Consultation on the Irish Water Performance Assessment

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<td>Dervla Murphy (<a href="mailto:dmurphy@cer.ie">dmurphy@cer.ie</a>)</td>
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www.cer.ie
Abstract:

This consultation paper proposes key metrics against which the CER intends to monitor Irish Water’s performance over time. Monitoring these metrics will assist the CER in approving appropriate levels of revenue\(^1\) and ensuring that the revenue is used by Irish Water to operate in a manner that provides an appropriate level of service and improvements in identified areas over time e.g. customer service, water quality and environmental performance.

Target Audience:

This consultation paper is for the attention of customers connected to the public water and/or wastewater network, the water industry and other interested parties.

Responses to this discussion paper should be returned as outlined in section 1.5 of this paper.

The CER intends to publish all submissions received. Respondents who do not wish part of their submission to be published should mark this area clearly and separately or enclose it in an Appendix, stating the rationale for not publishing this part of their comments.

\(^1\) This revenue can be recovered from customers and/or Government subvention. The source of revenue is not covered by this paper.
Executive Summary

The CER is the independent economic regulator of Irish Water, the national water utility responsible for delivering and developing public water and wastewater services in Ireland. The CER’s overall aims in water regulation are to protect the interests of water and wastewater customers, ensure water services are delivered in a safe, secure and sustainable way and that Irish Water operates in an economic and efficient manner, all in compliance with the legislative framework. One aspect of the CER’s role is to review Irish Water’s proposed costs and approve revenue allowances that the utility may recover (from customers or through Government subvention). The CER monitors the output delivery associated with this revenue in order to assess efficiency of spend.

The CER is of the view that it is also appropriate to put in place a system to monitor Irish Water’s performance over time. In the CER decision paper for the Water Charges Plan 2014\(^2\) it was decided that a framework of key performance indicators would be developed in order to monitor Irish Water’s performance against key metrics over time.

Monitoring these metrics will assist the CER in approving appropriate levels of revenue\(^1\) and ensuring that the revenue is used by Irish Water to operate in a manner that provides an appropriate level of service to customers and improvements in identified areas over time e.g. customer service, water quality and environmental performance.

The CER notes that at present the billing of domestic customers has been suspended for a period of time. However, as Ireland’s national water utility, Irish Water still has the responsibility for the development and delivery of water and wastewater services to homes and businesses. Irish Water does not yet bill non-domestic customers centrally (but is expected to do so in 2017) as this is carried out by local authorities on behalf of Irish Water. Whether domestic charges are in place or suspended, the CER considers that any property that is connected to and supplied by the public water main for water supply and connected to and uses the public sewer for wastewater removal has a right to, as a customer of Irish Water, a certain level of service.

The detail of how Irish Water funds its activities (i.e. through subvention and/or charges) is not covered by this paper. Regardless of whether customers pay directly or not, the CER would still expect the utility, in common with other regulated utilities, to provide a certain level of service to customers and for trends in service provision to be transparent over time.

\(^2\) Decision can be found [here](#)
The metrics proposed in this paper cover the following high level areas:

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<td>▪ Billing of metered customers</td>
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<td>▪ Ease of telephone contact: the call abandonment rate</td>
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As Irish Water is still in the early stages of development as a utility it is important to note that for many metrics appropriate systems and processes will need to be put in place in order to measure these in a robust manner going forward. From January 2014 Irish Water began taking over responsibility for public water and wastewater services from 34 local authorities, amalgamating 34 separate systems into one. Gathering consistent data on a countrywide basis is a major task in itself for Irish Water. Once metrics for performance monitoring have been put in place, Irish Water will be expected to report to the CER on service levels across the country. It may take a number of years before there is a comprehensive set of metrics reported accurately across the entire network. This paper is the start of this process.

The purpose of this paper is to propose metrics to be used as a means of assessing Irish Water’s performance, progress and efficiency. By putting in place metrics for monitoring performance now, it gives the opportunity to incentivise trends in these metrics for the coming years. It may take time to implement processes for monitoring and to physically gather data that is recorded but by discussing and putting targets in place now for the upcoming revenue control
which covers 2017-2018 it will help to drive progress for meeting these targets, thus improving services to customers into the future.

Following a decision on this paper the CER will engage with Irish Water regarding provision of data and targets for delivery in some cases. In many cases significant work will be required before the monitoring process can begin.

The CER intends to consult on the next revenue control for Irish Water, Interim Revenue Control 2 (IRC2), in Q3 2016. The IRC2 consultation will consult on the amount of revenue that Irish Water may recover over the two year period, 2017-2018, through customers and government subvention. As part of that consultation, the CER may consider financial incentives/penalties, as used by the CER in revenue controls for energy utilities, to be placed against specific metrics once sufficient data is available and data levels have converged to form a steady baseline.

The monitoring of key performance metrics as described in this paper is used by water regulators in neighbouring jurisdictions as a means of ensuring transparent data is available to customers as to how the utility is performing over time.
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1.0 Introduction

1.1. The Commission for Energy Regulation

The Commission for Energy Regulation (CER) is Ireland’s independent energy and water regulator. The CER was established in 1999 and now has a wide range of economic, customer protection and safety responsibilities in energy. In 2013 the CER was appointed as Ireland’s economic regulator of the Irish public water and wastewater sector. The CER’s role is to protect the interests of water customers, ensure water services are delivered in a safe, secure and sustainable manner and that Irish Water operates in an economic and efficient manner. Further information on the CER’s role and relevant legislation can be found on the CER’s website at www.cer.ie.

1.2. Purpose of this paper

The purpose of this paper is to outline a number of proposed metrics to be used as a means of assessing Irish Water’s performance, progress and efficiency over time. By putting in place metrics for monitoring performance and gathering appropriate information now, it gives the opportunity to incentivise improvements in these metrics during the coming years. It may take time to implement processes for monitoring and to physically gather data on each metric. Putting targets in place for the upcoming revenue control which covers 2017-2018 will help to drive progress to meet these targets, thus improve water and wastewater services to customers.

1.3. Background Information

Irish Water was established in March 2013 under the Water Services Act 2013\(^3\), to become the single national body responsible for the delivery of public water and wastewater supply.

The CER’s role, as outlined in the Act, requires the CER to ensure that:

I. the interests of water customers are protected;

II. that water and wastewater services are delivered safely, securely and sustainably; and

III. that Irish Water operates in an economic and efficient manner.

Irish Water has been taking over responsibility for public water and wastewater from the 34 local authorities on a phased basis since January 2014. There are service level agreements in place between Irish Water and the local authorities to cover this interaction. Irish Water is regulated by the Commission for Energy Regulation (CER) as the Economic Regulator and by the Environmental

Protection Agency (EPA) as the Environmental Regulator. The CER and the EPA are working closely to ensure that effective and transparent regulation is established in regard to the quality, security and efficiency of provision of water and wastewater services.

1.4. Structure of this paper

- **Sections 1.0 & 2.0** provide information on the CER. They also provide relevant background information relating to the purpose of this paper.

- **Sections 3.0 to 7.0** outline the detail of the proposed metrics which the CER is seeking views on.

- Each section concludes with a summary of the proposal and a list of questions related to that proposal. To aid regulatory transparency and assist in the delivery of an efficient consultative and decision making process, the CER asks respondents to address these questions directly in their responses.

- **Section 8.0** contains an overall summary of the metrics.

**Appendix A** contains the EPA classifications of pollution incidents. **Appendix B** contains the text from the customer call back survey carried out by an independent research company engaged by Irish Water.

1.5. Responding to this paper

Responses to this consultation paper, preferably in electronic format, should be directed to:

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Submissions on any of the points listed in this paper should be clear and specific, with analysis or rationale included to support the views provided.

Responses to this consultation paper must be received by close of business, 4 August 2016.
2.0 Background and overview

2.1 Introduction

Irish Water was established as the single national body responsible for public water and wastewater services in early 2013. Tasked with bringing the public water and wastewater services of 34 local authorities under one national service provider, Irish Water has been working towards this goal on a phased basis.

The CER, as economic regulator, is charged with protecting the interests of Irish Water customers while approving appropriate revenue for the utility to carry out its duties in an efficient manner for all regulated activities. In order to evaluate and approve appropriate revenue, the CER undertakes a process known as a revenue control to review historic expenditure and assess forecast expenditure. As part of this process the monitoring of performance over time against key performance indicators (KPIs) is a key activity.

On 30 September 2014, following a public consultation process, the CER published a decision paper regarding the first interim revenue control for Irish Water and Irish Water’s charges for the period 1 October 2014 to 31 December 2016. This revenue control is known as IRC1 (i.e. interim revenue control 1).

Currently, as part of each revenue control for the water, gas and electricity network utilities, the CER approves revenue in advance and reviews expenditure ex-post to assess whether revenue was spent efficiently. For example, as part of the upcoming interim revenue control for Irish Water (IRC2) which will approve a revenue requirement for the years 2017-2018, the CER will approve revenue for IRC2 (post 2016) and review Irish Water’s expenditure over the course of IRC1.

To complement that review of future revenue and past expenditure, measuring outputs and improvements in service delivery to customers for money spent is important in utility regulation. For this reason, in its September 2014 decision, the CER decided to develop a reporting framework which would be capable of monitoring Irish Water’s performance against key metrics over time.

Monitoring these metrics will assist the CER in approving appropriate levels of revenue and ensuring that the revenue is used by Irish Water to operate in a manner that provides an appropriate level of service in key areas over time. This will be achieved through monitoring Irish Water’s performance over time and relative to other comparable utilities where appropriate. Monitoring data over time will also allow the CER to assess whether Irish Water has delivered the outputs that were funded during previous revenue control periods.

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4 This decision can be found here.
The water sector in Ireland is undergoing a period of review following recent Government decisions including the suspension of domestic charges for a period of time. However, as Ireland’s national water utility Irish Water still has the responsibility for the development and delivery of water and wastewater services to homes and businesses. Whether domestic charges are in place or suspended, the CER considers that any property that is connected to and supplied by the public water main for water supply and/or is connected to and uses the public sewer for wastewater removal has a right to, as a customer of Irish Water, a certain level of service. On this basis, the CER continues to regulate the water utility as it does the electricity and gas utilities by putting in place a monitoring framework so as to ensure acceptable levels of service are being provided to all customers of the utility and monitored over time.

The metrics proposed in this paper are not the only means of monitoring Irish Water’s performance that the CER has in place. The customer handbook⁸, which sets out the standards to which Irish Water must comply, cover a wide range of areas including customer service commitments, complaint handling, billing and network operations. It is intended that the finalised metrics would co-exist alongside the customer handbook as a means of monitoring Irish Water’s performance.

The following chapters outline the proposed metrics which in the CER’s view are appropriate to monitor Irish Water against at this time. Over time, metrics may be added or removed as the CER sees fit. However, metrics would need to be in place for a sufficient amount of time in order to see trends in the data. These metrics are put forward following a review of metrics in place for utilities in neighbouring jurisdictions.

As Irish Water is still in the early stages of development as a utility it is important to note that while some of the proposed metrics are already being measured by Irish Water, for other metrics appropriate systems and processes will need to be put in place in order to measure these in a robust manner according to agreed timeframes. Irish Water took over responsibility for public water and wastewater services from 34 local authorities, amalgamating 34 separate systems into one. Gathering data on a countrywide basis is a major task in itself for Irish Water. Once metrics for performance monitoring have been put in place, Irish Water will be expected to report to the CER on service levels across the country over time. It may take a number of years before there is consistent and transparent reporting across the entire network as there is a significant amount of work required to operate, maintain and monitor what was 34 water and wastewater networks.

This consultation paper is intended to propose key metrics which are in the best interests of the customers of Irish Water. This is necessary to ensure that in cases where they are not currently measured, Irish Water can develop any
necessary systems and processes to monitor these metrics in a robust manner within agreed challenging timeframes.

2.2 Background to the Overall Performance Assessment

2.2.1 Regulators and Utilities

In other jurisdictions, water regulators have in place methods for monitoring utility performance across the sector which sees customers reaping the benefits of service improvements through quicker response times and supply security.

Water regulators in the UK have, at various stages of their development, adopted a method of performance monitoring known as the Overall Performance Assessment (OPA). Each of the three water regulators with responsibility for the water and wastewater services in the UK have been regulating established water utilities for many years;

- Ofwat, the water regulator for England and Wales, has been in operation since 1989 when the water and wastewater industry was privatised.
- The Water Industry Commission for Scotland has had the responsibility of regulating the water and sewerage services since 2005. Prior to 2005, the sector was regulated by the Water Industry Commissioner.
- The Northern Ireland Authority for Utility Regulation took on the responsibility of standards of service since 2007.

Over time, both regulators and utilities across the UK became well established in terms of data collection and standard of services. Any model of performance measurement adopted by the CER has to consider Irish Water’s stage of development and the relevant standards and regulations in Ireland as opposed to the UK or any other jurisdiction.

2.2.2 Detail re Original Ofwat OPA

Developed by Ofwat (the economic regulator of the water sector in England and Wales) in 1999, the purpose of the OPA was to provide a defined set of measurable, observable output measures against which to measure customer service levels. It also acted as a communication tool for customers and other stakeholders to inform them about the overall performance of their local water company compared with other water companies.

The OPA consisted of seventeen metrics covering a broad range of services provided to customers. The key areas are:

- customer service (written complaints, billing contacts, meter reading, telephone answering, telephone access);
- sewerage service (sewer flooding incidents and risk of flooding);
• water supply (leakage, water pressure, interruptions to supply, hosepipe bans and drinking water quality);
• security of supply (absolute performance and performance against a set target); and
• environmental performance (wastewater treatment works, pollution incidents from water and sewerage activities and sludge disposal).

Each metric was monitored and data collected and reported to the regulator on a regular basis. For benchmarking purposes, an overall OPA score was generated. The better the performance a company achieved, the higher the score it received.

In England and Wales, the OPA provided an incentive to utilities to maintain services and where possible improve on OPA scores from the previous year. Not only did the OPA act as a reputational incentive i.e. OPA scores were published and available to customers to view, but it was also linked to the unit prices that the companies were allowed to charge for their service. A company that provided good service was allowed to charge slightly more than it could have otherwise done, while a company providing poorer service had to charge less. Given the greater number of water and wastewater utilities across England & Wales the OPA allowed customers assess how well each utility performed against its competitors in each category by comparing OPA scores against each other. Similarly Ofwat used OPA scores to benchmark companies against each other in order to drive further performance improvements in utilities at the lower end of the scale.

The CER has considered how to put in place an appropriate system for Ireland in order to monitor metrics over time. While the CER proposes to monitor metrics which are similar to those covered by the OPA in other jurisdictions, because the proposed metrics are altered to align with reporting requirements currently in place in Ireland, a fully complete OPA score may not be achievable. However, for benchmarking purposes it may be useful to, where possible, add up metrics and provide a composite and comparative score to compare performance to Northern Ireland, Scotland, England and Wales. This may be done on either an individual metric level or on a partially complete overall OPA score level.

2.3 OPA in other jurisdictions

A brief synopsis of the OPA in each jurisdiction is given below.

England and Wales
Water and sewerage companies in England and Wales were privatised in 1989 and Ofwat was established as the independent economic regulator. In 1999, a new incentivised framework, known as Overall Performance Assessment (OPA) was introduced that calculated an overall score for each regulated company based on measured service performance in five key areas: Water Supply;
Sewerage Service; Security of Supply; Customer Service; and Environmental Impact.

The OPA system was in place until 2009 when it was replaced by a new Service Incentive Mechanism (SIM) framework that focused on the quality of service rather than simply reliability and response times. Alongside this, the utilities are also expected to report on a wider set of KPIs (key performance indicators). This is covered in more detail below.

**Scotland**

The Water Industry Commission for Scotland (WICS) adopted the Ofwat OPA framework in 2006, but reported on a partial set of OPA measures from 2003/04. Initially only twelve metrics were included. This has grown to a full set of metrics although it was necessary to alter some metrics slightly from the Ofwat model in order to reflect local circumstances.

**Northern Ireland**

The Northern Ireland Authority for Utility Regulation (NIAUR) adopted the OPA in 2007. Similar to Scotland, some metrics were initially excluded due to absent, unavailable, or poor quality base data. Since 2007, the NI OPA has grown to include 11 of the original 17 metrics used by Ofwat.

As the Ofwat OPA was discontinued from 2009 benchmarking comparisons against England and Wales are calculated using Ofwat ‘frozen-in-time’ data.

### 2.4 SIM (Service Incentive Mechanism)

As stated above, Ofwat moved away from the OPA framework in 2009. Following a review of utility performance it was felt that the OPA had reached its limits i.e. companies had converged in reaching acceptable levels across all of the performance areas. Therefore, Ofwat changed its approach by putting in place a Service Incentive Mechanism (SIM) and individual KPIs which have been in place now for over 5 years.

The SIM measures two aspects of customer service:
- Where customers have made contact when something has gone wrong – for example, phoning about a billing error or writing to the company to complain; and
- How well the companies have handled all types of customer contacts, not just when things have gone wrong (measured using a customer survey).

While the SIM focuses solely on customer service measures, utilities are also required to report to the regulator on a number of KPIs. Ofwat introduced “Output Delivery Incentives” or ODIs which replicate many of the OPA measures. While these ODIs include factors such as greenhouse gas emissions and financial
indicators of the business they also include many of the same metrics as the OPA such as leakage performance, pollution incidents and security of supply.

2.5 Incentives / penalties

Incentives are an important area of regulation for monopoly utilities. Identification and monitoring of performance against a measurable target is a useful tool when assessing progress achieved for monies spent in utility regulation. Incentives are intended to align the interests of the regulated companies with those of their domestic and non-domestic customers, by encouraging organisations to deliver an appropriate level of service. In order to ensure that Irish Water’s allowed revenues impose a genuine efficiency challenge, it is important to set clear and observable customer services levels such that Irish Water’s expenditure can be measured against a defined and tangible set of improvements for customers.

For the purpose of the metrics proposed below, there can be two types of incentives against the finalised metrics. These can either be reputational incentives, where performance against key metrics is published, or financial incentives/penalties. For financial incentives, if the utility achieves above a certain target set by the CER, it could receive additional allowed revenue in the following year. Alternatively, if the utility falls below a certain target set by the CER, penalties (i.e. a reduction in the following year’s allowed annual revenue) could be implemented.

It is intended that as part of the process to put in place the next revenue control for Irish Water (IRC2)\(^5\), which will be consulted on in Q3 2016, the topic of financial incentives and/or penalties shall be considered in further detail.

2.6 Exemptions

For the electricity distribution network operator in Ireland, ESB Networks, financial incentives are in place for various customer service metrics\(^6\). For the purpose of the incentive these metrics apply under all conditions, but include a potential exemption whereby the utility may, by application to the CER, request that certain periods that exhibit extreme and exceptional conditions be excluded from the measure e.g. severe storms that cause an impact to the network or service provided by the utility.

For Irish Water while metrics would apply under all conditions, the CER proposes to allow the utility to apply for exemptions in certain periods that exhibit extreme and exceptional conditions. These would be considered on a case-by-case basis.

\(^5\) It is intended that IRC2 will set a level of revenue which Irish Water can recover from customers and/or through Government subvention to cover its costs in 2017 and 2018.

\(^6\) The CER decision is available [here](#).
The CER is seeking views as to whether this is the appropriate approach for each metric and responses are invited as set out in section 1.5 of this paper.

2.7 **Electricity and Gas in Ireland**

Many of the metrics proposed are similar to those used to regulate ESB Networks and Gas Networks Ireland which will facilitate comparisons in data where appropriate (e.g. customer service metrics). For other metrics, it may be useful to compare Irish Water against Northern Ireland, Scotland, England and Wales.

2.8 **Summary**

The CER proposes to put in place key metrics against which Irish Water’s performance will be monitored. Monitoring these metrics will assist the CER in approving appropriate levels of revenue and ensuring that the revenue is used by Irish Water to operate in a manner that provides an appropriate level of service in key areas.

The CER is aware that at present the billing of domestic customers has been suspended for a period of time. However, whether domestic charges are in place or suspended, the CER considers that any property that is connected to and supplied by the public water main for water supply and/or is connected to and uses the public sewer for wastewater removal has a right to, as a customer of Irish Water, a certain level of service.

The metrics proposed in this paper are intended to be measured for both domestic and non-domestic services. However, in the case of customer service Irish Water is not yet billing non-domestic customers centrally (but is expected to do so during 2017). Full data migration has not yet been completed and non-domestic customers of Irish Water are currently being billed by local authorities on behalf of Irish Water. Similarly Irish Water’s call centre only handles domestic customers at present. Further down the line, when data migration has been fully completed and systems implemented within Irish Water for dealing with non-domestic issues, it is intended that the metrics proposed here will be monitored for both domestic and non-domestic customers unless otherwise stated.

The individual metrics are covered in each of the following sections:

- Section 3.0: Customer Service
- Section 4.0: Environmental Performance
- Section 5.0: Water Supply – Quality of Service
- Section 6.0: Security of Water Supply
- Section 7.0: Sewerage Service
The intention is to monitor Irish Water's performance over time to ensure improvements in key areas take place.

Where possible in this paper the CER has outlined its intention to monitor metrics which will facilitate comparison with utilities in other jurisdictions and this is detailed below where relevant.

Following a decision on this paper the CER will engage further with Irish Water regarding provision of data and the associated targets and timeframes. In many cases significant work will be required to put in place appropriate systems and processes to measure these in a robust manner. It is important to note that in some cases it may take time before these metrics can be reported accurately.
3.0 Customer Service

3.1 Introduction

This section outlines key metrics relating to customer service against which the CER proposes to monitor Irish Water’s performance. The aim of monitoring this data is to improve customer service and make it as simple as possible for customers to interact with the utility.

While the metrics listed below are intended to monitor Irish Water’s customer service performance over time, the CER also has a customer handbook in place that sets out the required customer service standards that the utility must currently uphold. The customer handbook outlines Irish Water’s requirements for its codes of practice including customer service commitments, complaint handling, billing and network operations. The customer handbook will co-exist alongside this performance assessment as a means of protecting the customer on a day-to-day basis.

For Irish Water, currently all calls go immediately into the Interactive Voice Recognition (IVR) system and are then successfully completed, abandoned within the IVR or go into a queue to speak to an agent. For the metrics listed below it may not be possible to monitor calls that are closed within the IVR, as it may not be possible to determine whether these have been successfully resolved or abandoned.

3.2 Response to billing contacts

The CER proposes to monitor the number of billing contacts answered and closed out within five working days as a percentage of billing contacts received.

The CER is aware that at present the billing of domestic customers has been suspended for a period of time. However, this metric would apply to non-domestic customer following the completion of the billing migration project in 2017 when Irish Water bill non-domestic customers directly, as opposed to local authorities billing on Irish Water’s behalf.

Billing contacts are contacts from customers (domestic and non-domestic where and when charges apply) that relate to bills, for example, regarding making a payment or changing billings details, etc. They do not include contacts from customers which are complaints, as these are covered in Section 3.3 below.

The CER is also responsible for individual complaints. Customers can submit complaints to the CER once they have been through the Irish Water complaint handling process. Further information on this is available here.
Monitoring this metric would facilitate improvements in customer satisfaction through quicker response times when customers contact Irish Water.

### 3.3 Response to complaints

The CER proposes to monitor the number of complaints:
- responded to within five working days, with either a resolution or an outline plan of the proposed resolution; and,
- to which a final decision is issued within two months.

These metrics line up with the requirements under the customer handbook and Irish Water’s customer charter which was approved by the CER\(^8\) (five working days) and is generally in line with metrics for which data is available for water utilities in England, Scotland, Wales and Northern Ireland (10 working days).

Irish Water currently categorises each complaint by the channel received (phone, post, email, social media, etc.). It is intended that the utility would report on the total number of complaints and also broken down by channel received.

### 3.4 Billing of metered customers

In general, customers (domestic and non-domestic) that have meters installed should receive bills that are based on a meter read as opposed to an estimated bill. Bills based on meter reads ensure that customers are billed accurately. Accurate bills reduce the fluctuations that customers are subject to when bills are based on estimated consumption.

Irish Water cannot issue a bill based on a meter read if the customer does not have a meter. Therefore the CER proposes to monitor the number of bills based on a meter reading as a percentage of metered accounts.

### 3.5 Ease of telephone contact

#### 3.5.1 Call abandonment rate

The CER proposes to measure the percentage of calls that are abandoned while a caller is waiting in the queue to speak to an agent having come through the IVR system.

This metric is designed to shorten the length of time the customer spends in the queue waiting to speak to an agent.

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\(^8\) This is available [here](#).
It is intended that this metric would apply under all conditions (i.e. periods of high volume of calls to call centre) to ensure that Irish Water is always incentivised to improve performance.

3.5.2 Customer call-back survey

The CER proposes to monitor Irish Water's performance in a survey conducted by an independent research company\(^9\) engaged by Irish Water. Monitoring this type of metric would give the CER a clear view of how Irish Water operates their call centre in terms of helpfulness and efficiency.

In order to efficiently monitor performance it would be imperative to ensure:

- That an appropriate number of call-backs are completed (so that results taken from the sample are representative).
- That the calls will be selected randomly; subject to the (reasonable) inclusion of calls by:
  - time of day when call was made (morning, afternoon, evening, night);
  - purpose of call (for example, supply problem, meter reading); or,
  - handling of call (on-call resolution, requiring referral).

3.5.3 Speed of telephone response

Two separate Telephone Service Factor (TSF) metrics are proposed for this element of Irish Water’s customer satisfaction incentive mechanism. Method 1 is intended to improve the time taken to pick up calls that are in the queue. Method 2 is intended to improve the quality of service in the IVR system. They are defined as in turn below:

**TSF Method 1**

\[
\text{Calls picked up by agent within 20 secs in queue} \over \text{Total number of calls}
\]

TSF Method 1 is proposed as follows:

- Calls picked up by an agent within 20 seconds in the queue result in an increased score under this metric.
- It encourages the utility to reduce the number of calls that have to wait for more than 20 seconds in the queue to speak to an agent.
- It does not look at the service within the IVR (which takes place separate to or in advance of the queuing system).

\(^9\) As listed in Appendix B
TSF Method 2

Picked up by IVR and do not progress to queue + Picked up by agent within 20 secs in queue

Total number

TSF Method 2 is proposed as follows:

- This metric looks at both time in the queue and the service within the IVR.
- Calls that are picked up by IVR and which do not progress to the queue automatically contribute to an increased score under this metric.
- This encourages the utility to increase the number of calls that are dealt with through IVR and to make the IVR more customer-friendly (otherwise the customers are likely to ultimately end up in the queue and increased resources would be required to ensure the increased number of calls in the queue are picked up within the required 20 seconds).
- Calls picked up by an agent within 20 seconds in the queue also result in an increased score under this metric.
- Including this second element also incentivises the utility in relation to IVR, as if less calls go through to the queue then it will be easier to answer them within 20 seconds.

These two methods are similar to what is in place for the electricity distribution system operator in Ireland. Having similar metrics will assist comparisons between the utilities. While each utility deal with separate issues and are at a different stage of development, it may be of benefit to benchmark Irish Water against other Irish utilities where appropriate.

3.5.4 First contact referral

The CER proposes to monitor the percentage of calls that are dealt with within one call, that is, without requiring call backs.

This is intended to improve the experience for customers and also contribute to operational efficiencies within the business.

3.6 Summary

This section outlines key metrics relating to customer service against which the CER proposes to monitor Irish Water’s performance.
Monitoring metrics such as these will assist the CER in approving appropriate levels of revenue\(^1\) and ensuring that the revenue is used by Irish Water to operate in manner that provides an appropriate level of service when customers engage with Irish Water. This will be achieved through monitoring Irish Water’s performance over time and relative to other comparable utilities.

**Customer Service** – The CER proposes to monitor Irish Water’s performance against the following seven metrics:

- Response to billing contacts;
- Response to complaints;
- Billing of metered customers;
- Ease of telephone contact: the call abandonment rate;
- Ease of telephone contact: a customer call-back survey;
- Ease of telephone contact: speed of telephone response;
- Ease of telephone contact: first contact referral.

**Q1.** Respondents are invited to comment on the proposed metrics in this section. If possible respondents should outline whether they are in favour of the proposals or otherwise, suggest any alternatives which they consider are appropriate and provide the rationale behind their position.
4.0 Environmental performance

4.1 Introduction

This section outlines key metrics relating to environmental performance against which the CER proposes to monitor Irish Water.

Where possible the CER has proposed metrics which will facilitate comparison with utilities in other jurisdictions. However, given that Irish Water is required to report to the EPA on environmental matters, the CER has tailored some of the proposed metrics to align with environmental regulations in Ireland and reporting requirements already in place. Following publication of a decision on this paper the CER will engage with both Irish Water and the EPA to finalise the exemptions, categories of incidents to be covered, definitions etc.

4.2 Pollution incidents relating to wastewater

The CER proposes to monitor the number of pollution incidents resulting from wastewater collection and treatment activities.10

This metric is designed to assist the CER in ensuring that Irish Water utilises the revenue it receives to deliver solutions and infrastructure that over time lead to a reduction in pollution incidents relating to wastewater collection or treatment activities.

Under the EPA Wastewater Discharge Licences and Certificates of Authorisation, there are requirements on Irish Water to report to the EPA on the number of pollution incidents resulting from wastewater collection and treatment activities. The metrics proposed by the CER align with this requirement and have been discussed with the EPA.

The CER also proposes to monitor the number of recurring incidents (which reflect longer term issues) closed out within this metric. This metric aligns with current EPA incident monitoring.

4.3 Sludge disposal

The CER proposes to monitor the percentage of drinking water and wastewater sludge that is disposed of in an unsatisfactory manner.

Wastewater sludge is residue that remains following the treatment of wastewater and inappropriate disposal of this residue could cause harmful environmental impacts. It requires safe disposal or re-use where possible. Drinking water sludge arises from the treatment of water, particularly surface water, to remove solids

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10 Broken down by category (as listed in Appendix A).
and other dissolved organic material. The sludge is different to wastewater sludge in that it has no nutrient value and must therefore be managed differently.

This proposed metric is designed to assist the CER in ensuring that Irish Water utilises the revenue it receives to invest in appropriate assets and facilities to aid the management of high volumes of sludges and to operate in a manner that ensures that sludge is disposed of appropriately.

The CER understands that Irish Water has recently publicly consulted on the National Wastewater Sludge Management Plan which set out Irish Water’s strategies for wastewater sludge management over the next 25 years\(^\text{11}\). Also in development is a National Water Treatment Plant Sludge Management Plan which will aim to reduce the environmental impacts from water treatment processes. Sludge produced by water treatment works has no nutritional value and therefore must be disposed of in a manner different to that of wastewater sludge.

The CER intends to engage with Irish Water following the development of these plans in order to put in place appropriate verifiable metrics in relation to water and wastewater sludge disposal.

### 4.4 Wastewater treatment works meeting requirements

The CER proposes to monitor the total number of:
- Agglomerations with no wastewater treatment or preliminary treatment only;
- Agglomerations not meeting the Urban Wastewater Treatment Directive standards\(^\text{12}\).

Monitoring these would assist the CER in ensuring that Irish Water uses the revenue it receives to deliver improvements and increased compliance with European and Irish law while providing service to customers. By complying with environmental regulations, this ensures that Irish Water is carrying out its duties in the safest and least environmentally harmful way.

### 4.5 Summary

This section outlines key metrics relating to environmental performance against which the CER proposes to monitor Irish Water’s performance for monies spent.

The metrics proposed above are all metrics that are dealt with and monitored by the environmental regulator, the EPA. The EPA impose reporting requirements on Irish Water to ensure that the utility is maintaining environmental standards

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\(^{11}\) Further information is available on Irish Water’s website [here](#).

and complying with Irish and EU regulations regarding the environment as they carry out their duties.

The CER’s role in terms of monitoring environmental metrics is to ensure that money recovered by Irish Water, through customer charges and government subvention, is spent in a way which maintains or ensures a clean environment for the future.

**Environmental Performance** – The CER proposes to monitor Irish Water’s performance against the following four metrics:

- Pollution incidents relating to wastewater;
- Sludge Disposal;
- Wastewater treatment works meeting requirements.

Q2. Respondents are invited to comment on the proposals outlined in this section. If possible respondents should outline whether they are in favour of the proposals or otherwise, suggest any alternatives which they consider are appropriate and provide the rationale behind their position.
5.0 Water supply – Quality of service

5.1 Introduction

This section outlines key metrics relating to water supply against which the CER proposes to monitor Irish Water’s performance. It focuses on matters which impact on the standard of the supply (pressure and interruptions) experienced by customers and the quality of the water which they receive.

Where possible in this paper the CER has outlined its intention to monitor metrics which will facilitate comparison with utilities in other jurisdictions. However, given the EPA’s role as the environmental regulator of Irish Water and the fact that Irish Water is required to report to the EPA on environmental matters, the CER has tailored some of the metrics to align with environmental regulations in Ireland and reporting requirements already in place.

5.2 Properties subject to unplanned interruptions

The CER proposes to monitor the number of properties experiencing unplanned interruptions to their supply in excess of 4, 12 and 24 hours.

The time periods used for monitoring purposes within this metric align with the requirements within the customer handbook under which Irish Water must carry out certain actions following incidents of interruptions to water supply. For this reason the time periods proposed do not align exactly with those utilised in other jurisdictions.

Monitoring this proposed metric alongside the customer handbook would assist the CER in ensuring that Irish Water operates in a manner that reduces the number of interruptions to customers’ water supply. Unfortunately some supply interruptions are inevitable (i.e. planned interruptions and force majeure) but by monitoring Irish Water’s performance and progress over time, unplanned interruptions can be minimised.

5.3 Water quality

The CER proposes to monitor the level of:

1. Percentage microbiological compliance - the sum of all compliant test results for E. coli and Enterococci divided by the sum of all test results undertaken for E. coli and Enterococci.
2. Percentage chemical compliance - The sum of all compliant test results for all chemical parameters (as defined in Drinking Water Regulations)

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13 All requirements under the Customer Handbook are monitored separately by the CER.
divided by the sum of all test results undertaken for all chemical parameters.

3. Percentage Trihalomethane (THM) compliance\(^{14}\) - The sum of all compliant test results for the THM parameter divided by the sum of all test results undertaken for the THM parameter.

4. Percentage lead compliance\(^{14}\) - The sum of all compliant test results for the lead parameters divided by the sum of all test results undertaken for the lead parameter.

5. Percentage E. coli compliance\(^{15}\) - The sum of all compliant test results for the E. coli parameter divided by the sum of all test results undertaken for the E. coli parameter.

The above parameters are included amongst the 48 parameters specified in the European Union (Drinking Water) Regulations (S.I No. 122 of 2014), which Irish Water is required to monitor in public water supplies and report to the EPA. The EPA drinking water quality reports include information on the above parameters, alongside many others. Therefore monitoring these metrics would avoid increasing the regulatory burden on Irish Water.

**5.4 Water supplies on boil water notice and/or water restrictions**

The CER proposes to monitor:
- The number of public supplies on Boil Water Notices\(^{16}\) (BWNs) for greater than 200 days;
- The number for public supplies on Water Restrictions (WRs); and,
- The population served by public supplies on BWNs and WRs.

The CER may consider an amalgamation of the three measures above. For example, this data could be combined into a single indicator which would be used to compare the average number of people on a BWN/WR in a standardised manner year on year.

**5.5 Summary**

The proposed metrics within this section are intended to monitor and track Irish Water’s performance over time to ensure customers receive a service and quality of water supply that is of a standard that is acceptable to the customer.

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\(^{14}\) Note that THMs, lead & pesticides are a sub-set of metric No. 2 above – chemical compliance.

\(^{15}\) Note that E.coli is a sub-set of metric No. 1 above – microbiological compliance.

\(^{16}\) BWNs are notices which the HSE recommends that Irish Water issues when the HSE considers the quality of water intended for human consumption constitutes a potential danger to human health.
Water Supply – Quality of Service – The CER proposes to monitor Irish Water’s performance against the following three metrics:

- Properties subject to unplanned interruptions;
- Water quality;
- Water supplies on boil water notices and/or water restrictions.

Q3. Respondents are invited to comment on the proposals outlined in this section. If possible respondents should outline whether they are in favour of the proposals or otherwise, suggest any alternatives which they consider are appropriate and provide the rationale behind their position.
6.0 Security of Water supply

6.1 Introduction

This section outlines key metrics relating to the security of water supply to customers against which the CER proposes to monitor Irish Water’s performance.

6.2 Leakage

The CER proposes to monitor leakage rates relating to Irish Water’s network.

Currently it is estimated that up to 49% of water is not used by customers but instead leaks from the system (on either the Irish Water network or on the pipework owned by the customer). While this figure is based on estimates, it indicates that there is a high level of wastage in this area.

Monitoring this area would assist the CER in ensuring that water sources are conserved and that revenue is not spent treating large quantities of water that is ultimately leaked and not used by customers.

Following a decision on this paper the CER will, if required, engage with Irish Water regarding the specifics of this metric (for example, whether the leakage rates monitored should relate to Irish Water’s network only or should also encompass some measurement relating to leakage on the customers’ side of the network).

6.3 Security of Supply

In other jurisdictions a Security of Supply Index (SoSI) assists in assessing water resource availability and leakage issues within a wider security of supply context, and to track changes in the service offered to customers over time.

Headroom is the spare capacity above normal demand available on the system from all areas of water infrastructure i.e. abstractions, treatment plants, pumps and networks. Spare capacity on the system is used in the event of emergencies, planned maintenance or unplanned incidents such as equipment failures.

Having a SoSI in place would assist in ensuring the resilience of water supplies as it would help indicate areas under pressure which can then be targeted in advance.

The CER proposes to monitor:

1. an overall Security of Supply Index and the changes in this SoSI over time; and
2. an assessment of how the SoSI performance compares to a target (which is set in advance).

6.4 Summary

In summary, the CER proposes to monitor three metrics regarding the security of supply for customers of Irish Water.

Metrics within this section may be monitored on a country wide basis as well as per each water supply zone (WSZ). This will facilitate an analysis of Irish Water’s performance over time and relative to other comparable utilities.

**Water Supply - Security** – The CER proposes to monitor Irish Water’s performance against the following three metrics:

- Leakage;
- Security of Supply – Absolute performance;
- Security of Supply – Performance against target.

**Q4.** Respondents are invited to comment on the proposals outlined in this section. If possible respondents should outline whether they are in favour of the proposals or otherwise, suggest any alternatives which they consider are appropriate and provide the rationale behind their position.
7.0 Sewerage Service

7.1 Introduction

This section outlines key metrics relating to sewerage service against which the CER proposes to monitor Irish Water. It focuses on incidents which impact on the customer where wastewater enters a building\textsuperscript{17,18}.

The metrics proposed below are in respect of both domestic and non-domestic properties. It is intended that properties which are normally occupied and used for residential, public, commercial, business or industrial purposes would be monitored.

Data gathered through these metrics shall help identify areas of the sewerage network that need maintenance and/or replacement in order to mitigate against flooding incidents.

The CER may exclude those incidents resulting from severe weather as exceptional circumstances.

7.2 Sewer incidents (overload)

The CER proposes to monitor the number of properties affected by incidents where wastewater enters a building due to the overload of a sewer.

Sewers and drains are designed to take sewage away from properties. A large portion of the urban sewer network in Ireland combines both wastewater and surface water which has run off from roads, footpaths, roofs of buildings etc. Adverse weather conditions can cause internal flooding incidents due to excess rain overloading combined sewers.

7.3 Sewer incidents (other causes)

The CER proposes to monitor the number of properties affected by an incident where wastewater enters a building caused by equipment failure in a sewer, blockage or collapse of a sewer.

In many parts of the country lack of investment has resulted in outdated wastewater infrastructure which is under increasing pressure. Sewer failures such as equipment failure and collapse can be the cause of incidents where

\textsuperscript{17} Or passes below a suspended floor.
\textsuperscript{18} The proposed metrics in this section relate to incidents of internal flooding. However, the CER may examine whether external incidents (i.e. gardens, roads, footpaths, public open space etc.) should be monitored by the CER, either in addition to internal incidents or as a combined metric of both.
wastewater enters a building. Sewer blockages due to the accumulation of grease or non-biodegradable material can also cause incidents and/or disruption of wastewater services.

7.4 Sewer incidents (at risk)

The CER proposes to monitor the number of properties considered to be at risk of having wastewater enter their premises, caused by overload, more frequently than once in ten years. These properties are defined as properties that have suffered or are likely to suffer incidents due to wastewater from public foul or combined sewers.

The data gathered over time from the previous two metrics will help to inform the risk register for sewer incidents. Monitoring properties at risk would help inform the utility of areas in need of maintenance and/or new assets in order to mitigate against the severity of wastewater incidents and to minimise the number of incidents occurring.

7.5 Summary

In summary the CER proposes to monitor three areas in relation to internal sewer incidents.

While it may take time to gather data regarding the sewerage network and implement modelling systems in order to assess this metric, over time the monitoring and reporting of sewer incidents will assist the utility to reduce and mitigate against these incidents.

Sewerage Service – The CER proposes to monitor Irish Water’s performance against the following three metrics:

- Sewer incidents (overload);
- Sewer incidents (other causes);
- Sewer incidents (at risk).

Q5. Respondents are invited to comment on the proposals outlined in this section. If possible respondents should outline whether they are in favour of the proposals or otherwise, suggest any alternatives which they consider are appropriate and provide the rationale behind their position.
8.0 Summary and Next Steps

8.1 Summary

The CER proposes to put in place key metrics against which Irish Water’s performance will be monitored. This is a challenging task but this paper is the start of the process. Monitoring these metrics will allow the CER track service improvements over time. Monitoring and reviewing data for each metric will assist the CER in approving appropriate levels of revenue\(^1\), ensuring that the revenue is used by Irish Water to operate in a manner that provides an appropriate level of service in key areas, and will enable the CER to incentivise the utility for further improvements going forward.

The CER has outlined a number of proposals in each of the sections in this paper. Respondents are invited to comment on the proposals as set out in section 1.5 of this paper.

In summary, the CER is seeking views as to whether:

i. The metrics proposed in this paper are the correct metrics to be monitored;
ii. If there are any other metrics that the CER should consider; and
iii. If exemptions should apply where appropriate.

The metrics proposed within this paper will be kept under review and amended where appropriate in the future.

The detail of how Irish Water funds its activities (i.e. through subvention and/or charges) is not covered by this paper. Please note that regardless of whether customers pay directly or not the CER would still expect the utility to provide a certain level of service (as measured through these metrics) to customers.

The individual metrics are outlined in the table below.

<table>
<thead>
<tr>
<th>Summary of metrics to be monitored:</th>
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</thead>
<tbody>
<tr>
<td><strong>Customer Service</strong></td>
</tr>
<tr>
<td>▪ Response to billing contacts</td>
</tr>
<tr>
<td>▪ Response to complaints</td>
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<tr>
<td>▪ Billing of metered customers</td>
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<tr>
<td>▪ Ease of telephone contact: the call abandonment rate</td>
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<tr>
<td>▪ Ease of telephone contact: a customer call-back survey</td>
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<td>▪ Ease of telephone contact: speed of telephone response</td>
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<td>▪ Ease of telephone contact: first contact referral</td>
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<tr>
<td><strong>Environmental Performance</strong></td>
</tr>
<tr>
<td>▪ Pollution incidents relating to wastewater</td>
</tr>
<tr>
<td>▪ Sludge Disposal</td>
</tr>
<tr>
<td>▪ Wastewater treatment works meeting requirements</td>
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</tbody>
</table>
**8.2 Next Steps**

Comments are invited on the proposed metrics above as outlined in section 1.5 of this paper. The closing date for this consultation is 4 August 2016. The CER will consider all submissions received prior to publishing a decision on the Irish Water Performance Assessment in Q3 2016.

Following a decision on this paper, the CER will engage with Irish Water and the EPA regarding provision of data and timeframes for delivery. In many cases significant work will be required to allow measurement. It is intended that progress in the development of these longer term metrics will be measured by the CER through milestone schedules as set out in the plan for each metric, regular updates and possible incentive/penalty schemes.

The CER intends to engage with Irish Water to finalise the frequency of reporting (quarterly or annually as appropriate). It is intended that performance against these metrics will be published once an appropriate amount of data has been monitored and collected so that progress may be benchmarked against a steady baseline which may take time.

The CER intends to consult on the next revenue control for Irish Water (IRC2) in Q3 2016. As part of that consultation, the CER may propose financial incentives/penalties, as used by the CER in revenue controls for energy utilities, to be placed against specific metrics (for example, customer service metrics). A mechanism such as this would only be initiated once a sufficient amount of data has been measured and collected so that targets for improvements could be set against a steady baseline which may take time.
## Appendix A: Environmental Impact Assessment Criteria 2010

This table is available within the following EPA document: [Guidance to Licensees/COA holders on the Notification, Management and](#)

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Classification</th>
<th>Impact on the environment &amp; health</th>
</tr>
</thead>
</table>
| 1       | Minor          | - *No contamination, localised effects*  
  - Minor effect on air quality as evidenced by dust or odour complaint(s)  
  - Emission Limit Value breaches  
  - An emission which does not comply with the requirement of the licence/Certificates of Authorisation (A pattern of repeated minor incidents should be taken into account when considering the level of response) |
| 2       | Limited        | - *Simple contamination, localised effects of short duration*  
  - Local limited impact to water, land and air  
  - Notification to and short term closure of potable water extractors required |
| 3       | Serious        | - *Simple contamination, widespread effects of extended duration*  
  - Significant effects on water quality  
  - Major damage to an ecosystem (e.g. significant impact on fish population)  
  - Longer term closure of potable water extractors  
  - Significant reduction in amenity value  
  - Significant Damage to agriculture or commerce  
  - Significant Impact on man |
| 4       | Very Serious   | - *Heavy contamination, localised effects of extended duration* |
| 5       | Catastrophic   | - *Very heavy contamination, widespread effects of extended duration* |

19 These categories are the same as those used in the National Framework for Major Emergency Management
20 This table is available within the following EPA document: [Guidance to Licensees/COA holders on the Notification, Management and](#)
Appendix B: Customer call-back survey

Two queries currently used by Irish Water as part of the call-back survey it carries out are:

1. Using a scale of 1-10, where 1=Extremely Dissatisfied and 10=Extremely Satisfied, based on your recent experience of Irish Water, how would you rate your recent experience overall?
2. Thinking about the contact centre agent who dealt with your query, on a scale of 1 to 10 where 1 is extremely dissatisfied and 10 is extremely satisfied, how satisfied or dissatisfied were you with their performance?

For complaints, two queries currently used by Irish Water as part of the survey it currently completes are:

1. Overall how satisfied were you with the way your complaint was handled by Irish Water? Using a scale of 1-10 where 1 is extremely dissatisfied and 10 is extremely satisfied.
2. How satisfied were you with the outcome of your complaint? Using a scale of 1-10 where 1 is extremely dissatisfied and 10 is extremely satisfied.