

How to Allocate Costs Fairly Across Regulated Activities?

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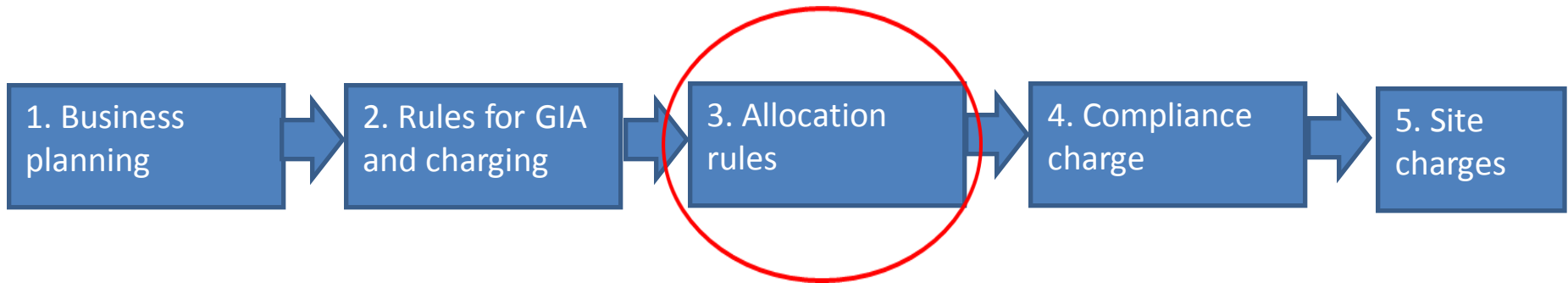
Introduction

- Objective
- Background
- Proposed High-Level Charging Model

Objective

- Outline the proposed charging scheme structure and how the costs are then allocated.
- Provide a brief overview of the following workshops.

Overview



Background – June Workshop



Model 1 (sector / activity based) useful for activities where technology used was consistent and low environmental impact.



Model 2 (site based) simple and based on site risk



Model 3 (emissions / abstractions based) scored well not applicable across board.



Model 4 (environment impact based) best reflecting environmental impacts. However concerns on complexity / stability / transparency (not suited for small-scale activities with low impacts).

Proposals

Propose to use three risk assessments to allocate costs between sites.



Site risks- management/regulatory effort required to protect the environment.

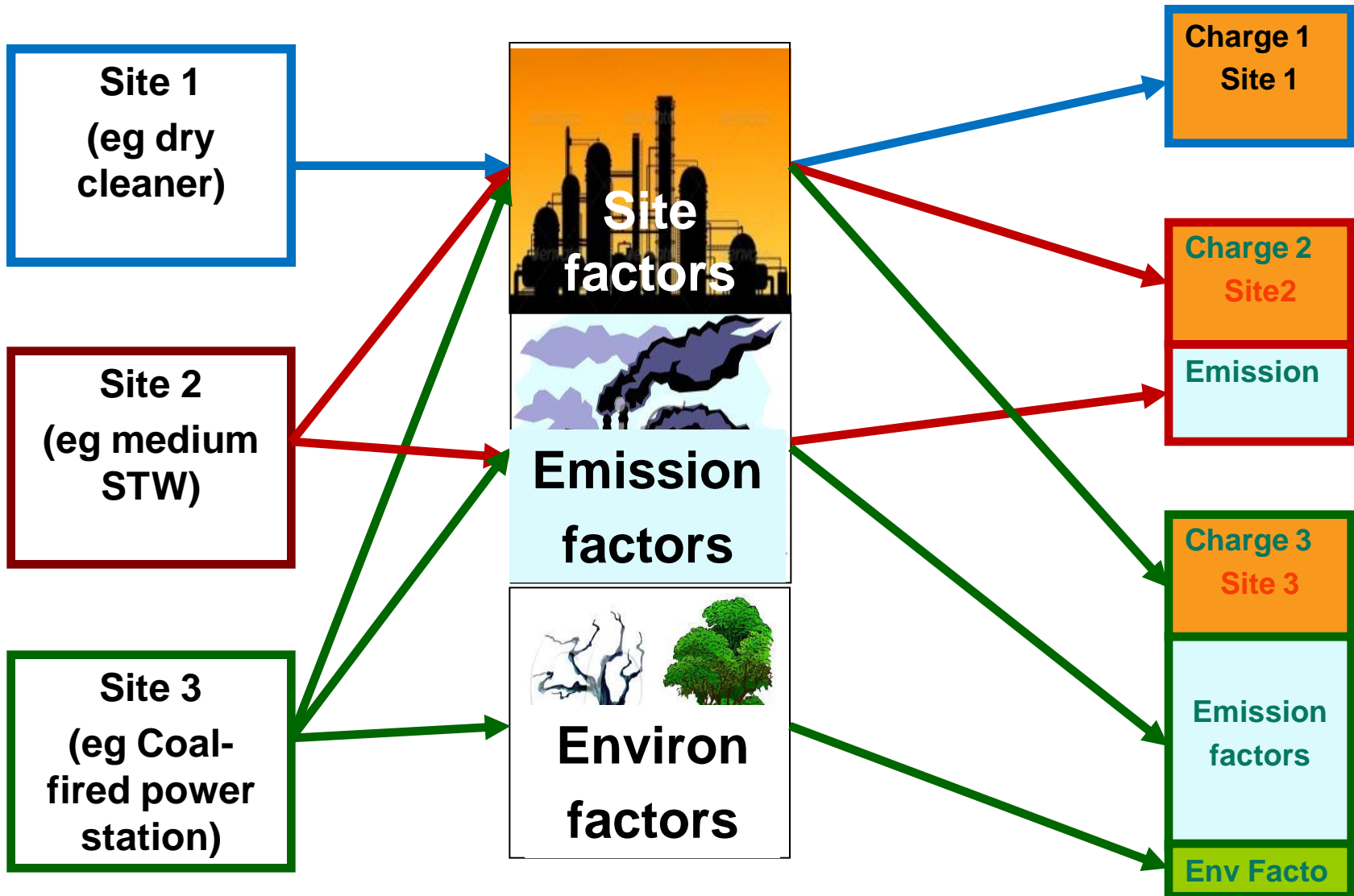


Emission risks– the risks associated with passage to (or from) the environment.



Environment risks – sensitivity of the receiving environment.

How is it Expected to Work



Site Risk Factors

Proposals includes:

- regulatory framework (UK and EC)
- how technical to operate/maintain
- variability process/ non standard kit.
- scale of site
- number of activities

Will:

- reflect SEPA's regulatory activities

Emission Risk Factors

Proposal includes:

- scale of the emission/abstraction/throughput
- content of emission/throughput, may be weighted in relationship to toxicity.

Will:

- reflect SEPA's environmental monitoring activities and
- influence SEPA's regulatory activities

Sensitivity Risk Factors

Proposal includes:

- sensitivity of receptors (e.g. centres of population, nature conservation sites);

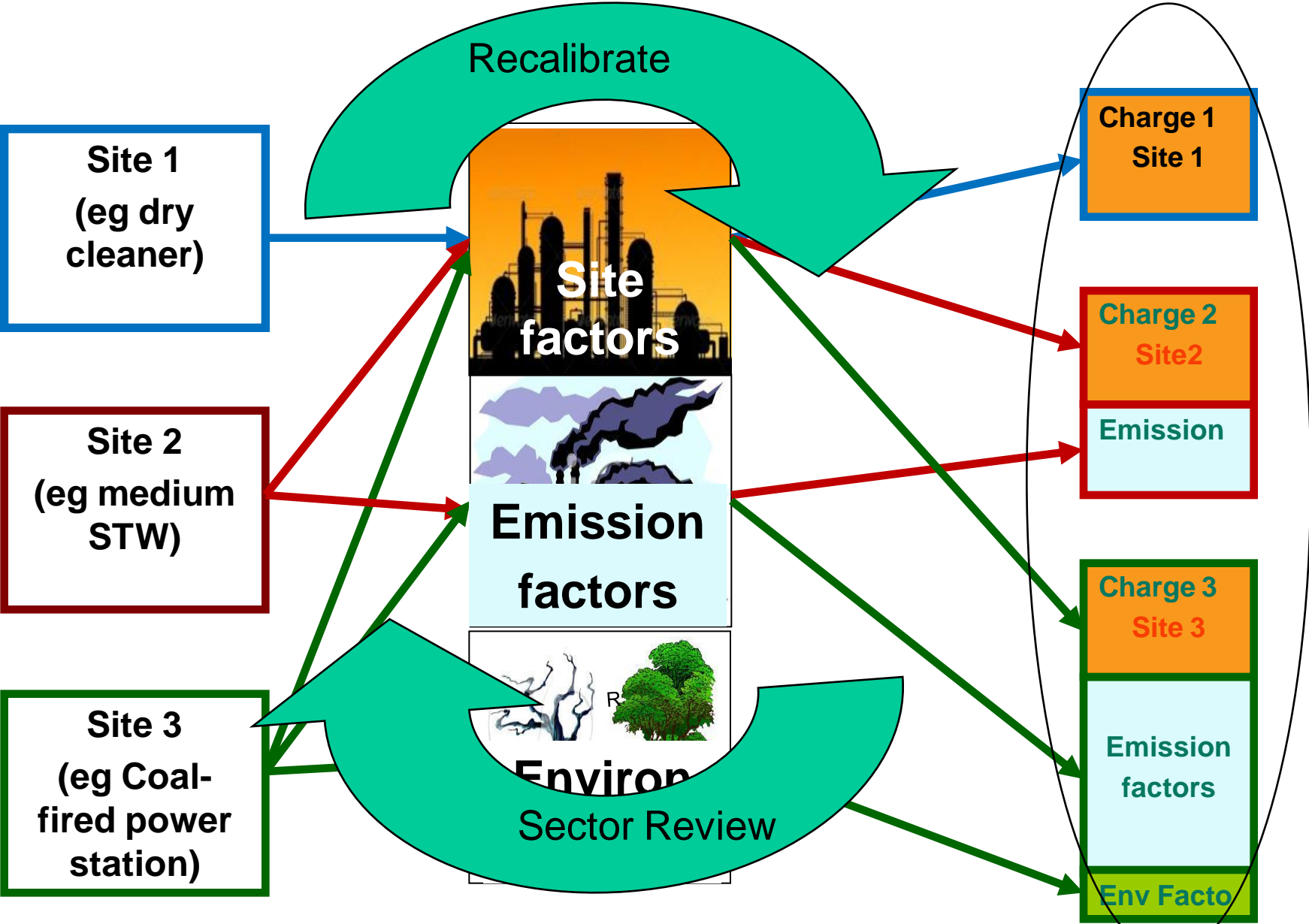
Will include consideration of:

- impact on the condition of receptors;
- proximity of receptors and strength of link between source and receptors
- relevance of the emission/abstraction to the receptors

Will:

- reflect SEPA's environmental monitoring activities and
- influence SEPA's regulatory activities

Sector Review and Calibration



Allocation of Costs

ASSESSMENT OF PERFORMANCE IN RELATION TO PRINCIPLES

PRINCIPLE 1 – RISK-BASED & ENVIRON FOCUSED

PRINCIPLE 2 - FLEXIBLE AND TARGETED

PRINCIPLE 3 - ACCOUNTABLE, TRANSPARENT & FAIR

PRINCIPLE 4 - STABLE & RESILIENT

PRINCIPLE 5 - SIMPLE & PROPORTIONATE

Breakout Sessions

Group	Trade Association / Company		SG/SEPA
1	Scottish & Southern Energy	Rhona McLaren	John Burns
1	Scottish Land & Estates	Jackie McCreery	Paul Griffiths
1	Scottish Water	Neil Hemings	Niel Ritchie
1	SESA (WM Tracey)	Robin Stevenson	
1	UKPIA (Ineos)	Lesley Hemingway	
2	COSLA	Mirren Kelly	Martin Marsden
2	Confed. of Paper Industries (UPM)	Sharon Gallagher	Rob Morris
2	Scotch Whisky Association	Morag Garden	Simon Bingham
2	Scottish Renewables	Niall Stuart	Erik MacEachern
2	Scottish Water	Mark Williams	
3	CIA	David Pollard	John Shaw
3	NFUS	Andrew Bauer	Simon Olley
3	Scottish Natural Heritage	Sarah Hutcheon	Jo Green
3	Scottish Power	Jane McMillan	Richard McLeod
3	SESA (Veolia)	Dale Robertson	
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