

Aoife Doyle

From: Nat O'Connor <noconnor@tasc.ie>
Sent: 24 April 2014 09:59
To: watertariff
Subject: CER Consultation Paper on Domestic Water Tariff Principles and Proposals
Attachments: TASC Equitable Water Charging (policy brief) April 2014.pdf; Water Charges_TASC_Dec2013.pdf; TASC Paying for Water.pdf

Sarah Foley
watertariff@cer.ie

Dear Ms Foley,

Further to the CER's consultation on Domestic Water Tariff Principles and Proposals, please find attached:

- A revised TASC Policy Brief on equitable water charging (four-pages)
- A detailed analysis of water affordability, Dec 2013
- TASC's initial detailed analysis (revised in parts in the above Policy Brief)

A blog post on water affordability is here:

<http://www.progressive-economy.ie/2014/04/water-charging-and-affordability.html>

In relation to some specific details of the consultation document, I would like to make the following points:

1. TASC's analysis strongly favours volumetric, metered cost over fixed charges, for economic efficiency, water conservation and equity reasons;
2. In addition, TASC favours a rising block tariff approach, so that large-volume users of water begin to pay higher per unit amounts for high levels of water consumption;
3. Many people cannot afford water charges (e.g. material deprivation is now recorded at over a quarter of households, CSO). Yet exemptions for significant categories of low income household would undermine the goal of Irish Water to maximise cost recovery and the financial viability of the public utility. Exemptions would likewise remove incentives to limit water use, fix leaks, etc. all of which add costs to water production and distribution;
4. On point 5.7 (page 49) in the consultation document, about social protection and affordability, TASC's Water Credit approach is much more economically efficient and less bureaucratic than the proposed daily unit allowance with no carry over, which households will find it difficult to monitor in the absence of a physical meter they can see. Also, as per TASC's initial detailed analysis, exemptions or allocations of 'free' units can spread to additional categories of household, lessening the financial sustainability of the whole charging system and perpetuating the need for a subsidy that may include a large 'deadweight' element. Per household applications for Water Credits ensure a much tighter subsidy of the water system, targeted more accurately at those who need it;
5. Households paying assessed (non-metered) tariffs should likewise be able to avail of Water Credits as per TASC's proposals;
6. Any assessment of tariffs should not only be based on number of occupants, as the physical size of properties and gardens will also influence water usage levels (through longer pipes, multiple washrooms, etc.). However, any complex multi-variable calculation of fixed tariffs will be cumbersome and is likely to lead to dissatisfaction as people see their neighbours charged marginally different tariffs. The core issue should not be to produce an equitable estimated tariff from complex factors, but affordability. If there is a

mechanism to ensure universal affordability (including 100% or partial Water Credits) the precision of the assessed tariff is much less relevant.

I would be happy to provide you with more detail on any aspect of TASC's analysis of this issue.

Yours sincerely,

Nat

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Director

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