

1. What is your name?

Alan Wells

2. What is your email address?

alan@fms.scot

3. What is your organisation?

Fisheries Management Scotland

4. Please indicate what type of organisation you are responding on behalf of.

Regulated industry

Professional body

Local authority

Other

Other (please specify here): **Representative body for fisheries managers**

5. Do you agree with SEPA's proposals on using willingness to pay (WTP) values to assess the appropriate cost of environmental improvements?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Whilst we are supportive of the principle of refining the current method of calculating disproportionate costs, we have concerns about the proposed method. The present-day value is based on a process undertaken in England and Wales but given the differences between these countries and Scotland we would seek a stronger justification for using the same method. The relative importance of rivers and the salmon they contain, which require high quality water, is not the same as south of the border.

There appears to be little consideration of other factors, such as protected area designations, National Parks etc. which would also have a bearing of the value of improvements. Salmon conservation assessments, and the potential to move between grades is also a relevant socio-economic factor.

We do not understand, nor do we agree with, the principle that population density has such a strong bearing on the water environment benefit values for Scottish catchments. What is the basis for this? Whilst this approach might be appropriate for issues such as flood risk management or pollution, there are a range of issues (such as fish passage at hydro dams) where this is not appropriate. In the case of migratory fish, key spawning grounds are often very far removed from areas of high population density. Whilst we can see that the proposed approach would apply strongly to point source pollution for example (which the public do not wish to see happening 'on their doorsteps') it could also be interpreted as formalising an 'out of sight, out of mind' policy. The approach is described in the paper entitled 'Estimating Monetary values for improvements in the Scottish water environment' and states that people place higher values to the water bodies where they live. Whilst we don't doubt the veracity of this claim, we would question whether that is the best approach for valuing Scotland's environment and the need for environmental improvements. We do not accept that the environment in our urban centres of population is of more importance, or higher value, than our wider natural environment, nor do we believe that the Scottish public holds this view. To take an extreme example, would the Scottish population really be content for environmental improvements to be downgraded, simply because they are a long distance from the central belt? If SEPA maintain that this is the case, we would wish to see the evidence on which that view is based.

The approach also appears to run counter to the 'revealed preferences' technique discussed in the paper entitled 'Development and use of monetary values for the Scottish water environment'. Under this approach the travel costs method would suggest that areas away from high population density have a high value, if people are willing to travel to them. It also does not appear to fully take into account indirect use value, option values, existence value, bequest value or altruistic values and appears to place a very high weighting on direct use values.

In conclusion, we do not agree that the weighting given to resident population is an appropriate aspect of the willingness to pay principle. We question the assertion that the value that people assign to the water environment where they live, should be scaled to a national context. We would wish to see a more robust attempt to value the goods and services arising from a healthy well-functioning water environment, which fully takes into account the importance of headwaters. We would emphasise that that many benefits to the overall water environment will be realised downstream of proposed action in parts of rivers far removed from areas of high population density. It is important that this geographical scale of improvements to the water environment, and the value to goods and services which arise, is fully accounted for and integrated into the approach.

6. Do you prefer our proposed new method in comparison to the existing method for calculating disproportionate costs?

Yes

No

Unsure

Please give reasons for your answer:

We see merit in the proposed new method, but we do have a number of concerns about the manner in which it is proposed to apply.

The Regulatory Method discusses the interface between the two elements that SEPA will consider (whether the improvement is worthwhile in principle; and the burden of making the improvement) and introduces the concept of the justification of postponing work. We would emphasise that any such process should take into account the fact that we are now in the third RBMP cycle and therefore operators have already benefitted significantly from improvements being scheduled in, or postponed to, the third RBMP. This 'built-in' economic benefit should be fully accounted for in SEPA's processes.

Under the section entitled 'Estimation of Costs and benefits', it would appear that the Operator is required to make this assessment in isolation from other stakeholders or people who would arguably have more expertise in this process. We are extremely concerned about this principle and believe that, as a minimum, the operator should be required to consult with relevant stakeholders on the assessment that they have made, and/or SEPA should also consult on the assessment prior to making a determination. Whilst we note the references to 'third parties' it is not clear under what circumstances discussion with third parties would be required, and we would request a clearer, specific requirement for this to apply *whenever* an operator seeks to argue that costs are disproportionate. We would also seek assurance that SEPA have access to the appropriate resources and expertise to make such socio-economic assessments. The key principle for us is that in any circumstance where SEPA decides that environmental improvements should not proceed due to cost considerations, that decision should be subject to full public scrutiny.

Page 32 of the Regulatory Method states that 'SEPA will normally consider an improvement disproportionate if an operator would have to address more than 130% of his or her contribution to the impact'. However, no justification is given for the use of 130%.

Table 14: We note the precedent (row 1) here in relation to installation of Wolf traps on the Shin system, given that SSE have already installed this technology on the Conon. In row 3, we do not accept the principle that environmental regulation should not be applied when a sector is acknowledged as experiencing a particularly difficult period. The environmental impact of the operation should always be the key factor. However, if this is to remain in the regulatory method, the opposite should also apply. The level of profits or economic rent generated from the use of the resource could be taken into account in determining affordability. For example, we note the recent press coverage of record profits from energy firms: <https://www.bbc.co.uk/news/uk-scotland-scotland-business-61578102>.

We support the ambition of attempting to value the water environment. We would also point SEPA in the direction of work previously undertaken by SNH through which a very high proportion of the Scottish public valued the fact that Atlantic salmon are present in Scottish Rivers. This was amongst the highest proportion for any specific species examined.

Whilst determining what the public would be willing to pay (for example through increased water bills and other household payments) may be appropriate in some circumstances, in many cases it is not the public who would have to pay. If questions were framed in terms of what the regulated operator should pay (taking into account profits and shareholder dividends, as opposed to cost to the customer), we suspect that the thresholds for disproportionate cost, would be considerable higher. In the specific case of electricity generation, this is a regulated industry and therefore there can be no automatic assumption that consumers will have to pay more than they do now. Their payments would be redistributed from shareholder returns to biodiversity gain. It is also important to take into account whether an action primarily involves one-off capital costs (e.g. trap construction) or involves permanent loss of economic benefit (e.g. loss of generation as a result of changing compensation flow regimes).

In our view, the principle that environmental improvements should be postponed, or not progressed, due to high cost, is not one that the Scottish public is aware that it is happening now, nor do we consider that it is a principle that would receive wide support. The document (and the wider proposed approach) appears to place no weighting on the economic impact on third party users of the water environment, such as fisheries and other recreational uses. This needs to be urgently considered and incorporated into the process.

7. Do you think that document Regulatory method (WAT-RM-41) contains too much technical information?

Yes

No

Unsure

8. Please suggest any improvements that could be made to the document format of WAT-RM-41 to help readers follow it or understand it better.

Please give your answer here:

9. Do you agree that this is the most accurate information available to be used for Scotland?

Yes

No

If no please provide evidence of other sources of information that are available Free text box:

See above. We would also refer SEPA to the following papers:

- Sousa et al. (2019) How Relevant Are Non-Use Values and Perceptions in Economic Valuations? The Case of Hydropower Plants. *Energies*, 12, 2986; doi:10.3390/en12152986
- Håkansson (2009) Costs and benefits of improving wild salmon passage in a regulated river, *Journal of Environmental Planning and Management*, 52:3, 345-363, DOI: 10.1080/09640560802703249

10. Do you think these costs accurately reflect the value of the water environment in Scotland?

Yes

No

If no, please provide evidence of other sources of information that are available. Free text box:

See our comments above in relation to Question 5 and 6