



## **Submission in Response to the CRU Consultation for Irish Water RC3 2020-2024**

**September 2019**

### **Introduction**

Dublin Chamber of Commerce is the largest business membership organisation for Dublin. Representing the Greater Dublin Area, its 1,300 members employ 300,000 nationally. Membership covers all sectors and crosses the business spectrum, from SME to large MNCs.

Water and wastewater security is essential for the sustainability and resilience of the capital. Considering that Dublin's population is forecasted to increase by 25% out to 2040, the revenue proposal for Irish Water over the 2020-2024 control period is of vital importance and we welcome the opportunity to make a submission to the Central Utilities Regulator in relation to Revenue Control 3 2020-2024.

While we broadly support the Regulator's proposal in response to Irish Water's Revenue Control for 2020-2024, we request the Regulator give further consideration to certain matters in the revenue control process. These matters should include provision for projected population growth in the capital and the resulting required water and wastewater capacity.

### **Urban planning and increased population**

Water security, both water supply and wastewater treatment, is in a precarious position in Dublin. At the same time, it is forecast that Dublin will continue to grow in population over the coming years by 25% out to 2040 according to Ireland 2040 the National Planning Framework.<sup>1</sup> The traditionally conservative CSO regional projection for Dublin shows a population increase of a still substantial 19% out to 2036.<sup>2</sup> This expected increase in urban density for Dublin needs to be accounted for in the Control Period for Irish Water. While the Regulator provides for the capital expenditure necessary to further certain vital infrastructure, namely the Ringsend Wastewater Treatment Plant and the Water Supply Project, the forecast for growth in an urban centre and the increased requirement for operations capacity in particular is not accounted for in the Regulator's RC3 proposal. This is despite Irish Water having outlined the requirement to make provision for 'Externally Driven Costs', which includes population and economic factors, in its IRC3 submission to the Regulator.<sup>3</sup>

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<sup>1</sup> Ireland 2040 National Planning Framework <http://npf.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf> p61

<sup>2</sup> CSO <https://www.cso.ie/en/releasesandpublications/ep/p-rpp/regionalpopulationprojections2017-2036/regionalpopulationprojectionsresultsoverview/>

<sup>3</sup> Irish Water IRC3 Irish Water Revenue Control 3 Submission Operational Expenditure 2020 – 2024 p20

Irish Water Operating Costs Efficiency Targets					
	2020	2021	2022	2023	2024
Efficiency Target	2%	2%	4%	6%	6%

*Table 39 - Irish Water Operating Costs Efficiency Targets*

There is a concern that a case of ‘false economy’ may occur at this early stage in Irish Water’s existence as a single utility. This is at a time when focus should remain on improving its infrastructure and encouraging brand support by ensuring customer service.

There are significant infrastructure projects on the horizon for Dublin, however, both the Ringsend Wastewater Treatment Plant and the Water Supply Project are a number of years from completion and as such there are concerns that service to Dublin and its business community is precarious. We recommend that customer supply be prioritised over efficiencies at this point in Irish Water’s development.

### **Ringsend Wastewater Treatment Plant**

The Chamber has concerns about the Ringsend Wastewater Treatment Plant and its capacity to serve the capital. Over the summer months of 2019, the plant has exhibited a number of issues reflecting its overextension in servicing a city that is growing in density.<sup>4</sup> This has resulted in the EU sanctioning Ireland for inability to comply with the Urban Wastewater Treatment Directive.

While it is noted that the Regulator’s proposed CapEx does provide the required funds for the infrastructure project at Ringsend, Dublin Chamber asks that the Regulator consider an additional fund for increased cost that may occur in exceptional circumstances should the capacity issues in Ringsend result in incidents with a negative impact on function or the local environment.

Similarly, we have concerns that the need for increases in operational capability will impact on the overall infrastructure project and we ask that when the required improvements are made to the Ringsend Wastewater Treatment Plant that the operational needs for the plant’s capacity growth are factored in.

### **Business Community**

In May 2020, the business community will be taking on much of the burden of funding for Irish Water through the Non-Domestic Water Charge. If issues are encountered in customer supply or wastewater capacity in the capital, where there is a significant concentration of the business community, this would result in a negative relationship between business and Irish Water. It would similarly result in adverse public relations for the utility. Considering that Irish Water has a history of very negative opinion amongst the public, it is important that this be avoided if at all possible. We acknowledge that the CRU expects that Irish Water deliver the outlined

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<sup>4</sup> Irish Times [irishtimes.com/news/environment/epa-sends-inspectors-to-ringsend-wastewater-plant-after-brown-plume-seen-1.3943997](https://www.irishtimes.com/news/environment/epa-sends-inspectors-to-ringsend-wastewater-plant-after-brown-plume-seen-1.3943997)

efficiencies without impacting customer supply and wastewater treatment, and welcome the Regulator's provision for monitoring Performance Commitments.<sup>5 6</sup> However, considering the capacity issues in Dublin, it is likely that any engineering, weather or environmental issue may cause significant problems, thus leading to a failure in providing adequate service to a paying stakeholder.

The Dublin business community in particular is set to experience a significantly above average increase in tariffs, when compared nationally, in the three highest money increase ranges. In fact, Dublin business faces the second highest level of tariffs in the country, and any form of failure in customer supply and service in the city will be poorly met.<sup>7</sup>

## **Conclusion and Recommendations**

While Dublin Chamber recognises the necessity of improving the service of Irish Water whilst also encouraging value for money, we ask that the Regulator consider the potential impact of a failure of customer supply and service to a Dublin business community that is now facing significantly increased water tariffs.

We recommend that the delivery of much needed infrastructure in the capital be prioritised above obligation to achieve cost efficiencies.

Dublin's water and wastewater management is at capacity, an insecure position for the city. We ask the Regulator to remain cognisant of the requirement for increased capability to provide adequate customer supply level over the revenue period that urban population density forecasts growth. This is also the same timeframe when Irish Water is expected to deliver key infrastructure projects, in Dublin in particular, after years of neglect. We ask that the Regulator consider making specific provision to ensure customer supply in the capital considering population growth and infrastructure changes during RC3.

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<sup>5</sup> CRU IRC3 Consultation Paper p14 <https://www.cru.ie/wp-content/uploads/2019/08/CRU19091-Irish-Water-Revenue-Control-3-Consultation-Paper-7.pdf>

<sup>6</sup> Ibid p19

<sup>7</sup> Ibid p147