

IRISH HOTELS FEDERATION

SUBMISSION TO

THE COMMISSION FOR REGULATION OF UTILITIES
ON

IRISH WATER'S PROPOSED NON-DOMESTIC TARIFF
FRAMEWORK PROPOSALS



REF: CRU/19/042

May 2019

The Irish Hotels Federation (IHF) welcomes this opportunity to make a submission to the Commission for Regulation of Utilities on its Proposed Decision Paper CRU/19/042 on Irish Water's Non-Domestic Tariff Framework.

The IHF is the national organisation of the hotel and guesthouse sector in Ireland representing approximately 1,000 properties which employ in the region of 60,000 people.

Maintaining a clean and secure water supply along with a safe wastewater system in an operationally efficient manner and at a cost that is internationally competitive is vital to the future of our country. The IHF supports equity, fairness and efficiency in the future development and funding of Irish Water. The IHF also works with members to promote best practice in water conservation and management and ultimately reduce costs associated with usage in our industry.

Irish Water's proposals will impact significantly on our members given the relatively high usage of water by hotels, particularly by those premises with leisure facilities. The proposed increases of over 50% in some cases are in addition to the enormous Local Authority Rates charges already levied on our sector.

We are therefore disappointed that no impact assessment appears to have been carried out by Irish Water on a sector basis, which could be used to inform policy makers on the implications for competitiveness of the decisions being proposed. While the Irish Water Customer Information Paper does illustrate the impact in nine case studies on a range of customer types and locations, this is insufficient for proper sectoral analysis.

As stated in our previous submission the proposed changes now bring into focus significant cost increases for many Non-Domestic customers and therefore the high set-up and ongoing costs of running Irish Water. Irish Water's operating costs are substantially higher than most UK water utilities of comparable size. Given that Irish Water is a utility monopoly part-funded and controlled by the State, abnormal costs should not be passed on to Non-Domestic customers. Setting tariffs should be based on the recovery of normal and efficient cost in line with international benchmarks.

In addition, we believe that it is totally inappropriate to introduce a system that increases the overall load on Non-Domestic customers by 18% (from 19.45% to 22.98%) at the same time that many businesses will also see increases due to the national harmonisation process. These two elements should be decoupled with the increase in the overall load on Non-Domestic customers deferred until the harmonisation process is complete.

While we note Irish Water's proposals around water conservation, targeted financial incentives to assist and promote investment to achieve a reduction in unnecessary usage should be explored.