



An Coimisiún
um Rialáil Fónais
**Commission for
Regulation of Utilities**

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Commission for Regulation of Utilities

Irish Water's Non-Domestic Tariff Framework

Enduring Charging Arrangements for Public Group Water Schemes

CRU Proposed Decision Paper

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CRU Mission Statement

The CRU's mission is to protect the public interest in Water, Energy and Energy Safety.

The CRU is guided by four strategic priorities that sit alongside the core activities we undertake to deliver on the public interest. These four strategic priorities are:

- Deliver sustainable low-carbon solutions with well-regulated markets and networks;
- Ensure compliance and accountability through best regulatory practice;
- Develop effective communications to support customers and the regulatory process;
and
- Foster and maintain a high-performance culture and organisation to achieve our vision.

Executive Summary

Bulk meter public Group Water Scheme connections have a single bulk meter at the point of connection with the public water network. A bulk meter public Group Water Scheme purchases treated water from Irish Water and then distributes this water to its members, which could be a mix of domestic, mixed-use and non-domestic premises. Bulk meter public Group Water Scheme connections are currently charged tariff rates (standing charges and volumetric charges) by Irish Water which were set by the relevant Local Authority prior to 1 January 2014. The amount of water they pay for is reduced by an allowance for each dwelling they serve (domestic allowances) under rules established by the various Local Authorities prior to 1 January 2014.

Directly-billed public Group Water Scheme connections are non-domestic and mixed-use connections that are connected to a public Group Water Scheme but are metered and billed directly by Irish Water (or in the case of unmetered connections, billed directly by Irish Water). Directly-billed public Group Water Scheme connections are also currently charged tariff rates (standing charges and volumetric charges) by Irish Water which were set by the Local Authorities around the country prior to 1 January 2014. If a directly-billed public Group Water Scheme connection is a mixed-use connection then the amount of water it pays for is reduced by an allowance (domestic allowance) under rules established by the various Local Authorities prior to 1 January 2014.

This means that public Group Water Scheme connections across the country are currently being charged different tariff rates and are in receipt of different levels of domestic allowance(s).

The CRU published its decision on Irish Water's Non-Domestic Tariff Framework (CRU/19/074)¹ on 3 July 2019. This Framework sets out the new harmonised tariff rates which apply to Irish Water's non-domestic water and wastewater customers across the country as of 1 October 2021. Public Group Water Scheme connections were classed as out-of-scope of the CRU's Non-Domestic Tariff Framework decision. As part of the decision,

¹ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19074-CRU-Decision-Paper-Irish-Waters-Non-Domestic-Tariff-Framework-1.pdf>

CRU directed Irish Water to continue to charge public Group Water Scheme connections in accordance with the structures and arrangements applicable prior to 1 January 2014, until new enduring charging arrangements for this type of connection were implemented.

The purpose of this proposed decision paper is to present the CRU's proposals regarding the enduring charging arrangements for public Group Water Scheme connections and to seek views on same. The CRU is publishing a proposed decision paper, rather than a consultation, as the proposals effectively extend Irish Water's Non-Domestic Tariff Framework, which has been consulted upon extensively, to public Group Water Schemes.

Under the Non-Domestic Tariff Framework, Irish Water calculated the cost to supply water to four separate classes of connection, which were differentiated by consumption volume. The cost to Irish Water to serve a public Group Water Scheme is the same as the cost to serve any other connection of comparable volume. Therefore, it would be logical and reasonable to place public Group Water Scheme connections within the tariff classes under the Non-Domestic Tariff Framework based on their metered consumption levels, in the same manner as any other connection. The CRU considers that a separate tariff class for public Group Water Schemes is neither warranted nor necessary. The creation of a separate tariff class with different tariff rates for public Group Water Schemes would be complex and time-consuming and has no cost-based rationale. Therefore, the CRU is of the view that the existing Non-Domestic Tariff Framework is the appropriate basis for charging public Group Water Scheme connections.

The proposed enduring charging arrangements for public Group Water Schemes cover proposals in respect of the following:

- The tariff rates that public Group Water Scheme connections are charged by Irish Water;
- The domestic allowances provided to public Group Water Scheme connections for the water consumption associated with dwellings;
- The implementation date, grace period and transition arrangements regarding the enduring charging arrangements for public Group Water Scheme connections; and
- The tariff application rules applicable to public Group Water Scheme connections.

Any tariffs charged by a public Group Water Scheme to its own members are outside the regulatory remit of the CRU and are outside the scope of this paper. This paper relates

solely to the tariffs that Irish Water charge for the purchase of treated water from Irish Water's public water network. Any changes to Irish Water's tariffs as a result of this proposed decision paper (and resultant decision paper) will be reflected in an updated Water Charges Plan.

The CRU understands that there are also a small number of small public Group Sewerage Schemes across the country. Public Group Sewerage Schemes are connected to, and discharge wastewater to, Irish Water's public wastewater network. The proposals in this paper will also apply for public Group Sewerage Schemes, in the context of wastewater tariffs.

The proposals contained within this paper are outlined below.

CRU Proposals

1. Irish Water to apply the harmonised national tariff rates under the Non-Domestic Tariff Framework to public Group Water Schemes.
2. Irish Water to treat bulk meter public Group Water Schemes in the same manner as mixed-use connections.
3. Irish Water to apply a domestic allowance of 213m³ per dwelling per annum to public Group Water Schemes.
4. The enduring charging arrangements for public Group Water Schemes will be implemented on 1 October 2022.
5. Irish Water to apply comparable transition arrangements (see section 4.5 of this paper for details) to those under the Non-Domestic Tariff Framework to public Group Water Schemes (until 1 October 2024).
6. The tariff application rules that apply when assigning non-domestic connections and mixed-use connections to a tariff class under the Non-Domestic Tariff Framework shall also apply to public Group Water Scheme connections.
7. These proposals will also apply for public Group Sewerage Schemes.

Within Irish Water’s connection data (for 2019) there are 704 connections identified as being public Group Water Scheme connections. They are all water only connections. Note that the CRU understands that there are more public Group Water Scheme connections across the country than this but Irish water does not have sufficient data to identify all schemes at this time. Any connections within Irish Water's database that are public Group Water Schemes but have not been identified as such will have been subject to the tariffs under the Non-Domestic Tariff Framework since 1 October 2021. It is also important to point out that CRU, through the Revenue Control process², has placed a financial incentive called the “Efficient Billing Incentive” on Irish Water which encourages Irish Water to find and bill non-domestic connections that are connected to the network, using water / wastewater services but not receiving a bill, and this covers any public Group Water Scheme connection that is not receiving a bill also.

The table below shows how annual bills for these 704 identified public Group Water Scheme connections would be impacted by the CRU’s proposals. 36% of the connections would see a bill decrease and 64% would see a bill increase. Note that this is before any transition tariffs are applied.

Summary Bill Impacts of CRU proposals on 704 identified pGWS connections

253	36%	Connections see decreases to their bills (and would move to enduring tariffs straight away)
236	34%	Connections see bill increases of less than €250 (and would move to enduring tariffs straight away)
215	30%	Connections see bill increases of €250 or greater (and would be eligible for a transition tariff)
704	100.0%	Total number of identified pGWS connections

Table 1: Summary bill impacts of CRU proposals on 704 identified pGWS connections

² [CRU21108-CRU-Decision-Paper-RC3-Financial-Incentives-Non-Domestic-Billing-Leakage.pdf](#)

The table below shows how annual bills for public Group Water Scheme connections would be impacted by the CRU's proposals **in the first year of the transition period, after the proposed transition rules have been applied.**

Summary Year 1 Bill Impacts of CRU proposals on 704 identified pGWS connections

253	36%	Connections see decreases to their bills
314	45%	Connections see bill increases of less than €250
137	19%	Connections see bill increases of €250 or greater

704	100.0%	Total number of identified pGWS connections
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Table 2: Summary Year 1 bill impacts of CRU proposals on 704 identified pGWS connections

Next steps

Interested parties should respond to this proposed decision paper by email to ndtariffs@cru.ie with their views regarding the CRU's proposals by close of business on 24 March 2022.

Public / Customer Impact Statement

The Commission for Regulation of Utilities (CRU) is the independent economic regulator of Irish Water. Irish Water is the national public utility responsible for delivering public water and wastewater services in Ireland. Irish Water is responsible for operating the public water and wastewater systems in order to provide safe, reliable and high-quality water and wastewater services to customers, and for investing in and improving the public water and wastewater systems.

The proposals being discussed in this paper affect public Group Water Scheme connections only.

Group Water Schemes are independent community-owned enterprises consisting of two or more houses (and sometimes non-domestic premises) on a shared water distribution system and are a means of providing piped water to areas where no such supply previously existed. Public Group Water Schemes are those Group Water Schemes that are connected to, and supplied with treated water from, the Irish Water public water network. Therefore, the tariff rates that are charged by Irish Water for the water supplied to these connections fall under the regulatory remit of the CRU. The current charges paid by public Group Water Schemes to Irish Water are based on charges set by Local Authorities prior to 1 January 2014, and therefore vary by region across the country. The CRU understands that there are also a small number of small public Group Sewerage Schemes across the country. Public Group Sewerage Schemes are connected to, and discharge wastewater to, Irish Water's public wastewater network.

The CRU's proposals will provide a harmonised suite of tariffs for public Group Water Scheme connections and public Group Sewerage Schemes. A more harmonised approach will benefit these connections in terms of transparency, simplicity and equity. The CRU's proposals will also harmonise the tariffs for public Group Water Schemes and public Group Sewerage Schemes with similar connections, in terms of consumption and discharge characteristics, across the country. This is fair, with similar connections, in terms of consumption characteristics, across the country being charged the same amount for using the same service.

The CRU has engaged with the National Federation of Group Water Schemes (NFGWS) on these issues and will continue to do so. Stakeholders shall also be updated through the Non-Domestic Water User Group (NDWUG).

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1. Introduction

1.1 Background to Group Water Schemes in Ireland

Group Water Schemes are independent community-owned enterprises consisting of two or more houses (and sometimes non-domestic premises) on a shared water distribution system and are a means of providing piped water to areas where no such supply previously existed.

Public Group Water Schemes are those Group Water Schemes that are connected to, and supplied with water from, the public water network (operated by Irish Water). There are two types of public Group Water Scheme connection – bulk meter public Group Water Scheme connections and directly-billed public Group Water Scheme connections.

Bulk meter public Group Water Scheme connections have a single bulk meter at the point of connection with the public water network. A bulk meter public Group Water Scheme purchases treated water from Irish Water and then distributes this water to its members, which could be a mix of domestic, mixed-use and non-domestic premises. Bulk meter public Group Water Scheme connections are currently charged tariff rates (standing charges and volumetric charges) by Irish Water which were set by the relevant Local Authority prior to 1 January 2014. The amount of water they pay for is reduced by an allowance for each dwelling they serve (domestic allowances) under rules established by the various Local Authorities prior to 1 January 2014.

Directly-billed public Group Water Scheme connections are non-domestic and mixed-use connections that are connected to a public Group Water Scheme but are metered and billed directly by Irish Water (or in the case of unmetered connections, billed directly by Irish Water). Directly-billed public Group Water Scheme connections are also currently charged tariff rates (standing charges and volumetric charges) by Irish Water which were set by the Local Authorities around the country prior to 1 January 2014. If a directly-billed public Group Water Scheme connection is a mixed-use connection then the amount of water it pays for is reduced by an allowance (domestic allowance) under rules established by the various Local Authorities prior to 1 January 2014.

This means that public Group Water Scheme connections across the country are currently being charged different tariff rates and are in receipt of different levels of domestic allowance(s).

The CRU understands that there are also a small number of small public Group Sewerage Schemes across the country. Public Group Sewerage Schemes are connected to, and discharge wastewater to, Irish Water's public wastewater network.

The Department of Housing, Local Government and Heritage³ is responsible for policy in relation to water and wastewater services including Group Water Schemes and Group Sewerage Schemes. The Department builds its strategic water policy and infrastructure delivery programmes around the National Planning Framework 2018-2040 and the National Development Plan 2021-2030. Investment is primarily delivered through Irish Water while the Department operates the Rural Water Programme, which includes Group Water Schemes, directly. The regulatory remit of CRU only extends to the charges that Irish Water applies to public Group Water Scheme connections and public Group Sewerage Scheme connections.

1.2 Purpose of this paper

Public Group Water Schemes were removed from the scope of the Non-Domestic Tariff Framework in 2018⁴. Accordingly, they were classed as out-of-scope of the CRU's Non-Domestic Tariff Framework decision (CRU/19/074)⁵.

The reason given for removing public Group Water Schemes from the scope of the Non-Domestic Tariff Framework in 2018 was that there was limited information available

³ [gov.ie - Department of Housing, Local Government and Heritage \(www.gov.ie\)](http://www.gov.ie)

⁴ [CRU18114-CRU-Consultation-Paper-Irish-Waters-Proposals-for-a-new-Non-Domestic-Tariff-Framework.pdf](#)

⁵ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19074-CRU-Decision-Paper-Irish-Waters-Non-Domestic-Tariff-Framework-1.pdf>

regarding public Group Water Scheme connections, their existing tariffing arrangements and possible interactions with governmental funding arrangements⁶.

While there is still limited information available regarding specific public Group Water Scheme connections, the Non-Domestic Tariff Framework has now been fully developed and as a result Irish Water and CRU have much more information on the costs, and cost drivers, of supplying water to all connections across Irish Water's network. The CRU has also engaged with the Department of Housing, Local Government and Heritage to understand the interactions between the existing governmental funding arrangements for public Group Water Schemes and Irish Water's tariffing arrangements.

The purpose of this proposed decision paper is to introduce the CRU's proposals for the enduring charging arrangements that Irish Water will apply for the water it provides to public Group Water Schemes, and to seek views on same. This proposed decision paper does not seek to address how public Group Water Schemes charge their own members, as this is an arrangement between each public Group Water Scheme and its connected members and is outside the regulatory remit of the CRU.

The CRU will consider all responses received to this paper before making a final decision on the matters discussed herein.

⁶ In December 2017, a number of measures were announced by the Minister for Housing, Planning and Local Government in relation to rural water services and in particular Group Water Schemes. These included increased subsidies and a review of wider investment needs of rural water services which commenced in 2018; <http://www.housing.gov.ie/water/water-services/minister-murphy-announces-increased-supports-rural-water-services>.

1.3 CRU's legislative remit & strategic plan

As part of the Irish Government's reform of Ireland's water and wastewater services, Irish Water has been responsible for charging non-domestic customers since 1 January 2014. The CRU's role as the economic regulator of Irish Water is to protect the interests of water customers, to ensure that water and wastewater services are delivered in a safe, secure and sustainable manner, and to seek to ensure that Irish Water operates in an economic and efficient manner.

Under the Water Services (No. 2) Act 2013⁷ the CRU has responsibility for approving the charges applied by Irish Water to non-domestic customers for water and wastewater services. Irish Water's Water Charges Plan⁸ is approved by the CRU and outlines the manner and method by which Irish Water charges its customers. Under the Water Services (No. 2) Act 2013 the approval of the Water Charges Plan by the CRU allows Irish Water to charge its customers the charges outlined therein.

The CRU's 2019-2021 Strategic Plan⁹ includes the objective to *“provide effective regulation of Irish Water to deliver secure, efficient and sustainable outcomes in the public interest”*. The desired outcomes related to this objective are outlined in Figure 1 below.

⁷ <http://www.irishstatutebook.ie/eli/2013/act/50/enacted/en/html>

⁸ [CRU21116-Irish-Water-Water-Charges-Plan.pdf](https://www.cru.ie/wp-content/uploads/2019/03/CRU21116-Irish-Water-Water-Charges-Plan.pdf)

⁹ <https://www.cru.ie/wp-content/uploads/2019/03/CRU19030a-CRU-Strategic-Plan-2019-2021-English-Version.pdf>



Figure 1: Objective and desired outcomes regarding regulation of Irish Water

The introduction of enduring charging arrangements for public Group Water Schemes that are delivered water from Irish Water’s public water network will help deliver the outcome of implementing “*transparent, fair and equitable charges*” for “*non-domestic services*”.

Further information on the CRU’s role and relevant legislation can be found on the CRU’s website at www.CRU.ie

1.4 Related documents

In order to provide context to this proposed decision paper, the following list of documents are provided which contain previous CRU consultations and decisions regarding water and wastewater tariffs applied to non-domestic customers of Irish Water.

- CER Information Note - Establishing Irish Water's Non-Domestic Tariff Framework (CER/16/304)
- CRU Information Note – Establishing Irish Water's Non-Domestic Tariff Framework (CRU/17/287)
- CRU Consultation Paper – Establishing Irish Water's Non-Domestic Tariff Framework (CRU/18/114)
- Current Non-Domestic Tariff Arrangements – Irish Water submission to the CRU (CRU/18/117)
- Non-Domestic Tariff Design Review and Enduring Proposals – Irish Water submission to the CRU (CRU/18/115)
- Non-Domestic Transitional Arrangements Proposals – Irish Water submission to the CRU (CRU/18/116)
- Irish Water Non-Domestic Tariff Proposals – An abridged guide (CRU/18/118)
- CRU Proposed Decision Paper – Irish Water's Non-Domestic Tariff Framework (CRU/19/042)
- CRU Response Paper – Irish Water's Proposals for a new Non-Domestic Tariff Framework (CRU/19/043)
- Irish Water document – CRU's proposed decision on Irish Water's Non-Domestic Tariff Framework – Irish Water Customer Information Paper (CRU/19/045)
- CRU Response Paper – Irish Water's Non-Domestic Tariff Framework (CRU/19/075)
- Irish Water document – CRU's decision on Irish Water's Non-Domestic Tariff Framework – Irish Water Customer Information Paper (CRU/19/076)
- CRU Decision Paper – Irish Water's Non-Domestic Tariff Framework (CRU/19/074)
- CRU Decision Paper – Excess Use Charges (CRU/19/086)
- CRU Consultation Paper – Tariff Application Rules (CRU/20/022)
- Irish Water Tariff Application Rules Submission Document (CRU/20/023)
- CRU Decision Paper – Tariff Application Rules (CRU/20/072)
- Irish Water's Water Charges Plan (CRU/21/116)

1.5 Structure of this paper

The remainder of this paper is structured as follows:

- **Section 2** – provides further background to the issues discussed in this paper.
- **Section 3** – outlines the six tariff principles that the CRU directed Irish Water to take into account when developing its Non-Domestic Tariff Framework proposals. The CRU has taken these principles into account during the development of its proposals for the enduring charging arrangements for public Group Water Schemes.
- **Section 4** – outlines the CRU’s proposals regarding the tariffs to be applied, the domestic allowances to be granted, the implementation date and grace period, and transition arrangements in respect of the enduring charging arrangements for public Group Water Schemes, provides analysis regarding the customer impacts of the proposals, and sets out questions for interested stakeholders regarding the proposals.
- **Section 5** – sets out the next steps.
- **Appendix** – provides data on public Group Water Schemes.

1.6 Responding to this proposed decision

Responses to this proposed decision should be sent by email to ndtariffs@cru.ie by close of business on 24 March 2022 and marked with reference to CRU/202208.

Unless marked confidential, all responses from companies or organisations may be fully published on the CRU's website. Respondents may request that their response be kept confidential. The CRU shall respect this request, subject to any obligations to disclose information. Respondents who wish to have their responses remain confidential should clearly mark the document to that effect and include the reasons for confidentiality.

Responses from identifiable members of the public will be anonymised prior to publication on the CRU website unless the respondent explicitly requests their personal details to be published.

The CRU privacy notice sets out how we protect the privacy rights of individuals and can be found [here](#).

Respondents should note that the CRU is subject to the Freedom of Information Act 2014 (FOI) and the European Communities (Access to Information on the Environment) Regulations 2007 to 2018 (AIE Regulations).

2. Background and Context

2.1 Irish Water's Non-Domestic Tariff Framework

The CRU published its decision on Irish Water's Non-Domestic Tariff Framework (CRU/19/074)¹⁰ on 3 July 2019. This Framework sets out the new tariff rates that apply to Irish Water's non-domestic water and wastewater customers as of 1 October 2021. The Framework was initially due to be implemented on 1 May 2020, but the implementation was deferred temporarily due to the novel coronavirus pandemic¹¹. The Framework also sets out the rules for how the tariffs are designed and the rules for how non-domestic connections and mixed-use connections will be transitioned to their new tariff rates over a three-year period.

Tariff classes

The Framework introduces four separate tariff classes for metered connections, which are differentiated by annual consumption as follows:

Water and Wastewater Customer Classes	
Tariff Class	Annual Consumption ¹² (m ³)
Band 1	Less than 1,000m ³
Band 2	Between 1,000m ³ and 19,999m ³
Band 3	Between 20,000m ³ and 249,999m ³
Band 4	Equal to or greater than 250,000m ³

Table 3: Tariff classes

The Framework also introduces two separate tariff classes for unmetered connections: a 'Band 1 Unmetered' class; and a 'Band 2 Unmetered' class.

¹⁰ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19074-CRU-Decision-Paper-Irish-Waters-Non-Domestic-Tariff-Framework-1.pdf>

¹¹ [Irish Water Non-Domestic Tariffs Implementation Date Revised for a Second Time - Commission for Regulation of Utilities \(cru.ie\)](https://www.cru.ie/News/News-Details/2020/07/2020-07-16-Irish-Water-Non-Domestic-Tariffs-Implementation-Date-Revised-for-a-Second-Time-Commission-for-Regulation-of-Utilities-cru.ie)

¹² Annual water use (or wastewater discharge for wastewater only connections)

‘Per connection’ basis

The tariffs under the Framework are applied on a ‘per connection’ basis, and separate tariffs per service used (water and wastewater) are applied for all connections.

Metered tariff rates

The metered tariff rates for each tariff class under the Framework are set out below.

Metered connections pay:

- a fixed charge per year (the ‘standing charge’); and
- a variable charge based on the volume of water used or wastewater discharged (the ‘volumetric charge’).

Metered tariffs	Water Service Charges		Wastewater Service Charges		Combined Service Charges	
	Standing Charge (€/year)	Volumetric Charge (€/m3)	Standing Charge (€/year)	Volumetric Charge (€/m3)	Standing Charge (€/year)	Volumetric Charge (€/m3)
Band 1 class (<1,000m3)	43.76	1.87	44.81	1.92	88.57	3.79
Band 2 class (1,000m3 - 19,999m3)	113.31	1.30	135.79	1.82	249.10	3.12
Band 3 class (20,000m3 - 249,999m3)	1,872.98	1.21	1,969.50	1.81	3,842.48	3.02
Band 4 class (≥ 250,000m3)	21,771.46	1.05	25,266.78	1.75	47,038.24	2.80

Table 4: Metered tariff rates

Unmetered tariff rates

The unmetered tariff rates for each tariff class under the Framework are set out below.

Unmetered connections pay a fixed charge per year.

Unmetered tariffs	Water Service Charge	Wastewater Service Charge	Combined Service Charge
	€/year	€/year	€/year
Band 1	260.35	243.14	503.49
Band 2	1,413.31	1,955.79	3,369.10

Table 5: Unmetered tariff rates

Transition arrangements

The Framework sets out the following rules for the transition of connections from their existing Local Authority tariff rates to their tariff rates under the Framework. These transition arrangements mean that some connections are paying tariff rates which differ from the tariff rates of their tariff class under the Framework (as set out above).

- Irish Water will apply the new tariff rates immediately when the Framework is implemented to all connections that will face:

- a decrease in their annual bill; or
- an increase in their annual bill of less than €250¹³.
- Irish Water will transition all connections that will face an increase in their annual bill of €250 or greater.
- Connections eligible for a transition will be transitioned to their tariff rates under the Framework over 3 years.
- For connections that will face an annual bill increase of €750 or greater, Irish Water will automatically apply a 10% cap¹⁴ (if required) to their annual bill increase in each year of the 3-year transition period. Customers can opt-out of receiving this cap.
- For those connections that will not have reached their tariff rates under the Framework by the end of the 3-year transition period, the CRU will consult on the need for further transitional arrangements for these connections after the 3-year transitional period is completed. This consultation will take place before the end of the 3-year transition period.

Mixed-use charging arrangements and domestic allowances

Statutory Instrument No. 597/2017 (*“Water Services Act 2007 (Threshold Amount and Allowance Amount) Order 2017”*)¹⁵, specifies a ‘threshold’ and an ‘allowance amount’ below which Irish Water shall provide water services without charge to a domestic customer. The ‘threshold amount’ is specified as 213,000 litres per year (213m³ per year).

The CRU published its decision¹⁶ on excess use charges on 17 July 2019. This decision sets out that water use above the threshold amount is considered excess use, and that domestic connections will be liable for excess use charges on any water used above this level.

Mixed-use premises are premises which encompass a dwelling and a non-domestic premises, with a single meter being used to measure the water supplied to the premises. Since it is impossible to measure the proportion of consumption attributable to the dwelling

¹³ Based on previous consumption.

¹⁴ The 10% cap is based on constant water use in each year. If a connection increases its water use then its annual bill may increase by more than 10%.

¹⁵ <http://www.irishstatutebook.ie/eli/2017/si/597/made/en/print>

¹⁶ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19086-CRU-Decision-and-Response-to-Comments-on-Household-Water-Conservation-Excess-Use-Charges.pdf>

and non-domestic premises, the CRU's decision on the Non-Domestic Tariff Framework¹⁷ sets out that a domestic allowance of 213m³ per dwelling shall apply for mixed-use connections. Mixed-use connections in receipt of a domestic allowance shall not be charged the volumetric rate for water up to this level. The domestic allowance provided to mixed-use connections is aligned with the Excess Use threshold in order to achieve equity between domestic connections and dwellings within mixed-use premises, by ensuring that neither are charged for water use up to the same threshold level.

Tariff Application Rules

The CRU published its decision on Irish Water's Tariff Application Rules (CRU/20/072)¹⁸ on 13 July 2020. This decision outlined the rules that apply when assigning non-domestic connections and mixed-use connections to a tariff class under the Non-Domestic Tariff Framework.

2.2 What are Group Water Schemes

Group Water Schemes are independent community-owned and operated enterprises consisting of two or more houses (and sometimes non-domestic premises) on a shared water distribution system and are a means of providing piped water to areas where no such supply previously existed. The Group Water Schemes Programme was first introduced in 1962¹⁹ to provide capital grant aid to rural dwellers for the construction of water distribution systems to pipe water from local water sources such as lakes or wells to their homes and farms. Communities set up voluntary co-operative structures to privately manage these distribution systems, and these structures are known as Group Water Schemes. The current operating costs of Group Water Schemes are funded through contributions from scheme members and subsidies from Central Government.

There are two categories of Group Water Scheme in Ireland: private Group Water Schemes and public Group Water Schemes. Private Group Water Schemes abstract, treat and distribute their own water supply from a private source such as a lake, river, well or spring.

¹⁷ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19074-CRU-Decision-Paper-Irish-Waters-Non-Domestic-Tariff-Framework-1.pdf>

¹⁸ [CRU20072-CRU-Decision-Paper-Tariff-Application-Rules.pdf](#)

¹⁹ [Group Water Schemes | Help | Irish Water](#)

Public Group Water Schemes, on the other hand, are connected to Irish Water's public water network and are supplied with treated water from Irish Water. This water is then distributed through a local water distribution system which is owned and operated by the scheme.

2.3 CRU's regulatory remit regarding Group Water Schemes

CRU's regulatory remit extends to assets owned by Irish Water only. Irish Water does not have any responsibility for private Group Water Schemes and they are not within the regulatory remit of the CRU. Regarding public Group Water Schemes, CRU is only responsible for regulating the tariffs charged by Irish Water and does not have any remit to regulate the tariffs charged by the public Group Water Scheme to its members.

2.4 Bulk meter and directly-billed Public Group Water Scheme connections

As discussed, public Group Water Schemes are community-owned and operated water distribution systems which are connected to the public water network and supplied with treated water from Irish Water. There are two types of public Group Water Scheme connection to Irish Water's network – bulk meter public Group Water Scheme connections and directly-billed public Group Water Scheme connections.

Bulk meter public Group Water Scheme connections have a single bulk meter at the point of connection with the public water network. These schemes purchase treated water from Irish Water at the connection point and then distribute this water along the scheme's own private water distribution systems to their members. The scheme itself is the customer of Irish Water and is purchasing water "in bulk" to provide for the needs of the scheme's members. Bulk meter public Group Water Schemes are billed by Irish Water for the volume that passes through the bulk meter. The scheme management recovers the costs of running the scheme from its members, which can comprise domestic, mixed-use and non-domestic premises connected to the scheme's water distribution system.

Bulk meter public Group Water Scheme connections are currently charged tariff rates (standing charges and volumetric charges) by Irish Water which were set by the Local Authorities around the country prior to 1 January 2014. The amount of water they pay for is reduced by an allowance for each dwelling connected to their water distribution system (domestic allowances) under rules established by the various Local Authorities prior to 1 January 2014.

Directly-billed public Group Water Scheme connections are non-domestic and mixed-use premises that are connected to a public Group Water Scheme but are metered and billed directly by Irish Water on an individual connection basis. Directly-billed public Group Water Scheme connections are also currently charged tariff rates (standing charges and volumetric charges) by Irish Water which were set by the Local Authorities around the country prior to 1 January 2014. If a directly-billed public Group Water Scheme connection is a mixed-use premises then the amount of water it pays for is reduced by an allowance (domestic allowance) under rules established by the various Local Authorities prior to 1 January 2014.

Public Group Water Schemes were classed as out-of-scope of the CRU's Non-Domestic Tariff Framework decision and CRU directed Irish Water to continue to charge these connections in accordance with the structures and arrangements applicable prior to 1 January 2014 until new enduring charging arrangements for this type of connection were implemented. The standing charge, volumetric charge and domestic allowance per dwelling applied to public Group Water Schemes vary widely across the different Local Authorities across the country.

Data on public Group Water Scheme connections can be found in the Appendix of this paper.

2.5 Taking-in-Charge Policy

Water services legislation provides for the “taking-in-charge” of Group Water Schemes by the Water Services Authority (Irish Water as of 1 January 2014) when so requested by the members of the Group Water Scheme or in other exceptional circumstances, and with the agreement of the Water Services Authority. When a Group Water Scheme is “taken-in-charge” it is disbanded, its assets pass into the ownership of Irish Water, the responsibility for operation and maintenance of the assets passes to Irish Water, and all domestic, mixed-use and non-domestic connections on the scheme become direct connections to Irish Water’s public network.

Funding measure 5 of the Framework for Multi-Annual Rural Water Programme 2019-2021²⁰ is designed to enable existing Group Water Schemes, where they wish to do so and with the agreement of Irish Water, to be taken-in-charge. Funding measure 5 provides grants of 100% of the cost of all necessary works associated with bringing Group Water Schemes and Group Sewerage Schemes to the basic Irish Water standard for taking in charge.

Detailed procedures and protocols in relation to the taking-in-charge of Group Water Schemes by Irish Water were formulated and agreed in 2017 by a review group made up of officials from the Department of Housing, Planning, Community and Local Government, the National Federation of Group Water Schemes, Irish Water and Local Authorities. Since then, 172 schemes have been taken-in-charge by Irish Water and there is a waiting list of schemes planning to do so.

If recent trends continue, it is likely that most, and possibly ultimately all, public Group Water Schemes will be taken-in-charge over time. This, coupled with the fact that no new public Group Water Schemes are being built, means that the number of premises served by public Group Water Schemes will reduce over time.

²⁰ <https://www.offaly.ie/eng/Services/Water-Services/Framework%20for%20Multi-Annual%20Rural%20Water%20Programme%202019-2021.pdf>

2.6 Public Group Sewerage Schemes

The CRU understands that there also exists a small number of public Group Sewerage Schemes across the country. These are community-owned schemes that are connected to, and discharge wastewater to, Irish Water's public wastewater network. The proposals for public Group Water Schemes outlined in this paper also apply to public Group Sewerage Schemes (in the context of wastewater charges).

3. Principles guiding the development of the enduring charging arrangements

3.1 Six Tariff Principles

In January 2016 the CRU issued Irish Water with six tariff principles and directed Irish Water to take these principles into account when developing its Non-Domestic Tariff Framework.

The six principles issued to Irish Water are as follows:

- ❖ **Efficiency in use of water services:** Tariffs should incentivise the efficient use of water services.
- ❖ **Equity and no undue discrimination:** Tariffs should be equitable and not unduly discriminate between customers.
- ❖ **Stability:** Tariffs should be designed to ensure customer bill volatility is kept to a minimum.
- ❖ **Cost reflectivity:** Tariffs should be reflective of the costs of providing water services.
- ❖ **Cost recovery:** Tariffs should allow for the recovery of efficiently incurred costs of providing water services.
- ❖ **Simplicity:** Tariffs should be clear, transparent and easy to understand.

These six tariff principles have guided the development of CRU's proposals for the enduring arrangements for public Group Water Schemes outlined in this paper.

The CRU will also evaluate proposals and comments received from interested parties against these principles, and when providing the basis for each decision on the enduring charging arrangements for public Group Water Schemes will include reference to these principles.

4. CRU's proposals in respect of public Group Water Schemes

4.1 Proposed tariff rates

Tariffs should be designed and formulated so that users of the service contribute proportionately to the costs which they impose on the system. Cost allocation is a key part of the tariff design process and refers to the way in which a utility attributes its overall costs between different customer classes and different services. As part of the design of the tariffs under the Non-Domestic Tariff Framework, Irish Water undertook a detailed cost allocation exercise that examined the costs of providing water and wastewater services to domestic customers and to each individual non-domestic customer class. Irish Water followed a Fully Allocated Cost (FAC) approach which means that the tariff rates for each tariff class are designed to recover the full costs allocated to this tariff class.

As part of the approved FAC approach Irish Water applied “cost drivers” in order to allocate costs to domestic customers and to each of the non-domestic customer classes. A utility's costs can be disaggregated into direct and indirect costs. Direct costs can be directly attributed to specific customer classes. Indirect costs, however, require the use of cost drivers to allocate such costs across customer classes based on certain customer characteristics (such as volume of water consumed, peak water demand, network location, etc.) that drive such costs. This allocation of costs across customer classes requires, firstly, the selection of the appropriate customer characteristic(s) to act as the cost driver(s), and, secondly, the calculation of each customer classes' percentage 'share' of the customer characteristic(s) in question.

Each non-domestic customer class is allocated a particular share of each operational cost and each capital cost category in line with the cost allocation rules. Then, within each non-domestic customer class, the costs are allocated to be recovered from the standing charge and the volumetric charge. The tariff rates are then set based on the output of the cost allocation exercise and the projected connection numbers and water consumption volumes in each non-domestic tariff class.

Under the Non-Domestic Tariff Framework, Irish Water calculated the cost to supply water to four separate classes of connection, which were differentiated by consumption volume. The cost to Irish Water to serve a public Group Water Scheme is the same as the cost to serve any other connection of comparable volume. Therefore, it would be logical and reasonable to place public Group Water Scheme connections within the tariff classes under the Non-Domestic Tariff Framework based on their metered consumption levels, in the same manner as any other connection. The CRU considers that a separate tariff class for public Group Water Schemes is neither warranted nor necessary. The creation of a separate tariff class with different tariff rates for public Group Water Schemes would be complex and time-consuming and has no cost-based rationale. Therefore, the CRU is of the view that the existing Non-Domestic Tariff Framework is the appropriate basis for charging public Group Water Scheme connections.

The CRU therefore proposes that the harmonised national tariff rates under the Non-Domestic Tariff Framework be applied to public Group Water Scheme connections. Bulk meter public Group Water Scheme connections should be assigned to a tariff class in the same manner as any other connection, based on their metered consumption levels. For the avoidance of doubt, the harmonised national tariff rates (in this case wastewater tariffs) under the Framework would also be applied to public Group Sewerage Schemes.

For a public Group Water Scheme that is a metered connection, the applicable tariff will be made up of:

- A Standing charge – a fixed charge in € / year; and
- A Volumetric Charge – a charge applied to metered volume consumed / discharged (€/m³).

The tariff will depend on whether the connection receives a water service, a wastewater service or both. The tariff will also depend on the volume of water consumed and/or discharged to the sewer over a year. This is illustrated in the flow diagram below.

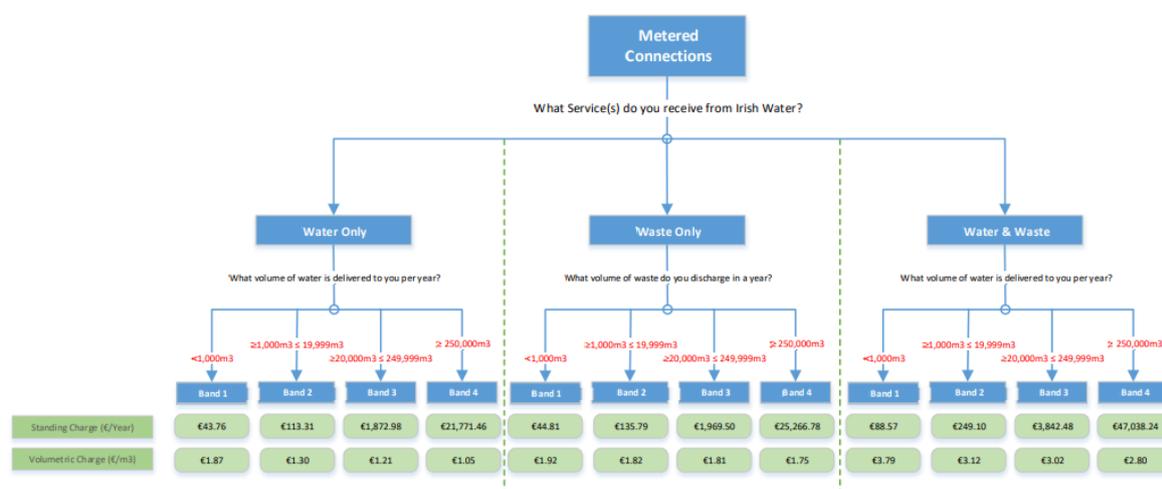


Figure 2: Tariff flow diagram

For a public Group Water Scheme that is an unmetered connection, the applicable unmetered tariff under the Non-Domestic Tariff Framework will apply.

Benefits for public Group Water Schemes:

The CRU's proposal would have the following benefits:

- It would create a simpler charging structure for public Group Water Schemes, rather than having various different charging structures across the country as exists currently.
- It would improve transparency, as the Non-Domestic Tariff Framework clearly sets out what price is charged for water and wastewater services across the country, and how the charges are calculated and applied to customers.
- It would provide timely clarity to public Group Water Schemes regarding the tariff rates they will be charged.
- It would provide efficient signals for water use, as the tariff rates are cost reflective, and would importantly incentivise water conservation. The tariff rates under the Non-Domestic Tariff Framework will be reviewed periodically to ensure that they remain cost reflective.
- It would be fair, with similar connections, in terms of consumption characteristics, being charged the same amount for using the same service.
- It would lead to greater price stability for public Group Water Schemes, as the Framework tariff rates are based on a cost allocation exercise encompassing the full

Irish Water customer base and so would be more stable over time than tariff rates based on a cost allocation exercise encompassing a much smaller customer base.

- It would lead to greater bill certainty for public Group Water Schemes, as changes to the tariff rates approved under the Framework in the future will be subject to public consultation and regulatory approval. This would provide greater certainty to public Group Water Schemes as they plan and budget for the future.

CRU Proposal 1

Irish Water to apply the harmonised national tariff rates under the Non-Domestic Tariff Framework to public Group Water Schemes.

Question 1: Do you agree with the CRU's proposal to apply the harmonised national tariff rates under the Non-Domestic Tariff Framework to public Group Water Schemes? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

4.2 Treating bulk meter public Group Water Schemes in the same manner as mixed-use connections

Bulk meter schemes are non-domestic customers from Irish Water's point of view. From Irish Water's perspective a bulk meter scheme is a wholesale purchaser of treated water at a single connection point from Irish Water's public water network. The scheme then distributes the water to its members, which may be a mix of domestic, mixed-use and/or non-domestic premises, but Irish Water does not necessarily have information regarding the downstream activities of the scheme. Irish Water does not own the assets downstream of the bulk meter connection and thus does not have any responsibility for the provision of services downstream of the connection.

However, from historic custom and practice, many Local Authorities granted domestic allowances to bulk meter public Group Water Schemes according to the number of dwellings connected to the scheme. The CRU recognises that downstream of existing mixed-use connections, a portion of the water is used by a dwelling and domestic allowances are

granted to mixed-use connections under the Non-Domestic Tariff Framework. The CRU is proposing to uphold that same recognition in respect of public Group Water Schemes. The exact number of domestic allowances granted to any individual bulk meter public Group Water Scheme connection is an issue for Irish Water.

The CRU is therefore proposing that Irish Water treat all bulk meter public Group Water Schemes in the same manner as mixed-use connections and continue to grant them domestic allowances according to the number of dwellings connected to the scheme. This achieves equity across all connections that have a single meter, but where a portion of the water supplied is used by a dwelling. For the avoidance of doubt, this would also be applied to public Group Sewerage Schemes with a bulk meter connection to the wastewater network.

It should be noted that this proposal should not be taken to suggest that the occupants of the dwellings served by the bulk meter schemes are customers of Irish Water. It is the public Group Water Scheme itself that is Irish Water's customer. Further, the bulk meter schemes are not mixed-use customers of Irish Water. The proposal to treat them in the same manner as mixed-use connections is for illustrative purposes in the context of a proposal regarding the appropriate approach to tariffs in respect of these connections.

CRU Proposal 2

Irish Water to treat bulk meter public Group Water Schemes in the same manner as mixed-use connections.

Question 2: Do you agree with the CRU's proposal that bulk meter public Group Water Schemes be treated by Irish Water in the same manner as mixed-use connections? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

4.3 Size of domestic allowance

In the case where CRU's proposal is followed and Irish Water treats bulk meter public Group Water Schemes in the same manner as mixed-use connections, it needs to be then decided what size of domestic allowance(s) will be granted to bulk meter public Group Water Schemes.

The CRU proposes that the domestic allowance granted to a bulk meter public Group Water Scheme per dwelling served by the scheme shall be the same size as the domestic allowance granted to other mixed-use connections, i.e. 213m³ per annum.

For the avoidance of doubt, these proposals would also be applied to public Group Sewerage Schemes.

It should be noted here that the CRU does have concerns that where multiple domestic allowances are provided to a bulk meter public Group Water Scheme, it is possible that a portion of the total aggregate domestic allowance value could cross-subsidise any non-domestic premises within the scheme based on current allowances. This concern arises due to the fact that the domestic allowance of 213m³ per annum per dwelling equates to 1.7 times the average domestic consumption of 125m³ per annum²¹. If the 213m³ per annum domestic allowance is granted for every dwelling, it is possible that the total aggregate domestic allowance value granted to a bulk meter public Group Water Scheme could be in excess of the actual total aggregate consumption of the dwellings served by the scheme. The CRU does not have any regulatory remit regarding how bulk meter public Group Water Schemes charge for water downstream of the connection point, and it is up to schemes themselves to minimise cross-subsidisation.

While this is not an ideal situation, the CRU notes that public Group Water Schemes are being taken-in-charge over time and no new public Group Water Schemes are being built, which means that the issue will reduce over time. Given this, the CRU is of the view that its proposal on balance would be beneficial, and it would have the following benefits:

²¹ See CRU/19/086: [CRU19086-CRU-Decision-and-Response-to-Comments-on-Household-Water-Conservation-Excess-Use-Charges.pdf](#)

- It would create a simpler regime for domestic allowances for bulk meter public Group Water Schemes, rather than having various different domestic allowances provided to bulk meter public Group Water Schemes across the country as happens currently.
- It would improve transparency, as the Non-Domestic Tariff Framework clearly sets out what standard domestic allowance is granted to mixed-use connections.
- It would be fair with bulk meter public Group Water Schemes across the country receiving the same standard domestic allowance per dwelling.
- It would lead to greater bill certainty for bulk meter public Group Water Schemes, as changes to the standard domestic allowance in the future will be subject to public consultation and regulatory approval. This would provide greater certainty to bulk meter public Group Water Schemes as they plan and budget for the future.
- It would be fair in respect of charging arrangements across all connections where there is a single meter with a mixture of domestic and non-domestic water consumption downstream of this meter.

For all these reasons the CRU also proposes that the standard domestic allowance of 213m³ per annum be granted to directly-billed public Group Water Scheme connections that are mixed-use connections.

CRU Proposal 3

Irish Water to apply a domestic allowance of 213m³ per dwelling per annum to public Group Water Schemes.

Question 3: Do you agree with the CRU's proposal that a domestic allowance of 213m³ per dwelling per annum be granted to public Group Water Schemes? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

4.4 Implementation date and grace period

The Non-Domestic Tariff Framework decision was published on 3 July 2019 and was initially due to be implemented on 1 May 2020. This gave non-domestic connections and mixed-use connections a grace period of almost 10 months between the publication of the decision and

the planned implementation of the Framework. The implementation of the Framework was deferred due to the novel coronavirus pandemic and actually occurred on 1 October 2021.

The CRU's proposal is that the new enduring charging arrangements for public Group Water Schemes (and public Group Sewerage Schemes) should be implemented on 1 October 2022, exactly one year after the implementation of the Non-Domestic Tariff Framework. The CRU plans to issue a decision paper on the enduring charging arrangements for public Group Water Schemes before the end of March 2022. This would give public Group Water Schemes a grace period of at least 6 months before their new tariffs are implemented. The CRU notes that an implementation date of 1 October 2022 would be nearly 39 months after the publication of its decision on the Non-Domestic Tariff Framework.

The CRU would expect Irish Water to develop a communications plan to ensure that the connections affected by these changes are fully informed in advance of the implementation date.

CRU Proposal 4

The enduring charging arrangements for public Group Water Schemes will be implemented on 1 October 2022.

Question 4: Do you agree with the CRU's proposal to implement the new enduring charging arrangements for public Group Water Schemes on 1 October 2022, exactly one year after the implementation of the Non-Domestic Tariff Framework? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

4.5 Transitional arrangements

The CRU recognises that steep increases to customer bills is a key concern for customers. A core principle of the Non-Domestic Tariff Framework is that customer bill volatility should be kept to a minimum. Where the application of a new non-domestic tariff results in bill increases, consideration must be given to putting in place arrangements that gradually transition customers from their existing tariffing arrangements over a period of time.

The CRU proposes to apply comparable rules to those set out in the Non-Domestic Tariff Framework for the transition of public Group Water Schemes from their existing Local Authority tariff rates to their tariff rates under the Framework. A key aim of these transitional rules for public Group Water Schemes is to ensure that they are taken fully within the scope of the Non-Domestic Tariff Framework on 1 October 2024 (the end date of the current 3-year transition period).

The proposed transition rules for public Group Water Scheme connections are outlined below:

- Irish Water will apply the new tariff rates immediately when the Framework is implemented to all public Group Water Scheme connections that will face:
 - a decrease in their annual bill; or
 - an increase in their annual bill of less than €250²².
- Irish Water will transition all public Group Water Scheme connections that will face an increase in their annual bill of €250 or greater to their new tariff rates with two equal increases to their tariff rates over two years.
- For public Group Water Scheme connections that will face an annual bill increase of €750 or greater, Irish Water will automatically apply a 10% cap²³ (if required) to their annual bill increase in each year of the 2-year transition period. Customers can opt-out of receiving this cap.
- For those public Group Water Scheme connections that will not have reached their tariff rates under the Framework by the end of the 2-year transition period, the CRU will be consulting on the need for further transitional arrangements for the period after 1 October 2024.

While the CRU is proposing a 2-year transition period for public Group Water Scheme connections rather than a 3-year transition period (which applies to other connections under the Non-Domestic Tariff Framework), we are of the view that this is appropriate as it means that all connections will be fully under the Framework on 1 October 2024 and this will achieve greater equity across all customers at that point in time. The CRU also notes that public Group Water Scheme connections that will see bill increases under the proposed

²² Based on previous consumption.

²³ The 10% cap is based on constant water use in each year. If a connection increases its water use then its annual bill may increase by more than 10%.

charging arrangements are currently getting the full benefit of their current lower tariff rates for the year from 1 October 2021 to 30 September 2022. For public Group Water Scheme connections that will face an annual bill increase of €750 or greater, Irish Water will automatically apply a 10% cap²⁴ (if required) to their annual bill increase in each year of the 2-year transition period. The CRU will hold a consultation before the end of the transition period regarding the need for further transitional arrangements after 1 October 2024 for all connections that have not reached an enduring tariff rate under the Non-Domestic Tariff Framework by 1 October 2024, including pGWS connections, with a view to minimising the risk of large step change in tariff levels for these connections.

For the avoidance of doubt, these transition arrangements would also be applied to public Group Sewerage Schemes.

CRU Proposal 5

Irish Water to apply comparable transition arrangements to those under the Non-Domestic Tariff Framework to public Group Water Schemes (until 1 October 2024).

Question 5: Do you agree with the CRU's proposal to apply comparable transition rules to those in the Non-Domestic Tariff Framework to public Group Water Schemes, which would bring public Group Water Scheme fully under the Framework by 1 October 2024? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

4.6 Tariff Application Rules

The CRU proposes that the rules outlined in its decision on Irish Water's Tariff Application Rules (CRU/20/072)²⁵ that apply when assigning non-domestic connections and mixed-use connections to a tariff class under the Non-Domestic Tariff Framework shall also apply to

²⁴ The 10% cap is based on constant water use in each year. If a connection increases its water use then its annual bill may increase by more than 10%.

²⁵ [CRU20072-CRU-Decision-Paper-Tariff-Application-Rules.pdf](#)

public Group Water Scheme connections. For the avoidance of doubt, the Tariff Application Rules would also be applied to public Group Sewerage Schemes.

CRU Proposal 6

The tariff application rules that apply when assigning non-domestic connections and mixed-use connections to a tariff class under the Non-Domestic Tariff Framework shall also apply to public Group Water Scheme connections.

Question 6: Do you agree with the CRU's proposal to apply the tariff application rules for assigning connections to a tariff class to public Group Water Scheme connections? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

4.7 Summary of CRU proposals

CRU Proposals

1. Irish Water to apply the harmonised national tariff rates under the Non-Domestic Tariff Framework to public Group Water Schemes.
2. Irish Water to treat bulk meter public Group Water Schemes in the same manner as mixed-use connections.
3. Irish Water to apply a domestic allowance of 213m³ per dwelling per annum to public Group Water Schemes.
4. The enduring charging arrangements for public Group Water Schemes will be implemented on 1 October 2022.
5. Irish Water to apply comparable transition arrangements (see section 4.5 of this paper for details) to those under the Non-Domestic Tariff Framework to public Group Water Schemes (until 1 October 2024).
6. The tariff application rules that apply when assigning non-domestic connections and mixed-use connections to a tariff class under the Non-Domestic Tariff Framework shall also apply to public Group Water Scheme connections.
7. These proposals will also apply for public Group Sewerage Schemes.

4.8 Public Group Water Scheme bill impacts of the proposals

In this section the CRU summarises the general bill impacts of the proposals contained within this proposed decision paper on known public Group Water Scheme connections.

The future annual bills are calculated based on:

- The proposal that public Group Water Scheme connections will be charged the harmonised national tariffs under the Non-Domestic Tariff Framework;
- The proposal that bulk meter connections be treated in the same manner as mixed-use connections; and
- The proposal that public Group Water Scheme connections will be granted the standardised domestic allowance of 213m³ per dwelling.

Detailed and comprehensive data on public Group Water Schemes is not available. The data and analysis in this section is based on Irish Water connection data for the year 2019 (which is the most recent data that Irish Water has made available to the CRU) and the Local Authority GWS survey and discussions with the National Federation of Group Water Schemes (NFGWS).

Within Irish Water's connection data (for 2019) there are 704 connections identified as being public Group Water Scheme connections. They are all water only connections. Note that the CRU understands that there are more public Group Water Scheme connections across the country than this but Irish water does not have sufficient data to identify all schemes at this time. The analysis in this section is by necessity based on this sample of 704 connections. Any connections within Irish Water's database that are public Group Water Schemes but have not been identified as such will have been subject to the tariffs under the Non-Domestic Tariff Framework since 1 October 2021. It is also important to point out that CRU, through the Revenue Control process²⁶, has placed a financial incentive called the "Efficient Billing Incentive" on Irish Water which encourages Irish Water to find and bill non-domestic connections that are connected to the network, using water / wastewater services but not

²⁶ [CRU21108-CRU-Decision-Paper-RC3-Financial-Incentives-Non-Domestic-Billing-Leakage.pdf](#)

receiving a bill, and this covers any public Group Water Scheme connection that is not receiving a bill also.

The table below shows how annual bills for public Group Water Scheme connections would be impacted by the CRU’s proposals. 36% of the connections would see a bill decrease and 64% would see a bill increase. Note that this is before any transition tariffs are applied.

Summary Bill Impacts of CRU proposals on 704 identified pGWS connections

253	36%	Connections see decreases to their bills (and would move to enduring tariffs straight away)
236	34%	Connections see bill increases of less than €250 (and would move to enduring tariffs straight away)
215	30%	Connections see bill increases of €250 or greater (and would be eligible for a transition tariff)
704	100.0%	Total number of identified pGWS connections

Table 6: Summary bill impacts of CRU proposals on 704 identified pGWS connections

The table below is taken from the CRU’s decision on Irish Water’s Non-Domestic Tariff Framework (CRU/19/074)²⁷ and shows how bills will be impacted by the CRU’s decision on the Non-Domestic Tariff Framework on an aggregate level across the non-domestic customer base as a whole. It can be seen that the bill impacts for public Group Water Scheme connections are worse on average than the bill impacts for non-domestic connections as a whole. This is due to the fact that public Group Water Schemes are located in only some former Local Authority areas (which had lower water tariffs on average). It is important to note also that this is based on a sample of only 704 public Group Water Scheme connections (that Irish Water has data for).

²⁷ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19074-CRU-Decision-Paper-Irish-Waters-Non-Domestic-Tariff-Framework-1.pdf>

Summary Bill Impacts of CRU Decision on Irish Water's Tariff Design & Transitional Proposals

85,088	46.4%	Connections will see decreases to their bills (and will move to the enduring tariffs straight away)
67,088	36.6%	Connections will see bill increases of less than €250 (and will move to the enduring tariffs straight away)
31,303	17.1%	Connections will see bill increases of €250 or greater (and will be eligible for a transition tariff)
183,479	100.0%	Total number of non-domestic connections

Table 7: Summary bill impacts of CRU decision on the Non-Domestic Tariff Framework

The chart below shows, in more detail, how annual bills for the 704 identified public Group Water Scheme connections would be impacted by the CRU's proposals. Note that this is before any transition tariffs are applied.

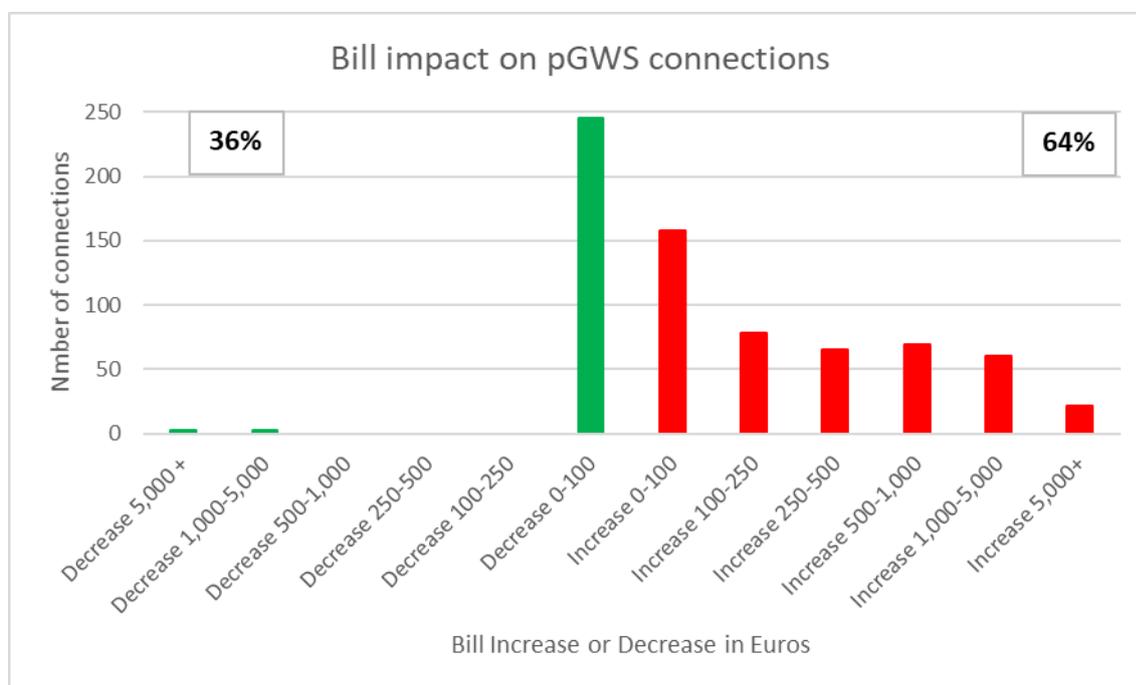
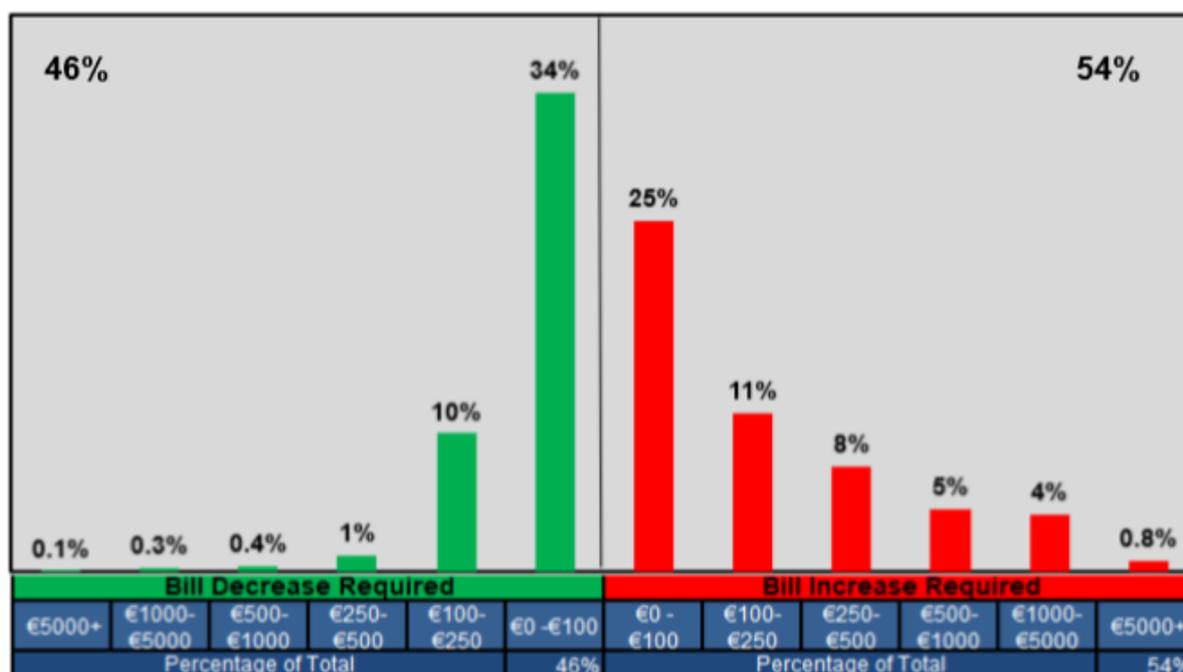


Figure 3: Customer impact on pGWS connections of CRU proposals

The chart below is taken from the CRU’s decision on Irish Water’s Non-Domestic Tariff Framework (CRU/19/074)²⁸ and shows, in more detail, how bills will be impacted by the CRU’s decision on the Non-Domestic Tariff Framework on an aggregate level across the non-domestic customer base as a whole. Note that this is before any transition tariffs are applied.



Source: Figure 4.1 in Irish Water’s *Customer Information Paper* (CRU/19/076)

Figure 4: Customer Impact of the Non-Domestic Tariff Framework tariff rates

²⁸ <https://www.cru.ie/wp-content/uploads/2019/07/CRU19074-CRU-Decision-Paper-Irish-Waters-Non-Domestic-Tariff-Framework-1.pdf>

Year 1 of the transition period

The table below shows how many connections would qualify for transition tariffs under the CRU's proposed transition rules for public Group Water Scheme connections.

Number of pGWS connections qualifying for transition tariffs		
489	69%	No transition
111	16%	2 Year transition
104	15%	10% cap
704	100.0%	Total number of identified pGWS connections

Table 8: Number of pGWS connections qualifying for transition tariffs

The table below shows how annual bills for public Group Water Scheme connections would be impacted by the CRU's proposals **in the first year of the transition period, after the proposed transition rules have been applied.**

Summary Year 1 Bill Impacts of CRU proposals on 704 identified pGWS connections		
253	36%	Connections see decreases to their bills
314	45%	Connections see bill increases of less than €250
137	19%	Connections see bill increases of €250 or greater
704	100.0%	Total number of identified pGWS connections

Table 9: Summary Year 1 bill impacts of CRU proposals on 704 identified pGWS connections

The chart below shows, in more detail, how annual bills for the 704 identified public Group Water Scheme connections would be impacted by the CRU’s proposals, **in the first year of the transition period, after the proposed transition rules have been applied.**

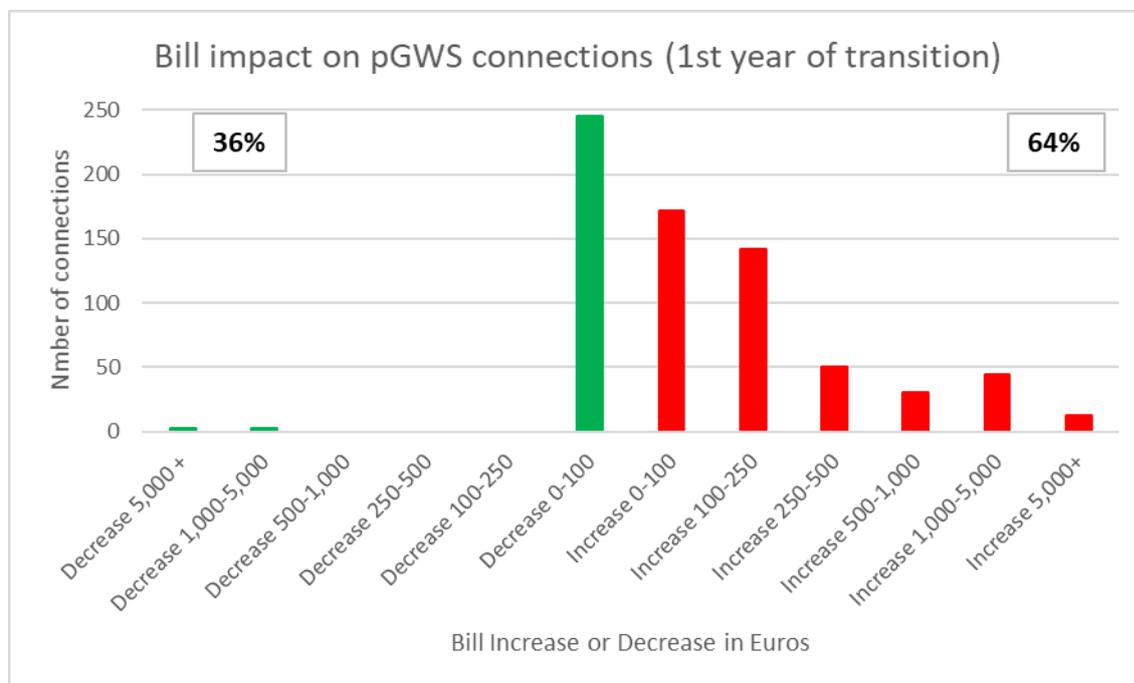


Figure 5: Customer impact on pGWS connections of CRU proposals in Year 1

4.9 Assessment of CRU proposals against tariff principles

The CRU, by basing the enduring charging arrangements for public Group Water Schemes on the Non-Domestic Tariff Framework, is ensuring that those arrangements meet the six tariff principles overall in the same manner as the Framework does.

The CRU's proposals for public Group Water Schemes are assessed against the six tariff principles individually below.

Efficiency in use of water services

The CRU's proposals would ensure that public Group Water Schemes are charged cost reflective tariff rates that reflect the cost of delivering treated water to the connection²⁹. This would incentivise the efficient use of water services by public Group Water Scheme connections and encourage water conservation.

Equity and no undue discrimination

The CRU's proposals are fair as public Group Water Schemes across the country would be charged the same harmonised national tariff rates and would also be charged the same tariff rates as other connections (depending on their water consumption and tariff class). The tariff rates are reflective of Irish Water's costs of delivering water services to all points of connection to the public network, and therefore it would be unfair to charge public Group Water Schemes different tariff rates to other connections as they are receiving the same service. The CRU's proposals are also fair in that the same domestic allowance per dwelling would be granted to all public Group Water Schemes across the country. This would also standardise the domestic allowance granted per dwelling across the country regardless of whether the dwelling is connected directly to the public water network or connected to a public Group Water Scheme.

²⁹ The CRU's proposals would also ensure that public Group Sewerage Schemes are charged cost reflective tariff rates that reflect the cost of providing wastewater services in respect of those wastewater connections.

Stability

The CRU's proposals offer price stability to public Group Water Schemes, as the Non-Domestic Tariff Framework tariff rates are based on a cost allocation exercise encompassing the full Irish Water customer base and so will be more stable over time than different tariff rates based on a cost allocation exercise encompassing a much smaller customer base. The CRU's proposals also offer stability to public Group Water Schemes in the sense that any changes to the tariff rates under the Framework and domestic allowances in the future will be subject to public consultation and regulatory approval. The CRU's proposal to apply comparable transition rules to those under the Non-Domestic Tariff Framework to public Group Water Schemes will help connections facing large bill increases associated with moving to the new tariff rates.

Cost reflectivity

The tariff rates under the Non-Domestic Tariff Framework were formulated on a Fully Allocated Cost (FAC) basis and are reflective of Irish Water's costs of providing water services to its entire non-domestic customer base.

Cost recovery

The CRU's proposals should provide cost recovery for Irish Water as the tariff rates under the Non-Domestic Tariff Framework allow for the recovery by Irish Water of efficiently incurred costs of providing water services.

Simplicity

The CRU's proposals are the simplest possible approach. The harmonised national tariff rates under the Non-Domestic Tariff Framework are clear, transparent and easy for customers to understand. The CRU's proposals would bring public Group Water Schemes fully under the Framework by 1 October 2024 and avoid the creation of any special and complex rules. The CRU's proposals would also standardise the domestic allowance granted per dwelling across the country regardless of whether the dwelling is connected directly to the public water network or connected to a public Group Water Scheme and this again is the simplest possible approach.

4.10 Summary of proposed decision questions

Question 1: Do you agree with the CRU's proposal to apply the harmonised national tariff rates under the Non-Domestic Tariff Framework to public Group Water Schemes? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

Question 2: Do you agree with the CRU's proposal that bulk meter public Group Water Schemes be treated by Irish Water in the same manner as mixed-use connections? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

Question 3: Do you agree with the CRU's proposal that a domestic allowance of 213m³ per dwelling per annum be granted to public Group Water Schemes? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

Question 4: Do you agree with the CRU's proposal to implement the new enduring charging arrangements for public Group Water Schemes on 1 October 2022, exactly one year after the implementation of the Non-Domestic Tariff Framework? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

Question 5: Do you agree with the CRU's proposal to apply comparable transition rules (detailed in section 4.5 of this paper) to those in the Non-Domestic Tariff Framework to public Group Water Schemes, which would bring public Group Water Scheme fully under the Framework by 1 October 2024? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

Question 6: Do you agree with the CRU's proposal to apply the tariff application rules for assigning connections to a tariff class to public Group Water Scheme connections? Please provide clear, detailed rationale for your answer, and if you disagree please provide an alternative proposal that you consider better.

5. Next Steps

Responses to this proposed decision should be sent by email to ndtariffs@cru.ie by close of business on 24 March 2022 and marked with reference to CRU/202208.

Following careful consideration of the comments received to this proposed decision paper, the CRU will issue a decision on each aspect of the enduring charging arrangements for public Group Water Schemes.

The CRU will direct Irish Water to implement these decisions.

Appendix: Data on public Group Water Scheme connections

Detailed and comprehensive data on public Group Water Schemes is not available. The data and analysis in this appendix are based on Irish Water connection data for the year 2019 (which is the most recent data that Irish Water has made available to the CRU) and the Local Authority GWS survey and discussions with the National Federation of Group Water Schemes (NFGWS).

Within Irish Water's connection data (for 2019) there are 704 connections identified as being public Group Water Scheme connections. They are all water only connections. Note that there are more public Group Water Scheme connections across the country than this but Irish Water does not have sufficient data to identify all schemes at this time. These 704 connections are spread across ten Local Authorities as shown below.

Local Authority	Number of identified pGWS connections
Cavan	5
Donegal	2
Galway	2
Kilkenny	432
Leitrim	82
Limerick	1
Mayo	137
Offaly	15
Sligo	16
North Tipperary	12

Table 10: Number of identified pGWS connections per LA

CRU understands that the public Group Water Scheme connections in Cavan, Leitrim, Mayo and Sligo are bulk meter connections while the public Group Water Scheme connections in Donegal, Galway, Kilkenny, Limerick, Offaly and North Tipperary are directly-billed connections. Note that this distinction may not hold in every single instance, but it is a good

approximate and is an assumption we've used for the analysis in this appendix. Therefore, the analysis in this appendix is based on the following breakdown of the sample collection of 704 public Group Water Schemes connections from Irish Water's 2019 connection data.

Local Authority	Number of identified pGWS connections	Type of connection
Cavan	5	Bulk meter
Donegal	2	Directly-billed
Galway	2	Directly-billed
Kilkenny	432	Directly-billed
Leitrim	82	Bulk meter
Limerick	1	Directly-billed
Mayo	137	Bulk meter
Offaly	15	Directly-billed
Sligo	16	Bulk meter
North Tipperary	12	Directly-billed
	240	Bulk meter
	464	Directly-billed

Table 11: Breakdown of 704 pGWS connections

Water consumption

The table below provides summary statistics regarding the water consumption in 2019 of:

- 1) all 704 public Group Water Scheme (pGWS) connections;
- 2) the 240 bulk meter pGWS connections; and
- 3) the 464 directly-billed pGWS connections.

The average annual water consumption of all 704 pGWS connections was 4,560m³ and the total water consumption by all connections was 3,201,143m³. The median water consumption was only 259m³, this is due to the fact that there are a number of large pGWS connections that increase the average consumption. This effect is also evident in the bulk meter connections and directly-billed connections separately.

Water consumption (m³/annum)			
	All connections	Bulk meter connections	Directly-billed connections
Minimum	0	0	0
Median	259	4,030	105
Maximum	171,721	171,721	150,961
Average	4,560	11,397	1,031
Total Consumption	3,201,143	2,723,973	477,170

Table 12: 2019 water consumption by pGWS connections

The table below gives the number of public Group Water Scheme connections (in total and by bulk meter connection and by directly-billed connection) that fall into each tariff class under the Non-Domestic Tariff Framework based on their 2019 water consumption. A majority of bulk meter connections fall into the Band 2 tariff class and a large majority of the directly-billed connections fall into the Band 1 tariff class.

Tariff Class	Consumption (m ³ /annum)	All connections	Bulk meter connections	Directly-billed connections
Band 1	0 – 999	478	64	414
Band 2	1,000 – 19,999	190	144	46
Band 3	20,000 – 249,999	34	31	3
Band 4	≥ 250,000	0	0	0

Table 13: Distribution of pGWS connections by tariff class

Figure 6 to Figure 8 below chart the water consumption in 2019 of:

- all 704 pGWS connections;
- the 240 bulk meter pGWS connections; and
- the 464 directly-billed pGWS connections.

It can be seen that a small number of connections of both types consume a large amount of water.

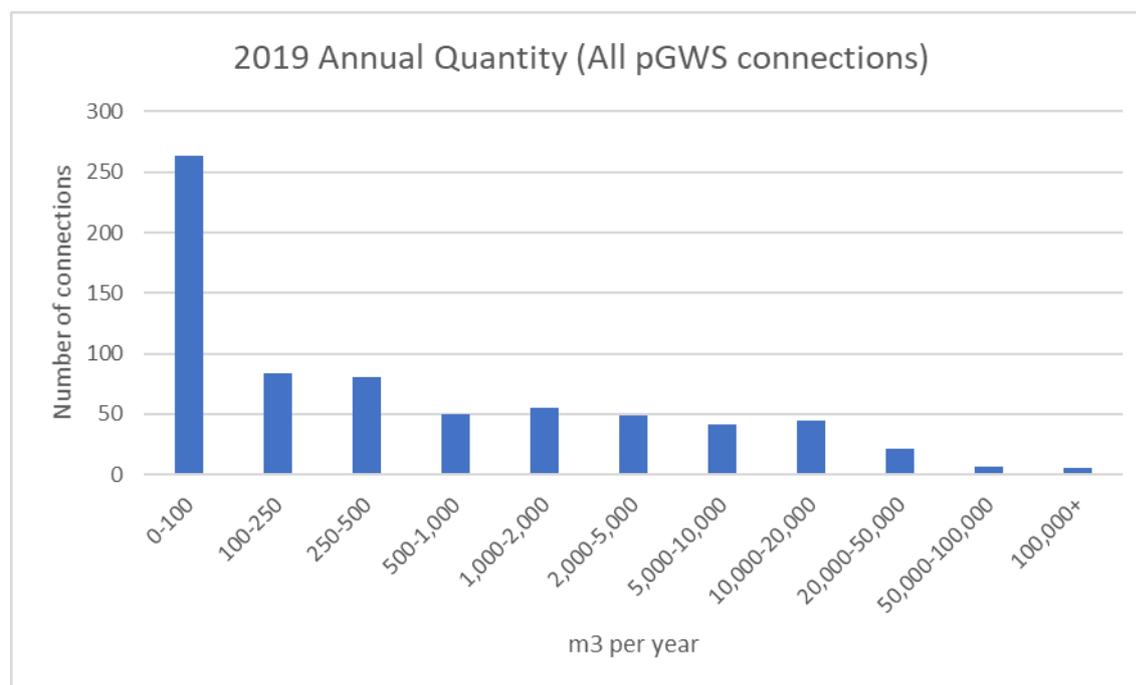


Figure 6: 2019 water consumption for all pGWS connections

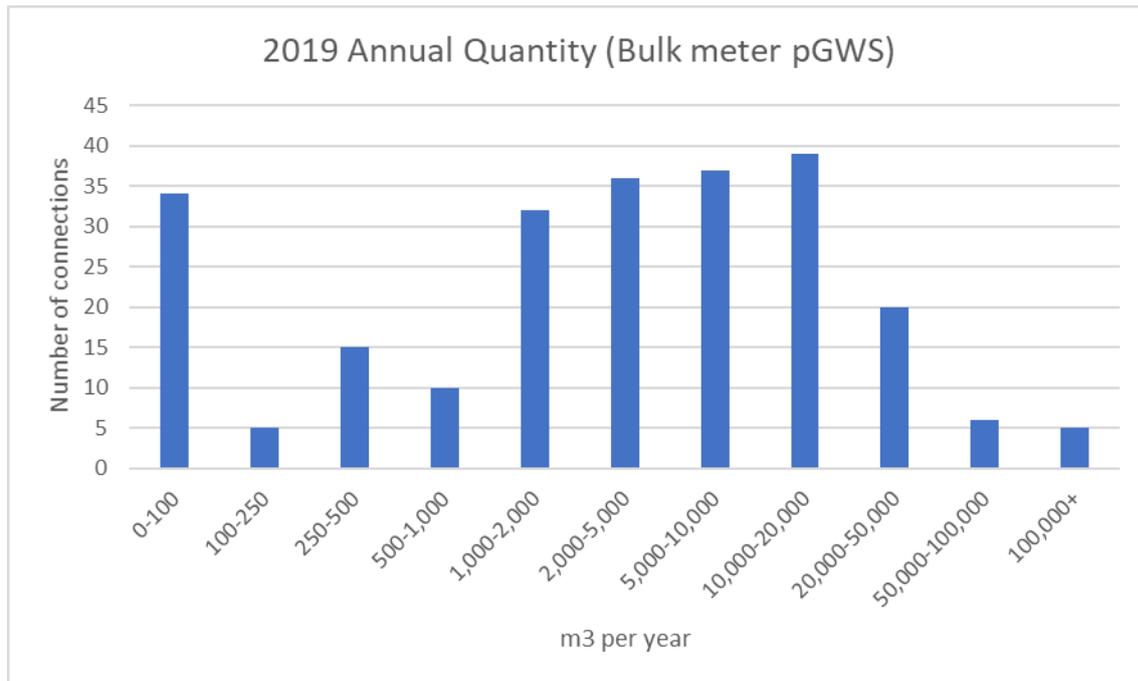


Figure 7: 2019 water consumption for bulk meter pGWS connections

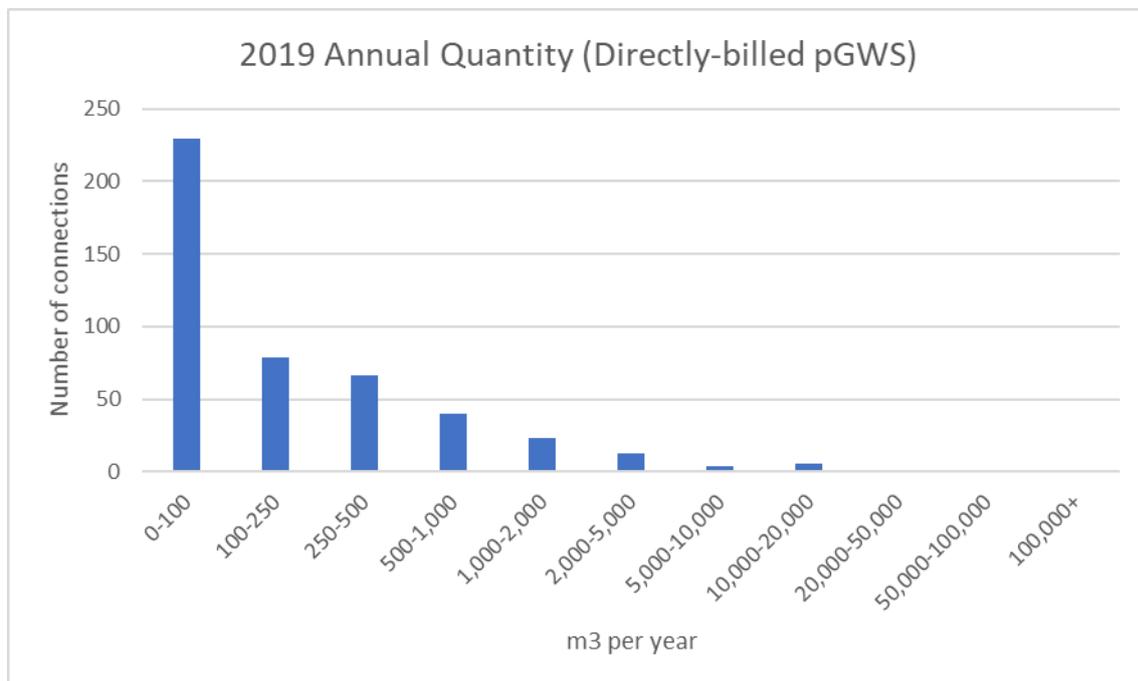


Figure 8: 2019 water consumption for directly-billed pGWS connections

Domestic Allowances

The table below provides summary statistics regarding the domestic allowances granted in 2019 to:

- 1) all 704 pGWS connections;
- 2) the 240 bulk meter pGWS connections; and
- 3) the 464 directly-billed pGWS connections.

The largest number of domestic allowances granted to a bulk meter pGWS connection was 584 and the average number of domestic allowances granted to bulk meter connections was 40. All but one directly-billed pGWS connection were granted two or less domestic allowances, with this one outlier being granted 76 domestic allowances.

	Domestic allowances granted		
	All connections	Bulk meter connections	Directly-billed connections
Minimum	0	0	0
Median	1	15	0
Maximum	584	584	76
Average	14	40	1
Total	9,809	9,573	236

Table 14: 2019 domestic allowances granted to pGWS connections

The table below gives the size (in m³) of the domestic allowances granted.

	Number of connections		
Domestic allowance per dwelling (m ³ /annum)	All connections	Bulk meter connections	Directly-billed connections
No DA Applies	334	21	313
120	4	4	0
182	148	0	148
225	199	199	0
227	16	16	0
272	3	0	3

Table 15: Size of domestic allowance per dwelling granted to pGWS connections in 2019

Figure 9 to Figure 11 below chart the number of domestic allowances granted in 2019 for:

- all 704 pGWS connections;
- the 240 bulk meter pGWS connections; and
- the 464 directly-billed pGWS connections.

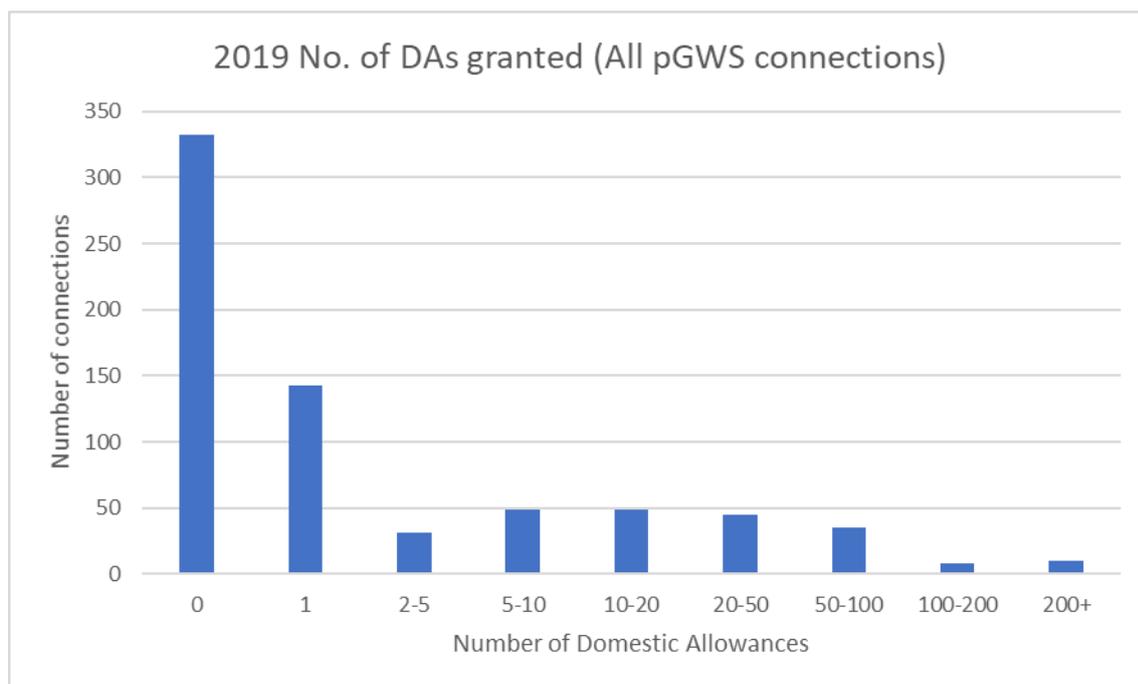


Figure 9: 2019 Number of domestic allowances granted for all pGWS connections

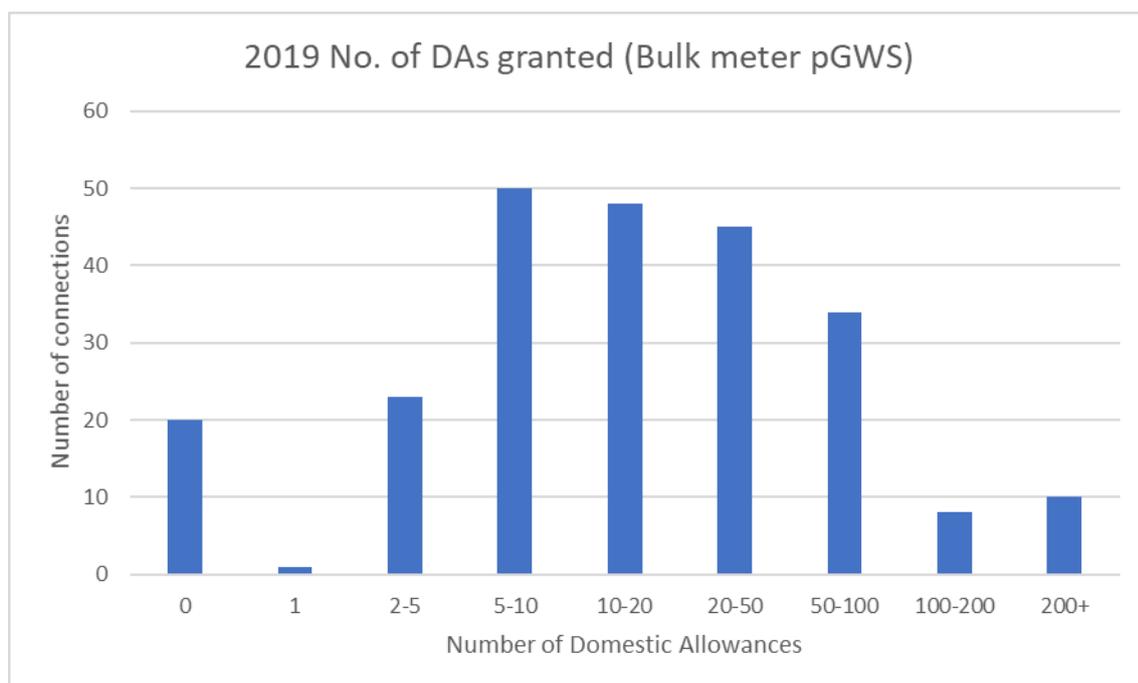


Figure 10: 2019 Number of domestic allowances granted for bulk meter pGWS connections

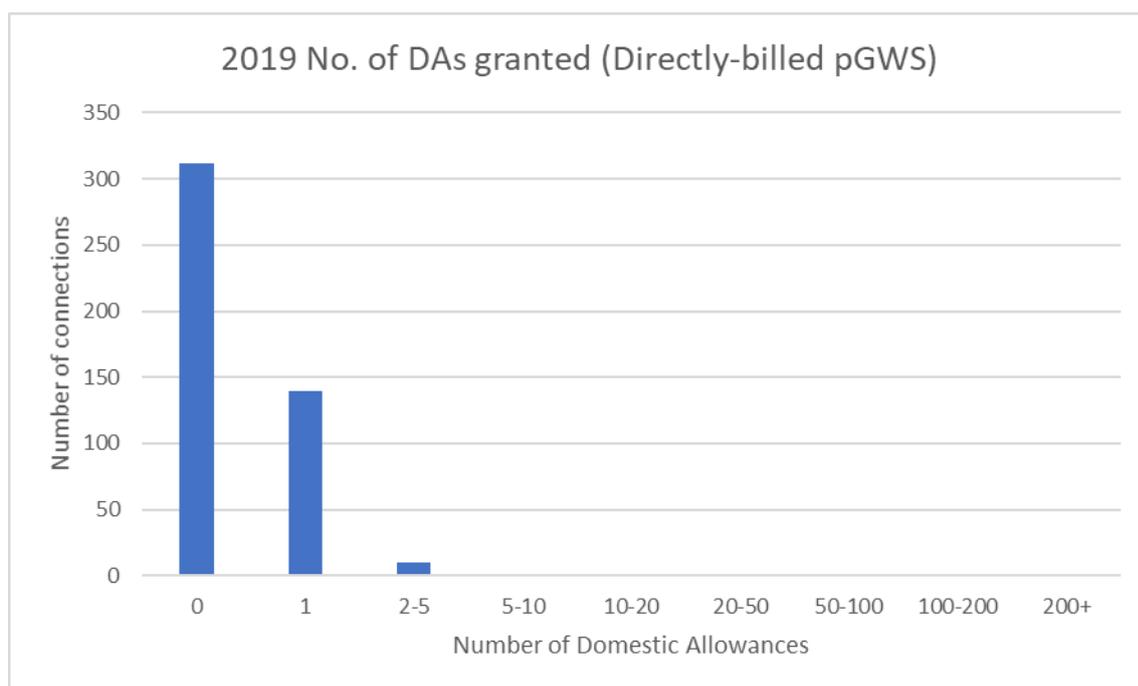


Figure 11: 2019 Number of domestic allowances granted for directly-billed pGWS connections

Water Tariff Rates

The table below gives the different unit rates charged to pGWS connections in 2019, and the number of connections that were charged at each rate. A majority of bulk meter connections were charged a water unit rate of 0.97 €/m³ and a majority of directly-billed connections were charged a water unit rate of 0.74 €/m³. Note that one bulk meter pGWS is an unmetered connection and one directly-billed pGWS is an unmetered connection, and so do not pay a unit rate.

Water Unit rate (€/m ³)	Number of connections		
	All connections	Bulk meter connections	Directly-billed connections
0.74	432	0	432
0.94	1	0	1
0.97	136	136	0
1.10	77	77	0
1.16	15	0	15
1.18	9	9	0
1.19	1	0	1
1.20	12	0	12
1.26	16	16	0
1.41	1	1	0
1.50	2	0	2

Table 16: Unit rates charged to pGWS connections in 2019

The table below gives the different standing charges charged to pGWS connections in 2019, and the number of connections that were charged each standing charge. Note that one bulk meter pGWS is an unmetered connection and one directly-billed pGWS is an unmetered connection, and they were charged a fixed charge of €550 and €50.52 respectively. These fixed charges are not included in the table below.

Standing Charge (€/annum)	Number of connections		
	All connections	Bulk meter connections	Directly-billed connections
0	121	22	99
26.32	16	16	0
26.64	9	0	9
34.57	2	0	2
43.82	1	1	0
54.53	2	2	0
54.55	56	56	0
79.36	1	1	0
83.33	7	0	7
99.21	15	15	0
100	4	4	0
104.05	326	0	326
117.57	2	0	2
128.87	122	122	0
129.31	15	0	15
154.05	1	0	1
160	1	0	1
364.86	1	0	1

Table 17: Standing Charges charged to pGWS connections in 2019

Water Bills

The table below provides summary statistics regarding the water bills paid in 2019 by:

- 1) all 704 pGWS connections;
- 2) the 240 bulk meter pGWS connections; and
- 3) the 464 directly-billed pGWS connections.

The average bill across all pGWS connections was €2,279 and the highest bill was €141,686. The total amount paid by all pGWS connections to Irish Water in 2019 was €1,600,209.

	Water bill (€/annum)		
	All connections	Bulk meter connections	Directly-billed connections
Minimum	0	0	0
Median	129	129	134
Maximum	141,686	111,905	141,686
Average	2,279	4,596	1,083
Total Bills	1,600,209	1,098,553	501,655

Table 18: Water bills paid by pGWS connections in 2019

Figure 12 to Figure 14 below graph the water bills in 2019 for:

- all 704 public Group Water Scheme connections;
- the 240 bulk meter connections; and
- the 464 directly-billed connections.

It can be seen from these graphs that a small number of bulk meter connections and directly-billed connections pay relatively high bills that increase the average bill across all pGWS connections as a whole.

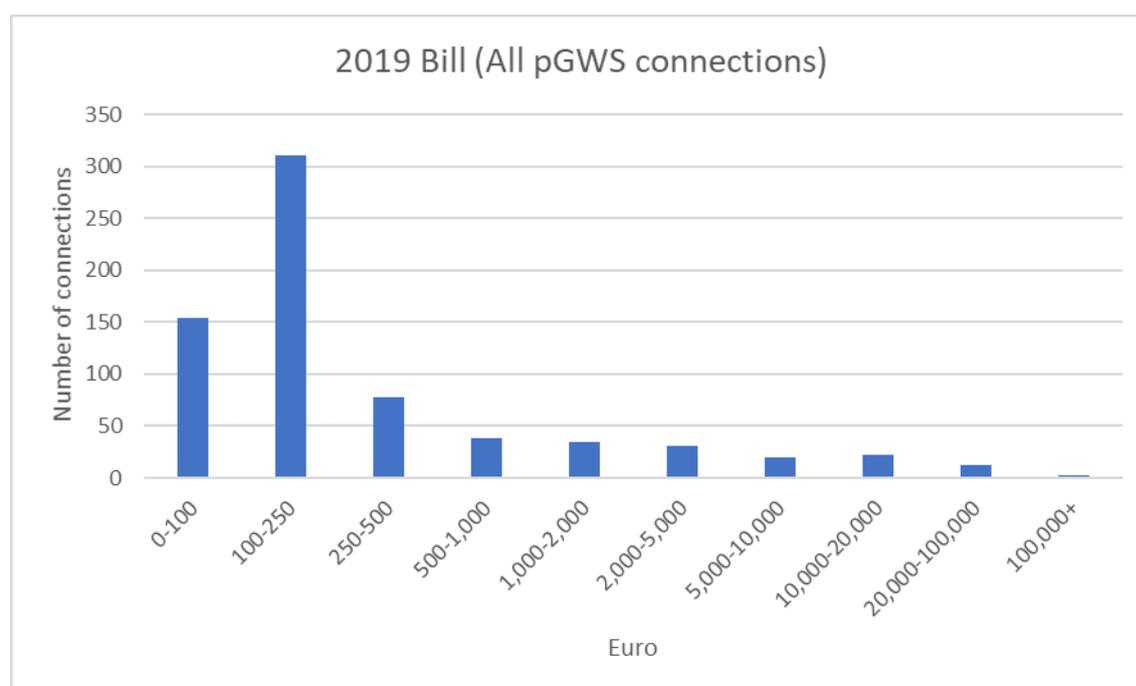


Figure 12: 2019 water bills for all pGWS connections

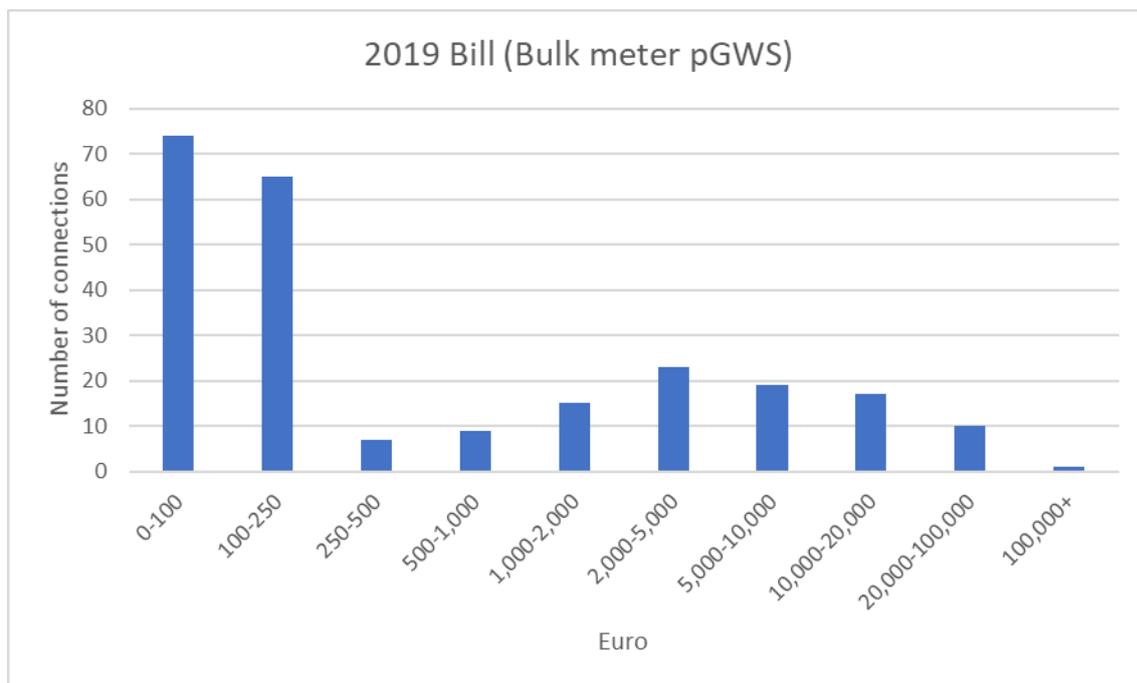


Figure 13: 2019 water bills for bulk meter pGWS connections

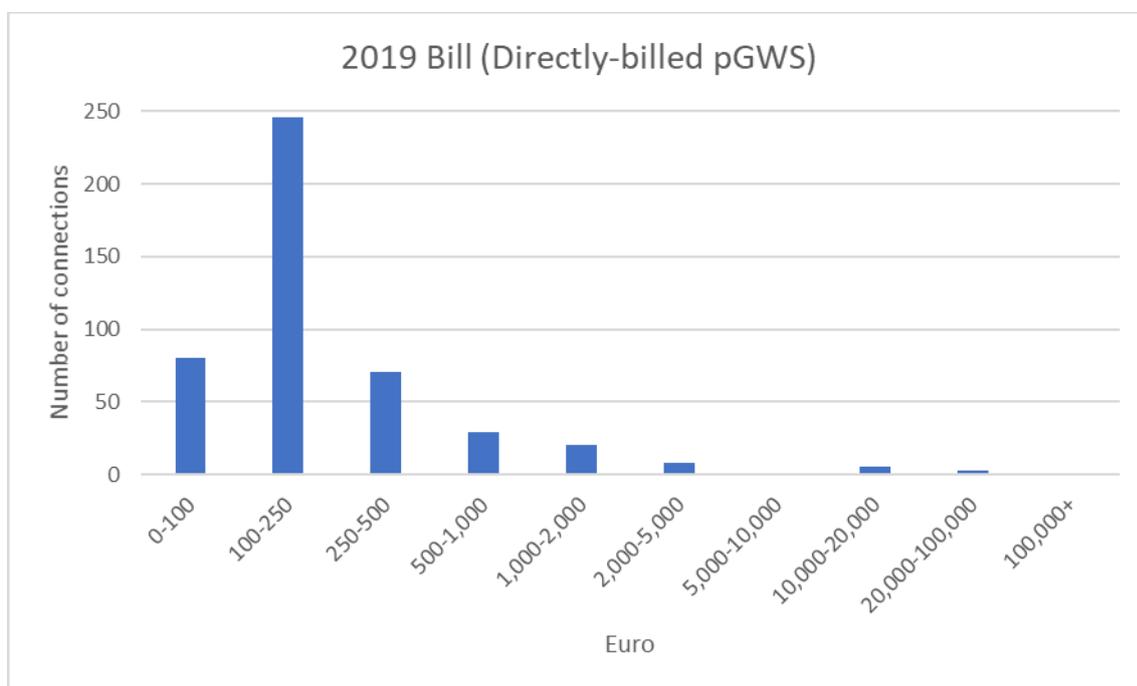


Figure 14: 2019 water bills for directly-billed pGWS connections