

January 27, 2020

- **BUSINESS RATES – The Tretton Review**
- **MEDIA RESPONSE & POLITICAL ENGAGEMENT**
- **BUSINESS RATES – The legal challenge**
- **LOSS OF MAINS – Update**

Dear Member

I am writing to update you on these key areas of activity.

Publication of the Tretton Report¹

This was the culmination of nearly two years of discussion between the hydro sector, Scottish assessors and the head of business rates for the Scottish government, chaired by Professor David Tretton. The Tretton Review began as an attempt to resolve the extraordinary and structurally inequitable rateable values being applied by the assessors to small hydro sites. It has resulted in a report that fails basic tests of objectivity and balance, providing the Tayside Assessor, Alastair Kirkwood, with a platform to spell out his method and views largely unchallenged. The counter-arguments of the hydro sector are diminished or dismissed. Requests that objections of the hydro sector should be properly represented in the report – raised by Kenny Hunter (of Hunter Hydro Services) and Stephen Hutt (of Green Highland), both members of the panel – were rejected. Alba Energy regards the report as a whitewash and a failure of the purported Scottish Government aim, which was to take an independent view of potential solutions to the problem of small hydro rateable values. For an explanation of the review process and the position of the hydro sector to date, please see the attached sheet of “frequently asked questions”, which has been provided to media interested in our situation.

Media response

Also attached is the press release, put out jointly between Alba Energy and the British Hydropower Association (BHA) in response to publication of the Tretton review. Please see, accompanying the release,

¹ <https://www.gov.scot/publications/report-small-scale-hydro-plant-machinery-review/>

a summary of the resulting coverage. If anyone wants to watch the segment from “The Nine”, in which Adrian Loening provides an impressively succinct account of the small hydro position, let me know.

Political response

Scottish public finance minister Kate Forbes has continued to show an interest in the problem of rateable values for small hydro and has made informal assurances to the BHA that she wants to pursue alternative solutions. Discussions with the Scottish Government will continue, led by Kenny Hunter. There is reason to believe that Ms Forbes is serious in her intentions. The question remains what concrete proposals might be forthcoming and whether she is capable of delivering on those assurances.

The legal challenge

The long-running case of “Old Faskally & Others” needs to be concluded at the Tayside Appeal Committee. Alba has engaged James Findlay QC to conduct final proceedings which should allow the committee to produce its third and final determination on the case (which relates to the 2010 valuation). Once this has taken place, Mr Findlay will produce formal opinion on the viability of disputing the basis of the 2017 valuation, which has caused such dismay in the hydro sector. Assuming this opinion provides the conditions for a substantive case, Alba will sue the Scottish Assessor at the Lands Tribunal. Timing remains uncertain, due to assessors’ continual obfuscations and delays over the Old Faskally proceedings. The problem for some hydro operators has reached crisis point, however, and we will seek a hearing as soon as possible, preferably this summer. We will keep members informed of developments. It is Alba’s view that the most reliable solution to the hydro sector’s problem would be through legal redress, if obtainable.

Funding the case

Thus far we have received financial support from the BHA and the promise of a contribution from Scottish Land & Estates, for which we are very grateful. But the vast majority of finance comes direct from the Alba membership. The chairman and directors of Alba want to extend their gratitude to all members who have contributed, not just through regular annual fees, but with additional funds to make the legal case happen. For several years, the support, dedication and collective action of members has been remarkable. Without you, this would not be possible. Thank you.

Loss of Mains Change Programme

Finally, an update on an ongoing operational issue. Loss of Mains settings require to be changed by 31st August, 2022. But the advice is to get this done in 2020, both to ensure compliance and to take advantage of any potential funding that remains. (This applies only to those generators commissioned

prior to February, 2018.) The code change requires the sensitivity of your relays to voltage and frequency deviations to be reduced, so that your generator remains connected to the system in times of grid stress. This should be a positive change for the industry, resulting in fewer grid faults.

There is funding available from National Grid ESO to have this change introduced which is still available on a first-come-first-served basis. The next deadline falls on 11th February, with funding dependant on the level of change required between £1,500 - £4,000, and this will be paid directly to you. NGENSO have advised that initial take up for funding was fast, so the advice is to seek assistance as soon as possible. The first step towards this is to register your site on the ENA portal for funding approval.

If you do not register for funding, you will be forced to implement this change without financial assistance. In order to register your site on the portal, a copy of your G59 witness testing certificate is required. Following the approval of funding, the next step will be to organise the change of settings on the G59 relay.

For advice and assistance with this procedure, Alba Energy can recommend the following:

The Greenspan Agency, Edinburgh, contact Amy Carswell: 0131 514 4441

Glen Hydro, Perthshire, contact Richard Haworth: 01250 710 659

Kestral Controls, North Lanarkshire, contact Sam Black: 01236 821 564

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