



### **Guide to the CER's Water Charges Plan Consultation for Domestic Customers**

Irish Water has been established by Government to provide water and wastewater services to all homes and businesses connected to the public water and wastewater system. The Commission for Energy Regulation is the body responsible for ensuring that the prices that Irish Water charges to customers are fair and reasonable. The CER does this in two ways. Firstly, we review the costs of providing water and wastewater services to customers and ensure that Irish Water provides these services in the most efficient way. This keeps costs to consumers down. Secondly, we approve the tariffs that Irish Water charges to its customers and set the rules for how those tariffs are applied, so that all customers are treated fairly.

The tariffs and the rules are set out in Irish Water's *Water Charges Plan*, to be approved by the CER. The Water Charges Plan sets the tariffs and rules from 1<sup>st</sup> October 2014 – 31<sup>st</sup> December 2016. The CER has reviewed the Water Charges Plan and is now seeking the views of customers and all interested parties on the proposals in the plan. This note is a guide for customers on the proposed costs and charges. For detailed information on the CER's revenue review and the Water Charges Plan, please see [www.cer.ie](http://www.cer.ie)

### **Water Charges Plan**

Irish Water has proposed its Water Charges to the CER. If you want to respond to the proposals on household charges, here's what you need to know and do.

#### **1. Introduction of Charges – *all domestic customers will be charged for their water from 1 October 2014***

Domestic customers will be charged for water from 1 October 2014. Customers should expect to receive their first bill in January 2015 for usage in arrears. Flexible payment options will be offered to ease budgeting.

#### **2. Water & Wastewater - *water in equals water out***

There are two water services customers may receive – water supplied to your home and wastewater taken away. Some customers have only one water service, some customers have both. For example some customers have a septic tank and will pay for water, not wastewater services. The CER is proposing that your water and wastewater charges will be shown separately on your bill, so if you only take one service from Irish Water you can see clearly how much you have been charged for that service. If you take both services, for simplicity, it is assumed that the amount of wastewater you produce is equal to the amount of water you consume.

#### **3. Capped Charges – *all customers will be capped at an assessed charge for 6 months***

The CER is proposing that all customers will have their water charges capped at the assessed level for 6 months. This means that if you have a meter installed, you will be billed on your metered consumption if it is less than the assessed charge, but the most you will pay is the assessed charge. This is a customer protection measure to allow customers to get used to metered water charges, make adjustments to reduce their consumption and control their bills. Charges will be capped at the assessed level for 6 months from the date of installation of the meter. If Irish Water identifies a leak having installed the meter, your charges will be capped until the leak is fixed.

#### 4. Assessed Charges – *If you don't have a meter yet you will be on an assessed charge*

Irish Water is currently rolling out water meters to the majority of Irish homes, and approximately 80% of homes are expected to have a meter by the end of 2016. If you don't have a meter yet you will be on an assessed charge. An assessed charge is the current best estimate of how much a home with a certain number of occupants will consume. The charge is based on adult occupants only, as children are free. The Water Charges Plan assumes the first adult in the household will consume 66,000 litres per year, and every additional adult occupant will consume another 21,000 litres. This equates to a charge of €176 for a household with one adult and an extra €102 for every extra adult living in the house. The household allowance of 30,000 litres equates to €73. The assessed charges for households of different sizes, after the allowance has been applied, are shown in the table below.

| Number of Adult Occupants | Annual Assessed Charge                     |  |
|---------------------------|--|--|
|                           | for a Single Service (Water or Wastewater) | for Combined Service (Water or Wastewater) |
| 1                         | €88  | €176                                       |
| 2                         | €139                                       | €278                                       |
| 3                         | €190                                       | €380                                       |
| 4                         | €241                                       | €482                                       |
| 5                         | €292                                       | €584                                       |

ANNUAL ASSESSED CHARGE FOR HOUSEHOLDS OF DIFFERENT SIZES (ROUNDED TO NEAREST EURO)

#### 5. Metered Charges – *€4.88 per thousand litres for both services*

Once your water meter is installed and you move to metered charges, you will be charged on the amount of water you consume, when measured at the meter, just like electricity or gas charges. There will be no standing, or fixed, daily charge for water, just a unit rate for the litres you use. The cost per 1000 litres is shown for each service in the table below.

| Water Service      | € per thousand litres |
|--------------------|-----------------------|
| Water Supply       | €2.44                 |
| Wastewater Service | €2.44                 |
| Combined Service   | €4.88                 |

METERED CHARGES

#### 6. Rebates – *all customers will be entitled to a rebate if the meter shows that they use less than the assessed charge.*

Assessed charges are based on the estimated *average* use per household, so some houses will use more than the average and some will use less. When you get your water meter you will be capped at the assessed level for 6 months to allow you time to get used to metered charging, as described in point 2. Your first metered bill will show how much you actually use when compared with the estimated use in your assessed charge. If you use less, you will be entitled to a rebate. If you use more, there will be no additional retrospective charge.

#### 7. Household Allowances – *all households will receive an annual household allowance of 30,000 litres for water and wastewater services.*

The Government will pay for 30,000 litres per household per year which will be deducted from your bill.

**8. Children are free - *all households with children in receipt of child benefit will receive annual allowances to cover the normal consumption of each child.***

It is Government policy that water charges should only apply to the adults living in a household; that children are effectively free. The Government will pay for the normal consumption of every child in receipt of child benefit, so Irish Water needs to calculate the normal (or average) consumption of a child. The normal consumption of a child is currently estimated to be 21,000 litres per year.

**8. Medical Conditions – *customers with medical conditions which require increased water consumption will be capped at the assessed charge for that household even if they have a meter.***

Customers with medical conditions which require increased water consumption will be capped at the assessed charge for that household even if they have a meter. The Minister for the Environment, Community and Local Government will set out arrangements in this regard following consultation with the Minister for Health in advance of the commencement of domestic charges.

**9. Water Quality – *where water is unfit for human consumption, affected customers will receive a 50% discount on the costs of their water supply for the duration of the restriction.***

Where customers are living in an area where there is a Boil Water Notice (BWN) or a Drinking Water Restriction Notice (DWRN), so that their water is not fit for human consumption, they will receive a 50% discount on the cost of their water supply for the duration of the disruption. The discount will be applied automatically to the bill after the day of the notice being issued. If the disruption is longer than 3 months, then no water supply charges will apply until the restriction notice is lifted. Customers already on BWN or DWRNs on the 1<sup>st</sup> October will not be liable to water supply charges until the restriction notices have been removed. If a customer takes wastewater services, wastewater charges will continue to apply.

**10. Non-Primary Residences – *a minimum charge will apply to non-primary residences***

Properties that are not permanently occupied as a primary residence will be subject to a minimum charge to reflect the fact that there are costs to providing water services to that premises even if it is not permanently occupied. It is important to note that these properties are not primary residences so are not eligible for the Government free allowances.

**11. Validation Campaign – *all customers are required to complete a validation form to establish your household details***

Irish Water will be contacting customers over the coming months to gather information on the household type and number of occupants so that they can correctly apply your household allowances. It is important that customers validate their details in time to ensure that they receive their full allowances.

**12. Customer Handbooks – *the CER has also published its decision on the Customer Handbook with the minimum standards of service that customers can expect from Irish Water***

The Customer Handbook Decision sets out the minimum requirements for Irish Water to include in their customer Codes of Practice which detail the levels of customer service that customers can expect from Irish Water. The Codes must then be approved by the CER. The Handbook also includes a Customer Charter. This establishes specific commitments to customers, where Irish Water will make a Charter Payment to a customer if they fail to meet a charter commitment. The charter includes commitments on complaints handling, billing accuracy, and treatment of customers in financial difficulty.

***Calculation of Typical Household Bills (values are round to nearest euro for convenience)*****Single Service  
(Water or Wastewater)**

| Single Parent Family<br>(2 children) | ('000s litres) | €          |
|--------------------------------------|----------------|------------|
| Estimated Consumption                | 108            | €263       |
| Less Household Allowance             | 30             | €73        |
| Less Children's Allowance            | 42             | €102       |
| Net Consumption                      | 36             |            |
| Unit Rate @ €2.44                    |                |            |
| <b>Annual Bill</b>                   |                | <b>€88</b> |

| Two Adult Family          | ('000s litres) | €           |
|---------------------------|----------------|-------------|
| Estimated Consumption     | 87             | €212        |
| Less Household Allowance  | 30             | €73         |
| Less Children's Allowance | n/a            |             |
| Net Consumption           | 57             |             |
| Unit Rate @ €2.44         |                |             |
| <b>Annual Bill</b>        |                | <b>€139</b> |

| Two Adult Family<br>(2children) | ('000s litres) | €           |
|---------------------------------|----------------|-------------|
| Estimated Consumption           | 129            | €314        |
| Less Household Allowance        | 30             | €73         |
| Less Children's Allowance       | 42             | €102        |
| Net Consumption                 | 57             |             |
| Unit Rate @ €2.44               |                |             |
| <b>Annual Bill</b>              |                | <b>€139</b> |

| Four Adult Household      | ('000s litres) | €           |
|---------------------------|----------------|-------------|
| Estimated Consumption     | 129            | €314        |
| Less Household Allowance  | 30             | €73         |
| Less Children's Allowance | n/a            |             |
| Net Consumption           | 99             |             |
| Unit Rate @ €2.44         |                |             |
| <b>Annual Bill</b>        |                | <b>€241</b> |

| Family of five<br>(one child over 18) | ('000s litres) | €           |
|---------------------------------------|----------------|-------------|
| Estimated Consumption                 | 150            | €366        |
| Less Household Allowance              | 30             | €73         |
| Less Children's Allowance             | 42             | €102        |
| Net Consumption                       | 78             |             |
| Unit Rate @ €2.44                     |                |             |
| <b>Annual Bill</b>                    |                | <b>€191</b> |

**Combined Services  
(Water & Wastewater)**

| Single Parent Family<br>(2 children) | ('000s litres) | €           |
|--------------------------------------|----------------|-------------|
| Estimated Consumption                | 108            | €527        |
| Less Household Allowance             | 30             | €146        |
| Less Children's Allowance            | 42             | €204        |
| Net Consumption                      | 36             |             |
| Unit Rate @ €4.88                    |                |             |
| <b>Annual Bill</b>                   |                | <b>€177</b> |

| Two Adult Family          | ('000s litres) | €           |
|---------------------------|----------------|-------------|
| Estimated Consumption     | 87             | €424        |
| Less Household Allowance  | 30             | €146        |
| Less Children's Allowance | n/a            |             |
| Net Consumption           | 57             |             |
| Unit Rate @ €4.88         |                |             |
| <b>Annual Bill</b>        |                | <b>€278</b> |

| Two Adult Family<br>(2 children) | ('000s litres) | €           |
|----------------------------------|----------------|-------------|
| Estimated Consumption            | 129            | €629        |
| Less Household Allowance         | 30             | €146        |
| Less Children's Allowance        | 42             | €204        |
| Net Consumption                  | 57             |             |
| Unit Rate @ €4.88                |                |             |
| <b>Annual Bill</b>               |                | <b>€279</b> |

| Four Adult Household      | ('000s litres) | €           |
|---------------------------|----------------|-------------|
| Estimated Consumption     | 129            | €629        |
| Less Household Allowance  | 30             | €146        |
| Less Children's Allowance | n/a            |             |
| Net Consumption           | 99             |             |
| Unit Rate @ €4.88         |                |             |
| <b>Annual Bill</b>        |                | <b>€483</b> |

| Family of five<br>(one child over 18) | ('000s litres) | €           |
|---------------------------------------|----------------|-------------|
| Estimated Consumption                 | 150            | €732        |
| Less Household Allowance              | 30             | €146        |
| Less Children's Allowance             | 42             | €204        |
| Net Consumption                       | 78             |             |
| Unit Rate @ €4.88                     |                |             |
| <b>Annual Bill</b>                    |                | <b>€382</b> |

### **Relationship between Irish Water's Costs and Household Water Charges**

The charges to customers set out in the Water Charges Plan are determined by how much it costs to run Irish Water and deliver water and wastewater services to customers. Irish Water has submitted costs to the CER for the delivery of water and wastewater services for the period 1<sup>st</sup> October 2014 – 31<sup>st</sup> December 2016. Irish Water has proposed a revenue requirement of €2,263m to cover the costs of providing water and wastewater for the period of the review. The CER has reviewed this submission and is proposing a cut of 8.2%, to ensure that only efficiently incurred costs are recovered from customers. This cut will result in an allowed revenue of €2,078m. When the total costs of providing water services are spread across all households this results in an average annual charge of €594 for a household with both services. The CER will monitor Irish Water's expenditure to ensure that it delivers value for money. The Government is also providing funding to Irish Water to cover the purchase cost of free allowances which ensure that the average charge does not exceed €240 and that children are free. The Government purchases mean that Irish Water doesn't have to recoup all of its costs from customers through charges and results in an average annual household charge of €238 for a household with both services.

While the *average* annual charge to households for all types of households is €238, not all households are the same size, or use water in the same way; some will use more, some less. This means that customers' bills will vary depending on the number of people in the house and how much water they actually use. The proposed Water Charges Plan explains how much you should expect to pay for your household. There are examples of bills for typical household sizes set out in this guide.

### **How to Respond to Irish Water's Proposals**

The CER invites all interested members of the public to comment on Irish Water's proposals set out in this guide. Comments should be sent before 5pm on Thursday 28 August 2014 and marked "CER/14/363" to either:

Commission for Energy Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

Or email: [waterchargesplan@cer.ie](mailto:waterchargesplan@cer.ie)

Please note that the CER intends to publish all comments received. Respondents who do not wish their comments to be published should mark this clearly and state the reason for requesting confidentiality.