



dublinchamber
of commerce

Submission:

**Commission for Energy Regulation – Economic
regulatory framework for the public Irish water
services sector**

The 1.4 million people in the Dublin Region consume 550 mega litres per day (one mega litre would fill one Olympic size swimming pool). By 2031, this is expected to grow to a demand of 800 mega litres per day. CSO predicts that the population living in the Greater Dublin Area will rise from 39.3% to 42.3% by 2026. A growth in population will put further demand on water supplies. We must continue to fund new investment, and contain demand. There are no quick fixes to meeting Dublin and the Eastern Region's water needs.

Dublin Chamber welcomes the report from the Commission for Energy Regulation on the economic regulatory framework for the public Irish water services sector. Water is unique from the provision of other utilities - irregular production, solely domestic in origin, quality central to value, legal requirement to provide water to businesses, etc. However, it is not clear that from the regulatory framework set out that this has been reviewed in the context of these unique elements to water. The economic model needs to be robust and the simplicity of applying existing CER pricing frameworks from gas and electricity to water is insufficient.

The water sector is significantly different to the energy sector, where there are alternative energy options to choose from. A different approach is needed for water as it is a limited resource, non-substitutable, dependent on global weather.

Capital Projects

Strategic planning should be considered a priority in setting out the regulatory framework. The regulatory framework must provide for a review on the life of major assets. Businesses and consumers alike will benefit if a long term vision on providing for investments is considered in the framework. We consider the current proposals of six year price reviews too short, as they do not reflect the lifespan of water assets.

Water Pricing

We are concerned that the Regulator will set the price of water for business at a simple national average. This acts as a disincentive to the provision of efficient water systems. Dublin Chamber proposes the use of targeted pricing. We propose that the Regulator implement targeted bands for different geographical areas such as: large urban areas, large towns, and rural areas. In setting pricing, a quality score must be set out so as to reward those who are most efficient. Sustainability should also be an over-arching guiding principle when setting out the framework regulation. The EPA must play a central role in all aspects of Irish Water to ensure efficiency and conservation.

Regulatory Gap

There is a regulatory gap throughout the proposed framework. Hierarchy should be established, set out and defined. If consumers or businesses have an issue with their water service, do they contact their local Council, utility provider or Irish Water? One can also foresee issues arising with An Bord Pleanála. There needs to be a harmonisation of the different stakeholders within the structure with clearly defined roles and responsibilities.