

## 4. The model for the EPR charging scheme

Through our charging schemes we look to encourage good environmental compliance and particularly to meet the objective of cost reflectivity, where the level of charge reflects the level of regulatory effort.

We have designed a new risk-based charging model for activities permitted via Environmental Permitting (England and Wales) Regulations 2016 (EPR) which will support the regulatory approach and framework.

This new risk-based charging model no longer depends upon an [OPRA profile for EPR](#) installations, waste operations and mining waste activities. The new scheme also replaces the 'Charges for discharges' approach for surface water and groundwater discharges and the different charging provisions for Tier 2 activities, radioactive substances permits and flood risk activity permits. It will let us embed a consistent charging approach to activities regulated under EPR, and support a new, single EPR Charges scheme.

We anticipate that the removal of much of the OPRA system, in particular, would reduce administrative costs for charge payers. The need to develop an OPRA profile for each site to calculate application charges, and the ongoing need to check and confirm that profile to determine annual charges, will no longer apply and save time for businesses.

We would like your views on the potential impacts of no longer requiring OPRA profiles to be completed at the application stage and reviewed annually.

### Consultation questions

4. We anticipate that there will be time saving for businesses if you no longer are required to complete an OPRA profile. Do you agree?

- Yes
- No
- Don't know
- Not applicable

If not, please explain why.

When an operator applies for some current permits they are required to make an OPRA profile.

5. How much time do you think will be saved by not having to complete an OPRA profile as part of a permit application? (in hours)

6. Who usually completes the OPRA profile that is required when applying for a waste, installations or mining waste permit?

- Manager, director or senior official
- Scientific or technical staff
- Administrative or secretarial staff
- Third-party consultant
- Other
- Not applicable

If other, please specify.

Each year an operator is required to review their OPRA profile for some current permits.

7. How much time do you think will be saved by not having to annually review your OPRA profile? (in hours, per year)

8. Who usually completes the annual review of your OPRA profile?

- Manager, director or senior official
- Scientific or technical staff
- Administrative or secretarial staff
- Third-party consultant
- Other
- Not applicable

If other, please specify.

## 4.1. Overview

Using our common regulatory framework, we have assessed the effort we need to deploy to effectively regulate different categories of permits. First, we looked at our regulatory activities at the regime level within EPR (for example, water discharges or waste operations), then we created the permit categories within each regime listed in the tables of charges in the schedule to the charging scheme. The categories each represent a group of operations where we need to deliver a common level of regulatory effort to determine applications and / or to secure on-going compliance.

The regulatory effort for each permit category was then applied to a financial model that captured the full costs required across our organisation to deliver the necessary regulation and this set the charges.

The resources needed to assess a permit application and those to assess the compliance of an operation during its lifetime can be very different. Therefore there are two models - one for

applications and one for subsistence/compliance - but both use the same common regulatory framework.

## 4.2. Baseline charges (application stage)

We aim to produce permits fit for purpose that deliver the legal requirements and set proportionate, risk-based standards in the permit.

We split permits into a number of different categories to reflect our different levels of regulatory effort at the permit application stage. Here the factors that consistently lead us to define our approach at a regulated facility are:

- the nature of the activity
- the scale of the activity
- the location of the activity in relation to the risk posed to the local environment (at application stage)

We have developed baseline charges for applications for all of our permit categories. These are listed in the tables of charges in the schedule to the charging scheme. These fixed charges aim to cover the wholly predictable and planned regulatory activity that will always be required when determining applications in each category. Further details and consultation questions for regimes and sectors can be found in Section 4.9 of this document.

Corresponding permit variation, transfer and surrender charges for these permit categories are also set out in those tables (where applicable). The calculation of each of those charges (as a percentage of the application charge, or a fixed sum) is set out in the associated Guidance to the EPR Charging Scheme. Further details and consultation questions can be found in Section 4.3 below.

### 4.2.1. Pre-application advice across all EPR regimes and sectors

We recognise that providing good pre-application advice is an important part of the application process. We plan to retain some contribution to pre-application work within the baseline application fee to cover essential advice such as the type of permit required, signposting to application forms and what accompanying documents should be submitted. Any further advice at pre-application stage can be requested as part of our discretionary enhanced pre-application advice service - Section 4.3.1.

#### Consultation question

9. Do you agree with the proposal to include only basic pre-application advice in all of our application charges?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

## 4.3. Supplementary charges (application stage)

Baseline application charges cover those regulatory costs that we would always expect to incur in determining an application in a particular permit category. Additional costs are incurred when applications have additional complexity. In such circumstances, we propose to levy additional supplementary charges. In this way the baseline application charges can be set at the minimum level.

### 4.3.1. Discretionary enhanced pre-application advice service

As described in Section 4.2.1, an element of advice would be provided as part of our application charges for Standard Rules and Bespoke permits. If an operator would like further advice on their application, we have proposed a discretionary time and materials charged service for our permitting pre-application advice across all regimes and sectors. The benefit of gaining an enhanced service from us would be to improve the quality of the application and gain advice on technical issues that might arise during the application process.

This discretionary enhanced service will be charged at £100 per hour.

The enhanced service could include face-to-face meetings and providing advice on the following, for example:

- complex modelling
- risk assessment preparation
- parallel tracking complex permits and models
- hazardous substances assessments or indicative limits up front
- monitoring requirements (including baseline)

#### Consultation question

10. Do you agree with the proposal for a discretionary enhanced pre-application advice service?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### 4.3.2. Non-discretionary supplementary application charges

Supplementary charges that may be payable when an application is made are set out in the associated Guidance to the EPR Charging scheme.

In particular we propose to levy fixed charges for:

- additional assessments relating to sensitive locations, odour management plans, etc.
- assessment of Waste Recovery Plans
- application amendments made during determination which require additional consultation
- advertising
- when we issue multiple information notices relating to the same issue during an application

We also propose to levy variable supplementary charges for:

- processing and returning submissions which are not 'duly made' applications (20% of the application charge, capped at £1,500)
- additional costs incurred for high public interest applications (time and materials £100 / hour)
- processing applications for novel activity (time and materials £100 / hour)

## Waste recovery plans

If your application is for the permanent deposit of waste on land as a recovery activity you need to show that by submitting a waste recovery plan (WRP). You can submit your WRP either at the pre-application stage or as part of your application. You may even choose to re-submit a revised plan after a permit is granted and while deposits are taking place.

We will charge £1,231 for each new, varied or revised WRP you submit.

### Consultation question

11. To recover our costs we intend to charge each time we review a waste recovery plan. Do you agree with this approach?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### Non-refundable part of charge

We check your application when it arrives to make sure it is complete and we can accept it as 'duly made' that is we have enough information to start to determine your permit application. We will contact you if information is missing.

If we cannot progress past this stage for any reason we will return the application and refund the application charge less 20% to cover our costs to that point. The amount we will retain is capped at £1,500.

### Consultation question

12. Do you agree with our proposal to retain a proportion of the fee to cover costs associated with processing poor applications?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### Additional charge for high public interest applications

If we decide an application is of high public interest in accordance with our public participation statement, we will recover any additional costs we incur over and above the usual application charge, by way of a time and materials charge.

A site of high public interest could be a site that is already generating a lot of public interest, or have the potential to generate high public interest (whether for environmental, legal or political reasons). They typically would require more effort to determine the permit. This might encompass

more time to carry out technical assessments and/or enhanced public engagement throughout each stage of the application.

We will recover our costs through a time and materials charge, given the variable nature of this additional activity. The hourly rate is £100.

### Consultation question

13. Do you agree with the proposals to recovering additional costs for determining public interest applications through time and materials?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### Application amendments during determination

We will charge you if you want to amend an application (before it has been determined) when that means further public consultation would be required (for example, if there is a change to the proposed operator, or where there is a significant change in activities or scale of operation)

This will be a fixed charge of £1,930. This additional charge must be paid prior to your application being determined. This is separate to the advertising charge.

### Consultation question

14. Do you agree with the fixed charge approach for application amendments during determination?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### Charge for novel activities

Permit applications for activities using novel activities may need additional specialist regulatory effort and we need to recover our costs.

Novel activities are those technologies, risk assessment models or approaches that we have not authorised before. There is likely to be no existing guidance or precedent proven to be acceptable. Regulating such technologies must be carefully assessed as part of the application.

We will charge for permit applications for novel activities using a time and materials charge. The rate is £100 per hour.

## Consultation question

15. Do you agree with our proposal to recover costs of determining permits for novel activities through time and materials charging?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

## Charge for additional information notices

Where we need additional information to enable us to determine an application we will issue a notice requiring information.

Sometimes applicants' responses appear to meet the requirements of the notice but still do not provide us with sufficient information to enable a permit to be issued and we then have to issue a further notice on the same issue. This causes us additional assessment costs beyond those covered by the baseline charge and we therefore propose that, when we have to issue three or more information notices relating to the same issue, we will levy a further charge to recover our additional assessment costs.

This will be a fixed charge of £1,200 for each additional notice relating to the same issue. This will only be used when we need to request the same information more than twice. Routine requests for further information are contained within our baseline charge.

## Consultation question

16. Do you agree with our proposals to charge for further information requests not covered within the baseline charge?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

## Variations and surrenders

If you apply to vary your permit, or if we decide to vary your permit, you may have to pay a variation charge unless the change is administrative only.

The variation charges are set out in the relevant Application Charge table in the scheme. Your application to vary can include one or more of the variation categories below if you have multiple activities

Depending on the change to the permit and the permit regime, you can apply for:

- an administrative only change (no charge)
- a minor variation at 30% of the new application charge
- a normal variation at 50% of the new application charge

- a substantial variation at 90% of the new application charge
- for Flood Risk activity permit variations we apply a fixed charge of £68 (minor variation) or £204 (any other variation)
- for variations to water discharge activity permits held by sewerage undertakers and being varied, as part of the Water Industry National Environment Programme under the 5 yearly Asset Management Plan (AMP), to secure Event Duration Monitoring we apply a fixed charge of £903
- for radioactive substances activities permit variations there are specific, fixed charges for each type of variation in each permit category detailed in the relevant Application Charge Table.

If you want to surrender part or all of your permit you may have to pay a surrender charge. This will be charged in accordance with the Application Charge tables in the scheme.

Depending on the change to the permit and the permit regime (see below), you can apply for:

- a full surrender at 60% of the new application charge
- a low risk or basic surrender at 20% of the new application charge

### Consultation question

17. Do you agree with our proposal to use the new application fee as the basis for variation and surrender charges?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### Batch transfers

A batch transfer is when a number of your permits are being transferred to a single operator at or near the same time.

The total charge in that case will be the largest transfer charge in the relevant Application Charge Table in the scheme with the additional concurrent transfers reduced by 80% of the transfer charge in the relevant Application Charge Table in the scheme.

This does not apply to batch transfers of landfill permits.

### Consultation question

18. Do you agree with our approach for discounting batch transfers to a single operator at the same time?

- Yes
- No
- Not applicable

If not, please explain why.



## 4.4. Application for multiple activities under one permit

If you are applying for a permit that covers more than one type of activity described in the relevant Application Charge table in the scheme, the charge you have to pay is the sum of the activities.

The activity with the largest charge will be charged as 100% of that charge in the relevant Application Charge table.

Secondary activities which are reasonably associated to the principal activity will be charged at a reduced fee of 50% of the activity to take account of the common tasks involved during the determination such as consultation, operator competence checks, etc.

A reduced fee of 10% of the new charge for an activity will be charged if that activity is carried out multiple times on the same site.

### Consultation question

19. Do you agree with the approach we have used to cover our costs associated with determining permits at multi-activity sites?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.5. Baseline subsistence charges (compliance stage)

We have set our baseline charges to recover the full costs of the functions we perform in regulating those permits that operate at the 'expected' compliance level.

We use a mix of different regulatory interventions to make sure permits are complied with and that any standards set in the permit remain appropriate.

We split permits into a number of different categories to reflect our different levels of regulatory effort at the compliance stage, reflecting the mix of compliance interventions that we must use to manage the risks to the environment posed by that activity. The factors that consistently lead us to define our approach at a regulated facility are:

- the nature of the activity
- the scale of the activity

We have developed baseline charges for compliance for each of our permit categories; these are listed in the tables of charges in the schedule to the charging scheme. These fixed charges aim to cover the wholly predictable and planned regulatory activity that will be required when regulating permits in each category.

## 4.6. Supplementary subsistence charges (compliance stage)

Baseline subsistence charges cover those regulatory costs that we would always expect to incur in regulating a particular permit category. Additional costs can be incurred when one-off or uncommon situations arise. In such circumstances we propose to levy additional supplementary charges. In this way, the baseline subsistence charges can be set at the minimum level.

### Consultation question

20. Please tell us if you have any comments about the approach to annual subsistence charging outlined in sections 4.5 and 4.6.

#### 4.6.1. Non-planned compliance work

We propose to apply a time and materials approach to non-planned compliance and associated regulatory work at permitted sites. .

Planned compliance activity at a site is funded through subsistence charges. Time and materials charging enables us to cost recover in that year for certain unplanned events which trigger the need for additional regulatory effort.

The circumstances where this charge is proposed to be applied would be for each of the following:

- a substantiated or confirmed pollution incident (category 1 or 2) from a permitted site where there is potential for significant harm to human health or the environment - this will apply where we do not already have an ability to cost recover for unplanned work (for example we will continue to apply section 161ZC Water Resources Act 1991 for water pollution incidents)
- the additional regulatory effort required when dealing with suspension notices for a site  
These will be charged at £84 per hour.
- the additional work required, where under a permit condition the operator provides a submission explaining how they will meet the specific requirements, for our consideration and approval

This will be charged at £100 per hour.

See section 3.1 of Guidance to the Charging Scheme 2018 for further explanation.

#### Consultation question

21. Do you agree with our approach to charging for non-planned compliance work at permitted sites?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

#### 4.6.2. A new charge at the commencement of operations

There are benefits to additional early engagement with a new operator. Making sure that an operation commences on the correct basis could save both the operator and ourselves considerable costs incurred in putting matters right later. We propose to have a first year charge to cover the costs of an additional site visit and advice, when these sites first commence operations.

This first year charge is costed to provide a specific number of hours of effort, we anticipate eight hours, at £84 per hour, for this service which would be a charge of £672.

We want to engage further with customers on this point during the consultation.

## Consultation questions

22. Do you agree with the additional charge to cover extra regulation work in the first year of operation on an activity?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

23. Do you agree that this first year charge should apply across all regimes and sectors under EPR or should it apply to some sectors only? (If so which sector/s?)

- All regimes and sectors
- Some regime and sectors only
- Don't know

If you have answered some regimes and sectors only, please tell us which regimes and sectors it should apply to.

### 4.6.3. Pre Operational and pre construction charges

There may be a delay between issuing a permit and any work starting to construct or operate a facility. We propose to waive baseline subsistence charges for the period during which neither construction nor operation has commenced, to reflect that we have not yet started our regulatory scrutiny of the site. The exception is for waste incinerators and co-incinerators where we will charge a fixed pre-construction charge as in the Subsistence Charge tables, and full subsistence charges as soon as construction begins.

#### Consultation question

24. Do you agree with our approach to charging for pre operational and pre construction?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### 4.7. Subsistence charges for multi-activity operations.

We have set out proposed charges for permitted activities, having considered these from a regime and sector perspective. For most permits the activities will fall within a single charge category and only that charge will be due, though supplementary charges may also be necessary for any first year charge, or any unplanned, unusual and exceptional work. The 'most apt' charge is levied for any single activity where there is any doubt as to the appropriate category.

However, some operations and permits cover more than one type of activity described in the charging scheme table. In these cases the subsistence charge to pay is usually the sum of the charges for the different activities (the 'sum of all charges rule'). For example a landfill site with a permitted discharge to watercourse would pay the charge for both the regulation of the landfill and the charge for the regulation of the discharge.

We have some sectors where activities are diverse and often involve a number of complementary or ancillary activities, which could each merit a separate charge. We have sought to keep things simple for the customers affected by creating charge categories that include the most common ancillary activities – usually through a 'component' approach. Hence, for the Food & Drink, Paper Pulp & Textiles and Chemicals sector we have dis-applied the 'sum of all charges rule'. This is referenced further in the section of this consultation document relating to each sector

Within the waste transfer and treatment sector the permit categories have been specifically designed such that our regulatory costs are recovered by levying the charge for the highest cost waste installation and / or the highest cost waste operation occurring under any permit. This arrangement replaces a number of rules under our previous charging scheme, dealing with activities that might fall within a number of different charge categories, or may be charged differently if they were on adjacent land.

We have also made provision for water discharge activities to face only one charge, as they do currently, where effluents are combined into one discharge. As effluent monitoring is already addressed in the regulation of most installation facilities, we will not levy a separate water discharge charge for these cases. The exceptions are for some aspects of Onshore Oil & Gas, Mining Waste, Waste Transfer and Treatment and Landfill sectors, where we have ensured that the charges are complementary.

### Consultation question

25. Please tell us if you have any comments regarding our proposed arrangements to recover regulatory costs at multi-activity sites?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.8. Permit Compliance

Past experience of regulating sites with environmental permits has taught us that the compliance record of the operator means we have to vary the amount of regulatory effort that we deploy to the site. The more compliant an operator, the easier it is to assure ourselves that activities are controlled and potential impacts on people and the environment are minimised. Sadly, the opposite is also true. To ensure that we look after the environment, we need to be able to put more of our effort into the non-compliant operators.

OPRA is the current risk assessment tool that helps us do this for installations and waste operations. OPRA provides an assessment of the environmental risk of operating these activities.

Our baseline charges take account of the nature of the permitted activity, the scale of the activity and for applications only the location of the activity (who or what is in the vicinity that may be affected).

Our charges should, however, also respond to the variable costs of subsistence. For waste activities and installations, we intend to continue to apply compliance band multipliers in order to recover costs associated with regulatory interventions applied to sites which are in OPRA compliance bands.

In addition we propose to provide for some of this variability by levying time and materials charges for exceptional events that occur in-year at all EPR sites.

We propose, as an interim measure, to retain the existing compliance system that is already in place in our regimes in EPR (for example installations and waste), pending roll-out of a new approach and further consultation.

### **Flood risk activities**

Due to the broad range of regulated flood risk activities, although we use the Compliance Classification Scheme for flood risk activities, we have not and do not intend to charge subsistence based on OPRA compliance bands. Instead, we have developed tailored subsistence categories for these activities.

#### **4.8.1 Our arrangements for compliance (installations and waste activities only)**

Under our existing OPRA based charging scheme, we modify the charges that we levy for waste and installations permits based on the compliance band. This enables us to recover most of the costs for the regulatory activities incurred, in responding to permit non-compliances.

As set out in section 5 of the Guidance our Compliance Classification Scheme records breaches of permit conditions and converts this to a score. The cumulative scores for permit non-compliances recorded over a calendar year enable us to place each site into one of six 'compliance bands' A to F. The following year's subsistence charge is modified to reflect the compliance band, as follows:

<b>Compliance Band</b>	<b>Impact on charge</b>	<b>Comment</b>
<b>A</b>	Discount of 5% on baseline subsistence charge	Good compliance
<b>B</b>	No impact	
<b>C</b>	10% increase	
<b>D</b>	25% increase	
<b>E</b>	50% increase	
<b>F</b>	200% increase (3x baseline charge)	Poorest compliance

Sites with poor compliance cost more to regulate, so we propose to continue to apply the existing OPRA compliance bands and compliance multipliers that our waste and installations customers are familiar with.

When unplanned compliance activity also occurs at these sites (i.e. the exceptional events outlined in section 4.6.1) the additional cost incurred can significantly outweigh even the modified charges generated under Band F. For this reason we propose to apply both cost-recovery mechanisms.

### Consultation question

26. Do you agree with our interim arrangements for compliance rating outlined above?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

## 4.9. EPR Regime and sector specific consultation questions

The following Consultation questions are on specific regime and sectors. We recommend that you read the guidance and the relevant charging tables before responding to the questions below.

### 4.9.1 Flood and Coastal Risk Management

The proposed permit categories and baseline charges for flood and coastal risk management can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.1 of the application charges table; annual compliance charges are found in Part 2.1 of the subsistence charges table.

There will be significant increases to application and subsistence charges. The current charge scheme introduced an interim flat rate application and subsistence charge that only covered costs for the simplest applications. The new charge scheme will better reflect the true costs of determining permits and monitoring compliance, and reduce reliance on taxpayer funding.

Our proposals include a basic pre-application service as part of handling applications for flood risk activity permits. Therefore routine applications will not incur any pre-application charges. However if the pre-application work requires an enhanced service this will be charged on a time and materials basis.

We also propose a four category model for compliance. Broadly speaking, the level of regulatory effort reflects the risk associated with the application, with more assessment/monitoring taking place for higher risk applications.

#### Consultation questions

27. Do you agree with our proposals for flood and coastal risk management permitting charges?

- Yes
- No
- Not applicable

If not, please explain why.

28. Please tell us if you have any comments in relation to our flood and coastal risk management proposals. In particular, do our proposals cover all activities you may undertake as an operator?

### 4.9.2 Radioactive Substances Regulation Nuclear Sites

We issue permits and ensure compliance of nuclear site operators who dispose of radioactive waste. The permits are subject to limits and conditions set to protect people and the environment from the potentially harmful effects of radiation.

We have reviewed our hourly rates to recover costs for work related to nuclear sites. The hourly rates have not changed for a number of years, and we no longer recover costs for our activities. We are proposing an increase to the nuclear specialist hourly rate from £213 to £240. The charge rate for the technical officer of £125 per hour will remain unchanged. Our level of service to customers will remain the same.

We are reviewing our salaries for nuclear specialists to ensure we are comparable with other employers and so can recruit and retain the staff we need.

### Consultation question

29. Do you agree with the proposals outlined for Radioactive Substances Regulations Nuclear?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.3 Radioactive Substances Regulation non-nuclear Sites

The proposed permit categories and baseline charges for the radioactive substances regulation - non-nuclear sites can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.2 of the application charges table; annual compliance charges are found in Part 2.2 of the subsistence charges table.

Increasing the charges will maintain our resources to make sure we can continue to regulate the security of radioactive sources while holding data on those sources in a secure IT environment. This is a benefit both to society and to the sector as misuse of a radioactive source would have severe consequences.

### Consultation question

30. Do you agree with our revised permit categories for disposal of radioactive waste from unsealed radioactive sources?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.4 Water Quality and Groundwater Discharges

The proposed permit categories and baseline charges for water quality and groundwater discharges can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.3 of the application charges table; annual compliance charges are found in Part 2.3 of the subsistence charges table.

The proposals represent a substantial simplification and modernisation of charging for water discharges which will be much better for charge payers. The previous system hasn't changed substantially since 1992.

Charge payers will pay a fair (higher) share of the work that is needed to underpin the on-going acceptability of the discharges and permits – particularly work on environmental monitoring and planning – previously funded by taxpayers. Some £7million of costs currently funded by central government must now be recovered from permit holders to ensure that we fully recover our costs from those we regulate.



The proposed charging system will replace the existing calculation in the Charges for Discharge (CfD) scheme introduced in 1992, and will generate charges for specific discharge types that reflect the cost of our regulatory effort. CfD is based on multiplying together factors relating to the receiving environment, the volume of the discharge, and the content of it, to arrive at a charge, then where appropriate applying various exceptions and reductions to discount that charge.

We have now identified eight different types of discharges, these are:

1. Sewage
2. Intermittent sewage
3. Trade effluent and non-sewage
4. Rainfall related
5. Aquaculture
6. Cooling water
7. Non-exempt thermal
8. Groundwater activities (liquid discharges and solid deposits).

These discharges have been split into charge categories based upon the nature, volume of discharge as well as typical regulatory activities we complete for a site. We have used this in developing the proposed charges to achieve full cost recovery of our application and annual compliance effort.

Broadly speaking the amount of work we do increases with the scale of an activity and what the discharge contains. The need for in depth assessments in some cases has been taken into account in the development of the new baseline subsistence charges

Those customers who are part of operator self-monitoring (OSM) will no longer receive a separate discount as occurred under CfD. Under our new scheme, OSM is included in the baseline charge.

The two existing application charges of £125 or £885 substantially under-recovered the costs of processing applications. We propose that these will be replaced by the new baseline application charges for each activity.

Variations will be charged as given in section 4.3.2, with the exception of domestic discharges of less than five cubic metres where the variation will remain as £125. Variations that require Event Duration Monitoring delivered under nationally negotiated AMP agreements for water and sewerage companies, these more straightforward variations will be charged at £903.

We do not propose to increase the application fee of £125, nor to charge an annual subsistence fee for discharges of sewage effluent where the maximum daily volume of discharge authorised by the permit is five cubic metres or less and the permit holder is a domestic householder or organisations and entities that operate for charitable purposes. Minimal charges will fall on householders. Further decisions can now be taken about the level of regulation and taxpayer funding devoted to these discharges.

For water and sewerage companies we have proposed to phase the AMP6 EDM permitting workload across AMP6 and AMP7 to smooth the cost of introducing charges for these variations and to reduce permitting workload pressures. Details are to be confirmed by separate agreement.

### **Consultation questions**

31. Do you have any comments on our proposal to move from a charging scheme which considers the volume, chemical content and receiving water into which a discharge is made, to a simpler activity-based charging scheme?

32. Do you have any comments on the proposed approach to reflect the costs of Operator Self-Monitoring?

- Yes
- No
- Not applicable

If not, please explain why.

33. For water and sewerage companies we have proposed to phase the AMP6 EDM permitting workload across AMP6 and AMP7 to smooth the cost of introducing charges for these variations and to reduce permitting workload pressures. Details are to be confirmed by separate agreement. Do you agree to the proposed approach?

- Yes
- No
- Not applicable

If not, please explain why.

34. Do you have any comments on the proposed approach to variation charges specifically relating to Water Discharge and Groundwater activity permits?

35. Do you have any other comments on the Water Discharge and Groundwater Activity proposal?

### 4.9.5 Installations: General

The regulation of installations under EPR covers a wide range of diverse sectors. In applying the common regulatory framework set out in section 3 we have been mindful of this diversity. The approach for each sector is set out below.

A common feature is that individual charge changes are highly variable, as we shift away from OPRA calculations to charges reflecting our regulatory activity; in future, sites that get the same regulatory scrutiny from us will pay the same charge – under OPRA their charges would have varied due to the interplay of different OPRA attributes

## 4.9.6 Installations: Chemicals Sector

The proposed permit categories and baseline charges for the chemicals sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.4 of the application charges table; annual compliance charges are found in Part 2.4 of the subsistence charges table.

We have not proposed any significant shift in the way we regulate this mature and generally high performing sector.

The approach we have adopted for this sector is to differentiate sites based on the process design and the level of additional support activities on site such as combustion plant and effluent treatment facilities.

The production of organic and inorganic chemicals has been split between:

- Continuous production
- Complex batch/semi-continuous production
- Simple batch production

Charges have also been adjusted dependent on whether the plant discharges to sewer or a watercourse via an onsite effluent treatment system, or if there are other site specific factors requiring additional regulatory effort such as an onsite incinerator, or multiple processes, or multiple large combustion plants.

### Consultation question

36. Do you agree with our proposals for the installations: chemicals sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.7 Installations: Refineries and Fuels Sector

The proposed permit categories and baseline charges for oil refineries and fuel sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.5 of the application charges table; annual compliance charges are found in Part 2.5 of the subsistence charges table.

Oil refineries and storage are highly complex processes and pose a significant hazard to communities and the environment; the impact of incidents or other poor operation can be very severe.

These businesses also present significant challenges in reducing their impact on air quality. A lot of work is needed to find solutions to mitigate this.

We will improve our approach to the regulation of refineries, fielding both a lead and support officer for each site to improve technical resilience and to allow us to respond promptly to priority issues.

### Consultation question

37. Do you agree with our proposals for the installations: refineries and fuels sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.8 Installations: Energy from Waste - incineration and co-incineration

The proposed permit categories and baseline charges for energy from waste, incineration and co-incineration can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.6 of the application charges table; annual compliance charges are found in Part 2.6 of the subsistence charges table.

This is a mature sector, with a well-established regulatory approach that we are not proposing to change. However, our charges do change as we shift from OPRA calculations to a more cost-reflective system of charging.

In particular, we propose to include the regulatory costs associated with commissioning new waste incinerators and co-incinerators within the baseline subsistence charge (this means that subsistence charges for new facilities will be higher compared to existing ones). We also propose to apply a fixed charge during the pre-construction period for waste incinerators and co-incinerators.

### Consultation question

38. Do you agree with our proposals for the installations: Energy from waste sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.9 Installations: Food and Drink Sector

The proposed permit categories and baseline charges for the food and drink sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting

applications are in Part 1.7 of the application charges table; annual compliance charges are found in Part 2.7 of the subsistence charges table.

Overall, we do not expect much change from the current income levels and we do not propose any significant shift in the way we regulate this mature sector.

For this very diverse sector we have proposed a 'component approach' with additional components that can apply as well as the base level subsistence. These are needed to cover the additional activities on site that require additional regulatory effort by us, whilst avoiding the need to produce numerous additional charge activity references for these sectors. Please see the charges scheme subsistence tables for further details.

Some existing customers will see a financial benefit as a result of the review especially those previously paying more solely due to their location. Many sites will see a reduction in annual charges.

### Consultation question

39. Do you agree with our proposals for the installations: food and drink sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.10 Installations: Onshore Oil and Gas Sector

The proposed permit categories and baseline charges for the onshore oil and gas sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.8 of the application charges table; annual compliance charges are found in Part 2.8 of the subsistence charges table.

Regulation at most existing sites is unchanged and costs are now more reflective of regulatory effort.

Fracking activities will face higher costs, as we continue to support development of this new technology. In particular, Hydraulic Fracturing Plans (HFPs) will incur supplementary charges using time and materials charging. We will use an hourly rate to recover costs since the amount of work required on each HFP will vary. This will ensure that the amount paid by each operator with an HFP will be cost reflective. We will charge £125 an hour to assess and monitor an HFP. The rate reflects the higher level of technical expertise of staff involved.

## Consultation questions

40. Do you agree with our proposals for the installations: onshore oil and gas sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

41. Do you agree with our proposal to introduce a time and materials charge for our regulatory work associated with Hydraulic Fracturing Plans?

- Yes
- No
- Not applicable

If not, please explain why and how we might otherwise cover the costs incurred in relation to this regulatory work.

### 4.9.11 Installations: Paper, Pulp and Textile Sector

The proposed permit categories and baseline charges for the paper, pulp and textile sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.9 of the application charges table; annual compliance charges are found in Part 2.9 of the subsistence charges table.

The sectors are mature, good performing and we are looking to maintain current levels of regulatory effort.

Individual charge changes are highly variable, as we shift away from current calculations to charges reflecting our regulatory activity. In future, sites that get the same regulatory scrutiny from us will pay the same charge – previously their charges would have varied due to the way we calculated charges based on attributes such as complexity and emissions.

For this very diverse sector we have proposed a 'component approach' with additional components that can apply as well as the base level subsistence. These are needed to cover the additional activities on site that require additional regulatory effort by us, whilst avoiding the need to produce numerous additional charge activity references for these sectors. Please see the charges scheme subsistence tables for further details.

## Consultation question

42. Do you agree with our proposals for the installations: paper, pulp and textile sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.12 Installations: Combustion and Power Sector

The proposed permit categories and baseline charges for the combustion and power sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.10 of the application charges table; annual compliance charges are found in Part 2.10 of the subsistence charges table.

Many existing customers will see a financial benefit as a result of the review, many sites will see a reduction in annual charges.

### Medium combustion plants

The Environment Agency will be responsible for the regulation of the Medium Combustion Plant Directive (MCPD). We estimate up to 30,000 permits needing to be issued between 2018 and 2030. The first 50 – 200 permits for new MCPD sites will need to be issued before the end of 2018. Existing sites will need to be permitted by either 2025 (5-50 megawatt thermal - MWth) or 2030 for sites 1-5MWth.

We hope to use an on-line process for the vast majority of permits. There will be, however, some 5-10% of permits that will be more complex and bespoke in nature. These include diesel arrays and data centres.

To prepare we have included two types of bespoke permit categories, setting out application charges. Subsistence activity will be subject to time and material charging if necessary. We also propose to use the default standard permit charges for the majority of the permits. This will make sure that charges can be in place for the earliest applicants.

## Consultation question

43. Do you agree with our proposals for the installations: combustion and power sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.13 Installations: Mining Waste Sector

The proposed permit categories and baseline charges for the mining waste sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.11 of the application charges table; annual compliance charges are found in Part 2.11 of the subsistence charges table.

We are proposing no significant shift in the way we regulate sites in this sector.

Annual charges rise as we move to more accurately reflect the costs of our regulatory activities.

#### Consultation question

44. Do you agree with our proposals for the installations: mining waste sector permit charges?

Yes

No

Not applicable

If not, please explain why.

### 4.9.14 Installations: Metals Sector

The proposed permit categories and baseline charges for the metals sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.12 of the application charges table; annual compliance charges are found in Part 2.12 of the subsistence charges table.

The new charges are a much more accurate reflection of the costs associated with regulating different sites within the sector; we do not propose any shift in the way we regulate this mature sector.

High numbers of smaller, low risk sites will see a reduction in subsistence charges – a reflection of the lower regulatory effort.

Some large, highly complex sites will see an increase in their subsistence charges – a reflection of the regulatory activity required to manage the high environmental risks posed at these sites.



### Consultation question

45. Do you agree with our proposals for the installations: metals sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.15 Installations: Cement and Lime Sector

The proposed permit categories and baseline charges for the cement and lime sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.13 of the application charges table; annual compliance charges are found in Part 2.13 of the subsistence charges table.

The subsistence charge increase is due to a more accurate reflection of regulatory costs, particularly recent additional regulatory effort brought about by the use of waste fuels at some sites; we do not propose any shift in the way we regulate this mature sector.

### Consultation question

46. Do you agree with our proposals for the installations: cement and lime sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.16 Installations: Intensive Farming Sector

The proposed permit categories and baseline charges for the intensive farming sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.14 of the application charges table; annual compliance charges are found in Part 2.14 of the subsistence charges table.

The annual charge for all sites reduces, reflecting recent efficiencies in our inspection framework; this remains under review.

Permit Application charges will rise. This is a reflection of the cost of carrying out the permitting activity. Undertaking a thorough permit application process enables us to provide a 'lighter touch' inspection frequency.

## Consultation question

47. Do you agree with our proposals for the installations: intensive farming sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.17 Waste: General

The regulation of waste sectors under EPR covers a wide range of activities. In applying the common regulatory framework set out in section 3 we have been mindful of this diversity. In particular we have kept in mind that different regulatory provisions such as the Industrial Emissions Directive and Landfill Directive may apply to different sub-sets of activities, these can create differences in our regulatory approach during permitting and compliance activities. The approach for each sector is set out below.

A common feature is that individual charge changes are highly variable, as we shift away from a mix of OPRA calculations and fixed charges, to charges reflecting our regulatory activity; in future, sites that get the same regulatory scrutiny from us will pay the same charge.

Currently adjacent waste operation sites only attract one charge although they may be covered by two permits. We will charge for each separate activity to reflect our costs in regulating those separate activities in the future. Operators will still have the discretion to consolidate the permits to then attract a single charge.

Waste sites that have both installation and waste activities covered under one permit currently attracts two separate charges as though they were separate sites. We intend to continue with this approach to charge separately for each activity so that we fully recover the regulatory costs.

### 4.9.18 Waste: Land spreading (mobile plant) Sector

The proposed permit categories and baseline charges for the land spreading of wastes using mobile plant can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.15 of the application charges table; annual compliance charges and deployment charges are found in Part 2.15 of the subsistence charges table.

Spreading waste to land can be beneficial as it reduces waste and it benefits the farming community by improving their land and reduces their costs.

It also poses significant risks and can have a significant impact on the environment.

Over the years, businesses have looked at more and more different types of waste material to use. It is important that we are satisfied what is good and what is bad. The level of assessment we have to do to decide this has increased.

Charges are increasing to reflect the extra effort necessary to effectively regulate the sector. As the potential environmental impacts are better understood we have to ensure a more thorough assessment to protect the land bank and ensure the right level of scrutiny. Improper use of waste can lead to long term, sometimes irreparable, damage.

## Consultation question

48. Do you agree with our proposals for the waste: land spreading (mobile plant) sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.19 Waste: Waste Transfer and Treatment Sector

The proposed permit categories and baseline charges for waste transfer and treatment can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.16 of the application charges table. For annual compliance charges, the waste transfer and treatment sector is broken down into four sub-sectors: hazardous waste; non-hazardous and inert waste; bio waste; and metal recycling. Charges relating to annual compliance charges for these sub-sectors are found in Part 2.16 of the subsistence charges table.

## Consultation question

49. Do you agree with our proposals for the waste: waste transfer and treatment sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

## 4.9.20 Waste: Landfill and Deposit for Recovery Sector

The proposed permit categories and baseline charges for the landfill and deposit for recovery sector can be found in the tables of charges in the schedule to the charging scheme. Charges relating to permitting applications are in Part 1.17 of the application charges table; annual compliance charges are found in Part 2.17 of the subsistence charges table.

We see significant rises in charges for the 'Landfill and deposit for Recovery' sector, particularly for closed landfill and some recovery activities, as we raise regulatory effort from unsustainably low levels to address risks of pollution and harm.

There are no application charges for closed landfills. We propose that variation and surrender charges for closed landfills will be based on the percentage of the application charge for a new facility of the same type. For example, the variation charge for a closed inert waste landfill will be based on a percentage of the application charge for a new inert waste landfill.

We propose to levy a fixed charge for high risk landfill site reviews in addition to annual subsistence charges. (This is outlined in detail in section 4.2.5 of the Guidance to Environmental Permitting (England) Charging Scheme 2018.)

Where an installation landfill ceases to accept waste for disposal, subsistence will be charged at the rate for a closed landfill from the point that we accept the site is definitively closed (see charge table, rows 2.17.1 – 3 and 2.17.7 – 11). For example, once we accept that an operational landfill for non-hazardous waste is definitely closed, we propose to charge subsistence under row 2.17. 9 or 2.17.10.

The regulatory effort we apply to gas utilisation plants (whether they fall above or below the threshold in the EPR, schedule 1, section 1.1) is the same. A fixed charge will apply for these sites (see 2.17.12 of the Charge Scheme).

### Consultation question

50. Do you agree with our proposals for the waste: landfill and deposit for recovery sector permit charges?

- Yes
- No
- Not applicable

If not, please explain why.

### 4.9.21 Waste: T11 repairing or refurbishing waste electrical and electronic equipment (WEEE)

We currently charge £840 per 3 years for a T11 exemption, we are proposing to increase this to £1,452 to fully cover compliance checks.

### Consultation question

51. Do you agree with the above increase for a T11 exemption?

- Yes
- No
- Not applicable

If not, please explain why.