

**27 March 2018**

## **SEPA CHARGING SCHEME UPDATE**

Dear Member

Among hydro operators, this has been a controversial move by SEPA, instructed by the Scottish Government, to raise funds to cover not only direct costs incurred by the small hydro sector, but also indirect or “environmental” costs to support SEPA operations more widely.

The SEPA consultation has now concluded and details may be found on its website:

[https://consultation.sepa.org.uk/evidence-and-flooding/charging2018/consult\\_view/](https://consultation.sepa.org.uk/evidence-and-flooding/charging2018/consult_view/)

John Burns, SEPA’s charging scheme manager, will be speaking at Alba Energy’s AGM tomorrow, accompanied by SEPA water specialist Pauline Silverman, to explain and discuss the new system, which will be implemented from 1<sup>st</sup> April this year.

In summary, the key elements of the charging scheme are as follows:

As a result of the consultation, SEPA has responded significantly to schemes of 100kW – 500kW, which will now have a single annual fee of £200, with no additional “environmental charge”.

However, schemes from 500kW - 2MW will be liable for this “indirect” charge, based on an abstraction formula of 50% of the winter permitted abstraction and 25% of the summer permitted abstraction, using the charging calculations issued during the consultation.

Thus the contested principle of the “environmental charge” has been kept for schemes of more than 500kW - to be phased in over three years on the following basis - 33.3%, 66.6%, 100%.

SEPA considers the consultation with the small hydro sector to be ongoing and there will be a further review of the work required and the resultant charging. This review will include representatives from the hydro industry.

SEPA has confirmed that the charges, as currently set, will come into effect on the 1st of April.