

Energy Consents Fees Consultation
Scottish Government
5 Atlantic Quay
150 Broomielaw
Glasgow, G2 8LU

14 May 2018

Dear Sir/Madam,

Consultation on Fees Charged for Applications under the Electricity Act 1989 and Supplementary Information on Assessment of Costs

Scottish Renewables is the representative body for the renewable energy sector in Scotland, working to grow a sustainable industry which delivers secure supplies of low-carbon, clean energy for heat, power and transport at the lowest possible cost. We represent around 260 organisations ranging from large suppliers, operators and manufacturers to small developers, installers and community groups, and companies right across the supply chain.

We welcome the opportunity to respond to this consultation. In Scottish Renewables' view, the structure for charging planning fees should be proportionate, fair and ultimately sustainable. While we recognise there are valid arguments to support a rise in fees, the proposals outlined present disproportionate and unsustainable cost increases at a time when the renewable energy industry is heavily focussed on cost reduction in order to minimise the cost of energy to the consumer, as supported explicitly in the Scottish Government's Energy Strategy.

The proposed changes would result in an increase of over 1000% in the costs for a planning application for some developments. Coupled with increases in other regulatory costs, such as business rates and network charges, these proposals put the viability of projects in jeopardy, thereby putting the Scottish Government's targets for renewable energy deployment and greenhouse gas emissions reduction at risk.

The magnitude of the fees increase proposed for many projects appears to run counter to the Scottish Government's policy on supporting cost reduction in the renewables sector. For example, in relation to local energy systems, the Scottish Government's Energy Strategy¹ states:

“Our ambition is to help commercialise these projects, removing the need for Scottish public sector subsidy or assistance. This means improving the ways in which we identify, manage and mitigate risks – cutting costs and generating new income

¹ <http://www.gov.scot/Resource/0052/00529523.pdf> (p54/55)

streams and revenue. This will make the projects more attractive investment propositions, both for the private sector and for communities.”

Similarly, it's Onshore Wind Policy Statement² states:

“We believe that new onshore wind projects can and must be developed at no additional subsidy cost to consumers.”

In her speech to the renewable energy industry at the All-Energy conference in Glasgow on 2nd May, the First Minister said:

“The Scottish Government will do everything in our power to support your sector... my responsibility is to do everything we can to help you reach your ambitions”.

At this critical time for the future of Scotland's renewable energy industry, adding substantial new costs to development not only risks the deployment of these projects, but also puts in jeopardy the resulting socio-economic benefits that these large infrastructure investments would bring.

In addition to the likely impact on project economics, the proposals do not provide details on how performance improvements to the planning service would be achieved by the proposed fee increases. We are unable to support any increase to fees without further clarity on how this would translate into service improvement.

If you have any questions on the comments set out in this response, please do not hesitate to get in touch.

Yours sincerely,

Stephanie Conesa
Policy Manager - Large Scale Renewables

² [file:///C:/Users/jhogan/Downloads/00529536%20\(1\).pdf](file:///C:/Users/jhogan/Downloads/00529536%20(1).pdf) (p7)

Consultation Questions

1. Do you agree or disagree the application fees should be revised to maintain and improve our service levels?

Our response to the Independent Review of Planning in May 2016 set out recognition of the arguments for an increase in fees, and ultimately we agree with the conclusions of the review that increased fees could help improve service delivery. However, we do not consider it to be appropriate to increase fees until the link between fees and performance is strengthened.

We are also concerned that under the current proposals “planning authorities will not receive any additional money following the implementation of the revised fees.” Local authorities carry out a significant amount of work for section 36 and section 37 applications and we would like to see provisions included within the proposed plans to improve their service levels. In addition, there is a risk that local authorities may also increase their fees, putting further financial pressure on renewable energy development.

The consultation sets out that “full cost recovery for all public services” is the driver for the increases in fees, and that this will help to “maintain service delivery and to support future improvement.” However, the detailed evidence to support this link has not been presented here.

In light of the magnitude of the proposed increases in fees, it would be appropriate for the Scottish Government to set out its aspirations for service improvement in a Service Improvement Delivery Plan containing measurable targets and goals.

We would welcome further discussions on what interventions could further improve the efficiency of the process, for example, ring-fencing planning fees, in return for a fast tracked and efficient service. Another suggestion would be to link payment to the delivery of the different phases of an application (pre-application/ scoping, application, consultation, determination, condition discharge, etc). Further information on measures to dis-incentivise poor performance also needs to be clarified.

2. Do you agree or disagree that we should continue to have a fixed fee structure as proposed?

We support a fixed fee structure on the grounds provided by the consultation paper i.e. “avoid[ing] uncertainty to applicants and potential greater administrative costs of alternative approaches which would be passed on to applicants.”

Scottish Renewables’ response to the 2012 consultation on planning fees highlighted our concern that an area based approach to planning fees for renewables was not in line with the nature or scale of the proposals. At the time we suggested that a cost per MW would be a fairer and more proportionate way of calculating fees for renewable energy projects, and still believe this to be the case. We therefore welcome the proposal to continue to set fee levels by reference to the consented capacity of generating stations.

3. Do you agree or disagree with the proposal that application fees should be phased in the manner proposed, to spread the risk associated with potentially abortive or unsuccessful application costs?

We agree with the principle of phasing application fees; however, this process should take into account the costs and risks for applicants.

The consultation paper states that “the EIA scoping payment is calculated to be the equivalent to 25% of the fee for an application or request for variation of consent for the proposed development.” We understand that the proposed 25%:75% split of fees between scoping and application stages may reflect the proportionate relationship of the Energy Consents Unit’s (ECU’s) administrative costs between pre-application and application stages (the consultation paper refers to “a 1:4 ratio of administrative costs between pre-application and application work,” however the fee schedule indicates a 1:4 ratio between pre-application and total costs).

We suggest that the proportions be revised to take into account the proportionate relationship of costs and risks for applicants. A far more substantial proportion of applicants’ costs than 75% would generally fall after the scoping stage, particularly where scoping is undertaken early enough to inform the design of environmental baseline surveys and impact assessments. The ECU encourages scoping to take place early enough to allow for timely engagement of a variety of stakeholders, some of which may have limited resources to engage meaningfully with applicants outside the context of the formal scoping process.

There is therefore a risk that the proposed apportionment of fees could discourage this timely engagement and may incentivise applicants to approach formal EIA scoping as a late formality. Similarly, the proposed fee apportionment risks premature dismissal of proposals which early analyses may indicate could be subject to potential environmental constraints, but which detailed environmental studies could prove to be acceptable. As a result, this could potentially have a negative impact on both the quantity and quality of development proposals in the longer term.

4. Do you agree or disagree the existing arrangement should continue where the same fee is required for overhead lines exceeding 15km in length whether or not there is EIA development? If you disagree please provide a proposed alternative and expand on this in your answer to question 6.

We disagree that the fees should be the same for EIA and non-EIA development for section 37 applications. We propose that a more tiered structure of fees based on line length, voltage and whether an EIA is required would be more appropriate.

5. Do you agree or disagree with the introduction of a fee for processing applications for variations of consent, whether for EIA or non-EIA development? If you disagree please provide a proposed alternative and expand on this in your answer to question 6.

Scottish Renewables agrees with the introduction of a fee to vary consent in principle. However, we consider the proposed fees to be disproportionate.

The consultation paper states that the Scottish Government is seeking “a scale of fees more consistent with local planning fees.” The fee to vary a consent under Section 42 of the Town and Country Planning (Scotland) Act 1997 is currently £202. This is consistent with the fact that variation applications may often relate to relatively limited proposed changes to a development, with environmental and other information provided alongside the variation application therefore being of a reduced scope compared with that provided alongside the original consent application.

The Energy Consents Unit's Guidance Note for Applying for Variation of section 36 consents of the Electricity Act for Generating Stations in Scotland sets out that “...variation procedure is not intended as a way of authorising any change in a developer's plans that would result in development that would be fundamentally different in terms of character, scale or environmental impacts from what is authorised by the existing consent. Such changes should be the subject of a fresh application for s36 consent.” Given the recognition between the two types of applications, fee levels should be set to reflect this. Charging a standard fee matching that of the original consent application for every variation application would be prohibitively expensive, and would likely discourage a variety of proposals for modifications to developments which could produce a variety of benefits.

We believe it may be more appropriate, cost reflective and fair to utilise a time and rate basis within an overall cap for processing section 36 variations. Some variations may require relatively little resource in order to process and it would be disproportionate to charge a fixed fee equivalent to a new application. We would ask that the Scottish Government provide further information on the time and costs spent on processing variation applications in order to justify the proposed fees.

6. On balance, do you agree or disagree with the fee levels proposed? If you disagree, please specify which fee in Annex 1 you think should be reconsidered and provide a proposed alternative.

Scottish Renewables does not agree with the proposed fee levels.

We are concerned that the proposed increase could result in disproportionate rises in costs for developers, resulting in a 1000% increase for some projects, ultimately risking the economic viability of those schemes.

The current proposals represent a substantial financial burden on projects and would put the development of certain technologies at risk. This comes at a time when the renewable energy industry, particularly the onshore wind sector, is adjusting to an increasingly post-subsidy model where costs will need to be minimised to ensure projects are financially viable. An increase in application fees, such as the ones proposed, is likely to result in a reduction in the number of new project applications which would adversely impact the Scottish Government's carbon reduction and renewable energy targets.

In addition, there is no detail to support the link between improvements to the planning service and the proposed fee increases. Therefore at this point we cannot support the proposed level of fee increases.

Supplementary Information – Assessment of Costs

Scottish Renewables welcomes further information provided by the Scottish Government to clarify the rationale for the proposed increases in planning fees. However, we feel that the supplementary information on assessment of costs provided is insufficient.

The supplementary information lists key tasks at each stage of processing applications and provides separate tables showing cost estimates of applications for electricity generating stations of varying megawatt capacity and overhead lines of varying length, with the existing fee thresholds. It also shows details of the fees proposed in the consultation.

We understand that the information provided “is not a forensic analysis of actual hours spent on specific applications as such information is not held”, however it would be useful to see a breakdown of the estimated average time spent by the ECU on each task. The information provided shows considerable differences in the estimated hours required to process applications of varying megawatt capacity and overhead lines of varying length. As the corresponding differences in costs are substantial, we would like to see a further breakdown linking higher megawatt capacity and longer overhead lines with an increased need for ECU resource allocation. As turbines become larger and more efficient, megawatt capacity may increase, but we do not envision that this should necessarily translate to an increased workload for the consents unit.

The supplementary information does not address concerns regarding the charging of 25% of the total application fee at the scoping stage. It also fails to address the justification of the fixed fee for section 36/37 consent variations which, in the current proposals, is the same as the fixed fee for a new consent.

As detailed elsewhere in our response, we would also like to see the assessment of costs linked to improvements in the planning service.

We consider that it would be appropriate for the proposed increases in fees to be deferred pending more detailed information on assessment of costs, given the scale of the proposed increases and our concerns regarding their impacts on renewable energy developments.