

# Environment Agency Scheme of Abstraction Charges 2019/20

## 1. Title and Commencement

1.1 This Scheme of Abstraction Charges ("the Scheme") is made by the Environment Agency ("the Agency") by virtue of the powers vested in it under sections 41-41C of the Environment Act 1995 and in accordance with section 42 of that Act.

1.2 The Scheme relates to charging periods commencing on or after 1 April 2019. References to financial years are to periods of 12 months commencing 1 April.

1.3 The Scheme shall be referred to as the Environment Agency Scheme of Abstraction Charges.

## 2. Interpretation

2.1 Except where otherwise indicated, words and phrases have the same meanings as are ascribed in the Water Resources Act 1991 as amended ("the Act").

## 3. Scope of the Scheme

3.1 The Scheme relates to:

3.1.1 "The Application Charge" as defined in paragraph 4 below.

3.1.2 "The Advertising Administration Charge" as defined in paragraph 5 below

3.1.3 "The Annual Charge" as defined in paragraph 6 below.

3.2 Nothing in the Scheme shall affect any power of the Agency to enter into agreement as to charges with particular abstractors, under the provisions of sections 126, 127 or 130 of the Act, or to enter into any other agreement including provision as to the payment of charges in respect of its water resources functions.

3.3 Where the Agency enters into an agreement under section 126 or 130 of the Act, any reduction will apply to both the standard charge as set out in paragraph 6.3.1 below and the compensation charge as set out in paragraph 6.3.2 below.

3.4 Where the Agency enters into an agreement under section 127 of the Act any reduction will apply in full to both the basic charge as set out in paragraph 2.1 of Schedule 2 below and the supplementary charge as set out in paragraph 2.2 of Schedule 2 below but not to the compensation charge as set out in paragraph 6.3.2 below.

3.5 Where a person requests pre-application advice or engages in pre-application discussions with the Environment Agency in relation to a proposed application for a licence to abstract or impound water or for a variation to an existing licence to abstract or impound water, a charge of £125 for each hour over and above an initial 15 hours will apply to any pre-application advice given or discussions held.

## 4. The Application Charge

4.1 The Application Charge shall be payable in respect of an application for any licence under the Act to abstract or impound water, or for the variation of, or of the conditions of, any such licence except as provided for in paragraph 4.3. The Application Charge payable shall be either the lower or higher application charge. Its amount for the current year of operation of the Scheme is shown in Schedule 3. Its amount for subsequent financial years will be determined in accordance with paragraph 10 below.

4.2.1 The higher application charge shall be payable for any application for, or for application to vary, a licence to impound water; a transfer licence to abstract water, or a full licence to abstract water for direct use in the production of electricity or any other form of power by generating station or apparatus of a capacity of not more than five megawatts.

4.2.2 The higher application charge shall not apply to any application to renew an existing abstraction licence of the categories mentioned in paragraph 4.2.1 above where the application for a new licence is on the same terms as the existing abstraction licence.

4.2.3 The lower application charge shall be payable for all applications not covered in paragraph 4.2.1 above.

4.2.4 Where the Environment Agency decides under section 36A of the Act that an application should be for another type of licence and has served notice on the applicant accordingly, the application charge payable shall be for the type of licence that is determined to apply either by the Environment Agency, or on determination of an appeal, by the Secretary of State.

4.3 The Application Charge is not payable in respect of any:

4.3.1 transfer of a licence under s59A of the Act;

4.3.2 apportionment of a licence under s59C or s59D of the Act;

4.3.3 variation of a licence to reduce the quantity of water authorised to be abstracted in accordance with section 51(2) and (4) of the Act;

4.3.4 revocation of a licence under section 51(1) of the Act, or

4.3.5 variation of a licence to impose a time limit on that licence under section 51(2) of the Act

## 5. The Advertising Administration Charge

5.1 The Advertising Administration Charge shall be payable, where applicable, to cover the Agency's administration costs in relation to the advertising undertaken by the Agency of an application for any licence (except temporary licences) under the Act to abstract or impound water, or for the variation of, or of the conditions of, any such licence except as provided for in paragraph 4.3.3 above.

5.2 The amount of the Advertising Administration Charge for the current year of operation of the Scheme is shown in Schedule 3. Its amount for subsequent financial years will be determined in accordance with paragraph 10 below.

## 6. The Annual Charge

6.1 The Annual Charge shall be payable in respect of a licence under the Act to abstract water which is for the time being in force, except as provided for in paragraph 6.2 below.

6.2 The Annual Charge is not payable in respect of water authorised to be abstracted:

6.2.1 for direct use in the production of electricity or any other form of power by generating station or apparatus of a capacity of not more than five megawatts; or

6.2.2 from inland waters which the Agency or its predecessors has certified as having an average chloride content in excess of 8,000 milligrams per litre;

6.2.3 under a temporary licence; or

6.2.4 under a transfer licence.

6.3 The Annual Charge is made up of two elements, the Standard Charge and the Compensation Charge.

6.3.1 The Standard Charge is the first element of the Annual Charge, through which the Agency recovers its costs of managing water abstractions and regulating abstractions, proportional to the impact of that licence on water resources.

6.3.2 The Compensation Charge is the second element of the Annual Charge, which adds an amount to the Standard Charge for the recovery of compensation costs associated with the revocation or variation of licences, or with the refusal of applications for, or imposition of conditions constraining abstraction on, licences determined under the Water Abstraction (Transitional Provisions) Regulations 2017 in relation to the removal of exemptions from abstraction licensing control arising from amendments to sections 26 and 29 of the Act, by the Agency.

6.4 The Annual Charge is the sum of the Standard Charge and the Compensation Charge which are calculated from:

6.4.1 the Volume as described in paragraph 6.6 below;

6.4.2 the appropriate Charge Factor as determined by reference to paragraph 6.7 below;

6.4.3 the Standard Unit Charge for each regional charging area as described in paragraph 6.8 below, and

6.4.4 the Environmental Improvement Unit Charge as described in paragraph 6.9 below.

6.5 The method of calculation is specified in paragraph 7.1 below.

### 6.6 Volume

6.6.1 The Volume is the authorised annual quantity specified in the licence. Quantities in gallons are converted to cubic metres by means of the formula:

1 million gallons = 4546 cubic metres

6.6.2 Where a licence does not specify an authorised annual quantity it shall be calculated by the Agency from the rates of abstraction specified in the licence.

## 6.7 Charge Factor

6.7.1 The Charge Factor is calculated by multiplying together the following weighting factors:

- (i) Source Factor as determined by reference to paragraph 6.7.2 below.
- (ii) Season Factor as determined by reference to paragraph 6.7.3 below.
- (iii) Loss Factor as determined by reference to paragraph 6.7.4 below.
- (iv) Adjusted Source Factor as determined by reference to paragraph 6.7.5 below

### 6.7.2 The Source Factor

(i) The Scheme differentiates between three types of source

These are:

(a) Unsupported - All sources, including groundwater, which are not included in any of the other categories.

(b) Supported - Those sources or parts of sources specified in Schedule 1 supported either by the Kielder Reservoir Transfer Scheme or by any other source.

Amendments to Schedule 1 may be made by the Agency from time to time with the approval of the Secretary of State.

The Supported Source Factor will also apply to abstraction direct from reservoir storage allocated under agreement to the Agency and to other abstractions which may be used by the Agency to augment those sources specified in Schedule 1.

The Supported Source Factor will not apply to any licence which permits abstraction from a supported source that contains 'hands off flow' conditions which prevent the abstraction from being made at any time during periods of river support and those conditions cannot affect the magnitude of that support.

(c) Tidal - Those parts of inland waters downstream of the normal tidal limit as marked on the 1:25,000 Ordnance Survey map and those parts of inland waters as may be specified from time to time by the Agency with the Secretary of State's approval in maps deposited at the Head Office and principal area offices of the Agency.

Abstraction from any part of an inland water which is both a Tidal Source and a Supported Source, as described in paragraph 6.7.2(i)(b) above, shall be regarded as abstraction from a Supported Source.

(ii) Where water is being abstracted under a licence from a source of supply, that part of the licensed abstraction which is dependent on water transferred from another source (the original source) shall be assigned the Source Factor applicable to that original source.

(iii) The Source Factor for each source type is:

Unsupported            1.0

Supported by the Kielder Reservoir Transfer Scheme 9.0

All other supported sources 3.0

Tidal 0.2

### 6.7.3 The Season Factor

(i) The Season Factor has three categories that are based upon the period of the year during which water is authorised to be abstracted.

Subject to the provisions of paragraph 6.7.3(ii) and 6.7.3(iii) below, these categories are:

(a) Summer - the abstraction is only authorised between 1 April and 31 October inclusive.

(b) Winter - the abstraction is only authorised between 1 November and 31 March inclusive.

(c) All Year - The abstraction is authorised to take place throughout the year, or is not included in either of the above categories.

(ii) Abstraction for spray and trickle irrigation is classed as a Summer abstraction unless

(a) it is from or supported by a pond or reservoir which is off-stream and is filled by a controlled inlet from a source of supply during the winter season only, or

(b) it is from or supported by a pond or reservoir which is on-stream with arrangement prescribed in the licence to discharge or by-pass flows during the Summer season.

In these situations a quantity equivalent to the capacity of the reservoir will be classed as a Winter abstraction and any authorised abstraction in excess of the reservoir capacity will be classed as a Summer abstraction.

The licence holder shall provide such information as the Agency may reasonably require to demonstrate that the storage capacity is actually available to the licence holder, otherwise the authorised abstraction will be classed as a Summer abstraction.

(c) it is for anti-frost spraying only, which will be classed as an All Year abstraction.

(iii) Where a licence authorises specified quantities of water to be abstracted during both the Summer and the Winter periods as defined in paragraph 6.7.3(i) above, charges shall be calculated separately in respect of each period, in accordance with the provisions of the Scheme, and aggregated into the Annual Charge.

(iv) The Season Factor for each category is:

Summer 1.6

Winter 0.16

All Year 1.0

### 6.7.4 The Loss Factor

(i) The Loss Factor relates to the purpose for which the water is authorised to be used by the licence and has four categories. Abstractions are allocated to the four categories as follows:

(a) High Loss

This includes abstractions for:

spray and trickle irrigation; horticultural irrigation; dust suppression and other purposes where, due to evaporation, water after use is not returned either directly or indirectly to any source of supply.

(b) Medium Loss

This includes abstractions for:

public and private water supply; commercial purposes not specified elsewhere; industrial purposes not specified elsewhere; boiler feed; use

as a means of conveying material; bottling and uses which incorporate water in the product; abstraction for agricultural purposes (excluding horticultural irrigation, spray and trickle irrigation, warping, water meadows, wet fencing, fish farms and watercress growing), and anti-frost spraying.

(c) Low Loss

This includes abstractions for:

mineral washing; vegetable washing, and non-evaporative cooling.

(d) Very Low Loss

This includes abstraction for:

power generation of greater than 5 megawatts; amenity pools through flow; hydraulic testing; fish farms, watercress growing; water transfers from any source of supply to water systems operated by navigation, harbour or conservancy authorities; water transfers from one source of supply to another source of supply; dewatering for drainage purposes; wet fencing; water meadows; warping and effluent dilution, and all level dependent flood irrigation systems whether through flow or non-through flow.

(ii) Abstractions for purposes not specified in paragraph 6.7.4(i) above will be regarded as High Loss unless otherwise determined by the Agency having regard to information provided by the abstractor.

(iii) The Loss Factor for each category is:

High 1.0

Medium 0.6

Low 0.03

Very Low 0.003

### 6.7.5 The Adjusted Source Factor

(i) For calculation of the Compensation Charge element of the Annual Charge, the Scheme will only differentiate between tidal and non-tidal sources. Abstraction from any part of an inland water, which has been classified as, either supported (by the Kielder Transfer Scheme or by other sources) or unsupported as described in paragraph 6.7.2(i)(a) and (b) above, shall be regarded as non-tidal. The tidal source factor will still apply to those abstractors with licences authorising abstraction from tidal areas as described in paragraph 6.7.2(i)(c) above.

(ii) The adjusted source factor for each source type is

Non-tidal (supported/unsupported)	1.0
Tidal	0.2

## 6.8 Standard Unit Charge

The Standard Unit Charge for the current year of operation of the Scheme, for each regional charging area of the Agency, is shown in Schedule 3. The Standard Unit Charge for each regional charging area for subsequent years shall be determined in accordance with paragraph 10 below. The Standard Unit Charge is expressed in pounds sterling per thousand cubic metres. The areas contained in each regional charging area are those designated by the Agency and marked on the Map entitled "Map referred to in the Scheme of Abstraction Charges" as deposited at the Head Office and principal Area Offices of the Agency and entitled for that purpose.

## 6.9 The Environmental Improvement Unit Charge ("EIUC")

The EIUC for the current year of operation of the Scheme for England is shown in Schedule 4. The EIUC for subsequent years shall be determined in accordance with paragraph 10 below. The EIUC is expressed in pounds sterling per thousand cubic metres. The areas contained in each regional charging area are the same as those designated by the Agency and marked on the map as referred to in paragraph 6.8 above.

## 7 Method of Calculation

7.1 The Annual Charge is the sum of the Standard Charge and the Compensation Charge and is calculated as follows:

Annual Charge = Standard Charge + Compensation Charge

=  $V \times A \times B \times C \times SUC + V \times B \times C \times D \times EIUC$

where V = annual licensed volume (1000 cubic metres)

A = source factor

B = season factor

C = loss factor

D = adjusted source factor

SUC = Standard Unit Charge (£/1000 cubic metres)

EIUC = Environmental Improvement Unit Charge (£/1000 cubic metres)

7.1.1 The Standard Charge is calculated from the Volume, Charge Factor (source, season, and loss factors) and Standard Unit Charge as follows:

(i) the Volume shall be multiplied by the relevant Charge Factor.

(ii) the result of the calculation at 7.1.1(i) shall be multiplied by the Standard Unit Charge for the regional charging area.

7.1.2 The Compensation Charge is calculated from the Volume, Charge Factor (season, loss and adjusted source factors), and Environmental Improvement Unit Charge as follows:

(i) the Volume shall be multiplied by the relevant Charge Factor.

(ii) the result of the calculation at 7.1.2(i) shall be multiplied by the Environmental Improvement Unit Charge.

7.1.3 The result of the calculations at 7.1.1(ii) and 7.1.2 (ii) shall be added together to give the total annual charge

7.2. If a licence is held for only part of or varied during the course of a financial year, the sum payable or the varied sum payable, as the case may be, shall be calculated by apportioning the charge for the financial year (or, if less, the period of the year during which water is licensed to be abstracted) proportionately.

Where a licence specifies separate authorised quantities that attract different Charge Factors, the total charge shall be calculated from the separate charges. If the licence does not specify separate annual quantities, the charge shall be calculated using the highest Charge Factor applicable unless the Agency has agreed to apportionment of the authorised quantity.

7.3 Calculation of charges in special circumstances:

(i) where the conditions of two or more licences provide that the aggregate quantity of water, which may be abstracted, is less than the sum of the quantities authorised by each licence, the Annual Charge will be based on the aggregate quantity. The Annual Charge in such cases will be the highest charge that may be calculated from the individual licence or licences, which authorise the aggregate quantity.

(ii) the holder of, or applicant for, a licence authorising abstraction for the purpose of spray or trickle irrigation may apply to the Agency for the Annual Charge to be calculated by reference to Schedule 2 to the Scheme.

(iii) where the full quantity of a licence has been traded for a period of over 28 days then the seller's licence will be exempt from annual charges for the duration of the trade. If the buyer revokes the licence granted to them as part of the trade prior to the end of the trade period, then the seller's licence will no longer be exempt from annual charges and the seller will be liable for payment of charges from the date of revocation.

## 8 Minimum charge

8.1 In any case where the calculated annual Charge in respect of each licence is less than the Minimum Charge the sum payable shall be the Minimum Charge.

8.2 If a licence is held for only part of, or varied during the course of, a financial year, the sum payable in respect of that licence in that year, or as the case may be in the remainder of that year, shall be no less than the Minimum Charge.

8.3 The Minimum Charge for the current year of operation of the Scheme is shown in Schedule 3. The Minimum Charge for subsequent years shall be determined in accordance with paragraph 10 below.

## 9 Payment of Charges

9.1 The Application Charge:

9.1.1 the Application Charge is payable by the person who applies for any licence under the Act or for the variation of any such licence, except as provided for in paragraph 4.3 above.

9.1.2 the charge shall be due on the date of application for a licence, or for the variation of any such licence.

## 9.2 The Advertising Administration Charge

9.2.1 the Advertising Administration Charge is payable by the person who applies for any licence under the Act or for the variation of any such licence, which is subject to advertising

9.2.2 the charge shall be due on receipt of acknowledgement of the application for a licence, or for the variation of any such licence and confirmation by the Agency that advertising is required.

## 9.3 The Annual Charge:

9.3.1 the charge prescribed by the Scheme shall be payable by the holder of a current licence to abstract water.

9.3.2 the charge in respect of any financial year shall be due on the 1st April, or,

(i) in the case of a licence being granted during that financial year on the date on which the licence is granted, or,

(ii) in the case of a licence being varied, any modified charge or refund as appropriate shall be due on the date on which the licence is varied, or

(iii) in the case of the licence being transferred to a transferee by virtue of sections 59A-C of the Act, or in the circumstances provided for under Regulations made under s59D of the Act, as amended, the charges shall be due on the date the transferee becomes the holder of the licence.

9.3.3 When an application has been made for special charges in the circumstances set out in Schedule 2, the charges shall be as follows:

(i) the basic charge in respect of any financial year shall be due on the 1st April, or as otherwise specified in paragraph 9.3.2 above.

(ii) the supplementary charge shall be due on demand.

## 10 Fixing of charges

10.1 Any charge for periods subsequent to the first year of operation of this Scheme shall be amounts determined in relation to each financial year by the Agency, with the approval of the Secretary of State as provided for by section 42 of the Environment Act 1995.

## 11 Decisions under the Scheme

11.1 Where under the Scheme provision is made for anything to be recognised, assessed, agreed, determined, certified or otherwise decided by the Agency such decisions may be given on its behalf and certified as having been given by the Chief Executive or any officer nominated by her or him for the purpose.

## Schedule 1 Supported Sources

The following are regarded as Supported Sources for the purposes of the Scheme

Source of Supply	National Grid References	
	Upstream limit	Downstream limit(s)
Ancholme	TF 032 875	SE 975 211
Pant and Blackwater	TL 644 353	TL 839 084
Little Ouse	TL 987 807	TL 732 870
Thet	TM 992 912	TL 869 830
Thet tributary	TM 049 873	TL 987 872
Thet tributary	TL 975 880	TL 983 880
Thet tributary	TL 970 906	TL 983 898
Stour (Essex/Suffolk)	TL 680 560	TM 101 330
Waveney	TM 092 698	TM 494 935
Witham	SK 974 712	TF 323 445
Tees*	NY 814 290	NZ 463 191
Tyne*	NY 632 324	NZ 121 646
Tyne-Tees Aqueduct*	NZ 026 617	NZ 005 215
Wear*	NZ 012 377	NZ 294 524
Gloucester & Sharpness Canal	SO 827 184	SO 667 022
Dee	SH 929 351	SJ 408 658 within Dee SUC
Severn	SN 954 847	(SO 822 182) (SO 818 216) within Midlands SUC
Wye	SN 966 656	SO 516 131 within Wye SUC
Candover Stream	SU 567 367	SU 568 319
River Itchen	SU 572 323	SU 439 153

\*Sources supported by the Kielder Reservoir Transfer Scheme

## Schedule 2 Special Charges in Respect of Spray and Trickle Irrigation

1. This Schedule applies only to licences authorising spray or trickle irrigation.
2. Where the licence holder measures the quantity of water abstracted by means of an approved water meter, installed and maintained to the satisfaction of the Agency, and submits to the Agency within 28 days of a written request, daily meter readings (or such other frequency agreed in writing by the Agency) of the quantities of water abstracted and details of pumping and irrigation equipment, the Standard Charge shall be calculated as follows:
  - 2.1 a basic charge of 50% of the sum payable calculated by the Scheme where the Volume is taken to be the annual quantity authorised by the licence to be used solely for the purpose of spray or trickle irrigation, plus
  - 2.2 a supplementary charge of 50% of the sum payable calculated by the Scheme where the Volume is taken to be the total quantity actually abstracted during the year for the purpose of spray or trickle irrigation.
3. If the licence holder fails to comply with the conditions specified above, the Annual Charge will be that calculated by reference to paragraphs 6.1 to 6.9 of the Scheme and no abatement will be made.
4. Where the conditions of two or more licences provide that the aggregate quantity of water which may be abstracted for the purposes of spray or trickle irrigation is less than the sum of the quantities authorised by each licence, the basic charge will be 50% of the sum payable, calculated in accordance with paragraph 7.3(i) of the Scheme and the supplementary charge for each licence will be 50% of the sum payable in accordance with the Scheme, where the Volume is taken to be the quantity actually abstracted under that licence.
5. In any case where the calculated charge is less than the Minimum Charge, the sum payable shall be the Minimum Charge.

## Schedule 3 Water Abstraction Charges for the year commencing 1 April 2019

The rates of charge for the year commencing 1 April 2019 are as follows:

Regional charging area	Standard Unit Charge (£/1000m <sup>3</sup> )
Anglian	27.51
Midlands	14.95
Northumbria	16.66
North West	12.57
Southern	19.23
South West (incl. Wessex)	19.71
Thames	13.84
Yorkshire	11.63
Dee	15.12
Wye	15.12

The Minimum Annual Charge is £25.00

The lower Application Charge is £135.00

The higher Application Charge is £1500.00

The Advertising Administration Charge is £100.00

Note 1: the regional charging areas shown in this table are those marked on the map referred to in paragraph 6.8 of the Scheme of Abstraction Charges and not the Agency's current organisational boundaries.

Note 2: if the Annual Charge payable under the Scheme is not paid within twenty-eight days after a notice in writing demanding payment has been served on the holder of the licence, then the Agency may revoke the licence in accordance with the provisions of section 41(6) of the Environment Act 1995.

## Schedule 4 Environmental Improvement Unit Charge

The rates of charge for the year commencing 1 April 2019 are as follows:

Regional charging area	Non-Water Undertaker Environmental Improvement Unit Charge (EIUC) (£/1000m <sup>3</sup> )
Anglian	0
Midlands	0
Northumbria	0
North West	3.86*
Southern	0
South West (incl. Wessex)	12.91*
Thames	5.69*
Yorkshire	0
Dee	0
Wye	0

\*The EIUC charges for non-water undertakers in the North West, South West (incl. Wessex) and Thames charging areas will be held in abeyance and not be levied pending further changes to the Abstraction Charges Scheme.

Note 1: The Environmental Improvement Unit Charge is no longer applied to Water Undertakers as a result of legislative changes in section 58 of the Water Act 2014 which removed water undertakers' right to compensation where their licences are varied or revoked by the Environment Agency. The removal of EIUC charges for water undertakers was consulted upon previously and approved by the Secretary of State.

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