

Engineers Ireland Cork Region Annual Seminar

Engineering Water Services Reform 20th March 2013

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Outline



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- National Consumer Agency
- Introduction of water charging
- Suggested core principles of water charging
- Regulation and consumer protection
- Consumer information, education and awareness

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The National Consumer Agency



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- Statutory body - Consumer Protection Act 2007
- Enforce wide range of consumer laws (incl. unfair terms), promote consumer welfare
- Assigned responsibility for personal financial education/awareness from Central Bank in 2010
- Broad remit covering enforcement, research, advocacy, information/awareness, education
- Due to be amalgamated with Competition Authority
- Interventions driven by contact with consumers

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Relationship with Regulators



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- External
- Independent of regulator
- Consumer advocacy; representation role
- Seek to have positive relations but not afraid to disagree when necessary - strong voice for consumers
- Empower consumers to make informed choices (energy, telecoms)

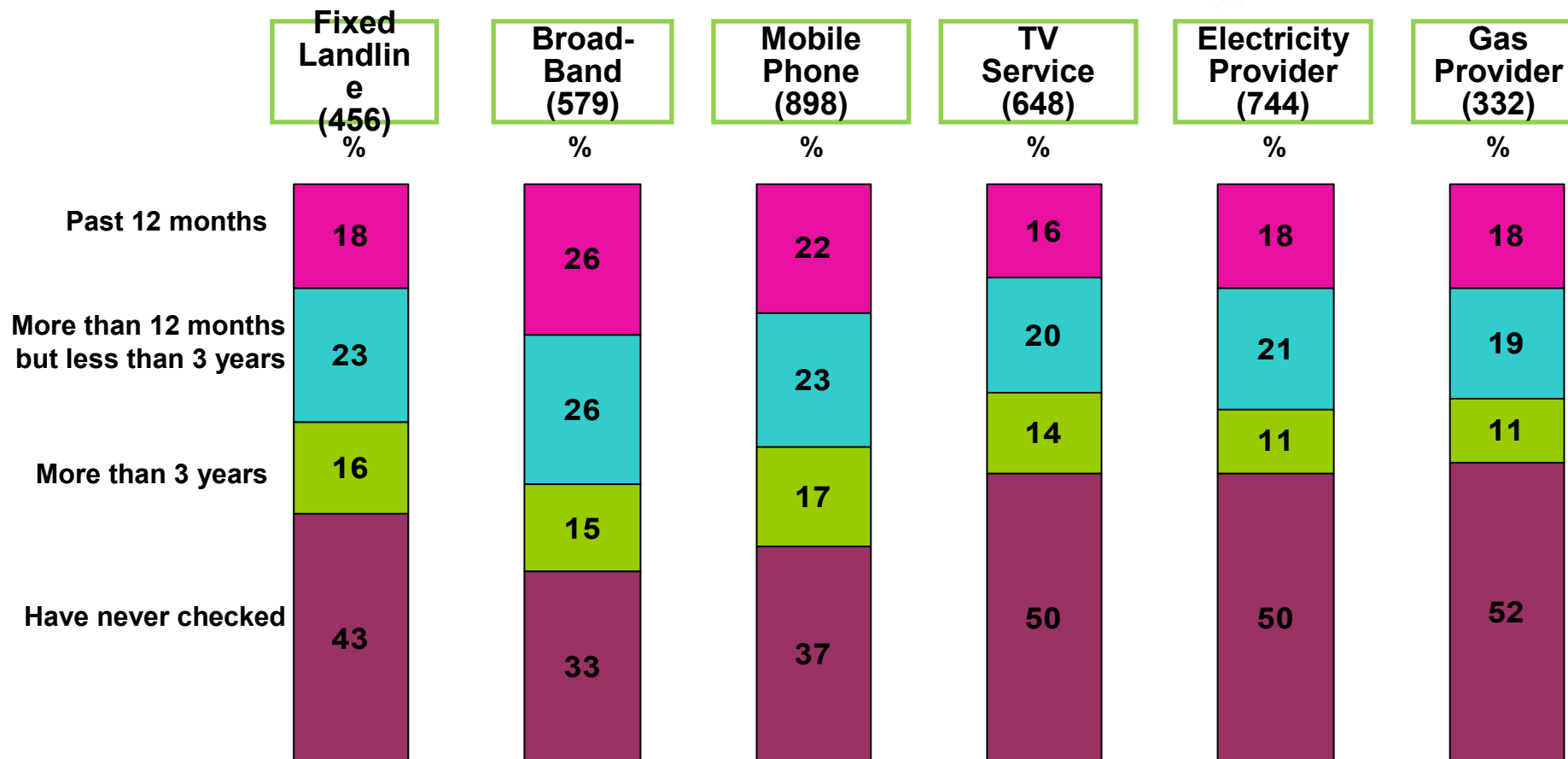
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Last Occurrence of Checking Better Deals/Packages Available



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(Base: All holders of relevant services)



NCA Quantitative Research: November 2012

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Water Charging



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- Water an essential service which we already pay for
- Capital intensive and funding decisions have a long term impact
- EU/IMF/ECB obligation to charge
- Start with some positives...
- But for many consumers the timing couldn't be worse
- NCA research shows that consumers are still increasingly under pressure

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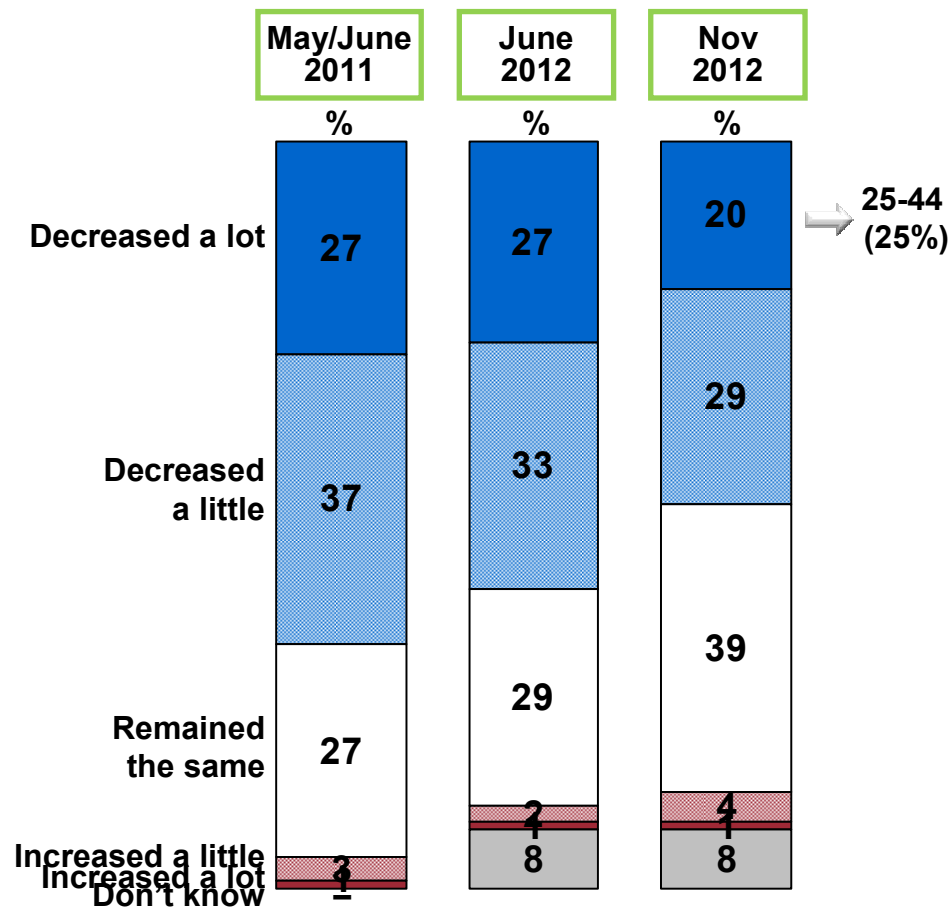
Household Income & Expenditure Trends



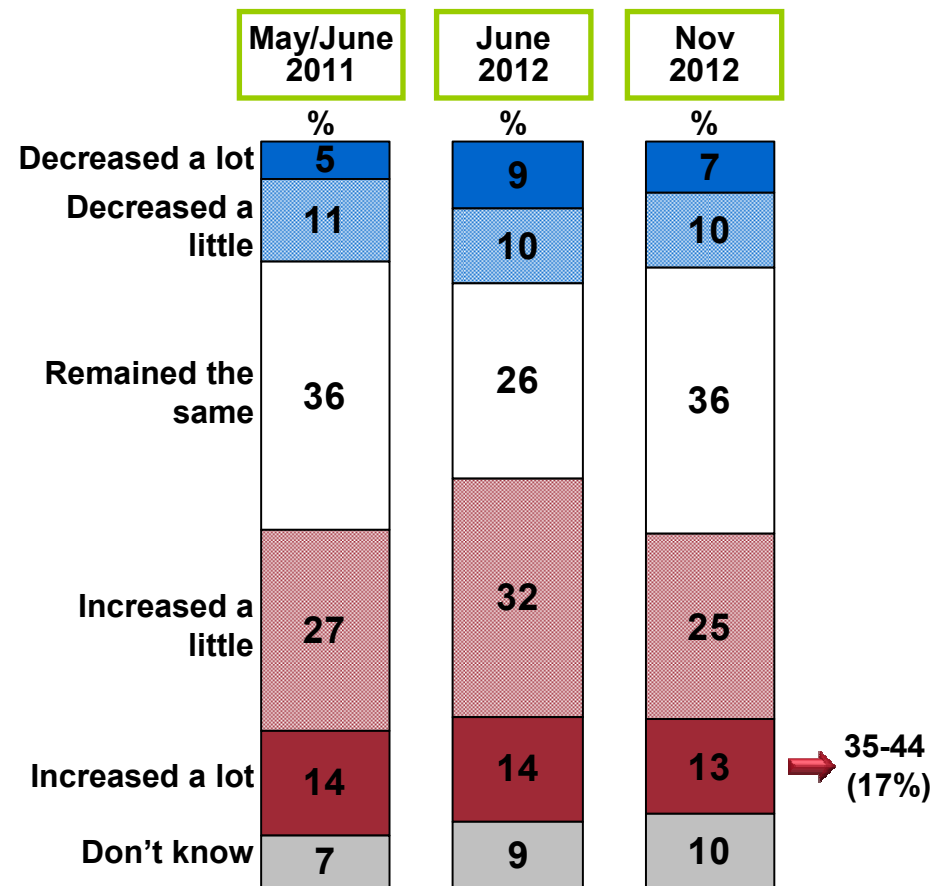
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(Base: All aged 15-74 – 1,000)

Household Income has



Household Expenditure has



Source: NCA Quantitative Research

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Paying for Water



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- Customer expectations - once consumers start specifically paying for water, an obvious expectation of difference service requirements
- Meters (1.4 million holes in the ground!) – SMART meters?
- Flat fee/ Level of free allowance/ Apartments/ Uncertainty LAs
- Responsibility to fix leaks
- Resistance will be significant
- May be mitigated by a setting up a utility and regulator which is demonstrably based on the following principles

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Guiding Principles



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- Fairness
- Affordability
- Sustainability
- Transparency
- Delivering the above will require sound regulatory structure

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Regulation and Consumer Protection



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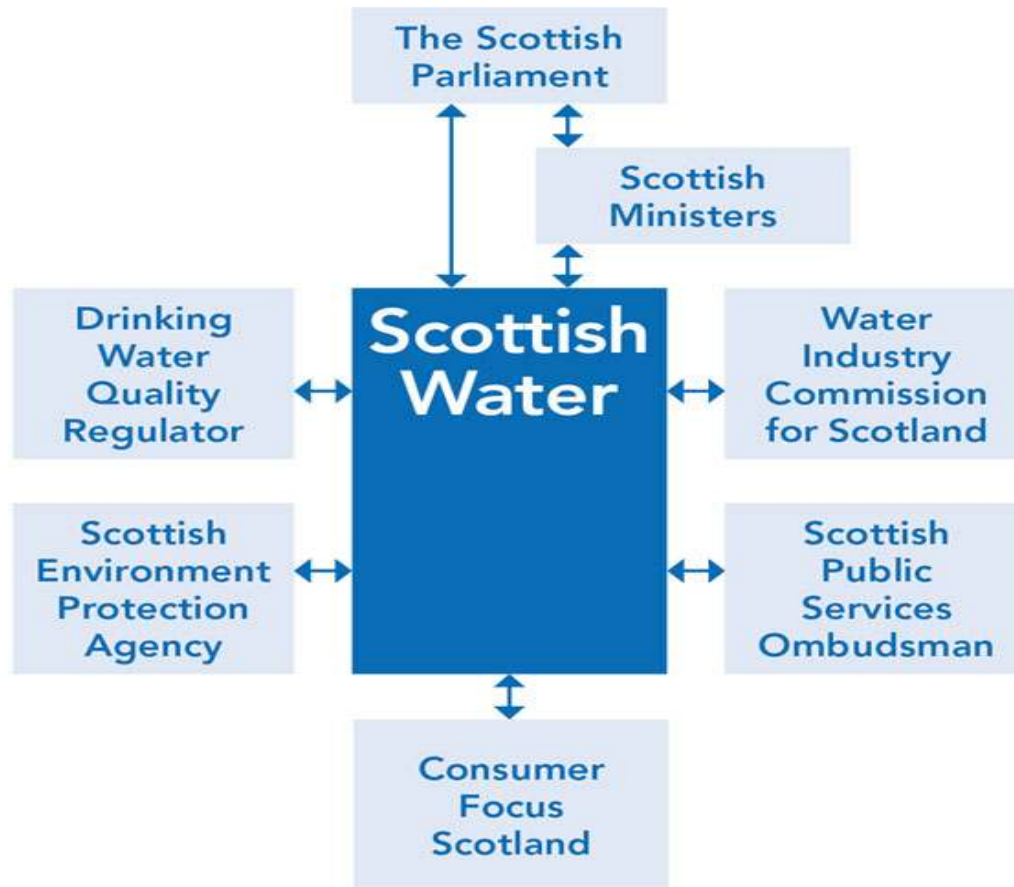
- State monopoly (consumer perception)
- Regulator will be a proxy for competition
- Regulator responsible for today's consumers and tomorrow's
- Complex balance between affordability, investment and ability of Irish Water to provide return on finance
- NCA - enforce consumer law and consumer representation but we feel the Scottish Model would be more effective
- Suggest setting up a customer forum or water commission

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Example of Water Commission



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Consumer Focus Scotland
Responsible for representing the views and interests of Scottish Water customers and is a statutory 'consultee' for matters relating to the Scottish water industry

Source:

<http://www.scottishwater.co.uk/business/about-us/governance/water-industry-in-scotland>

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Public Consultation



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On key issues such as

- What consumers place importance on
- Revenue framework and design of water tariffs
- Investment decisions
- KPIs/Benchmarks (baseline data must be accurate)
- Consumer research
- Better Energy Financing stakeholder management an example
- Scottish Water as an exemplar

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Charging Principles



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Scottish Water:

- Stable
- Full cost recovery
- Cost reflective
- Harmonised
- Financing and capital expenditure
- Plus...exemptions / waivers (medical needs, affordability, water rights)

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Related Objectives/KPIs



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Scottish Water:

- Customer service targets
- Leakage rates
- Improve drinking water quality
- Improve the security of supply
- Protect the environment, control discharges
- Reduce carbon emissions
- Plus...vital to have an independent complaints system

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Consumer Education and Awareness



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- In order to build consumer confidence
- Information campaigns (early and sustained)
- Consumer education (how much water do we use / conservation)
- A clear process and goals
- Minimise uncertainty
- Need for evidence based policy making - publication of research

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NCA's Role



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- Consumers will soon be customers and the NCA will ensure that rights are protected under consumer law
- Help develop consumer mind-set
- Public consultation on key tariff and investment decisions/priorities
- NCA will seek to have a constructive input through the consultation process
- Will actively seek to represent the views of consumers

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Thank you.



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