

The Commission for Regulation of Utilities
The Grain House,
The Exchange,
Belgard Sq North,
Tallaght,
Dublin 24
FAO Laura Brien, Director of Water



American Chamber of Commerce Ireland
6 Wilton Place, Dublin 2, Ireland
T: +353 1 661 6201
F: +353 1 661 6217
E: info@amcham.ie
www.amcham.ie

11th September 2019

Dear Ms Brien,

The availability of high-quality affordable high-quality water and wastewater services with an assured supply is a significant part of Ireland's competitiveness proposition for attracting and foreign direct investment. The American Chamber of Commerce welcomes the CRU's consultative approach to Irish Water Revenue Control 3, as well as the recent decision on Irish Water's Non-Domestic Tariff Framework.

We acknowledge the work that has been achieved under Revenue Control 1 and 2. We recognise the scale of Irish Water's task; particularly the investment needed to modernise Ireland's water services and to meet the demand predicted by Project Ireland 2040.

As outlined in previous submissions¹ competitive water utility is a key factor in manufacturers' decision to locate in a jurisdiction. The cost of utilities is a particularly important location-sensitive cost for manufactures and can form up to 7% of their cost base (compared with 1% for the service industry)². The American Chamber is of the view that a new funding model should be consistent with the analysis of the National Competitiveness Council (NCC) balancing necessary investment; rewarding conservation; meeting the EU objective of "user pays principles"; and avoiding cross subsidisation. We remain concerned that competitively priced water and wastewater services is not considered amongst Irish Water's objectives for Revenue Control 3.

The American Chamber appreciates the high volume of capital projects to be funded under Revenue Control 3; as well as the scale of the institutional change that Irish Water will undergo 2020-2024. We welcome the CRU's stated intention "to continue to take account of market conditions in future determination". Given the existence of uncertainties such as long delays within the planning system and the limited capacity within the construction industry we suggest that a review of the Revenue Control could be triggered by changes to strategic assumptions underlining the analysis and guidance, not by the passage of discreet time intervals.

We fully support Irish Water's objective of "efficiently delivery of service i.e. value for money". In order to ensure certainty for non-domestic users, we would appreciate clarity regarding the expected rate of increase in tariffs following the end of transition period set out in the new agreed

¹ <https://www.amcham.ie/getattachment/e36a94b2-d29c-4898-a60b-28df3731ea1e/AmCham-response-to-CRU-proposal.pdf.aspx?ext=.pdf>

² 'Cost of Doing Business in Ireland 2018', National Competitiveness Council, June 2018

Non-Domestic Tariffs Framework ending in 2023 and the expected contribution of the Non Domestic User to Irish Water funding under the Revenue Control 3 in 2024. The splitting of connection charges, tariffs, effluent charges and Revenue Control has resulted in a lack of clarity for companies when trying to calculate and forecast their bills for ongoing projects and the business cases for new projects/Investment. We would appreciate further improvements in the transparency of future pricing plans non-domestic users.

Acknowledging Irish Water's commitment to environmental performance within Revenue Control 3; the Chamber urges Irish Water to be more proactive in the stewardship through the promotion of sustainable innovative investment within the sector; including through more ambitious environmentally driven efficiencies within Revenue Control 3. We note with regret that the Water Innovation Fund has not spent. We would encourage Irish Water to consider a 'Challenge Centric' method, similar to the approach taken in the Disruptive Technology Innovation Fund, for promoting innovation investment with efficiencies within the water-sector.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Cotter', is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**Brian Cotter
Director of Public Affairs & Advocacy**