

RC3 Team  
Water Division  
Commission for Regulation of Utilities  
The Exchange  
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By email [rc3@cru.ie](mailto:rc3@cru.ie)

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Consultation Paper CRU/19/191.

Dear RC3 Team,

Ibec, the group that represents Irish business, wishes to offer the following comments on the CRU's analysis and proposals in respect of Irish Water's allowed revenue for the period 2020-24.

A previous Ibec submission dated November 2016 (in respect of RC2) outlined our expectation that regulatory approval of Irish Water's future opex and capex requirements would be determined by reference to customer needs, independently of the mix of funding sources. Under the new funding model, this is not necessarily the case. Indeed, it is possible that vitally important quality- or security-related projects could end up being deferred or scaled back due to unexpected constraints on Exchequer funding. In this regard, any cost overruns due to delays in delivering the Water Industry Operating Framework would be a cause for concern.

We note that the cumulative allowance for opex proposed by CRU for RC3 is approximately 9% less than requested, with the 2024 figure being 16% below the requested amount. From our recent discussions with the RC3 team, we understand that this is due to an ongoing difference of opinion over the amount of 'delta opex' required, inter alia, to improve compliance and to cater for growth in the customer base.

We would encourage the CRU to continue its efforts to resolve this issue through detailed scrutiny and further dialogue with Irish Water. Our members would naturally agree that Irish Water needs to be set challenging but achievable efficiency targets. However, as previously noted in our RC2 submission, the disallowing of costs that relate to additional rather than existing activity would not necessarily constitute improved efficiency and it could pose a risk of diminished customer service.

Finally, we would ask the CRU to revise Table 69 on page 167 of the consultation paper, which incorrectly shows the expected non-domestic customer share of Irish Water's future revenues rising well above the currently agreed 22.98% allocation towards the end of the period.

Please feel free to contact me if you require clarification on any of the foregoing.

Yours sincerely,

*Neil Walker*

Neil Walker  
Head of Infrastructure, Energy and Environment