

UPDATE TO REVENUE SOURCES IN CRU DECISION: IRISH WATER REVENUE CONTROL 2019 REVENUE CONTROL 2 (2017/2018) ONE-YEAR EXTENSION ([CRU/18/211](#))

3 October 2018

The CRU published its decision on the Irish Water Revenue Control 2019 on 24 September 2018. This decision set Irish Water's allowed revenue for 2019 at €1,042m. Irish Water informed the CRU during engagement in advance of this decision that its non-domestic billing forecast for 2019 was €208m (2015 monies). This estimate of non-domestic revenue was provided to the CRU in advance of the Strategic Funding Plan (SFP) finalisation by Irish Water. This meant that the balance of €834m, relating to the domestic sector, was to be recovered primarily through Government subvention. Table 1 below outlines the figures, as published in the recent CRU decision:

Revenue Source	Allocation €m, 2015 monies
Domestic	834
Non-domestic	208
Total	1,042

Table 1: Irish Water Allowed Revenue as per the CRU's Decision ([CRU/18/211](#))

Following publication of the decision, Irish Water notified the CRU that the 2019 non-domestic revenue forecast had been updated to €202.5m (2015 monies). The CRU understands that this figure was reflected in the Strategic Funding Plan¹, submitted to the Minister in accordance with section 34A of the Water Services (No. 2) Act 2013, as amended by the Water Services Act 2017.

The CRU recognises that the allowed revenue profiles should align with the Strategic Funding Plan. To reflect Irish Water's updated position, as submitted to the Department of Housing, Planning and Local Government (DHPLG) in the Strategic Funding Plan, the CRU is now correcting the domestic and non-domestic revenue allocations to reflect the updated figures, as set out in Table 2 below:

Revenue Source	Allocation €m, 2015 monies
Domestic	840
Non-domestic	202
Total	1,042

Table 2: Updated Allowed Revenue following Irish Water's revised non-domestic forecast.

¹ 2019 non-domestic revenue is forecast in the Strategic Funding Plan as €206m (nominal monies). This is €202.5m converted to nominal monies.

In its role as economic regulator of Irish Water, the CRU determines the efficient level of allowed revenue which Irish Water can recover. This process informs the DHPLG of the level of subvention to be provided to Irish Water annually. Naturally, the level of revenue that Irish Water expects to bill to non-domestic customers will impact on the balance of subvention which is required in respect of provision of water services to the domestic sector.

It is important that the profile of Irish Water's allowed revenue sources is reflected accurately in both the CRU's decision and the Strategic Funding Plan. The publication of this note, alongside the CRU's 2019 decision is intended to reflect Irish Water's updated position.

The CRU notes, however, that for other regulated utilities, such a correction would be dealt with as part of a review process during any subsequent revenue control. In this instance, because of the need for alignment with the Strategic Funding Plan the CRU is publishing this note reflecting the updated position, rather than correcting at the next revenue control.

It should also be noted that this change does not impact on the overall allowed revenue that Irish Water is allowed to recover in 2019, which remains at €1,042m.