

The Ground Source Heat Pump Association

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Neil Davies
Director
Environment Agency
Head Office
Horizon House
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9 October 2018

Dear Mr Davies

As you may be aware, the Ground Source Heat Pump Association (GSHPA) represents over 100 members in the ground and water source heating and cooling industry by promoting the sustainable use of the technology and engaging with government and other bodies to influence relevant policy making. Our membership ranges from large multinational companies to small UK businesses.

We write to you today to express our serious concern regarding the outcome of the recent Strategic Review of Charges.

The GSHPA considers the magnitude of increase of cost for permit application or variation under the Environment Agency (Environmental Permitting) (England) Charging Scheme 2018 will have a seriously detrimental impact on the uptake of renewable heating and cooling systems utilising groundwater and surface water. This is in direct conflict with government policy which seeks to encourage the uptake of low carbon technologies, specifically against heat (and cooling) in buildings.

Furthermore, a number of our members are exposed to financial loss due to the result of the Review being implemented during project build-out and deployment; i.e. they had budgeted for the original, lower cost of the permit but are now faced with payment of the higher fee, in the most part at their own cost.

We believe this situation was compounded by the lack of sufficient consultation which meant there was no prior warning of the increases and GSHPA did not have the opportunity to raise concerns as to the impact of the proposed changes on the industry. The cost increase impacts all bespoke surface water and all non-exempt open loop groundwater GSHP systems therefore, GSHPA should have been considered an important stakeholder in any consultation process. We have also been in contact with the British Drilling Association (BDA) and the Well Drillers Association (WDA), who are also primary stakeholders in the drilling of water wells for open loop schemes, and they have confirmed they too were not consulted.

We understand that the review of charges has resulted in significant increase of cost for:

- the application (and variation) fee, from £835 to £5914: This includes variation, transfer or surrender of a permit and equates to a seven-fold increase
- The operating (subsistence) charges have also increased significantly. We were recently informed of a 77% increase for the subsistence fee for a relatively small surface water GSHP system

We do understand that charges have not been increased for a number of years, but the magnitude of increase can in no way be explained by the rate of inflation over this period.

We would also like to highlight that for an extra cost of £138, under section 1.3.9, a permit can be obtained to discharge sewage effluent, which is known to contain 'certain substances' directly to groundwater. We would like to emphasise that GSHP and SWSHP systems affect only the temperature of the discharged water. Whilst we as an industry realise that heat is classed as a pollutant we believe that the time and effort required by the Environment Agency to assess impact of water extracted from the aquifer and returned to the same aquifer at a different temperature is incomparable to sewage effluent being discharged to an aquifer.

The application fee and subsistence increases place an unacceptable burden on all larger groundwater and surface water schemes. All our members operate in a highly competitive market against biomass, ASHP and fossil fuel alternatives for heating (and cooling). The additional one-off costs and annual subsistence charges impose a major penalty on ground source heat pump (GSHP) schemes. This penalty is not faced by any of the competing technologies, despite GSHP systems providing the highest level of efficiency, lowest long-term operating cost, zero on-site emissions and lowest carbon emissions.

Therefore, we request a response as to the lack of consultation with the ground and water source heat pump industry and specifically GSHPA especially as we have had such a positive, collaborative relationship with the Environment Agency in the past. We would also be grateful for a full explanation as to the reasoning for such a large increase in the cost of permits, specifically in regards to groundwater and surface water source heat pump installations.

We look forward to receiving your response at the earliest opportunity.

Yours sincerely,



John Findlay
GSHPA Chairman

cc. British Drilling Association
Well Drillers Association
Kim Dowsett – Environment Agency
Emma Booth – Environment Agency
Simon Grantham – Environment Agency