



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

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## Joint Committee on the Future Funding of Domestic Water Services

### Domestic Water Metering

Paul McGowan, Commissioner

Sheenagh Rooney, Director

14<sup>th</sup> February 2017

# Domestic Water Metering Policy

- Programme for Government 2011-2016

*The objective is to install water meters in every household in Ireland and move to a charging system that is based on use above a free allowance.*

- Reform of the Water Services Sector in Ireland Position Paper, 2012

*The Government has also decided to embark on the rollout of a universal water metering programme. This will facilitate moving to a charging system for domestic water users that is based on use above a free allowance as provided for in the Programme for Government.*

# Domestic Water Metering Programme Phase 1

- Phase 1 of the National Metering Programme allowed €615m (incl. VAT, 2015 nominal prices) for the installation of 1.058m meters by end 2016.
- Phase 1 total budget and target installations agreed pre CER economic regulation commenced (Feb. 2014).
- Ministerial Water Charges Policy Direction to the CER, 24<sup>th</sup> June 2014

*Irish Water's opening Regulatory Asset Base should include properly and efficiently incurred expenditure of the domestic metering programme costs.*

# Domestic Water Metering Expenditure

- Phase 1
  - CER review of number of meters installed vs cost
  - 884,000 meters (84% of outputs)
  - Expenditure of €465m (76% of budget)
  - Only efficiently incurred expenditure included on the Regulated Asset Base
  - Phase 1 complete in February 2017
- 2017-2018
  - Domestic metering expenditure reduced in revised capital investment plan
  - €2m in Irish Water investment plan 2017-2018

# Potential Benefits of Domestic Metering

- Conservation
  - Facilitates charging based on metered use if this is the policy
  - Incentivises reduction in consumption when basis for charges
  - Facilitates customers benefitting financially from investment on water saving devices
  - Benefits the environment
- Information
  - Accurate consumption data available at household level to the utility & the customer
  - Supports IW planning (est. conservation due to charging factored into IW plans)
  - Supports assessment of value of conservation devices/customer confidence

# Potential Benefits of Metering

- Equity
  - Equitable basis for charging if adopt charge for ‘excessive use’ above allowance
  - Supports acceptance of approach & willingness to pay
- Leakage Identification
  - Complements leak identification using district and bulk metering data by providing information at individual premises level

# Completion of Programme?

- How Many?

- Total domestic Irish Water customers: 1.522m
- 884,000 meters installed
- Irish Water: Technical impediment to metering c.20% at present
- Total remaining domestic unmetered: c. 330,000

- Potential Cost?

- Significant investment required to rollout further phase of domestic metering programme
- Costs depend on pace of delivery, approach to rollout, procurement approach
- Opportunistic metering could reduce costs e.g. include for new builds, as part of national lead programme, opt-in metering

# Completion of Programme?

- Timing & Pace?
  - Required capital investment is not included in the recently approved capital investment plan, 2017/18
  - Deferring other work could have implications for EU Directive compliance

- Phase 1 of programme complete
- Systematic rollout out at pace of Phase 1 not current priority at this time
  - Competing priorities for funding
  - Existing compliance commitments
- Further metering phases ideally subject to evidence based assessment of costs / benefits
- Equity concerns with Expert Commission's recommendation in the absence of further domestic metering
- Option to mitigate inequity
  - Incentives to opt for meter, meter new builds, bulk metering, meter by exception where excessive use identified during leakage detection

- Review IW future proposal regarding metering, inc. cost benefit analysis
- Review IW governance re development of investment plans
- Ex-ante approval efficient expenditure for metering over appropriate timeframe at future revenue review(s)
- Monitor delivery of meters in transparent manner
- Ex-post review to ensure only efficiently incurred expenditure recovered for defined deliverables



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Thank you.

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