



84/86 Lower Baggot Street,
Dublin 2.
D02 H720.
william.lavelle@ibec.ie

Caroline Johnston
Commission for Regulation of Utilities
The Exchange
Belgard Square North
Tallaght
Dublin 24

By email ndtariffs@cru.ie; cjohnston@cru.ie

20th May 2019

Response to propose decision on Irish Water's Non-Domestic Tariff Framework Proposals (CRU/18/114)

Dear Caroline,

The Irish Whiskey Association (IWA) is the representative body for 40 Irish whiskey companies, who account for over 96% of Irish whiskey production. The IWA is part of ABFI (Alcohol Beverage Federation of Ireland) and Ibec, Ireland's largest business representative organisation.

Irish whiskey is one of this state's fastest growing agri-food export categories, worth over €654 million in export value in 2018. The continuing growth of Irish whiskey exports is helping to deliver on the government's ambitious targets for food and drink export growth under the FoodWise 2025 Strategy. To achieve this, it is vitally important that domestic regulatory policy supports a sustainable and competitive distilling industry.

Water is a centrally-important component in the production of Irish whiskey and the Irish whiskey industry supports the fair and efficient charging for water and wastewater as part of the sustainable management of this important resource.

The Irish Whiskey Association supports the separate submission by Ibec on the proposed decision by the CRU on the non-domestic tariff framework.

We join with Ibec in acknowledging that the CRU appears to have taken due account of several concerns raised in our previous submissions including the rebalancing of fixed versus variable components in the two-part tariffs and the establishment of a fourth consumption band. These revisions, along with an adjusted methodology for recovering water supply Opex and Capex costs, have also corrected (by approximately €10-15 million) what would otherwise have been a substantial over-allocation of costs to the Non-Domestic sector.

Notwithstanding the above, the Irish Whiskey Association continues to have serious concerns regarding the impact of the proposed changes on some medium-sized Irish whiskey distilleries.

We are aware of one medium-sized Irish whiskey distillery who have calculated that their total charges will increase by 59%, or over €24,700 as a result of this review. It has been assessed that the bulk of this increase will arise from a 118% increase in wastewater charging.

This is a substantial and excessive increase to be asked of an Irish SME at a time of increased pressures on cost-competitiveness and the ongoing uncertainty over Brexit and international trade.

With respect to wastewater charging, we note:

- There are currently disagreements between Irish Water and a number of distilleries on the appropriate method of calculation for wastewater discharges;
- There are plans for a further imminent review of charging for trade effluent which could result in yet further cost increases for business facing increases under this current review;
- Ibec's previous 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) but that the CRU takes a contrary view on this.

The Irish Whiskey Association objects to the sharp increases in wastewater charges to be faced by some Irish whiskey distilleries under this review. We would call on CRU to defer any decision that could lead to increased wastewater charges until a single, more holistic and comprehensive review can take place of all aspects of the charging for wastewater and effluent discharge.

Finally, in our previous submission, the Irish Whiskey Association asked that *“if it were found that Irish whiskey distilleries were to face total tariff increases in excess of 30%, even after any other mitigating measures were introduced, then we would ask that a longer ‘Grace Period’ be provided for.”*

We welcome the proposed decision to impose a 10% cap on annual increases in cases where the enduring tariff level represents an increase of more than €750.

We would ask CRU to confirm, for absolute clarity, that, in the example of the distillery referred to above who could have to face a total 59% increase, this increase would be phased in over six years if applied.

Your Sincerely,

Yours Sincerely,

William Lavelle

Head of the Irish Whiskey Association