

18 JUN 2009

Our Ref: CDB/JML/LJM

Mr Ian Tait
Water Industry Commission for Scotland
Ochil House
Springkerse Business Park
Stirling FK7 7XE

If telephoning ask for:

Jennifer Leonard

16 June 2009

Dear Ian

Strategic Review of Charges – Investment Programme

Thank you for your letter dated 14th April 2009 asking us to confirm that Scottish Water's investment proposals, as set out in their 2nd Draft Business Plan, meet the environmental objectives set out in the draft Ministerial Objectives of 27th February 2009.

We have been pleased to work closely with Scottish Water during the development of the business plan to ensure that the environmental investment requirements are well understood. We can confirm that, setting aside the issues raised below, the proposals in Scottish Water's 2nd Draft Business Plan meet the environmental objectives set out in the draft Ministerial Objectives of 27th February 2009.

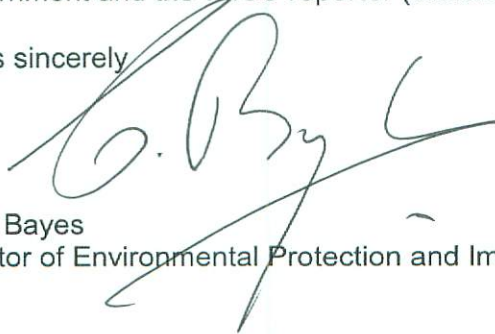
We are however particularly concerned that the relegation of many studies to "Desirable" will not enable us to Break the Cycle and will cause problems and/or inefficiencies in subsequent delivery periods.

As confirmed recently by our Chairman David Sigsworth to Sir Ian Byatt, Glasgow's sewer network is SEPA's number one priority for the Q&S3b period. This requirement of the Urban Wastewater Treatment Directive is already 9 years overdue and we would be concerned at any further slippage. Whilst we are aware of the difficulties surrounding the uncertainties and funding constraints in the programme, we are therefore concerned that a limited number of outputs have been identified in the draft business plan for Glasgow UID delivery within the 2010-2014 period.

A final issue is the omission of the Q&S2 'orphan' projects, identified within previous Ministers Objectives but not programmed within the Q&S2 overhang nor currently included within the draft business plan.

Please note that, subsequent to late corrections to the Technical Expression, we have identified some minor corrections required to the draft objectives, which we have already highlighted to Scottish Government and the WICS reporter (attached).

Yours sincerely



Colin Bayes
Director of Environmental Protection and Improvement

cc
Belinda Oldfield, Scottish Water
Linda Pooley, Scottish Government
Colin McLaren, DWQR



Chairman
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Email sent to David Arnell, Technical Director, Black & Veatch Ltd,
from Jennifer Leonard, Q&S unit manager, SEPA
on 1st April 2009

Dear David

Scottish Water Reporter for WICS - Audit of Scottish Water's SR10 2nd draft business plan

I can confirm that all the projects listed and detailed under the following drivers in Technical Expression V6.1 120309 have our support. Over the past 2 years, we have had detailed discussions with Scottish Water regarding the scope and requirements for all of the projects under the following drivers: EC01, EC03, EC04, EC06, EC07/EC08/NH01, EC09, EC10, EC16, WR1, WR2, WR4, SG3, WQ01.

Although not 'owned' by SEPA, DW24 also has our support since it delivers WFD requirements. Similarly SEPA also supports CC1-6 which contribute towards our Climate Change Plan.

There are a number of areas where there is non-alignment between the Ministers Objectives and the SR10 2DBP. We are aware of them and have promoted / supported these changes to Scottish Government, who we understand intend to amend them accordingly in summer 2009.

- EC01 - Essential - UWWTD – currently 371km, should be 378km so as to include Stranraer STW
- EC03 - Desirable – currently includes Fairlie, delete this as not required
- EC06 – 2 sludge centres instead of 3
- WR2 - Desirable - Fish pass studies – currently 24, correct to 10
- EC09 - Essential Dangerous Substances = 23km (instead of 8km)
- EC09 - Desirable Dangerous Substances = 11km (instead of 26km)
- DW24 – add in this objective

We also understand that Scottish Government intend to add in 2 projects which we have promoted to the Ministers objectives (EC01 – addition of Port Bannatyne and Stromness - identified but not delivered under Q&S3a and, we understand not currently identified within the anticipated Q&S3a overhang) which are not currently included in the SR10 2DBP.

Please contact Dave Holloway or myself with any further queries.

Regards
Jennifer

Jennifer Leonard
SEPA Q&S Project Manager