

August 11, 2020

SEPA charges

Dear Member

SEPA has recently issued annual CAR license “subsistence” invoices for 2020/21, which will be an additional and unwelcome financial burden for many members.

This is the first year that the full charges are being applied following tapered “discounts” over the previous 3 years.

For more than a year, Alba director John Lithgow has been working with the BHA to engage with SEPA in order to resolve three key concerns:

1. Clarity in SEPA’s charging methodology
2. Parity in the charges between schemes of similar capacity
3. Excessive charges for sub-2MW schemes, especially those between 500kW and 2MW

The BHA has made pragmatic and realistic proposals to SEPA to rectify each of the issues, but despite these being approved in principle during a number of meetings, no tangible changes have been made.

There appears to be a way forward on the first two items, but on the third, SEPA remains intractable in its position and incoherent in its justifications. The BHA is not currently seeking a reduction in total contribution from the hydro sector, merely a more appropriate allocation between the larger (over 2MW) and smaller (under 2MW) schemes.

To date SEPA has provided no evidence to justify the level of charges being applied to schemes between 500kW and 2MW.

In collaboration with the BHA, Alba proposes that affected members interrogate SEPA on some or all of the following points.

1. What service is being provided in return for these charges?

2. Does this represent value for money?
3. If no service is being provided for the majority of the fee, how are the indirect – or “environmental” – elements of the charge being calculated?
4. Are you being charged because your hydro scheme is polluting or damaging the environment?
5. If so, how is this environmental damage being measured?
6. How accurate and understandable are the invoices?

The more those affected question these charges, the higher up the agenda it will become within SEPA senior management. If everyone simply pays their invoices without question it becomes a non-issue for SEPA and we will struggle to gain the attention it deserves.

Alba Energy took some preliminary legal advice, which casts doubt on the basis on which SEPA is applying charges to schemes with a capacity >500kW. If anyone wishes to see this advice, please contact Alex Linklater <alexlinklater@mac.com> (07956 303 580) to discuss. Given the significant ongoing legal work in relation to non-domestic rates, at this point it is considered unwise for Alba to enter legal dispute with SEPA. That point may be reached in due course, but not now.

In order to interrogate your invoice, you may wish to contact John Burns, SEPA’s Charging Manager, at John.W.Burns@sepa.org.uk or alternatively contact SEPA CEO, Terry A’Hearn at terry.ahearn@sepa.org.uk

With best wishes

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