

# Regulatory fees and charges for 2026/27

## Consultation summary and NRW response

March 2026

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## 1. Introduction

As a Welsh Government (WG) sponsored body, Natural Resources Wales (NRW) must comply with requirements set out in 'Managing Welsh Public Money.' This means that wherever possible, we fully recover the costs of the regulatory services we provide from those who use them, rather than having those services funded through general taxation.

We commenced a long-term programme of work to ensure that charging across NRW is cost reflective and our regulatory work is sustainably funded. We implemented the recent Strategic Review of Charging for applications in April 2023 and have started work to review subsistence charging for Water Resources and Water Quality.

## 2. Our charge proposals

We consulted on proposals to increase the amount of money we collect from our charging schemes, following a review to ensure they reflect full cost-recovery, deliver our regulatory approach and the outcomes needed for the Welsh environment.

When proposing new fees and charges, we follow [Managing Welsh Public Money](#) principles as well as HM Treasury rules and our legislative obligations, ensuring that only eligible costs are included within charges. This approach is also consistent with the polluter pays principle. It would not normally be appropriate to seek additional Grant in Aid funding for regulatory activities that should be covered by charges, nor to cross-subsidise between income streams.

We keep our regulatory processes under review, adjusting and adapting our policy and approaches to risk or to our statutory duties, ensuring that they are as efficient as possible. We also need to adapt our service to take account of an evolving regulatory or legislative landscape which often brings increasing complexity or demand that can affect service levels or efficiency. We are committed to ensure that our regulation is as streamlined as possible however if we are driven by evidence or statutory duties to do more we will.

We have considered the financial impact our charging proposals might have on some businesses, especially as our proposals coincide with wider financial pressures from inflation and the increased cost of living. A failure to manage our charging schemes to ensure they reflect full cost recovery would restrict our ability to deliver our increasingly complex regulatory duty, prevent pollution and contribute to tackling the climate and nature emergencies. We need sustainable funding to maintain our specialist competencies, secure compliance with legislation and permits and adapt regulation.

## 3. Charge Increases for 2026/27 – 3% inflationary increase

For the period from 1st April 2026, we have as far as possible, maintained our regulatory charges at current levels. However, adjustments are necessary to manage inflationary and other cost pressures and to manage deficits in specific regimes.

NRW wage growth, which makes up the largest cost component to recover, is assumed at +3% for 2026-27. The latest CPI forecast in February 2026 shows a forecast increase of 2.2% in CPI and a forecast increase of 3.1% in RPI.

We have therefore applied +3% increases to a number of permitting and subsistence areas in line with inflation and other cost pressures. Our funding needs to match the cost of delivery, and increasing our charges in line with inflation, where needed, reduces the potential for deficits to accumulate.

The following areas will be subject to a +3% increase from 1<sup>st</sup> April 2026:

### **3.1 Permitting (application) charges**

- Water Resources (Abstraction & Impoundment)
- Environmental Permitting Regulations (EPR) Installations (including, Medium Combustion Plant Directive (MCPD))
- EPR Waste
- EPR Water Quality (also including Water Industry Act charges)
- EPR Non-Nuclear
- Species Licensing
- Reservoir Safety.

### **3.2 Annual Subsistence (compliance activity) charges**

- EPR Installations (including MCPD)
- EPR Water Quality
- EPR International Waste Shipments
- Reservoir Safety
- Flood Risk Activity Permits (FRAPs).

## **4. Charge Increases for 2026/27 – above-inflation increases**

We are also applying above-inflation increases (in the range +7% to +8.5%) to five subsistence areas in deficit to ensure a move towards full cost recovery. These deficits are likely to continue until detailed subsistence reviews are completed. These increases aim to ensure that current service levels are maintained, but in reality, need higher increases to break even over the next 2-3 years.

### **4.1 Annual Subsistence (funding compliance activity) charges where there is a deficit**

Key points from the consultation.

- As a result of historic undercharging and inflation, charges have not kept pace with costs.

- A full review of subsistence charges is underway that will move NRW towards cost recovery.
- Water Resources facing specific cost pressures (Section 20 Reservoir Operating Agreements).
- Deficits will persist in some areas until reviews are completed.

The following above-inflation increases will be implemented from 1<sup>st</sup> April 2026 to ensure that current service levels are maintained for those areas in deficit:

- Water Resources Standard Unit Charges - We will increase the Standard Unit Charge by 7% to manage the deficit in this area.
- EPR - Waste, EPR - Non-Nuclear, EPR – Materials Recycling Facilities, EPR – Waste Carriers, Brokers & Dealers will all increase by 8.5% to manage the deficits in these areas.

## 5. How we consulted

Prior to our consultation in October 2025, we hosted a Chargepayers Consultative Group meeting to raise awareness of our proposals and share the reasons for proposed changes and our methodology. Welsh Government were kept informed throughout this process.

When we launched the consultation, we published media briefings and used social media postings, seeking input from stakeholders and the wider public. We also sent direct emails to over 300 individuals, businesses, and trade bodies. We followed up with social media posts and direct email reminders halfway through the consultation.

The consultation was hosted online through NRW's Consultation Hub which was open from 20<sup>th</sup> October 2025 to 12<sup>th</sup> January 2026. The consultation and response options were available in both Welsh and English.

We also accepted responses by post and by email.

## 6. How we considered the consultation responses

Our analysis of the on-line consultation responses used both quantitative analysis (for example Likert scale '*Strongly Agree*' to '*Strongly disagree*'), and a qualitative approach using thematic analysis of the free text responses. This is a widely recognised approach to qualitative data analysis that enabled us to generate insights and concepts derived from responses.

We have themed the feedback received through the consultation and have responded below.

The full text of all responses can be found in Appendix 2.

## 7. Consultation responses

### 7.1 Number of responses:

We received thirteen responses through the consultation:

- five were received from individuals,
- four were received from trade bodies responding on behalf of their members,
- three were received from businesses, and
- one was received from a professional membership body.

Five respondents contributed written responses either in place of or in addition to information provided via our consultation hub.

Where possible we have grouped points made in response to free-text consultation questions into recurring themes.

### 7.2 Sectors represented:

We received responses from individuals, organisations, and businesses in the following sectors:

- Agriculture, Forestry and Fishing (4)
- Construction (1)
- Electricity, gas, steam, and air conditioning supply (4)
- Human health and social work activities (1)
- Professional, scientific, and technical activities (1)
- Water supply, sewerage, waste management and remediation activities (3)

Please note that respondents can select more than one answer.

### 7.3 Geographical locations of respondents:

- Wales-wide (7)
- North-East (Denbighshire, Flintshire, or Wrexham) (1)
- North-West (Anglesey, Conwy or Gwynedd) (3)
- South-West (Carmarthenshire, Neath Port Talbot, Pembrokeshire, or Swansea) (1)
- South-East (Blaenau Gwent, Caerphilly, Monmouthshire, Newport, or Torfaen) (2)
- Mid Wales (Ceredigion or Powys) (1)

Please note that respondents can select more than one answer.

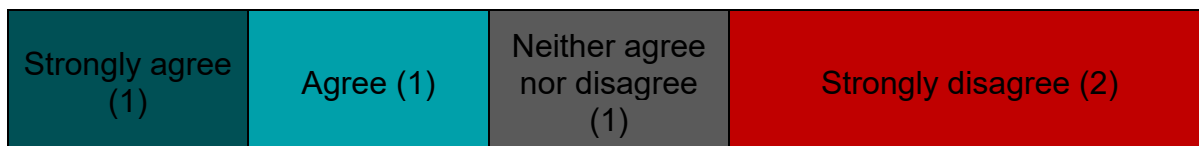
## 8. Do you currently hold a licence, permit or consent issued by NRW?

Responses from businesses and individuals:

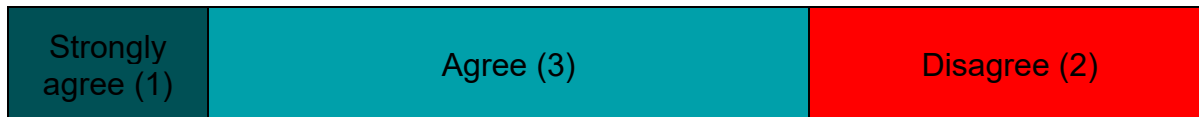


## 9. NRW's regulatory services should be paid for by those who use them and not by the taxpayer or other charge payers. Do you agree or disagree?

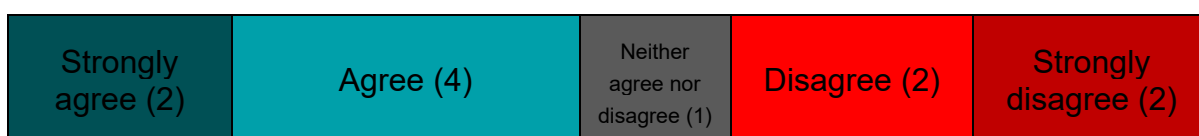
Responses from individuals:



Responses from trade bodies, organisations and businesses:



Without demarcation between individuals and organisations/businesses



## 10. Do you think there are better alternatives to how NRW proposes to fund its regulatory activities?

Responses from individuals:



Responses from organisations and businesses:



**11. To what extent do you agree or disagree with our proposal to increase permitting (application) charges in some areas by 3% in line with inflation and cost pressures?**

Of the respondents who answered this question:

**Individuals**



**Trade bodies, businesses and organisations**



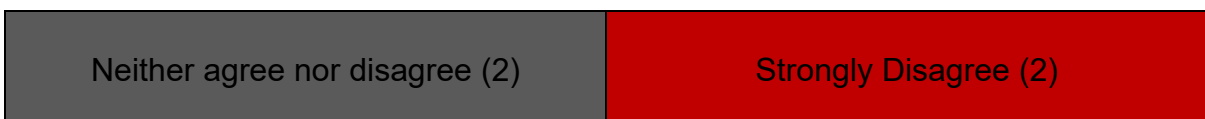
**Combined**



**12. To what extent do you agree or disagree with our proposal to increase annual subsistence charges in areas not in deficit by 3%, in line with inflation and cost pressures?**

Of the respondents who answered this question:

**Individuals**



**Trade bodies, businesses and organisations**

Agree (4)	Neither agree nor disagree (1)	Disagree (1)
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**Combined**

Agree (4)	Neither agree nor disagree (3)	Disagree (1)	Strongly Disagree (2)
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**13. To what extent do you agree or disagree with our proposal to increase annual subsistence charges in areas in deficit by more than inflation for 2026/27?**

Of the respondents who answered this question:

**Individuals**

Strongly agree (1)	Neither agree nor disagree (2)	Strongly Disagree (1)
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**Trade bodies, businesses and organisations**

Agree (1)	Disagree (3)	Strongly disagree (1)
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**Combined**

Strongly agree (1)	Agree (1)	Neither agree nor disagree (2)	Disagree (3)	Strongly Disagree (2)
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## 14. Response to comments received

### 14.1 Support or acceptance for inflationary increases

Inflation-linked adjustments are necessary where they reflect increases in the cost of delivering our services. Absorbing inflationary pressures maintains the existing service but does not necessarily lead to an enhanced service.

The cost of a bespoke permit application charge directly reflects the work undertaken by NRW staff and includes NRW overheads and executive delivery costs. These were fully reviewed in the lead up to their implementation in July 2023.

### 14.2 Funding NRW's services

Most respondents agree that the cost of NRW's regulatory services should be met by those who directly benefit, rather than through general taxation (Grant in Aid). This approach aligns with *Managing Welsh Public Money* and HM Treasury rules.

We cannot subsidise our activity costs on one regulatory regime using unrelated income streams, nor can we offset charges for a particular business sector, even where regulated activities may deliver wider benefits. In limited, exceptional cases involving non-commercial activities, NRW provides waivers, which are subject to regular review.

We operate in line with the Regulators' Code, working collaboratively with those we regulate. Our approach is proportionate, risk-based, and designed to minimise burdens on businesses while maintaining fairness and consistency across all sectors.

### 14.3 Government support for activities delivering broad public benefits

Many of the activities we regulate provide environmental benefits or contribute to our societal wellbeing.

Despite these positives, developing or carrying out these activities can also give rise to risks that must be carefully managed. Regulation ensures environmental protection, prevents harm, and underpins the sustainable management of Wales's natural resources. It is essential for enabling nature's recovery and supporting adaptation to climate change.

Our principle derived from '*Managing Welsh Public Money*' is to fund our services from those who directly receive or benefit from them rather than from general taxation.

In specific, non-commercial circumstances, that contribute to the delivery of NRW's aims, we consider whether it is appropriate to waive charges when preparing our charging scheme. For example, we do not charge for species licences where the purpose of the development is to provide facilities and access for disabled people (Waiver E).

### 14.4 NRW's regulatory services should remain primarily charge-funded, but costs arising from national programmes, historic under-recovery, or evolving standards beyond operators' control should not fall solely on charge-payers through repeated above-inflation increases.

We are committed to ensuring that our regulatory services are funded in a way that is fair, transparent, and consistent with the principles set out in *Managing Welsh Public Money*.

For specific regimes, where deficits will continue until a detailed subsistence review is completed, we are implementing above-inflation increases to move towards full cost recovery. These increases are intended to maintain service levels although higher rises would be required to fully resolve deficits ideally within 2–3 years.

We have commenced a comprehensive programme of work to review and manage funding initially focussing on Water Resources and Water Quality subsistence charges. Within this we will review existing ways of working and current charge approaches to ensure that we are risk-based, efficient and cost recovering through a proportionate charge scheme. Until we have completed these reviews we will need to continue managing any deficits in the interim.

Our aim is to maintain a stable and resilient funding framework while ensuring alignment with the principles of *Managing Welsh Public Money*.

### 14.5 Service quality in permitting

We introduced changes to our permit application charges in July 2023 that moved closer to full cost recovery and addressed historic under-recovery within the Permitting service.

Since 2023, NRW has faced inflationary pressures across core cost areas, including nationally negotiated pay awards, digital systems and licensing, specialist technical support, which need to be cost recovered.

In 2025, NRW implemented the 'Case for Change', which streamlined our activities and refocused our resources on delivering essential services that only we can provide. This included the removal or restructure of a number of posts. These changes will help ensure that the organisation is better equipped to deliver its corporate plan's objectives to support nature's recovery, tackling climate change, and minimising pollution.

The subsequent disruption was temporary, organisation-wide and reflected wider financial pressures. The permitting service's resourcing needs have now recovered with a corresponding improvement to permitting service levels. Ensuring we are resourced and resilient for the future is key to reviewing our service and related funding.

We continue to review our operating procedures and to look for efficiency improvements. For example, in 2025 we significantly reduced the amount of work we had been undertaking on permit surrenders for the disposal of waste sheep dip, enabling us to remove the charge. This was part of wider changes introduced to discourage the disposal of waste sheep dip to land, which has a detrimental impact on the environment.

We are undertaking internal and externally sourced programmes of work to improve processes and customer access to our services which will help deliver efficiencies transforming NRW into 2030.

We seek to continually improve our service and where possible working with stakeholders to develop practical solutions that address specific efficiencies.

### 14.6 Efficiency and cost recovery

Since NRW's formation in 2013, charges in several regulatory areas have not kept pace with the true cost of service delivery. This has resulted in under-recovery, where income has been insufficient to cover the actual cost of regulation. NRW has absorbed this as far

as possible, however this approach is not sustainable and risks placing an increasing burden on NRW's grant-funded activities, which is neither equitable nor compliant with Managing Welsh Public Money.

Our Strategic Review of Charges ran from 2019 to 2023 and reviewed permitting (application) charges only. We have yet to fully review most of our subsistence (annual compliance) charges although this work has now begun. Reviewing our processes to identify opportunities for efficiency gains is a fundamental part of this process. Efficiency isn't just about cutting costs; it's about optimising processes and ensuring sustainable delivery against a backdrop of increasing complexity.

Our review of permitting fees was an important step in modernising our charge regimes. The programme of work to review subsistence (annual compliance) charges will look at current processes, will consider process improvements, efficiencies and the service levels we want to achieve.

Managing Welsh Public Money explicitly requires public bodies to demonstrate that charges are based on efficient costs, not simply actual expenditure. NRW is committed to reviewing internal processes, identifying opportunities for streamlining and ensuring that charges do not fund inefficient processes. That said, we are not always able to progress efficiencies that would rely on capital investment in existing infrastructure.

We are undertaking internal transformation work and efficiency programmes, including a review of our office accommodation, digitisation of permitting processes, improved risk-based regulation, and workforce planning.

These reforms are intended to reduce long-term costs and improve service delivery. NRW remains committed to demonstrating that its charging proposals reflect efficient, not inflated, cost structures.

NRW will continue to engage with stakeholders throughout the process and will ensure that any changes are phased, evidence-based, and supported by clear justification. Stakeholder feedback will be considered carefully before final decisions are made.

#### **14.7 Transparency in relation to cost increases**

Since NRW's formation in 2013, charges in several regulatory areas have not kept pace with the true cost of service delivery. This has resulted in under-recovery, where income has been insufficient to cover the actual cost of regulation.

NRW has absorbed this as far as possible, however this approach is not sustainable and risks placing an increasing burden on NRW's grant-funded activities, which is neither equitable nor compliant with Managing Welsh Public Money.

NRW, like many businesses across Wales has faced inflationary and other cost pressures in recent years. These pressures have materially increased the cost of delivering statutory regulatory services.

The current proposals respond to both the need to address (in-part) historic under-recovery as well as ongoing inflationary pressures. The move toward full cost recovery is essential to address long-standing deficits that have affected service level delivery.

We recognise the importance of predictability and long-term planning. We try to manage our charge schemes to provide visibility for long-term financial planning and delivery of environmental improvements. Our increases in line with inflation are based on publicly available forecasts.

We are committed to engaging with stakeholders on future charging trajectories and phasing changes where appropriate, in the interests of transparency. We engage with our stakeholders through our Chargepayers Consultative Group and emails updating them on what we are likely to propose for the following financial year, as well as our longer-term intention around sustainable funding.

We endeavour to provide detailed information on the specific factors contributing to charge increases and service levels. Our charge consultations outline the key drivers, such as inflation, digital modernisation, and the need to address historic under-recovery.

Our detailed subsistence reviews, starting with Water Resources and Water Quality, will aim to put regulatory charges on a more sustainable footing over the medium to long-term. We will continue to assess our priorities and ways of working as we progress this work.

#### **14.8 Charge predictability**

Our ongoing review of our subsistence charges aims to provide a stable, multi-year framework for future subsistence charges.

We cannot commit to a fixed endpoint for charge adjustments as Managing Welsh Public Money requires us to keep charges under periodic review to ensure they reflect the full cost of delivering our services. We are however committed to using long term horizons to inform our charges and to smoothing our charges over time to prevent significant increases or decreases year on year.

We agree that the principles of fairness, transparency, proportionality and long-term stability are important in a credible and trusted regulatory system. They are also consistent with the expectations set out in Managing Welsh Public Money. NRW will continue to refine its approach through our charge reviews and through ongoing engagement with regulated sectors.

#### **14.9 Difference in level of increase between waste application (permitting) charges and subsistence charges**

Permitting (application) charges for waste were extensively reviewed as part of our Strategic Review of Charges programme that was implemented in 2023. A long-term programme to review subsistence charges is underway and until it is completed, we need to consider above inflationary increases to manage historic under-recovery.

#### **14.10 Above-inflation increases**

We are committed to ensuring that our charges are fair, proportionate, recover our costs, are efficient and comply with *Managing Welsh Public Money*.

These above inflation increases are necessary as many of NRW's charging regimes have not been comprehensively reviewed and we are not cost recovering for the activities we are undertake. As a result, we have several regimes in deficit which we need to manage.

Our proposals are a short-term adjustment to manage funding pending more substantial reviews intended to establish sustainable funding for the long term. We have commenced a review of Water Resources, including costs related to section 20 of the Water Resources Act and Water Quality subsistence charges

We recognise the concern that continued above-inflation increases may place on operators and are phasing increases over multiple years rather than applying full cost-recovery uplifts in a single step. These actions align with *Managing Welsh Public Money*, which requires public bodies to balance cost recovery with proportionality and fairness.

#### 14.11 Deficit recovery

Managing Welsh Public Money requires NRW to recover the full cost of the regulatory services we provide wherever it is appropriate, feasible, and fair to do so. At the same time, it emphasises proportionality, value for money, and the need to avoid placing unreasonable burdens on charge payers. Our approach seeks to balance these obligations.

We have previously committed to continue to take steps to improve cost-recovery of regimes in deficit. We review the duration and scale of uplifts annually. We plan regime deficit payback periods over several years to consider the balance between affordability of proposed charge increases and the length of time it will take to achieve cost recovery. We understand that transparency and predictability are essential for operators' financial planning and have limited our proposed increases to below 8.5%.

As we complete detailed subsistence reviews across Water Resources, Water Quality, Industry Regulation and Waste in the coming years we will be in a stronger position to publish a clearer, multi-year view of expected charge trajectories.

We are aiming to complete reviews of Water Quality and Water Resources subsistence charges for public consultation in October 2027.

We acknowledge the concern regarding the proposed 7% increase in the Water Resources Standard Unit Charge for 2026/27. This uplift primarily reflects the ongoing cost pressures driven primarily by Section 20 Reservoir Operating Agreements associated with DCWW's Dam Safety Programme. These pressures are not driven by operator behaviour, and NRW is committed to ensuring that increases remain proportionate and time-limited.

We understand the concern that deficits arising from historic under-recovery may appear to be retrospectively recovered from current operators. NRW is not seeking to recover historic costs in isolation; rather, we are addressing deficits that persist today and would otherwise continue to grow. We are required to ensure that each charging regime is financially sustainable, that deficits are not subsidised by other charge payers or by general taxation and that our charges reflect the true cost of regulation.

NRW has implemented phased increases to avoid sudden shocks, engaged with Welsh Government on the potential for central funding where activities are nationally mandated and has started a full review of subsistence charges.

We recognise the concern that if our annual increases fail to fully recover our costs (including deficit recovery) our deficit will continue to rise. Our objective is to stabilise charges once regimes reach full cost recovery.

## **15. Welsh language considerations**

### **15.1 Could the proposals affect opportunities for people to use the Welsh language?**

You said:

- The proposals are to increase fees by 3%. What sort of dumb question is it to ask if this affects opportunities for people to use the Welsh language?
- We do not consider that the proposals will affect opportunities for people to use the Welsh language.
- No.
- No.

### **15.2 Is there a way we can increase the use of Welsh or provide more opportunities for people to use the Welsh language?**

You said:

- NRW could continue to ensure that all regulatory guidance, consultation material, and customer information is issued bilingually at the same time, supporting equal access for Welsh-speaking applicants and stakeholders.
- It's a personal choice.
- No.

### **15.3 Are there any aspects of the proposals that could disadvantage people in using the Welsh language?**

You said:

- We do not see any areas within the proposals that would disadvantage Welsh speakers.

### **15.4 Do you believe the proposals treats the Welsh language less favourably than the English language?**

You said:

- The proposals do not appear to treat the Welsh language less favourably.
- No.

## 16. Next steps

Having considered the feedback received, we have decided to move ahead with the charges proposed.

We intend to implement the updated charges on 1st April 2026.

## Annex 1 - Charging consultation proposals

The detailed proposals as outlined within the consultation can be found through the following links.

<https://ymgynggori.cyfoethnaturiol.cymru/sroc/nrw-charge-consultation-2026-27>

<https://ymgynggori.cyfoethnaturiol.cymru/sroc/ymgynggoriad-tal-cnc-2026-27>

## Annex 2 – Full written responses received to the consultation

### Do you think there are better alternatives to how NRW proposes to fund its regulatory activities?

<p>Welsh Government Grant.</p> <p>Certain regulatory services which enable activities that have a wider benefit to society, and the community should be funded to a greater extent by government grant. These activities include generation of electricity via hydropower, which contributes to the country moving towards its target of reducing CO2 production. Wales has excellent potential to generate more carbon-neutral, local energy using hydropower, but the current level of fees and costs makes the great majority of potential schemes unviable from the outset.</p>
<p>NRW's regulatory services should continue to be primarily funded through charges on those who use and benefit from them. However, where significant costs arise from nationally mandated programmes, historic under-recovery, or evolving regulatory standards that are not driven by operator behaviour or site-specific risk, these should not be recovered solely through repeated above-inflation charge increases.</p> <p>In such cases, NRW should consider a combination of time-bound and phased deficit recovery, greater use of central funding for nationally driven safety programmes, and more risk-based and proportionate charging structures. This would allow NRW to remain sustainably funded while avoiding disproportionate impacts on compliant, low-risk operators and maintaining long-term investment confidence.</p>
<p>Better management</p>
<p>We wish to emphasise that irrespective of charging approaches, NRW has a duty to ensure it uses its resources as responsibly and efficiently as possible to minimise costs and services.</p> <p>One FUW County Executive Committee raised an example of an Internal Drainage District in North Wales where equipment had sat idle for many months, and this did</p>

not demonstrate effective use of money or resources. Where cost increases are unavoidable, NRW should ensure full transparency and justification for these changes.

Our members expressed some disagreement. With increasing regulation there is a sense of frustration that this approach could impose ever increasing costs on businesses in the long-term.

### **To what extent do you agree or disagree with our proposal to increase permitting (application) charges in some areas by 3% in line with inflation and cost pressures?**

The Environment Agency in England charge just GBP 148 for renewal of a same terms, time limited licence.

NRW already charge GBP 1440, - which with a 3% uplift will become GBP 1,483.

How come that in Wales the charge is TEN TIMES what it is in England?

Moreover, a same terms renewal of a time limited licence simply cannot justify a fee of GBP 1440, - but that is what NRW charge.

Allowing for a rate of GBP100 per hour for the time spent on such a renewal, it would mean that such a renewal of licence, which is straightforward enough, is claimed to take 14 hours of time.

NRW are conning those of us who have to use their regulatory services, by claiming their fees are justified by their need for 'cost recovery'.

To put it more crudely, it is 'daylight robbery'.

The increase should be higher.

Proportionality is not a word that NRW understand.

I agree with the fee increase for Standard Rules permits, but bespoke permit application charges are already too high.

Although it is a small increase, we disagree that Water Resources fees should increase at all because they are already at a level that kills off nearly all potential opportunities to generate hydroelectric power.

While members acknowledged and were mostly accepting of the proposed increase, in recognition of the inflation and cost pressures faced by NRW, they wish to emphasise the significant and increasing financial stress on the agricultural

sector, compounded by pressures from the Welsh Government and other public bodies.
<p>Operators have recently experienced a significant increase in fees which were designed to improve staffing and recruitment. Immediately after the fees were increased, NRW issued a recruitment freeze, so it is difficult to see how the operator fees directly improved services within the permitting team.</p> <p>Operators have since experienced extremely long delays and as a result, a lower standard of service – waste permit delays are reported (recently) to be around 6-9 months, for example.</p> <p>Operators frequently state that they would be happy to pay more in return for an improved standard of service. However, this has not been the case. For this reason, CIWM Cymru cannot support further increases in fees.</p>
<p>We recognise the need for inflation linked increases where these reflect genuine increases in the cost of delivering permitting services. For areas central to our statutory functions, it remains essential that NRW provides clearer justification for its proposed increases. NRW's published timeline for future charge reviews, extending to 2031, indicates further change to permitting frameworks over the medium term. Given the planning horizons involved in AMP investment cycles, we would find it extremely helpful if NRW were to publish a multi-year forward view of anticipated permitting costs aligned to this timeline. We would also welcome a clearer explanation of the specific cost drivers behind increases. Finally, it would be beneficial if NRW could demonstrate how additional permitting income will support measurable improvements in determination timeliness, consistency and regulatory clarity, so that we can better understand how increased charges translate into improved service delivery.</p>
<p>While members acknowledged and were mostly accepting of the proposed increase, in recognition of the inflation and cost pressures faced by NRW, they wish to emphasise the significant and increasing financial stress on the agricultural sector, compounded by pressures from the Welsh Government and other public bodies.</p>

**To what extent do you agree or disagree with our proposal to increase annual subsistence charges in areas not in deficit by 3%, in line with inflation and cost pressures?**

The increase should be higher.
The fees NRW charge are based on full cost recovery, but the 'cost' is inflated by NRW making simple administrative matters to be complicated administrative matters.

Take for example a same terms abstraction licence renewal.

Having assured itself that the licence holder is complying with the terms of the licence, NRW should be able to re-issue the licence with a minimum of fuss.

But no - there are so many layers of administration the renewal has to pass through, with inordinate delays at every stage, that NRW feel justified in billing the client for what is a thoroughly inefficient way of doing things.

Licences are said to be turned around in 3 months; I have been waiting since 27 July 2025 and still have not received a straightforward, same terms renewal.

To claim that it is necessary to increase fees by 3% for such a shabby service is beyond belief.

The British Hydropower Association recognises that inflationary pressures affect NRW in common with other organisations, and that modest, inflation-linked increases in subsistence charges may be necessary to maintain service levels where regimes are not in deficit.

However, it remains important that subsistence charges continue to reflect proportionality, risk, and regulatory effort. For hydropower operators, subsistence fees represent a recurring and unavoidable cost, and even inflation-linked increases contribute to growing cumulative pressures when combined with above-inflation increases in other areas.

The BHA therefore stresses the importance of charge stability, transparency, and clear differentiation between inflationary increases and deficit recovery, to support long-term planning and continued compliance.

CIWM Cymru support an increase in subsistence fees. However, as above, increases in fees must result in an improved standard of service.

We generally accept the proposed 3% inflationary increase for annual subsistence charges in non-deficit regimes, provided these adjustments reflect genuine cost pressures. However, repeated annual uplifts create challenges for financial planning and delivery of environmental improvements. To address this, NRW should provide a multi-year forecast of subsistence charges aligned with its published review roadmap. In addition, any increase should be linked to demonstrable improvements in regulatory service performance. Clear evidence showing how inflationary uplifts correspond to NRW's internal cost structures would also help charge payers understand the basis for these changes.

## To what extent do you agree or disagree with our proposal to increase annual subsistence charges in areas in deficit by more than inflation for 2026/27?

If there is a deficit, I would like a detailed public explanation to be provided to the sector to explain to operators what NRW has done to reduce internal costs and address inefficiencies before again increasing fees?

Similar to my previous comment regarding permit charges. NRW appears to have an internal cost recovery figure that exceeds that which would be normal in the private sector. This needs to be looked into and compliance activity time charged at reasonable rates. I appreciate that there are overhead costs, but if a site is visited by an officer for roughly 2 hours twice a year, the cost of compliance activity to the permit holder seems to be inexplicably high.

The waste sector is being hit on all sides with tax hikes, minimum wage increases, increasing costs, and a lack of and/or seasonal outlets. Customers are unwilling to pay more for waste disposal from licensed operators, and this is fuelling waste crime. Particularly in West Wales where haulage long distances to outlets is costly, the industry is buckling. Above inflation costs to licensed operators, which will need to be passed on to customers, will only add to the problem.

Whilst support from the sector isn't really to goal of NRW, I accept, I think you would see greater support for an increase in fees if the monies were to be used to fund an increase in enforcement activity, where I also believe there may be a deficit.

For the reasons I have already stated, NRW has no justification for increasing fees.

They are using inflation creep as an excuse to milk the cash cow which their clients unwillingly are.

The British Hydropower Association is concerned that repeated above-inflation increases to annual subsistence charges are being used as the primary mechanism to address historic and ongoing deficits, without sufficient transparency or a clearly articulated, time-bound recovery plan.

In particular, the proposed 7% increase in Water Resources Standard Unit Charges for 2026/27, following a 5% previously, represents a pattern of repeated above-inflation rises with no clear indication of when these increases are expected to end. This creates uncertainty for hydropower operators and undermines

confidence in the long-term stability and predictability of the regulatory charging framework.

NRW has indicated that rising reservoir safety costs, including obligations associated with Section 20 reservoir operating agreements, are a key driver of the Water Resources deficit. While hydropower operators fully recognise the importance of robust reservoir safety regulation, charge payers are being asked to absorb escalating costs without adequate visibility of how these costs have evolved, what efficiency measures are being pursued, or what alternative funding or recovery options have been considered.

The BHA is concerned that deficits arising from historic under-recovery are effectively being retrospectively recovered from today's operators through repeated above-inflation increases. This approach risks creating a cycle whereby each year's increase becomes the baseline for the next, contrary to NRW's stated objective of avoiding sudden or repeated fluctuations in charges and supporting long-term planning.

Where above-inflation increases are unavoidable, the BHA considers that they should be explicitly time-limited, supported by a clear and transparent deficit recovery plan, and accompanied by commitments to future charge stabilisation once deficits are addressed. Exploring phased or capped recovery approaches, greater differentiation based on risk and scale, and alternative funding mechanisms for nationally driven safety programmes would better align with NRW's charging principles and support continued compliance, investment, and operation of hydropower schemes in Wales.

There are specific challenges that operators face in Wales in terms of compliance with legislation and guidance. It is likely that some of the costs above arise from increased efforts being required by permitting officers to tackle non-compliances across each of these sectors.

To improve compliance, CIWM Cymru would like to suggest improvements to NRW's website as currently, it is challenging to find and access the correct guidance. This has been a problem since NRW's services were established following the split from EA England.

With improvements to guidance, and accessing guidance, operators stand a better chance of complying with regulatory requirements.

However, if increased fees result in an increase in the standard of service, overall, CIWM Cymru is in supportive of the proposed change.

We note the proposed uplifts in areas identified as being in deficit, specifically 7% for the Water Resources Standard Unit Charge and 8.5% for several EPR areas.

These are significant increases that place material pressure on our planning and our ability to deliver environmental improvements without compromising customer affordability.

We acknowledge NRW's confirmation that the Water Resources deficit is linked to the costs of Section 20 reservoir operating agreements associated with our Dam Safety Programme, and that deficits are likely to continue until detailed subsistence reviews are completed. This reinforces the need for a transparent, multi-year deficit-management plan to provide stability for future years.

Similarly, NRW's confirmation that deficits in the Waste and related regimes reflect legacy charging structures, with limited detail provided in the consultation, underlines the need for a comprehensive subsistence review supported by clearer cost transparency.

To address these concerns, NRW should publish a detailed deficit-recovery plan for each affected regime, including annual milestones and expected future uplifts, so that charge payers can plan effectively. It should adopt a multi-year smoothing approach to avoid repeated single-year increases of this scale, and provide a transparent analysis of cost drivers, including those inherited from predecessor bodies. NRW should also set out the efficiency improvements it will deliver, such as digitisation, automated processes and online payment systems, and explain how these measures will help moderate future charge increases. Finally, we believe early and regular engagement with ourselves and other impacted sectors as part of the wider subsistence review is essential to ensure that changes are workable and proportionate.

The proposed 7% increase to the Water Resources Standard Unit charge is of concern to our members. To facilitate a thorough understanding and consideration in future consultations, we seek additional information and clarification concerning the stated deficit. The magnitude of this increase suggests past financial planning has been inadequate, undermining confidence. We strongly recommend that improved; long-term financial planning is prioritised to mitigate the need for such significant increases in the future.

Members were concerned regarding the fee increases for Materials Recycling Facilities (8.5% increase). Farming businesses rely on such facilities for the disposal of used farm plastics etc. Any additional cost placed on these facilities may incur a knock-on effect for our members when recycling materials. In light of current Welsh Government ambitions to see all Welsh businesses recycling, our members felt this area should be grant funded or at the very least capped at no more than a 4% increase annually.

### **Additional responses:**

Members agree with the 'polluter pays' principle provided there is no doubt as to who the guilty party is. In relation to sewerage discharges, members felt frustrated that there is a perceived lack of action being taken when there is evidence available that demonstrates non-compliance. To give confidence, NRW must operate transparently and fairly in relation to matters such as this.

### **Written responses received:**

#### **Farmers Union of Wales**

#### **Response to the NRW consultation on proposed changes to regulatory fees and charges for 2026/2027**

1. Are you responding as an individual, a business or an organisation?

Organisation - Farmers' Union of Wales.

2. To help us understand your point of view and sector impacts more fully, please indicate which business sectors apply to you:

Agriculture.

3. Do you currently hold a licence, permit or consent issued by NRW?

Not as an organisation but our members hold many permits issued by NRW.

4. In understanding your answers, it would be useful for us to know where you live or work. Which geographic area applies to you?.

Wales.

5. To what extent do you agree or disagree that NRW's regulatory services should be paid for by those who use them and not by the taxpayer or other charge payers?.

Our members expressed some disagreement. With increasing regulation there is a sense of frustration that this approach could impose ever increasing costs on businesses in the long-term.

6. Do you think there are any better alternatives to how NRW proposes to fund its regulatory activities?.

We wish to emphasise that irrespective of charging approaches, NRW has a duty to ensure it uses its resources as responsibly and efficiently as possible to minimise costs and services. One FUW County Executive Committee raised an example of an Internal Drainage District in North Wales where equipment had sat idle for many months and this did not demonstrate effective use of money or resources.

Where cost increases are unavoidable, NRW should ensure full transparency and justification for these changes.

Permitting (application) charges

We are proposing a +3% increase in the following permitting areas in line with inflation and other cost pressures:

- Water Resources (Abstraction & Impoundment)
- Environmental Permitting Regulations (EPR) Installations (including, Medium Combustion Plant Directive (MCPD))
- EPR Waste
- EPR Water Quality (also including Water Industry Act charges)
- EPR Non-Nuclear
- Species Licensing
- Reservoir Safety.

8. To what extent do you agree or disagree with our proposal to increase permitting (application) charges in some areas by 3% in line with inflation and cost pressures?

Neither agree or disagree.

9. Are there any other comments that you would like to provide in relation to our charging proposals for permitting (application) charges?

While members acknowledged and were mostly accepting of the proposed increase, in recognition of the inflation and cost pressures faced by NRW, they wish to emphasise the significant and increasing financial stress on the agricultural sector, compounded by pressures from the Welsh Government and other public bodies.

#### Annual Subsistence (compliance activity) charges

We are proposing a +3% increase in the following permitting areas in line with inflation and other cost pressures:

- EPR Installations (including MCPD)
- EPR Water Quality
- EPR International Waste Shipments
- Reservoir Safety
- Flood Risk Activity Permits (FRAPs).

10. To what extent do you agree or disagree with our proposal to increase annual subsistence charges in areas not in deficit by 3%, in line with inflation and cost pressures?

Neither agree or disagree.

11. Are there any other comments that you would like to provide in relation to our proposal to increase annual subsistence charges by 3% in line with inflation and cost pressures?

No.

Annual Subsistence (funding compliance activity) charges where there is a deficit

The following proposals for 2026/27 seek to ensure that current service levels are maintained:

- Water Resources Standard Unit Charges - We propose to increase the Standard Unit Charge by 7% to manage the deficit in this area.
- EPR Waste - We propose an increase of 8.5% for 2026-27 to manage the deficit in this area.
- EPR – Non-Nuclear – We propose an increase of 8.5% to manage the deficit in this area.
  
- EPR – Materials Recycling Facilities - We propose an increase of 8.5% for 2026-27 to manage the deficit in this area.
- EPR – Waste Carriers, Brokers & Dealers - We propose an increase of 8.5% for 2026-27 to manage the deficit in this area.

12. To what extent do you agree or disagree with our proposal to increase annual subsistence charges in areas in deficit by more than inflation for 2026/27?

Disagree.

13. Are there any other comments that you would like to provide in relation to our proposal to increase annual subsistence charges for areas currently in deficit by more than inflation?

The proposed 7% increase to the Water Resources Standard Unit charge is of concern to our members. To facilitate a thorough understanding and consideration in future consultations, we seek additional information and clarification concerning the stated deficit. The magnitude of this increase suggests past financial planning has been inadequate, undermining confidence. We strongly recommend that improved, long-term financial planning is prioritised to mitigate the need for such significant increases in the future.

Members were concerned regarding the fee increases for Materials Recycling Facilities (8.5% increase). Farming businesses rely on such facilities for the disposal of used farm plastics etc. Any additional cost placed on these facilities may incur a knock-on effect for our members when recycling materials. In light of current Welsh Government ambitions to see all Welsh businesses recycling, our members felt this area should be grant funded or at the very least capped at no more than a 4% increase annually.

Additional comments:

Members agree with the 'polluter pays' principle provided there is no doubt as to who the guilty party is. In relation to sewerage discharges, members felt frustrated that there is a perceived lack of action being taken when there is evidence available that demonstrates non-compliance. To give confidence, NRW must operate transparently and fairly in relation to matters such as this.

Thank you for the opportunity to respond to this consultation.

## Wood Recyclers Association

### Feedback from the Wood Recyclers' Association Membership

The Wood Recyclers' Association (WRA) is the trade body for the UK's waste wood sector, acting on behalf of its members to provide a voice for the sector at the highest levels, working closely with all four UK regulators, Government Departments such as Defra and DESNZ and other trade associations and recycling bodies to influence and advise on issues affecting the industry.

It was formed in 2001 and has over 125 members representing over 90% of the UK waste wood processing sector. Members include wood recyclers and re-processors, panel board mills, a reuse network, waste wood biomass power stations, technology manufacturers, laboratories and specialist consultancies. We have 4 members based in Wales – see [WRA Members - Wood Recyclers Association](#).

Annually, the UK produces ~4.5million tonnes of waste wood. With the UK Government encouraging more tree planting, greater use of home-grown timber in construction and a move to a more circular economy there will inevitably be more waste wood and with it, the need for suitable end markets. Our domestic waste wood supply-chain is now so well established that none of this resource needs to go to landfill, thus preventing harmful methane emissions. The UK waste wood supply chain is a notable example of a domestic circular economy success story.

The WRA and its members respect the waste hierarchy. Higher quality waste wood is reused or recycled into panel board or animal bedding for the poultry and equine industries. That accounted for ~28% of material usage in 2024, with the combined recycling outlets being fully satisfied for waste wood consumption in 2024, consuming 1.23 million tonnes.

In 2024, 65% of all waste wood (around 2.8m tonnes) produced in the UK was recovered by the waste wood biomass fleet. WRA members provide the essential domestic recovery capacity to manage the country's' lower grade, end-of-life, post-consumer wood waste as a low carbon fuel in modern, fully compliant energy recovery facilities to produce 666MW of both low-carbon baseload power and/or heat.

Wales probably generates circa 250 k tonnes of waste wood each year, but major end users of panel board plants, biomass operators and animal bedding manufacturers based both within Wales and on the borders with England will require substantially more, so the supply of waste wood to these outlets comes from across the UK.

Our members welcome risk-based, proportionate regulation and support regulators in their fight against waste crime.

They also see the proposed 3% rise in waste application fees as reasonable, but question why there is an 8.5% increase for waste subsistence?

The other proposed charging increases are explained by the explanation below:

*'When NRW was formed, our charges reflected those of predecessor bodies. These charges remained static for a number of years and did not always fully reflect the increasing cost of running our services'*

Our members note that NRW has been in existence for well over a decade now, so although this may have been true in the beginning, it ignores the fact that NRW did

subsequently fundamentally change the way they raise fees for waste permit applications. It would be good to see an overview of funding and staffing against improvements in service delivery.

A further point relates to the disparity in some of the fixed costs, where NRW is already substantially more expensive than the EA for the same document. See extracts below:

Current NRW add ons	
<b>Additional plans to be assessed</b>	<b>Charge</b>
Commercial confidentiality assessment	£739
Assessment / documentation of other protected sites	£208
Site of Special Scientific Interest (SSSI) assessment	£316
Habitats Regulations Assessment	£2,596
Noise impact assessment and noise management plan	£2,498
Waste recovery plan	£1,787
Dust and emissions management plan (DEMP)	£887
Odour management plan	£1,668
Fire prevention and mitigation plan (FPMP)	£2,414

## Current EA add ons

**Table 1.19 Charges for plans and assessments**

Ref	Plan or assessment	Charge
1.19.1	Waste recovery plan or variation or revision of a waste recovery plan.	£1,231
1.19.2	Habitats assessment (except where the application activity is a flood risk activity, water discharge or groundwater activity).	£779
1.19.3	Fire prevention plan (except where the application activity is a farming installation).	£1,241
1.19.4	Pests management plan (except where the application activity is a farming installation).	£1,241
1.19.5	Emissions management plan (except where the application activity is a farming installation).	£1,241
1.19.6	Odour management plan (except where the application activity is a farming installation).	£1,246
1.19.7	Noise and vibration management plan (except where the application activity is a farming installation).	£1,246
1.19.8	Ammonia modelling assessment.	£620
1.19.9	Dust and bio-aerosol management plan.	£620
1.19.10	Habitats assessment for discharges to water and groundwater activities.	£2,218
1.19.11	Specific Substances Assessment for a water discharge activity to surface water.	£4,114
1.19.12	Specific Substances Assessment for a groundwater activity.	£1,685

## British Hydropower Association

### Response to the NRW Regulatory charge proposals for 2026/27

#### 1. Introduction

The British Hydropower Association (BHA) welcomes the opportunity to respond to Natural Resources Wales' (NRW) consultation on proposed regulatory fees and charges for 2026/27

The BHA represents hydropower operators, developers, owners, and supply chain organisations across the UK, including a significant number of schemes operating in Wales. Our members range from small community and estate-scale projects to large strategic assets, including pumped storage hydropower. Collectively, these assets provide long-term, low-carbon electricity generation, grid stability, water management benefits, and local economic value, contributing directly to Welsh Government objectives on net zero, climate resilience, and sustainable natural resource management.

Hydropower schemes are characterised by high upfront capital investment, long operational lifetimes, and limited ability to adjust costs once operational. As such, regulatory certainty, proportionality, and transparency of charging regimes are essential to maintaining scheme viability and continued investment in Wales.

#### 2. Summary

The BHA has serious concerns regarding the proposed increases to regulatory charges for 2026/27, particularly in relation to Water Resources Standard Unit Charges and reservoir safety related costs.

In summary, we are concerned that:

- The proposed 7 percent increase in Water Resources Standard Unit Charges, following a 5 percent increase in the previous year, represents a pattern of repeated above inflation rises with no clear end point.
- Deficit recovery is being pursued through year-on-year charge increases, rather than through a transparent, time bound recovery plan.
- Charge payers are being asked to absorb escalating costs, particularly linked to reservoir safety programmes, without sufficient visibility of cost drivers, efficiency measures, or alternatives considered.
- The proposed approach risks undermining NRW's stated charging principles, including support for long-term planning, balanced financial management, and charge stability.
- The cumulative impact of regulatory cost increases risks discouraging continued operation, reinvestment, and future development of hydropower in Wales, contrary to wider policy objectives.

### 3. Water Resources Standard Unit Charge Increase

The BHA is particularly concerned by NRW's proposal to increase the Water Resources Standard Unit Charge by 7 percent in 2026/27 to address a forecast deficit

During NRW's charge payers meeting and stakeholder discussions, NRW officers indicated that the principal driver for this increase is the rising cost of the reservoir safety programme, including obligations associated with Section 20 reservoir operating agreements. While the BHA recognises that reservoir safety is critically important, members question why these costs have escalated so significantly over successive years and why they are now resulting in repeated above inflation increases borne by charge payers.

Members also raised concerns regarding the absence of clarity on how long these increases are expected to continue. The inability to articulate where this charging trajectory ends creates uncertainty and undermines confidence in the long-term stability of the regulatory framework.

This lack of forward visibility makes long-term financial planning extremely challenging for hydropower operators, particularly for schemes operating on narrow margins or fixed long-term power purchase arrangements.

### 4. Deficit Management and Repeated Above Inflation Increases

NRW states that it plans financially over a five-year period and aims to balance charge schemes on an annual basis. However, from a charge payer perspective, the current approach appears to externalise historic and systemic cost pressures through incremental repeated charge increases, rather than addressing underlying drivers in a structured and transparent manner.

The BHA is concerned that deficits arising from historic under recovery are effectively being retrospectively recovered from today's operators. There is limited evidence presented of options appraisal, such as phased recovery, partial central funding for nationally mandated safety programmes, or greater differentiation based on risk and scale.

The approach risks creating a cycle whereby each year's increase becomes the baseline for the next, contrary to NRW's stated objective of avoiding sudden or repeated fluctuations in charges.

Where above inflation increases are unavoidable, the BHA considers that they should be time limited, supported by a clearly articulated recovery plan, and accompanied by explicit commitments to future charge stabilisation once deficits are addressed. These elements are not sufficiently clear within the current consultation.

## 5. Reservoir Safety Costs and Proportionality

Hydropower operators fully recognise the importance of robust reservoir safety regulation. However, the BHA questions whether the full cost burden of increasingly expensive reservoir safety programmes is being allocated well, particularly where costs arise from national policy decisions, evolving regulatory standards, or third-party infrastructure obligations.

Many hydropower reservoirs pose relatively low downstream risk compared to larger multi purpose or water supply reservoirs, are already subject to stringent inspection and maintenance regimes, and deliver wider public benefits including flood attenuation, water storage, and renewable energy generation.

A charging approach that does not adequately reflect risk, scale, and public benefit risks penalising schemes that are already well managed and compliant, risking good Hydropower schemes being punished for other operators' mistakes, and does not align with the principle of targeted and proportionate regulation.

## 6. Cumulative Impact on the Hydropower Sector

While individual regulatory charge increases may appear modest when viewed in isolation, their cumulative impact on the hydropower sector is significant and growing.

Hydropower operators are currently facing a convergence of financial pressures, including:

- Repeated above-inflation increases in regulatory fees and charges, particularly in Water Resources.
- Rising operational and maintenance costs, driven by inflation in labour, specialist engineering services, insurance, and materials.
- Increased costs associated with statutory compliance, inspections, and reporting requirements.
- Increases in business rates and uncertainty around future non-domestic rating treatment for renewable energy assets.
- Higher costs associated with grid connection, ongoing grid use, and network reinforcement, particularly in rural and upland areas.
- Market uncertainty and revenue volatility, including exposure to wholesale price fluctuations and the absence of long-term price support mechanisms for many existing schemes.

- The gradual expiry of Feed-in Tariff and Renewable Obligation Certification support for schemes, reducing predictable income while fixed costs remain.
- Increasing financing and refinancing costs as a result of higher interest rates and more constrained lending conditions.

For smaller and community-scale hydropower schemes in particular, regulatory charges represent a material and increasing proportion of annual operating costs. Unlike other sectors, hydropower schemes have limited scope to reduce operating expenditure or pass costs on to consumers.

Taken together, these pressures mean that continued above-inflation increases in regulatory charges risk pushing otherwise well-managed schemes into marginal or uneconomic operation. This in turn may discourage reinvestment in maintenance and upgrades, increase the risk of asset deterioration, and ultimately lead to scheme closures.

The cumulative effect of these pressures undermines confidence in Wales as a stable and predictable environment for hydropower investment and operation, and risks constraining a sector that delivers long-term environmental, system, and community benefits aligned with Welsh Government objectives.

## 7. Recommendations

The British Hydropower Association urges NRW to:

1. Reconsider the scale of the proposed 7 percent increase in Water Resources Standard Unit Charges for 2026/27.
2. Publish a clear, time bound deficit recovery plan, including when above inflation increases are expected to end.
3. Provide greater transparency on reservoir safety cost drivers, including how costs have evolved and what efficiency measures are being pursued.
4. Explore phased or capped approaches to deficit recovery to avoid repeated shocks to charge payers.
5. Ensure charging structures better reflect risk, proportionality, and public benefit, particularly for low-risk hydropower reservoirs.
6. Strengthen commitments to long-term charge stability in line with NRW's stated charging principles.

## 8. Conclusion

The British Hydropower Association supports effective and well-resourced environmental regulation and recognises NRW's vital role in safeguarding Wales's natural resources. However, regulatory funding models must be fair, proportionate, transparent, and predictable.

Without changes to the proposed approach, the BHA is concerned that the 2026/27 charging proposals, particularly for Water Resources, risk undermining confidence in the regulatory framework and placing unnecessary pressure on a sector that is already facing financial pressure delivers long-term environmental and societal benefits to Wales.

The BHA would welcome continued dialogue with NRW to develop a more balanced and sustainable approach to regulatory charging.

## **Dwr Cymru Welsh Water**

### **Consultation on NRW's regulatory fees and charges**

Thank you for consulting on NRW's proposed regulatory fees and charges for 2026/27.

These comments are from Dŵr Cymru Cyfyngedig (Welsh Water), the statutory water and sewerage undertaker that supplies over three million people in Wales and some adjoining parts of England. As a single-purpose, not-for-profit company owned by Glas Cymru, we have no shareholders and reinvest every penny for the benefit of our customers and the environment. Our core role is to provide safe drinking water and manage wastewater responsibly, making a vital contribution to public health, environmental protection, and sustainable economic development across Wales.

Because we operate on a not-for-profit basis, any increase in regulatory charges is ultimately borne by our customers and directly influences our ability to deliver environmental improvements while maintaining affordability. We generally accept the proposed 3% inflationary increases for permitting and annual subsistence charges in non-deficit regimes, provided these adjustments reflect genuine cost pressures and are accompanied by improvements in regulatory service performance. However, we have significant concerns about the above-inflation uplifts proposed for deficit regimes, specifically the 7% increase for the Water Resources Standard Unit Charge and the 8.5% increase for several EPR areas, including Waste. These increases are substantial and will place material pressure on our planning and investment programmes, directly impacting what we are able to deliver as a not-for-profit entity on behalf of our customers.

We acknowledge NRW's explanation that the Water Resources deficit is linked to the costs of Section 20 reservoir operating agreements associated with our Dam Safety Programme, and that deficits are likely to persist until detailed subsistence reviews are completed. Similarly, we note that deficits in Waste and related regimes reflect legacy charging structures, but the consultation provides limited detail on how these costs have been assessed or how they will be managed in future. This underlines the need for a transparent, multi-year deficit-reduction plan supported by clear cost breakdowns and efficiency commitments.

NRW's published timeline for future charge reviews, extending to 2031, demonstrates that further structural changes are anticipated across several regimes. Given this, we strongly encourage NRW to provide a multi-year forward view of expected charge trajectories to enable effective long-term planning. We also believe that any above-inflation increases should be smoothed over multiple years wherever possible to reduce uncertainty and support affordability.

We would be happy to support with any evidence in the areas that you are focusing on that are related to our activities to help ensure your review is both rigorous and robust.

Our responses to the specific questions raised in the consultation have been submitted through the online survey site. Many thanks for your time and please do not hesitate to get in contact if you have any questions.

Yours faithfully,

## **NFU Cymru Response:**

### **Natural Resources Wales (NRW) Consultation on its regulatory fees and charges for 2026/27**

NFU Cymru welcomes the opportunity to respond to the NRW consultation on regulatory fees and charges for 2026/27.

NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive. Welsh food and farming delivering economic, environmental, social and cultural benefits for all the people of Wales.

The importance of the farming industry in Wales cannot be over overstated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the Welsh food foundation sector, a sector which has now grown to reach a turnover of £10.2 billion whilst employing 223,500 people, the equivalent of 17% of Wales' total workforce.

We are proud that the Welsh public associate Welsh farmers, first and foremost, with providing safe, high quality and traceable food and at NFU Cymru we want to ensure that consumers in Wales, the UK and further afield can continue to enjoy and choose the top-quality food that we produce here in Wales – now and in the future.

Welsh farmers look after over 80% of the land area of Wales, maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector.

Welsh farmers are key promoters and protectors of our culture, heritage and the Welsh language. The Welsh agricultural industry has the highest proportion of Welsh speakers, more than any other sector at 43%, more than double the population as a whole and Farming Connect's 'Iaith y Pridd' concluded that the relationship between the various factors – both positive and threatening – which face the agricultural industry, rural Wales and the Welsh language, overlap to such an extent that there is no point, nor is it possible, to separate one from the other.

Overall Welsh farming makes an unparalleled contribution to the economic, environmental, social and cultural well-being of Wales in line with the Well-Being of Future Generations Act summarised in Annex 1. NFU Cymru Consultation Response

We note that NRW is consulting on their regulatory fees and charges for 2026/27 and is proposing to maintain as far as possible their existing regulatory charges with some adjustments for Permit (Application) Charges and Annual Subsistence Charges of +3% reflecting inflation and cost pressures.

Above inflation increases ranging from +7% to +8.5% are proposed for a number of Annual Subsistence Charges where a deficit has been identified including the Water

Resources Standard Unit Charges, EPR Waste, EPR Non-Nuclear, EPR Materials Recycling Facilities and EPR Waste Carriers.

We further note that NRW intends to undertake a detailed review of its annual subsistence (compliance) charges to achieve full cost recovery over the next five years.

NFU Cymru's interest, and the focus of this response, is in relation to NRW's proposed changes to the charging regimes that are relevant to agriculture.

### **The Farming Landscape**

This is a time of unprecedented challenge and change for the farming industry in Wales. The transition from legacy CAP schemes to the replacement Sustainable Farming Scheme (SFS) in 2026 represents the most significant change to agricultural policy for a generation. There are continuing concerns over the regulatory burden facing farmers, animal disease threats, emerging trade deals that are damaging to Welsh agriculture, market instability and escalating input costs.

The current situation is overwhelming for some farmers, and the health and wellbeing of farmers is a source of considerable concern to us through this extremely difficult and unsettling period. NFU Cymru is clear that current burden faced by Welsh farmers is unsustainable and is a key barrier to the delivery of the multiple benefits provided by farming including high quality food and wider economic, environmental, social and cultural outcomes for society.

In this context, NFU Cymru is calling for an independent review of the cumulative burden of regulations and policies on Welsh farming businesses also taking into consideration the wider economic and political context. As the environmental regulator in Wales, this review clearly needs to encompass NRW's broad remit and consider how the regulatory system can be transitioned to enable rather than hinder the development of sustainable farm businesses for the future.

Whilst we recognise that all areas of Welsh Government expenditure, including grant in aid to NRW, are under unprecedented levels of strain, NFU Cymru is clear that NRW's proposals for its fees and charges need to be considered in the wider economic landscape. Welsh farmers are facing a wide range of challenges and are dealing with significant economic turmoil as a result of factors completely beyond their control. It is our strong belief that Welsh Government and their agencies should give due consideration to the affordability of proposals and their impact on farm business viability as well as the unintended consequences and impacts to Welsh Government's wider policy agenda, for example, in relation to decarbonisation, animal welfare and building economic and environmental resilience for the future.

### **General principles**

Farmers manage over 80% of the land area of Wales and, as such, have a central role to play in meeting Welsh Government's climate and nature objectives alongside their core food production role. Farmers are also fundamental to the delivery of NRW's core purpose to pursue the sustainable management of natural resources (SMNR). NFU Cymru Consultation Response

NFU Cymru is clear that the aspirations of Welsh Government and NRW cannot be achieved through regulation alone and a partnership approach with farming will be essential. It is also important to recognise that farmers can only deliver the multiple

benefits that society seeks and meet the challenges ahead from a position of economic viability and stability. Overall, it is vital that government and its regulators recognise the importance of the agricultural industry and its unique contribution through the policy and regulatory framework.

We highlight that regulation, by which we mean 'regulatory activity' that refers to the whole range of regulatory options and interventions available to regulators, is an issue that matters very much to our members; it adds cost and complexity and takes time to achieve and demonstrate compliance. The cumulative effect of regulation can undermine confidence and hinder the development of farm businesses. It is also vitally important that farmers in Wales, through the regulatory framework and associated charging regime, are not placed at a competitive disadvantage.

NFU Cymru would remind NRW of the main principles for fees, levies and charges set out by Welsh Government in 'Managing Welsh Public Money'. The guidance is clear, organisations supplying public services should always seek to control their costs so that public money is used efficiently and effectively. The impact of lower costs should normally be passed on to consumers in lower charges. The guidance also states that public organisations are expected to neither profit at the expense of consumers nor make a loss for taxpayers to subsidise and this requires honesty about the policy objectives and rigorous transparency in the public interest. The guidance also places emphasis on monitoring the performance of a service being charged for.

We highlight that the principles of transparency and efficiency are reinforced within the Regulators Code which is clear that Regulators should avoid imposing unnecessary regulatory burdens through their regulatory activities (the whole range of regulatory options and interventions) and should assess whether similar social, environmental and economic outcomes could be achieved by less burdensome means. The Code also states, with respect to fees and charges, that Regulators should ensure that their approach to their regulatory activities **is transparent and clearly explain** the basis upon which these are calculated.

In the context of Managing Welsh Public Money and the Regulators Code, NFU Cymru continues to have significant concerns about NRW's approach to its fees and charges. In previous consultation responses on this issue (see, for example, 2023/24, 2024/25 and 2025/26), NFU Cymru has been clear that the onus is on NRW to demonstrate greater transparency and show that cost increases are fair, proportionate and competitive. We also called on NRW to show that it is efficient in its processes and doing everything it can to keep the costs of these services to a minimum whilst placing a strong emphasis on the quality of service it provides to its customers.

It remains a source of concern and disappointment to NFU Cymru that NRW proceeded with the significant hikes to its fees and charges for new and amended permits in 2023 without addressing these fundamental concerns.

It is extremely concerning to us that as a result of the Strategic Review of Charges, our members were faced with several fold increases in application, variation and surrender fees, which are disproportionately and prohibitively high. In addition, NFU Cymru continues to have substantial concerns about the level of transparency and accountability in how NRW calculated the charge increases and the complete lack of focus on improving efficiency and the quality-of-service NRW provides through effective performance monitoring.

In the intervening period we have become aware of a number of instances where our members have been subjected to a level of service that fall below expected standards and NRW charges that are totally lacking in credibility. We continue to raise these inconsistencies with NRW. NFU Cymru Consultation Response

In this context, NFU Cymru continues to call for a **full independent review** of NRW's fees and charges to give confidence to those it regulates that the charges are transparent, fair and proportionate and to support NRW to deliver an efficient and effective service that represents value for money to customers. We continue to believe the **strategic review of annual subsistence fees should be suspended** until the full independent review is completed. NRW should also develop a **system of performance monitoring** for the charging regime including the identification of key performance indicators and external review on an annual basis.

With respect to the funding of NRW regulatory services, NFU Cymru has long highlighted that where, through the permitting regime, the delivery of wider public goods, including food security and rural vitality and socio-economic benefit can be secured we believe a strong case can be made to support the delivery of the charging regime through grant in aid. There is also a need for NRW to recognise that farmers will be central to the delivery of its environmental objectives going forward and farm businesses can only deliver wider benefits for society from a position of economic viability. An enabling regulatory regime, including permitting, is vital for farmers to develop and build economic and, therefore, environmental resilience for the future.

NFU Cymru would reiterate its willingness to work with NRW to identify and develop solutions that provide mutual benefit to NRW and the industry to help keep costs down. These include developing 'model' application templates for the poultry industry, combining on-farm visits where farms conduct multiple activities under different permits, or recognising the importance of a risk-based approach through the permitting process. It is disappointing that no progress has been made in this area, and we suggest that there is little motivation within NRW to pursue efficiencies when cost recovery principles allow inefficient working practices to become embedded within the organisation.

### **Annual subsistence charges**

NFU Cymru welcomes NRW's commitment to maintain as far as possible the existing annual subsistence charges. We note, however, that for farms holding existing permits NRW proposes an increase across a number of regimes. We ask NRW to consider these proposals in the context of the significant inflationary pressures impacting on food production outlined earlier in this response. We do not believe it is a sustainable position for NRW to continue to raise its fees and charges year on year without first exploring where cost savings can be implemented.

### **Subsistence reviews**

NFU Cymru notes that NRW intends to review subsistence charges (annual compliance charges) initially focussing on a number of regimes that affect farmers. NFU Cymru needs far greater engagement and direct involvement in this work.

NFU Cymru would again reiterate our calls for a full independent review of NRW fees and charges to identify where efficiencies and cost savings can be achieved with a view to keeping costs manageable. For this reason, NFU Cymru is calling for the suspension of the strategic review of annual subsistence charges until the review has been completed.

## **Permitting regime**

NFU Cymru would reiterate our profound disappointment at NRW's announcement in January 2025 to no longer accept applications for environmental permits to dispose of waste sheep dip. This policy decision is at odds with the rest of the UK, placing new entrants / young farmers entering the sector at a disadvantage compared to their counterparts with impacts to farm business viability and animal welfare where sheep scab cannot be controlled effectively. NFU Cymru remains clear that a long-term sustainable solution is needed and we are disappointed at the intransigence of NRW on this matter.

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## **Enforcement**

NFU Cymru is increasingly concerned about NRW's approach to cost recovery in relation to non-planned compliance work. We are worried NRW is applying charges as a result of vexatious and campaigns of organised complaints, which appear to be on the increase, and which impact some farming sectors disproportionately. It is important for NRW to appreciate such reports are not because there is an issue to be addressed, but because there may be local opposition to a type of farming system. It would be extremely unfair for operators to have to shoulder additional costs to deal with unsubstantiated complaints.

## **Welsh language**

The Welsh Government Strategy 'Cymraeg 2050 - A million Welsh speakers' – a strategy document for the promotion and facilitation of the use of the Welsh language - identifies the Welsh language as 'one of the treasures of Wales' and establishes a vision for 2050 of a Welsh language that is thriving, where the number of Welsh speakers has reached a million and where there is recognition by all of its contribution to the culture, society and economy of Wales. In this context NFU Cymru would refer NRW to evidence that recognises the role of Welsh farmers as key promoters and protectors of our culture, heritage and the Welsh language.

The Welsh Government Agriculture in Wales document (2019) provides a summary of the number of Welsh speakers based on 2011 census results. Overall, 43% of workers in Agriculture, Forestry and Fisheries speak Welsh compared to an average of 17% across all workers in Wales. This figure is the highest percentage of any sector. Four of the top six counties in terms of the proportion of Welsh speakers mirrors four of the top six counties in terms of the population employed in Agriculture, Forestry and Fisheries (Gwynedd, Anglesey, Ceredigion, Carmarthenshire).

The evidence is useful in highlighting the role of farming within our communities in terms of the preservation of the Welsh language. Overall, it is our strong view that a thriving Welsh language in rural areas is underpinned by thriving Welsh farms; any proposals that weaken the farming sector will ultimately weaken our Welsh language and what defines us as a people and a nation.

Farming is, therefore, central to the future of the Welsh language and we continue to be concerned that NRW, through its charging regime, has failed to recognise the negative impacts on Welsh family farms and the fundamental importance of a vibrant and economically viable Welsh farming industry to underpinning the Welsh language. NFU Cymru Consultation Response.

## **Annex 1 - The Contribution of Agriculture to the Well-Being of Wales**

The Welsh Government Well-Being of Future Generations (Wales) Act 2015 is designed to improve the social, economic, environmental and cultural well-being of Wales. The Act establishes seven goals that all public bodies, including Welsh Ministers, must work to achieve. The contribution that farming makes to achievement of all seven goals is unparalleled by any other industry, as highlighted in the following below: **Well Being of Future Generations Act:**

#### **Well-being Goals**

##### **A prosperous Wales**

#### **NFU Cymru: Agriculture is the Answer**

- 60,000 employed full or part time in farming in Wales
- £1.5bn Gross Output
- Farming underpins a food supply chain worth over £10bn
- Over 223, 500 people in Wales are employed in the agri-food sectors – that's 17% of the workforce and Wales's biggest employer
- The Welsh countryside managed by farmers provides the backdrop for the tourism industry worth over £2.5bn
- **The Welsh agricultural industry is a key generator of wealth and employment for the people of Wales.**

## A resilient Wales

- Farmers care for 81% of total land area of Wales – that's over 1.84m hectares
- 600,000 ha of environmentally designated areas
- Almost 560,000 ha managed under Glastir Entry Sustainable Land Management Scheme designed to combat climate change, improve water management and maintain and enhance biodiversity
- Farming supports a diverse range of species, habitats and ecosystems
- Farmers provide a range of ecosystem services including carbon sequestration and management, water quality and water quantity management for flood alleviation
- Low carbon, local energy installations have the potential to meet 57% of Wales's electricity consumption and the evidence shows a large proportion of projects are located within Wales's rural local authorities
- GHG emissions from agriculture have declined by 20% since 1990 and further decreases are being achieved through production efficiency measures
- **Welsh farmers play a key role maintaining and enhancing our natural environment and supporting the provision of a full range of ecosystem services**

## A healthier Wales

- Welsh agriculture is a key provider of safe, nutritious, high quality Welsh food which plays a fundamental contribution in supporting the physical and mental well-being of the people of Wales
- Welsh farmers are known to operate to some of the highest standards of welfare and production in the whole world
- Welsh farming also delivers a significant proportion of Wales's access provision which includes 16000 miles of footpaths, 3000 miles bridleways, 1200 miles of cycle network, and 460,000 ha of open access land
- **Welsh farming makes a key contribution to the physical and mental well-being of the people of Wales**

## Appendix 3 – Glossary

Acronym / Term	Meaning
AE	Authorised Exporters
Activity language	Financial model linking income/outgoings to our key objectives which are underpinned by the funding streams.
Article 12A	Powers for NRW to recover costs for goods, services, and facilities under The Natural Resources Body for Wales (Functions) Order 2013
BAT	Best Available Technique
Bespoke Permit	Site-specific permit (not a standard rule set)
CCG	Charge Payers' Consultative Group
Charge Structure	Calculations based on costs to NRW of active permitting and compliance work.
Chargeable days/ hours	Active permitting or compliance work other than leave, training etc.
Company size definitions:	
<b>Micro</b>	Less than 10 employees or under £2M turnover
<b>Small</b>	Between 10 and 15 employees or between £2M - £10M turnover
<b>Medium</b>	Between 50 and 250 employees or between £10M - £50M turnover
<b>Large</b>	More than 250 employees or over £50M turnover
Compliance	Adherence to the rules of a permit or licence
Cost modelling	Time and staff resource data used to calculate costs for active permitting or compliance work.
DAS	Discretionary Advice Service
DC/WW	Dŵr Cymru/ Welsh Water
<i>Duly made</i>	<i>An environmental permit</i> application that has been accepted and has the right information, including all required documents, photographs, fees, and supplemental information requested by us to determination.
<i>EA</i>	<i>Environment Agency</i>
Enabling Services	Teams /Staff required for permitting and compliance staff to function within the organisation.
EPR	Environmental Permitting Regulations
EPS	European Protected Species
Executive delivery	Managerial, Leadership, policy staff

Exemptions	Activities listed under EPA not requiring an Environmental Permit
Grant in Aid (GiA)	Budget from Welsh Government to NRW for non-chargeable business activity and costs
HEP	Hydroelectric Power
MWPM	<i>Managing Welsh Public Money</i> document published by Welsh Government
NRW/CNC	Natural Resources Wales / Cyfoeth Naturiol Cymru
PALS	(NRW's) Permitting and Licensing System
Permitting	Includes the determination of an application for an environmental permit, licence, consent, and other authorisations as well as variations, transfers and surrenders of existing permits.
Pre-app advice and guidance	On request advice and guidance given to a customer intending to apply for a permit or licence.
SME	Small to Medium Enterprise
SSSI	Site of Special Scientific interest
Standard Rules Permits	Standardised sets of rules used to produce site permits where these fit customer requirements.
UK ETS	UK Emissions Trading System

Variations to permits:

### 1.Administration:

Change or correct:

- name or address but where the legal entity has not changed
- National Grid Reference to improve accuracy
- typographical errors
- the start date of a permit
- an outlet location – a new technical assessment is not required.

### 2.Minor

Changes requiring some technical input from NRW, but much less than for a normal variation:

- an outlet location
- the volume of discharge

### 3.Normal

Changes requiring technical input from NRW:

- outlet location requiring a review of any existing substance or habitat assessment
- reduce pass forward flow for intermittent storm sewage discharges
- the volume or the quality (or content) of a discharge.

#### 4. Substantial

Where a significant assessment is required:

- change the volume or change the quality of a discharge and a new assessment of emissions limits for specific substances is needed
- Specific substances are:
- hazardous pollutants for water discharge activities
- hazardous substances or non-hazardous pollutants for groundwater activities
- new substance or habitat assessment.

WEEE	Waste Electrical and Electronic Equipment
WFD	Water Framework Directive
WIA	Water industry Act 1991
WIRS	Wales Incident Recording System
WR	Water Resources
WG	Welsh Government
WQ	Water Quality