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Ireland**
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Submission to the Commission for Regulation of Utilities regarding Uisce Éireann's Proposals to Update the Non-Domestic Tariff Framework and Introduce a New National Trade Effluent Charging Arrangements

Submission by Chambers Ireland

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Key Points

- We support the commitment by Uisce Éireann to the polluter pays principle.
- Implementing the Mogden principle is required to encourage polluters to adopt more sustainable practices.
- An appropriate lead-in time is required for businesses, where there is any change in tariffs that requires them to pay more for water treatment.
- An informational campaign should be in place to incentivise businesses to adopt more sustainable practices with regard to wastewater, which will help mitigate bill increases.
- The proposal to have 3 separate trade effluent tariff classes is appropriate.
- We support greater investment in our wastewater infrastructure, given the lack of capacity in Uisce Éireann's wastewater services.
- A lack of investment in Uisce Éireann's wastewater network has been a limiting factor on development across wide tracts of the State.
- Any change in policy should be cost neutral, so that other businesses realise the benefit of not subsidising excessive polluters.
- Integrating the Mogden principle in the new framework will encourage polluters to invest in cleaner technologies, leading to more efficient resource allocation and a reduction in pollution.
- Any informational campaign should focus on best international practices by businesses to reduce the volume and concentrations of trade effluent.

About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

Our Network has pledged to advocate for and support the advancement of the United Nations Sustainable Development Goals (SDGs). As SDG Champions, we use the Goals as a framework to identify policy priorities and communicate our recommendations. We have a particular focus on five of the goals encompassing decent work and economic growth (SDG 8), sustainable cities and communities (SDG 11), Gender Equality (SDG 5), Industry, Innovation and Infrastructure (SDG 9) and climate action (SDG 13).¹

In the context of the current consultation, SDGs 6 (clean water and sanitation), 9 and 11 are the most relevant. As an organisation, we remain steadfast in our support for much-needed investment in critical national infrastructure, including water infrastructure. We are of the view that such investment will be critical in helping the State meet its targets under the National Development Plan and enable security of supply for businesses. For these reasons, the provision of water and the efficiency of water infrastructure are areas of concern for our network. Relevant to the current consultation, we previously contributed a submission regarding Irish Water’s Revenue Control (2020-2024),² in which we stressed our concerns regarding wastewater capacities, the adequacy of portable water supplies and the capacity of the distribution networks to transport water. Our priorities as a network remain the same, in particular the emphasis on development and security of supply.

¹ The Chambers Ireland SDGs. Available at: <https://chambers.ie/sustainable-development-goals/>

² <https://chambers.ie/wp-content/uploads/2019/09/Chambers-Ireland-submission-on-Irish-Water-Revenue-Control-September-2019.pdf>

Views of Chambers Ireland regarding Uisce Éireann's Non-Domestic and Trade Effluent Tariff Framework proposals

General

At a high level, we agree with the stipulation that the proposals are a step towards achieving a set of national harmonised system of charges for all non-domestic services provided by Uisce Éireann; including water services, wastewater services and trade effluent services. We are of the opinion that a more harmonised approach will benefit all Uisce Éireann's customers in terms of transparency, simplicity, and equity.

We broadly welcome the effort to create a level playing field in addition to a commitment to the polluter-pays principle. As referenced in our submission, we acknowledge that it is likely to result in less waste being disposed of through the water treatment system, which by extension will be beneficial in terms of sustainability.

Nonetheless, we recognise that there are a relatively small number of users that account for a disproportionate amount of the costs associated with water treatment. In our view, transferring this burden onto these businesses could be the straw that breaks the camel's back at a time of increasing costs, which in our view necessitates an appropriate lead-in time to the introduction. Therefore, any change in policy should also be cost neutral, so that other businesses should realise the benefit of not subsidising excessive polluters.

Investment in water infrastructure as a priority for businesses

The legacy of significant historical underinvestment in our water supply shapes the national water network and cause the problems it faces today. Significant capital investment is needed to ensure that adequate services are available in every community if the national network is to become robust.

In the past and specifically with regard to our Budget proposals for 2024,³ we have consistently stressed the point that adequate infrastructure requires proper investment and this critical for the operation of the businesses, foreign direct investment, and the economy as a whole. In recent times, Covid, Brexit, and inflation have all delayed the closing of the gap which is the result of the post-crash decade of under-investment. The economic problems our members are experiencing today are all problems of capacity; many of our water networks – though also true for our energy, transport, housing, and health networks - are either operating at or beyond their projected utility. Indeed, the most recent census results – which indicated a 6% increase since 2016⁴ - underline how important it is that our ambitious plans are delivered in a timely manner; as failing to do so will ensure the State continues to play catch-up in these areas.

Regrettably in the context of the current consultation, the lack of capacity in the wastewater services of the Uisce Éireann's Network has been a limiting factor on development across wide tracts of the State. Our view is hence that this constitutes a real constraint upon the efficaciousness of the National Development Plan.

Security of supply, capacity of the distribution networks to transport water, and efficiency

There are numerous risk dimensions attached to security of supply. In combination with the projected growth in demand, changes to our climate are likely to have a significant impact on our water supplies, with increased flooding risking ground water contamination, and deeper winters damaging our pipe network and increasing demand through leakage. This is compounded by the most recently-available data from the Environmental Protection Agency,⁵ which shows that the number of areas in the State failing to meet EU treatment standards

³ Chambers Ireland Budget Submission 2024 <https://chambers.ie/wp-content/uploads/2023/08/Chambers-Ireland-Budget-Submission-2024.pdf>; <https://chambers.ie/press-releases/chambers-ireland-perspective-on-budget-2024/#:~:text=Our%20budget%20priorities%20for%202024,of%20these%20areas%20were%20met.>

⁴ <https://www.citizensinformation.ie/en/government-in-ireland/how-government-works/government-records-and-statistics/census/#:~:text=access%20the%20information, Census%20results.increase%20on%20the%202016%20census.>

⁵ <https://www.epa.ie/our-services/compliance--enforcement/waste-water/urban-waste-water/urban-waste-water-priority-areas/>

actually rose from 2021 to 2022, while there are numerous areas (36) where wastewater is a significant pressure on inland and coastal waters at risk of pollution. Granted, climate inaction and a lack of investment in infrastructure will likely make improving such figures and ensuring compliance with our obligations more difficult.

Lastly, the potential for underinvestment in Irish Water itself risks damaging supply. While every business in the country is aware of the importance of efficiency, essential services like water supply also need sufficient capacity to provide for all scenarios. This is acutely relevant to our previous point regarding climate change; businesses therefore need to have a water network that is resilient to all possible shocks.

Commitment to the polluter-pays/Mogden principle

One of the core recommendations by Uisce Éireann is a commitment to the Mogden principle, which is a form of environmental policy that we agree with. Primarily, we believe that principle as applied would ensure that those with the greatest trade effluent comparable to their counterparts bear the costs associated with treating the greater volumes of that trade effluent. This is a fairer option to take than simply expecting the public purse to pay for wastewater treatment, especially where there is no incentive for the polluter to be more mindful about the pollution associated with their operations. Therefore by internalising such costs, the principle is a welcome incentive which is needed to encourage polluters to adopt more sustainable practices; this in turn will reduce overall pollution and represents a step towards protecting our natural resources

As stipulated previously, Chambers Ireland and our members are committed to the United Nations SDGs and we are committed to environmental protection, per SDG 6. In our view, integrating the Mogden principle in the new policy design will encourage polluters to invest in cleaner technologies and reduce emissions, which will consequently lead to more efficient resource allocation and – ultimately - a reduction in pollution.

Finally, in addition to economic efficiency, environmental protection, and fairness, there is also the potential for the principle to enable legal clarity. By providing a legal framework that is clear, the principle - as the name suggests - facilitates the assignment of responsibility and therefore accountability for any pollution caused. Ultimately this is positive for our communities as it ensures that those who require the most treatment will pay proportionately. The monies collected from polluters may then be invested within water treatment infrastructure, or used to fund environmental conservation efforts, restoration projects, or other public goods, benefiting society as a whole.

Questions

Is Uisce Éireann’s proposal to introduce a 5th water tariff class appropriate? Is Uisce Éireann’s proposed annual volume threshold for this class (Band 5) appropriate? Please state your reasons why.

Yes, we believe that this would formulate a more equitable appropriation of costs. Based on the available information, this would apply to super large users and the economy of scale associated with this class means that it would improve costs for customers in the fourth and fifth tariff classes. Specifically, we support the proposal in light of the statement in Uisce Éireann’s submission that given that Band 5 are an identifiable class of customers with a scale of usage that far-exceeds 250,000m³ it is appropriate to create a separate class which reflects this data. In addition, the proposal to have the Band 5 tariffs remain on a transition tariff for 2024/2025 appears reasonable. This is consistent with our concerns regarding an adequate lead-in time for implementation which will give customers time to adapt to the new adjustments.

Do you agree with Uisce Éireann’s proposals setting tariffs for the provision of trade effluent services on a national geographic basis? Please state your reasons why.

Considering that other jurisdictions which already have this option in place and are compared to Ireland – Scotland in particular – it is reasonable to examine the success of the policy in those jurisdictions, when estimating the success of charging on a national, rather than regional basis. We agree with the stipulation that setting tariffs on a national geographic basis is equitable. This is because a national trade effluent tariff – as proposed - would apply equally to all trade effluent customers, and would allow for a consistent charging framework. Variance in charging across the State would encourage a disjointed system to develop, within which Uisce Éireann would not be empowered to apply the same standards for each customer, as set out under EU law.

Do you agree with Uisce Éireann’s assessment of the alternative approaches to setting tariffs on a regional basis?

We agree in principle with Uisce Éireann’s assessment. It is logical to assume that county boundaries are not an appropriate basis for determining a different tariff. The associated administrative cost of wastewater treatment would likely be unnecessarily high and if the regional option were to be chosen, then it is important that a cost analysis is carried out to determine such costs. Similarly, we agree with the concern regarding the complexities flagged regarding individual agreements; this would not constitute a cost-effective option and would arguably prolong the implementation timeframe for setting the new tariffs.

Do you agree with Uisce Éireann’s proposals to classifying trade effluent customers into trade effluent tariff classes based upon a combination of both annual consumption and activity? Please state your reasons why.

We agree with this proposed classification of trade effluent customers as it appears to be equitable and cost-reflective. It is consistent with ensuring that customers who pollute more pay accordingly. We support this option as it accounts for the cost of wastewater collection, treatment and disposal costs and surpasses the other options detailed in the consultation document. Combined with this point, it also appears an implementable option that can standardise the process efficiently. We refer to the idea of issuing TEC code descriptions and number that reflect each customer’s primary activity and relative strength of effluent discharged. Per the consultation document, this is a tried and tested method which has worked well in other jurisdictions. Though the proposal to charge customers on an annual consumption basis appears logical in terms of applying tariffs proportional to the volume of wastewater discharged, it does not account for the level of pollutants being discharged and their associated costs of doing so.

Do you agree with Uisce Éireann's assessment of the alternative approaches to classifying metered trade effluent customers?

Yes, the assessment is extensive and adequately analyses each option subject to the CRU tariff principles.

Are there other methods of classifying trade effluent customers into tariff classes that are not considered in Uisce Éireann's submission documents? Please state them and why they should be considered.

We do not have any additional considerations to propose regarding this topic.

Is Uisce Éireann's proposal for 3 separate trade effluent tariff classes appropriate? Are Uisce Éireann's proposed annual volume thresholds and activity definitions used to delineate between customer classes appropriate? Please state your reasons why.

Option two, which focuses on implementing three customer classes is appropriate, primarily as it accounts for greater variance in terms of customers. Fundamentally it is more appropriate to have a more detailed customer categorisation, particularly in relation to industrial activities. In addition, under both options trade effluent category one would apply to 93% of all customers while the remainder allows for categorisation between larger customers. Within this categorisation, there can be a sizeable difference in terms of trade effluent and also the volume involved. Bearing in mind the great differences, optimum policy design will ensure these are separated appropriately. As an example, it is not equitable to allocate the same tariff classification to customers with an industrial activity consumption of 1,000m³, as with those of a consumption of 250,000m³. Therefore it is logical to have an extra classification within this option which allows for a more equitable differentiation in tariffs.

Are Uisce Éireann’s proposed definitions of ‘Commercial’ and ‘Industrial’ set out in its submission documents clear? Please state your reasons why.

The definitions are clear given the examples (particularly in Table A3.1 listing the activities requiring a trade effluent licence). Nonetheless a specific definition will be useful to enable customers to align their business operations with the proposed TEC codes.

Do you agree with Uisce Éireann’s proposals to apply trade effluent tariffs at a connection level? Please state your reasons why.

Applying the trade effluent tariffs at a connection level appears uncontroversial. From the business perspective, customers will want a solution which is familiar and clear; and considering the fact that it is the method of charging for other water services, this is a positive. Consistent with our commitment to sustainability, we prefer the option to charge at connection level as it will encourage efficiency. On this basis, we prefer this option over aggregate charging.

Do you agree with Uisce Éireann’s proposals to apply a multi-part tariff? Please state your reasons why.

We support the application of a multi-part tariff over the other two options detailed in the consultation document. Though we note that all three options perform well in terms of cost-recovery, at a high level, the multi-part tariff option aligns well with our support for the Mogden/polluter pays principle. This is critical, as it encourages a fairer distribution of costs and ensures all trade effluent customers contribute towards all costs incurred. It is unfair to expect those customers who pollute less than their counterparts to subsidise the heavy polluters.

Are there other methods of designing tariff structures that are not considered in Uisce Éireann's submission documents? Please state them and why they should be considered.

We have no extra comments to make regarding other tariff structures.

Do you agree with Uisce Éireann's proposal to apply the relevant Non-Domestic Tariff Framework Wastewater Standing Charge (based on a connection's volume) per Trade Effluent Tariff Category? Please state your reasons why.

The proposal seems reasonable and is conducive to a more efficient, streamlined process of recovering costs as a fixed component of a customer's bill. This is necessary in order to ensure customers contribute to the functional costs and will be an efficient method of cost recovery, which is a standard practice in other jurisdictions.

Do you agree with Uisce Éireann's proposal to apply a separate Fixed Compliance and Licensing Charge per Trade Effluent Tariff Category? Please state your reasons why.

Yes this is necessary to apply per tariff category in terms of fixed charges. Throughout our submission, we have highlighted the need for greater investment in our water infrastructure. We therefore believe it is important that Uisce Éireann has the requisite financing to ensure they can carry out audits to determine compliance, and to do so at the frequency they need in order to be effective.

Do you agree with Uisce Éireann’s proposal to apply the relevant Non-Domestic Tariff Framework Wastewater Volumetric Charge (based on a connection’s volume) to Trade Effluent Tariff Category 1 customers? Please state your reasons why.

Coherent with our point elsewhere in our submission, this is a logical charge to apply considering the low risk profile of the associated discharge and the low impact it will have on wastewater assets. Nonetheless if data suggests that Category 1 customers are high-risk before the next review, this should change accordingly.

Do you agree with Uisce Éireann’s proposal to apply a single Mogden formula to Trade Effluent Category 2 and 3 connections? Please state your reasons why.

The proposal to apply a single Mogden formula appears reasonable, particularly given its high positive simplicity rating.

Do you agree with Uisce Éireann’s proposed Mogden structure and defined terms? Please state your reasons why

The proposed Mogden structure and defined terms appear reasonable.

Do you agree with Uisce Éireann’s proposal to have two Mogden Formulas (a separate formula applied to Trade Effluent Tariff Category 2 and 3 customers), which differ in respect to the value (€/m³) of the R component? Please state your reasons why.

We do not have a comment to make regarding this point.

Do you agree with Uisce Éireann's proposed method of charging trade effluent connections in Trade Effluent Category 2 and 3 that are connected to an outfall pipe downstream of a Uisce Éireann Wastewater Treatment Plant as agreed by Uisce Éireann and the EPA? Please state your reasons why.

We do not have a position on the proposed method.

Do you agree with Uisce Éireann's proposals regarding the structure of unmetered trade effluent tariffs? Please state your reasons why.

While taking into account the CRU's point regarding the need for more data in this context, these proposals appear reasonable, in particular regarding the flat tariff which should bring an element of bill stability for customers. Any changes in tariffs should also be as uncomplicated and easy to administer as possible. We therefore agree with the stipulation that the flat tariff is relatively simple for customers to understand, which is positive for implementation. It also is logical to implement a flat tariff which is low in the interests of equity.

Do you agree with Uisce Éireann's proposals to charge the non-domestic portion of trade effluent mixed-use connections? Please state your reasons why.

This is consistent with how Uisce Éireann already charges water and other mixed-use connections. We agree with the point by the CRU that the charging arrangements applying to domestic customers ought to be applied similarly to the domestic portion of Uisce Éireann's mixed-use customers. This is an equitable outcome for both the non-domestic and trade effluent customer bases, which therefore makes it appropriate.

Do you agree with Uisce Éireann’s proposals to allocate water distribution capex using ‘60% Connections and 40% Consumption’ blended split? Please state your reasons why.

The proposal is important to reduce perverse incentives and we accept that the 40% consumption split is necessary regarding the concerns raised about pressure in the network. The inclusion of volume in this context is necessary considering the relationship between volume and pressure. Linked to this point, we welcome the mitigation of perverse incentives where possible, while also accepting that it is impossible to do so without creating consequences for some customers as a result.

Do you agree with Uisce Éireann’s proposals for cost driver Adjustment levels used in the allocation of costs to water tariff customer classes? Please state your reasons why

Regarding peak demand adjustment values, the absence of the required data on peak demand Uisce Éireann proposes the resource and treatment capex to reflect the potential peak demand in bands 1-4, and also acknowledges that larger customers have a lower contribution. In our opinion, this is reasonable especially as larger customers are generally located upstream and therefore place less demand on the network. In the context of network leakage, we agree with the assumption that utilities located at the ‘extremities’ of the network consequently incur greater resource and treatment operational costs than those located upstream. We also are of the view that adjustments reflecting averages of each band are reasonable.

Do you agree with Uisce Éireann’s proposals to use PE as a third cost driver to allocate wastewater treatment costs to customer classes? Please state your reasons why.

Ultimately we are in favour of using PE as a third cost driver, primarily as it aligns with the polluter pays principle. In our view, this is conducive to having less waste being disposed of through the water treatment system and represents a positive development in terms of sustainability. Though we are of the opinion that customers discharging higher strength

wastewater should pay higher treatment charges, we re-emphasise our point regarding an appropriate lead-in time with any new tariff structures, combined with an appropriate informational campaign to enable customers to adapt and make the necessary changes to their operations.

Do you agree with Uisce Éireann’s proposals to allocate wastewater ‘treatment related’ opex costs using a blended ‘30% Wastewater Volume and 70% PE’ split? Please state your reasons why.

We do not have a position on this topic.

Do you agree with Uisce Éireann’s proposals to adjust the wastewater treatment opex and capex costs allocated by PE to trade effluent customers carrying out industrial activities by a ‘treatment plant adjustment’? Please state your reasons why.

As the consultation document states, unfortunately there is limited publicly-available information available regarding the cost driver adjustments used in other jurisdictions. Therefore it is not possible to analyse how this is administered in other systems effectively and use that analysis in this context. However we note the concerns re pricing and we agree with the CRU’s concerns regarding potential volatility in tariff levels, were investment needs reflected in the tariffs.

Do you agree with Uisce Éireann’s proposed Network Location adjustment values that apply to the allocation of wastewater collection opex and wastewater collection capex to the non-domestic and proposed trade effluent classes?

We do not have a position on this topic.

Do you agree with Uisce Éireann’s proposed values for the Treatment Plant Adjustment to apply each of the trade effluent categories? Please state your reasons why.

We are aligned with the CRU’s position insofar as the proposal to introduce a treatment plant adjustment is a departure from a national charging approach. We share the same concern as the CRU concern; were this to be implemented, it opens the possibility for inequities to occur.

Do you agree with Uisce Éireann’s proposed changes to the allocations of costs to be recovered from the Standing Charge and Volumetric Charge for each water tariff customer class? Please state your reasons why.

We welcome the commitment to mitigate perverse incentives. We hence agree with the proposed changes to the allocation of water distribution capex and wastewater collection capex recovered through the standing charge for each of the water and wastewater tariff classes.

Do you agree with Uisce Éireann’s proposed changes to the allocations of costs to be recovered from the standing charge and volumetric charge for each wastewater tariff customer class? Please state your reasons why.

The proposed allocation of costs to be recovered through the standing and volumetric charges for each class is logical and well-founded. While we accept that some perverse incentives exist at certain tariff boundaries within the proposed new structure, this approach strikes an appropriate balance between the perverse incentives with the need to use water efficiently, recover costs and promote stability. In our view, this approach is also simple for customers to understand, which is important for implementation.

Do you agree with Uisce Éireann’s proposed allocation of costs to be recovered from the standing charge, volumetric charge and ‘Compliance and Licensing’ charge for each trade effluent customer class? Please state your reasons why.

We agree with this proposal because, as referenced earlier, cost recoveries are critical for the functioning of wastewater infrastructure. This will aid it in operating at a consistent and efficient level.

Do you agree with Uisce Éireann’s proposal to use a 10- year rolling average of capex spends across the 4 capex cost categories instead of using a single year’s projected spend? Please state your reasons why.

This is a sensible proposal to adopt, as opposed to using a single year’s projected spend. We agree with Uisce Éireann’s approach to recover a portion of wastewater collection capex through the Standing Charge of each Trade Effluent tariff category. In our view, this will help reduce perverse incentives for numerous tariff classes, which is consistent with the core message of our submission to encourage efficient water usage.

Do you agree with Uisce Éireann’s proposal to apply a 15% cap on the maximum annual bill increase for all connections facing an annual bill increase of €250 or more (based on their previous year’s consumption) on 1st October 2024? Please state your reasons why.

We agree with the proposal by Uisce Éireann. Where required, the cap will be important to give customers certainty as to the projected potential increases in their bills, based on their consumption for the previous year. In our view, this will give consumers time to factor in the cost increases into their financial planning.

What other measures should be taken by Uisce Éireann to help customers mitigate bill increases?

Uisce Éireann could circulate informational material on best practices. Given that policy frameworks are already in place in different jurisdictions, there is the possibility for customers to learn from and adopt practices from businesses already reducing their water footprint. Per WCS Group,⁶ the world's largest 2,025 companies have already done so in recent times, with a quarter reporting the benefits of implementing water efficiency measures. As an example, companies such as Diageo in India have deployed water recycling systems that enable it to reuse circa 500,000 cubic metres of water per year and reduce 35% of its water extraction. It also has a 'water blueprint' in place which plans to improve water efficiency by 50%, and return 100% of wastewater to the environment safely.⁷

Do you agree with Uisce Éireann's proposal to implement the new trade effluent charging arrangements and tariff rates on 1st October 2026? Do you think they should be implemented earlier? Please state your reasons why.

In our view, this timeframe seems reasonable and we do not support an earlier implementation date. The most effective policy will give businesses time to adapt to the new charging arrangements and tariff rates. This is especially relevant considering inflation and the increased cost of doing business in recent years. The grace period is hence important to allow trade effluent customers time to mitigate changes in their bills, in particular through investment in onsite treatment or other measures. It will also facilitate effective implementation of the new Trade Effluent Charging Framework, which would otherwise be a significant challenge under a shorter grace period given the associated scale and complexity of the new framework

⁶ <https://www.wcs-group.co.uk/wcs-blog/how-a-trade-effluent-audit-can-improve-water-efficiency>

⁷ <https://www.thespiritsbusiness.com/2015/04/diageo-to-halve-water-use-as-footprint-grows/>; <https://www.thespiritsbusiness.com/2018/08/diageo-invests-in-reducing-water-use-in-india/>

Do you agree with the CRU's views that Uisce Éireann should apply an interim adjustment to 'specific' trade effluent tariff levels in advance of the implementation of the enduring trade effluent tariff framework, or whether these tariff levels should remain unchanged until this framework is introduced?

We support keeping the current structures and arrangements in place until the proposed date of implementation for the new framework (01 October 2026), as to do otherwise seems unnecessary and would put a burden on businesses which is not proportionate to their means.

What measures should be taken by Uisce Éireann to help trade effluent customers prepare for the future trade effluent charging arrangements and charges in order to mitigate bill increases?

In this context a targeted awareness campaign could be effective, which focuses on educating customers regarding: (a) reducing the amount of wastewater customers generate overall; (b) reducing the strength of trade effluent; and (c) reusing wastewater. Implementing a campaign prior to the implementation of the future trade effluent charging arrangements and charges is pivotal to mitigate bill increases. This could prove effective in not only reducing costs but could also provide an incentive for businesses to adopt more sustainable practices with regard to wastewater.

Uisce Éireann is proposing to partially reduce perverse incentives within its new proposed water and wastewater tariff rates to apply on 1st October 2024. Should perverse incentives be removed entirely, or is it more important to avoid additional increases to the standing charges? Please state your reasons.

It is paramount that the impact on customers of future, significant bill changes is mitigated as much as possible. Nonetheless we recognise the necessity of changing arrangements and we agree with the proposal to partially reduce perverse incentives. In our opinion, this would

disincentivise the unnecessary usage of water, which is a positive outcome. Taking into account this fact, in conjunction with the updated cost allocation analysis which is detailed in Uisce Éireann's submission, the forecasted changes in customer's bills appear to not be overly burdensome.