity Component when there are multiple activity types covered by a single authorisation. See Section 4.3 for more details.

The **Environmental Component** only applies to larger activities. It recovers the remainder of our indirect costs (for example, those associated with environmental monitoring, data management and reporting). It takes into account the environmental significance of these activities.

The **Compliance Factor** is based on your compliance records; operators with poor compliance records will have a higher Compliance Factor, increasing their overall charge. The Compliance Factor will not come into effect for charging until financial year 2018-19 at the earliest, to give operators time to adjust to the new Compliance Assessment Scheme.

The Annual Charges will apply to new authorisations from April 2016. Moving from multiple different charging schemes to a single, more consistent scheme inevitably means that charges for some will go up, and some will go down. If you hold an authorisation that was subject to a charge before April 2016, any change in your charge introduced by the Scheme will be phased in over the next five years until 2020/21. See Section 4.7 for details.

Other types of annual charge

Large and complex authorisations where applications are charged on a time-and-material bases may also continue to be charged in this manner until the authorised activity is completed (typically construction projects) or until normal annual charges apply.

We may undertake specific project work related to a particular customer which goes beyond the normal day-to-day work by SEPA. The costs of such work will be charged on a time and materials basis on top of the subsistence charge.

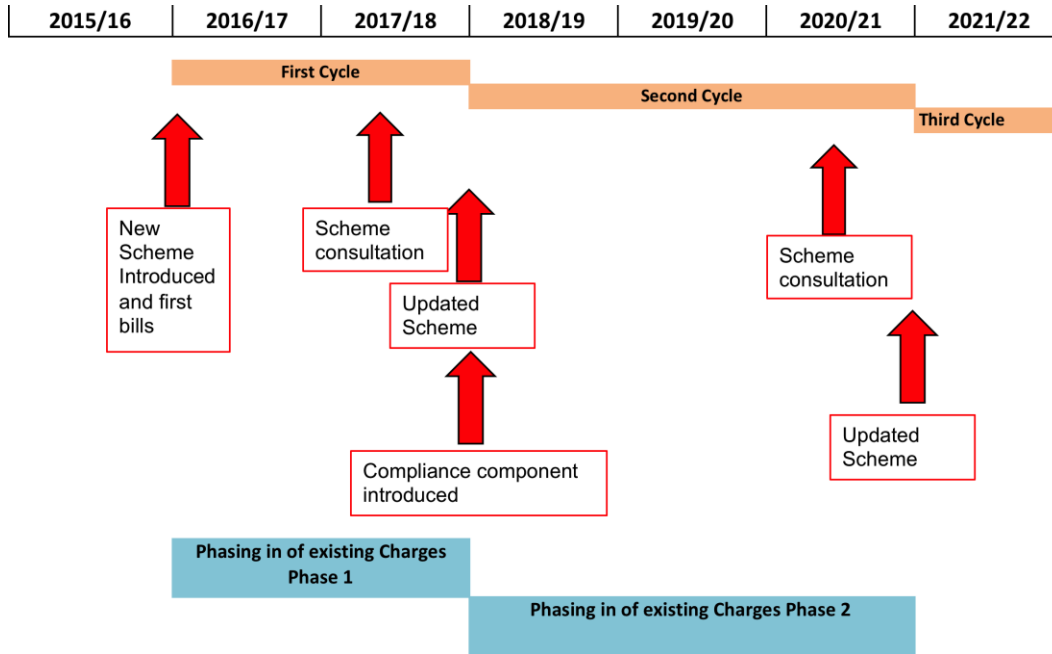
We will discuss the costs of these projects with charge-payers in advance and will cap the charges for each year at the level agreed.

2.4 Future Reviews and Consultations

We will periodically review the Scheme to ensure that it remains up to date and that charges remain cost-reflective. The first such review will take place during 2017-18, allowing for amendments to come into effect for 2018/19. Any such changes will then cover the period up to the end of March 2021. This is shown graphically in **Figure 2** below.

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**Figure 2:
Schematic representation of our review process**



The initial two-year timescale for the first review will help to ensure that the Scheme can be updated and adapted without undue delay. It will also allow us to implement changes identified during the consultation, which required a more detailed assessment. Thereafter we will be reviewing the charging scheme every three years (e.g. the third revision of the Scheme will come into effect in 2021-22).

Note that we may also review application charges outside of these three-yearly reviews so as not to delay the passing on of any efficiency savings associated with the implementation of the new approaches to permissioning.

2.5 Inflation Increase

Charges under this Scheme shall increase annually in line with any increase in the Retail Prices Index published by the Office for National Statistics as at 30 September in the immediately preceding year.

Example 1 – Annual Inflation Increases

Example of inflation increase.

If you are applying for a permit for a PPC B Chapter 5: Incineration section 5.1. para (a) (non-

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hazardous waste generated and incinerated on same site).

The application charge listed in the legal scheme is £2,000, and this would be the charge for 2016/17.

If Retail Price Inflation (RPI) on the 30th September 2016 is 2.5% then the charge for 2017/18 will be:

$$£2,000 * 102.5\% = £2,050.$$

Such inflation amendments are applied each year until the scheme is reviewed and replaced.

3 APPLICATION CHARGES

3.1 Introduction

This section covers application charges for:

- new authorisations, and
- varying, transferring or surrendering authorisations.

3.2 Calculation of application charges for single activities

If you are applying for an authorisation involving only one activity type, the application charge is the activity application charge listed against the relevant activity type in Column 5 of the Schedule.

If you are in the process of applying, you are probably aware of the activity type you are applying for. If not, to help you find your activity type the table has been broken down into sectors (Column 1) and sub sectors (Column 2). If you are reading this document in an electronic format, you can search easily for your activity and charge using the document search box.

If you are in any doubt about which charge applies, please contact us and we will confirm the appropriate charge.

While there are many different activity types there are just 18 activity application charge bands

Example 2 – Agricultural Irrigation

Let us take the case of an application for Abstraction: Agriculture (irrigation - mobile and/or fixed intake) <= 2000m³/d.

This activity is listed in the Table of Activity Components under the Agriculture Sector and the Agriculture: Agricultural Irrigation subsector. From Column 5 the Application Activity Charge is £600.

Is there more than one activity in the authorisation? No – so rules in Section 3.3 do not apply.

Are there any supplementary charges (Sections 3.7 & 3.8) that apply? – No

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with an additional 19th band covering unusually large/complex applications (see Section 3.4 for details).

3.3 Charges for authorisations covering more than one activity

If you are applying for an authorisation involving two or more activities (of the same or different types), the costs of processing your application is not simply the sum of the application activity charges for each activity. There are efficiency savings when processing such applications and 'discount' rules are applied:

- the full charge will apply to the activity type with the largest Activity Application Charge;
- a 10% discount will apply to the Activity Application Charge for each subsequent associated activity in the application.

To be an associated activity, the activities must

- be part of the same authorisation and be on the same site; or
- be part of the same authorisation and be part of the same process or scheme (e.g. a large drinking water abstraction scheme or hydropower scheme spread over a geographic area).

Where an activity on a site can fall within two Activity Descriptors purely based on a threshold, then the Application charge will be that of the higher level and the lower activity will not be charged.

A specific example of this would be where a site has an anaerobic digester with a 75 tonne/day capacity for disposing of animal waste. This would fall under the Activity Descriptor of "PPC A: 6.8(b) – Disposing of or recycling animal carcasses and animal waste, except by incineration, exceeding 50 tonnes per day", with an application fee of £15,000. If the capacity was 125 tonnes/day, it would also fall under the Activity Descriptor "PPC A: 5.4(b) – Recovery or a mix of recovery and disposal of non-hazardous waste by: biological treatment, capacity exceeding...100 tonnes per day if by anaerobic digestion" with an application fee of £10,000. In this case, the Application Charge would only be that for the 6.8(b) Activity Descriptor.

Example 3 – 10% discount for second and subsequent activities

Say an application of an authorisation is for the Manufacture of pharmaceutical products with a capacity to use less than 100 tonnes of raw materials per year, with three separate production lines (i.e. three activity types).

From the legal scheme this falls under PPC A: 4.5(a)1 with three 4.5(a) 1 activity types with an Application Charge of £10,000.

Applying the 10% discount gives the following:

The 1st 4.5(a)1 would have a charge of £10,000.

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By virtue of the application discount the 2nd and 3rd 4.5(a)1 would each attract the 10% discount and have a charge of £10,000 * 90% = £9,000.

So the total charge is £10,000 + (2 * £9,000) = £28,000.

3.4 Project Work for Unusually Large/Complex Applications

Applications

We deal with a small number of projects for which the application requires significantly greater input. Typically, we receive one or two of these exceptionally large applications a year, falling into two main types:

- Large and complex projects with activity types which demand a substantial amount of our resources to support the determination process.
- Infrastructure projects, which have large numbers of variable-scale activity types and are often developed over an extended period of time and geographical area. These projects require extensive support to manage discharges to water, engineering of the water environment, waste management and possibly emissions to air.

For these large-scale applications, a dedicated project team will be established to work very closely with the developers, delivery teams and contractors. In addition, legal, scientific and consultancy support may be required. These types of projects are also often controversial, and involve substantial levels of public engagement.

Examples include

- large cross-catchment hydropower schemes,
- large power plants with new or novel technologies e.g. Carbon Capture and Storage,
- new technologies such as fracking or unconventional gas,
- very large wind farms,
- large infrastructure schemes,
- large waste incinerators, and
- projects that involve major re-engineering of water bodies.

For such projects we will charge for application work on a time and materials basis so that the costs associated with such projects are recovered directly from the applicant. We are conscious, however, that charging on this basis can create uncertainty over the costs of an application. We are therefore prepared to enter into discussions – in advance of an application being submitted – to develop a project plan for the projected pre-application and determination work. Once this

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plan is agreed we can calculate the projected annual charge for the application. The application charge may involve payments over several years depending upon the length of time taken by the pre-application discussions and determination process. . We will cap our time and materials cost at the level agreed but with review the charge on an annual basis. This means that if the plan under-estimates the costs, charges will not exceed the projected levels, however, if the costs are less than that projected, costs will be limited to the actual cost incurred.

We will invoice every six months over the pre-application period and determination process. The project plan will continue after the authorisation has been determined to cover our on-going costs during the delivery phase of the project. This will continue until the project has been completed and no longer imposes demands upon our resources, or until normal annual charges apply.

Should it not be possible to agree to such a plan, then an invoice will be issued every six months based upon the costs we incur.

3.5 Variations, transfers and surrenders of an authorisation

3.5.1 Imposed authorisation

There are some circumstances in which we have to impose an authorisation (or an amendment to an existing authorisation) upon an operator. Typically this occurs when the operator is responsible for a regulated activity, but refuses to apply for a SEPA authorisation. In rare circumstances it may also apply where we need to vary, transfer or require the surrender of an authorisation. Under these circumstances, we will impose the relevant charge plus an additional 25% surcharge to cover additional costs incurred. Note this is intended only to apply where we receive lack of cooperation with a charge payer and not for our routine reviews.

3.5.2 Administrative application

There will be a zero application charge for administrative applications for a variation, surrender or transfer of an authorisation in which we are not involved in any significant technical review and/or assessment.

Examples where no application charge is applied include the following:

- An operator may wish to change/correct a part of the authorisation, which does not involve us in any technical review or assessment. This includes the transfer of the authorisation to another person where a fit-and-proper person test is not required.
- Changes or correction of errors in the permit such as name and address or grid reference, including name and address changes where there has been no change in legal entity.
- Modifications due to changes in the legislation, which prohibit the acceptance of a waste previously permitted by the permit.
- A reduction in waste tonnage accepted to the site.
- The removal of hazardous wastes types from the list of acceptable wastes.

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- Discharge outlet or sample point National Grid Reference corrections and changes where a change of NGR to improve the accuracy of an old NGR – i.e. changing 8 fig NGR to 12 fig NGR (not just adding 00s).
- A reduction in the amount of activity of any radionuclide listed in a permit to hold sealed or open sources.
- A reduction in any disposal or accumulation activity, time, or volume limit in a permit authorising the disposal of radioactive waste.

Furthermore: -

- We have a significant number of authorisations that cover processes that no longer operate. We wish to encourage operators to surrender authorisations when they are no longer needed. Consequently, we will not charge for a surrender of an authorisation if the process of surrendering the authorisation does not involve us undertaking technical work.
- Some of our administrative reviews also include reducing authorised emissions in situations where this does not involve significant technical work. This would include, for example, a reduction of the licensed quantity of water that could be abstracted by an irrigation pump. Again we will not charge in these circumstances.
- Consolidating authorisations into a single authorisation that does not require significant technical assessment. Under these circumstances conditions may be modified but a new environmental impact assessment is not required.

3.5.3 Standard Variation application

Where an operator proposes to change part of an authorised operation, we may have to carry out some technical assessments in reviewing the authorisation (such as reviewing the environmental impact).

Examples of Standard variations include:

- the addition of another activity to that already covered by the authorisation;
- an increase in annual throughput;
- an increase in storage capacities that presents an additional environmental risk;
- a major change reporting requirements;
- the change in the type of sea-lice treatment used at a fish farm;
- an increase in any disposal or accumulation activity, time or volume limit in a Radioactive Substances permit;
- any increase in holdings of unsealed sources Radioactive Substances permit.

All variations which are solely intended to deliver an environmental improvement and which involve significant/substantial technical work will be considered as a standard variation to an authorisation. It is stressed that if the environmental improvement is accompanied by other changes (for example, an increase in the production capacity) then we may consider the review to be a substantial variation.

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Under such circumstances we charge 30% of the full application charge. This charge reflects the position where we are required to do an assessment of the changes, but it is significantly less than that needed to determine a new application.

3.5.4 Substantial variation

Where an operator proposes to substantially change the operation of an authorisation, we may be required to advertise the proposed change, carry out additional consultation and a risk assessment the impact.

Examples of cases that may be deemed to be Substantial Variations includes:

- anything covered as a PPC Substantial change as defined in PPC Technical Guidance Note 3: Identifying “Substantial Change”;
- an increase in capacity such that the emissions to air, calculated using H1 risk assessment methodology¹, result in a significant negative effect to the environment;
- an application for a technical variation applies to any change to a licence which significantly increases the risk to the environment, e.g. significant increase in scale or change in nature of the process (such as volume discharged / abstracted / operating conditions, duration, treatment techniques, etc.);
- new waste treatment / disposal activities being undertaken on the site, or as an extension to the licenced site; increases in throughput; or increases in the types of waste imported if the potential environmental risks are large;
- a substantial increase in biomass held at a marine fish farm site which would require us to re-assess the whole authorisation, including the consequences of increased organic deposition on the sea bed, and the quantity of sea-lice treatment used;
- where it is proposed to add a new substance to a Radioactive Substances disposal authorisation, which results in a new critical group pathway being identified and needs assessing.

Under such circumstances, we charge 70% of the full application charge. Substantial Variation is designed to apply to an application where the level of assessment work is starting to approach that needed for a new authorisation.

3.5.5 Surrender of an authorisation

Any charges for the surrender of an authorisation depend on the amount of technical work we may have to carry out in order to approve the surrender application.

Where we have to carry out extensive technical work in order to approve the application, the Substantial Surrender charge amounts to 70% of the full application charge. Again this level of charge is designed to reflect the level of work needed to properly assess the surrender.

Examples of possible Substantial Surrenders may include

¹ H1 Integrated Pollution Prevention and Control (IPPC) Environmental Assessment and Appraisal of BAT

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- the surrender of some landfill authorisations involving substantial work to assess the condition of the site (such as the long-term environmental impacts of continuing emissions and legacy issues);
- Radioactive Substances authorisations where there are significant site decontamination or disposal issues.

Where we have to review more limited aspects of the site's environment impact -- for example where an operator proposes to change part of a site's operation -- the Standard Surrender charge is 30% of the full application charge.

In cases where we do not have to carry out any technical work in order to approve an application for surrender it will be treated as an Administrative Application and so will not attract any charge. This would include cases where an authorisation has been issued but no actual activity has been carried out on the site.

3.5.6 Assessed transfer application.

Where an operator wishes to transfer an authorisation to another person or company, and we are required to apply a fit-and-proper person test, we apply a charge of £1200.

3.5.7 Application amendment

Where an applicant formally requests to amend a current application and this amendment results in the need for further public consultation, a charge of 30% of the original application charge shall apply.

3.6 Pre-application advice

Our experience shows that pre-application discussion with an applicant is an important part of the application process. It can help the applicant produce a good quality application and can help make the overall process of applying for an authorisation more efficient. We have recognised this by allowing for such pre-application discussions in our charges. However, it should also be noted that including a too-generous general allowance could penalise operators who produce good quality applications independently. We are looking to balance these considerations by including a suitable allowance for pre-application discussions. We provide the following levels of support for operators preparing an application, based on the application band in question:

- Application Activity Charge Bands 1 to 4: Generic advice and guidance.
- Application Activity Charge Bands 5 to 9: We will provide up to one hour of pre-application advice.
- Application Activity Charge Bands 10 to 17: We will provide up to 15 hours of pre-application advice.

Applicants are encouraged to discuss their applications with our staff (within the levels outlined above) to help produce good quality applications. Applications that are submitted but do not

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contain sufficient information for us to properly assess will be considered not-duly-made and returned to the applicant.

3.7 Advertising

There is a statutory duty to advertise certain applications that could adversely affect the interests of local people. Where we are required to advertise an application, we will apply a charge of £500 to recovering our administrative costs.

3.8 Other considerations

3.8.1 Mobile plant

Where a water abstraction activity is mobile and moves from location to location (e.g. an irrigation pump), an application may be made for a mobile plant authorisation. The locations where the mobile plant is to be used must be specified and the application charge is based on the total volume of water to be abstracted, not on the number of locations where the plant is used.

Where a waste activity is mobile please ensure you use the correct activity type as detailed in the Schedule. These generally fall under two types:

- PPC B Chapter 3: Minerals Mobile Plant Section 3.5. Coating, Crushing, Screening & Loading (exc. cement) where the application charge is £2,000.
- Recycling and Treatment: Mobile Plant WML WMA - Mobile Plant where the application charge is £4,000.

3.8.2 Energy efficiency assessment application

Under Article 14 of the Energy Efficiency Directive, operators of new and refurbished combustion plants are required to carry out a cost-benefit assessment regarding opportunities for combined heat and power, such as district heating. This requires us to perform additional work analysing and assessing Article 14 submissions. To recover the costs of this work, there is an additional charge of £1,630 on top of any other application charges.

3.8.3 Provision of an Environmental Service

We have identified a number of situations where we considered that an activity should be exempt from application charges. We based this decision on whether an activity delivered an environmental service. "Environmental Service" means the carrying out, operation or maintenance of any activity that is, in our view, solely for the benefit of the environment. This excludes activity types that are being operated for commercial purposes or as the implementation of a statutory duty. Further detail is provided in section 5.4.

3.9 Summary of application related charges.

The following table summarises the major provision of the application charge.

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**Table 2:
Short summary of application charges**

Types of application	Guidance Section	Charge
Application for an authorisation or to renew an authorisation (e.g. authorisation, registration, notification, exemption)	Section 3.2 & 3.3	Look up application charge from Schedule to legal scheme
Application for Charges for Unusually Large/Complex Applications	Section 3.4	Time and Materials
Imposed authorisation	Section 3.5.1	The charge payable for an application for an authorisation plus an additional 25% of that charge.
Administrative application.	Section 3.5.2	No charge
Standard Variation of an authorisation	Section 3.5.3	30% of application charge
Substantial Variation application.	Section 3.5.4	70% of application charge
Substantial Surrender application.	Section 3.5.5	70% of application charge
Surrender or Partial Surrender of an authorisation requiring technical assessment	Section 3.5.5	30% of application charge
Administrative Surrender	Section 3.5.5)	No charge
Assessed Transfer application (i.e. transfer of an authorisation where a fit-and-proper person test is required).	Section 3.5.6	£1200
Administrative transfer of authorisation	Section 3.5.6)	No charge
Application amendment (i.e. variation of application that has not been determined and which requires re-advertising).	Section 3.5.7	30% of application charge
Advertising of an authorisation where SEPA is required to advertise	Section 3.7	£500
Energy efficiency assessment application	Section 3.8.2)	£1630 in addition to any other application charges
Application for an Environmental Service	Sections 3.8.3	No charge

3.10 Combined application and annual charges

There are some situations in which we must bill an operator to cover our on-going work to support an authorised activity, in addition to the application charge itself. This on-going charge is equivalent to the annual charges imposed upon some authorisations. Examples of where this can apply include:

- Where there are regular time-limited or single-use applications and the annual charge is best raised at the same time.
- Where there is a short period of post-authorisation work when charges are required to support the work associated with the authorised activity.

To make this simpler for applicants and to reduce our administrative costs, these on-going costs are recovered as part of the application charges for the following:

- Waste exemptions: the on-going charge will cover our work to ensure compliance with the condition of the exemption.
- Three-yearly renewal of Waste Carriers and Brokers Registration: the on-going charge will cover follow-up checks and investigations, for example our work with other authorities, police and DVSA carrying out roadside checks on waste carriers.

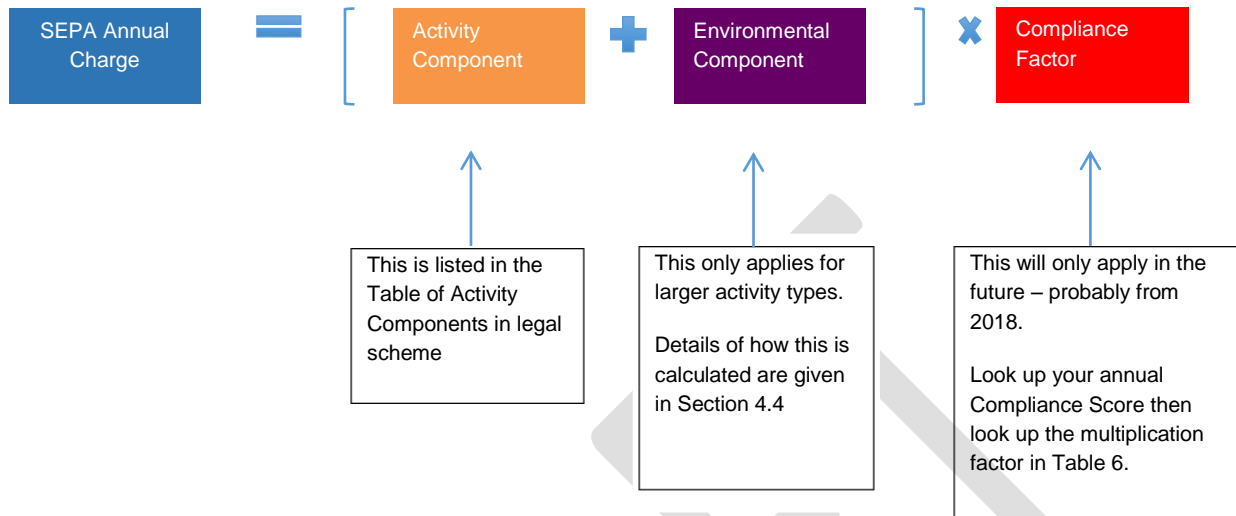
4 ANNUAL CHARGES

4.1 Introduction

The following diagram shows schematically how the annual charges are calculated.

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Figure 3:
Schematic representation of our annual charging mechanism



Note: The Environmental Component was previously referred to as the Emission Charge in the charging scheme consultation. We found that the term Emission Charge caused confusion when it referred to waste management activities and abstractions and impoundments.

The **Activity Component** is determined by the activity type(s) covered by the authorisation. This part of the charge looks to recover our direct regulatory costs as well as a contribution to our indirect costs. We regulate and charge over 300 different activity types, including – for example – sewage treatment works or waste transfer stations. Note that – as with the application-related charge – there are a range of reductions in the Activity Component when there are multiple activity types covered by a single authorisation. See Section 4.3 for more details.

The **Environmental Component** only applies to larger activity types. It looks to recover the remainder of our indirect costs (for example, those associated with environmental monitoring, data management and reporting). It takes into account the environmental significance of these emissions.

The **Compliance Factor** is based on your compliance records; operators with poor compliance records will have a higher Compliance Factor, increasing their overall charge. The Compliance Factor will not come into effect for charging until financial year 2018-19 at the earliest, to give operators time to adjust to the new Compliance Assessment Scheme (CAS). Once it is introduced, it will be based on the calendar year immediately before the current charging year (e.g. the Compliance factor for 2018/2019 financial year would be based upon the CAS score for the calendar year 2017). More details are provided in Section 4.5.

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4.2 Activity Component

Where your authorisation just covers one activity type, the Activity Component is equal to the Activity Component listed in Column 6 in the Schedule.

The Schedule shows the charges for 2016-17. Note these charges will be increased by the rate of inflation each subsequent year until the scheme is reviewed (see Section 2.5).

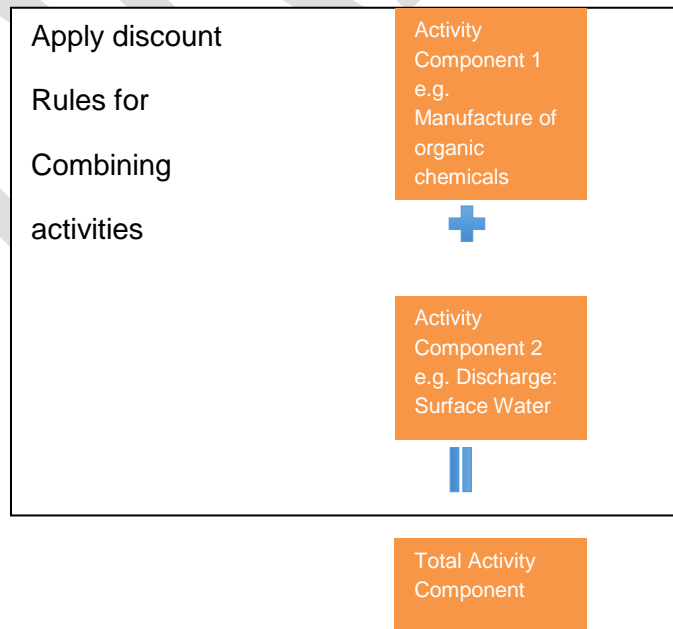
To help find your activity type and the associated Activity Component, the table has been broken down into sectors (Column 1) then subsectors (Column 2). Column 3 gives the regulatory regime, if that helps. If you are reading this document electronically you can do a search for your activity to help you find the activity and charge. There is also a downloadable Excel file to help you find this information.

If you have more than one activity covered by your authorisation then refer to Section 4.3 to see how these are treated and the rules applying in such circumstances.

4.3 Multiple activity rules

For more complex authorisations (a relatively small number overall), which involve two or more activities, there are economies of scale associated with visits and liaison. For each activity type you find the Activity Component from the Scheme. You then apply the multiple activity discount rules as set out in Table 3 below to work out the total Activity Component.

Figure 4:
Schematic representation of Activity Component for multiple Activity Types



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When calculating these reductions for a number of activity types, we use the following rules for calculating discounts as shown below.

**Table 3:
Multiple Activity t Rules**

Rule	Description	Discount
Rule 1	Where an authorisation contains two or more of the <u>same</u> activity types, a discount will be applied to the second and subsequent activity types.	75%
Rule 2	Where an authorisation contains two or more <u>different</u> activity types a discount will be applied to the second or more different activity types.	10%

When calculating the discount for a charge covering a number of activity types the following principles apply:

- No discount applies to the largest Activity Component.
- The discount rules apply to the remaining Activity Components.
- Only one discount rule should apply to any activity.
- where there are multiple “instances” of the second (or subsequent) activity types, then the 10% rule does not apply to the first “instance” because the 75% rule applies to subsequent “instances”
- The rules can only be applied to activities covered by an individual authorisation. Where an installation or a site has multiple authorisations it does not apply across all of these separate authorisations.

Examples of how these rules are applied are given below.

Example 4 – Applying Rules 1 and 2:

Licence A is for Chemical Fertilizer Production: Producing phosphorus, nitrogen or potassium based fertilisers and contains 3 * 4.3(a) activities with an Activity Component of £7,043

The 1st 4.3(a) activity type would have a component of £7,043.

By virtue of Rule 1, the 2nd and 3rd 4.3(a) activity types would each have a discount of 75% - so have a component of $£7,043 * 0.25 = £1760.75$.

So the total charge is $£7,043 + (2 * £1760.75) = £10,564.5$

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Licence B is for the manufacture of pharmaceutical products with a capacity to use less than 100 tonnes of raw materials per year and contains 4 * 4.5(a) 1 activities with an Activity Component of £4,225.

It also manufactures organic chemicals producing more than 20,000 tonnes of product per year and so has one 4.1(a) 8 activity with an Activity Component of £12,541.

The 4.1(a)8 would receive no discount as it has the highest individual charge (as per principle (a) above) and attracts the charge of £12,541.

The first 4.5(a) activity attracts a charge of £4,225. (In this case the 10% discount would not be applied to the 1st 4.5(a)1 activity by virtue of (d) above.)

The 75% discount would also be applied to the 2nd, 3rd and 4th 4.5(a)1 (by virtue of Rule 1).

The charge is then: -

$$£12,541 + £4,225 + (3 * £4,225 * 25\%) = £12,541 + £4,225 + £3168.75 = £19,934.75$$

Where an activity on a site can fall within two Activity Descriptors purely based on a threshold, then the authorisation will be charged at the higher level and the lower activity will not be charged.

A specific example of this would be where a site has an anaerobic digester with a 75 tonne/day capacity for disposing of animal waste. This would fall under the Activity Descriptor of “PPC A: 6.8(b) – *Disposing of or recycling animal carcasses and animal waste, except by incineration, exceeding 50 tonnes per day*”, with an annual activity charge of £7,658 (plus the environmental component). If the capacity was 125 tonnes/day, it would also fall under the Activity Descriptor “PPC A: 5.4(b) – *Recovery or a mix of recovery and disposal of non-hazardous waste by: biological treatment, capacity exceeding...100 tonnes per day if by anaerobic digestion*” with an annual activity charge of £4,914 (plus the environmental component). In this case, the annual charge would only be those for the 6.8(b) Activity Descriptor.

4.4 Environmental Component

The Environmental Component charge only applies to the larger activity types. Column 7 in the Schedule indicates where the Environmental Component does not apply to an activity types. If not, the Environmental Component does not apply and this section of the guidance can be ignored for the purposes of working out your annual charge. However, if any one (or more than

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one) activity indicates that the Environmental Component may apply, then this section explains how this element is calculated.

Our Environmental Assessment Scheme produces an Environmental Score for authorisations where the Environmental Component applies. The score is calculated from the scale of regulated emissions, and a factor that reflects the environmental significance of the activity. We will publish a Table of Scores for existing permits. This will be based on emissions, discharges, waste disposals for the period 2012 to 2014, or relevant permit conditions. For the period 2016 to 2018, we will generally use the Environmental Scores published in the Table of Scores to derive the Environmental Component of your annual charge.

The following steps are required to calculate the environmental component charge

- Check if the Table in the Schedule to the legal scheme indicates that all the activities covered by the authorisation are small. If so, the Environmental Component does not apply. Under these circumstances column 7 will have the word “no”.
- Check SEPA’s Environmental Assessment Scheme (EAS) Table of Scores to see if a Score has been published for your licenced activity.
- If your activity has been licenced by us since the publication of the Table of scores, we will have notified you of the relevant Score, if the activity does qualify for an Environmental Component charge.
- If no score has been published, and you have received no notification from us, then there will be no environmental component to the charge.
- If your activity does have one or more Environmental Scores, you should multiply the score by the relevant financial factor listed in Table 4 below. Note that the Financial Factor will increase annually as described in Section 2.5.

The details of how environmental scores are calculated are provided in the Environmental Assessment Scheme, available on our website.

**Table 4:
Environmental Financial Factors**

Environmental component	Environmental Component Finance Factor (£)
For emissions to air	
For discharges to water;	
For discharges to water – public water supply	
For the management of waste	
For the abstraction of water	
For the impounding of water	

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4.5 Compliance Factor

This section describes how the Compliance Assessment Score will be used to determine the Compliance Factor and how this will modify your Annual Charge. Note that this Factor will not come into effect until at least the second cycle of the Scheme in 2018/19.

4.5.1 Charge for compliance assessment

The Compliance Factor is determined by the annual Compliance Assessment Score (CAS) score. CAS Scores are placed into bands. For each, there is then a Compliance Factor, which acts as a multiplier that increases the charges faced by non-compliant operators. This reflects the additional regulatory costs we incur. We will consult in 2017 on the further development of the Compliance Factor. Note that the CAS score is for a calendar year. So, for instance, the CAS score for the year 2017 would be used for annual charging for 2018/19.

**Table 5:
Suggested Compliance Factor for different levels of compliance.**

Level of compliance	Compliance Factor
No compliance assessment	1 (i.e. no change in charges)
Compliant	1 (i.e. no change in charges)
Broadly compliant	1 (i.e. no change in charges)
Improvement required	1.2
Poor compliance	1.5
Very poor compliance	2

4.5.2 Phasing-in of compliance component

The Compliance Factor will not come into effect until 2018/19 at the earliest. This provides time for operators to understand their compliance rating under the amended Compliance Assessment Scheme, and allows for an opportunity to address any non-compliance before this element of the charges is introduced. However as scores in 2017 are likely to be used for modifying charges, we have included this information in this guidance so that operators can understand the effects.

We plan to increase the Compliance Factor over subsequent review periods, reflecting the level of additional work at poorly performing sites. This means that – for example – authorisations with a “very poor compliance” record may have a factor of two in 2018/19, but this value may change following future reviews.

4.6 Examples of how to calculate the annual charge

This section describes how to calculate charges from the new Scheme, based on the mechanisms explained in the previous section (Activity Component, Environmental Charge and Compliance Factor).

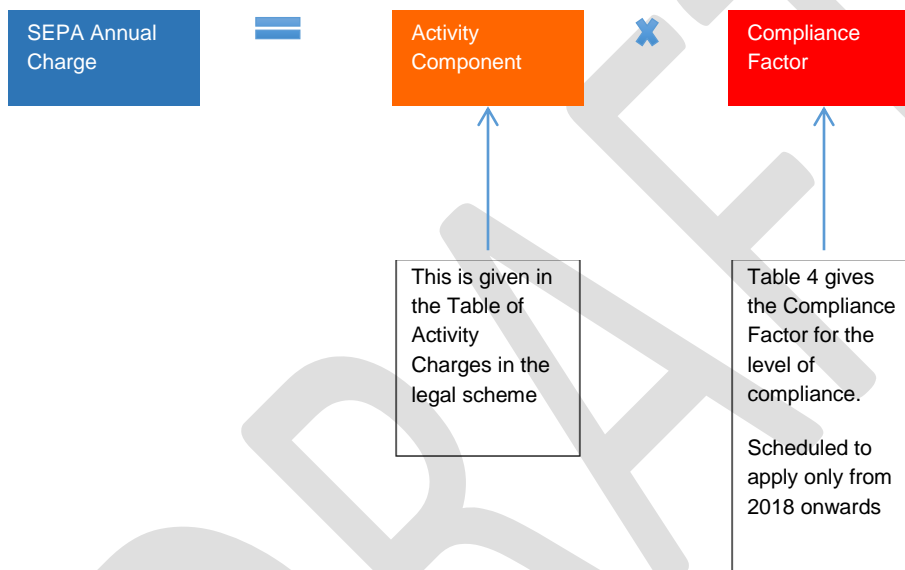
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We will also describe a number of rules that can modify how the charge is calculated.

4.6.1 Small activities

Most authorisations we issue will only have an Annual Charge based on the Activity Component. Typically these activities have limited environmental impact and so fall below the threshold for the variable Environmental Component of the scheme. Additionally, note that the Compliance Factor will not come into effect until 2018/19.

Figure 5:
Calculating your charge for small activity types



Example 5 – Agricultural irrigation annual charge

Let us take the case of the annual charge for Abstraction: Agriculture (irrigation - mobile and/or fixed intake) $\leq 2000\text{m}^3/\text{d}$.

This activity is listed in the Schedule under the Agriculture sector and the Agriculture: Agricultural Irrigation Sub Sector. From Column 6 the annual charge is £846.

Is there more than one activity in the authorisation? No – so rules in Section 4.3 do not apply.

Is there an Environmental Charge that applies? The Table of Activity charges say no, so no Environmental Component applies. (Note however that if the volume was $>2,000\text{ m}^3/\text{day}$ then

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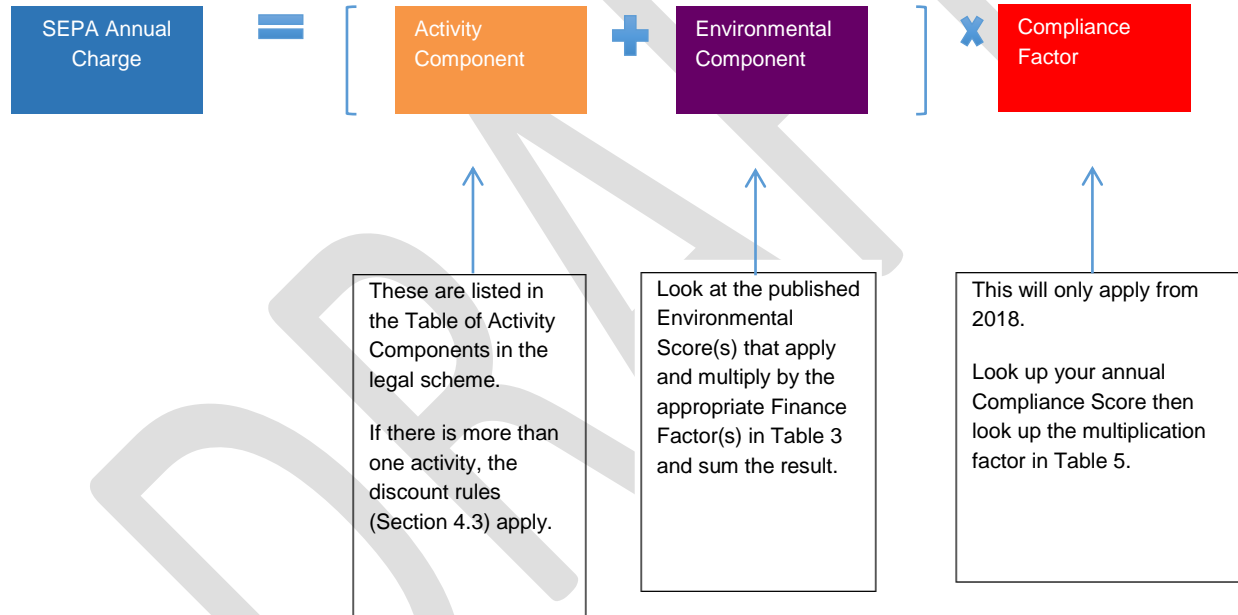
an Environmental Component would apply).

Therefore the Annual Charge is just the Activity Charge = £846.

Note that the final charge may be subject to inflation increase (Section 2.5) or the phasing in provisions set out in Section 4.7. In the future it will also be subject to the Compliance Factor as well.

4.6.2 Large activity types

**Figure 6:
Calculating your charge for large activity types**



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Example 6 – Agricultural irrigation annual charge

Let us take the case of the annual charge for Abstraction: Agriculture (irrigation - mobile and/or fixed intake) > 2000m³/d.

Activity Component

This activity is listed in the Schedule under the Agriculture sector and the Agriculture: Agricultural Irrigation sub Sector. From Column 6 the activity type charge is £1,482.

Is there more than one activity type in the authorisation? No – so rules in Section 4.3 do not apply.

So the Activity Component of the charge is £1,482

Environmental Component

Look up the Environmental Assessment Scheme Table of Scores – say the abstraction of water score is 700.

From Table 4 above, the Environmental Financial Factor for abstractions is £15.22.

So the annual charge is $700 * £15.22 = £10,654$.

The total Annual Charge will then be $£1,482 + £10,654 = £12,136$

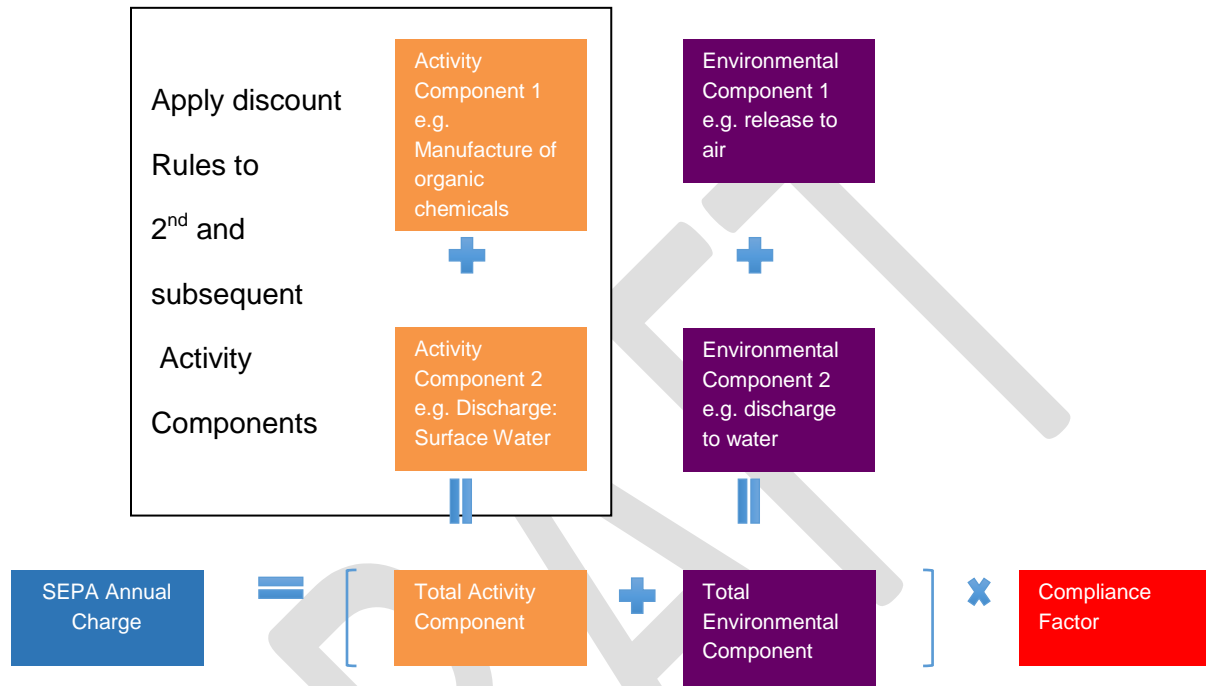
Note that the final charge may be subject to inflation increase (Section 2.4) or the phasing in provisions set out in

Section 3.7). In the future (2018 onward) the Compliance Factor will also apply.

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A more complex example with multiple Activity Types and Environmental Scores for multiple media is shown diagrammatically below.

**Figure 7:
Calculating your charge when multiple Activity Types and Environmental Components are covered by a single authorisation**



Example 7 - A Food and Drink Process

Say a small Food and Drink authorisation covers the following activity types with corresponding Activity Components

Activity Type	Legal Scheme Schedule Table 1 row number	Activity Component	Environmental Component
Food & Drink: Sect 6.8d(iii) Animal & veg raw materials & other than milk Part A	140	£4445	Yes

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Abstraction for Food and Drink (Other): Cooling water (Evaporative or Non Evaporative) >2000m3/d	125	£820	Yes
Food & Drink: Discharge (Exec Distilleries)	134	£2101	Yes

Calculation of Activity Component

As there are three activity types a discount applies.

The most expensive activity component is £4,445, so this applies in full.

However, by virtue of Rule 2

“Where an authorisation contains two or more different activity types a discount will be applied to the second or more different activity types. “

a 10% discount applies to the abstraction and discharge activity types.

So the Activity Component charge

$$= £4445 + (£820 \text{ less } 10\%) + (£2101 \text{ less } 10\%) = £4445 + £738 + £1890.90$$

$$= \mathbf{£7,073.90}$$

Calculation of Environmental Component

All of the activity types in the authorisation qualify for an Environmental Component and say the emission scores are as given in the table below. Applying the relevant Financial Factor to these emissions score for each medium is summarised below.

Environmental Component	Corresponding Environmental Emission Score	Environmental Component Finance Factor (£)	Environmental Component Charge
To Air	30	£251.74	£7,552.20

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Abstraction	150	£15.22	£2,283.00
Discharge to water	25	£672.61	£16,815.25
Total			£26,650.45

So the Environmental Component element of the charge is £26,650.45

The total charge is therefore = £7,073.90 + £26,650.45 = £33724.35

Note inflation increases (Section 2.4) or Phasing in provisions (4.7) may also apply where appropriate.

4.7 Phasing-In the New Charges over 5 Years

The new annual charges will be phased-in over five years. This covers two cycles of the Scheme with the full charges coming into effect in 2020-21. This means that for each financial year between 2016-17 and 2020-21, charges will change in increments of one fifth of the difference between the old and new charge, until the new charge has been reached. In each new financial year, up to and including 2020-21, the increment will be added to the charge calculated for the previous year, in addition to any increase from inflation.

When we carry out the review of the new scheme for 2018-19, any further changes in charges will be phased-in over the remaining three years (to also come into full effect by 2020-21), including any increases from inflation.

The phasing arrangement covers both increases and decreases to our charges.

Example 8 - Demonstration of how phasing will be calculated

Let us say

- The annual charge in 2015/16 was £2,000
- From April 2016 the annual charge increases to £3,000
- Inflation is 2.5% pa throughout the period

Then the phased charge is as follows: -

Year 1 charge = £2000 plus one fifth of difference between new and old charge

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$$= £2200$$

Year 2
Charge

$$= £2000 \text{ plus two fifths of the difference between new and old charge}$$

$$\text{Note new charge has gone up by inflation – now } £3,000 * 1.025 = £3075$$

$$= £2000 + ((£3075 - £2000) * 0.4) = £2000 + £430$$

$$= £2430$$

Year 3
Charge

$$= £2000 \text{ plus three fifths of the difference between new and old charge}$$

$$\text{Note new charge has gone up by inflation – now } £3,075 * 1.025 = £3151.88$$

$$£2000 + ((£3151.88 - £2000) * 0.6) = £2000 + £691.11$$

$$= £2691.11$$

Year 4
Charge

$$= £2000 \text{ plus four fifths of the difference between new and old charge}$$

$$\text{Note new charge has gone up by inflation – now } £3151.88 * 1.025 = £3230.68$$

$$= £2000 + ((£3230.68 - £2000) * 0.8) = £2000 + £984.54$$

$$= £2984.54$$

Year 5
Charge

Note new charge has gone up by inflation – now

$$= £3230.68 * 1.025$$

$$= £3311.48$$

No phasing applies as we are at the end of the phasing period.

For completeness applying the phasing in rules results in the same charge viz: -

$$= £2000 + ((£3311.48 - £2000) * 1) = £2000 + £1230.68$$

$$= £3311.48$$

This example represents a pessimistic situation where the charge goes up with the new scheme. In practice there will be a variety of cases with charges going up and / or down when the scheme is first introduced and when reviewed. But the basic phasing methodology outlined above will apply.

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This phasing-in applies only to authorisations in force before 1st April 2016. New authorisations issued after that date will attract the charge calculated in the normal way (i.e. without this phasing-in provision).

These phasing-in arrangements do not apply to the following: -

- Any activity falling within an activity type that has not previously been liable to a charge under a previous charging scheme.
- Any activity, which is authorised after the date, this Scheme comes into force.
- Any activity for which the annual charge is relevant time and materials costs.
- Any charges which reflect the costs of regulating a material recycling facility or the costs of monitoring a marine cage fish farm.

Where the phasing arrangements apply and the authorisation is varied (with the exception of administrative and minor technical changes), the following provision will apply:

- Any variation to an authorisation that changes an activity, or adds a new one, will attract the full charge for that new activity type and will not be covered by the phasing-in arrangement. Existing activity types remaining in the authorisation will continue to attract the phasing-in arrangements. (The discount rules in Section 4.3 will still apply.)

4.8 Project work for unusually large/complex authorisations

There are some large and complex application authorisations for which long-term annual charges are not appropriate, but where we still have to commit significant resources. This continues the project work we do for large complex applications (see Section 3.4). The most frequent example of this type of activity is engineering activities associated with the water environment. Typically these activity require on-going support from us to cover a wide range of issues including waste management, emissions to air, discharges to water and engineering activity types affecting the water environment. This work may extend over several years.

We will recover our costs for this work by charging for our post-authorisation work such large-scale activities on a time-and-materials basis. This continues the approach used as part of the authorisation determination process.

As described in Section 3.4 we are prepared to discuss with an operator a costed plan to cover the application work required to support a scheme. This cost plan should include any post-authorisation work.

5 EXEMPTIONS AND ABATEMENTS

This section covers changes to our system of exemption from, or abatement of, charges. Most of these are enacted by being listed against the Activity Types in the Table in the Schedule to the Legal Scheme.

5.1 Annual charge where construction or operation has not commenced

Generally the annual charge applies from the date when the authorisation is issued. However in certain cases the charge will be deferred until either construction work in relation to, or the operation of, any of the authorised activities has commenced (whichever is earlier).

While an authorisation is in force, but there is no equipment or facilities available to operate it, the amount of regulatory work we do is limited. In these instances, we will not apply the annual charge. However, our work will increase once construction commences or operations start.

For example, if an operator has successfully applied for an authorisation to help with securing planning permission or financing for the project, but no actual construction has taken place, we will not apply the annual charge.

However, when construction starts on – for example – on a landfill site, we may need to check the integrity of any liner being installed in any disposal cells as it is a key abatement technique. Similarly, if a major installation starts construction then we will often be approached for advice on any changes during the construction phase. In such circumstances the annual charge will apply from the time such construction commences.

For smaller scale activities where there are no potential environmental impacts, we will start annual charging when commissioning / initial operation commences, as these represent stages where regulatory work increases.

In situations where all the necessary equipment is in place (e.g. a waste storage site) but operation has not started, the annual charge will apply. We need to periodically inspect to ensure operation has not started. Of course in such circumstances if operation is not planned to commence for a period of time then the operator can apply for “mothballing” – see Section 6.2.

5.2 Micro-scale activity types

Full charges are disproportionate for some very small (micro) activity types.

Activity types which we are required to authorise, but which we judge to be of micro or craft scale, will be subject to infrequent levels of inspection and/or monitoring and as result pay a lower annual charge of £150

To be categorised and charged as a micro-activity, an activity must:

- be of small-scale,
- be assessed as a low hazard activity, and
- fit within the activity type descriptions in this guidance.

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Note this does not automatically include PPC Low Impact Installations². (In rare cases they may qualify, but need to meet the conditions for micro scale activities in their own right.)

Micro-Activity types

The following activity types will be categorised and charged as micro-activity types:

- small fish hatcheries, which only rear fish to restock their own fishing, club waters;
- abstraction for winter storage for irrigation; and
- vintage car enthusiasts who keep a spare vehicle(s) for spares or repair and who are clearly not commercial car dismantlers..

If an applicant or holder of an authorisation thinks the micro-activity type should apply to them for any other activity types, they should seek agreement from us. Note that any decision as to whether or not this applies will rest solely with us.

5.3 Abstractions from estuaries and coastal waters

We are not currently aware of any abstractions from estuaries or marine waters in Scotland that pose an environmental risk. Consequently, we are exempting such abstractions from charges.

5.4 Provision of an Environmental Service

We have identified some situations where an activity delivers an “environmental service”. In such circumstances we are exempting these from application and annual charges.

‘Environmental Service’ means the carrying out, operation or maintenance of any activity that is, in our view, solely for the benefit of the environment. This excludes activity types that are being operated for commercial purposes or as the implementation of a statutory duty.

We have grouped such “environmental services” under the following four headings:

1. Abstractions associated with the control of historic causes of pollution:

- Abstraction from mines which are no longer operational, where the abstraction is intended solely to control the breakout of polluted groundwater.
- Abstraction of groundwater associated with contaminated land solely for the purpose of the remediation of that contaminated land.

² PPC Technical Guidance Note TG7 Guidance on Determining “Low Impact Installations” under the PPC Charging Scheme

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In both situations, there would be no application or annual charges associated with the abstractions. However, there would still be application charges and relevant annual charges for the discharge element associated with the activity.

2. Structures and abstractions to maintain or improve the existing water environment:

- An ex-water supply reservoir that is no longer intended as a drinking water source and is maintained solely to support the ecology that has developed within the reservoir.
- A canal that is no longer used for navigation and is maintained solely to support the ecology that has developed within the canal.
- A wetland or pond, fed by an abstraction, which is intended solely to maintain or enhance the biodiversity of the water environment.
- Abstractions and impoundments that are solely associated with the delivery of the environmental service will not be subject to charges.

3. Habitat restoration:

- The restoration of a canalised or culverted watercourse to a more natural profile.
- The removal of flood defences in order to restore a flood plain.
- The creation of wetlands and ponds to enhance biodiversity.

There will be no fees or charges associated with the engineering work, abstractions or impoundments associated solely with the restoration work.

This definition does not include fishery improvement work that modified a natural river in order to improve fishing.

4. Maintenance of native fish populations

- Non-commercial fish hatcheries.
- Fish hatcheries, which only rear juvenile, fish up to parr stage.
- Fish hatcheries that return reared fish to the same river of origin for use in restocking programmes.

Where these are not covered by micro scale activities and are not a commercial operation, no application or annual charges apply.

5.5 Lades

The volume of water abstracted from the water environment into a lade, where only part of that volume is subject to use, will not be used in the calculation of the environmental component charge. For example:

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- If there is a lade serving a paper mill or a distillery, then the volume to be subjected to charge is that which is abstracted from the lade for cooling, process water or other purposes.
- If there is a lade serving a fish farm, then the volume to be subjected to charge is the volume used by the fish farm processes. If the full volume of the lade is used by the process, then the lade volume will be used to calculate the charge.
- If there is a lade serving a canal, then the volume to be subjected to charge is that which passes into the canal.
- If there is a lade providing water for hydropower, then the volume to be subjected to charge will be that which passes through the turbine.

We will not impose annual charges for a lade used only to

- power a water wheel which is not used for the generation of electricity, or
- fill or maintain any off-line pond that may have amenity uses (e.g. fishing and sailing).

5.6 Boreholes and test pumping

The construction of a well or borehole for the purpose of abstraction, whether permanent or temporary, must be authorised. In addition, when groundwater resources are being investigated, it may be necessary to undertake a temporary abstraction in the form of a test pumping in order to assess the available resources or to determine potential environmental impacts. The construction of boreholes or wells and their test pumping must be authorised.

We believe it is not appropriate to charge an applicant two authorisation fees (one for the borehole construction/pumping test and one for the abstraction). Consequently, there is now no charge regarding borehole construction/test pumping for an abstraction that would be covered by a registration. Construction and testing of boreholes requiring a simple or complex authorisation is then subject only to a registration fee.

When a heat pump extracts heat from abstracted groundwater and then returns that water close to the same location then the abstraction(s) will be liable for normal application charges but will not be liable for annual charges.

5.7 Flood defence (diversion or storage)

Where floodwater is diverted from the river channel into off-line flood storage or a flood relief channel, this represents an abstraction and will be authorised. Such abstractions will be liable for normal application fees but will not be liable for any annual charges.

Impoundment structures installed for the purposes of retaining some flood flows online during high flows will require authorisation and be liable for normal application fees, but will not be liable for any annual charges.

5.8 Impoundments less than a metre high

There may be circumstances where an existing passive impoundment exceeds the 25-megalitre thresholds but is not licensed because the existing dam creates a water level differential of less than 1 metre and allows fish migration. Such impoundments are covered by a General Binding Rule (GBR) and are not subject to annual charges.

New passive dams that are less than 1 metre high but which do not allow fish migration are not covered by GBRs. These are required to apply for an authorisation and are subject to an application fee in the normal way. This is because we must assess whether this new impoundment will cause environmental harm. However, to ensure an equitable approach with existing impoundments, such impoundments will not be liable to annual charges.

5.9 Off-line impoundments and isolated ponds

An off-line impoundment does not hold back the flow of a river, but is constructed on the land adjacent to a river. Off-line impoundments do not pose a barrier to fish migration or affect sediment movement. Such off-line impoundments may collect water seeping from the surrounding land or may be supplied by an abstraction. Such off-line impoundments are not considered a controlled activity and therefore do not need to be authorised and therefore are not subject to application charges nor annual charges.

Abstractions from off-line impoundments or isolated ponds that are filled by groundwater, surface run-off and land drainage are controlled activity types and are required to be authorised. This is because the impoundment/pond is used as a mechanism to collect groundwater or surface water, which can then be abstracted. However, abstractions from off-line impoundments or constructed isolated ponds that are filled by an authorised abstraction do not require authorisation. This is because such impoundments/ponds are considered to be part of the infrastructure used to store water that has already been authorised for removal from the environment.

5.10 Commercial/amenity use of Ponds and Reservoirs / Historic Mills

The following water uses are not liable for impoundment annual charges as long as they do not manage the flow from the dam in order to support the maintenance of the activity:

- cage fish farms, and
- amenity uses (such as fishing and sailing).

We do not impose annual charges for abstractions solely to fill or maintain any offline pond, reservoir or historic mill lade that may have historic and/or amenity uses.

6 CHANGES IN 2016 AND BEYOND

This section covers some specific changes that take place in 2016. It also covers some changes for future years to provide advance notification to charge payers.

6.1 Hydropower

We are progressively removing the caps and exemptions from this sector. The generating capacity (referred to below) will be calculated at the scheme level and not on the basis of individual components of a scheme.

Hydropower schemes generating between 2MW and 5MW previously had their charges capped. We have removed this cap from April 2016, and as a result these schemes will be subject to normal annual charges.

Small hydropower schemes generating between 0.1MW and 2MW were previously exempt from annual charges. We have consulted on removing this exemption and will advise on the calculation of charges in 2017, in time to implement charges from April 2018.

Hydropower schemes with less than a 0.1MW generating capacity will continue to be exempt from annual charges.

6.2 Period of temporary cessation

We are standardising our approach to how we reduce charges for operators when they “mothball” an activity (and the associated authorisation) for a minimum of one year. By mothballing we mean an agreed period of temporary cessation where an activity covered by an authorisation is not used or is not active. Authorisation holders must apply for – and be granted – an agreed period of temporary cessation. This must be renewed annually otherwise the full annual charge is reinstated.

From April 2016, no charge will be payable for an agreed period of temporary cessation. This is to standardise our approach across the different regimes covered by this charging scheme.

However, such “mothballed” authorisations still require some – albeit reduced – level of regulatory oversight. From 2018/19, we will introduce a standard reduction in charges for mothballed authorisations. **The Activity Charge will be reduced by 80%, subject to a minimum of £100.** There will be no charge based upon the Emission Component of the Scheme. The following table provides examples of this change where only 1 activity is on the authorisation.

Table 7
Examples of the scale of annual mothball charges from 2018/19 onwards

	Activity Component	Environmental Component (illustrative)	Resulting Annual Charge	Mothballing Charge*

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		purposes only)		
Agricultural Irrigation - Abstraction from agricultural land (irrigation - mobile and/or fixed intake) > 2000m ³ /d	£1,455	£228	£1,683	£291
Marine Cage Fish Farms - Discharge: Fish Farm Marine Cage < 50 tonnes	£3,000	£12,792	£15,792	£600
Transfer Station - Civic Amenity Site <2500 tonnes/yr.	£2,514	n/a	£2,514	£503
PPC Chapter 6 –Printing, textiles, dyes & inks, timber, rubber etc.	£900	n/a	£900	£180

*20% of Activity Annual Component

6.3 Water authorisations not subject to annual monitoring

We will be consulting further in 2017 and seeking to recover costs from those who hold licences for water discharges that we do not routinely inspect or sample. These licences incur environmental monitoring and regulatory work for SEPA whilst not currently incurring charges. They will be charged for as described in the main part of the scheme.

7 GENERAL PROVISIONS

7.1 Annual charges

We will send out bills requesting payment of Annual charges at the beginning of the financial year. We look for these bills to be paid in full. However, if you have difficulties in paying the full bill for the year, you can make arrangements with us to pay the charges spread over the year.

We will not send out a bill if the annual charge is less than £35.

7.2 Partial year charges

An authorisation may come into effect partway through a financial year. Alternatively, an operator may ask us to revoke or transfer an authorisation part of the way through the year. **In such circumstances the charge payable will be based on 1/365th of the annual charge for each day the authorisation is in place for, subject to a minimum refund value of £100 (to cover the administrative processing costs).**

7.3 Hourly rates

The hourly rate for time and materials charging is £87 per hour.

It should be noted only our inspection-related staff record time for charging purposes. The rate therefore reflects costs of other support staff as well as relevant overhead costs.

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7.4 VAT

All charges quoted in the scheme are not subject to VAT.

7.5 Withdrawn applications

If you withdraw an application, we reserve the right to retain the application charge in full and make no refund. We will not normally make a refund if the application is withdrawn after it has been accepted as duly made.

7.6 Liability to make payment

The persons set out below shall be liable to pay the fees and charges under the Scheme:

- In respect of an application, the person making that application.
- In respect of the annual charges, the holder of the authorisation in respect of which the charge is payable relates.
- In respect of a variation fee, the operator of the authorisation in respect of which the notice is served relates.
- In respect of the substantial change variation fee, the transfer fee or the surrender fee, the operator of the Part A installation (or part installation) to which the authorisation.

7.7 Non-payment of charges

An application that is not accompanied by the appropriate charge is not deemed to be “duly made” and so cannot be determined. If the charge submitted is insufficient you will be advised accordingly and asked to pay the balance. We will be unable to determine the application and will not issue a new or revised authorisation if any part of an application charge is outstanding.

If an annual charge is not paid when due, we may revoke or suspend the authorisation and take action to recover the debt.

8 CONTACT US

For billing queries, please contact the address on the back of your invoice.

If you have any queries regarding the interpretation of charges, please contact the Charges Team by:

Email: ncc@sepa.org.uk

Post:

Charging Scheme Team

SEPA

SCOTTISH ENVIRONMENT PROTECTION AGENCY

Strathallan House
Castle Business Park
Stirling
FK9 4TZ

We welcome views from our users, stakeholders and the public, including comments about the content and presentation of this scheme. If you are happy with our service, please tell us about it. It helps us to identify good practice and rewards our staff. If you are unhappy with our service, please let us know how we can improve it.

For copies of SEPA publications please go to our website,

contact general enquiries on:

or email us at:

9 GLOSSARY

Authorisation - is the generic term we are using in this consultation to cover all the various permits, consents and licences we currently issue.

Activity - means an activity which falls within a description in column 4 of the Table in the Schedule to the Legal Scheme and which is required to be carried on under an authorisation;

Activity Application Charge - means the charge listed in column 5 of the Table in the Schedule to the Legal Scheme in respect of the corresponding activity type set out in that Table;

Activity component - means the amount set out in column 6 of the Table in the Schedule of the Legal Scheme in respect of the corresponding activity type set out in that Table;

Activity type - means a type of activity falling within a single description in a single row of column 4 of the Table in the Schedule to the Legal Scheme. Individual activity types within a regulatory activity should have the same annual regulatory charge and the same application charge. Examples include:

- STW discharge (public) 50,000 to 100,000 population equivalent;
- PPC B Band 2 Petrol Vapour Recovery $\geq 1000\text{m}^3/\text{yr}$ Sect 1.2; and
- Civic Amenity Site ≥ 2500 tonnes

Charging scheme component. The main building blocks of the annual charging structure which when put together allow the charge to be calculated:

- Activity Components,

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- Environmental Charges, and
- Compliance Factors

Charging scheme categories. The sub-divisions of the charging scheme. They represent the units for which SEPA calculates the funding that should be recovered from charge-payers. They include:

- Waste Management Activity types,
- Holding of Radioactive Substances,
- Discharges to water,
- Abstraction of water,
- Impoundment of water,
- Engineering in the water environment, and
- Emissions to air.

SEPA's direct work – covers our Planned Effort associated with the regulation of site (Inspections Sampling and data returns) and Reactive Effort (work on Compliance breaches, environmental events and liaison with Operators)

SEPA's indirect work – covers work not directly associated with a site such as environmental monitoring, analyses, modelling, reporting.

Dynamic Regulatory Effort and Assessment Model (DREAM) is the hazard and risk assessment tool we use to assess the inherent hazards and risks of an activity.

Environmental Service means the carrying out, operation or maintenance of any Activity, which is in the view of SEPA, solely for the benefit of the environment, not being for commercial purposes or in implementation of a statutory duty or condition of an authorisation. SEPA Guidance, updated from time to time, is available via the website or on request;

Environmental Assessment Scheme. The scheme published by SEPA, which explains how the Environmental Assessment Score is calculated.

Table of Environmental Scores. The Environmental Scores published by SEPA for all relevant authorisations covered by this scheme. The score can be used to calculate the Environmental Component charge.

Environmental component - means, in relation to each environmental category attributable to the authorised activities, the environmental score multiplied by the financial factor.

Regulatory Support – covers work on Regime Support and Sector Management Authorisation.

Schedule - means the Table in the Schedule to The Environmental Regulation (Scotland) Charging Scheme 2016

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