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Irish Water's Non-Domestic Tariff Framework – proposed decision paper CRU/19/042

Dear Caroline,

Ibec, the group that represents Irish business, wishes to offer the following comments on the CRU's Proposed Decision. They are intended to be read in conjunction with the substantive submission that Ibec's Environment Policy Committee made to CRU last August.

Firstly, we acknowledge that the CRU appears to have taken due account of several concerns raised in that previous submission. The rebalancing of fixed versus variable components in the two-part tariffs and the establishment of a fourth consumption band have greatly reduced the risk of distortionary boundary effects. These revisions, along with an adjusted methodology for recovering water supply Opex and Capex costs, have also corrected what would otherwise have been a substantial over-allocation of costs to the Non-Domestic sector. (We estimate it would have amounted to between €10 million and €15 million per annum in aggregate.)

Ibec welcomes the proposed provision, as the default option, of a three-year transition for user sites whose enduring tariff represents an increase of more than €250 per annum compared to status quo. We also welcome the proposed 10% cap on annual increases in cases where the enduring tariff level represents an increase of more than €750. As noted in our previous submission, any temporary revenue shortfall for Irish Water resulting from these arrangements must be met entirely from Exchequer funds, with no mechanism for retrospective clawback. The same consideration should apply to any subsequent adjustment pathways that may be offered in 2023 to sites whose water and wastewater remain substantially below the enduring tariff. It is encouraging that CRU recognises the need to avoid a 'cliff edge' in 2024, but it will be necessary to persuade the Exchequer likewise.

Ibec's submission recommended a downward re-allocation of wastewater treatment costs for larger users based on location and assumed contribution to peak load, especially for EPA-licensed sites that have separate stormwater drain systems. We note that the CRU takes a contrary view on this, but we would hope to re-visit the issue if more detailed information on wastewater cost drivers should become available to the Large Water Users Forum.

Kind regards,

Neil Walker

Head of Infrastructure