

# Response to the Scottish Government 'Building a Hydro Nation' Consultation

by the Scottish Environment LINK  
Freshwater Taskforce

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## Summary

LINK is extremely concerned by the poor reference to the environment and sustainable development in the consultation document. We believe that the principles proposed to guide the future development of Scottish Water are lacking and should be revised to ensure that they are consistent with principles of sustainability. As a public body, Scottish Water has statutory obligations in respect of biodiversity, climate change and sustainable development and, therefore, all of its operations and functions should reflect this. LINK would like to see a water industry that invests in sustainable solutions to improve water quality, reduces leakage, and focuses further on climate change mitigation and adaptation measures. Scottish Ministers have a strong role in securing a sustainable water industry and we hope that this will be demonstrated in the Statement of Ministerial Objectives for the next investment period.

## Introduction

Scottish Environment LINK is the forum for Scotland's voluntary environment organisations, with over 30 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society. LINK welcomes the opportunity to comment on the proposals set out in the 'Building a Hydro Nation' consultation. We have set out our views on specific areas of the consultation that are relevant to our interests and we would welcome any opportunity to meet Scottish Government to discuss these views further.

## Consultation Response

### *The value of Scotland's water*

Scotland's water is vital for the provision of drinking water, growing food and sustaining industries and ensuring that a safe water supply is available for current and future generations can only be achieved by safeguarding the environment. Scotland's aquatic environment includes the wetlands, rivers, lochs and estuaries that provide essential habitat for many plant, fish, invertebrate and bird species. The importance of some of these areas is recognised through international (e.g. Ramsar, Special Area of Conservation, Special Protection Area) and national (e.g. SSSIs) designations. Moreover, the Water Framework Directive, transposed in Scotland by the Water Environment and Water Services Act, aims to achieve good

ecological status of all surface water bodies including those that are outside designated sites. It is known that Scotland's water resource is currently under tremendous pressure from various factors such as abstraction and impoundment for drinking water, irrigation and hydropower, and pollution from agriculture and sewage disposal<sup>1</sup>. The demands and pressures on Scotland's water are likely to intensify in response to a changing climate<sup>2</sup> and, therefore, it is crucial that the water industry and its regulators fully consider how to respond and adapt to these challenges. LINK believes that the water industry in Scotland must seek to protect and improve the environment and ensure that it carries out all of its operations and functions in a sustainable way.

### ***Ownership and governance***

We would like to highlight that LINK is neutral on the issue of ownership of Scottish Water. Our view is that, regardless of whether ownership is kept public, made private or mutualised, all water companies should seek to protect and improve the environment and fulfil all statutory obligations in relation to sustainable development, biodiversity and climate change. We have no views on the governance and corporate structure of Scottish Water as long as it is transparent and publicly accountable.

In response to Question 3, we think that Scottish Water should be able to develop commercial opportunities but it should not be under obligation to do so. We are supportive of Scottish Water taking forward the suggested 'non-core' activities such as renewable energy development as we fully recognise the importance of sourcing energy from renewables in order to mitigate the impacts of climate change and to meet ambitious renewable energy and carbon emission reduction targets. However, we urge that any renewables are appropriately sited to ensure that they have minimal environmental impact. Furthermore, any developments that could impact Natura sites must conform to Habitats Regulations and have an appropriate assessment undertaken.

In response to Question 4, LINK is supportive of Scottish Water contributing to water-related international development activities provided that sustainable development principles are adhered to (please see our comments below regarding the guiding principles).

### ***Principles guiding the development of Scottish Water***

We urge that any future development of Scottish Water fully reflects its statutory duties in relation to furthering the conservation of biodiversity<sup>3</sup>, contributing to sustainable development<sup>4</sup>, reducing greenhouse gas emissions and contributing to

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<sup>1</sup> Scotland's River Basin Management Plan 2009-2015  
[http://www.sepa.org.uk/water/river\\_basin\\_planning.aspx](http://www.sepa.org.uk/water/river_basin_planning.aspx)

<sup>2</sup> <http://www.scotland.gov.uk/Publications/2009/12/08131259/1>

<sup>3</sup> Nature Conservation (Scotland) Act 2004

<sup>4</sup> Water Industry (Scotland) Act 2002; Water Environment and Water Services (Scotland) Act 2003

climate change adaptation in the most sustainable way<sup>5</sup>, furthering the conservation and enhancement of natural beauty, conservation of flora and fauna and geological or physiographical features of special interest<sup>6</sup>. We are extremely concerned, therefore, that the principles proposed to guide the development of Scottish Water do not align with any of these obligations. There is a strong theme running throughout the consultation document about how the people of Scotland could benefit from the development of Scottish Water. Therefore, it is crucial that the proposed principles have sustainability at their heart, since the people of Scotland will only benefit if the water environment is safeguarded to ensure a reliable water supply for current and future generations. We would like to remind Government of their commitment as set out in the UK's shared framework for sustainable development<sup>7</sup>. In addition, we have the following comments on the principles:

*Principle 1* states that Ministers will expect Scottish Water to deliver its core functions with increasing efficiency. We suggest that this should be with increasing efficiency *and* sustainability so that the former does not happen at the expense of the latter. This principle also states that independent economic regulation will continue to be essential and we urge that it is amended to state that environmental regulation will also be essential.

*Principle 2* states that there must be support for the Government's 'Greener' strategic objective, which is welcome, and that the overall purpose should be to increase sustainable economic growth. Sustainable economic growth has been defined as "*building a dynamic and growing economy that will provide prosperity and opportunities for all, while respecting the limits of our environment in order to ensure that future generations can enjoy a better quality of life too*"<sup>8</sup>. We feel that the *respecting the limits of the environment* element needs to be strengthened within this principle and, indeed, throughout the consultation document.

*Principle 3* is vague on the types of activity that Scottish Water would be expected to develop or take on. This principle should include a caveat that new activities must be sustainable.

*Principle 4* states that Scottish Water should "*seek to utilise its assets and expertise to exploit Scotland's water resource as fully as possible*". The use of the word *exploit* is extremely negative and does not imply consideration of the sustainable development principle regarding 'living within environmental limits'. The principle then states that Scottish Water should develop new activities or take on new functions that will deliver strong commercial returns or other social benefits. We are extremely concerned that there is no mention of environmental benefits within this principle and urge that the principle is amended to include this.

### ***Sustainable solutions***

We believe that more could be done to encourage Scottish Water to use sustainable solutions to address water quality issues. There are many examples of

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<sup>5</sup> Climate Change (Scotland) Act 2009

<sup>6</sup> Water Industry (Scotland) Act 2002

<sup>7</sup> <http://www.defra.gov.uk/sustainable/government/documents/SDFramework.pdf>

<sup>8</sup> <http://www.scotland.gov.uk/Publications/2010/02/03132605/7>



water companies across the UK facilitating land management in catchments with the objective of improving raw water quality. A number of initiatives, for example the Sustainable Catchment Management Project (SCaMP)<sup>9</sup> and the Mires Restoration Project<sup>10</sup> are focusing on peatland restoration to reduce the discolouration of water from degraded and eroded peat in catchments. Importantly, these types of initiatives can deliver additional benefits relating to the provision of wildlife habitat, meeting statutory conservation targets, enhancing flood storage capacity and increasing carbon storage and sequestration. Hence, in response to question 16, we would like to see any surpluses reinvested in environmental initiatives such as this.

There are instances, for example in the Tarland catchment in Aberdeenshire<sup>11</sup>, where Scottish Water has contributed to initiatives that have delivered multiple positive outcomes including biodiversity, water quality and flood risk management. We would like to see such initiatives become commonplace throughout Scotland and believe that such opportunities should be actively sought by Scottish Water. It is notable that, in the current water industry investment period (2010-2015), Scottish Water has £3 million pa to "*identify and operate sustainable land management in five water catchments*". LINK believes that Scottish Water must use this public money to undertake practical land management measures to deliver public goods that achieve multiple benefits. Importantly, sustainable land management can also be positive for people and communities, for example, by providing areas of 'green space' for access and recreation which is beneficial for health and wellbeing<sup>12</sup>. We urge Scottish Water and its regulators to ensure that the fund is used for delivery of multiple benefits in catchments and we hope that such initiatives become exemplars that help direct future water industry investment away from 'end-of-pipe' and towards sustainable solutions.

We suggest that the economic regulator could do more to contribute to a sustainable water industry. This could include exploring ways in which the capital expenditure bias can be removed so that unsustainable and short-term solutions are not favoured over sustainable solutions such as positive land management within drinking water catchments. Furthermore, we think that more needs to be done to integrate social and environmental costs and benefits into economic models, for example the model used to set target leakage levels. Despite the consultation document praising the improvements that Scottish Water has made in reducing leakage in recent years, leakage remains extremely high. During 2009-10, 704 million litres of water were lost each day in Scotland through leakage<sup>13</sup>. Moreover, the target leakage rate as determined by the Economic Level of Leakage

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<sup>9</sup> <http://www.unitedutilities.com/scamp.aspx>

<sup>10</sup> <http://www.exmoor-nationalpark.gov.uk/mire>

<sup>11</sup> <http://www.scotlink.org/files/publication/other/LINKSLUCaseStudies2010.pdf>

<sup>12</sup> Wellbeing through wildlife in the EU (RSPB/Birdlife International 2007)

[http://www.birdlife.org/eu/pdfs/Wellbeing\\_EU\\_final\\_version\\_2mb.pdf](http://www.birdlife.org/eu/pdfs/Wellbeing_EU_final_version_2mb.pdf)

<sup>13</sup> <http://www.scottish.parliament.uk/business/pqa/wa-10/wa0806.htm>

(ELL) is currently set at 612 million litres per day<sup>14</sup>, which we would argue is still unacceptable. This high level of leakage causes more water to be abstracted than is actually needed thus putting pressure on our aquatic environment and unnecessarily emitting greenhouse gases. We think that social and environmental costs and benefits should be adequately valued and integrated into the ELL model. Scotland's water industry and its regulators must be innovative and explore ways in which to reduce leakage both to safeguard our water environment and to help to achieve our ambitious statutory climate change targets.

We agree that there is much potential for Scottish Water to source energy for its operations from renewable sources and we are supportive of this provided that they are appropriately sited. Sourcing of energy from renewable sources must be taken in conjunction with mitigation and Scottish Water fulfilling its Climate Change Act obligations to reduce emissions from its operations.

We are generally supportive of any steps to facilitate sustainable flood management for the benefit of Scotland's environment. We wish to see Scottish Water fulfilling its duties under the Flood Risk Management Act 2009 which include acting in the way best calculated to manage flood risk in a sustainable way, contributing to the achievement of sustainable development and promoting sustainable flood management.

**This response was compiled on behalf of the Freshwater Taskforce and is supported by:**

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<sup>14</sup> *Scottish Water Carbon Plan 2010*

[http://www.scottishwater.co.uk/portal/page/portal/SWE\\_PGP\\_NEWS/SWE\\_PGE\\_NEWS/INFO\\_CLIM\\_CHANGE/Scottish\\_Water\\_Carbon\\_Plan\\_2010.pdf](http://www.scottishwater.co.uk/portal/page/portal/SWE_PGP_NEWS/SWE_PGE_NEWS/INFO_CLIM_CHANGE/Scottish_Water_Carbon_Plan_2010.pdf)