



An Coimisiún  
um Rialáil Fóntas  
Commission for  
Regulation of Utilities

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# Irish Water's Non-Domestic Tariff Framework

## CRU Decision – Customer Impact Statement

# 1 Customer Impact Statement

The Commission for Regulation of Utilities ('CRU') has today, 03 July 2019, published its decision on Irish Water's Non-Domestic Tariff Framework (CRU/19/074). The purpose of the Framework is to introduce harmonised non-domestic tariffs, which will benefit customers in terms of transparency, simplicity and equity.

The CRU consulted on Irish Water's proposals for a new Non-Domestic Tariff Framework for 10 weeks, from 20 June 2018 to 29 August 2018, and further consulted on the CRU's proposed decision on the Framework for 5 weeks, from 15 April 2019 to 20 May 2019. After careful consideration of the comments received and stakeholder engagement, the CRU has come to a decision on the Tariff Framework and associated non-domestic tariff rates.

The purpose of this Customer Impact Statement is to provide a high-level overview of the key aspects of the CRU's decision on the Framework and also help customers understand which tariff will apply to them and how their bills may change in the future.

For further information, please see the CRU Decision on Irish Water's Non-Domestic Tariff Framework (CRU/19/074), which is published on the CRU's website<sup>1</sup>.

**Customers can also contact Irish Water directly to find out how they may be individually impacted.** Irish Water's contact number: Callsave 1850 778 778 or International + 353 1 707 2827. Irish Water's website: [www.water.ie/businesscharges](http://www.water.ie/businesscharges).

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<sup>1</sup> [https://www.cru.ie/document\\_group/establishing-irish-waters-non-domestic-tariff-framework/](https://www.cru.ie/document_group/establishing-irish-waters-non-domestic-tariff-framework/)

## 1.1 CRU Decision – Overview of Key Tariff Design and Transitional Arrangements

The detail of the CRU’s decision on how tariffs are designed and how customers will be transitioned to their new tariffs over time is set out in the CRU’s Decision Paper (CRU/19/074). Below is a high-level overview of the principal aspects of the CRU’s decision on the tariff design and transitional arrangements of the Framework:

### New suite of non-domestic tariffs

- Non-domestic tariffs will be set on a national basis.
- There will be four separate metered tariff classes, differentiated by annual consumption as follows:

Water and Wastewater Customer Classes	
Tariff Class	Annual Consumption (m3)
Band 1	Less than 1,000m3
Band 2	Between 1,000m3 and 19,999m3
Band 3	Between 20,000m3 and 249,999m3
Band 4	Equal to or greater than 250,000m3

- There will be two separate unmetered tariff classes for unmetered connections.

### Transitioning customers to their new tariffs

- Irish Water to apply the new enduring tariffs to all connections that will face:
  - a decrease in their annual bill; or
  - an increase in their annual bill of less than €250<sup>2</sup>.
- Connections facing an increase in their annual bill of €250 or greater will be transitioned to their new tariff rates over 3 years.
- For connections facing an annual bill increase of €750 or greater, a 10% cap (if required) will automatically apply to their annual bill increase in any one year.

### When the new tariffs will apply

- The new tariffs will not be applied to customer’s bills until 1 May 2020.
- All customers will be informed of their new tariffs in advance of the implementation date, and these tariffs will not change during the 3-year transition period.

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<sup>2</sup> Based on their previous year’s consumption.

## 1.2 CRU Decision – Enduring Non-Domestic Rates

The CRU has asked Irish Water to generate new tariff rates to reflect the CRU’s proposed decision on the Framework and has also asked Irish Water to reflect updated allowed revenue values and updated customer connection and volume data. These tariff rates were published on 15 April 2019. The CRU’s decision is to approve these tariff rates, which are set out below.

The new metered enduring tariff rates are as follows:

Metered tariffs	Water Service Charges		Wastewater Service Charges		Combined Service Charges	
	Standing Charge (€/year)	Volumetric Charge (€/m3)	Standing Charge (€/year)	Volumetric Charge (€/m3)	Standing Charge (€/year)	Volumetric Charge (€/m3)
Band 1 class (<1,000m3)	43.76	1.87	44.81	1.92	88.57	3.79
Band 2 class (1,000m3 - 19,999m3)	113.31	1.30	135.79	1.82	249.10	3.12
Band 3 class (20,000m3 - 249,999m3)	1,872.98	1.21	1,969.50	1.81	3,842.48	3.02
Band 4 class (≥ 250,000m3)	21,771.46	1.05	25,266.78	1.75	47,038.24	2.80

The new unmetered enduring tariff rates are as follows:

Unmetered tariffs	Water Service Charge	Wastewater Service Charge	Combined Service Charge
	€/year	€/year	€/year
Band 1	260.35	243.14	503.49
Band 2	1,413.31	1,955.79	3,369.10

The vast majority (99.9%) of all unmetered connections will pay the ‘Band 1 Unmetered’ tariff, please see Section 1.3.2 for further detail.

The purpose of this customer impact statement is to help customers understand which tariff will apply to them and also how their bills may change in the future. This should be read in conjunction with Irish Water’s *Customer Information Paper* (CRU/19/076). Irish Water has also updated its ‘Business Tariff Calculator,’ which is available on Irish Water’s website<sup>3</sup>, to assist customers understand how their bills may change. Customers can also contact Irish Water directly to understand how they will individually be impacted by the new tariff Framework.

## 1.3 Which Tariff Applies to Me?

The CRU’s decision is for Irish Water to apply separate tariffs for metered and unmetered connections to the public network. There will also be separate tariffs depending on the service received (i.e., a water or a wastewater service) by a connection.

### 1.3.1 Metered Connections

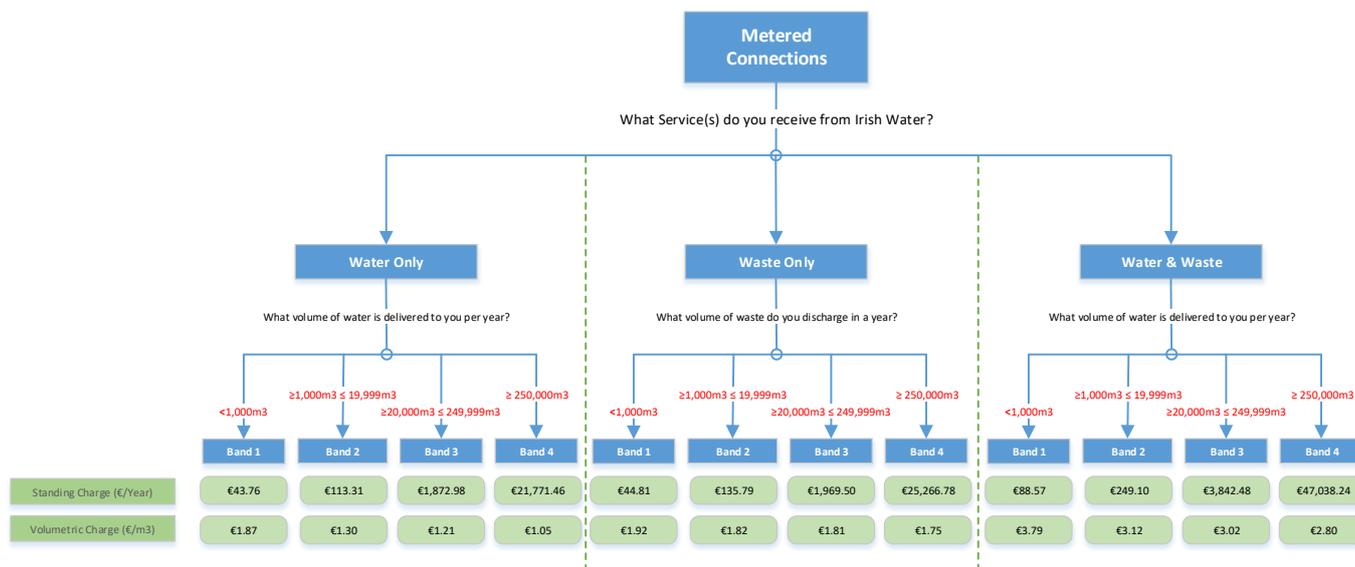
If you are a metered connection, your tariff will be made up of:

- A Standing charge – a fixed charge in € / year, and

<sup>3</sup> <https://www.water.ie/for-business/billing-explained/business-tariff-calculator/>

- A Volumetric Charge – a charge applied to metered volume consumed / discharged (€/m<sup>3</sup>).

The tariff you pay will depend on whether you receive a water service, a wastewater service or both. The tariff you pay will also depend on what volume you consume and/or discharge to the sewer over a year. This is illustrated in the flow diagram below.



For example, if you receive only a water service and consume less than 1,000m<sup>3</sup> per annum, you will be classified in the 'Band 1' customer class. Your tariff will be made up of:

- A Standing charge: € 43.76 per year, and
- A Volumetric Charge: €1.87 per m<sup>3</sup> of water consumed.

However, if you receive only a water service and consume between 1,000m<sup>3</sup> and 19,999m<sup>3</sup> per annum, you will be classified in the 'Band 2' customer class. Your tariff will be made up of:

- A Standing charge: € 113.31 per year, and
- A Volumetric Charge: €1.30 per m<sup>3</sup> of water consumed.

For metered mixed-use connections<sup>4</sup>, the above charges apply (as relevant) to your property, however the volumetric charge is applied to metered consumption in excess of a Domestic Allowance (which is deemed to cover the domestic consumption at the premises). Further detail is provided in Section 5.4.6 of the CRU Decision Paper.

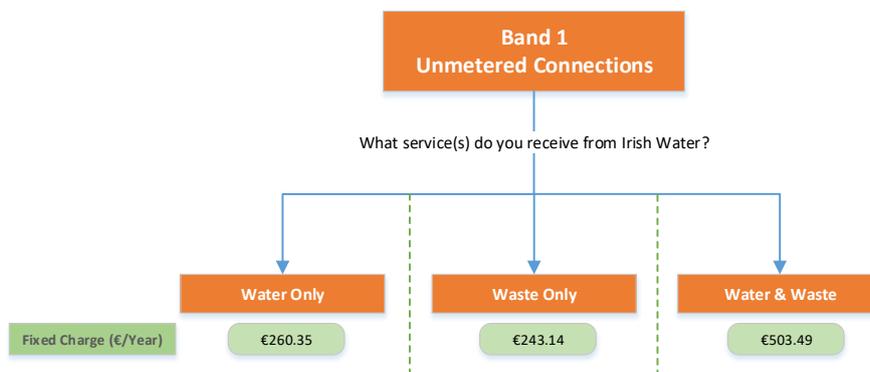
To find out further information about which tariff will apply to your property, please contact Irish Water directly.

<sup>4</sup> Connections that use water services for both domestic and non-domestic purposes at a premises are termed 'mixed-use'.

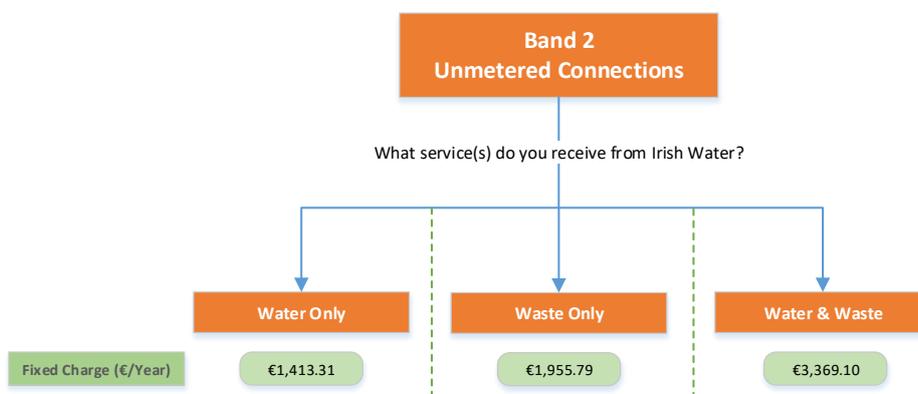
### 1.3.2 Unmetered Connections

If you are an unmetered connection, your tariff will be made up of a fixed charge in € / year. The tariff you pay will depend on whether you receive a water service, a wastewater service or both.

The vast majority (99.9%) of all unmetered connections will pay the ‘Band 1 Unmetered’ tariff.



However, for those unmetered connections that are currently charged a high<sup>5</sup> unmetered tariff (that would indicate that their volume is commensurate with connections within the Band 2 metered customer class), Irish Water will meter these connections as a matter of priority. Where it is infeasible or uneconomic to meter a ‘Band 2’ unmetered property, Irish Water shall apply the ‘Band 2 Unmetered’ tariff. This is illustrated in the flow diagram below.



To find out if your connection would be categorised as a Band 2 unmetered connection, please contact Irish Water directly.

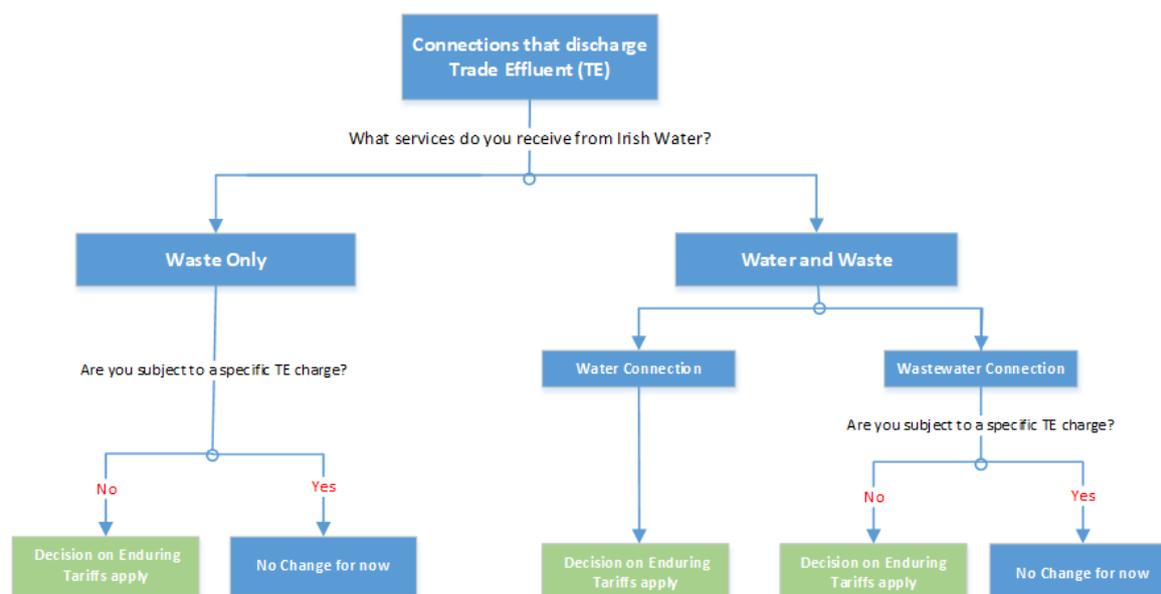
### 1.3.3 Connections that discharge Trade Effluent

Currently there are connections that discharge trade effluent into the public wastewater network. Most of these connections are charged the standard Local Authority wastewater tariff (which is charged to all wastewater connections). However, there are a small number of connections

<sup>5</sup> ‘High’ is defined by Irish Water as an existing unmetered charge (€/year) that is greater than the value of an annual metered bill (€/year) calculated using a volume of 1,000m<sup>3</sup>/year and the existing metered tariffs for that Local Authority. The value of the annual metered bill will vary by Local Authority.

across the country who discharge trade effluent and are charged a specific Trade Effluent charge (as previously determined by their Local Authority).

As illustrated in the graphic below, if you have a licence to discharge trade effluent into the public sewer and you are currently charged the standard wastewater charge (as previously determined by your Local Authority), your wastewater tariff will change in line with ‘metered connections’ (as set out in Section 1.3.1 above), that is, the CRU’s decision on the enduring tariffs will apply.



However, if you have a licence to discharge trade effluent into the public sewer and you are currently charged a specific Trade Effluent charge (as previously determined by your Local Authority), this charge will not change when the new Tariff Framework is implemented on 1 May 2020.

The CRU’s decision is that specific Trade Effluent charges will not change until Irish Water’s enduring Trade Effluent charging policy is implemented, which is planned to be in 2020. In the next phase of consultation, or earlier if feasible, Irish Water will provide further detail on its plans and timelines for progressing the development of its enduring Trade Effluent charging policy.

## 1.4 How is my bill likely to change in the future?

How a connection’s bill will change will depend on whether they qualify for a transition tariff. Transition tariffs are different to the enduring tariffs. Transition tariffs are calculated and applied to gradually transition connections from their existing charges to their enduring charges to help mitigate large bill increases.

Connections that are expected to see an increase in their annual bill of € 250 or more will qualify to be transitioned to their new enduring tariff rates over a 3-year period.

Before the implementation of new tariffs on 1 May 2020, Irish Water will inform each connection of their new tariff rates for each year of the transition period. These tariff levels will remain unchanged throughout the 3-year transition period. Please see Irish Water’s *Customer Information Paper* (CRU/19/076) for further details on its customer communication plan.

Below are some worked examples of sample connections and how their bills will change over the transition period. There are three ‘sample connections’ where:

- A connection will see a decrease in their bill;
- A connection qualifies for a transition tariff and is transitioned to their new tariff over the transition period; and
- A connection qualifies for a transition tariff and will see an automatic 10% cap to their annual bill increase each year over the transition period.

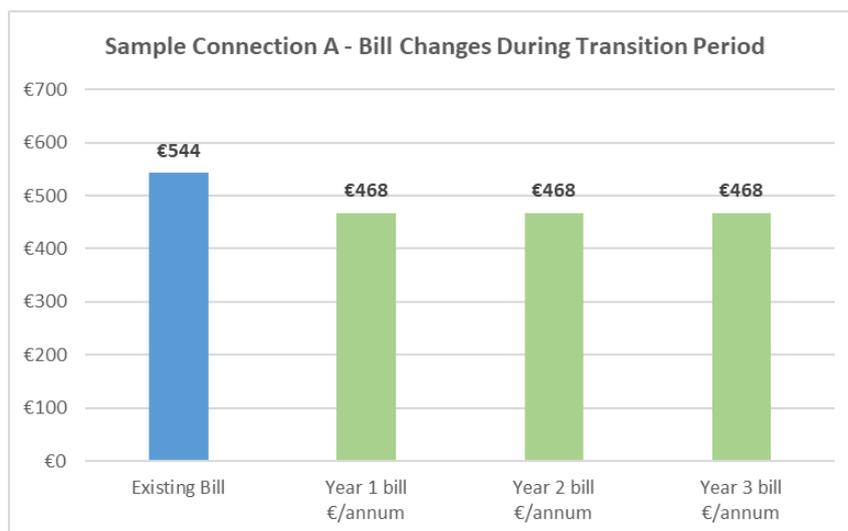
### Worked Example A – Connection Sees a Bill Decrease

#### Sample Connection:

- Connection is metered and consumes 100m3 per year. This connection would be classified in the ‘Band 1’ customer class.
- Connection receives both a water service and wastewater service to their property.
- Connection’s existing and new enduring tariff rates (and corresponding annual bills) are set out below:

Existing Standing Charge	Existing Volumetric Charge	Existing Annual Bill
€ 240.00 per year	€ 3.04 / m3	€ 544 per year
New Standing Charge	New Volumetric Charge	New (Enduring) Annual Bill
€ 88.57 per year	€ 3.79 / m3	€468 per year
<i>Bill Change:</i>		€76 decrease
		 New Enduring Tariffs applies to connection

Given this connection will see an annual bill decrease of €76 (€544 – €468), the enduring tariffs will apply, and this connection will be able to benefit from a decrease in their bill straight away. In the first year, this connection’s annual bill will be €468 (based on a consumption of 100m3/year). Their bill will also be €468 for the second and third year, assuming their consumption remains the same each year. Their annual bills over the transition period are illustrated below.



For the avoidance of doubt, the connection’s annual bill during the transition period may be higher or lower than the values illustrated above if the connection’s actual consumption is greater or lower than the assumed 100m<sup>3</sup>/year.

**Worked Example B – Connection Qualifies for a Transition**

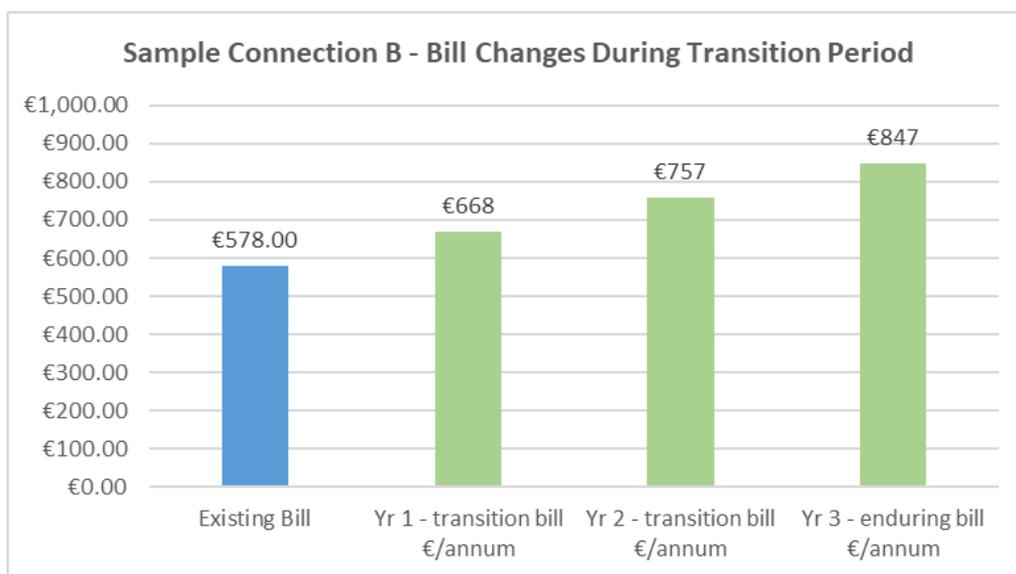
Sample Connection:

- Connection is metered and consumes 200m<sup>3</sup> per year. This connection would be classified in the ‘Band 1’ customer class.
- Connection receives both a water service and wastewater service to their property.
- Connection’s existing and new (enduring) tariff rates and annual bills are as follows:

Existing Standing Charge	Existing Volumetric Charge	Existing Annual Bill
€ 80.00 per year	€ 2.49 / m <sup>3</sup>	€ 578 per year
New Standing Charge	New Volumetric Charge	New (Enduring) Annual Bill
€ 88.57 per year	€ 3.79 / m <sup>3</sup>	€ 847 per year
<i>Bill Change:</i>		€ 269 increase
		 Transition Tariffs applies to connection

Given this connection will see an annual bill increase of €269 (€847 – €578), which is in excess of the €250 threshold to qualify for a transition, this connection will be transitioned to their enduring tariff rates over three years. Instead of seeing the full increase of €269 in year 1, this connection’s annual bill will increase in increments of €89.66 each year over the three-year transition (assuming their consumption remains the same each year). In the first year their annual bill will be €668 (€578 + €89.66), and in the second and third year their bill will be €757

and €847 respectively, assuming their consumption remains the same each year. Their annual bills over the transition period are illustrated below:



For the avoidance of doubt, the connection’s annual bill during the transition period may be higher or lower than the values illustrated above if the connection’s actual consumption is greater or lower than the assumed 200m<sup>3</sup>/year.

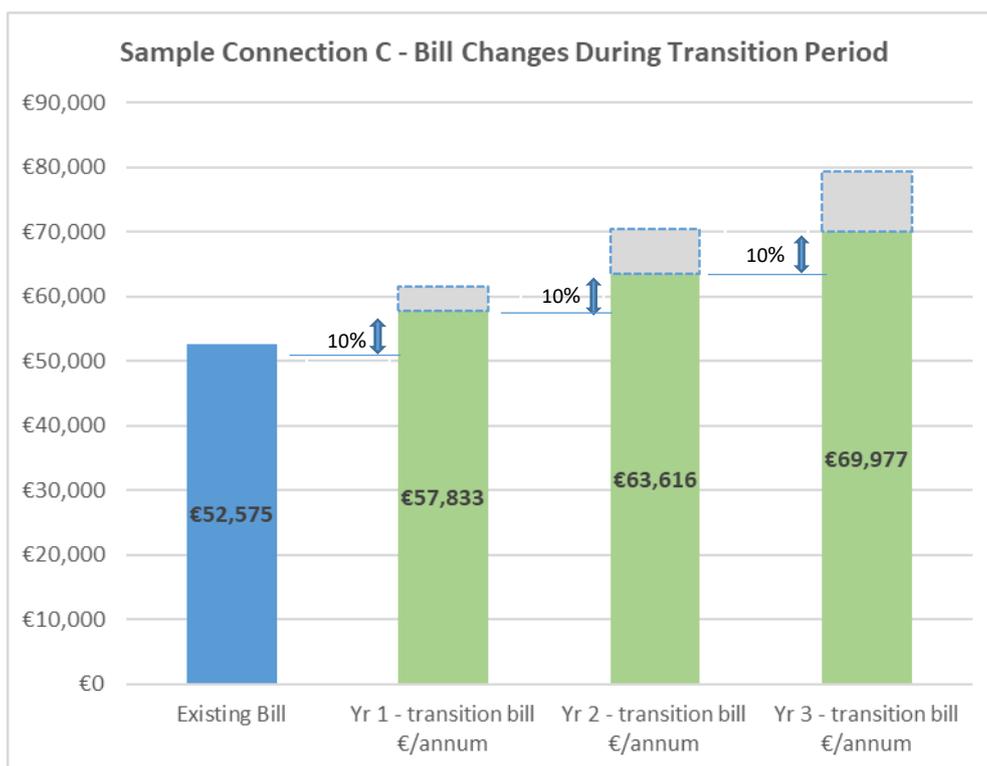
**Worked Example C – Connection Qualifies for a Transition & an Automatic 10% Cap to their Annual Bill each year**

Sample Connection:

- Connection is metered and consumes 25,000m<sup>3</sup> per year. This connection would be classified in the ‘Band 3’ customer class.
- Connection receives both a water service and wastewater service to their property.
- Connection’s existing and new (enduring) tariff rates and annual bills are as follows:

Existing Standing Charge	Existing Volumetric Charge	Existing Annual Bill
€ 75.00 per year	€ 2.10 / m <sup>3</sup>	€ 52,575 per year
New Standing Charge	New Volumetric Charge	New (Enduring) Annual Bill
€ 3,842.48 per year	€ 3.02 / m <sup>3</sup>	€ 79,342 per year
<i>Bill Change:</i>		€ 26,767 increase
		 Transition Tariffs & a 10% cap applies to connection’s annual bill each year

Given this connection would see an annual bill increase of €26,767, which is in excess of the €250 threshold to qualify for a transition, this connection will be transitioned to their enduring tariff rates over three years. Given that this connection’s annual bill increase is in excess of €750, this connection will also be eligible to receive a 10% cap to their annual bill increase each year. This 10% cap will be automatically applied to the connection’s bill. Assuming their consumption remains the same each year, their annual bills over the transition period are illustrated below:



This connection’s annual bill increase will be capped at 10% each year throughout the transition period. This means that their annual bill will be capped at €57,833 in year 1, capped at €63,616 in year 2 and capped at €69,977 in year 3. The full height of each bar (inclusive of the grey shaded portion of the bar) represents the full transition bill amount (€ / year), without the application of the 10% cap. Again, this assumes the connection’s consumption is the same each year. For the avoidance of doubt, the connection’s annual bill during the transition period may be higher or lower than the values illustrated above (and thus the connection’s annual bill may change by more than 10%, or less than 10%, in any given year) if the connection’s actual consumption is greater or lower than the assumed 25,000m<sup>3</sup>/year.

Please see Irish Water’s *Customer Information Paper* (CRU/19/076) where further worked examples are provided to help customers understand how they may be impacted.

## 1.5 When will the new tariffs apply to my bill?

The CRU's decision is that the new rates will be implemented and applied to customers' bills on 1 May 2020.

This will provide customers with a period of approximately 10 months to plan for their new tariff and implement measures to mitigate future bill increases.

## 1.6 Overview of Customer Bill Impacts Across Non-Domestic Customer Base

There are approximately 183,500<sup>6</sup> non-domestic water and wastewater connections served by Irish Water, which range from small retail outlets to large industrial connections. The majority of the non-domestic customer base of Irish Water consume a very small amount of water, with 62% of all metered connections consuming less than the average demand for a domestic household (approx. 125m<sup>3</sup>/annum). This is most likely due to the fact that a very high proportion of Irish Water's non-domestic customer base comprise small retail outlets or offices, where perhaps only one toilet and sink are required to carry out the business activity.

There is also a very small number of large volume connections. Less than 3%, or just over 5,000 connections, consume or discharge volumes in excess of 2,000 m<sup>3</sup>/annum. These connections comprise large commercial and industrial water users and include business sectors such as manufacturing, pharmaceutical, drinks and food production and technology.

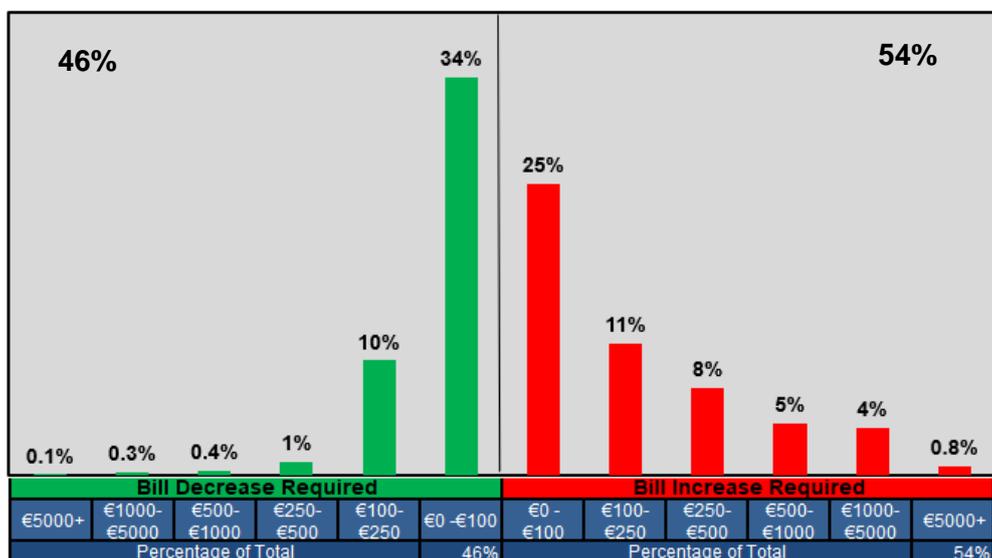
A key objective of this consultation process is to allow customers understand the impact of the new Framework to their water and wastewater bills. Irish Water has generated enduring tariff rates that reflect the CRU's proposed decision on the Framework. These tariff rates were published on 15 April 2019. [The CRU's decision is to approve these tariff rates.](#)

Irish Water has calculated the estimated bill changes for each non-domestic connection if the enduring tariffs were applied to all connections. The figure below shows the bill impacts in terms of the percentage of non-domestic connections estimated to face bill decreases and increases (of differing monetary amounts) as a result of applying the enduring tariffs to all customers (that is, without the application of the transitional arrangements).

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<sup>6</sup> This number reflects 2017 consumption and billing data, as provided by Irish Water.

**Figure 1 - Irish Water’s Customer Bill Impact Distributional Analysis Based on Applying the Enduring Tariffs to All Customers**



Source: Figure 4.1 of Irish Water’s *Customer Information Paper* (CRU/19/076)

The above bill impact summary results show that if the new enduring tariffs are applied to all **183,479** metered and unmetered connections (that is, there are no transition arrangements in place):

- **46% (85,088) connections would see bill decreases**
- **54% (98,391) connections would see bill increases**

The following table provides an overview of the customer bill impacts as a result of the CRU’s decision on the tariff design and transitional arrangements:

Summary Bill Impacts of the Tariff Design & Transitional Arrangements		
85,088	46.4%	<b>Connections will see decreases to their bills</b> (and will move to the enduring tariffs straight away)
67,088	36.6%	<b>Connections will see bill increases of less than €250</b> (and will move to the enduring tariffs straight away)
31,303	17.1%	<b>Connections will see bill increases of €250 or greater</b> (and will be eligible for a transition tariff)
<b>183,479</b>	<b>100.0%</b>	Total number of non-domestic connections

Irish Water has set out the new enduring tariff rates as well as an explanation of how customers are likely to be impacted by the new Tariff Framework in Section 4 of Irish Water’s *Customer*

*Information Paper* (CRU/19/076), which is published alongside the CRU's Decision Paper (CRU/19/074).

In addition, Irish Water has updated its online “Business Tariff Calculator” which is available on its website<sup>7</sup>. This will also assist affected customers to understand the impact of the CRU's decision on the Tariff Framework to their bills.

Customers can also contact Irish Water directly to find out how they may be individually impacted.

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<sup>7</sup> <https://www.water.ie/for-business/billing-explained/business-tariff-calculator/>