Irish Water’s Connection Charging Policy

Decision Paper

Reference: CRU/18262  Date Published: 18/12/2018  Closing Date: N/A
Executive Summary

The Commission for Regulation of Utilities (CRU) is Ireland’s independent energy and water regulator. In regulating Irish Water, the CRU seeks to ensure that Irish Water is run as efficiently as possible while providing appropriate water and wastewater services to the public. Our key function, provided for in legislation, is to protect the interests of Irish Water’s customers. The CRU has an important role in ensuring that the charges faced by Irish Water customers are fair and reasonable.

Since the 1st January 2014, under the Water Services (No. 2) Act 2013, Irish Water has been responsible for charging for the cost of connections to the water and wastewater network. Before Irish Water was established, connection charging policy was set out by the Department of Housing, Planning and Local Government and implemented by 34 (now 31) Local Authorities.

Under a direction from the CRU, reflected in the Water Charges Plan (CRU/18/030), Irish Water has been applying the existing Local Authority connection charges to domestic and non-domestic customers connecting to the public water and / or wastewater network. In practice this means that Irish Water has been applying the same charges to customers as were applied by the 31 individual Local Authorities on 31st December 2013.

Current connection charging arrangements in Ireland are varied, complex and the charges differ greatly across the country. There are currently 57 different connection charging regimes with over 900 different connection charges, as each Local Authority had its own method for calculating connection charges, with different cost structures, customer classifications and bespoke exemptions. Furthermore, there are differences in terms of the level of connection service customers receive from each Local Authority.

This paper details the CRU’s final decision on Irish Water’s Connection Charging Policy.

The purpose of establishing an enduring connection charging policy is to generate a more harmonised and straightforward means of charging customers for connections to the public water and wastewater networks. Irish Water’s new harmonised policy will ensure that customers receive a consistent level of connection service regardless of where in the country that customer connects to the water and / or wastewater network. A more standardised approach in terms of

---

1 CRU was formally known as the Commission for Energy Regulation (legal name change took place on 2nd October 2017 following commencement of section 4 of the Energy Act 2016)

2 formerly Department of Environment, Communities and Local Government
connection charges, and the levels of services received for such charges, will benefit customers in terms of transparency, accessibility, simplicity and equity.

On the 12th January 2018, the CRU published a consultation on Irish Water’s proposed connection charging policy (CRU/18/001) for customers seeking a connection to the public water and / or wastewater network. The consultation was open for comments for 10 weeks and closed on the 23rd March 2018. The CRU received 11 responses from the public to the consultation. Irish Water also responded to the consultation.

In its consultation paper the CRU noted that there were some aspects of Irish Water’s proposals which required further review and consideration by Irish Water. Throughout the consultation period the CRU continued to engage with Irish Water on its proposals and because of this engagement additional information became available beyond that included in the January 2018 consultation paper. The CRU also indicated in the consultation that it envisaged reaching a proposed decision on Irish Water’s connection charging policy prior to reaching a final decision.

The CRU provided Irish Water with feedback on its proposed connection charging policy in April 2018 following its review of the consultation responses, and any additional information submitted by Irish Water. Subsequently, Irish Water revised its proposed connection charging policy and submitted it to the CRU in October 2018 for review. Subsequently, the CRU published its proposed decision on the 22nd October 2018 which detailed the CRU’s minded to position on Irish Water’s connection charging policy proposals. The proposed decision was open to comments for 4 weeks.

This paper sets out the CRU’s final decision on Irish Water’s revised connection charging policy proposal. Irish Water is now required to update its Water Charges Plan to reflect this CRU decision, and submit to the CRU for approval, as provided for under section 22(5) of the Water Services (No.2) Act 2013.

---

**Establishing Irish Water’s Connection Charging Policy - Timeline**

- **12 January - 23 March 2018**: CRU Consultation on Irish Water’s proposals
- **22 October - 19 November 2018**: CRU Proposed Decision
- **18 December 2018**: CRU Final Decision
- **1 April 2019**: Irish Water implement its enduring Connection Charging Policy
CRU Guiding Principles

In January 2016, to aid Irish Water’s development of a new policy, the CRU directed Irish Water to take the six principles listed below into account when developing its policy proposals.

1. **Cost reflectivity**: Charges should be reflective of the costs associated with providing a connection service to a developer³.

2. **Efficient use of assets**: The policy should promote efficient use of existing assets and minimise the risk of stranding assets.

3. **Equity and non-discrimination**: Charges should be equitable and not unduly discriminate between customers.

4. **Stability**: Charges should be designed to ensure charge level volatility is kept to a minimum.

5. **Simplicity**: Connection charges and the charging policy should be clear transparent and easy to understand.

6. **Cost recovery**: The Policy should ensure that the utility can recover the efficiently incurred costs in providing new connections.

Irish Water’s Connection Charging Policy and Charges – CRU Decision

The following is a high-level summary of the CRU’s decision.

The CRU reviewed and considered all consultation and proposed decision responses and found that in general there is support for Irish Water’s key policy proposals (listed below) and the CRU therefore, proposes to approve these.

- A national connection charging policy framework with national charges where customers are charged the same regardless of location.

- A ‘partially deep’ connection charging policy, whereby customers will pay for their direct connection assets, plus an element of downstream infrastructure based on the cost new connecting customers on the water / wastewater network

³ The term ‘developer’ refers to any party (domestic or non-domestic) wishing to connect to the public water and/or wastewater network.
• Standard Charges will apply to customers who fall within standard parameters, and quotable charges for all other customers. In addition, the CRU proposes to require Irish Water to gather data to be used in a suite of quotable charges in the future.

• Customers are categorised based on the pipe diameter (size) of the water / wastewater pipe needed to serve them.

Irish Water’s standard connection charges cover:

<table>
<thead>
<tr>
<th>Customer Category</th>
<th>Included in the Standard Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic (1-5 units) Domestic (6 – 100 units) &amp; (&gt;100 units) &amp; All Non-Domestic Small &amp; Medium</td>
<td>Service Infrastructure (up to 10m from site boundary to main / sewer)(^4) Network Infrastructure Contribution</td>
</tr>
</tbody>
</table>

Irish Water will levy a separate charge for each service connection (water and / or wastewater). The CRU's decision is to approve Irish Water's standard charges as detailed below:

<table>
<thead>
<tr>
<th>Standard Connection Charge - Water</th>
<th>Service Pipe Size</th>
<th>Connection Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic (1 – 5 units)</td>
<td>25</td>
<td>€2,272*</td>
</tr>
<tr>
<td>Domestic (6 – 100 units)</td>
<td>25</td>
<td>€1,848*</td>
</tr>
<tr>
<td>Domestic (&gt;100 units)</td>
<td>25</td>
<td>€1,708*</td>
</tr>
<tr>
<td>Non Domestic Small 1</td>
<td>25</td>
<td>€2,272</td>
</tr>
<tr>
<td>Non Domestic Small 2</td>
<td>32</td>
<td>€8,781</td>
</tr>
<tr>
<td>Non Domestic Medium 1</td>
<td>50</td>
<td>€19,371</td>
</tr>
<tr>
<td>Non Domestic Medium 2</td>
<td>80</td>
<td>€29,645</td>
</tr>
<tr>
<td>Non Domestic Medium 3</td>
<td>100</td>
<td>€46,179</td>
</tr>
<tr>
<td>Non Domestic Medium 4</td>
<td>150</td>
<td>€83,900</td>
</tr>
</tbody>
</table>

\(^4\) Developer will provide infrastructure within the development
In reaching its decision on Irish Water’s connection charging policy, the CRU carefully considered all responses to the consultation and proposed decision. The CRU engaged with Irish Water on the issues and comments raised by respondents, and key areas where further clarity and / or additional information by Irish Water was required. Any amendments to Irish Water’s connection charging policy proposals since the consultation are highlighted clearly in this decision paper and are summarised below:

### Key Points Raised by CRU and/or Respondents

<table>
<thead>
<tr>
<th>Irish Water’s Revised Proposal / CRU Decision</th>
</tr>
</thead>
</table>
| **‘Banding’ of connection charges for multi-unit developments** - Irish Water proposed to harmonise the charges for all domestic and small non-domestic connections (including farms), meaning that multi-unit developments
| Irish Water amended its proposals to include three charging bands for connecting domestic customers: (1-5 units), (6-100 units) & (>100 units). This amendment takes account of potential economies of scale to be gained in developments with regard to service and mains extension infrastructure.

---

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size</th>
<th>Connection Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic (1 – 5 units)</td>
<td>100</td>
<td>€3,929*</td>
</tr>
<tr>
<td>Domestic (6 – 100 units)</td>
<td>100</td>
<td>€3,499*</td>
</tr>
<tr>
<td>Domestic (&gt;100 units)</td>
<td>100</td>
<td>€3,381*</td>
</tr>
<tr>
<td>Non Domestic Small</td>
<td>100</td>
<td>€3,929</td>
</tr>
<tr>
<td>Non Domestic Medium 1</td>
<td>150</td>
<td>€23,344</td>
</tr>
<tr>
<td>Non Domestic Medium 2</td>
<td>225</td>
<td>€226,571</td>
</tr>
<tr>
<td>Non Domestic Large</td>
<td>&gt;225</td>
<td>Quotable</td>
</tr>
</tbody>
</table>

* per unit connection charge
face the same per unit charge as a single domestic.

A key concern of respondents was that Irish Water’s proposal does not reflect the potential economies of scale\(^5\) that may be gained in multi-unit developments.

| All domestic and small non-domestic connections will pay the same Network Infrastructure contribution, as they impose the same upstream costs on the water / wastewater networks. | The CRU’s decision is to approve Irish Water’s revised proposal. |

**Payment Terms** - Irish Water proposed that all connecting customers pay the full cost of their connection on a 100% upfront basis. Irish Water also proposed to allow for developers to apply for connections and link connections payments to the construction phases of their developments. One respondent suggested that developers should be able to apply and secure water services for their entire development, and pay in instalments, in line with the construction phases of the developments.

| The CRU’s decision is to approve Irish Water’s proposal as it is normal for utilities to require 100% upfront payments for connections. This proposal also minimises the risk of costs associated with stranded assets being paid for by the wider customer base and promotes the efficient use of assets by not allowing for capacity hoarding. |

**Self-Lay** - Irish Water proposed that developers have the option to self-lay ‘Local Infrastructure’ within the boundary of the development site\(^6\) only. Three respondents suggested that in certain circumstances developers should be allowed to self-lay assets outside the boundary of the site. Respondents agreed with the need to protect

| The CRU’s decision is to approve Irish Water’s proposals as amended. Irish Water will complete all works required to the public ‘Network Infrastructure’ on public land. Irish Water is to progress a mechanism by which competent and certified third-party contractors may be accredited to carry out these works in the future. In the interim, in |

---

\(^5\) *Economies of Scale* is a term used in economics and refers to the reduction in costs per unit that arise from increased total output of a product.

\(^6\) Such self-laid infrastructure is subject to quality controls before being connected to the network and taken in charge / adopted by Irish Water
the wider customer from substandard infrastructure and supported the need for an accreditation scheme similar to the UK for self-lay providers. However, in the interim, there are concerns that the timeliness of connections will be affected if self-lay is not allowed.

| Exceptional circumstances, Irish Water may allow developers to complete such works on behalf of Irish Water (approval must be sought from Irish Water in advance). In such cases the standard connection charge still applies, however, Irish Water will apply the appropriate reduction to the quotable charges (based on the works completed and assets provided by the developer). Irish Water will engage with the developer on this matter on a case by case basis. |

| No Mixed Use\(^7\) Connection Category - Irish Water proposed that where a customer has both domestic and non-domestic water services requirements for their premises (i.e. mixed use), they will require separate connections for domestic and non-domestic purposes. The clear majority of respondents on this issue considered that this would result in unnecessary additional costs for these customers. |

| Irish Water clarified its policy advising that mixed use customers require only one connection, and that only one meter will be installed per premises. Irish Water does not have a ‘mixed-use’ customer connection category; such customers are categorised as small non-domestic. The CRU’s decision is to approve Irish Water’s revised proposal. |

| Headroom Capacity Replenishment Charge - Irish Water proposed headroom capacity replenishment charges where a medium / large non-domestic customer has a requirement of more than 1% of the water / wastewater plant that serves them, and also breaches the headroom limit of that plant. The CRU had concerns with regard to the practical implementation of such charges. |

| The CRU believes there is merit to applying a headroom capacity replenishment charge and approves Irish Water’s proposal in principle. Such a charging mechanism may send locational signals to medium and large non-domestic customers by incentivising them to connect in areas where there are no capacity constraints. However, given further work is... |

\(^7\) A customer is considered to be ‘mixed use’ if they require water and / or wastewater for both domestic and non-domestic purposes; for example where a customer runs a small retail shop downstairs and lives upstairs.
(which were supported by consultation respondents) and requested further details from Irish Water. The CRU is also of the view that further analysis of the triggers and underlying costs needs to be carried out by Irish Water in order to derive the appropriate Headroom Capacity Replenishment charge, to apply on a consistent and equitable basis.

| **Reduction in Treatment Capacity to Customers** – Irish Water proposed to reduce the level of water services to customers who are not utilising treatment infrastructure capacity in circumstances where local water services demand could be met by that same capacity. The CRU noted potential legal / equity issues where a customer had contributed to the cost of that treatment infrastructure (supported by respondents). The CRU requested Irish Water consider these issues. |
| Irish Water confirmed that it will actively engage with customers that may be affected by this policy prior to taking any action with regard to reducing capacity. Under no circumstances will Irish Water reduce treatment infrastructure capacity to a customer who has contributed to the cost of treatment infrastructure to facilitate their connection, where Irish Water has a contractual agreement to serve those customers. The CRU’s decision is to approve Irish Water’s revised policy. |

| **Revenue Offset** - The CRU proposed that Irish Water provide a revenue offset to account for future revenue received from customers for existing network infrastructure. |
| The CRU has not changed its view on the application of a revenue offset as the optimal charging arrangement. However, following consideration, there remains a number of uncertainties regarding the factors to be considered when calculating an appropriate revenue offset level. Therefore, the CRU is not proposing that Irish Water apply a revenue offset at this time. |

| **Group Water Schemes** - Irish Water proposed to charge Group Water Schemes that are not connected to the Irish Water network and wish to be connected, as a |
| Group Water Schemes seeking a connection to the Irish Water network will be treated as a Domestic Development. However, Irish Water will consider individual circumstances of |
domestic development. Following a review of the responses received the CRU requested Irish Water further consider treating Group Water Schemes on a case by case basis given the many different situations likely to occur.

Group Water Schemes and where a previous payment has been made to Local Authorities (in respect of water services) those customers will not be required to pay twice. The CRU’s decision is to approve Irish Water’s proposal as it is fair and equitable to treat all customers with the same connection requirements in the same manner in terms of charging (taking account of previous contributions to Local Authorities), given all connections (of the same category) will have the same impact on the network.

Customer Impact Analysis

Irish Water has provided an additional customer impact analysis which shows the impact on actual customer applications (from 2017), and to what extent those customers would face lower / higher charges under the new regime. This is in addition to Irish Water’s customer impact assessment showing the impact on a per regime (or Local Authority) basis (revised to reflect the new proposal).

Irish Water Consultation on Ancillary Documents

Irish Water held a consultation on its ancillary connection policy documents including its terms and conditions, connection agreements and financial security policy. Irish Water received two responses to its consultation and following review, amended its ancillary documents. Irish Water has provided a response document alongside its amended ancillary documents which can be found on its website here.

Commencement of Policy and Transitional Arrangements

The CRU has decided the new policy will come into effect on the 1st April 2019. The CRU considers it important to allow customers sufficient time to adjust to the new policy and charges. Therefore, there will be a transitional period where a customer can choose which policy best suits their needs. The table below details the types of connection offers customers will receive during the transitional period.
## Irish Water Connection Offers - Transitional Arrangements

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Offer Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Irish Water receives your application before 1st January 2019, you</td>
<td>An offer under the current connection regime will be issued (these differ from</td>
</tr>
<tr>
<td>will receive:</td>
<td>Local Authority to Local Authority)</td>
</tr>
<tr>
<td>If Irish Water receives your application between 1st January and 31st</td>
<td>You will receive A) an offer based on the current connection regime AND B)</td>
</tr>
<tr>
<td>March 2019, and Irish Water issues your offer before 31st March, you</td>
<td>you will be notified of your connection charge under the new policy and can</td>
</tr>
<tr>
<td>will receive:</td>
<td>choose which option suits you best.</td>
</tr>
<tr>
<td>If Irish Water receives your application between 1st January and 31st</td>
<td>You will receive an offer based on the lowest of either the current regime</td>
</tr>
<tr>
<td>March 2019, and Irish Water issues your offer after 1st April, you</td>
<td>charge OR the new policy charge.</td>
</tr>
<tr>
<td>will receive:</td>
<td>Note, if the service provided under the offer by Irish Water differs from</td>
</tr>
<tr>
<td>Note, from 1st April 2019, all applications for connections will be</td>
<td>the end to end service (provided under the new policy) this will be</td>
</tr>
<tr>
<td>treated under the new policy (including charges and end to end service).</td>
<td>communicated in the offer to you.</td>
</tr>
</tbody>
</table>

### Target Audience

All interested parties including Irish Water customers (both in terms of water supply and/or wastewater services) consumer representative organisations, and the water industry.

### Dispute Resolution

Section 8(A) of the Water Services Act 2014 (as amended) will strengthen the CRU’s water regulation role to include dispute resolution for those seeking a new or modified connection to the public water / wastewater network. The CRU will publish a process for dealing with connection disputes, once the section 8(A) of the Water Services Act 2014 (as amended) has been commenced by the Department of Housing Planning and Local Government, following implementation of Irish Water’s new Connection Charging Policy (post 1st April 2019).
In the meantime, should a person be unsatisfied with the terms of the connection offer issued by Irish Water, or where Irish Water refuses to issue an offer, they can complete Irish Water’s complaint handling process.

Next Steps

Irish Water is to prepare for implementation of its new connection charging policy which will come into effect on **1st April 2019** with interim arrangements as described above and in Section 4. In accordance with Section 22 of the Water Services (No. 2) Act 2013, Irish Water is required to provide a revised Water Charges Plan to take account of the new policy.

The CRU will continue to monitor the progress of Irish Water’s Connection Charging Policy as it is implemented and will review implementation of the policy and charges over time or as necessary.
Public / Customer Impact Statement

This decision impacts any customer wishing to connect to the Irish Water network. The current regime of charging customers for connections is changing. This paper outlines the CRU’s decision on Irish Water’s national connection charging policy which will come into effect on the 1st April 2019. The level of service customers can expect from Irish Water relating to their new connection will also change from that which is currently on offer under the existing connection charging policy. Irish Water’s national connection charging policy is more equitable than the existing connection charging policy. This is because the charges and services received by customers connecting to the Irish Water network will be the same, regardless of where in the country you connect. Irish Water’s connection charging policy is also clearer, more transparent and easier to understand than the arrangements currently in place.

The CRU considers it important to allow customers sufficient time to adjust to the new connection policy and charges. Therefore, there will be a period of transition, whereby customers can choose whether to connect under the current policy, or the new policy to suit their needs best (please see section 4 for further details).

Currently quotes for connections can be obtained from Irish Water, for further information please see www.water.ie/connections.
# Table of Contents

1. **Introduction** .................................................................................................................. 15
   1.1 *The Commission for Regulation of Utilities* ............................................................... 15
   1.2 *Background to this paper* .......................................................................................... 15
       1.2.1 *Legislative Basis* ................................................................................................. 15
       1.2.2 *Related Documents* .......................................................................................... 16
       1.2.3 *Structure of Paper* ............................................................................................ 16
       1.2.4 *Respondents* .................................................................................................... 17

2. **Background** ..................................................................................................................... 18
   2.1 *The current arrangements* .......................................................................................... 18
   2.2 *Why review the current arrangements?* ..................................................................... 18
   2.3 *CRU Guiding Principles* ............................................................................................ 19

3. **CRU Final Decisions** ...................................................................................................... 20
   3.1 *Introduction* ................................................................................................................ 20
   3.2 *Irish Water’s Key Decisions – Connection Charging Policy* ....................................... 20
       3.2.1 *Regional vs National Charging* ........................................................................... 20
       3.2.2 *A Shallow vs Deep Charging Policy* .................................................................... 21
       3.2.3 *Standard Charging vs Quotable Charging* .......................................................... 23
       3.2.4 *Connection Categorisation* .................................................................................. 24
   3.3 *Irish Water’s Connection Charging Policy* .................................................................... 25
       3.3.1 *Connection Categories* ....................................................................................... 26
       3.3.2 *Connection Assets Classification & Self-Lay* ....................................................... 27
       3.3.3 *Connection Charging Methodology – Standard Connections - What’s included* .................................................................................................................. 31
       3.3.4 *Mixed Use Connections* ...................................................................................... 35
       3.3.5 *Charging for Treatment Infrastructure* ................................................................ 36
       3.3.6 *Irish Water Standard Industry Practices* .............................................................. 42
       3.3.7 *Miscellaneous Connection Requests* .................................................................... 45
   3.4 *Irish Water’s Connection Charges* ................................................................................ 54
       3.4.1 *Standard Connection Charges* ............................................................................. 54
       3.4.2 *Payment Terms* ................................................................................................... 63
       3.4.3 *Customer Impact Analysis – Charges & Service* .................................................. 65

4. **Commencement of the Policy / Transitional Arrangements** ........................................ 66
5 Connection Offers and Agreements .................................................................68

6 Other Areas of Future Work ........................................................................69

6.1 Guides to Connect .........................................................................................69
6.2 Timelines to receive a connection offers (quotations) .................................69
6.3 Time to Connect ...........................................................................................70
6.4 Irish Water Customer Handbooks for Domestic and Non-Domestic Customers ............................................................................................................72
6.5 Suite of Quotable Charges ............................................................................72
6.6 Streamlining the Connection Application Process ......................................72
6.7 Connection Dispute Resolution .....................................................................73

7 Next Steps ......................................................................................................74
1. Introduction

1.1 The Commission for Regulation of Utilities

The Commission for Regulation of Utilities (CRU) is Ireland’s independent energy and water regulator. The CRU was established in 1999 and has now has a wide range of economic, customer protection and energy safety responsibilities. The CRU’s mission is to regulate water, energy and energy safety in the public interest.

1.2 Background to this paper

On 12th January 2018 the CRU published a consultation paper on Irish Water’s Proposed Connection Charging Policy. The consultation was open for a 10-week period which closed on the 23rd March 2018. In the consultation the CRU indicated that it would likely reach a proposed decision prior to reaching a final decision. Subsequently the CRU published its proposed decision paper on 22nd October 2018 which detailed the CRU’s minded to position on Irish Water’s connection charging policy proposals. The proposed decision was open to comments until 19th November 2018.

The CRU is today, 18th December 2018, publishing its final decision. In reaching its decision the CRU considered fully the comments and submissions made by the public and key stakeholders. Irish Water’s new Connection Charging Policy and Connection Charges will represent a significant change from the current connection charging structures in Ireland.

The full details of Irish Water’s proposals are summarised in this paper. Any amendments to Irish Water’s proposals following the consultation process (and subsequently the CRU’s proposed decision) are detailed in Irish Water’s approved Connection Charging Policy and are published alongside this paper on the CRU website.

1.1.1 Legislative Basis

Under Section 21 of the Water Services (No. 2) Act 2013 (the Act), Irish Water is responsible for charging for the cost of connections to the public water and wastewater network. Irish Water is required to outline these charges in its Water Charges Plan under Section 22 (5) of the Act.

Water Charges Plans approved by the CRU to date have reflected the existing charges which were levied by Local Authorities for connection. The CRU received proposals from Irish Water for a national connection charging regime and this was subject to a public consultation process.
Following consideration of all comments received to the consultation (and subsequently the CRU’s proposed decision) the CRU can approve such charges as part of a new Water Charges Plan for Irish Water under Section 22 of the Act.

1.1.2 Related Documents

- CRU Consultation Paper - Irish Water’s Proposed Connection Charging Policy & CRU Observations (CRU 18/001)
- CRU Response to Comments paper - Irish Water’s Proposed Connection Charging Policy (CRU18231a)
- Irish Water Connection Charging Policy (CRU18231b)
- Irish Water Connection Charging Policy: Explanatory Document (CRU18231c)
- Irish Water Connection Charging Policy: Standard Connection Charges for Water and Wastewater (CRU18231d)
- Irish Water Connection Charging Policy - Banding Submission (CRU/18/231e)
- Irish Water Connection Charges Impact Assessment (CRU/18/231f)
- Irish Water Connection Charges Impact Assessment – Customer Numbers (CRU/18/231g)
- CRU Information Note, Establishing Irish Water’s Connection Charging Policy (CRU/17/286)
- Water Charges Plan (CRU/18/030) section 5 regarding connection charging

1.1.3 Structure of Paper

This paper should be read in conjunction with the CRU’s Response Comments Paper (CRU18231a). The structure of this paper is set out as follows:

- Section 1 Introduction
- Section 2 explains why a new connection charging policy for the water and wastewater is required
- Section 3 summaries Irish Water’s original proposals and outlines the CRU’s decision.
- Section 4 provides the CRU’s decision regarding transitional arrangements
- Section 5 summaries the payment terms, connection applications, offers and agreements associated with Irish Water’s Connection Policy and Connection Charges.
- Section 6 outlines other future work areas related to connection policy.
- Section 7 provides a conclusion and outlines next steps.
1.1.4 Respondents

The CRU received 12 submissions to the consultation from the following stakeholders:

- Chambers Ireland (CRU/18/231h)
- Cork Chambers (CRU/18/231i)
- Irish Business Employers Confederation (IBEC) (CRU/18/231j)
- Irish Creamery Milk Suppliers Association (ICMSA) (CRU/18/231k)
- Intel Ireland Ltd (CRU/18/231l)
- Irish Council for Social Housing (CRU/18/231m)
- Irish Farmer’s Association (IFA) (CRU/18/231n)
- Irish Home Builders Association (CRU/18/231o)
- Joint response from Department of Business, Enterprise & Innovation (DBEI), IDA Ireland and Enterprise Ireland (CRU/18/231p)
- National Federation of Group Water Schemes (CRU/18/231q)
- National Water Forum (An Foram Uisce) (CRU/18/231r)
- Irish Water (CRU/18/231s)

The CRU received a further 8 submissions to the proposed decision from the following stakeholders:

- County and City Managements Board (CCMA) (CRU18262b)
- Irish Creamery Milk Suppliers Association (ICMSA) (CRU18262c)
- Irish Farmer’s Association (IFA) (CRU18262d)
- Irish Home Builders Association (CRU18262e)
- Joint response from Department of Business, Enterprise & Innovation (DBEI), IDA Ireland and Enterprise Ireland (CRU18262f)
- Kerry County Council (CRU18262g)
- Kilkenny County Council (CRU18262h)
- National Federation of Group Water Schemes (CRU18262i)
2 Background

2.1 The current arrangements

Before Irish Water was established in 2013 as the single national water utility, connection charging policy was set by the Department of Housing, Planning and Local Government\(^8\) and implemented by the Local Authorities.

Irish Water has been responsible for connections to the public water and / or wastewater network since the 1st January 2014. Under a direction from the CRU, reflected in the Water Charges Plan (CRU18030), Irish Water has been applying the existing Local Authority charges to customers connecting to the public water and / or wastewater network. In practice this means that Irish Water has been applying the same charges to customers as were applied by the individual Local Authorities on 31st December 2013.

Current connection charging arrangements in Ireland are varied, complex and the charges differ greatly across the country. These complex and varying connection charging arrangements evolved under the previous water industry structure, overseen by 34 (now 31) different Local Authorities. There are 57 different connection charging regimes and over 900 different connection charges. Ireland’s Local Authorities had different methods for calculating connection charges, with different cost structures, customer classifications, and sets of localised charging exemptions. There are also differences between the Local Authorities in terms of the connection services they provided, and what exact works were included / excluded.

2.2 Why review the current arrangements?

The purpose of establishing Irish Water’s Enduring Connection Charging Policy is to generate a more harmonised methodology of charging for connections to the public water and wastewater networks, and to ensure customers receive a consistent level of connection service, regardless of where they are connecting in the country. A more harmonised approach in terms of charges and levels of services received by customers will be beneficial to customers in terms of transparency, simplicity and equity.

As well as the different charging regimes, the level of service provided to a customer connecting to the public water and/or wastewater network differs depending on what Local Authority area

\(^8\) formerly Department of Environment, Communities and Local Government
you are connecting in. For example, a water connection charge in one Local Authority might cover full end to end service provision\(^9\) whereas a similar connection in a different Local Authority area may require the customer to carry out most of the works.

Establishing Irish Water’s Enduring Connection Charging Policy should benefit customers by providing a harmonised charging mechanism which is transparent, accessible and straightforward for customers regarding how they will be charged for a water and/or wastewater connection, as well as the services that will be provided to customers for the charges. Similar to other regimes it would be common for a utility to have one connection policy which would apply to all customers. The new policy aims to improve equity and fairness because similar charges and services apply to similar customers and will provide clarity for all customers connecting to the network.

### 2.3 CRU Guiding Principles

In January 2016 the CRU directed Irish Water to take the principles below into account when developing their policy proposals:

1. **Cost reflectivity**: Charges should be reflective of the costs associated with providing a connection service to a developer\(^10\).
2. **Efficient use of assets**: The policy should promote efficient use of existing assets and minimise the risk of stranding assets.
3. **Equity and non-discrimination**: Charges should be equitable and not unduly discriminate between customers.
4. **Stability**: Charges should be designed to ensure charge level volatility is kept to a minimum.
5. **Simplicity**: Connection charges and the charging policy should be clear transparent and easy to understand.
6. **Cost recovery**: The Policy should ensure that the utility can recover the efficiently incurred costs in providing new connections.

The CRU has evaluated Irish Water’s proposals against these principles and considered this evaluation when making its final decision.

\(^9\) Administration & operations, supervision, tie in, materials, civil works, road opening licence & traffic management

\(^10\) The term ‘developer’ in this context means any party (domestic or non-domestic) wishing to connect to the public water and/or wastewater network.
3 CRU Final Decisions

3.1 Introduction

On 12th January 2018 the CRU published a consultation paper on Irish Water’s Proposed Connection Charging Policy. In the consultation paper the CRU noted some aspects of Irish Water’s proposals which required further consideration and discussion by Irish Water. The CRU continued to engage with Irish Water on these issues throughout the consultation process. Because of this engagement, additional information became available in relation to certain aspects of Irish Water’s proposals, beyond that which was already included in the consultation. For this reason, the CRU decided to reach a proposed decision on Irish Water’s Connection Charging Policy prior to reaching this final decision.

The proposed decision gave interested parties another opportunity to input to the CRU’s final decision on Irish Water’s Connection Charging Policy. The views of customers underpin CRU decisions and the CRU therefore always seek to fully inform interested parties prior to reaching any final decisions.

3.2 Irish Water’s Key Decisions – Connection Charging Policy

3.2.1 Regional vs National Charging

<table>
<thead>
<tr>
<th>Irish Water Proposed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irish Water proposed a national connection charging policy framework with national charges where customers are charged the same regardless of location.</td>
</tr>
</tbody>
</table>

CRU Observation

Seven respondents to the consultation supported Irish Water’s proposal. One respondent did not support national connection charges. For details on all responses, please see section 2.2 of the CRU’s ‘Response to Comments’ paper.

The CRU is of the view that national charges will benefit customers in terms of simplicity and transparency. Given Irish Water’s establishment as a single national utility under water reform by
Government, it is reasonable to have a national utility approach in the form of a national connection policy framework. It is also reasonable to have national charges for customers given the geographical size of Ireland.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal for a national connection charging policy framework with national charges.

### 3.2.2 A Shallow vs Deep Charging Policy

A connection charging policy should determine what proportion of the cost of providing a connection is to be paid by the connecting customer, and what proportion is to be recovered by the wider network users by a means of tariffs or government subvention. Irish Water assessed four options, ranging from ‘shallow’ to ‘deep’ to determine the appropriate proportion of the costs to be recovered by whom.

**Irish Water Proposed:**

Irish Water proposed a partially deep connection charging policy whereby the charges for customers are based on the cost for the connection from the boundary of the customer’s premises to the nearest network connection point, as well as a contribution to the network infrastructure cost. However, Irish Water proposed that, except in specific circumstances, the customer will not contribute to the costs of providing any additional treatment infrastructure. Instead any such costs will be borne by Irish Water and recovered through its general revenue requirement (Non-Domestic tariffs, Domestic government subvention).

**CRU Observation**

Five respondents agreed with Irish Water’s proposal to have a partially deep connection charging policy. For details on all responses, please see section 2.2 of the CRU’s ‘Response to Comments’ paper. Irish Water states that a partially deep connection policy should result in the efficient use of assets. The CRU highlighted in the consultation paper (CRU/18/001) that this may not always be the case. This is because the efficient use of assets can only be assured where the upfront connection charge, which includes the additional network costs arising from the connection, is offset by the contribution that the connecting customer makes to existing
network assets through network charges (tariff / subvention) over the lifetime of the connection (a so-called revenue offset which is explained further in section 3.4).

During the consultation period, the CRU and Irish Water met to discuss and consider the issue of a revenue offset further. Following close of the consultation Irish Water also considered responses received from the public. Whilst the CRU has not changed its view on the application of a revenue offset as the optimal charging arrangements, there are at present several uncertainties surrounding the factors to be considered when calculating its appropriate level. Therefore, the CRU is not proposing Irish Water apply a revenue offset at this time. Further details of this are discussed further in section 3.4 of this paper.

Notwithstanding the above, the CRU is of the view that a partially deep connection charging policy, whereby the customer connecting pays for their service infrastructure, and contributes to the wider network infrastructure required for their connection, as appropriate for the Irish context. A partially deep connection policy is more cost reflective than a shallow policy yet recognises the difficulty of identifying the specific treatment infrastructure required as a result of an individual connection.

The CRU also notes that although there is no consensus across Irish and UK utilities in terms of connection charging policies, there is precedent in the water industry to charge customers for a deeper element. A shallow policy may be optimal where there is sufficient network capacity and where a new connection does not trigger any up-stream costs. The Irish Water network is constrained, which supports the adoption of charging arrangements that reflect the additional costs caused by a new connection, i.e. a partially deep policy.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal for a partially deep connection charging policy.
3.2.3 Standard Charging vs Quotable Charging

Irish Water Proposed:

Irish Water proposed that customers that fall within defined standard parameters will pay standard connection charges.

Customers with requirements outside the standard parameters will be charged on a quotable basis.

Customers who fall within the standard parameters but require additional works will pay the standard connection charges, plus quotable charges for the additional works required.

CRU Observation

Six respondents to the consultation support Irish Waters proposal of standard charges for customers who fall within defined standard parameters and quotable charges for those who fall outside those parameters. Some respondents requested more detail on quotable charges and this is outlined in section 2.3 of the Response to Comments paper which addresses proposed connection categories and charging methodology.

The CRU recognises that whilst quotable charging may appear fair to all, as customers would face the exact cost of connecting them to the network, it would be administratively challenging for Irish Water. Each new connection request would need to be individually assessed and designed to meet the needs of that specific customer. This would mean the time for a customer to receive a connection quotation, and for Irish Water to carry out a connection would be lengthy. Equally, a policy whereby a single charge is levied on all customers could prove unfair as those who impose a greater cost on the network (e.g. customers located far from the network) will not face the appropriate charge. Therefore, the shortfall would need to be recovered from the wider customer base through the revenue requirement (tariffs / subvention).

On that basis, the CRU believes a fairer policy, and that more generally used by utilities, is one whereby customers pay for the direct connection costs, based on standard parameters (e.g. distance to the nearest point on the system) as well as any additional cost they incur (e.g. additional distance from the network, and / or the need for larger than normal pipes / assets).
3.2.4 Connection Categorisation

Irish Water Proposed:

Irish Water proposed to use pipe size (pipe diameter) as the method of customer classification for its connection charging policy.

CRU Observation

Six respondents agreed with Irish Water’s proposal to use pipe size as the method of customer classification for its policy. The CRU note that pipe size is a common approach to customer categorisation for water / wastewater connections in other jurisdictions. The CRU also views pipe size as a practical, cost reflective method of categorising connecting customers, as the cost of providing a connection to the network is determined largely by its size.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposals to use pipe size (pipe diameter) as the method of customer classification for its connection charging policy.
3.3 Irish Water’s Connection Charging Policy

From Section 3.2 above, Irish Water proposed:

- A national policy framework, with national charges
- A partially deep charging policy (discussed above)
- Standard charges for standard connecting customers and quotable charges for works outside of standard parameters
- To categorise customers based on the size of the service pipe required to connect

This section discusses each of Irish Water’s connection charging proposals which are based upon the principles above. Irish Water’s Connection Charging Policy is published on Irish Water’s website and can be seen accessed at here.
3.3.1 Connection Categories

**Irish Water Proposed:**

Irish Water proposed to segment connection categories by type of customer connecting, as either domestic or non-domestic.

A **Domestic Connection** is defined by Irish Water as the physical connection of a domestic premises to the public water and / or wastewater network. Irish Water has proposed two separate domestic connection categories:

- **Single Domestic Connection** - this is a connection to a single domestic premises
- **Domestic Development Connection** - this is a connection to a development that contains two or more individual domestic premises with its boundary

A **Non-Domestic Connection** is defined by Irish Water as the physical connection of a non-domestic premises to the public water and / or wastewater network.

**CRU Observation**

As previously discussed, the use of pipe size to categorise connections, and by distinguishing between Domestic and Non-Domestic connections, is a commonly adopted approach in other jurisdictions. There was general support for this proposal from respondents to the consultation. (See also section 3.2.4 above).

**CRU Decision**

The CRU's decision is to accept Irish Water's classification of customers and approve Irish Water's policy to segment connection categories by type of customer connecting, as either domestic or non-domestic (for connecting to the public water / wastewater network only).
3.3.2 Connection Assets Classification & Self-Lay

Connection Asset Classification & Responsibility

Irish Water Proposed:

Private Infrastructure - the infrastructure within the boundary of the customer’s premises which will facilitate the connection to the network. The customer is responsible for providing all private infrastructure.

Service Connection Infrastructure – the infrastructure required to connect a premises from its boundary to the public water main or sewer. In the case of a domestic development this will comprise the assets that connect the Local Infrastructure to the public main / sewer. This will be provided by Irish Water.

Local Infrastructure - the infrastructure within the boundary of a development premises / site. It consists of the local water mains or sewers that connect developments (such as a housing estate) to trunk mains and sewers. The customer is typically responsible for the provision of Local Infrastructure, however they may request Irish Water to provide it.

Network Infrastructure - the public network infrastructure required to provide potable water and to collect wastewater. This generally consists of assets such a water supply trunk mains and wastewater and collection sewers and is provided by Irish Water.

Treatment Infrastructure – the infrastructure used in the production of potable water and the treatment of wastewater including assets such as water / wastewater treatment plants, pumping stations, raw water abstraction works and sludge treatment infrastructure. This will be provided by Irish Water.

CRU Observation

There was support for the asset classification proposed by Irish Water in its proposed policy. The CRU views Irish Water’s asset classification as clear and finds it broadly in line with Scottish Water’s asset classification.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposed asset classification.
Self- Lay of Connection Assets

Irish Water Proposed:

Developers of new housing developments will continue to have the option to self-lay Local Infrastructure within the boundary of their own site only. This infrastructure must be constructed in line with Irish Water’s Standard Details and Codes of Practice and will be subject to quality controls (QA) before being connected to the network and taken in charge / adopted by Irish Water.

Irish Water also proposed that developers be required to put in place a Self-lay Surety which Irish Water intended to draw down if the self-lay Local Infrastructure is not constructed in line with Irish Water’s Standard Details and Codes of Practice. This was subject to a separate consultation by Irish Water and is discussed in section 5 of this paper.

CRU Observation

Three respondents to the consultation disagreed with Irish Water’s proposal regarding self-lay. They suggested that Irish Water should, in certain circumstances, allow for self-lay outside of the boundary of the developer's site. For details on all the responses received, please refer to section 2.3 of the CRU’s ‘Response to Comments’ paper.

Whilst the CRU supports the principle of self-lay in terms of the potential benefits customers may gain on price and timeliness to connect, in reaching this decision, the CRU also considered the balance between these potential benefits to developers, against the potential cost to the wider customer base. At present, there is no process or criteria by which Irish Water can assess if a developer is credible or experienced in providing water / wastewater infrastructure. In the past, allowing self-lay under these circumstances has at times had an adverse effect on the quality of the water / wastewater infrastructure, at the cost of all customers.

In response to the CRU’s consultation, Irish Water stated that self-lay (outside the boundary of the site) would not be feasible under the current context in Ireland, given the absence of an established self-lay industry in the sector. Irish Water cites past experience with poor quality works, which created legacy issues that it is currently trying to address.

Notwithstanding the above, and following a review of the consultation responses, the CRU requested Irish Water to provide further justification for its proposal to allow for developers to self-lay Local Infrastructure only.
In its response, Irish Water also cited potential risk of future access to assets required to accommodate new connections if developers were to self-lay network extensions outside of the boundary of their development sites. Irish Water stated that at times it will require access to these extension pipes and their accessories to fulfil its obligation to provide new connections to the water and / or wastewater network. Irish Water state that issues have arisen in the past regarding ownership and access to network extensions pipes, where Irish Water has been denied access by developers who installed assets. In addition, Irish Water also state it is the case that some Road Authorities will not provide a Road Opening Licence to contractors (other than Irish Water) to lay water / waste water infrastructure, which calls into question the ability of developers / contractors to undertake self-lay beyond site boundaries.

In the context of England and Wales, competition is used to drive efficiencies in terms of price and quality in the water and wastewater connections market. There are self-lay organisations that can provide certain services / connection infrastructure, instead of the incumbent water or sewerage company. Self-lay organisations in the UK must be approved by the relevant water company before they can carry out any work. Alternatively, a self-lay organisation can become accredited under the Water Industry Registration Scheme which is recognised by all the water companies and Water UK\(^\text{11}\). The CRU notes that unlike in the UK, there is currently no established community of self-lay organisations in Ireland.

The establishment of an accreditation system similar to that in the UK is outside of the scope of this consultation process. Therefore, the CRU’s decision regarding self-lay is for Irish Water to, review and consider the establishment of an accreditation scheme for developers who want to self-lay water and wastewater infrastructure outside the boundary of the development. Any proposed scheme will be reviewed by the CRU and subject to a public consultation. The CRU has decided to require Irish Water to undertake this work in due course.

In addition to the consultation responses, the CRU met with stakeholders concerned that by not allowing self-lay (outside the boundary of a site) in the interim, the timeliness of connections would be affected. That is until such time an accreditation scheme or similar is established. The CRU considered all submissions and requested Irish Water to consider this issue again. Irish Water has now revised its proposal to allow for self-lay (outside the boundary of the site), in the interim, under exceptional circumstances. The CRU’s decision is for Irish Water to decide on a case by case basis where self-lay is allowed (outside the boundary of the site).

---

\(^{11}\) Water UK is a membership organisation which represents and works with the major water and wastewater service providers in England, Scotland, Wales and Northern Ireland
Irish Water will reserve the right to carry out the physical tie-in of the connection to the existing Irish Water network. This would be common practice across water utilities in other jurisdictions as it involves a high risk to the service of existing customers. This means the standard connection charges continue to apply to developers who avail of self-lay (outside the boundary of the site) under exceptional circumstances. However, where a developer is allowed to complete works on behalf of Irish Water, Irish Water will engage with the developer on the matter and agree the applicable connection charge reduction (based on works completed and assets provided by the developer) to the quotable element of the connection charge, prior to any works being completed. The CRU understands that self-lay will only be allowed by Irish Water in a circumstance where there would be additional quotable works such as a mains or sewer extension.

Several respondents to the proposed decision requested further clarity regarding Irish Water’s consideration of exceptional circumstance when assessing a request for self-lay (outside the boundary of sites). While the CRU accepts that Irish Water will deal with requests to self-lay on a case by case basis, the CRU understands that Irish Water will need criteria for assessment of these self-lay requests. The CRU therefore requested Irish Water provide clarity on what it considers ‘exceptional circumstances’ to be.

In its response to the CRU, Irish Water stated at a minimum the following criteria would need to be met for Irish Water to consider allowing self-lay (outside the boundary of sites):

- Irish Water deems the contractor to be competent and capable of delivering works on the public water and wastewater networks.

- The relevant Local Authority will allow the developer to procure the Road Opening Licence and Road Closure, if relevant.

- Irish Water is satisfied that the developer is compliant with all relevant Health & Safety requirements. The developer would have to provide detailed assessment of Health and Safety suitability, experience in undertaking work on water and wastewater infrastructure, technical competence, principles of hygiene/water quality, customer care and environmental issues.

- Full time supervision of all the works (self-lay) will be provided by Irish Water and the customer will be liable for the full costs incurred by Irish Water.
CRU Decision

The CRU’s decision is to approve Irish Water’s proposal as amended in policy document below:

Section 5.3.4 “Under this Policy, Irish Water will complete all works required to the public Network Infrastructure on public land. However, exceptional circumstances may arise where Developers are allowed to complete such works on behalf of Irish Water please see section 13.9”

Section 13.9 “Irish Water will need to supervise all such works to ensure there is full compliance with all safety and quality assurance standards. Irish Water reserves the right to complete the connection from the Service Connection Infrastructure to the public main / sewer… Irish Water agree the applicable reduction (based on works completed and assets provided by the developer) to the Quotable Charge, prior to any works being completed to reflect the self-lay with the developer in advance of the works.”

Irish Water engage with the CRU to progress a mechanism by which competent and certified third-party contractors may be accredited to carry out these works at a future date.”

In terms of Irish Water recovering the costs of on-site supervision, the CRU approves Irish Water’s recovery of reasonable costs of same.

3.3.3 Connection Charging Methodology – Standard Connections - What’s included

**Standard Connection Parameters – Water & Wastewater**

The tables below represent Irish Water’s proposal (as consulted on) in relation to its charging methodology for standard connection charges. The tables show the elements of infrastructure Irish Water proposed to include as part of its suite of standard charges:
### Table 2(a) – Proposed Water Domestic Standard Connection Parameters (as consulted on)

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size (mm)</th>
<th>Service Infrastructure</th>
<th>Main Extension Infrastructure</th>
<th>Local Infrastructure</th>
<th>Network Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Domestic (1 premise)</td>
<td>25 (external)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Domestic Development (multiple premises)</td>
<td>Dependant on number premises</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
</tbody>
</table>

### Table 2(b) – Proposed Wastewater Domestic Standard Connection Parameters (as consulted on)

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size (mm)</th>
<th>Service Infrastructure</th>
<th>Main Extension Infrastructure</th>
<th>Local Infrastructure</th>
<th>Network Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Domestic (1 premise)</td>
<td>100 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Domestic Development (multiple premises)</td>
<td>Dependant on number premises</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
</tbody>
</table>

### Table 3(a) – Proposed Water Non-Domestic Connection Parameters (a consulted on)

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size (mm)</th>
<th>Service Infrastructure</th>
<th>Main Extension Infrastructure</th>
<th>Local Infrastructure</th>
<th>Network Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Domestic Small 1</td>
<td>25 (external)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Small 2</td>
<td>32(external)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 1</td>
<td>50 (internal)</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 2</td>
<td>80 (internal)</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 3</td>
<td>100 (internal)</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 4</td>
<td>150 (internal)</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 5</td>
<td>200 (internal)</td>
<td>up to 10m</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Large</td>
<td>&gt;200 (internal)</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Quotable</td>
</tr>
</tbody>
</table>
An Coimisiún um Rialáil Fóntas  
Commission for Regulation of Utilities

Table 3(b) – Proposed Wastewater Non-Domestic Connection Parameters (as consulted on)

CRU Observation

Following review of the responses received to the consultation, the CRU requested Irish Water to review the components to take account of comments made (responses are detailed in section 2.3.2 of the CRU’s Response to Comments paper). Irish Water reverted with a proposal to remove the 10m mains extension for all standard connection customers. Instead, only customers who require a mains extension will pay for it and will receive a quote for this infrastructure as required. For further discussion on this issue, please see section 3.4 of this paper. As a result, Irish Water’s revised standard connection components / parameters are as per the tables below:

Table 4(a) - Water Domestic Standard Connection Parameters (CRU approved)
<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size (mm)</th>
<th>Service Infrastructure</th>
<th>Main Extension Infrastructure</th>
<th>Local Infrastructure</th>
<th>Network Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic (1-5 units)</td>
<td>100 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Domestic Development (6-100 units)</td>
<td>Dependant on number premises</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4(b) - Wastewater Domestic Standard Connection Parameters (CRU approved)

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size (mm)</th>
<th>Service Infrastructure</th>
<th>Main Extension Infrastructure</th>
<th>Local Infrastructure</th>
<th>Network Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Domestic Small 1</td>
<td>25 (external)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Small 2</td>
<td>32(external)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 1</td>
<td>50 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 2</td>
<td>80 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 3</td>
<td>100 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 4</td>
<td>150 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 5</td>
<td>200 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Large</td>
<td>&gt;200 (internal)</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Quotable</td>
</tr>
</tbody>
</table>

Table 5(a) - Water Non-Domestic Standard Connection Parameters (CRU approved)

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size (mm)</th>
<th>Service Infrastructure</th>
<th>Main Extension Infrastructure</th>
<th>Local Infrastructure</th>
<th>Network Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Domestic Small 1</td>
<td>100 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>N/A</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 1</td>
<td>150 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Medium 2</td>
<td>225 (internal)</td>
<td>up to 10m</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Included</td>
</tr>
<tr>
<td>Non-Domestic Large</td>
<td>&gt;225 (internal)</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Quotable</td>
<td>Quotable</td>
</tr>
</tbody>
</table>

Table 5(b) - Wastewater Non-Domestic Standard Connection Parameters (CRU approved)
3.3.4 Mixed Use Connections

A customer is considered to be ‘mixed use’ if they require water and / or wastewater for both domestic and nondomestic purposes. An example of mixed use would be where a customer runs a small retail shop from the downstairs of their premises and uses the upstairs for their domestic use.

CRU Observation

The CRU noted in its consultation paper that separate connections may not be required for mixed use customers in many cases as their daily flow rate may fall into the range of a Single Domestic / Small Domestic customer.

During the consultation period the CRU engaged with Irish Water on this issue and following this engagement, Irish Water state that its proposal in relation to mixed use connections was intended to apply to a development where a site has a number of domestic properties and a number of non-domestic properties. In this case, Irish Water is proposing that these premises will require separate connections.

Further, Irish Water proposes that mixed use customers require only one connection, and that only one meter will be installed per premises. Irish Water does not propose a separate mixed-use customer connection category and proposes to categorise such customers as non-domestic. These Non-Domestic customers will be entitled to a domestic allowance to meet their domestic needs.
The CRU’s view is that it is reasonable for Irish Water to classify a water and / or wastewater connection for a mixed-use customer as non-domestic and therefore has decided to approve this proposal.

The CRU requested Irish Water to amend its connection charging policy to reflect its response to the CRU’s consultation paper, ensuring it is clear to mixed use customers how they will be treated by Irish Water.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal as amended below.

*A Mixed-Use Development Connection is defined as a Connection application for a development that contains a mix of both Domestic and Non-Domestic Premises. In such cases, separate connections will be required for the individual domestic and non-domestic premises/properties within the boundary of the development.*

*If there are multiple premises at the same location, such as a retail unit on the ground floor and a number of separate apartment units overhead then separate connections to each unit at that location will be required.*

*A Mixed-Use Development Connection does not arise where a Non-Domestic premise has a shared supply of water and is occupied by a household consumer as their only or main home. For example, premises that include a caretaker’s flat within an office block, or a pub/shop with a residential unit overhead. In such cases, Irish Water is proposing that the customer only requires one connection and only one meter is installed to supply such premises. This Non-Domestic customer is entitled to a domestic allowance to meet their domestic needs.*

### 3.3.5 Charging for Treatment Infrastructure

The CRU has decided to approve Irish Water’s proposal for treatment infrastructure, in general to be planned for, and funded by, the Irish Water Capital Investment Plan (CIP).\(^\text{12}\) This means that treatment infrastructure will be funded from the wider customer base by means of a network tariff.

---

\(^{12}\) IW’s Capital Investment Plan sets out the projects IW proposes to deliver for a proposed budget over a particular period of time, which is approved by the CRU as part of the revenue review process, following a public consultation process. IW must then report on what it has delivered for the revenue allowed by the CRU. Where IW does not deliver as planned, the CRU may disallow revenue in the next revenue control period.
(non-domestic) and government subvention (domestic), rather than by new connecting customers. As a result, Irish Water’s approved standard connection charges do not include a contribution to treatment infrastructure. In reaching this decision the CRU considered the similarity of Irish Water’s proposal to the Scottish Water model, whereby treatment infrastructure is classified as ‘strategic assets’ and the costs of providing or upgrading such assets is the responsibility of Scottish Water.

Treatment infrastructure will be paid for by customers who individually drive the need for new treatment infrastructure or have a material impact on the existing treatment infrastructure\textsuperscript{13}.

\begin{table}[h]
\centering
\begin{tabular}{|l|}
\hline
\textbf{Irish Water Proposed:} \\
\hline
If a customer requires new treatment infrastructure to be built for a specific connection, they will be charged the full cost of the infrastructure. \\
\hline
If a customer requires an upgrade or works to be carried out on an existing treatment infrastructure for a specific connection, they will be charged the full cost. \\
\hline
If a specific connection requires treatment infrastructure with capacity greater than identified by Irish Water in the CIP the customer will be charged the full cost of providing the extra capacity. \\
\hline
\end{tabular}
\end{table}

\textbf{CRU Observation}

Treatment infrastructure is generally regarded as strategic with benefits to the wider customer base. The CRU believes it is appropriate in the Irish context for treatment infrastructure, in general to be planned for and funded by the wider customer base by means of a network tariff or government subvention.

By charging connecting customers who drive the need for new treatment infrastructure, Irish Water is sending locational signals to customers to connect in areas where there is available capacity. Therefore, Irish Water’s proposal delivers on the principle of efficient use of assets.

\textsuperscript{13} A material impact on the headroom capacity of a treatment plant. Headroom capacity is defined as spare capacity above demand. The issue of headroom capacity replenishment charges is discussed separately in Section xxx. A policy is yet to be developed and submitted for CRU consideration in due course.
CRU Decision

The CRU’s decision is to approve Irish Water’s proposal in relation to treatment infrastructure as noted above.

Acceleration Costs

Irish Water Proposed:

If a specific connection requires an upgrade or works to treatment infrastructure in advance of the timing requirements outlined in the CIP, the customer will be charged all the acceleration costs associated.

CRU Observation

The CRU has decided that it is fair and reasonable to charge the connecting customer the costs associated with bringing forward an upgrade or works to treatment infrastructure (ahead of the requirements in the CIP). By charging the new connecting customer the acceleration costs, the wider customer base will not be exposed to the extra costs associated with bringing the investment forward.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposal relating to acceleration cost as outlined above.
Headroom Capacity Replenishment Charge

Irish Water Proposed:

Where a Medium or Large Non-Domestic connection has a requirement, which is greater than 1% of the capacity of the treatment infrastructure from which water services will be provided, and also reduces the headroom capacity below the Headroom Capacity Limit of the plant, a charge for the replacement of the capacity will apply.

CRU Observation

One respondent agreed with the principle of Irish Water’s proposal regarding a headroom capacity replenishment charge. Another stated that it should be excluded from the policy until it is subjected to further consultation.

The CRU raised a number of concerns in the consultation regarding the practical implementation of Irish Water’s proposal and requested Irish Water to provide further information. Irish Water, in its response to the CRU’s consultation, agreed that further analysis of the triggers and underlying costs needs to be carried out to derive the appropriate charge to apply on a consistent and equitable basis. Following publication of its proposed decision, the CRU sought a further information from Irish Water regarding the progress of its headroom analysis. Irish Water stated that it has commenced work on a wastewater treatment capacity register and its target completion date is mid-2019. Following completion of its National Water Resources Plan Irish Water will commence work on a water supply capacity register.

Notwithstanding the above, the CRU believes there is merit, in principle, to applying a headroom capacity charge. Such a charging mechanism may send locational signals to customers by incentivising them to connect in areas where there are no capacity constraints.

One respondent to the CRU’s proposed decision stated that businesses looking to invest in Ireland (particularly water intensive sectors) would benefit from clear locational signals in terms of where water / wastewater treatment infrastructure has sufficient available capacity. The same respondent suggested that Irish Water could provide customers with a capacity map.

---

14 This is Irish Water’s plan to identify how it will provide sustainable, secure and reliable water supply to its customers for now and into the future whilst safeguarding the environment it can be accessed at https://www.water.ie/projects-plans/our-plans/nwrp/
demonstrating where there is available capacity and where there are constraints of existing infrastructure, to encourage the efficient use of national water / wastewater infrastructure.

The CRU’s view is that before headroom capacity replenishment charges are implemented (to send locational signals), customers must be able to identify treatment plants with available capacity. The CRU has decided to require Irish Water to develop a capacity map (or similar), for customers following completion of its water / wastewater treatment plant capacity registers. Irish Water states that it is assessing how to make its water / wastewater treatment plant capacity registers (once completed) available for customers in a useable form such as developing a search facility on its website.

For reasons noted above, the CRU has decided to approve the principle of applying a headroom replenishment capacity charge, and given there is further work to be completed, Irish Water is to only include a placeholder in its policy.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal as amended below:

“*Irish Water will assess the impact of the Connection Policy on Headroom Capacity availability and may, at a point in the future make a submission to the CRU to consider charges for Headroom Capacity.*”

Any submission made by Irish Water to the CRU to consider charges for Headroom Capacity will be subject to a public consultation held by the CRU.

The CRU has also decided to require Irish Water to develop a capacity map (or similar), for customers so as they can easily identify areas with available treatment infrastructure capacity. Irish Water is required to complete this work following completion of its water / wastewater treatment plant capacity registers. (Irish Water has confirmed that it plans to complete waste water treatment capacity analysis by the end of 2018 and water treatment capacity following completion of its National Water Resource Plan).
Reduction in Treatment Capacity to Customers

Irish Water proposed to reduce the level of water services to a customer who is not utilising treatment infrastructure capacity, including customers that paid for it, and where other water services demand could be met by the same capacity.

Irish Water Proposed:

Irish Water reserve the right to reduce water services (i.e. reduce capacity at treatment infrastructure) to a customer where there is evidence (over a two-year period) that treatment infrastructure is not being utilised. This will be done in response to the water services demand of a town, city or local government area.

In circumstances where a customer has contributed to the cost of the treatment infrastructure the customer will be given the opportunity to demonstrate its requirement to maintain its current level of water services.

CRU Observation

In areas of constrained demand where it has been shown that a customer is not using the capacity of the treatment infrastructure, the CRU views it as sensible to make that capacity available to other customers.

One responded to the consultation agreed with the issue the CRU raised that in circumstances where a customer has contributed to the cost of that treatment infrastructure, equity and potential legal issues may occur if Irish Water reduce water services to these customers.

Another respondent to the consultation agreed with Irish Water’s proposals but highlighted the need for Irish Water to communicate the conditions of its proposal and allow sufficient time to be given to the customer to respond.

Following the consultation, the CRU requested Irish Water to address the potential legal or equity issues outlined in the consultation paper. The CRU also requested Irish Water to review the wording of its policy to ensure it was clear to customers that their connection agreement will be honoured, and that there will be appropriate engagement between Irish Water and the customer prior to engagement of the policy.

Irish Water reverted stating that customer connection agreements will be honoured and that there will be appropriate engagement between Irish Water and the customer prior to activation of the proposal. Irish Water has now revised the wording in its policy to ensure that this is clear to
customers. Irish Water has also confirmed that under no circumstances will it reduce treatment infrastructure capacity to a customer who contributes to the cost of treatment infrastructure to facilitate their connection and where Irish Water has a contractual obligation to serve that customer.

### CRU Decision

The CRU’s decision is to approve Irish Water’s revised policy, as amended below. The CRU notes that this proposal will deliver on the principle of efficient use of assets.

“Reduction in Treatment Plant Capacity - To ensure efficient use of existing assets, in certain circumstances Irish Water reserves the right to reduce the level of Water Services provided to a Non-Domestic Customer at a Treatment Infrastructure, in response to municipal demand requirements. Without prejudice to any other agreement(s) and/or commitment(s) entered into with the Customer, Irish Water may reduce the level of Water Services that are provided. In such circumstances Irish Water will assess Customer consumption of Water Services in the preceding two years to ascertain whether such a reduction is reasonable in all the circumstances (including demand requirements elsewhere in the Network).

Where a Customer contributes to the cost of Treatment Infrastructure in order to facilitate their Connection and there is a contractual obligation in place with that customer, then Irish Water will ensure all obligations are met in full and services will not be reduced.”

### 3.3.6 Irish Water Standard Industry Practices

Irish Water will adopt a number of industry practices to underpin its Connection Charging Policy. These are discussed below.

**Least Cost Design**
Irish Water Proposed:

Irish Water has proposed to apply the Least Cost Design Solution method of connection. This will be determined by Irish Water based on the customer’s load requirements, operational characteristics and distance from the network. If a customer requests an alternative method of connection they will be charged the additional costs.

CRU Observation

Three respondents to the consultation agreed with Irish Water’s proposal to apply the Least Cost Design Method of connection. One respondent requested clarity in relation to the practical application the Least Cost Design Method and this is addressed in section 2.4 of the Response to Comments paper.

The Least Cost Design method is well established in the electricity and gas sectors in Ireland and in utilities in other jurisdictions. The CRU views this to be an important aspect of a connection policy in terms of protecting customers, ensuring they only pay for the assets they require to connect to the network.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposal to apply the Least Cost Design Solution method of connection.

Upsizing of Assets

Irish Water Proposed:

Where Irish Water deems it necessary to upsize a connection, the charge to the customer will be capped at the cost of constructing the Least Cost Design to meet the needs of that customer.

CRU Observation

The CRU views this proposal as sensible and fair to customers who will be charged only the Least Cost Design solution for their connection requirements.
Strategic Network Development

Irish Water Proposed:

Customers requiring a connection within a Strategic Development Zone, or within an area affected by government initiatives, which may require Irish Water to provide Infrastructure prior to customers entering into connection agreements, will be charged in accordance with the Policy. These customers will be treated no different to other customers requiring a connection.

CRU Observation

Two respondents agreed, and one respondent disagreed with Irish Water’s proposal. For details on all responses please see section 2.4 of the Response to Comments paper.

The CRU notes Irish Water’s role as a statutory consultee in the process of designating a Strategic Development Zone (SDZ). The CRU also acknowledges Irish Water’s plans in terms of facilitating the development of SDZ’s in line with its stated aim to support national, regional, local economic and spatial planning policy to facilitate growth, and support the Government strategic approach to housing\textsuperscript{15}. The CRU views Irish Water’s proposal to charge all new connecting customers the same as fair and reasonable.

CRU Decision

The CRU’s decision to approve Irish Water’s proposal as above.

3.3.7 Miscellaneous Connection Requests

Disconnections

Irish Water Proposed:

Customer Requested Permanent Disconnections:

Irish Water will assess if in its opinion, a Permanent Disconnection is permissible in line with Customer disconnection requirements agreed with the CRU. If a Permanent Disconnection is permissible, the customer will be charged the costs incurred by Irish Water in carrying out the works.

CRU Observation

The CRU requested Irish Water to submit its proposed enduring disconnection policy for domestic and non-domestic customers during 2019. The CRU will review these proposals and will consult publicly on them before reaching final decisions on disconnection policy issues.

CRU Decision

The CRU’s decision is to require Irish Water to submit a disconnection policy for domestic and non-domestic customers in 2019.

In the interim, Irish Water is to continue to only carry out customer requested permanent disconnections as outlined in its amended policy below:

“Permanent Disconnection: Where a Customer wishes to have a Connection to its Premises permanently disconnected, the Customer should notify Irish Water. Irish Water will assess if, in its opinion, a Permanent Disconnection is permissible. If a Permanent Disconnection is permissible, the Customer will be charged the costs incurred by Irish Water in carrying out works and safely rendering the supply disconnected. Irish Water will submit an enduring disconnection policy to the CRU in 2019 for review and in the interim, the process set out above will apply.”
Re-connection

**Irish Water Proposed:**

Where a premises / unit has previously been permanently disconnected at the request of a customer; any request for a re-connection to the network will be treated as a new connection and will be charged accordingly (see section 3.4 of this paper)

**CRU Observation**

Irish Water’s proposal relates only to the reconnection of a permanently disconnected customer. The CRU notes that Irish Water has not provided any information on customers requiring a reconnection following a *temporary disconnection*, however the CRU understands this will form part of Irish Water’s disconnection policy.

Three respondents agreed with Irish Water’s proposal. It is fair, in circumstances where a premises / unit has previously been permanently disconnected (at the request of the customer), to treat any request for a reconnection as a new connection and charge accordingly. Generally, a permanent disconnection involves the removal of all service connection assets, therefore the cost to Irish Water to provide a reconnection would be comparable to a new connection.

Two respondents disagreed with the CRU’s proposed decision on Irish Water’s proposal relating to charges for re-connections to the water / wastewater network. The CRU’s response is detailed in section 2.9 of the response to comments paper (CRU18262a).

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal.

Modification to existing Connections

**Irish Water Proposed:**

Any customer requesting modification to an existing connection will be charged the full costs incurred by Irish Water in carrying out any modification works.
CRU Observation

Two respondents agreed with Irish Water’s proposal. One respondent requested further clarification. For details of all responses please see section 2.5 of the CRU’s ‘Response to Comments’ Paper. Irish Water’s proposal to charge customers the full cost incurred by Irish Water in carrying out any modification works to existing connections is fair and reasonable. Requests for connection modifications will vary in terms of the work to be completed and will need to be assessed on a case by case basis.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposal as above.

Temporary Connections

**Irish Water Proposed:**

A connection agreement will be required for a Temporary Connection. The customer will be charged the full cost of providing the Temporary Connection, including the cost of removing the connection at the end of the specified period.

To convert a Temporary Connection into a Permanent Connection the customer will require a new application and will be treated as a new connection and charged accordingly (see section 5 of this paper)

CRU Observation

Two respondents to the consultation disagreed with Irish Water’s proposal. One respondent stated that Irish Water should recognise the works carried out on foot of a temporary connection and allow temporary connections to be used subsequently as permanent connections. In reaching its decision, the CRU considered that there are circumstances where some of the works provided for a temporary connection may be used as part of a permanent connection. Following its review of the consultation responses, the CRU requested Irish Water to revise its proposal to ensure that it is clear to customers that in these circumstances customers will not be charged twice for these works.
CRU Decision

The CRU’s decision is to approve Irish Water’s proposal as amended below:

“Temporary Connections: Temporary Connections refer to short-term Connections that are typically required for providing a water supply and/or wastewater discharge during construction or for a once-off event. A Temporary Connection will be agreed with Irish Water as time bound, and will be removed by Irish Water when no longer required (or when the specified time period has elapsed). A Temporary Connection cannot be used to supply water, or collect wastewater on a long-term or permanent basis. A Connection Agreement will be required for a Temporary Connection and Irish Water will charge the Customer the cost of providing the Temporary Connection, including the cost of removal of the Connection at the end of the specified period. Should a Customer wish to convert a Temporary Connection to a Permanent Connection, a new application for a Connection will be required. The application will be treated as a new Connection Application and the Customer will be charged in accordance with the Policy. Where a Customer has paid for works required to provide a Temporary Connection and such works subsequently form part of the Permanent Connection, then the Customer will not be requested to pay for the same works twice.”

Unauthorised Connections

Irish Water Proposed:

A customer requesting to regularise an illegal connection should make an application to Irish Water and if deemed acceptable, the application will be treated as a new connection and charged accordingly (see section 5 of this paper). The customer will be charged any additional costs incurred by Irish Water as a result of regularising the connection.
CRU Observation

Three respondents to the consultation agreed with Irish Water’s proposals. The CRU is of the view that it is fair for Irish Water to charge any additional cost incurred by Irish Water as a result of regularising an illegal connection.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposal to charge the customer any additional cost incurred by Irish Water as a result of regularising an illegal connection.

Third Party Connections

A third-party connection is where a customer uses existing assets of a third party when connecting to the water and or wastewater network.

Irish Water Proposed:

A Third Party Connection will be treated as a new connection and will be charged accordingly (see section 3.4 of this paper). Evidence of third party consent will be required in order to receive a connection.

CRU Observation

One respondent to the consultation agreed with Irish Water’s proposal relating to Third Party Connections (connecting through third party infrastructure), and another two requested further clarification.

As a result, the CRU requested Irish Water to clarify its definition of ‘Third Party’ Connections in its policy. Irish Water state that a ‘Third Party’ connection refers to a connection through third party infrastructure. Irish Water has amended its policy accordingly.
CRU Decision

The CRU’s decision is to approve Irish Water’s proposal as amended below.

“Connecting Through Third Party Infrastructure: Only Irish Water can provide a Connection to the Irish Water Network. If a Customer wishes to make a Connection to the Network via assets owned by a third party the Customer should make an application to Irish Water for a Connection. The application will be treated as a new Connection and the Customer will be charged in accordance with the Policy. Amongst other things, evidence of the consent of the third party, deemed sufficient by Irish Water, will be required in order to obtain a Connection. Examples of third party assets are Domestic and Non-Domestic Developments not yet taken in charge.”

Diversion / Build over Infrastructure

Irish Water proposed that, should a customer request the diversion of a water main and / or sewer, it will consider if it is reasonably possible to do so and the customer will be liable for the full cost of this diversion / build over work. Where a customer wishes to undertake the work on behalf of Irish Water, Irish Water will also consider this. In any case, customers will be required to enter into a Diversion / Build-Over Agreement and to provide surety to Irish Water (to cover defect / liability) in accordance with the Financial Security Policy.

Irish Water Proposed:

Irish Water will consider, upon application from a customer, diverting a water main/sewer where it is reasonably possible to do so.

A customer may request to carry out the diversion / build over works on behalf of Irish Water. Where such request is acceptable to Irish Water then the customer will be liable for the full cost of this work.

CRU Observation

Three respondents agree that the customer should be liable for the full cost of the diversion work required to facilitate their connection. The CRU believes it is appropriate for Irish Water to recover its costs where customers request the diversion of a water main and / or sewer.
Connection of Group Water Schemes

Irish Water Proposed:

Irish Water will assess Group Water Schemes seeking a water / wastewater connection on a case by case basis.

If a Group Water Scheme is already connected to the Irish Water network, it will have a historic connection agreement with the Local Authority and will not have to pay twice for a connection.

Where a Group Water Scheme is not connected to the Irish Water network and wishes to be connected, it will be treated as a Domestic Development Connection.

CRU Observation

One respondent agreed with Irish Water’s proposal to treat Group Water Schemes as Domestic Developments and two respondents disagreed.

The CRU noted in the consultation paper that Irish Water’s proposal did not distinguish between the different types of Group Water Schemes. The CRU therefore requested Irish Water to amend its policy to ensure it clearly set out its intended treatment of Group Water Scheme customers. In addition, following a review of the consultation responses, the CRU requested Irish Water to further consider treating Group Water Schemes on a case by case basis given the many different situations likely to occur.

Irish Water has now revised its policy to clarify its proposed treatment of Group Water Schemes stating that Group Water Schemes seeking a connection to the Irish Water network will be treated as a Domestic Development. However, Irish Water will consider individual circumstances of Group Water Schemes and where a previous payment has been made to Local Authorities (in
respect of water / wastewater services) those customers will not be required to pay twice. The CRU considers that it is reasonable to treat all customers with the same connection requirements in the same manner in terms of charging, given all connections (of the same category) will have the same impact on the network.

CRU Decision

The CRU’s decision is to approve Irish Water’s proposal as amended below:

“Connection of Group Water Schemes: Where a Group Water Scheme applies to Irish Water for a Connection to the Network, the Connection will be treated as a Domestic Development Connection for the purposes of the Policy. Considering individual complexities, Irish Water will assess Group Water Schemes seeking a connection on a case-by-case basis. Where a previous payment has been made by the Group Water Scheme to the LA’s in relation to water and or wastewater development levies to connect to the public infrastructure, then the scheme will not be required to pay twice. “

Fire Flow Requirements

Irish Water Proposed:

A connection for the purposes of firefighting will be individually assessed and customers will be charged the full cost incurred by Irish Water.

CRU Observation

Several respondents requested further clarity on Irish Water’s proposal regarding fire flow requirements. The CRU agreed with the respondents in that Irish Water’s proposal was not clear and requested Irish Water to amend its policy accordingly.

For further details on the CRU response to comments on Irish Water’s proposal please see section 2.5.2 of the ‘Response to Comments’ paper (CRU18262a).
Group Appraisals

Where there is a group of individual customers in the same area who require significant or quotable works to facilitate their respective connections, it may benefit these customers to make a joint application to Irish Water in respect of the works needed, sharing the associated costs. Irish Water has now included an amendment to its policy to include its treatment of such applications.

Irish Water Proposal:

“In circumstances where there is a simultaneous and/or joint proposal to connect from various customers in the same area, the project will be appraised on an aggregate basis to reflect the aggregate cost of connecting all sites in that area and a proposed distribution of cost will be provided to the customers on the basis of relative load and/or relative distance. For the avoidance of doubt, this applies to quotable works only, not to the standard connection charges.”

CRU Observation

Irish Water state that this proposal is included as it benefits customers, encouraging infrastructure to be efficiently delivered. The CRU notes that a similar cost sharing mechanism is offered by Gas Network Ireland (GNI) to promote efficient network planning. The CRU views this proposal as beneficial to both the connecting customer and the wider water customer.
3.4 Irish Water’s Connection Charges

As part of its proposal Irish Water developed a suite of standard charges for both water and wastewater connections. This section provides further detail on how Irish Water calculated those charges and the works and services that they cover. This section also outlines the CRU’s observations and final decision on Irish Water’s revised policy and charges following consideration of all consultation and proposed decision responses. Also discussed in this section is the customer impact resulting from a transition to Irish Water’s new charges.

3.4.1 Standard Connection Charges

Irish Water’s proposed standard charges (as consulted on) covered:

- the materials and works required to provide the infrastructure to connect a premises to the public water main or sewer, up to 10 m in length - Service Infrastructure (*Large Non-Domestic customers will be quotable*)

- a mains extension in the public road up to 10 m in length if required (*except for Single Domestic, and Small Non-Domestic customers where the charge is not included, and for the Large Non-Domestic customer where the charge will be quotable*)

- a contribution towards the Network Infrastructure required to facilitate new connections

---

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal regarding group appraisals, as above.
During the consultation the CRU put a number of questions to the public in relation to the way in which Irish Water developed its proposed standard charges

**Irish Water Proposed:**

To use its capital investment plan (CIP; 2017 – 2021) to determine the costs of the planned network investment required to facilitate incremental growth in the network (Network Infrastructure Contribution)

To use the average cost of construction rates to determine the cost of the service infrastructure per category.

To use a 10% year on year growth rate, using 2016 as the base year, to forecast the number of connections for the period 2017 – 2021.

To use the average daily flow rate (m3/day) per connection category to determine network usage and allocate costs.

To harmonise the costs of all domestic and small-non domestic connections requiring a 25mm service pipe, including domestic developments to produce a single per unit / premises water connection charge.

To harmonise the costs of all domestic and small-non domestic connections requiring a 100mm service pipe, including domestic developments to produce a single per unit / premises wastewater connection charge.

**CRU Observations & Decisions (section 3.4)**

**Contractor Rates**

Eight regional contractors were appointed by Irish Water following a public procurement process in 2016. Each contractor has different cost of construction rates per connection category. The average of these rates was used to calculate the cost of providing a service connection for each connection category.

One respondent agreed with Irish Water’s proposal to use the average standard contractor rates to determine the cost of service infrastructure for each standard connection category. All other comments can be seen in section 3.4 of the CRU’s ‘Response to Comments’ paper.
The CRU considers it sensible, given Irish Water’s national standard charges approach, to use the average cost of construction rate per standard connection category.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal to use the average standard contractor rates to determine the cost of service infrastructure for each standard connection category.

**Growth Rate**

Two respondents agreed with Irish Water’s proposal to use a 10% year on year growth rate to forecast the number of connections for the period 2017 – 2021. One respondent disagreed with Irish Water’s proposal.

The CRU sought external expert advice on Irish Water’s proposed growth rate. The external expert compared Irish Water’s forecast connections with those of comparable utilities, notably ESB, and found that Irish Water’s forecast for the water sector was in line with expected connection growth in the energy sector.

Given the inherent uncertainty regarding connection growth (as it will depend on the wider performance of the economy), the CRU’s external experts also considered the sensitivity of charges to the assumed growth rate in connections. It was found that Irish Water’s proposed connection charges were not materially sensitive to any reasonable variations in the connection growth assumption.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s proposal to use a 10% year on year growth rate to forecast the number of connections for the period 2017 – 2021.

**Network Infrastructure Contribution**

Irish Water proposed a partially deep connection policy and in line with this proposal, Irish Water proposed to charge all connecting customers a network infrastructure contribution included in the
proposed connection charges. This contribution is designed to cover the costs of the downstream network infrastructure required to facilitate new connecting customers.

Irish Water used its capital investment plan (CIP; 2017 – 2021) to determine the costs of the planned network investment required to facilitate incremental growth in the network. Irish Water identified water and wastewater planned network infrastructure investment that is required as a result of new connections. The exact source of these costs are the ‘below ground assets’ that have been classified as growth in Irish Water’s CIP. Irish Water stated that under its approach, the network infrastructure charge should include below ground only, and exclude all above ground assets because, essentially, above ground assets are water resources and therefore not recovered through connection charges.

Irish Water stated that the below ground assets for water supply include trunk and distribution main and for wastewater services includes foul and combined sewers, sewage rising mains and outfall pipelines.

Irish Water apportioned the total Network Infrastructure Contribution based on network usage for the purposes of calculating its proposed connection charges.

The average daily flow (m³/day) per connection category (pipe size) was used to derive the network usage. The forecast connection numbers discussed above were used to calculate a total average daily flow per connection category. The network usage for each category was divided by the total average daily flow to allocate a percentage the total Network Infrastructure Contribution.

The CRU views Irish Water’s approach to calculating its Network Infrastructure Contribution as sensible.

**CRU Decision**

The CRU’s decision is to approve Irish Water’s approach to calculating its Network Infrastructure Contribution as noted above.

**Average Flow Rate**

In the consultation paper the CRU noted an inconsistency in the way by which Irish Water calculated its proposed connection charges. When calculating its connection charges Irish Water assumed that the average flow of a single domestic connection is equal to 0.4 m³/day (based on average daily water consumption of a household) but assumes that all other connections have an
average flow based on the mid-point of the flow rate associated with each pipe size. The CRU also noted a similar inconsistency in how Irish Water calculated its proposed wastewater connection charges. The CRU considered this inconsistency is particularly important as Irish Water’s assumptions on flow rate were used to allocate costs across customer categories.

The CRU acknowledges that it is important to use actual data where available, however it is of greater importance to use a consistent approach across customer categories to ensure that cost allocation is proportionate. In the consultation paper, the CRU proposed Irish Water correct this inconsistency to ensure all customer categories are treated similarly. The CRU noted that by correcting the inconsistency would result in a small increase in the level of the charge for domestic, small non-domestic and farm customers. The charges for all other non-domestic customers would decrease. The CRU asked the public if they agreed with the CRU’s proposed amendment to Irish Water’s proposal.

One respondent to the consultation agreed with the CRU’s proposal. Another respondent stated there may be justified reasons to treat domestic and non-domestic customers differently. Please see section 2.6 of the response to comments paper for details on all responses.

The CRU requested Irish Water to revise its proposal to correct the inconsistency noted by the CRU.

CRU Decision

The CRU’s decision is for Irish Water to use a consistent approach in its assumptions on flow rate (mid-point) to ensure that cost allocation is proportionate across all customer categories.

Domestic & Small Non-Domestic Charges (Irish Water’s harmonised approach) - Banding

Irish Water state that connections have the same impact on upstream infrastructure costs regardless of the number of connections per application, suggesting that the network infrastructure contribution element of the connection charge should be harmonised. This means that each unit / premises will have the same impact on network and should be charged the same network infrastructure element of their connection charge. However, Irish Water did not provide the CRU with any justification for the harmonisation of the other elements of the connection charge, such as the service connection or mains extension infrastructure. As noted by many respondents, there was a clear case for de-harmonisation of these elements of the charge, since
larger developments may have lower costs on a per unit basis. (i.e. there may be some economies of scale in connecting multi-unit sites).

Following the consultation, at the request of the CRU, Irish Water reviewed its proposed charges and made two changes to ensure they better reflect the potential for lower unit costs for multi-unit developments. First, Irish Water will no longer include a harmonised mains extension element within the standard service provided. Instead, connections requiring a mains extension will be charged on a quotable and therefore more cost-reflective basis. Second, Irish Water now proposes three ‘bands’ of charges for domestic developments to further reflect the economies of scale for developments.

Under Irish Water’s banding approach, developers will be charged a per unit connection charge which will depend on which number units to be connected in their development. For example, if a developer has an application to connect 1 – 5 units (combined water & wastewater service) they will be charged €6,201 per unit. If a developer has an application to connect 6 - 100 units in a development (combined water & wastewater service) they will be charged a reduced rate of €5,347 per unit. A further reduced rate of €5,089 per unit would apply to a developer with an application for >100 units (combined water & wastewater service) in a development.

### CRU Decision

The CRU’s decision is to approve Irish Water’s proposal of three charging bands for domestic / small non-domestic connecting customers – (1-5 units), (6-100 units) & (>100 units).

### Level of the Standard Charges

Following a review of water / wastewater connection charges proposed by Irish Water, the CRU concluded that whilst it is difficult to provide a like for like comparison between Irish Water’s proposed charges, and those in other jurisdictions, Irish Water’s proposed water connection charge (domestic customer - 1 unit) was broadly in line with the connection charges typically seen in the UK.

However, the CRU also highlighted that a like for like comparison with other jurisdictions is often difficult because companies define ‘standard’ connections differently in terms of pipe diameter or length from mains, and structures its charges differently in terms of what is included, for example:

- whether excavation fees or application fees are included or excluded from standard charges
depending on the excavation needs, a 10m single water connection would cost between €938 and €3,288 in the Thames Water region, and between €811 and €2,660 in the Welsh Water region. However, it will cost between €1,055 and €1,702 in the United Utilities region.\textsuperscript{16}

In any case, the CRU seeks to ensure that Irish Water’s proposed charges are as cost reflective as possible, whilst being cognisant of the remaining principles given to Irish Water by the CRU, to ensure that the correct costs are recovered from customers for connections.

\begin{tabular}{|c|c|c|c|}
\hline
\textbf{Category} & \textbf{Service Pipe Size (mm)} & \textbf{CRU Approved Connection Charge} & \textbf{Connection Charge € (as consulted on)} \\
\hline
Domestic (1 – 5 units) & 25 & €2,272* & €1,935* \\
\hline
Domestic (6 – 100 units) & 25 & €1,848* & €1,935* \\
\hline
Domestic (>100 units) & 25 & €1,708* & €1,935* \\
\hline
Non Domestic Small 1 & 25 & €2,272 & €1,935 \\
\hline
Non Domestic Small 2 & 32 & €8,781 & €7,015 \\
\hline
Non Domestic Medium 1 & 50 & €19,371 & €18,570 \\
\hline
Non Domestic Medium 2 & 80 & €29,645 & €30,084 \\
\hline
Non Domestic Medium 3 & 100 & €46,179 & €48,518 \\
\hline
Non Domestic Medium 4 & 150 & €83,900 & €91,147 \\
\hline
Non Domestic Medium 5 & 200 & €149,692 & €164,843 \\
\hline
Non Domestic Large & >200 & Quotable & Quotable \\
\hline
\end{tabular}

\textbf{Table 6 (a)}

* per unit connection charge

\textsuperscript{16} 1 British Pound = 1.13 Euro (11/12/17)
Proposed Standard Connection Charge - Wastewater

<table>
<thead>
<tr>
<th>Category</th>
<th>Service Pipe Size</th>
<th>CRU Approved Connection Charge</th>
<th>Connection Charge € (as consulted on)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic (1 – 5 units)</td>
<td>100</td>
<td>€3,929*</td>
<td>€3,701*</td>
</tr>
<tr>
<td>Domestic (6 – 100 units)</td>
<td>100</td>
<td>€3,499*</td>
<td>€3,701*</td>
</tr>
<tr>
<td>Domestic (&gt;100 units)</td>
<td>100</td>
<td>€3,381*</td>
<td>€3,701*</td>
</tr>
<tr>
<td>Non Domestic Small</td>
<td>100</td>
<td>€3,929</td>
<td>€3,701</td>
</tr>
<tr>
<td>Non Domestic Medium 1</td>
<td>150</td>
<td>€23,344</td>
<td>€22,274</td>
</tr>
<tr>
<td>Non Domestic Medium 2</td>
<td>225</td>
<td>€226,571</td>
<td>€228,399</td>
</tr>
<tr>
<td>Non Domestic Large</td>
<td>&gt;225</td>
<td>Quotable</td>
<td>Quotable</td>
</tr>
</tbody>
</table>

* per unit connection charge

In addition to the charges above, at the request of the CRU, Irish Water proposed a standard per metre rate for additional length of service infrastructure beyond the standard 10m, up to 15m. The CRU notes that Thames Water\(^\text{17}\) charges €325\(^\text{18}\) per metre to lay a 25mm water connection in the public road and Welsh Water\(^\text{19}\) charges €106 for a similar per metre service.

Charge for Service Infrastructure beyond the standard 10m, up to 15m

<table>
<thead>
<tr>
<th></th>
<th>Water (25mm pipe)</th>
<th>Wastewater (100mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Metre Charge</td>
<td>€ 358</td>
<td>€ 442</td>
</tr>
</tbody>
</table>

Table 6 (c)

Revenue Offset

The CRU’s position on revenue offset as set out in the consultation remains unchanged. The economic rationale for a revenue offset is to ensure that new connecting customers pay only the cost of meeting the services provided to them, and no more. The application of a revenue offset

\(\text{17} \) Thames Water - New Connection Charges 2018  
\(\text{18} \) 1 British Pound = 1.11 Euro (17/12/18)  
\(\text{19} \) Welsh Water – Developer Services Schedule of Charges 2017 -2018
ensures that new connecting customers face the correct connection charge (and that existing customers are no better or worse off as a result of the new connection). This means the new connecting customer pays the cost imposed on the water / and or wastewater network for the new connection, less the net income paid through ongoing tariffs (or government subvention).

Irish Water’s argued that its partially deep approach ensures that costs are only recovered from connecting customers rather than from existing customers. Whilst the CRU agrees, this does not remove the need for a revenue offset. The purpose of the revenue offset is to ensure that new customers are not charged for network infrastructure costs a second time through tariffs, given the connection charge recovers the network infrastructure costs of serving that specific customer.

However, revenue offset calculations depend on several inputs, which are not yet available. For instance, the enduring level and structure of Irish Water’s non-domestic tariffs are currently subject to a consultation process. Furthermore, Irish Water needs to develop a greater understanding of its asset base and associated long-term ongoing costs to ensure that a revenue offset is based on robust, forward-looking cost estimates. Therefore, the CRU has decided to revisit this issue as part of a policy review in due course.

**CRU Decision**

The CRU does not propose to apply a revenue offset to connecting customers at this point in time for the reasons outlined above. The CRU intends to revisit the issue at as part of a policy review in due course.

**Additional Information**

Following a review of the consultation responses, the CRU requested Irish Water to improve the clarity of its policy in terms of any additional charges that may apply for developers who request Irish Water to install the ‘Local Infrastructure’ element of their development. ‘Local Infrastructure’ is the infrastructure within the boundary of a development and consists of the local water mains or sewers that connect developments (such as a housing estate) to trunk mains and sewers (see Annex 2. of Irish Water's Policy). Irish Water confirmed that typically the developer or customer will provide the Local Infrastructure, and that the standard connection charge will apply. Irish Water will provide the Local Infrastructure (Irish Water Installation) if requested, and the developer will pay the additional costs incurred by Irish Water for providing that infrastructure (section 5.3.3 of Irish Water’s policy document refers).
3.4.2 Payment Terms

Irish Water Proposed:

Irish Water proposed that the full standard connection charge will be required on signing the Connection Agreement. For connections where the connection works will be completed in phased or project milestones (e.g. for medium and large non-domestic connections, and large domestic developments), the payments for (some or all of) the quotable works for the connection will be linked to the construction phases or project milestone of the work by Irish Water.

CRU Observation

In the consultation the CRU sought views from the public on Irish Water’s proposed payment terms and in particular if you supported a phased approach to connection payments to reflect site development and on how Irish Water could mitigate the risk of stranded assets if subsequent phases of the development did not go ahead, or did not proceed in a timely manner.

One respondent to the consultation suggested that developers should be able to apply for water services in respect of their entire domestic development and subsequently pay the respective standard connection charges in instalments, in line with the construction phases of their development. Another respondent suggested that phased payments could be underwritten by means of a parent company guarantee / bonds.

Irish Water’s policy allows developers to apply for connections in line with the construction phases of their development and pay the respective standard connection charges for each phase prior to commencing construction. Irish Water states in its response to the CRU’s consultation that when a domestic development is being built out in phases and a mains extension or upstream works are required, Irish Water will size the works to be capable of serving the entire development (as this is the most cost-efficient solution). Irish Water also state however that it cannot guarantee water services for an entire development where a developer has applied to connect in phases as it may result in an inefficient use of assets. For example, if instalments (as suggested by the respondent above) were to be allowed, the first developer to obtain planning permission in an area could hoard the available capacity, with no financial obligation to secure it. If then, this first development is not completed, or does not proceed in a timely manner, subsequent developments in the area may be delayed by the need to develop further.
infrastructure and/or result in unnecessary network investment (at the cost of the wider water customer).

Following close of the consultation the CRU requested Irish Water to further consider payment terms options. Irish Water stated that under its proposal, instalments are accepted for multi-phase projects (where a significant connection agreement is required) and payments due can be underwritten in accordance with the proposed Financial Security Policy. A multi-phase project is one which requires significant / quotable works (e.g. treatment infrastructure) to be completed on a milestone basis. Also, for domestic developments, Irish Water state that quotable works (mains extension, pumping station etc.) may require a significant connection agreement that will have milestone dates. Therefore, in this circumstance instalments may be accepted for the quotable works, in line with the milestone dates of the works.

The CRU notes that it is common practice across utilities in Ireland and water utilities in other jurisdictions to require the connecting customer to pay the full connection charge upfront, or in advance of any works being completed by the utility.

The CRU believes that Irish Water’s payment terms protect the wider water customer from unnecessary and unfair charges associated with underutilised connection assets in the network. The CRU is of the view that Irish Water’s proposals will also aid efficient network development. For this reason, and those noted above, the CRU has decided to approve Irish Water’s proposed payments terms.

In the consultation paper the CRU acknowledged that where instalments are not allowed, the developer must apply for water / wastewater connections separately and individually for each phase of their development, if they wish to pay in line with their construction phases. The CRU noted this results in multiple applications for the full site and higher costs to both the developer and Irish Water. Therefore, the CRU engaged with Irish Water to explore the feasibility of streamlining this process, to aid customers seeking to pay / connect in phases to suit their construction phases and this is discussed further in section 6.6 of this paper.

### CRU Decision

The CRU’s decision is to approve Irish Water’s proposed payment terms.
3.4.3 Customer Impact Analysis – Charges & Service

Charges

In the consultation paper the CRU outlined the results of the customer impact assessment completed by Irish Water to assess the impact of its proposed policy on its customers. Following a review of the responses the CRU requested Irish Water to update its customer impact assessment to reflect its revised proposals (please see section 3.4.1 regarding Irish Water’s revised charging proposals).

Irish Water prepared a graphical comparison of its proposed charges against the current charges across the Local Authority charging regimes. Irish Water picked a range of scenarios for comparison including single domestic connections, domestic developments of various sizes, various sizes of non-domestic connections and agricultural connections. As a result of its revised assessment, Irish Water concluded:

| % of regimes where current charges are higher than Irish Water proposed charges |
|-----------------------------|---|---|---|
|                            | Water | Wastewater | Combined |
| Single Domestic (1 unit)   | 93%   | 90%         | 89%      |
| Domestic Development (25 units) | 51% | 23%         | 28%      |
| Domestic Development (200 units) | 49% | 21%         | 23%      |
| Domestic Development (500 units) | 51% | 21%         | 25%      |
| Agriculture                | 61%   | N/A         | N/A      |
| Non-Domestic Small         | 77%   | 79%         | 87%      |
| Non-Domestic Medium        | 44%   | 70%         | 62%      |

Table 7(a)

The results of Irish Water’s impact assessment show that a majority of single domestic, small non-domestic and medium non-domestic customers will benefit from a decrease in the cost of their connection. The results also show the most significant increases in connection charges are for domestic developments with multiple units.

Customer Connection Numbers
In addition to the customer impact analysis above, in response to comments received to the consultation, the CRU requested Irish Water to provide a customer impact assessment that includes data on actual customer numbers. Irish Water has now provided a customer impact assessment which includes the number of applications for connections in the calendar year 2017. The results are represented in the table below.

<p>| % of connection applications in 2017 in which charges were higher than Irish Water proposed charges |</p>
<table>
<thead>
<tr>
<th>Water</th>
<th>Wastewater</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Domestic (1 unit)</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Domestic Development (25 units)</td>
<td>62%</td>
<td>32%</td>
</tr>
<tr>
<td>Domestic Development (200 units)</td>
<td>73%</td>
<td>41%</td>
</tr>
<tr>
<td>Domestic Development (500 units)</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Non-Domestic Small</td>
<td>86%</td>
<td>81%</td>
</tr>
<tr>
<td>Non-Domestic Medium</td>
<td>64%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Table 7(b)

The results of the further work undertaken by Irish Water on its customer impact assessment show the majority of applications would benefit from a decrease in the cost of their connection under Irish Water’s proposal.

Table 7(b) shows the percentage of real (actual) connection applications in 2017 in which charges were higher than Irish Water’s proposed charges, whereas Table 7(a) shows the percentage of local authority regimes where charges were higher than Irish Water’s proposed charges.

4 Commencement of the Policy / Transitional Arrangements

Transitional arrangements are generally put in place to allow customers time to adjust to new policies and / or charging regimes as some customers may see an increase or decrease in the cost of their connection. The CRU deems it appropriate that for a time, customers should be given the option to choose whether an offer under the current regime or Irish Water’s new enduring policy best suits their needs.

Therefore, in its proposed decision, the CRU stated:
• The effective date of the new policy would be three months from the publication date of its final decision.

• Any connection applied for prior to the effective date of the new policy, would receive an offer based on the regime in place at the time the application was made.

The CRU considered that under the proposal outlined above, customers would have sufficient time to consider both the existing and new charging options, and decide which option best suits their needs.

The CRU and Irish Water continued to engage in discussions on the practical application of the transitional arrangements detailed in the CRU’s proposed decision (included above).

Subsequently, Irish Water provided a transitional arrangement proposal which is in line with the CRU’s proposed decision and detailed in Table 8 below:

<table>
<thead>
<tr>
<th>Irish Water Connection Offers - Transitional Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Irish Water receives your application before 1st January 2019, you will receive:</td>
</tr>
<tr>
<td>If Irish Water receives your application between 1st January and 31st March 2019, and Irish Water issues your offer before 31st March, you will receive:</td>
</tr>
<tr>
<td>If Irish Water receives your application between 1st January and 31st March 2019, and Irish Water issues your offer after 1st April, you will receive:</td>
</tr>
</tbody>
</table>

Note, from 1st April 2019, all applications for connections will be treated under the new policy (including charges and end to end service).
**Table 8 – Transitional Arrangements**

Irish Water had originally agreed to extend the validity of connection offers issued during the transitional period to 6 months (rather than 3 months). The CRU is of the view that an extension is not required to ensure customers can choose whether an offer under the current regime or the new policy would be best for them. This is because under the arrangements now proposed, customers will have visibility of their applicable (alternative) connection charge under the new policy, prior to the effective date (1st April 2019), as Irish Water will outline it on the customer’s connection offer. This means customers will be able to choose which offer suits their needs best, in line with the CRU’s requirements.

<table>
<thead>
<tr>
<th>CRU Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The CRU has decided that the effective date of Irish Water’s Connection Charging Policy will be <strong>1st April 2019</strong>.</td>
</tr>
<tr>
<td>The CRU also approves Irish Water’s transitional arrangements as noted in table 8 above.</td>
</tr>
</tbody>
</table>

## 5 Connection Offers and Agreements

During the CRU’s consultation on Irish Water’s Connection Charging Policy, Irish Water undertook a concurrent consultation on its ancillary documents including its terms and conditions, connection agreements, financial security policy and self-lay surety proposal. Irish Water received two responses to its consultation. Irish Water reviewed the responses and amended its ancillary documents accordingly. Irish Water has provided a response document alongside its amended ancillaries which can be found on its website [here](#).

Under the Section 8A of the Water Services Act 2014 (as amended), the CRU has the statutory function to provide a dispute resolution service to Irish Water customers relating to connections to the public water / wastewater network. Given this CRU function, the CRU has not undertaken a legal review of Irish Water’s ancillary documents. To undertake a legal review and approval process of the ancillary documents could undermine / prejudice the CRU’s ability to later determine disputes that may arise. It is appropriate therefore that the CRU does not undertake
such a legal review / approval. Rather, the CRU intends to accept the ancillary documents (in terms of consistency with the policy) for use by Irish Water and its customers.

**CRU Decision**

The CRU accepts Irish Water’s revised ancillary documents as published on its website [here](https://www.water.ie/connections/information/), without legal review.

## 6 Other Areas of Future Work

### 6.1 Guides to Connect

Irish Water previously developed guides to connect for single domestic and large business, housing and mixed-use developments. These documents are designed to aid customers through each stage of the connection process. The CRU requires Irish Water to now update these documents in line with the CRU’s decision and to publish them before the new policy effective date - 1st April 2019. The current guides can be found [here](https://www.water.ie/connections/information/).

### 6.2 Timelines to receive a connection offers (quotations)

In the CRU proposed decision the CRU requested Irish Water to provide estimated times to issue quotations, prior to the CRU reaching its final decision on Irish Water’s Connection Charging Policy.

When Irish Water assumed responsibility for the provision of connections in 2014, the customer still applied to their relevant Local Authority for a connection. This meant that Irish Water had limited visibility of the connection application process. In 2017 Irish Water became the single point of contact for customers seeking water / wastewater connections, allowing it to gather data on connection timelines. Using this limited data Irish Water estimates that it will take on average 16 weeks to issue a connection offer from the date Irish Water receives a complete and valid application from the customer. The CRU has reviewed the timelines for issuing connection offers

---

20 [https://www.water.ie/connections/information/](https://www.water.ie/connections/information/)
in water utilities in other jurisdictions and note that by comparison 16 weeks is above the average. However, the CRU accepts the challenges faced by Irish Water in confidently estimating timelines to issue connection offers with limited data and views this as an area in which Irish Water will improve over time. Irish Water states that it expects to accrue efficiencies as it continues to implement the new policy and will update the CRU on progress made.

The CRU requires Irish Water to report to the CRU on a quarterly basis, the number of connection offers it issued to customers (per standard connection category), and the average time (per standard connection category) it took Irish Water to issue those connection offers. The CRU will then monitor this data to ensure Irish Water is improving its timelines for issuing connection offers.

Also, Irish Water should prepare itself for similar work relating to quotable connections, ensuring it is currently gathering the correct information to allow it to make reasonable assessments of the timelines to connect such customers. Once this information has been gathered, a meaningful discussion can be held between Irish Water and the CRU with a view to progressing to committed timelines.

CRU Decision

Irish Water is required to report to the CRU on a quarterly basis, the number of connection offers it issued to customers (per standard connection category), and the average time (per standard connection category) it took Irish Water to issue those connection offers.

### 6.3 Time to Connect

An area which requires further consideration and work is that of Irish Water’s timelines to connect customers. Currently the CRU understands that Irish Water assesses each application on a case by case basis to determine the connection timeline. In time, the CRU will require Irish Water to commit to definitive timelines for customers wishing to connect to the public water / wastewater network.

In the proposed decision paper, the CRU requested Irish Water to provide estimated times to provide connection works for standard connections, prior to the CRU reaching its final decision on Irish Water’s Connection Charging Policy. Irish Water stated that it has limited available data on the timelines for connections currently. However, Irish Water estimated that it takes 12 weeks
on average to complete connection works from the date the Road Opening License is received by Irish Water (where a Road Opening Licence is required to facilitate a connection). Irish Water note that this timeline is estimated on the basis that its regional contractors complete all the works and the following criteria have been met:

- No road closures are needed for the connection
- The connection is a standard connection and does not require a mains extension
- In relation to self-lay developments, a conformance cert will need to be obtained by the developer from Irish Water in advance of Irish Water providing a connection to the development.
- The developer must have undertaken a water quality test and obtained a positive result within 14 days of a connection being made, otherwise the test will have to be undertaken again. Confirmation of this needs to be in the Final Documents for the Field Engineers’ assessment.

Irish Water stated that the above timeline is indicative, and that some connections will be straightforward and completed quicker, while more complex connections may take longer.

Irish Water recognises the need to provide customers with indicative timelines for the completion of connection works. In its response to the CRU Irish Water states that it is committed to developing meaningful timelines and will put in place the procedures necessary to collect data on connection works timelines. The CRU has decided to require Irish Water to report to the CRU the average time to provide connections (on a quarterly basis). The CRU will then monitor this data to ensure Irish Water is improving its timelines to provide connection works.

**CRU Decision**

Irish Water is required to report to the CRU on a quarterly basis, the number of completed connections (per standard connection category), and the average time (per standard connection category) it took Irish Water to complete those connection works (from the date of receipt of a fully completed customer application). Where connections require a Road Opening Licence, Irish Water should also provide the CRU with the average time taken to complete the connection (from the date Irish Water receives the Road Opening Licence).
6.4 Irish Water Customer Handbooks for Domestic and Non-Domestic Customers

The CRU intends to undertake reviews of the Irish Water Customer Handbooks. The handbook was first developed by the CRU in 2014 and recently split into separate domestic and non-domestic handbooks. The handbooks which can be found on the CRU website provide guidelines to Irish Water in terms of required levels of customer service and customer protection measures to be implemented in its business operations and covers the required content of Irish Water’s Customer Charter, Terms & Conditions and Codes of Practice for Domestic and Non-Domestic Customers. Following this final decision on Irish Water’s connection charging policy, the CRU will commence reviews and public consultations on both Customer Handbooks before deciding on any revised requirements for Irish Water. The CRU looks forward to engaging with customers on this in the future.

6.5 Suite of Quotable Charges

The CRU notes that Irish Water proposes to use quotable charges for some of its non-domestic customers. Currently, the CRU has not reviewed any quotable charges proposed by Irish Water as they have not been made available. It is understood by the CRU that these charges are not yet available as Irish Water will gather more information with time and experience in connecting customers who require bespoke connection arrangements. The CRU will therefore require Irish Water to commence gathering data (including updates to the CRU on progress collating this data) to feed into a suite of charges which could in time be used by its customers to estimate likely connection costs and in the interest of transparency. The CRU will review these charges when available and consult with the public on them.

6.6 Streamlining the Connection Application Process

The CRU engaged with Irish Water to explore the feasibility of streamlining the connection application process, to aid customers seeking to pay / connect in phases to suit their construction phases. Irish Water, in its response to the CRU, reiterated that customers can choose to phase their developments, and that Irish Water will provide separate connection offers for each development phase. In terms of streamlining the process of application, Irish Water has

proposed to ease the administrative burden on customers with a simplified connection application where customers provide the number of units to be connected, rather than the dimensions of each unit in their development. Irish Water is also proposing to roll out an online application facility aimed at further reducing the administrative burden on customers during 2019.

6.7 Connection Dispute Resolution

Section 8A of the Water Services Act 2014 (as amended by the Water Service Act 2017), strengthens the CRU’s role\(^{22}\) to provide dispute resolution for those seeking a new or modified connection to Irish Water’s water and wastewater network. Under Section 8A of the Water Services Act 2014 (as amended), Irish Water must not discriminate unfairly between persons, or classes of persons, when providing a connection to the water services network provided by Irish Water, or where offering terms for the carrying out of work for the purpose of connecting to, or use of, the water services network. Disputes can relate to an offer made by Irish Water, where Irish Water refuse to make an offer, the terms offered and the proposed charges. A person may bring a connection dispute to the CRU who, having analysed the evidence provided, will make a determination to which Irish Water shall comply and be bound.

The CRU intends to put in place a process for dealing with connection disputes, once the section 8(A) of the Water Services Act 2014 (as amended) has been commenced by the Department of Housing, Planning and Local Government, following implementation of Irish Water’s new Connection Charging Policy (post 1\(^{st}\) April 2019).

In the meantime, should a person be unsatisfied with the terms of the connection offer issued by Irish Water, or where Irish Water refuse to issue an offer, they can complete Irish Water’s complaint handling process.

---

\(^{22}\) The CRU currently provides an independent complaint resolution service to registered customers of Irish Water as required under Section 8 of the Water Services Act 2014.
7 Next Steps

Irish Water is to prepare for implementation of its new connection charging policy which will come into effect on 1st April 2019 with interim arrangements as described above in Section 4. In accordance with Section 22 of the Water Services (No. 2) Act 2013, Irish Water is required to provide a revised Water Charges Plan to take account of the new policy.

The CRU will continue to monitor the progress of Irish Water’s Connection Charging Policy as it is implemented and will review implementation of the policy and charges over time or as necessary.