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11 SUSTAINABLE CITIES
AND COMMUNITIES



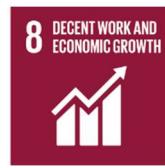
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ECONOMIC GROWTH

Revenue Control 4 (RC4)

Submission by Chambers Ireland

February 2026

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About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are affiliated Chambers 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. We are the only business organisation with a truly geographic footprint and as a result are uniquely positioned to assist in the development of critical infrastructure to meet our economy's future needs.

Executive summary

RC4 is a pivotal moment for Ireland's water services. The CRU's proposal to approve €13.6 billion in investment reflects the scale of the challenge facing Uisce Éireann, from ageing infrastructure to population growth and rising environmental obligations. Reliable, modern water and wastewater services are essential for business confidence, sustainable development and a competitive economy.

With investment of this scale, it is important that businesses can clearly see the return. Any increases in non-domestic charges must be matched by real improvements in service quality and reliability. This is because wastewater treatment and water services are all critical to business operations and act as enablers of housing and development.

We acknowledge the pressure on Uisce Éireann to deliver more and to deliver it quickly as our population increases. This can only be achieved if the regulatory framework is genuinely enabling and allows timely approvals, supports flexibility and helps service providers to respond to pressures such as climate events and supply chain disruption. Targets for efficiency and increased outputs must therefore be realistic, fair and achievable.

Major strategic projects are therefore essential and will shape our ability to grow and attract investment and their delivery – in particular the Eastern Water Supply Project and the Greater Dublin Drainage project – must be prioritised.

Key Points

- Targets and outputs should be realistic, achievable and reflect the scale and complexity of RC4 projects.
- Efficiency targets should optimise controllable costs while recognising unavoidable pressures like inflation, ageing infrastructure, demographic growth and regulatory obligations.
- Investment is essential to deliver clear improvements in service quality, reliability, capacity and environmental performance.
- Additional outputs should be matched with sufficient funding and resources to avoid compromising quality or reliability.
- Timely and flexible capital funding is essential for major projects of national importance like the Water Supply Project – Eastern and Midlands Region and the Greater Dublin Drainage Project.
- Flexible funding is critical to help manage inflation, supply chain challenges and climate-related risks as they arise and ensure that projects stay on track.
- Investment should prioritise long-term capacity, reducing service interruptions and supporting predictable, high-quality service for all regions.
- Major works should be clearly communicated to businesses, allowing them to plan around any temporary disruptions.
- Oversight and regulation should be delivery-focused and avoid unnecessary bureaucracy that could delay projects.

Background

Revenue Control 4 (RC4) is the system the CRU uses to decide how much Uisce Éireann can invest and spend over the coming years, and what standards it is expected to meet. This is a topic of unique interest for the affiliated Chamber Network, as it influences everything from the pace of infrastructure upgrades to the level of charges faced by non-domestic customers. It also shapes how reliable and future-proof water services will be throughout the State.

For businesses, RC4 is a priority because - alongside other essential infrastructure - water and wastewater services underpin their daily operations. Whether it is a manufacturer relying on consistent supply, a hospitality business requiring predictable charges, or a services firm looking for certainty before expanding, the reliability and affordability of water services feed directly into their competitiveness and long-term planning. When investment in such infrastructure falls behind demand, the impacts are felt immediately in delayed development, service interruptions and reduced confidence which by extension affects their ability to operate and grow.

A well-designed RC4 should (a) support the major investment required to account for historic underfunding; and (b) ensure that costs remain fair and predictable for the businesses that depend on these services every day. It must enable Uisce Éireann to deliver improvements effectively, while also giving customers confidence that the funding approved is being used efficiently.

RC4 represents an opportunity to set a clear direction for the next phase of the State's water system insofar that it aligns investment with economic needs, supports national and regional growth and strengthens the resilience of a service that every business relies upon.

Key Observations

The CRU proposes to make a modest adjustment to the requested expenditure and allow a regulatory approved total expenditure of €13.6bn. Despite this adjustment, this is a significant package which represents a 50% increase compared to Uisce Éireann's outturn expenditure during RC3 (2020-2024) and one which is approximately 2% lower than Uisce Éireann's initial RC4 request.

We acknowledge the need for substantial investment to address historic underinvestment, meet environmental and regulatory obligations, and ensure that water infrastructure can keep pace with population growth¹ and economic development. Well-planned and timely investment in water infrastructure is essential to ensure security of supply for businesses and enable balanced regional development while also sustaining the attractiveness of the State for both indigenous and foreign direct investment².

Nonetheless, the scale of the proposed expenditure brings an increased risk of higher water and wastewater charges for non-domestic customers. Water services are a core operational input for businesses and any charge increases are passed through directly to their bottom-line costs. It is therefore essential that the level of allowed expenditure is proportionate to the outcomes delivered and that funding increases are clearly linked to tangible improvements in service quality, reliability, capacity and environmental performance.

There must hence be clear justification and transparency across all expenditure categories to communicate how funding is being allocated, why specific investments are prioritised and how these investments will translate into improved outcomes.

¹ <https://www.cso.ie/en/releasesandpublications/ep/p-pme/populationandmigrationestimatesapril2025/keyfindings>

² <https://chambers.ie/wp-content/uploads/2025/07/2026-PBS-FINAL.pdf> pg.7

Typically, as a method of capital expenditure efficiency challenge, the Capex allowance would be reduced, while keeping the required outputs steady. However, given Uisce Éireann's funding model, the CRU is proposing to increase the outputs required of Uisce Éireann by 8%, while keeping the funding requested in line with its capex request. This means additional outputs to the value of €673m should be proposed by Uisce Éireann as part of its consultation response.

We support the principle of maximising value from investment and efficiency gains are important to ensure that investment delivers real improvements in service and futureproofs our water infrastructure, rather than simply constituting another increased cost. However it is equally important to acknowledge the scale and complexity of the capital programme and the importance of enabling Uisce Éireann to operate with the resources and flexibility necessary to meet these demands.

Taking this into account, increased outputs required must be realistic and achievable. While encouraging greater delivery is constructive, it must not compromise quality or reliability. Businesses depend on consistent and high-quality water services to operate and any reduction in service standards or delays in delivery would have immediate impacts. For example, Uisce Éireann's wastewater treatment capacity transparency register demonstrates that a significant number of locations across the network are currently constrained and this highlights the critical need for sustained investment to ensure that existing service pressures are addressed and that critical infrastructure can support continued economic and population growth. Timely and flexible funding is therefore essential to enable these projects to proceed efficiently, particularly in the face of rising construction costs due to inflation, supply chain disruptions, and the impacts of increased extreme weather events³.

It is also essential that Uisce Éireann can access funding at the point it is required, rather than being constrained by processes that do not reflect operational realities.

³ https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/11/building-resilience_6b655137/354aa2aa-en.pdf

In addition, key national projects such as the Water Supply Project – Eastern and Midlands Region⁴ and the Greater Dublin Drainage Project⁵, are critical to future-proofing Ireland's water and wastewater services. The Water Supply Project will secure a sustainable source for up to half the country's population which when implemented will reduce reliance on a single vulnerable source, while the Greater Dublin Drainage Project will provide wastewater treatment capacity for approximately 500,000 people, supporting housing delivery, economic growth, and climate resilience. Timely and flexible funding is therefore vital to ensure these transformative projects can progress efficiently and deliver the infrastructure communities and businesses need for the future.

Monitoring the cost-effectiveness of capital projects through regular reporting and oversight will help ensure outputs are delivered sustainably and represent genuine value for money and enhance services where possible. Such efficiency improvements should be implemented taking into account the need to strengthen the resilience of the water network, rather than placing constraints on Uisce Éireann's ability to deliver.

The CRU must ensure that the additional outputs as set out are feasible and supported by sufficient resources. This approach will help ensure that customers benefit from a resilient water system and provide the security of supply they require.

⁴ <https://chambers.ie/wp-content/uploads/2025/03/Submission-by-Chambers-Ireland-Consultation-on-the-Water-Supply-Project-Eastern-and-Midlands-Region-March-2025.pdf>

⁵ <https://chambers.ie/press-releases/press-release-chambers-ireland-welcomes-approval-for-greater-dublin-drainage-project/>

While Uisce Éireann's operating costs will rise over RC4 in line with more stringent compliance requirements, increased investment and population growth, the CRU is challenging Uisce Éireann to steadily reduce its controllable operating costs by 10% by the end of RC4 (i.e., a reduction of €224m).

We support the emphasis on operational efficiency and optimising controllable costs. However, any efficiency targets must recognise the steady increase in costs arising from increasing compliance requirements and population growth. Any fiscal reductions must reflect the associated unavoidable cost increases as they arise without undermining essential water and wastewater services.

For Uisce Éireann to successfully meet both service and efficiency expectations, the regulatory framework must take into account the costs involved with prolonged regulatory approvals. Flexible investment mechanisms must be accommodated to manage unforeseen increases in operational expenses. The aforementioned inflationary pressures and increasing compliance requirements⁶ must be taken into account as they increase operational costs as time progresses⁷. Even modest inflation increases can significantly raise a utility's operating expenses and this has a knock-on impact on budget forecasts, maintenance schedules and long-term planning.

Operational costs for Uisce Éireann are influenced by multiple factors beyond controllable efficiencies, and any expectation of a 10% reduction must account for those realities. Inflation affects energy, materials and labour costs, while more stringent regulatory and compliance requirements drive higher monitoring, reporting and infrastructure standards. Ageing assets require ongoing maintenance and renewal, and demographic growth increases demand on water treatment and distribution systems.

⁶ <https://www.consilium.europa.eu/en/press/press-releases/2024/11/05/urban-wastewater-council-adopts-new-rules-for-more-efficient-treatment>

⁷ <https://www.irishtimes.com/business/2026/01/15/rate-of-inflation-increased-to-2-2-last-year-official-data-shows>

In addition operating costs also encompass employee costs for operations, maintenance, compliance and customer service. Together, these operating costs exceeded €1.056 billion in 2024⁸, with notable increases in areas such as energy and materials largely driven by inflation and heightened service demand. The need to factor in climate resilience further impacts the overall cost. Any efficiency or cost targets must therefore recognise these pressures.

As a public utility, Uisce Éireann is responsible for implementing its investment plan and delivering on the significant package of funding provided under RC4. In return for these allowed revenues, Uisce Éireann will be required to meet its delivery obligations and performance targets in full. In total, the utility is expected to deliver 39 outcomes and outputs over the RC4 period.

The expectation that Uisce Éireann will deliver 39 outcomes and outputs across the RC4 period represents a substantial and ambitious workload that must be supported by a regulatory framework capable of enabling delivery at scale and pace.

These obligations include:

- a) Environmental compliance
- b) Water quality improvement
- c) Wastewater upgrades
- d) Leakage reduction
- e) Resilience and climate adaptation
- f) Infrastructure renewal
- g) Capacity expansion for population and economic growth

The complexity of this programme continues to intensify, not least due to the increasing frequency of climate-driven events such as Storm Éowyn, which caused widespread power and

⁸ <https://www.water.ie/about/model-publication-scheme/financial-information/strategic-report/financial-review.htm>

water outages and resulted in one of the costliest weather events in the history of the State⁹. Climate-driven events should therefore be considered in the context of the investment plan.

Additionally, the delivery obligations are complicated by specific EU legislative requirements, particularly the Water Framework Directive¹⁰, which mandates achieving and maintaining good ecological and chemical status for rivers, lakes and groundwater, and the Drinking Water Directive¹¹, which sets updated water quality standards to protect public health. Meeting these binding EU obligations adds an additional layer of regulatory requirements and this requires ongoing investment, compliance monitoring, reporting and infrastructure upgrades.

Consistent with our point elsewhere in our submission, a strong performance framework must be implemented in a way that facilitates infrastructure delivery at speed, rather than introducing additional layers of process that could inadvertently slow project progression or delay approvals. This must be taken into account for RC4 to be effective as an overly rigid or process-heavy oversight regime risks reducing efficiency and constraining delivery.

Major deliverables in RC4 for water and wastewater.

Major deliverables under RC4 for water and wastewater must prioritise long-term capacity. Investment over the period should focus on projects that reduce service interruptions for businesses and support predictable, high-quality service delivery across all regions. Businesses must have confidence that essential water and wastewater infrastructure keeps pace with the increased demands that are being placed on it.

⁹ <https://www.irishtimes.com/business/2025/08/15/storm-eowyn-was-most-expensive-event-in-history-for-irish-insurers-final-bill-shows>

¹⁰ https://environment.ec.europa.eu/topics/water/water-framework-directive_en

¹¹ https://environment.ec.europa.eu/topics/water/drinking-water_en

Clear communication with customers and non-domestic users will be essential. Major projects can temporarily affect supply or operations, and these impacts must be communicated transparently so that customers understand how planned works may influence their services and costs. Regular progress updates and accessible information channels will help maintain trust and support planning. Equally, project delivery should be scheduled to minimise disruption to business operations, recognising that sectors such as industry, retail, hospitality and logistics depend on predictable service levels.

Finally, national projects must be prioritised. In particular, the Eastern Water Supply Project¹² will play a critical role in ensuring a sustainable supply for the Greater Dublin Area and the wider Eastern and Midlands regions. In addition, the Greater Dublin Drainage Project must be delivered expeditiously to facilitate wastewater treatment for the significant catchment area it covers¹³. Timely delivery of both projects is essential in the context of population growth, housing delivery targets and the impacts of climate change¹⁴.

¹² <https://www.water.ie/projects/national-projects/water-supply-project-east-1>

¹³ <https://www.thejournal.ie/greater-dublin-drainage-project-objection-6808167-Sep2025>

¹⁴ <https://chambers.ie/wp-content/uploads/2025/03/Submission-by-Chambers-Ireland-Consultation-on-the-Water-Supply-Project-Eastern-and-Midlands-Region-March-2025.pdf>