

# SRD-DDR-024 Environment Agency Changes to Charge Proposal for Water Discharges

28th August 2024



from  
**Southern  
Water** 

# 1. Summary

In March 2024 the Environment Agency (EA) consulted on charges proposals for water discharges (including groundwater activities).<sup>1</sup>

Southern Water, Water UK, and other companies responded to this consultation, challenging the increased charging proposals. Following the consultation, the EA made changes to sheep dip to land charges (irrelevant for Southern water) and stated: “*After careful consideration, we will be progressing all other proposals as outlined in the consultation document*”.

Therefore, despite our challenge, we will see significant increases in our charges and cost base, so we need to ensure any changes are included within our future allowed revenues.

# 2. Issue

The EA consulted on changes to charges for:

- permit application charges, including additional charges for habitats assessment;
- most annual subsistence charges;
- new annual subsistence charges for permits held by sewerage undertakers operating the public sewerage system and treatment activities;
- new duties and charges following Environmental Permitting (England and Wales) (Amendment) (England) Regulations 2023 groundwater amendments; and
- new supplementary charges for specific substances assessments (and changes to the circumstances when they are payable).

Having reviewed the updated charges the potential impact is an additional £20m increase to our current charges to the EA over AMP8. The new charges took effect from 1<sup>st</sup> April 2024 so the full effect of the charges will be experienced throughout AMP8. We have set out detailed analysis in appendix 1 this table shows the changes to each of our charges, this is an annual impact.

It is not clear whether the EA has considered or assessed the affordability impact on customers.

# 3. Our response

We challenged these costs in the initial consultation and would have hoped it would lead to efficiencies through the EA's process.

---

<sup>1</sup> [Environment Agency consultation: charge proposals for water discharges - Environment Agency - Citizen Space \(environment-agency.gov.uk\)](https://www.environment-agency.gov.uk)

Due to the nature of these costs to our business, it is not possible to control for these costs, as they are decided by the EA and outside management control beyond the opportunity to respond to the EA consultation. Therefore, it is only reasonable that the companies do not share the risk of these costs and they are included in full in our future allowed revenues.

In the Draft Determination Ofwat did make reference to these charges:

*“In January 2024, the Environment Agency consulted on proposed changes to water quality permits charges. The changes proposed in the consultation could see water quality permit costs increase for wastewater companies. We will consider the outcome of this consultation and whether we should make a cost adjustment at final determinations.”*

Given the outcome of the EAs consultation we expect this to be an additional adjustment to base allowances in the final determination. Furthermore, there should be an end-of-AMP true-up for the actual costs incurred as this should be a fully pass through cost category with a no cost sharing rate. There is no efficiency opportunity for companies and hence it is incorrect to apply a cost sharing rate. It is already separately reported in APRs and there is no additional regulatory burden in reporting this information for true-up purposes.

## Appendix 1 – Annual change to charges

Charge Band Description	Proposed Charges	Permit Stock (SRN)	Current Charges per Charge Band	Proposed Charges per Charge Band	Change in Charges
Sewage effluent discharge with a volume greater than 500,000m3 a day with OSM.	£170,323	0	£0	£0	£0
Sewage effluent discharge with a volume greater than 150,000m3 a day and up to and including 500,000m3 a day.	£94,317	1	£58,719	£94,317	£35,598
Sewage effluent discharge with a volume greater than 150,000m3 a day and up to and including 500,000m3 a day with OSM.	£94,317	0	£0	£0	£0
Sewage effluent discharge with a volume greater than 50,000m3 a day and up to including 150,000m3 a day.	£55,412	0	£0	£0	£0
Sewage effluent discharge with a volume greater than 50,000m3 a day and up to and including 150,000m3 a day with OSM.	£55,412	17	£539,801	£942,004	£402,203
Sewage effluent discharge with a volume greater than 10,000m3 a day and up to and including 50,000m3 a day.	£31,752		£0	£0	£0
Sewage effluent discharge with a volume greater than 10,000m3 a day and up to and including 50,000m3 a day with OSM.	£31,752	36	£624,060	£1,143,072	£519,012
Sewage effluent discharge with a volume greater than 1,000 m3 a day and up to and including 10,000 m3 a day.	£14,569	0	£0	£0	£0
Sewage effluent discharge with a volume greater than 1,000 m3 a day and up to and including 10,000 m3 a day with OSM.	£14,569	118	£950,726	£1,719,142	£768,416
Sewage effluent discharge with a volume greater than 500m3 a day and up to and including 1,000m3 a day.	£6,930	0	£0	£0	£0
Sewage effluent discharge with a volume greater than 500 m3 a day and up to and including 1,000 m3 a day with OSM.	£6,930	51	£178,143	£353,430	£175,287
Sewage effluent discharge with a volume greater than 100m3 a day and up to and including 500m3 a day.	£5,238	2	£6,538	£10,476	£3,938
Sewage effluent discharge with a volume greater than 100m3 a day and up to and including 500m3 a day with OSM.	£5,238	51	£125,511	£267,138	£141,627
Sewage effluent discharge with a volume greater than 50m3 a day and up to and including 100m3 a day.	£3,852	1	£1,861	£3,852	£1,991
Sewage effluent discharge with a volume greater than 50m3 a day and up to and including 100m3 a day with OSM.	£3,852	8	£12,736	£30,816	£18,080
Sewage effluent discharge with a volume >20m3 a day and <=50m3 a day; OR Specified discharge consisting of sewage effluent.	£3,390	65	£102,700	£220,350	£117,650
Sewage effluent discharge with a volume >20m3 a day and <=50m3 a day with OSM; OR Specified discharge consisting of sewage effluent with OSM.	£3,390	8	£10,480	£27,120	£16,640

Charge Band Description	Proposed Charges	Permit Stock (SRN)	Current Charges per Charge Band	Proposed Charges per Charge Band	Change in Charges
Sewage effluent discharge >5m3 a day and <=20m3 a day; OR discharge to surface water: secondary treated domestic sewage between 5 and 20m3 a day.	£2,260	5	£4,450	£11,300	£6,850
Sewage effluent discharge with a volume greater than 5m3 a day and up to and including 20m3 a day with OSM.	£2,260	0	£0	£0	£0
Sewage effluent discharge with a volume up to 5m3 a day.	£1,624	55	£13,805	£89,320	£75,515
Trade effluent and/or non-sewage effluent (including cooling water) discharge with specific substances with a volume greater than 50,000m3 a day.	£62,513	0	£0	£0	£0
Trade effluent and/or non-sewage effluent (including cooling water) discharge with specific substances with a volume >50,000m3 a day with OSM.	£58,527	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 50,000m3 a day.	£31,746	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 50,000m3 a day with OSM.	£29,753	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 50,000m3 a day with no numeric permit conditions.	£19,637	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 50,000m3 a day with no numeric permit conditions with OSM.	£18,441	0	£0	£0	£0
Trade effluent/non-sewage effluent (including cooling water) discharge with specific substances with a volume >10,000m3 a day and <=50,000m3 a day.	£28,885	0	£0	£0	£0
Trade effluent/non-sewage effluent (inc. cooling water) discharge with specific substances with a volume >10,000m3 a day and <=50,000m3 a day with OSM	£26,892	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 10,000m3 a day and up to and including 50,000m3 a day.	£14,804	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 10,000m3 a day and up to and including 50,000m3 a day with OSM.	£13,807	1	£12,252	£13,807	£1,555
Trade effluent/non-sewage effluent discharge with a volume >10,000m3 a day and <=50,000m3 a day with no numeric permit conditions.	£9,317	0	£0	£0	£0
Trade effluent/non-sewage effluent discharge with a volume >10,000m3 a day and <=50,000m3 a day with no numeric permit conditions with OSM.	£8,719	0	£0	£0	£0
Trade effluent/non-sewage effluent (including cooling water) discharge with specific substances with a volume >1,000m3 a day and <=10,000m3 a day.	£12,740	2	£22,636	£25,480	£2,844



Charge Band Description	Proposed Charges	Permit Stock (SRN)	Current Charges per Charge Band	Proposed Charges per Charge Band	Change in Charges
Trade effluent/non-sewage effluent (inc. cooling water) discharge with specific substances with a volume >1,000m3 a day and <=10,000m3 a day with OSM.	£11,743	1	£10,542	£11,743	£1,201
Trade effluent and/or non-sewage effluent discharge with a volume greater than 1,000m3 a day and up to and including 10,000 m3 a day.	£6,584	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 1,000m3 a day and up to and including 10,000m3 a day with OSM.	£6,085	3	£16,449	£18,255	£1,806
Trade effluent and/or non-sewage effluent discharge with a volume >1,000m3 a day and <=10,000m3 a day with no numeric permit conditions.	£4,267	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume >1,000m3 a day and <=10,000m3 a day with no numeric permit conditions with OSM.	£3,968	3	£10,848	£11,904	£1,056
Trade effluent and/or non-sewage effluent (including cooling water) discharge with specific substances with a volume >100m3 a day and <=1,000m3 a day.	£9,267	0	£0	£0	£0
Trade effluent/non-sewage effluent (including cooling water) discharge with specific substances with a volume >100m3 a day and <=1,000m3 a day with OSM	£8,271	1	£7,502	£8,271	£769
Trade effluent and/or non-sewage effluent discharge with a volume greater than 100m3 a day and up to and including 1,000m3 a day.	£4,741	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 100m3 a day and up to and including 1,000 m3 a day with OSM.	£4,243	0	£0	£0	£0
Trade and/or non-sewage effluent discharge with a volume >100m3 a day and <=1,000m3 a day with no numeric permit conditions.	£3,130	1	£2,843	£3,130	£287
Trade and/or non-sewage effluent discharge with a volume >100m3 a day and <=1,000 m3 a day with no numeric permit conditions with OSM.	£2,831	0	£0	£0	£0
Specified discharge OR trade/non-sewage effluent (including cooling water) with specific substances with a volume >20m3 a day and <=100 m3/day.	£3,769	0	£0	£0	£0
Specified discharge OR trade/non-sewage effluent (incl. cooling water) with specific substances with a volume >20m3 a day and <=100m3 a day with OSM.	£3,400	1	£3,190	£3,400	£210
Trade effluent/non-sewage effluent discharge with vol. >20m3 a day and <=100m3 a day; OR Specified discharge of trade effluent or non-sewage effluent	£1,905	0	£0	£0	£0

Charge Band Description	Proposed Charges	Permit Stock (SRN)	Current Charges per Charge Band	Proposed Charges per Charge Band	Change in Charges
Trade/non-sewage effluent discharge with volume >20m3 and <=100m3 a day with OSM; OR Specified discharge of trade effluent/no-sewage effluent with OSM	£1,739	0	£0	£0	£0
Trade/non-sewage effluent specified discharge OR discharge with vol. >20m3 and <=100m3 a day, with no numeric permit conditions.	£1,388	2	£2,598	£2,776	£178
Trade/non-sewage effluent specified discharge OR discharge with vol. >20m3 and <=100m3 a day, with no numeric permit conditions with OSM.	£1,288	0	£0	£0	£0
Trade effluent and/or non-sewage effluent (including cooling water) discharge with specific substances with a volume >5m3 a day and <=20m3 a day.	£1,993	0	£0	£0	£0
Trade effluent/non-sewage effluent (including cooling water) discharge with specific substances with a volume >5m3 a day and <=20m3 a day, with OSM.	£1,910	1	£1,815	£1,910	£95
Trade effluent and/or non-sewage effluent discharge with a volume greater than 5m3 a day and up to and including 20m3 a day.	£915	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume greater than 5m3 a day and up to and including 20m3 a day with OSM.	£874	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume >5m3 a day and <=20m3 a day with no numeric permit conditions.	£668	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with specific substances with a volume up to 5 m3 a day.	£1,533	2	£2,958	£3,066	£108
Trade effluent and/or non-sewage effluent discharge with a volume up to 5 m3 a day.	£427	0	£0	£0	£0
Trade effluent and/or non-sewage effluent discharge with a volume up to 5 m3 a day with no numeric permit conditions.	£272	1	£250	£272	£22
Land spreading of up to and including 5m3 a year of undiluted working strength waste/used sheep dip.	£267	0	£0	£0	£0
Land spreading of greater than 5m3 a year undiluted working strength waste/used sheep dip.	£938	0	£0	£0	£0
Land spreading of any volume of waste/used pesticides a year.	£357	0	£0	£0	£0
Sewerage network and sewage treatment works combined sewer overflows.	£2,357	977	£1,139,182	£2,302,789	£1,163,607
Emergency overflow discharge.	£1,154	408	£152,184	£470,832	£318,648
Rainfall related discharge with no specific substances with a volume greater than 50,000m3 a day.	£3,950	0	£0	£0	£0

Charge Band Description	Proposed Charges	Permit Stock (SRN)	Current Charges per Charge Band	Proposed Charges per Charge Band	Change in Charges
Rainfall related discharge with no specific substances with a volume greater than 1,000m3 a day and up to and including 50,000m3 a day.	£1,956	1	£1,686	£1,956	£270
Rainfall related discharges with no specific substances with a vol. >20m3 a day and <=1,000m3 a day; OR Specified discharge which is rainfall related	£815	1	£718	£815	£97
Rainfall related discharge with no specific substances with a volume up to and including 20 m3 a day.	£209	7	£1,358	£1,463	£105
Aquaculture discharge with a volume greater than 50,000 m3 a day.	£4,493	0	£0	£0	£0
Aquaculture discharge with a volume greater than 100m3 a day and up to and including 50,000m3 a day.	£1,371	0	£0	£0	£0
Aquaculture discharge with a volume up to and including 100m3 a day; OR Specified discharge consisting of aquaculture discharge.	£226	0	£0	£0	£0
Cooling water discharge with a volume greater than 10,000m3 a day.	£4,284	0	£0	£0	£0
Cooling water discharge with a volume >100m3 a day and <=10,000m3 a day; OR discharge to surface water: cooling water and heat exchangers.	£939	0	£0	£0	£0
Cooling water discharge with a volume up to 100m3 a day; OR Specified discharge consisting of cooling water.	£230	0	£0	£0	£0
Thermal discharges with a volume greater than 100m3 a day.	£143	0	£0	£0	£0
<b>Totals</b>		<b>1831</b>	<b>£4,018,541</b>	<b>£7,794,206</b>	<b>£3,775,665</b>