



An Coimisiún
um Rialáil Fóntais
**Commission for
Regulation of Utilities**

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Regulatory Framework Draft Determination: Revenue Control 4

Uisce Éireann's Allowed Revenue 2025 – 2029

Consultation Paper

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CRU Strategic Plan 2025-27

Vision, Purpose, and Values



OUR VISION:

Resilient, efficient, sustainable, and safe energy and water services for Ireland.



OUR PURPOSE:

We actively serve the public interest by regulating the provision of energy and water to Irish homes and businesses, while supporting the transformation to net zero.



OUR VALUES:

- Integrity
- Professionalism
- Openness
- Accountability

Executive Summary

1. The CRU is Ireland's independent energy and water services regulator. The CRU has a wide range of economic, customer protection and safety responsibilities in energy and water. The work of the CRU impacts every Irish home and business by promoting safe, secure, and sustainable energy and water supplies at a reasonable cost.
2. The CRU's role as economic regulator of Uisce Éireann is to protect the interests of customers, ensure water and wastewater services are delivered in a safe, secure and sustainable manner and that Uisce Éireann operates in an economic and efficient manner. As set out in the CRU's Strategic Plan for 2025-2027 period, a key objective is to enable efficient and effective infrastructure for secure, sustainable, and resilient water and wastewater infrastructure within the constraints of the funding ceiling, as set by the approved SFP.
3. Through the revenue control process, the CRU approves Uisce Éireann's allowed revenue at a level which allows Uisce Éireann to recover its efficiently incurred costs over the revenue control period. In doing so, the CRU sets 'efficiency challenges' for Uisce Éireann to drive cost efficiencies and improve service performance. The CRU also sets specific targets for the different deliverables that Uisce Éireann will meet by the end of the revenue control period, and monitors Uisce Éireann's performance in delivering services and investing in infrastructure in a cost-efficient manner.
4. Uisce Éireann recovers its allowed revenues through a combination of two sources: (i) non-domestic tariffs levied on non-domestic customers for water and wastewater (including trade effluent) services, (ii) Exchequer funding to cover the costs of providing water and wastewater services to domestic customers. This reflects a clear revenue split between domestic and non-domestic customers.
5. Another important role for the CRU in regulating Uisce Éireann is to ensure that there is a fair and transparent system of charging for non-domestic customers. Under the Water Services Act (No.2) 2013, the CRU has the responsibility of approving the charges applied by Uisce Éireann to non-domestic customers for the provision of water and wastewater services (including trade effluent services). The non-domestic tariffs recover the portion of Uisce Éireann's allowed revenue that reflects the costs of providing water, wastewater and trade effluent services to non-domestic customers.
6. This Executive Summary provides an overview of the suite of documents published by the CRU, setting out its proposals for consultation regarding the allowed revenue and the regulatory framework for Uisce Éireann for the RC4 period (2025-2029).
7. The CRU is consulting on the revenues that Uisce Éireann can recover over RC4 for the provision of water and wastewater services to customers, associated targeted outputs and outcomes to be delivered for that allowed revenue and proposed enhancements to the regulatory framework to support better reporting and flexibility for management of cost uncertainty and transparency.
8. The CRU wants to hear your views on its proposals in relation to the proposed allowed revenue and the associated improvements in water and wastewater service delivery for the RC4 five-year period (2025-2029). The consultation period regarding the CRU's Draft Determination will run for

9 weeks and close on 27 January 2026 at 17:00. All proposals published across these Draft Determinations are subject to consultation. Following consideration of all responses to this consultation, the CRU will publish the Final Determinations for RC4 in Q2 2026.

Navigating the RC4 Draft Determination

9. This document should be reviewed by stakeholders alongside the following detailed and supporting RC4 Draft Determinations documents:

- Revenue Control 4 - Draft Determination (CRU2025134): This document sets out the CRU's detailed Draft Determinations proposals on the RC4 allowed expenditure and allowed revenues for Uisce Éireann.
- Revenue Control 4 - Regulatory Framework Draft Determination (CRU2025135): This document sets out the CRU's detailed Draft Determinations proposals on the regulatory framework, including the approach to managing uncertainty during the revenue control period, the proposed financial and reputational performance incentives that will apply to Uisce Éireann and the strengthened reporting, monitoring and governance arrangements.
- Economic and Technical Consultancy Reports (CRU2025139a to CRU2025139g): These supporting consultancy papers underpin the CRU's RC4 Draft Determinations proposals, relevant to the cost assessment of Uisce Éireann's RC4 Submission on operational and capital costs. Topics include econometric benchmarking analysis, cost efficiency assessments, review of the needs case, deliverability, and governance. These reports also set out a review of RC3 and recommendations for RC4.
- Uisce Éireann's submissions (CRU2025139h to CRU2025139r) on historical and forecast opex, capex and non-network costs, regulatory framework, allowances, performance, incentives and innovation.

RC4 Background and Context

Policy Context

10. The Minister for Housing, Local Government and Heritage sets the Government's policy objectives and priorities regarding the provision of water services in Ireland. This is achieved through the preparation of a WSPS, the most recent of which covers the period 2024-2030 and was published in February 2024.

11. The WSPS sets out the three main objectives and a series of related priorities that define the Government's strategic approach to water services delivery in the period to 2030. This in turn sets the investment priorities for Uisce Éireann across three thematic areas: (i) Availability and Reliability, (ii) Safety and Quality and (iii) Sustainability.

- **Availability and Reliability:** Water services to support regionally balanced economic and social development through access to dependable and reliable water services. The Government's priorities under this objective are focused on improving public and private water services through continued investment in infrastructure.
- **Safety and Quality:** Water services to be safe and protect human health. The Government's priorities under this objective are focused on the protection of drinking water sources, minimising contamination, and providing for robust, effective oversight by regulatory authorities to help deliver on this objective.
- **Sustainability:** water services to be efficient, resilient and sustainable in the long term. The Government's priorities under this objective are to ensure that public water services are sustainable, that climate targets are met for the sector, and that water conservation forms a cornerstone of water policy.

12. In developing its submission, Uisce Éireann has established a list of known assets and service needs requiring investment. These needs have subsequently been categorised and aligned with the above policy and strategic objectives.

Strategic Funding Plan

13. Following the publication of the WSPS, Uisce Éireann is required to submit an SFP to the Minister for Housing, Local Government and Heritage setting out the required capital and operating costs to meet the policy objectives of the WSPS. The Minister approved the SFP submitted by Uisce Éireann for the period 2025-2029 in November 2024. The SFP includes the funding ceiling available to Uisce Éireann to allow it to fulfil its obligations to deliver water and wastewater services to meet those policy objectives. Note that the SFP funding ceiling also sets the upper funding limit on the CRU's revenue control assessment.

14. Following the approval of the SFP by the Minister, Uisce Éireann submitted its forward-looking investment plan to the CRU in December 2024 for assessment. The CRU's statutory role in assessing the Investment Plan is to ensure that Uisce Éireann provides water services in an economic and efficient manner to meet its statutory obligations, achieve national water policy priorities, and deliver value for customers, within the constraints of the funding ceiling approved by the Minister.

National Development Plan 2026-2030

15. The SFP (2025-2029) that was approved by the Minister in November 2024, did not take account of new government policy targets for Uisce Éireann, in the new NDP (2026-2030), which were developed and set after the plan was submitted. The CRU notes that the new NDP allocation provides additional funding to Uisce Éireann on top of the SFP 2025-2029, out to 2030 to support Government policy on growth and housing.

16. The 2025 NDP review allocated capital funding to Uisce Éireann reflecting a strong commitment from government to long term, sectoral planning in water infrastructure. The CRU notes that this RC4 review, and the proposals set out in the Draft Determination are based on the submission made by Uisce Éireann to the CRU in December 2024 and does not take account of any additional funding to be provided under the NDP. The CRU has not yet received any formal proposals from Uisce Éireann in respect of incremental deliverables which are funded by the additional expenditure and revenue. However, the CRU has developed a transparent mechanism in its RC4 design to reopen RC4 to update the regulatory evaluation and framework that will apply to Uisce Éireann. The objective as with the current plan is to incentivise Uisce Eireann to deliver its plan in an efficient and timely manner and transparently report on its delivery obligations for the funding it receives.

17. The CRU expects Uisce Éireann will submit an update to its RC4 Investment Plan to reflect this new NDP ambition. A review of the cost efficiency of the incremental investment to enable the connection of more homes and businesses will be undertaken by the CRU.

Uisce Éireann's Funding Model

18. The current approach to funding Uisce Éireann is designed to implement the recommendations of the Report of the Joint Committee on the Future Funding of Domestic Water Services agreed by the Government in September 2017. The report was prepared on the basis that there would be no charges to domestic customers for the provision of water and wastewater services. Non-domestic customers (comprising public bodies, businesses, agriculture, and social enterprises) do pay for the provision of such services.

19. During the period 2020-2024, based on the agreed funding model, all the costs of providing services to the domestic sector were met through exchequer funding. The funding of the provision of services to non-domestic customers was through customer charges and a government debt facility. Uisce Éireann also charges customers for connecting to the public water and wastewater network.

20. Uisce Éireann's funding model does present several challenges in the context of a multi annual regulatory cycle. Funding uncertainty can restrict efficient planning, procurement and delivery of infrastructure. Capital investment requires project and programme pipeline certainty, which is key for the supply chain to retain and grow resources in an area where it is recognised that decades of significant investment are required.

The RC4 Process

21. RC3 was the first time the CRU had set a 5-year revenue control for Uisce Éireann. As a result, the current review represents the first full five-year ex-post revenue assessment. This process comprises three key components; (i) a look back review of Uisce Éireann's actual capital and operational expenditure (capex and opex) during the RC3 period, (ii) a look forward review of forecasted expenditure for the upcoming RC4 period, and (iii) the ex-ante setting of allowed revenues that Uisce Éireann can recover through a combination of non-domestic customer tariffs and government subvention for domestic services.

22. Typically, these historic and forward-looking reviews are carried out in tandem. However, considering the timing of the publication of the WSPS in February 2024 and subsequent approval of the SFP in November 2024, the CRU decided to disaggregate these two processes. At CRU's request Uisce Éireann submitted its historic opex and capex costs for RC3 in April 2024. This enabled the CRU to commence its lookback review in advance of receiving the full forward looking RC4 submission from Uisce Éireann.

23. Prior to the Uisce Éireann's submission of its formal RC4 submission the CRU carried out a period of extensive engagement with Uisce Éireann which included numerous working groups and bilateral discussions that resulted in the issuing of RC4 business plan guidance and Business Plan Questionnaire (BPQ) templates to Uisce Éireann, for submission to the CRU.

24. The CRU engaged extensively with Uisce Éireann in the RC4 process. The CRU's proposals are based on the information that was provided by Uisce Éireann. Following receipt of the forward-looking business plan submissions by Uisce Éireann on 02 December 2024, the CRU conducted an initial assessment of Uisce Éireann's proposals, identifying areas for further engagement. The CRU subsequently held 20 workshops with Uisce Éireann, reviewed more than 300 documents,

and carried out a substantial breadth of Supplementary Questions process, which involved issuing 140 questions to Uisce Éireann for clarifications, or where information gaps or errors had been identified.

25. The revenue review process also involves the setting of the regulatory framework, which involves setting the rules and processes for adjusting revenue allowances during the revenue review period, as well as defining the outputs and outcomes that are expected to be delivered by Uisce Éireann, the performance incentive framework, and the reporting, monitoring and governance arrangements.
26. In its December 2024 submission, Uisce Éireann did not submit any proposals regarding the regulatory framework for RC4 including its performance targets, incentives, or the monitoring and reporting framework. As such, the CRU invited Uisce Éireann to make a supplementary submission regarding the regulatory framework. In February 2025, Uisce Éireann submitted a supplemental report setting out its proposals in relation to RC4 incentives and several uncertainty mechanism proposals in relation to cost pass through, index-linked volume drivers and a targeted reopener.
27. The supporting analysis and technical annexes which are incorporated into, and published alongside, the Draft Determination papers were prepared by the CRU's economic and technical consultants, NERA and Arcadis. The CRU engaged NERA and Arcadis to assess the cost efficiency of Uisce Éireann's RC4 Investment Plan, drawing on standard industry approaches and best practice. Arcadis's assessment included a top-down review of Uisce Éireann's investment planning and delivery and a bottom-up review of a cross-section sample of Uisce Éireann's projects and programmes.
28. Proposals set out here are the product of an extensive, multi-year process which has involved wide ranging stakeholder engagement, comprehensive analysis of Uisce Éireann's business plan, and the development of proposals for a regulatory framework that seeks to manage the various risks and uncertainties for Uisce Éireann and its customers, setting revenue allowances that seek to support the critical evolution of Ireland's public water and wastewater infrastructure.

RC4 Allowances

Review of Historic Expenditure (2020 - 2024)

29. The CRU with the assistance of NERA and Arcadis has applied a rigorous cost assessment process as part of its ex-post (lookback) review of Uisce Éireann's RC3 (1 January 2020 to 31 December 2024) expenditure, that ensures only well-justified and efficient expenditure is recovered from customers.
30. As a result of this review the CRU proposes adjustments to elements of Uisce Éireann's historic expenditure. Uisce Éireann has generally delivered on the agreed RC3 Investment Plan, with most RC3 projects being substantially progressed and delivered. Therefore, no clawback in capex is applied.
31. A summary of RC3 outturn expenditure versus CRU allowance and the proposed claw back (or k-factor adjustment) is provided below:

- **Capex** Uisce Éireann spent €4,320m in total capex compared to CRU's RC3 final allowance of €4,899m (2017 prices), representing a €579m (12%) underspend. Of this, CRU determined an allowance of €4,523m for network capex, while Uisce Éireann spent €3,943m¹. For non-network capex, Uisce Éireann has spent in line with the CRU allowance of €377m.
- **Opex** Uisce Éireann spent €3,825m in gross opex compared to CRU's RC3 final allowance of €3,926m (2017 prices), representing a €101m (2.6%) underspend. In which, Uisce Éireann underspent its controllable opex by €28.0m, uncontrollable opex by €71.8m and Innovation Funded Projects by €1.1m.

RC3 Capex

32. The CRU's review concludes that on balance Uisce Éireann has delivered the set of delivery obligations and outcomes consistent with the capex allowances under RC3. Uisce Éireann had generally delivered on the agreed Capital Investment Plan (CIP) planned for RC3. This was despite recognised challenges such as the Covid pandemic, planning challenges, supply chain shortages and substantial inflation, particularly in energy costs. Additionally, Uisce Éireann met or exceeded its targets for 20 of its 24 agreed deliverables and made progress towards the remaining four.
33. However, the CRU is concerned that three out of four under-performed deliverables relate to the wastewater sector, which has consistently shown challenge throughout RC3. The CRU is also concerned that Uisce Éireann did not provide leakage data to the CRU in line with the agreed timeline and only submitted 2023 leakage data in June 2025.
34. The CRU is also concerned about Uisce Éireann's performance in relation to leakage and security of supply during RC3. The CRU's Performance Assessment Framework Report highlighted that Uisce Éireann failed to achieve key performance targets in relation to leakage and security of supply.
35. Leakage: Uisce Éireann substantially failed to achieve the CRU's RC3 leakage reduction targets, incurring the €20m penalty for underperformance. There were also issues in relation to the reporting timeliness and accuracy of leakage data.
36. Security of supply: A significant number of water resource zones in Ireland are currently experiencing water supply deficits. Uisce Éireann's non-compliance to report on security of supply during RC3, coupled with its proposal to defer such reporting until RC5, poses a serious risk that key stakeholders will not have access to critical information needed to understand the scale of any deficits. Arcadis recommends that this risk be more clearly quantified and discussed with the CRU to assess the severity and scale of supply-demand challenges across the various water resource zones. The CRU expects a significant improvement in Uisce Éireann's performance across these key areas of consumer interest during RC4. This improvement will play an important

¹ This spend is after deducting the additional revenue of €650m collected from new water and wastewater connections during RC3. Uisce Éireann spent €4,593m, before adjustments for new connections and grants for network Capex.

role in supporting government policy objectives including housing, by ensuring secure and reliable water services for the benefit of all consumers.

37. Major Projects: The delivery of the Water Supply Project (WSP) and the Greater Dublin Drainage (GDD) project show a €65m (2017 prices) underspend due to the much slower progress during the RC3 period than forecast by Uisce Éireann. Uisce Éireann RC4 submission also recognised this underspend by applying a reduction to the Regulated Asset Base (RAB).

RC3 Opex

38. The CRU is proposing to claw back additional funding of €31m (based on Uisce Éireann's inflation assumptions, but €6m based on the updated inflation for 2024) made available to cover higher energy and outsource contract expenditures in 2024 that was not fully utilised. It is also proposed to claw-back €12m of funding provided for additional headcount costs under industry transformation that were not subsequently used in 2024. These opex clawbacks will be made via the k-factor correction.

k-factor Adjustments Related to RC3

39. In carrying out this review, the CRU has applied the framework and guidelines that were set out at RC3 Final Determinations. The CRU's k-factor proposals include:

- Leakage performance target – maximum penalty €20m
- 5% non-domestic bad debt performance – approx. €11m

40. Despite these clawbacks and penalties, the CRU proposal on the RC3 ex-post k-factor adjustment² acknowledges that Uisce Éireann substantially under-recovered revenues over RC3. Uisce Éireann is seeking to recover €278m. Taking account of the penalties to be imposed and the proposed clawback, the CRU is proposing to allow Uisce Éireann to recoup €119.7m over the RC4 period.

41. The CRU will revisit these proposals as part of its Final Determinations taking into consideration responses to this consultation, including further information and evidence provided Uisce Éireann.

Review of Forecast Expenditure (2025 - 2029)

Uisce Éireann RC4 request

42. Uisce Éireann requested €13,803m of total expenditure for RC4:

- **Opex:** Uisce Éireann proposes to spend on aggregate €5,242m over the five-year RC4 period, reflecting the increased compliance costs and the growth-related costs.

² The CRU notes that the RC3 k-factor adjustment is based on outturn data from 2020–2023 and forecast data for 2024. Uisce Éireann did not include forecast incentive data for 2024 in its submission but will provide it for the final k-factor determination.

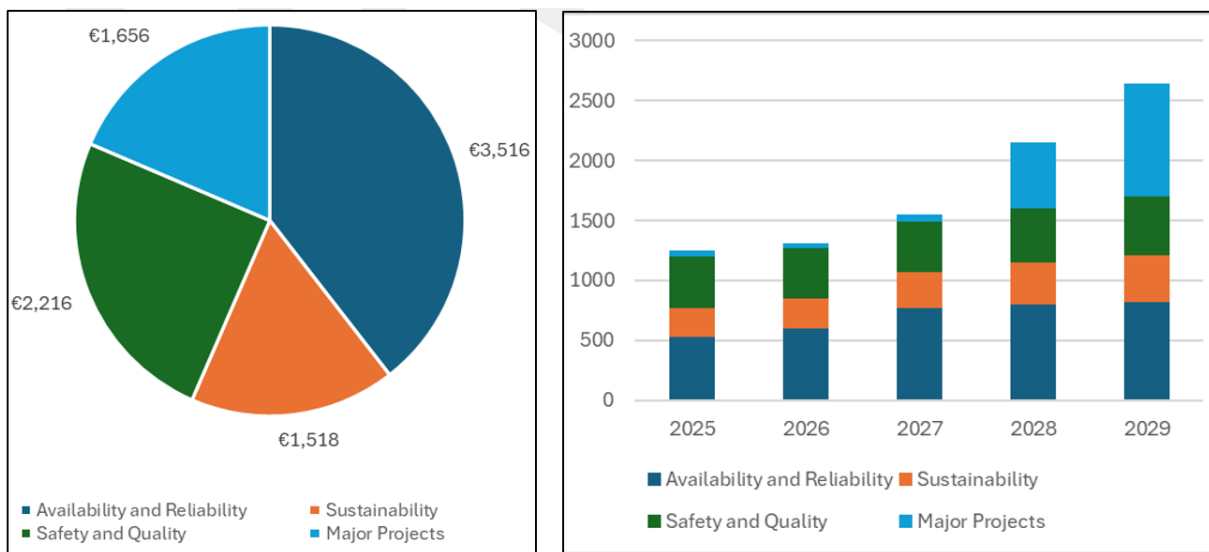
- **Capex:** Uisce Éireann proposes to invest €8,561m of total capex over the RC4 period to address the Government’s three WSPS themes, representing a substantial increase of capital expenditure relative to RC3 outturn (€4,750m).

Table ES1: Comparison between RC3 and Uisce Éireann's RC4 Proposal

€bn, 2022 prices	RC3 (Allowance)	RC3 (Outturn)	RC4 Business Plan	RC4 vs RC3 Outturn
Opex	4.39	4.29	5.24	22%
Network capex	4.90	4.33	8.07	86%
Non-network capex	0.42	0.42	0.49	16%
Opex + capex	9.71	9.04	13.80	53%

43. Uisce Éireann submitted an RC4 Capital Investment Plan totalling €8,561m over the RC4 period to address the Government’s three WSPS themes, as shown in Figure 1 below. The Figure also shows expected expenditure on two Major Projects – the Greater Dublin Drainage (GDD) project and the Water Supply Project (WSP) – over RC4, with investment continuing into RC5.

Figure ES1: Uisce Éireann’s investment plan addresses the WSPS’s three thematic themes



CRU Draft Determination Proposals - Expenditure

44. The CRU’s RC4 Draft Determination papers set out a €13,579m package of investment across the water and wastewater networks, which represents an approximately 2% reduction against the Uisce Éireann request, while also asking Uisce Éireann to deliver 8% more on outputs.

Capital Investment Plan Assessment

45. As part of the top-down review approach Arcadis, assessed Uisce Éireann’s approach to investment planning, including its investment decision making process, costing methods, procurement strategy, risk management etc. Arcadis conclude that Uisce Éireann’s investment planning is reasonable and structured, that the system for prioritisation is fit for purposes and that

Uisce Éireann's investment addresses the most critical needs, and that the project lifecycle framework provides a clear process for scoping and costing projects and good governance.

46. Arcadis reviewed Uisce Éireann's progress in implementing the investment planning improvements recommended by Scottish Water International (SWI)³ during RC3. Of the 14 improvements required – for example, implementation of an asset data improvement plan, enhanced asset planning team, improving governance and change management - Arcadis found that 12 have been implemented. For the remaining two (cost estimation and risk management), Uisce Éireann has set out realistic plans for their implementation. This reflects meaningful progress in Uisce Éireann's planning capabilities.
47. Arcadis also conducted a series of deep-dives for 34 projects and programmes selected to be representative of the wider RC4 portfolio and covering around two-thirds of the portfolio by value (excluding the WSP)⁴. For the most part, Arcadis concludes that the need case is clearly stated for the assessed projects for the most part, providing confidence that Uisce Éireann has focused its RC4 investment on areas where genuine improvements are required.
48. The deep-dive review identified key areas for improvement, including the need for standardised costing procedures and a stronger optioneering process. On the basis of the assessment of the information provided Arcadis raised serious concerns regarding 15 of the 34 projects and programmes assessed. In its report, Arcadis notes that these issues reflect a maturing organisation that has not yet fully embedded its investment planning processes. However, addressing these gaps is essential to meet planning and regulatory expectations.
49. Arcadis also assessed Uisce Éireann's proposed level of capital maintenance, benchmarking it against English and Welsh water companies. Arcadis conclude that the proposed RC4 capital maintenance is reasonable relative to comparator expenditure levels. However, Arcadis notes that Uisce Éireann is in the early stages of transitioning from reactive to planned capital maintenance which will take some time given the requirement for system and data collection.

Capital Efficiency

50. The CRU's allowed revenue proposals for Uisce Éireann incorporate an 8% capex efficiency challenge. Instead of reducing the funding envelope, the CRU propose that Uisce Éireann use the savings to identify and deliver additional projects and programmes. After reviewing Uisce Éireann's submission, the CRU will require these efficiency gains to be reflected in additional RC4 delivery obligations.
51. The CRU's proposed challenge is based on:
- A 10% regulatory challenge related to the issues and shortcomings uncovered in the deep dive assessment, proportionally extrapolated over the network capex programme (excluding WSP and capital maintenance)

³ [Irish Water Revenue Control 3 \(RC3\) Update – Implementation of Scottish Water International Recommendations Information Note](#)

⁴ The WSP had been previously reviewed under a separate CRU assessment.

- Incorporation of a RPE of 0.8% per annum and a 1% on-going efficiency challenge applied to the total capex programme

52. Uisce Éireann proposed a capital Real Price Effect of 1.1% per annum, based on a hybrid of six construction related indices. The CRU will set the efficient expenditure limits taking into account the expected changes in the input prices faced by Uisce Éireann but is proposing a modest reduction to the allowance to 0.8% per annum, based on the historical analysis of the indices. The CRU is also proposing to allow for an ex-post true-up based on the published indices.

53. The CRU is challenging Uisce Éireann to improve its cost efficiency over time reflecting expected productivity improvements in the sector. Uisce Éireann did not incorporate any improvement in productivity over time (or on-going efficiency) in its RC4 Investment Plan, which the CRU has set at 1% per annum, based on previous decisions for regulated networks in Ireland and the UK. This is consistent with the Draft Determination for energy networks in PR6. The CRU will make a final determination on ongoing efficiency, taking account of Uisce Éireann's relevant submission and the PR6 decision.

Table ES2: Summary of the CRU's Capex Proposal

€m in 2022 monies	UÉ's Capex submission	CRU's Proposal
RC4 Capital Expenditure	8,561	8,561
Regulatory Challenge	-	-318
RPE + OE	-	-355
Total Efficiency	-	673
Total Efficiency as % of Capex submission	-	8% increase in delivery

Capital Delivery Obligations

54. Uisce Éireann has proposed a total of 39 delivery obligations for the funding request to be approved. Uisce Éireann's Executive is fully responsible for developing and balancing its RC4 Investment Plan to ensure that Ireland's water services needs and risks are appropriately addressed. The CRU will use Uisce Éireann's proposed delivery obligations to hold it to account over RC4. Table 3 shows a sample of the 39 delivery obligations, focusing on the larger expenditure areas.

Table ES3: Selection of the 39 delivery obligations and associated targets Uisce Éireann over RC4

RC4 Delivery Obligations	RC4 Target	Unit
Water		
Water treatment plants new and upgraded	163	No.
Provide additional water treatment capacity	43	MLD
Provide additional water network capacity	126	Km
Length of water main laid (rehabilitated)	663	Km
Completed works at water treatment plants to facilitate the removal from the Remedial Action List (RAL)	33	No.
Completed works at water treatment plants to resolve specific high risk water quality issues	163	No.
Net Water savings (Leakage reduction)	120	MLD
Metering replacements and new meters installed	280,994	No.

Wastewater		
Wastewater treatment plants new and upgraded	61	No.
Provide additional wastewater treatment capacity	57	No.
Provide additional wastewater network capacity	112.7	Km
Sewer Network Rehabilitation	34.1	Km
Wastewater New and Upgraded Pumping Stations	118	No.
Major Capital Maintenance Site Refurbishments	3	No.
Complete works at agglomerations to facilitate removal from EPA's Priority Urban Area Action List (PAL)	23	No.
Complete works to comply with Wastewater Discharge Authorisation	48	No.
Complete works to address significant pressures in third cycle River basin Management Plan (RBMP 2022-2027)	25	No.
Sustainability		
Energy Efficiency Improvement	25.4	GWh
Renewable Energy - Generation (Installed Capacity)	4.7	GWh/yr
Nature Based Solutions (NBS)	22	No. of NBS adopted
Greenhouse Gas Emissions	49	% of Baseline year carbon emissions

55. The CRU's consultants have highlighted concerns regarding certain aspects of the following delivery obligation targets, and the CRU is seeking further information in relation to the following:

- Sewer network rehabilitation (34.1 km)
- Meter replacements and new meter installations (280,994 units)
- Net water savings (Leakage reduced by 120 Megalitres/Day over RC4)

56. Sewer network rehabilitation: Uisce Éireann has significantly reduced its proposed sewer rehabilitation output for RC4, -85% compared to its RC3 output. The CRU understands that this reflects Uisce Éireann prioritising upgrading wastewater pumping stations and rising mains. However, the CRU is concerned by this reduced ambition, particularly given that Uisce Éireann delivered only 69% of its equivalent RC3 target. Uisce Éireann reports that underperformance in sewer rehabilitation has been driven by the complexity of works in man-entry sewers, limited contractor availability and a lack of progress in the 'Taking in Charge' scheme. The CRU expect Uisce Éireann to fully assess the risks associated with sewer network failures and to have appropriate mitigations and contingencies in place.

57. Metering: The CRU's consultants challenge the scale of the metering programme as provided in the RC4 Investment Plan. Arcadis question the value for money of the large domestic component (43% of proposed meters) in the absence of domestic charging. Additionally, Arcadis raise concerns about the high risk of under-delivery and/or overspend, without clearly understanding the need and outcome. Uisce Éireann has brought the metering programme in-house, and Arcadis note challenges with the supply chain for the availability of materials and meters on the market. Arcadis believe that the programme should be significantly revised, with a focus on maintaining billing, and minimum number of replacements to support water balance and leakage calculations.

58. Net water savings (leakage): The CRU's consultants note the proposed leakage target appears ambitious, and that it is unclear how it will be achieved. Arcadis note that supporting data is still being developed, with no integrated plan outlining how various interventions will contribute to the targeted MLD reductions. Deliverability remains a key concern due to ongoing resourcing challenges within Uisce Éireann's Leakage Team, which have persisted since RC3. Additionally:

Uisce Éireann informed the CRU in July 2025 that they will seek to significantly revise the RC4 leakage target from the RC4 submission.

59. Significant aspects of Uisce Éireann's RC4 Investment Plan lacked defined delivery obligations and associated targets. These were 'Major Projects', 'Reactive and Maintenance Work', 'Early-Stage Projects', and 'Projects and Programmes yielding outputs post RC4'. The CRU will take a targeted approach to reporting arrangements on these areas to ensure Uisce Éireann remains accountable.

Major Projects

60. The Water Supply Project (WSP) will transfer water from the River Shannon via a new pipeline to the Greater Dublin Area and other parts of the region, to secure a sustainable and resilient water supply. The Greater Dublin Drainage project (GDD) will improve wastewater capacity in the Greater Dublin Area to support future population growth and economic growth. These projects are subject to a separate approval process under the Infrastructure Guidelines, with oversight by the DHLGH Project Tracking Group and Major Water Infrastructure Group.

61. Both Major Projects form a key part of Uisce Éireann's RC4 Investment Plan and are expected to complete in RC5. Arcadis agree with Uisce Éireann that the GDD and WSP are essential programmes of work to satisfy long term needs and strengthen resilience of the overall Greater Dublin and Midlands areas. Without these projects in place, there is a material risk to future growth and supply challenges in these regions.

62. Funding for both Major Projects will be ring-fenced within the CRU's overall determination, meaning that the funds can only be drawn for these specific projects. This follows the approach taken in RC3.

63. Recognising their critical nature, the CRU proposes enhanced annual monitoring of spend and progress for both Major Projects. This is additional to the monitoring and risk management undertaken by Uisce Éireann, and through the Infrastructure Guidelines.

64. The CRU is consulting on a mechanism to enable Uisce Éireann to request access to redirect any forecasted underspend. This will require Uisce Éireann to provide clear proposals for reallocating the funding to alternative investments.

Additional Recommendations

65. Arcadis identified 32 recommendations across 14 thematic areas during the RC4 capex review, as listed in Table 4. These recommendations are a response to issues Arcadis identified, primarily through its deep-dive assessment.

66. The CRU is proposing that Uisce Éireann implement all 32 RC4 recommendations during RC4, along with five additional recommendations Arcadis identified in its RC3 lookback review concerning Asset Health, Strategic Wastewater and Drainage Planning, Cross-Portfolio Learning, Community Engagement, Data Quality and Reporting. The CRU will monitor implementation progress through a standalone report to be provided by Uisce Éireann.

67. The CRU notes that both sets of Arcadis' recommendations highlight that Uisce Éireann's understanding of Asset Health is a recurring concern.

Table ES4: Recommendation themes under which Arcadis propose 32 recommendations for Uisce Éireann

1	Measuring Performance	8	Capex Projects and Programmes
2	Managing Change	9	Resilience of Water Supplies
3	Improving Asset Intelligence	10	Asset Health and Capital Maintenance
4	Estimating Costs	11	Funding Major Projects
5	Shortening Project Development Timelines	12	Complying with Environmental Regulations
6	Managing Risk	13	Information Technology (IT)
7	Procurement Processes	14	Connections

NDP Reopener

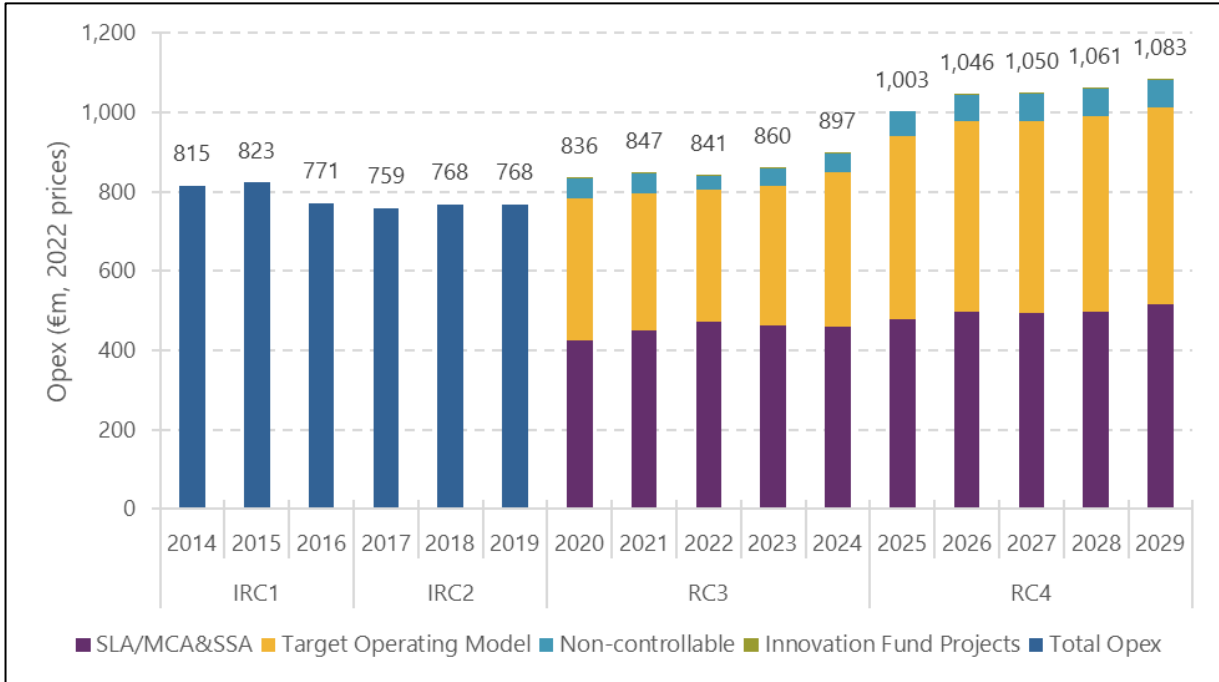
68. The NDP, which captures the government’s strategy for capital investment in national infrastructure, has been substantially updated since Uisce Éireann’s submission to the CRU in December 2024. Notably this relates to greater funding for, and delivery of, increased housing capacity.

69. The CRU expects that Uisce Éireann will update its RC4 Investment Plan to reflect this new NDP ambition. A review of the cost efficiency of the incremental investments to connect more homes and businesses will be undertaken by CRU.

Operational Efficiency

70. The increase in Uisce Éireann’s proposed opex for RC4 reflects upward pressure on costs from new obligations, such as compliance with the recast Drinking Water Directive, industry transformation costs, as well as costs related to the investment programme (e.g., opex stemming from increased capex), and increasing growth in the network (e.g. with connection and load growth of around 6-8% over the period).

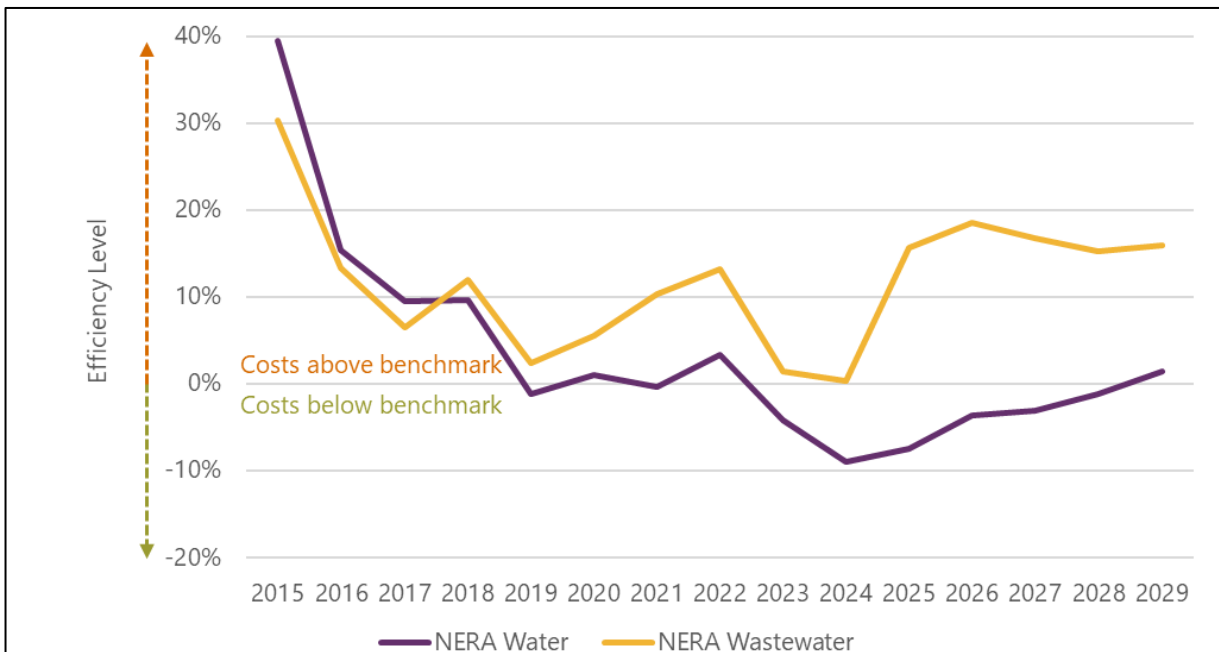
Figure ES2: Uisce Éireann’s Actual and Forecasted Operational Expenditure



Note: During RC4, through the UÉT Programme, the original Service Level Agreement (SLA) structure will be replaced by the implementation of Master Cooperation Agreements (MCA) and individual Support Service Agreements (SSA). Source: UÉ (2024) UÉ (December 2024), Uisce Éireann Revenue Control 4 (2025-2029) Operational Expenditure Look forward 2025-2029, p.13

71. To inform the assessment of Uisce Éireann’s proposed opex, the CRU considered the approaches developed by regulators in UK and Ireland to assess cost efficiency. Figure ES3 presents the results of the benchmarking models developed by NERA, the CRU’s economic advisers, to assess Uisce Éireann’s efficiency over time compared to English and Welsh water companies.

Figure ES3: Econometric Benchmark Analysis of Uisce Éireann’s Opex, 2015-2029



Source: NERA analysis of UÉ and Ofwat data.

72. NERA's analysis shows that Uisce Éireann has made significant improvements in its cost performance since its formation in 2014. The analysis suggests that Uisce Éireann has performed comparatively well at containing upward cost pressures over recent control periods relative to the set of English and Welsh water companies included in the benchmarking exercise. For example, the benchmarking models indicate that Uisce Éireann's costs were at the time of Uisce Éireann's formation in 2014/15 up to 40% higher than the efficient benchmark cost and are now no more than 20% higher than the expected cost for the wastewater service and approximately in line with expected cost for the water service. Taking the services together NERA conclude that Uisce Éireann's costs are around 11% higher than the benchmark.

- **Water service opex is estimated to be on average 3% efficient** relative to the sector average. They are about -18 – 17% higher than the benchmarking level over the RC4 period. The wide variation across different models for water is due to different definitions of the density variable.
- **Wastewater service opex is 13 – 21% higher than the benchmarking level** across the RC4 period.

73. The CRU notes that Uisce Éireann's wastewater service is inefficient, and this is a consistent concern. The CRU also notes that efficiency in water cannot offset the inefficiency in wastewater.

74. As with setting capital allowances, the CRU set efficient operating costs allowing for changes in input prices (or Real Price Effects, RPEs). For RPEs, NERA has adopted Uisce Éireann's own forecasts to reflect the reduction in energy and Design-Build-Operate (DBO) contracted plant unit costs over the RC4 period from the elevated levels over RC3, which are partially offset by a slight real increase in real labour costs.

75. As with capex, Uisce Éireann has not included any opex improvements⁵ in terms of on-going efficiency or productivity improvements. In recent regulatory decisions, Irish and UK regulators have set an on-going efficiency challenge of around 1% which forms the basis for the CRU's proposals. The 1% improvement per annum equates to a compounded 5% improvement by the end of RC4.

76. Uisce Éireann acknowledges that the Uisce Éireann Transformation (UÉT) programme will deliver significant change during RC4 and beyond, driving efficiencies and service improvements. Key elements include consolidating service delivery from 31 Local Authorities into a single public utility, reducing organisational layers from 15 to 7, cutting full-time equivalents by up to 10%, and introducing standardised ways of working. Uisce Éireann has identified several levers to improve cost performance, such as enhanced scheduling and work optimisation, improved organisational design, streamlined crew sizing, and transformation of stores, inventories, and fleet. Therefore, the CRU is challenging Uisce Éireann's claim that its UÉT programme cannot deliver further cost savings over RC4.

⁵ Uisce Éireann has only proposed an anticipated efficiency saving of €7.4m (0.13% of its requested opex), with €3.4m from IT efficiencies through the implementation of a single supplier managed service, and €4m from potential operational and procurement efficiencies related to the transfer of third-party Design Build Operate contracts to Uisce Éireann.

77. In terms of the quantification of costs, Uisce Éireann’s has set out cost efficiencies associated with UÉT of less than €40 million cumulatively by the end of RC4 or around 4% of the requested opex of around €1 billion per annum. These efficiencies are also predominantly scheduled ahead of UÉT implementation in 2027. The CRU’s view is that the proposed cost efficiencies are modest in the context of the transformational nature of the UÉT.

78. The CRU has set out two scenarios for operational efficiency and proposes a 10% reduction by 2029 which recognises the transformational nature of the UÉT programme, the fact that Uisce Éireann incorporated relatively minimal cost efficiencies into its RC4 opex submission and offered no improvements for on-going efficiency. The CRU is proposing to profile the opex efficiency challenge in a stepwise fashion from 2027-29 (i.e., no opex efficiency challenge for 2025 or 2026).

79. Table 5 shows the CRU proposed RC4 operating costs against Uisce Éireann’s submission. As shown, the CRU calculate a total RC4 operating cost allowance (i.e., including non-controllable and innovation funded opex) of €5,018m relative to Uisce Éireann’s €5,242m.

80. Our overall funding level is based on assuming that Uisce Éireann achieves a 10% reduction as per Scenario 2 by the end of RC4, with the intention that Uisce Éireann will achieve further efficiencies associated with narrowing the gap to the benchmarks over the subsequent review.

Table ES51: Uisce Éireann’s Request and CRU’s Proposal on Opex Cost over RC4, (€m 2022 prices)

	2025	2026	2027	2028	2029	Total
UÉ submission	1,003	1,046	1,050	1,061	1,083	5,242
CRU proposal (10% lower in 2029)	1,003	1,046	1,001	986	982	5,018

Allowed Returns

Cost of Capital

81. During RC3 and consistent with the approach in the energy sector, the CRU sets the allowed return based on the Weighted Average Cost of Capital (WACC), which reflects the weighted average of efficient debt and equity costs, with the weights determined by the respective weights (or gearing) of debt and equity. At RC3, the CRU determined a regulated WACC of 3.61% (real pre-tax), based on detailed analysis of WACC parameters.

82. Given Uisce Éireann’s funding model, the implications of the allowed return differ from other regulated networks. Uisce Éireann does not need to raise debt from private capital markets or provide returns to equity holders, nor does it have an obligation to pay dividends to the Government. However, setting a market-based WACC plays an important role in providing a source of external funding for Uisce Éireann, which is otherwise Exchequer funded, as the equity return is re-invested and covers part of its capital programme financing need.

At RC4 the CRU is proposing to apply a “benchmark WACC” approach, drawing on the WACC parameters proposed in the recent energy network Price Review 6 (PR6) Draft Determination⁶. This proposed approach minimises the regulatory burden of undertaking a detailed WACC.

83. estimate parameter-by-parameter while providing additional cash-flow to meet Uisce Éireann’s capital expenditure requirements, and ensuring charges reflect the economic cost of service provision.
84. The CRU’s consultants have estimated that the benchmark WACC based on Uisce Éireann’s cost of debt finance, where the payment to the exchequer is based on 10-year government yields plus 50 basis points, and cost of equity drawing on the PR6 Draft determination. Overall, the CRU estimate a return of 3.69%, similar to the RC3 decision.
85. The CRU has also assessed alternative considerations when setting the allowed return and notes that any reduction to the WACC will reduce Uisce Éireann’s revenue and hence its operating surplus. Such a reduction will reduce the revenue from non-domestic customers and have the effect of increasing Uisce Éireann’s funding gap and thus its requirement for government financing, i.e. higher government contributions and government loans. Therefore, the implementation of a reduced WACC (i.e., a cost of debt approach) would require decisions beyond the CRU’s remit, leading to increased certainty of Uisce Éireann’s funding via government support to address any resulting funding gap.

RC4 Regulatory Framework

Assessment and Lessons Learned from RC3

86. RC3 represented a significant change for the regulatory framework for water. RC3 was the first 5-year control with a focus on outputs-based regulation and the introduction of a comprehensive Performance Assessment Framework (PAF) with specific metrics and targets. The RC3 framework also introduced a financial incentive regime across a small number of specific metrics which included leakage reduction and billing. The CRU considers that, on balance, the RC3 framework has reported positive, but mixed, results for Uisce Éireann’s customers.
87. At RC3, as with previous water price controls, the CRU determined Uisce Éireann’s allowed revenues based on a forecast of HICP and there was no mechanism for updating allowed revenues for outturn HICP within the control period. Similarly, the CRU RC3 framework sets allowed revenues based on a forecast of wholesale energy and Design-Build-Operate (DBO) unit costs. The DBO costs involve the provision of contracted services, such as the operation of water treatment plant, where some contract payments are linked to the Central Statistics Office Wholesale Price Index (WPI). The DBO and energy costs are recognised as real cost drivers for Uisce Éireann that are difficult to forecast accurately. Consequently, the CRU is consulting on proposals around streamlining and making more transparent the process of annually updating these drivers using latest available forecasts.

⁶ See CRU’s draft determination for ESBN Distribution System Operator and the Transmission Asset Owner at PR6 ([CRU202587](#)).

Managing Uncertainty in RC4

Mechanistic Adjustments

88. As a consequence of the high and volatile general price and energy inflation during RC3, Uisce Éireann requested updates to operating costs to reflect changes in HICP, energy and DBO costs assumed at the time of the RC3 Decision.

89. For RC4, the CRU propose mechanistic rules to address changes in general price inflation, energy and DBO price indices relative to those assumed at review. The approach will mitigate within-period reopeners and ensure Uisce Éireann's allowances more closely track latest available cost forecasts. Specifically, the CRU proposes to annually update Uisce Éireann's allowed revenues for:

- Revenue allowance for HICP
- Legacy DBO contract costs based on forecasts of the CSO's Wholesale Price Index
- Energy unit costs, based on Uisce Éireann's own realised unit energy cost (and thereby allowing for wholesale and network price changes).

For both DBO and energy costs, the CRU's proposed approach retains strong incentives for Uisce Éireann to minimise both energy usage (e.g. MWh) and DBO contract payments, as the proposals involve the mitigation of unit cost but not volume risk.

90. In making annual updates for HICP, DBO and energy unit costs factors, the CRU notes that it will need to rely on various economic forecasts. Any forecast deviations from outturn values will be corrected for at the end of the period, as part of the wider RC4 ex post review of Uisce Éireann's performance. The CRU also proposes that certain capital input real price effects (comprising a "hybrid index") are addressed as part of the ex-post k-factor review and the CRU has proposed the mechanism for making such a variation in the allowance, as with these other mechanistic changes.

Reopeners

91. The CRU is also consulting on an Expenditure Uncertainty Mechanism which will provide a structured process to manage unforeseen, materially significant changes to the RC4 operational and capital expenditure and/or the RC4 delivery obligations. The Expenditure Uncertainty Mechanism is reserved for substantial cost variations, such as additional funding to be delivered by Government, significant external shocks, force majeure events, or major capex escalations that were unforeseen at the time of the RC4 planning and assessment.

92. To access the reopener mechanism, Uisce Éireann will need to demonstrate that; the additional costs are outside of management control; the steps taken by Uisce Éireann to mitigate the additional costs; a demonstrable need for the outputs and/or service delivery associated with the additional costs. The set of additional outcomes and outputs that will be delivered will also be required.

93. The CRU is also consulting on the proposed submission timeline to ensure that the CRU can review, consult and decide upon any cost or other variation in time to align with the funding and tariff setting processes. Uisce Éireann’s annual funding via the Exchequer allocation process typically occurs in September and the new non-domestic water and wastewater tariff year commences annually on the 01 October.

Performance Incentives

94. The CRU is proposing to retain the suite of customer and operational performance measures adopted at RC3 and extending these in several areas. The proposed framework for RC4 is strengthened regarding the proposed reporting requirements and setting more challenging improvements in performance standards to benefit water and wastewater customers. The CRU is proposing to require Uisce Éireann to report on a wide range of customer and operational performance metrics with strengthened performance targets.

Table ES6: RC4 Proposed RC4 customer and operational performance with strengthened performance targets

Service	Incentive	
Customer Service	Speed of telephone response	Response to billing contacts
	Call abandonment rate	Response to complaints
	First call resolution	Unresolved complaints submitted to CRU
	Billing of metered customers	Customer satisfaction survey
Security of supply Water quality	Leakage	Security of water supply
	Interruptions to supply	Boil Water Notices and Drinking Water Restriction Notices
	Drinking water quality	
Sewer Flooding	Internal sewer incidents, sewer overload	External sewer incidents sewer overload
Environmental Performance	Incidents relating to wastewater	Compliance with the Emission Limit Values for Urban Wastewater Licences
	Wastewater agglomerations meeting treatment requirements	Sludge reuse and disposal
	Compliance with the treatment requirements of Urban Wastewater Treatment Directive	
Energy and Emissions	Energy consumption	Greenhouse Gas Emissions

Reporting, Monitoring and Governance Arrangements

95. Strong governance and monitoring underpin effective economic water sector regulation, driving Uisce Éireann to meet its obligations and deliver quality services. The CRU considers oversight and regulatory reporting as key tools for transparency, accountability, and protecting public and environmental interests.

Capex Monitoring

96. The CIP Monitoring Report provides a key reputational incentive on Uisce Éireann and ultimately informs the CRU’s *ex post* review (and k-factor) on the level of efficient expenditure included in the RAB. The CIP incentivises Uisce Éireann to meet the delivery obligations that it has identified and proposed and ensures that customers will only pay the efficient costs of capital investment.

97. As part of its RC4 Investment Plan submission, Uisce Éireann proposed a total of 39 delivery obligations and associated targets, that the CRU will use to hold it to account on an annual basis over RC4. As at previous reviews, the CRU will require Uisce Éireann to annually report its progress against these delivery obligations, explain any variations relative to those envisaged at review, and any proposed changes to its Investment Plan.

98. The CRU will continue to publish an annual Capital Investment Plan (CIP) Monitoring report that assesses the progress that Uisce Éireann has made in meeting the delivery of its RC4 Investment Plan and the RC4 delivery obligations for each year of the revenue control.

Table ES7:2 RC4 Enhanced Capital Investment Plan Monitoring Report

Enhanced Capital Investment Plan Monitoring Report	
Monitor progress made on the RC4 Delivery Obligations (39 O&O’s)	Progressing understanding and improvement in Asset Health
Monitor milestones met for Major Projects – WSP & GDD	Progress made in Wastewater Infrastructure investments
Interventions made for Reactive and Maintenance	Growth Report – capacity, connections, security of supply
Progress made for Early-Stage Projects	Non-Network Capex – cybersecurity

Enhanced Reporting

99. The CRU will require enhanced reporting on several key issues:

- Security of supply: The CRU is requiring a dedicated security of supply report with a requirement for Uisce Éireann to report aggregate nationwide measures on security as well as measures at the individual Water Resource Zone level.
- Customer Interruptions: The CRU is proposing to put in place targets for a one-third reduction in the number of minutes of lost supply to place Uisce Éireann on a pathway to narrowing the gap with better performing utilities.
- Sewer Flooding: The CRU is proposing to require Uisce Éireann to report on properties at risk for the first time, with trend improvements expected over the RC4 period.
- Environmental Performance: The CRU is proposing to require step-wise improvements in compliance with European level Directives and the EPA’s Emission Limit Values.
- Decarbonisation: The CRU is proposing to require Uisce Éireann to report on greenhouse gas emissions and to provide a standalone report on compliance with the EU Directives, including the Energy Efficiency Directive.

- Uisce Éireann is accountable for the delivery of its RC4 Investment Plan, for the funding it will receive. The CRU RC4 framework has stepped up the level of obligations and service performance required. The tables below provide examples of the proposed enhancements to Uisce Eireann’s Performance and Reporting requirements for the step change in allowed expenditure.

Table ES8: 12 new metrics proposed for Uisce Éireann’s Enhanced Performance Assessment Framework Monitoring Report

Enhanced Performance Assessment Framework Monitoring Report			
1	Time to quote and time to connect demand customers seeking to improvements.	7	Complaints re smell/taste/colour
2	Worst Served Customer	8	Properties with pressure below reference
3	First Contact Resolution	9	Total sewer collapses per 1000km
4	Per Capita Consumption	10	Total sewer blockages per 1000km
5	Bursts Mains Per 1000km	11	Sewerage equipment failure repairs
6	Top metered consumers	12	Compliance with storm overflows

Table ES9: New RC4 Reporting

New RC4 Reports
Implementation of 32 Recommendations relating to Capex Planning
Compliance Statement on various aspects of EU Legislation: DWD, UWWTD, NIS2 and Energy Efficiency
Status updates steps relating to: Flexibility and Adaptability & International Best Practice

Non-Domestic Customer Bill Impact

100. Under its funding model, Uisce Éireann recovers the proportionate cost of service provision from non-domestic customers. Domestic customers do not pay water charges, and their services are funded by the exchequer.

101. The investment demands outlined in Uisce Éireann’s RC4 Investment Plan (developed in response to the Government’s WSPS) set out the scale of infrastructure investment that is required to meet Ireland’s long-term water and wastewater needs. Given the scale of this need, there will be continued pressure on funding requirements and therefore charges. While domestic customers are funding through government subvention, non-domestic contribute via direct tariffs.

102. To mitigate customer impact, the CRU is proposing an even rate of increase for the remaining RC4 as this would support a predictable and stable customer impact. This could result in an average increase of 9% per annum over the remaining RC4 period.

103. The CRU notes that increased growth-related investment arising from the latest NDP review will result in further revenue increases, with consequential impacts on government subvention (covering domestic customers) and non-domestic revenue. However, the CRU proposed objective of reprofiling allowed revenue over RC4 remains unchanged (i.e., to achieve an even rate of increase).

Next Steps

104. The CRU is inviting stakeholders to comment on the Draft Determination proposals set out in the revenue and regulatory framework papers. The consultation will close on 27 January 2026 at 17.00. After consideration of all the responses received and subsequent engagement with Uisce Éireann and other key stakeholders as required, the CRU will publish its Final Determination on RC4 in Q2 2026.

Public/Customer Impact Statement

Water is an essential public good, fundamental to public health, economic activity and the environment. Modern society rightly expects safe, high-quality water and resilient wastewater services delivered reliably and affordably. Delivering these core expectations needs to be balanced with efficient use and conservation of the resources and with delivering clear value for customers.

Ireland's water sector now faces a pivotal moment. Historical under investment, rising population and the accelerating impact of climate change, together with national decarbonisation commitments require urgent, sustained investment to strengthen the water services, expand treatment capacity and improve security of supply and resilience. These priorities must be considered within the available funding envelope, requiring clear trade-offs, with the scale and pace of investment needed. This approach aligns with domestic and European policy which calls for sustainable, equitable and climate resilient water services.

The CRU's role is to provide a robust economic regulatory framework that enables Uisce Éireann to deliver the infrastructure the country requires, while driving improvements in efficiency, governance and services to customers. Revenue Control 4 (or RC4) is the framework through which the CRU evaluates and approves the next phase of investment in maintaining and upgrading Ireland's water and wastewater infrastructure.

Uisce Éireann is required to submit a Strategic Funding Plan (SFP) to the Minister for Housing, Local Government and Heritage setting out the required capital and operating costs to meet the policy objectives of the Government's Water Services Policy Statement (WSPS). The Minister approved the SFP in November 2024, which includes setting the funding ceiling available to Uisce Éireann to allow it to fulfil its obligations to deliver water and wastewater services to meet those policy objectives.

Following the SFP, Uisce Éireann submitted its forward-looking investment plan to the CRU in December 2024 for review. The CRU's statutory role in assessing the Investment Plan is to approve Uisce Éireann's Water Charges Plan - ensuring that Uisce Éireann provides water services in an economic and efficient manner to meet its statutory obligations, achieve national water policy priorities, and deliver value for customers.

For the RC4 period (2025-2029), following Ministerial approval of its SFP, Uisce Éireann submitted a substantial programme totalling €13.8bn in expenditure (2022 prices)⁷ through its business plans and investment proposals to the CRU for regulatory approval. This package comprises €8.56bn in capital expenditure and €5.24bn in operational expenditure over the five-year period 2025-2029. This request does not reflect additional funding provided under the National Development Plan (NDP) and published in the Department for Housing Local Government and Heritage (DHLGH) Sectoral Investment Plan: Water Services and Water Quality.

The CRU, as the economic regulator of Uisce Éireann, has subjected these proposals to a robust and rigorous assessment testing areas such as the needs case, deliverability, efficiency and supporting evidence. This scrutiny is designed to protect customers by allowing revenue recovery where requests are sufficiently justified and aligned with (national) strategic objectives and public

⁷ €13.8bn is consistent with the Ministerial-approved SFP 2025-2029 of €16.9bn (real vs. nominal terms).

interests. In this Draft Determination, the CRU sets out the evaluations conducted, the service obligations required and the rationale for its proposals for the regulatory challenges posed to Uisce Éireann.

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.

Following a comprehensive assessment of Uisce Éireann's submission, the CRU is of the view that Uisce Éireann could deliver the programme more efficiently given the funding available. The CRU therefore proposes the following two efficiency challenges:

- 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.
- 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).

These efficiency challenges are grounded in the CRU's detailed evaluations of both capital and operational expenditure. The CRU's capital expenditure review acknowledges Uisce Éireann has made progress in its capital planning during RC3. This is a positive step in Uisce Éireann's transformation as a maturing single utility. However, a comprehensive evaluation supported by a robust deep-dive analysis of a broad sample of projects and programmes has identified the need for a moderate but strengthened regulatory challenge to ensure greater value for customers.

In parallel, the CRU's benchmarking review of operational expenditure shows that Uisce Éireann has made improvements in cost performance since its establishment. This is a positive step as it matures into a single public utility. Nonetheless, the CRU assessments indicate there remains considerable scope for further efficiencies, particularly in wastewater services, as the utility transitions into a fully integrated national public utility provider. The RC4 period will coincide with the final stages of this transformation, including the full amalgamation of legacy local authority functions. The CRU is of the view that this transformation can deliver further cost savings and improvements in service quality. To reflect this, the CRU requires Uisce Éireann to achieve a 10% reduction in its controllable operational costs by the end of the RC4 period.

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

Major deliverables in RC4 for water and wastewater include:

- New and upgraded treatment plants - 163 plants for water and 61 plants for wastewater
- Additional network capacity - 126km of additional water and 113 km of additional wastewater
- Network rehabilitation - 663 kms of water main and 34 kms of sewer network
- Treatment capacity - 43 Mega Litres per Day (MLD) additional water and 57 wastewater plants with extended capacity
- 163 water treatment plants improved in relation to high-risk water quality issues
- 118 new and upgraded pumping stations
- 3 major capital maintenance site refurbishments
- Complete works at 48 sites to ensure compliance with wastewater discharge authorisation
- In RC4, Uisce Éireann has committed to complete works at 33 sites to facilitate removal from the EPA's Remedial Action List, 23 sites to facilitate removal from the Priority Urban Area Action List and 25 sites to address significant pressure in the River Basin Management Plan (2022-2027).

Through its regulatory framework, the CRU will monitor and publish progress made by Uisce Éireann to deliver its obligations and service improvements thereby holding Uisce Éireann to account for its performance.

While domestic customers of Uisce Éireann do not pay water or wastewater charges, allowed revenue as determined under RC4 is recoverable on a proportionate basis from non-domestic customers. To mitigate the impact of increasing investment on non-domestic customers, the CRU is proposing to smooth the recovery of revenue by Uisce Éireann over the remaining RC4 period, which would lead to an average increase of 9% per annum.

The CRU's proposals in this paper are based on Uisce Éireann's submission on 02 December 2024 and do not reflect any additional investment requirements and funding allocations announced in the NDP. As a result, differences may arise between this Draft Determination and the DHLGH sectoral plan. However, it should be noted that any funding which has been allocated by DHLGH to address housing will be allocated by the CRU in full to Uisce Éireann.

The CRU notes that additional government funding will require incremental delivery obligations by Uisce Éireann, and the CRU's regulatory framework proposals are sufficiently agile to accommodate increased funding. The CRU's enhanced regulatory framework in this Draft Determination sets out the transparent and mechanistic approach to update the funding requirements submitted by Uisce Éireann. Through this approach, Uisce Éireann can flex up the regulatory funding and associated delivery obligations. On receipt of a formal and comprehensive submission, the CRU will assess further proposals. The RC4 regulatory framework will not only enable flexibility to accommodate further investment, but it will also support clearer accountability for delivery and ensure that outputs are delivered with discipline and efficiency as projects and programmes progress.

This Draft Determination sets out a regulatory framework designed to drive improved delivery, higher service quality and greater efficiency from Uisce Éireann, recognising the transformation the utility is undergoing and the scale of investment required and supported by the Exchequer. The CRU's benchmarking study has evidenced that Uisce Éireann has made significant improvements in its cost performance since its formation in 2014.

The CRU now invites stakeholders to comment on the proposed allowed revenues and the associated outcomes and regulatory framework for the RC4 period. Your responses will assist in making an informed decision, and any subsequent adjustments to the RC4 control, ensuring the regulatory outcome reflects robust evidence, public interest considerations and a clear framework for delivering benefits to customers.

This Draft Determination sets out a regulatory framework designed to drive improved delivery, higher service quality and greater efficiency from Uisce Éireann, recognising the transformation the utility is undergoing and the scale of investment required and supported by the Exchequer. The CRU's benchmarking study has evidenced that Uisce Éireann has made significant improvements in its cost performance since its formation in 2014.

The CRU now invites stakeholders to comment on the proposed allowed revenues and the associated outcomes and regulatory framework for the RC4 period (see Appendix 5). Your responses will assist in making an informed decision, and any subsequent adjustments to the RC4 control, ensuring the regulatory outcome reflects robust evidence, public interest considerations and a clear framework for delivering benefits to customers.

Navigating this Paper

The intention of this paper is to strengthen the existing regulatory regime that is in place on Uisce Éireann for the RC4 period. These enhancements will support the CRU in its legislative role as economic regulator of Uisce Éireann and protect the interests of water customers. Detailed information on the analysis relating to other aspects of the CRU's RC4 Draft Determination, including operational expenditure (opex), capital expenditure (capex), proposed allowed revenues and potential bill impacts, can be found in the accompanying paper CRU2025134.

The remainder of this paper is structured as follows:

- **Section 1** – Introduces the CRU's role as Uisce Éireann's economic regulator as set out under legislation. It goes on to explain the sequencing of third-party publications that set the scene for the CRU's review of Uisce Éireann's Investment Plan as well as the existing Regulatory Framework and Uisce Éireann's funding model. Finally, it explains how the revenue control process is applied to Uisce Éireann.
- **Section 2** – sets out the context for why a review of Uncertainty Mechanisms is now required, by establishing the history of reopeners that occurred during Revenue Control 3 and the lessons learned from same.
- **Section 3** – proposes CRU options for addressing uncertainty during RC4 through adjustments for general inflation, Real Price Effects and an Expenditure Uncertainty Mechanism as well as the timings for same. Section 3 also addresses how the CRU will monitor and report on certain categories of capital expenditure that lack defined delivery obligations.
- **Section 4** – provides background of the current regulatory framework for Uisce Éireann, specifically the monitoring and incentive arrangements. This includes annual monitoring and reporting arrangements for the Performance Assessment Framework (PAF), Capital Investment Plan (CIP) and Water Sector Customer (WSC) Report, Water Services Innovation Fund Report and associated incentives. It goes on to elaborate on issues that were identified with this reporting structure and process during RC3 and proposed ways to mitigate against this for RC4.
- **Section 5** – addresses the proposed approach to strengthening the existing reporting and incentive framework for RC4. This includes addressing both the CRU's and Uisce Éireann's proposed enhancements to monitoring, reporting and incentives for RC4. These proposals relate to key areas of consumer interest, for example, enhanced monitoring on how Uisce Éireann is supporting socio-economic growth through delivery of timely connections and ensuring a robust security of supply.
-

Responding to this Paper

The CRU invites responses to the consultation questions set out in this paper by close of business on 23 January 2026. Responses can be submitted via the [CRU's consultation portal](#). Submissions on any of the points listed in this paper should be clear and specific, with analysis or rationale provided to support the views provided. **Please note that the CRU intends to publish all submissions received.** Unless marked confidential, all responses will be published on the CRU's website. Respondents may request that their response is kept confidential by clearly marking the document to that effect and include the reasons for confidentiality. The CRU shall respect this request, subject to any obligations to disclose information. Responses from identifiable individuals will be anonymised prior to publication on the CRU website unless the respondent explicitly requests their personal details to be published.

Further information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie.

Related Documents

Further documents related to this paper are outlined in table 1 below. These papers may be accessed on the CRU's consultation portal [here](#).

Table 1 List of documents published alongside for RC4 Draft Determination

No.	Ownership	Document title	Document Numbers
CRU			
1	CRU	CRU RC4 Draft Determination	CRU2025134
2	CRU	CRU RC4 Regulatory Framework Draft Determination	CRU2025135
3	CRU	CRU RC4 Executive Summary Paper	CRU2025136
4	CRU	CRU RC4 Infographic	CRU2025137
Technical and Economic Supplementary documents			
5	Arcadis	RC4 Capex Look Forward Report	CRU2025139a
6	NERA	RC4 Opex Look Forward Report	CRU2025139b
7	NERA	RC4 Incentives and Regulatory Framework Paper	CRU2025139c
8	NERA	RC4 Uncertainty Mechanism Proposal	CRU2025139d
9	NERA	RC3 Opex Look Back Report and K-Factor Adjustments	CRU2025139e
10	NERA	RC4 Allowed Return for Uisce Éireann	CRU2025139f
11	Arcadis	RC3 Capex Look Back	CRU2025139g
Uisce Éireann documents			
12	Uisce Éireann	Uisce Éireann RC4 - Opex Look Back	CRU2025139h
13	Uisce Éireann	Uisce Éireann RC4 - Opex Look Forward	CRU2025139i
14	Uisce Éireann	Uisce Éireann RC4 - Capex Look Back	CRU2025139j
15	Uisce Éireann	Uisce Éireann RC4 - Capex Look Forward	CRU2025139k
16	Uisce Éireann	Uisce Éireann RC4 Non-Network Capex Look Back	CRU2025139l
17	Uisce Éireann	Uisce Éireann RC4 Non-Network Opex Look Forward	CRU2025139m

18	Uisce Éireann	Uisce Éireann RC4 Regulatory Incentives and the Performance Assessment Framework	CRU2025139n
19	Uisce Éireann	Uisce Éireann Uncertainty Proposal Mechanism Proposal	CRU2025139o
20	Uisce Éireann	Uisce Éireann RC4 Revenue Allowances	CRU2025139p
21	Uisce Éireann	Uisce Éireann RC4 K-Factor	CRU2025139q
22	Uisce Éireann	Uisce Éireann RC4 Innovation Fund Proposal	CRU2025139r

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Glossary of Terms and Abbreviations

Abbreviation or term	Definition or meaning
Capex	Capital Expenditure
CBA	Cost Benefit Analysis
CoP	Code of Practice
CIP	Capital Investment Plan
CCT	Customer Care Team
CSO	Central Statistics Office
WPI	Wholesale Price Index
CRU	Commission for Regulation of Utilities
DBO	Design Build Operate contracts are long-term agreements where a third-party contractor is responsible for designing, constructing, and operating a water or wastewater treatment facility, or a supply/distribution facility, for a specified period.
ELV	Emission Limit Value. Represents the maximum permissible amount of a substance (like pollutants) that can be released into the environment, from a specific source over a defined period
DHLGH	Department of Housing, Local Government, and Heritage
EPA	Environmental Protection Agency
GNI	Gas Networks Ireland

LA	Local Authority
Irish HICP	Irish Harmonised Index of Consumer Prices
MPAG	Major Projects Advisory Group
IP	Investment Plan
K-factor	A revenue adjustment relating to a previous period.
NNC	Non-network Capital Expenditure
Nominal prices	Nominal prices are not adjusted for inflation and so reflect the value in the year the cost item relates to.
OFGEM	Economic regulator of the electricity and gas sectors in England and Wales
OFWAT	Economic regulator of the water sector in England and Wales
Opex	Operational Expenditure
PMO	Project Management Office
PAF	Performance Assessment Framework
IRC1	Interim Revenue Control 1 (Q4 2014-2016)
IRC2	Interim Revenue Control 2 (2017-2018 and subsequently extended to include 2019)
WSC	Water Sector Customer
MLD	Million or megalitres per day
KWh	Kilowatt per hour
GWh	Gigawatt per hour

MWh	Megawatt per hour
HRW	HR Wallingford (consultants)
Arcadis	Consultants
NERA	National Economic Research Association (consultants)
NDP	National Development Plan
WSSSG	Water Services Sector Specific Guidelines
WSSP	Water Services Strategic Plan
DO	Delivery Obligation (also referred to as outputs and outcomes or O&O's)
O&O's	Outputs and outcomes
PCC	Per Capita Consumption
UÉT	Uisce Éireann Transformation
SELL	Sustainable Economic Levels of Leakage
DPENDR	Department of Public Expenditure, National Development and Reform
DETE	Department of Trade, Enterprise and Employment
PSC	Public Spending Code (superseded by Infrastructure Guidelines)
IG	Infrastructure Guidelines
SWI	Scottish Water International
I&O	Investment and Outcome
PR6	Price Review 6

PC5	Price Control 5
RAB	Regulated Asset Base
PE	Population Equivalent
Present value	The value at the present point in time of a sum of money, in contrast to some future value it will have when it has been invested at compound interest and consideration has been given to inflation.
BEAMA Index	A set of indices developed to track the cost of labour and materials
RC3	Revenue Control 3 (2020-2024)
RC4	Revenue Control 4 (2025-2029)
NIS2 Directive	Network and Information Systems Cybersecurity Directive
Real prices	Real prices are prices that have been adjusted for inflation. This removes the effect of inflation from year to year allowing monies to be compared in same-year terms. For example, for this paper when prices are quoted in '2022 monies', this means that inflation has been removed from figures referring to later years.
WSP	Water Supply Project
GDD	Greater Dublin Drainage
BPQ	Business Plan Questionnaire
RPE	Real Price Effects
SFP	Strategic Funding Plan 2025-2029
SLA	Service Level Agreement

TOM	Target Operating Model
UÉ	Uisce Éireann (previously Irish Water)
WACC	Weighted Average Cost of Capital
WFD	Water Framework Directive
WSIP	Water Services Investment Plan
WSPS	Water Services Policy Statement (2024-2030)
WSSP	Water Services Strategic Plan
WTP	Water Treatment Plant
GDA	Greater Dublin Area
SEAI	Sustainable Energy Authority of Ireland
WWTP	Wastewater Treatment Plant
WSEEP	Water Stakeholder Engagement Evaluation Panel
GNI	Gas Networks Ireland
IT	Information Technology
WAREG	Water Association Regulators of Europe
SI	Statutory Instrument
KPI	Key Performance Indicator
WRZ	Water Resource Zone
UWWTD	Urban Wastewater Treatment Directive
LMS	Leakage Management System
SoS	Security of Supply

COD	Chemical Oxygen Demand
BOD	Biochemical Oxygen Demand
SPU	Single Public Utility
PCC	Per capita consumption
AG2	Approval Gate 2
TCO2e	Tonnes CO2 equivalent
KM	Kilometre

1. Introduction

In the following paper the CRU sets out proposals around different aspects of the existing CRU Regulatory Framework, such as mechanisms to allow Uisce Éireann to request additional funding if required, proposals to extend and strengthen the current monitoring framework and various new performance incentives, including associated reputational and financial incentives. The key aim of the Regulatory Framework is to incentivise Uisce Éireann towards ever greater performance standards and to hold the utility to account for the funds that it invests, for the benefit of all its customers. Through the RC4 Regulatory Framework, the CRU intends to build on the work carried out by the CRU over the last decade of economic regulation to develop an extensive set of monitoring and reporting documents and assessment frameworks.

The proposals around Uncertainty Mechanisms acknowledge the limitations of Uisce Éireann's unique funding model while also understanding that, on occasion, Uisce Éireann may require additional revenue than had originally been agreed in the CRU's Final Determination. The Uncertainty Mechanism proposals contained within this paper are intended to strike a balance between allowing Uisce Éireann the opportunity to seek additional revenue under specific circumstances, while assessing such requests against strict criteria to only allow genuine and material cost increases to be met. When developing these proposals, the CRU sought to maximise the transparency of any uncertainty process, through open-source data and a commitment to publish the details of any additional funding.

Section 1.1 introduces the legislative basis of CRU's role as economic regulator of Uisce Éireann, including the various Water Services Acts that set out the CRU's responsibilities. The Revenue Control process is governed by various publications and submissions, and these are also set described in detail, as well as the sequencing of publications that must occur before the CRU can begin its assessment. Section 1.2 describes Uisce Éireann's unique funding model, while section 1.3 describes the revenue control process as it is applied to Uisce Éireann.

1.1 The CRU's economic regulation of Uisce Éireann

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water services⁸ regulator, established in 1999, with a wide range of economic, customer protection and safety responsibilities. The work of the CRU impacts every Irish home and business by ensuring safe, secure, and sustainable energy and water supplies at a reasonable cost.

1.1.1 The Legislative Basis for CRU's role as Economic Regulator

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water services⁹ regulator, established in 1999, with a wide range of economic, customer protection and safety responsibilities in energy. The work of the CRU impacts every Irish home and business by ensuring safe, secure, and sustainable energy and water supplies at a reasonable cost.

⁸ For clarity, the term 'water services' in this Paper should be interpreted as applying to both water and wastewater services.

⁹ For clarity, the term 'water services' in this Paper should be interpreted as applying to both water and wastewater services.

In the water sector, the CRU is the economic regulator for Uisce Éireann (UÉ), the national single public utility responsible for the provision of public water and wastewater services. The CRU's role and functions are set out in the following legislation:

- [Electricity Regulation Act 1999](#)
- [Water Services Act 2007](#)
- [Water Services Act 2013](#)
- [Water Services \(No. 2\) Act 2013](#)
- [Water Services Act 2014](#)
- [Water Services Act 2017](#)
- [S.I. No. 99/2023 - European Union \(Drinking Water\) Regulations 2023](#)

[Section 27 of the Water Services Act 2013](#) and [Section 9 of the Electricity Regulation Act 1999](#) gives the CRU the powers and role of economic regulator of water services in Ireland. [Section 39 of Water Services \(No. 2\) Act 2013](#) sets out the principles the CRU must have regard to as the economic regulator of Uisce Éireann (formerly Irish Water):

- (1) The Commission shall perform its functions in a manner that best serves the interests of customers of Irish Water.
- (2) The Commission shall, in the performance of its functions under this Act, have regard to the need to ensure—
 - (a) that the customers of Irish Water are provided with the quality of service provided for in a code of practice approved under section 32,
 - (b) that water services are provided by Irish Water in an economical and efficient manner,
 - (c) that Irish Water operates in a commercially viable manner,
 - (d) the conservation of water resources,
 - (e) the continuity, safety, security, and sustainability of water services,
 - (f) that Irish Water can meet all reasonable demands for water both current and foreseeable,
 - (g) the recovery of costs of water services in accordance with Article 9 of the EU Water Framework Directive,
 - (h) that Irish Water performs its functions in a manner that will enable the achievement by the State of the environmental objectives of that Directive,
 - (i) that Irish Water performs its functions in an open and transparent manner.

The CRU notes that the legislative wording “have regard to” is pursuant to [Section 22 of the Water Services Act \(No.2\) 2013](#), the CRU has the role of approving the Water Charges Plan (WCP) submitted by Uisce Éireann, which sets out the charges for the provision of water services. Section 22(8) specifies that the CRU's approval may have regard to the Minister-approved Strategic Funding Plan (SFP) and the costs likely to be incurred by Uisce Éireann in the performance of its functions.

In practice, Uisce Éireann submits a detailed Investment Plan to the CRU, based on the approved SFP. The CRU assesses this plan through the revenue control process, which includes, costs

assessments and benchmarking, establishing monitoring arrangements, engagement with Uisce Éireann and a public consultation, to determine the efficient level of allowed revenue. This allowed revenue is set to enable Uisce Éireann to recover its efficiently incurred costs from Government subvention and non-domestic customers over the RC period.

The final revenue allowance determination informs Uisce Éireann of a WCP that the CRU is prepared to approve. In addition to setting the revenue allowance, the CRU seeks to drive cost efficiencies¹⁰ and improve services provided to customers by setting performance targets and monitoring Uisce Éireann's delivery of services and infrastructure investment in a cost-efficient manner.

The [Water Services Act 2017](#) changed Uisce Éireann's original funding model. Domestic customers are no longer directly charged for their usage of water services. Instead, the Exchequer covers the costs of providing water and wastewater services to domestic customers through subvention and equity. The non-domestic tariffs recover the portion of Uisce Éireann's allowed revenue that reflects the costs of providing water, wastewater and trade effluent services to non-domestic customers. The Act also stipulates that Uisce Éireann cannot raise debt from financial markets and cannot retain more than €50m in cash reserves.

To implement the change in funding model, the Water Services Act 2017 introduced a structured sequence of steps (incorporated in the amended Water Services Act (No.2) 2013) to align regulatory decisions with national policy and budgetary planning. For the CRU, steps include instruments such as the Water Services Policy Statement and the Strategic Funding Plan, that must be completed prior to the CRU's revenue control process. Further information on these instruments

[Section 27\(2\)\(b\) of the Water Services Act 2013](#) provides the CRU with the ability to consult with Uisce Éireann, as well as members of the public and other appropriate persons in relation to the CRU's performance of its water services regulating functions. This one of legal basis for this Draft Determination, which seeks feedback from the public and relevant stakeholders on the CRU's proposed decisions to regulate Uisce Éireann during the RC4 period.

Further information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie.

1.1.2 Timing of CRU review and Key publications

In Figure 1 below, the sequencing of the various publications is laid out beginning with the publication of the Water Services Policy Statement (WSPS, see section 1.1.2.1). Uisce Éireann is tasked with developing the WSPS into a practical Strategic Funding Plan (SFP), for submission to the Minister of Housing for approval. The SFP submission is informed by the WSPS and sets out Uisce Éireann's operational and investment priorities over the multiannual revenue control and the costs expected to be incurred by Uisce Éireann over this period. Additionally, the SFP sets the ceiling for expenditure and revenue allowances that Uisce Éireann can incur over this time-period. Only once the SFP has gained Ministerial approval can Uisce Éireann submit an associated Investment Plan to the CRU for

¹⁰ Cost efficiency here is measured as the maximum level of output for a given input level. The question of what constitutes efficient use of funds is difficult because there is no perfect, mechanical, and unambiguous way to determine utility efficiency in the real world.

review. This Investment Plan is assessed by the CRU from an overarching economic perspective but does not involve a root and branch review of all individual projects and programmes.

Figure 1 Sequencing of publications prior to CRU’s assessment of Uisce Éireann’s Investment Plan



1.1.2.1 Water Services Policy Statement

In February 2024, the Department of Housing, Local Government and Heritage (DHLGH) published the most recent version of the [WSPS](#) which set out the Government’s strategic approach to water services delivery in the period from 2024 to 2030. Uisce Éireann is tasked with developing the WSPS into an actionable Strategic Funding Plan, which is submitted to the Minister for DHLGH for approval. If approved, Uisce Éireann then submits an Investment Plan to the CRU for review. This Investment Plan forms the basis of the accompanying CRU Draft Determination document (see CRU2025134).

Note that the Strategic Objective themes identified in the [WSPS 2025-2030](#) are as follows;

- Availability and Reliability,
- Safety and Quality, and
- Sustainability

1.1.2.2 CRU Strategic Plan 2025-2027

The CRU’s current Strategic Plan covers the period 2025 to 2027 and falls within the period of the RC4 review, draft determination and final determination. The CRU Strategic Plan sets out the CRU’s vision, mission and values as well as the organisations strategic priorities over the 2025 to 2027 period. The CRU’s vision over the period of the Strategic Plan is as follows: ‘*Resilient, efficient, sustainable, and safe energy and water services for Ireland*’. As already noted, the CRU’s mission is to protect the interest of all energy and water consumers in Ireland.

The CRU's Strategic Plan identified several strategic priorities that relate to Ireland's public water and wastewater system such as, for example, (i) enabling efficient investment for secure, sustainable and resilient water and wastewater infrastructure and (ii) incentivise delivery of high-quality water and wastewater services. Further information on the CRU Strategic Plan 2025-2027 can be found [here](#).

1.1.3 The CRU's Regulatory Framework

A Regulatory Framework can be defined as a set of principles, rules, or mechanisms that define the obligations imposed on the regulated company by its economic regulator, and which set and adjust the allowed revenues that the utility is then permitted to recover to discharge those obligations. To inform proposed enhancements to the RC4 Regulatory Framework, the CRU conducted a structured assessment based on the formal data and information submitted by Uisce Éireann as part of its RC4 Investment Plan submission. This assessment assumes the submission (which forms the basis for regulatory review) is both accurate and complete.

The CRU's regulatory framework is guided by:

- The National legislation e.g., Water Services Acts and European Legislation
- The WSPS published by the DHLGH
- Ministerially approved Strategic Funding Plan, in line with Section 34A of the Water Services (No.2) Act 2013 (as inserted by Section 19 of the Water Services Act 2017).
- The CRU's Strategic Plan 2025-2027
- Uisce Éireann's Funding Model
- The National Development Plan (NDP)
- The economic best practice principles of predictability, accountability, transparency
- A requirement for Uisce Éireann to achieve high levels of services and protections geared toward consumers, sustainability and environmental protections

Together, these elements are designed to incentivise Uisce Éireann to efficiently deliver capital investments, safeguard service quality and meet environmental and sustainability obligations. More detail on these aspects of the CRU's assessment of Uisce Éireann's RC4 Investment Plan can be found in the accompanying RC4 Draft Determination document (CRU2025134) including the proposed option for Uisce Éireann to undertake a '*do more*' approach towards its RC4 investments. A '*do more*' approach is one whereby Uisce Éireann identifies additional defined deliverables that it will commit to complete by the end of RC4 (i.e., in addition to the Outcomes and Outputs presented in section 5.3.1).

This paper compliments the accompanying RC4 Draft Determination (CRU2025134) whose focus is on Uisce Éireann's operational and capital expenditure, both in RC3 and its plan for RC4. The RC4 Draft Determination also explores different aspects such as efficiency proposals, cost of capital, the RC3 k-factor adjustment, benchmarking assessments etc. However, the following paper has a different focus and presents a series of proposals addressing aspects of the regulatory framework that is in place on Uisce Éireann. These proposals include options around addressing uncertainty in Uisce Éireann's forecasting of expenditure and revenue during RC4, as well as proposals for

enhanced monitoring and reporting, and new performance incentives (both reputational and financial) and are set out in detail below.

This paper focuses on different aspects of the Regulatory Framework components within the overall set of CRU's RC4 Draft Determination. In order to increase transparency and accountability in managing unforeseen or policy-driven changes during RC4, the CRU is, in this paper, consulting on several proposed uncertainty mechanisms. Each is designed to address specific types of funding adjustments, with clear criteria and governance requirements.

1.1.3.1 Key Considerations for CRU's Regulatory Framework

Forecasting Uncertainty and Adjustment Mechanisms. The CRU recognises the potential for uncertainty in forecasting five-year revenue and expenditure profiles. To address material deviations arising from unforeseen circumstances, the framework seeks to be prudent and to incorporate reasonable, proportionate and tailored revenue adjustment mechanisms (termed 'uncertainty mechanisms'). It is intended that these uncertainty mechanisms are designed such that the burden of risk is not disproportionately transferred to customers. It also provides a framework to incentivise Uisce Éireann to strengthen its internal governance on expenditure and driving efficiency.

Clear criteria for future funding requests. Clear, transparent, and appropriate criteria are being proposed to clarify what constitutes a request for a within period funding adjustment. It also aims to set out the grounds for such requests, the contents of a submission and the procedural steps required for their progression. Detailed guidance on the CRU proposals are provided in Sections 3.3 to 3.9 of this paper.

Distinctive Funding Model of Uisce Éireann. Uisce Éireann's funding model is uniquely constrained by its inability to access commercial debt and its requirement to maintain an end of year cash-neutral position. These characteristics distinguish it from gas and electricity network utilities, which possess financial instruments to mitigate exogenous shocks.

Governance and Accountability. As the statutory utility responsible for water and wastewater services, Uisce Éireann is best positioned to determine the implementation and delivery of its strategic objectives and investment obligations. The Regulatory Framework seeks to avoid explicit or implicit transfer of these responsibilities to customers. It is essential that Uisce Éireann remains fully accountable for its revenue allowances, ensuring the efficient deployment of public funds, timely execution of its investment programme, adherence to customer service standards, and compliance with environmental obligations.

Submission Quality and Assurance. All submissions made by Uisce Éireann under this framework must be supported by information that has undergone rigorous verification or audit. All presented costs must be accurate, justified, and complete, thereby enabling the CRU to conduct a comprehensive assessment and publish the result of such assessment. Such submissions must be formally approved by Uisce Éireann Executive.

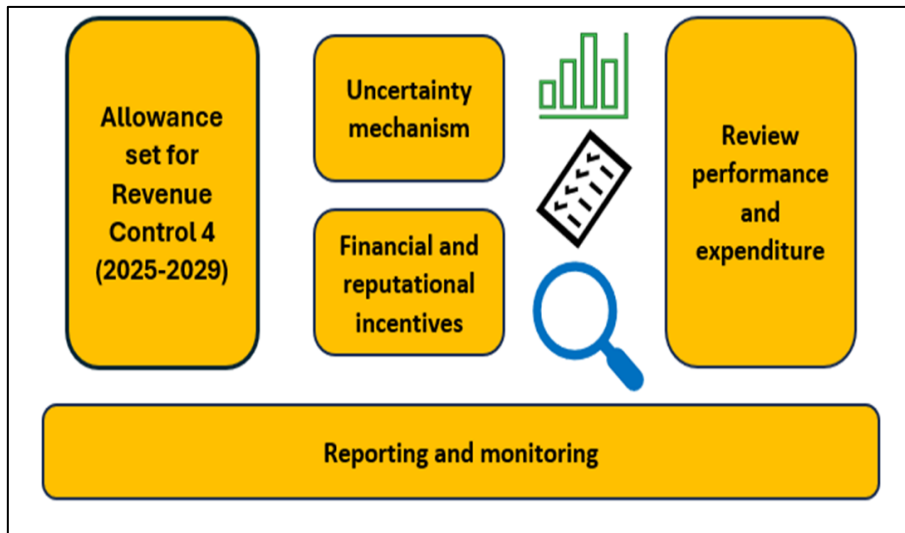
Governance of Operational Efficiency. The CRU is seeking to drive operational efficiencies within Uisce Éireann which will see it operate under a robust internal governance regime which delivers all services in an economic and efficient manner, in line with its statutory obligations and public service mandate.

Customer-centric Focus. The Regulatory Framework is designed to incentivise Uisce Éireann to drive service quality and protections for customers.

Simplicity and Practicality of Implementation. The Regulatory Framework aims to minimise unnecessary administrative burden and complexity, thereby facilitating effective and timely submission by Uisce Éireann of status reports, data etc. This will aid the CRU in a timely publication of its various reporting commitments.

In this paper the CRU combines its experience in regulating the Irish electricity, gas and water sectors along with expert economic and technical consultant advice to strengthen and enhance the existing Regulatory Framework. This enables the CRU to more effectively hold Uisce Éireann to account for the money approved through the RC process. This is critical to supporting the CRU in its mission of protecting the public interest by ensuring Uisce Éireann delivers value for money for consumers. A high-level summary of the proposed mechanisms which the CRU is consulting upon is provided in Figure 2 below.

Figure 2 High-level summary of the various regulatory mechanism for the proposed RC4 Regulatory Framework



1.1.4 High-level overview of the Revenue Control process

Through the RC process, the CRU reviews Uisce Éireann’s Investment Plan and determines the appropriate level of expenditure and revenue to enable Uisce Éireann to recover its efficiently incurred costs through a mix of Government subvention¹¹ and non-domestic customers over the RC period. The CRU also seeks to drive cost efficiencies¹² and improve the services that are provided to customers. Additionally, the CRU also sets targets and monitors the performance of Uisce Éireann in delivering services and investment in infrastructure in a cost-efficient manner.

¹¹ The Water Services Act 2017 changed UÉ’s funding model. The only debt that can be raised by Uisce Éireann is against the revenue stream from the non-domestic sector. The non-domestic tariffs recover the portion of Uisce Éireann’s allowed revenue that reflects the costs of providing water, wastewater and trade effluent services to non-domestic customers. The Exchequer covers the costs of providing water and wastewater services to domestic customers through subvention and equity.

¹² Cost efficiency here is measured as the maximum level of output for a given input level.

Building on the previous revenue controls (RC3 in particular), this paper establishes the regulatory framework for the RC4 period 2025 to 2029. The period aligns with the Department of Housing, Local Government and Heritage's WSPS document, which sets out the Government approved strategic themes against which Uisce Éireann develops its SFP for the period, for Ministerial Approval. The current SFP, received Ministerial approval in November 2024, which then triggered the development of a more detailed business and Investment Plan by Uisce Éireann's for the CRU assessment under the revenue control process.

At a high-level, the CRU's revenue control assessment addressed the following

- Capex: A top-down assessment of Uisce Éireann's investment Governance processes as submitted by Uisce Éireann,
- Capex: A bottom-up assessment of 34 separate individual projects and programmes, which underwent a '*deep-dive*' assessment, based on the initial information submitted by Uisce Éireann, as well as subsequent data and information requests.
- Opex: A look back assessment, followed by a look forward review on operational expenditure and econometric benchmarking exercise.

The CRU's Draft Determination (CRU2025134) is informed by the data and information contained in the formal and final RC4 submission provided by Uisce Éireann in December 2024, and supplementary questions and data requests regarding this submission raised by the CRU during the course of its review. Greater detail on the RC process as is provided below in section 1.3.

1.2 Uisce Éireann's Funding Model

1.2.1 Uisce Éireann Funding Model

Uisce Éireann's funding model is set in the context of the EU Water Framework Directive (WFD), which is the overarching Directive in relation to water policy in the EU. Article 9 of the WFD requires Member States to take account of the principle of recovery of costs of water services, including environmental and resource costs, in accordance with the polluter pays principle. The current approach to funding Uisce Éireann is designed to implement the recommendations of the Report of the Working Group on the Future Funding Model for Uisce Éireann agreed by Government in September, 2017 which followed consideration of the Report of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services (the recommendations of which were approved by both the Dáil and Seanad). The recommendations sought to guarantee that:

- the maximum level of funding certainty on a multi-annual basis is provided within the constraints of government budgetary planning.
- the regulatory model is kept intact in order to drive efficiency and improved customer services.
- the requirements of cost recovery under the Water Framework Directive (WFD) are met.

At the heart of economic regulation is the limiting of revenue that a utility can raise in order to protect customers and promote efficient resource allocation. The CRU, through the revenue control process,

approves Uisce Éireann's allowed revenue at a level which allows it to recover its efficiently incurred costs over the revenue control period. While the CRU's overall revenue control approach to regulating Uisce Éireann is similar to the approach used to regulate the gas and electricity sectors, Uisce Éireann's governance and funding model introduces key differences, including:

- The Strategic Funding Plan¹³ (SFP) approved by the Minister (for DHLGH) under section 34A of the Water Services (No.2) Act 2013 (as amended) sets the overall funding ceiling for Uisce Éireann. The current SFP covers the period to 2029 and sets the annual funding limit for each year out to 2029. The SFP approval initiates the regulatory process whereby the CRU undertakes an economic review of the plan as part of the RC4 Revenue Control. Note that CRU's review does not assess all 269 separate projects and programme, rather the CRU assesses the RC4 Investment Plan holistically from the perspective of economic efficiency.
- Domestic households do not pay water or wastewater charges directly. Instead, Uisce Éireann's revenue requirement is funded through exchequer subvention, non-domestic tariffs and customer connection charges, which shapes both the level of government support and the structure of its revenue-recovery mechanism.
- Each year, Uisce Éireann's total revenue entitlement is formally approved through the Government's annual budgetary process. While the total level of regulatory revenue determination is final, the government budgetary approval establishes the actual, guaranteed funding that Uisce Éireann will receive in the following year. As a result of the annual budgetary process, there is the potential that the actual revenues Uisce Éireann receives may differ from the allowance in its Strategic Funding Plan or the Revenue cap approved by the CRU.
- As the final and guaranteed level of revenue is confirmed through this process, it is therefore subject to variations from the CRU approved determinations, including the regulatory framework mechanisms that are set out in this paper. The achievement of objectives of the regulatory framework and revenue control is therefore reliant on the adherence to the regulatory approved revenues and decisions.

1.2.2 Recent changes to the RC4 Investment Plan

Uisce Éireann submitted its RC4 Investment Plan for economic assessment under the RC4 process in December 2024, based on the recently updated SFP (2025-2029). The SFP sets out the upper ceiling for opex and capex expenditure and associated revenue across the five years of RC4. Since the publication of the SFP in Q4 2024, the Government has published an updated National Development Plan (NDP) Review (2025)¹⁴. This update has provided additional funding to Uisce Éireann for the acceleration of capacity growth related investments. The CRU has not received a formal re-submission of the RC4 Investment Plan from Uisce Éireann which incorporates these additional funds and the associated deliverables. Therefore, the CRU is proceeding to consultation, both in this paper and in the accompanying Draft Determination (CRU2025134), on the basis of the

¹³ [Uisce Éireann Strategic Funding Plan 2025-2029](#)

¹⁴ [National Development Plan Review 2025](#)

original expenditure ceiling as set out in the SFP and Uisce Éireann's original submission to the CRU in December 2024. The CRU will consider in due course the additional NDP expenditure and associated deliverables, following a formal submission by Uisce Éireann of an NDP updated RC4 Investment Plan.

1.3 CRU's Revenue Control process

1.3.1 Revenue Control applied to Uisce Éireann

The CRU sets the allowed expenditure and revenue for Uisce Éireann through a structured process known as a Revenue Control. This framework is designed to incentivise Uisce Éireann to identify and deliver efficiencies, recognising that Uisce Éireann is best placed to understand its own internal cost base and operational challenges. Through this process it is expected that only costs incurred in an efficient manner are passed on to customers. For the revenue allowed Uisce Éireann is expected to meet a varied set of transparent obligations related to the delivery of capital investments, customer protection measures and environmental performance related targets. Uisce Éireann's performance against capital, customer and environmental targets is then monitored by the CRU at minimum on an annual basis.

To the extent feasible, the Regulatory Framework and design of the revenue control seek to provide the stability, predictability and transparency required to drive efficient delivery of capital investment and customer services obligations. Notably, these objectives and Uisce Éireann's delivery obligations can be impacted if there are significant variations to funding levels, thereby moderating the necessary improvements required to the water and wastewater investments. The revenue control and framework endeavours to:

- Support and enable the delivery of the Strategic themes of the WSPS, the CRU and the other policy goals.
- Enable the delivery of a robust customer protection and compliance framework. through proposals relating to clear and specific obligations on Uisce Éireann, in relation to capital-investment, customer-services, environmental performance and sustainability measures.
- Incentivise Uisce Éireann to identify and deliver efficiencies, recognising that it alone is best placed to understand its cost base and operational challenges. Through this process it is expected that only costs incurred in an efficient manner are passed on to customers.
- Enable the delivery of a high quality of water and wastewater services, through the completion of a robust cost assessment of Uisce Éireann's business plan, incentivises operational and capital efficiencies while driving continuous service improvements.
- Recognise the need to provide a transparent way to address uncertainty and material funding challenges that may result during RC4 through the proposed introduction of clearly defined uncertainty mechanisms to address deviations between Uisce Éireann's funding requirement and the RC4 decision.

- Provide greater transparency and accountability of tracking the spend and delivery of infrastructure. The CRU must be able to monitor and track the progress made by Uisce Éireann to meet its obligations, the problems and bottlenecks being faced to deliver on those obligations and where assistance may be required.
- Drive Uisce Éireann to strengthen its internal governance process to take accountability and provide timely and efficient delivery of regulatory obligations and commitments. This will also require Uisce Éireann to align strategic planning with periodic reviews in a structured manner, to pinpoint its business requirements, in a timely manner and/or update its business plans to implement necessary improvements in services and infrastructure.

1.3.2 The RC4 process to date

The first step in the RC4 process was the publication of the WSPS (2024-2030) in February 2024 (see section 1.1.2.1), setting out the key strategic themes that should inform Uisce Éireann as they develop their SFP covering the next revenue control period (i.e., RC4). The SFP translates the WSPS themes into a practical Capital Investment Plan, containing the set of projects, programmes and deliverables that Uisce Éireann aims to deliver over the following revenue control, as well as the associated operational and capital expenditure. Following submission to the Department of Housing, Local Government and Heritage in November 2024, it was reviewed and received Ministerial consent and was published in early-December 2024. Following this approval, an RC4 Investment Plan was formally submitted to the CRU (in the format of a *Business Planning Questionnaire*) on 2nd December 2024. It was following the BPQ submission, that the CRU commenced its assessment of Uisce Éireann's RC4 Investment Plan.

Since December 2024 the CRU and its supporting economic and technical consultants (NERA and Arcadis respectively) have engaged in an assessment of Uisce Éireann's RC4 Investment Plan and this assessment is detailed in the accompanying RC4 Draft Determination (CRU2025134). Part of this assessment involved reviewing the existing Regulatory Framework and specifically the current reputational and financial incentives as well as consideration of proposals for uncertainty mechanisms. This assessment of the Regulatory Framework stemmed from the CRU's experience of regulating Uisce Éireann over RC3 as well as engagement both directly with Uisce Éireann, as well as with other regulators (e.g., Environmental protection Agency) and stakeholders.

Arising from this work the CRU is now consulting on a set of proposals concerning Uisce Éireann's RC4 opex, capex and delivery obligations (see CRU2025134) as well different aspects of the Regulatory Framework as set out in this paper.

2. Review of RC3 Regulatory Framework

Building on the existing Regulatory Framework for Uisce Éireann, the CRU has incorporated key lessons from RC3, which was reopened on several occasions due to unforeseen external shocks. A review of these reopeners showed that rising energy prices, construction cost inflation, and third-party contract variances were the main drivers of additional funding requests.

The economic regulatory framework which was applied during RC3 was intended to make sure that:

- Only reasonable, appropriate and efficiently incurred costs for the provision of water and wastewater services by Uisce Éireann are recovered by the utility.
- Uisce Éireann, as the single water utility in Ireland, has a clear incentive to improve service and reduce costs from the outset of regulation.
- All water services customers are provided with secure supplies of high-quality water, as well as excellent customer service.
- Uisce Éireann is held to account in its achievement of its commitments to outputs and outcomes.
- Uisce Éireann operates and provides water/wastewater services, in an environmentally friendly and sustainable manner.

Additionally, four key principles informed the development and operation of the economic regulatory framework that the CRU is applying in the case of Uisce Éireann: (i) cost efficiency, (ii) stability, (iii) predictability and (iv) sustainability. In reassessing the economic regulatory framework for RC4, the CRU was guided by these same principals, as well as the experience of regulating Uisce Éireann through its first full five-year revenue control (i.e., RC3).

The CRU operates a 'Revenue cap' regime whereby the CRU, as economic regulator of Uisce Éireann, sets the maximum allowed revenue that the utility can recover for the duration of the revenue control. The key building blocks of a revenue cap regime are (i) the operating expenditure (opex) associated with operating the water and wastewater business, (ii) the capital expenditure (capex) of investment in infrastructure and (iii) the value of the assets in the Regulated Asset Base (RAB). Additional building blocks include setting an appropriate rate of return as well as any incentives (financial or reputational). Combining these elements results in the determination of a total Allowed Revenue for the revenue control period which sets the ceiling for annual and total revenues that the utility can receive for each year of the five-year revenue control.

2.1 Lessons learned from RC3

During RC3 (2020–2024), multiple reopeners of the RC3 Decision were necessary due to a range of factors impacting Uisce Éireann. This period was marked by unprecedented geopolitical and

economic uncertainty, and similar volatility in inflation and input prices may arise during RC4 or in future revenue control periods. Appendix 3 sets out the list of reopeners that occurred during RC3.

Given this context, there is a clear need for a robust and enduring formal process that enables Uisce Éireann to manage unexpected price impacts during RC4. Ideally, this process should be mechanistic, transparent, and capable of accommodating reasonable price increases - particularly for energy and DBO costs, which were major contributors to inflated RC4 projections.

This requirement is further underscored by Uisce Éireann’s unique funding model, which prevents the utility from independently adjusting customer tariffs or securing private debt (e.g., commercial loans). Therefore, any mechanism that allows Uisce Éireann to formally request additional funding mid-revenue control must be prescriptive, transparent, and effective.

In this paper, the CRU explores options such as resetting prescribed differential inflationary indices - referred to as Real Price Effects (RPEs) (see section 3.4). Specifically, section 3 outlines the CRU’s proposals for different Uncertainty Mechanisms: an annual HICP and RPE update and an Expenditure Uncertainty Mechanism. These proposals are designed to allow Uisce Éireann to seek additional opex or capex funding outside of the CRU’s final RC4 revenue decision, which is scheduled for publication in Q2 2026.

Uisce Éireann has submitted a document outlining its proposed Uncertainty Mechanisms, published alongside this document as CRU2025139o, while the CRU’s economic consultants, NERA, have assessed Uisce Éireann’s proposal in a separate paper (CRU2025139d).

2.2 Existing Uncertainty Mechanisms

The CRU currently has a set of risk sharing mechanisms and as mentioned above, has previously accommodated requests for reopeners by Uisce Éireann during RC3 (see Appendix 3). The table below summarises the existing risk sharing mechanisms applied on Uisce Éireann during RC3. In a paper accompanying this consultation (CRU2025139d), a comparison conducted by the CRU’s supporting economic consultants; NERA, demonstrates that these measures broadly align with the approaches used for water utilities in England and Wales.

Table 2 Existing risk sharing arrangements. Adapted from Table 1 of CRU2025139d.

Type of mechanism	RC3 Measure
Cost-sharing	Rolling opex incentive mechanism
Cost pass-through	Licence fees, Levies & Commercial rates allowed ex-ante, assessed ex-post
Re-openers	Allowed during RC3
Ex-post review of delivery obligations	Allowed as part of lookback

3. Approach to dealing with Uncertainty

This section sets out the CRU proposals for addressing exogenous cost impacts and costs acknowledged to have a level of forecast uncertainty. These include proposals around an annual readjustment of HICP forecasts (section 3.4), Uncertainty Mechanisms addressing an annual update to certain Real Price Effect costs (section 3.5) as well as a proposal for an Expenditure Uncertainty mechanism, similar to previous reopeners in section 3.6. This is followed by the CRU's proposals on measures to annually review certain investments that lack clearly defined deliverables. Section 3.8 addresses ring-fencing arrangements in relation to funding for Major Projects.

3.1 Introduction

As mentioned above, drawing on lessons from RC3, the CRU is proposing formal, transparent mechanisms to adjust allowed revenues based on quantitative, evidence-based submissions. These mechanisms aim to provide Uisce Éireann with a formal process to request additional funding within defined guardrails, should similar exogenous cost shocks arise during RC4. This approach has been designed such that Uisce Éireann is appropriately funded to deliver its RC4 Investment Plan, while also providing assurance to customers that any additional revenues granted will be strictly necessary for effective operations and investment delivery.

Given the scale and complexity of the RC4 Investment Plan and the range of cost pressures, no single mechanism can address all potential drivers. Therefore, the CRU has adopted a building-block approach, with discrete mechanisms targeting specific sources of uncertainty.

A range of Design Principles were considered by the CRU when developing these proposals, as follows:

- **Practicality:** The CRU sought straight-forward, mechanistic methodologies to flexibly adjust certain changes to cost drivers. The Uncertainty Mechanisms are designed to be streamlined to avoid funding delays to investment or delivery and recognises that adjustments to funding are likely to be requested and needed.
- **Focus:** The CRU proposes that each proposed mechanism must be targeted to avoid over-funding Uisce Éireann, which may remove the incentive on Uisce Éireann to operate and invest efficiently.
- **Transparency:** The CRU proposes that, to the extent possible, any recalculation of Uisce Éireann's underlying RC4 allowance ought to be published as and when they occur. This will include documentation submitted by Uisce Éireann to the CRU. Additionally, the CRU strove to identify mechanism that could incorporate open-source indices and data sets, where possible.

In the following sections 3.2 to 3.8, the CRU presents proposals for mechanisms that it believes strikes the appropriate balance between providing Uisce Éireann sufficient flexibility when genuine cost increases occur (and which can be evidenced and justified), while also strictly maintaining the RC4 delivery obligations.

The following section introduces the following proposals:

- An automatic annual **inflation adjustment** for HICP values that are embedded in the RC4 Revenue Model.
- **RPE adjustment mechanisms:** These mechanisms are designed to manage exogenous shocks that are beyond Uisce Éireann's control, such as inflationary pressures or price volatility. Adjustments may occur automatically (e.g. annual indexation) or be subject to regulatory review, including ex-post assessment through the RC4 k-factor process. All adjustments must be formula-driven and transparent. Uisce Éireann is required to demonstrate that it has taken reasonable steps to minimise any upward impact on customer bills.
- **Expenditure Uncertainty Mechanism:** This mechanism applies to exceptional cases where costs cannot be accommodated within the inflation and RPE mechanisms described above. These are typically material changes with potential bill impacts or implications for RC4 delivery obligations—such as additional funding arising from Government policy decisions (e.g. the NDP) or significant deviations from Strategic Funding Plan (SFP) allowances. Uisce Éireann submissions under this mechanism must be approved by the Uisce Éireann's Executive, robustly costed, and substantiated, and must include formal acknowledgment from the Department of Housing, Local Government and Heritage (DHLGH) where relevant.
- **Enhanced Monitoring & Release of Approved Funding** This mechanism applies where full funding has been approved in principle for Early-Stage Projects, however additional monitoring is required on progress versus Investment Plan concerning both delivery and use of funding. Uisce Éireann must provide updates on progress made as projects advance through defined stages. If progress is insufficient, at the request of Uisce Éireann or if required through policy informed by government, a transparent process will be applied to redirect the funding to other RC4 investments with clear deliverables. This process will be informed by Uisce Éireann's ongoing reporting obligations and monitored through the CRU's oversight framework.
- **Delivery Obligations (Outcomes and Outputs), Expenditure Monitoring & Performance Targets:** This addresses the suite of capital expenditure delivery obligations, the performance and customer service targets and governance requirements.
 - Annual and periodic tracking, monitoring and reporting on Uisce Éireann's performance and progress to meet its delivery obligations via separate reports (e.g., such as the existing annual Capital Investment Plan Monitoring reports and Performance Assessment report).
 - Challenging reputational and financial incentives and ensuring transparency via annual reporting on same.
 - *Ad hoc* audits as and when required, convening of consumer and stakeholder panels as requested.

These additional monitoring proposals have been designed to enhance and strengthen Uisce Éireann's existing Regulatory Framework via the monitoring and reports that the CRU currently publishes, as well as the addition of new reporting structures.

3.2 Uisce Éireann's proposal for Uncertainty Mechanisms

In February 2025, Uisce Éireann submitted their proposals for an uncertainty mechanism framework to apply for the RC4 period (see CRU2025139o). Uisce Éireann's submission noted that (1) it operates on an annual cash basis with each year's funding determined in the prior year and (2) they do not currently have cash reserves or options to directly and independently raise funds outside of the CRU's allowance determination. Uisce Éireann also identified potential upcoming costs that have not been factored into their RC4 Investment Plan such as, additional requirements under the Drinking Water and Urban Wastewater Directives, energy network costs and revised housing targets. Consequently, Uisce Éireann in their submission to the CRU (CRU2025139o) identified a suite of proposals for uncertainty mechanisms, including:

- A pass-through of unavoidable costs, including levies and local authority rates.
- An asset-linked volume driver related to circumstances whereby the volume of certain incremental investments is not accurately known at the outset of RC4, such as increased water testing requirements emerging from new legislation.
- An index-linked volume driver for cost drivers where the unit cost is unknown, such as energy costs for example. Uisce Éireann proposed that increased allowances could be linked to published indices such as the Central Statistics Office Wholesale Price Index.
- An option for targeted reopeners for material, unanticipated requirements that might arise post the CRU Final Determination. The CRU notes that a re-opener of the RC3 decision was required on to occasions in response to external cost increases.

The CRU and its supporting economic consultants, NERA, reviewed Uisce Éireann's proposals and they were considered by the CRU when developing the uncertainty mechanism proposals set out below. NERA noted that *'some of UÉ's proposals, and notably in relation to adjusting allowances for changes to capital, design-build-operate (DBO) and energy price changes, have merit and reflect practice elsewhere'* (see CRU2025139d).

3.3 CRU Proposals for dealing with uncertainty

In light of the lessons learnt during several RC3 reopeners (section 2.1) the CRU is considering a suite of specific ex ante rules intended to be a mechanistic, transparent and resource efficient approach to reset certain Uisce Éireann's revenues on an annual basis, where there is evidence of an increase or decrease against the revenue model.

Below the CRU sets out its proposals for:

- An update to the inflation figures that are incorporated into the revenue model – automatically carried out annually.
- Real Price Effect updates – automatically carried out annually, noting that these values may go up as well as down.
- An Expenditure Uncertainty Mechanism process for expenditure requests that do not fall within the mechanisms mentioned above (this mechanism can be viewed as similar in nature to a reopener).

3.4 Annual adjustment for HICP

In the RC4 Consultation and Decision documents, the CRU will present all monies and publish its final decision in 2022 baseline monies. In the RC4 Revenue Model, the CRU will integrate a forecast of HICP, which informs the calculation of an Inflation Index that Uisce Éireann can use to convert figures from 2022 monies to a nominal amount. The CRU proposes to continue using the Irish Harmonised Index of Consumer Prices ('Irish HICP') to calculate the inflation index for the RC4 Revenue Model. The HICP is used in the RC4 Revenue Model to arrive at a nominal revenue amount for a particular year. The HICP values are a key input in determining the nominal revenue for each year of the revenue control period. Whilst the CRU will publish its RC4 Decision in 2022 baseline monies (referred to as 2022 Real Monies) the actual revenue for each year will be calculated by applying an inflation index derived from updated HICP forecasts.

In previous revenue controls (including RC3), HICP was forecasted ex-ante for the entire control period (i.e., up to five years). However, experience from RC3 (2020–2024) highlighted the limitations of this approach as RC3 was marked by an unforeseen degree of inflation volatility, and the initial forecast of 2% HICP for all years proved to be an underestimate. To prevent a similar reoccurrence during RC4, the CRU proposes to update the HICP forecast annually with latest available information. This approach means that the nominal revenue for the following year more accurately reflects the inflationary and cost pressures being faced by Uisce Éireann.

3.4.1 Forecasting and Data Source

Although a publicly available long-range (5-year) HICP forecast is not currently available, the CRU proposes to update the RC4 Revenue Model each year using:

- The latest available forecast HICP for the upcoming year (year +1)

This is a straightforward exercise that requires the CRU updating the HICP values in the RC4 Revenue Model with the latest forecast HICP for year ahead (year +1). All values will be sourced from the latest available Quarterly Bulletin of the Central Bank of Ireland¹⁵. These values will then be confirmed with Uisce Éireann, before informing DHLGH of the changes to Uisce Éireann's nominal revenue for the following year.

¹⁵ Quarterly bulletins of the Central Bank of Ireland can be found [here](#).

3.5 Real Price Effects

Real Price Effects (RPE's) capture changes in industry specific input costs such as energy, materials or Design Build Operate (DBO) expenses relative to general consumer inflation. RPE's are a separate measure of inflation (sometimes referred to as differential inflation) and relate to input prices that increase or decrease in real terms relative to general consumer price inflation, such as that measured by HICP. RPE's are industry specific and in Uisce Éireann's case will include factors such as energy, whose costs may rise faster than the rate of inflation as measured by the more consumer oriented HICP.

During RC3, the energy and DBO costs significantly exceeded the 2% HICP forecast, prompting reopener requests from Uisce Éireann in 2022 and 2023¹⁶. The CRU proposes to introduce mechanistic adjustments which will reduce the need for rolling reopeners. The CRU acknowledges that there is an argument for RPE's to be taken account of as part of Uisce Éireann's Investment Plan due to the particulars of Uisce Éireann's funding model. Uisce Éireann is restricted in its ability to raise funds either via directly increasing customer tariffs or independently by raising commercial debt. Consequently, when input prices for energy or DBO's increase materially beyond HICP (as was the case during RC3), Uisce Éireann lacks options to address this other than by making a direct appeal to their parent Department (DHLGH), and then to its economic regulator, the CRU, for extra funding under the current regulatory control. The incorporation of (reasonable and necessary) RPE's into the structure of the revenue control is viewed as a sensible mitigant against significant unforeseen price rises, which other utilities can address through means that are not available to Uisce Éireann.

The CRU continues to apply its longstanding principle that it does not adjust for general business risk, consistent with the revenue cap framework. This approach is intended to create appropriate incentives to encourage Uisce Éireann to manage risks and operate efficiently, thereby protecting customers. Therefore, the following proposals for RPE adjustments are limited in nature to incentivise Uisce Éireann to pursue efficiency savings across their business. The proposal for a DBO RPE is restricted only to the share of the DBO contracts that are linked to a published index, therefore efficiencies can be pursued by Uisce Éireann for the remainder of the DBO contracts that are not linked to this index. Additionally, concerning the proposal for an Energy RPE, the CRU will assess energy costs in outturn as part of the k-factor review at the end of RC4 and will recover any excess energy costs that might be allocated via the updated energy forecasts. Furthermore, Uisce Éireann is encouraged to continuously assess its energy demand across its operations, equipment and plant and hedging strategies to drive down its energy requirements, thereby realising customer and environmental benefits. Note that the CRU is minded-to automatically readjust the RPE impact for the Energy & DBO RPE's each year of RC4.

3.5.1 Adjusting for Capital Real Price Effects

The CRU proposes that the RC4 Revenue Model incorporate an RPE adjustment for Uisce Éireann's capital cost allowance, to enable updates in capital input prices based on a hybrid index (see table 3). Note that the Capital RPE update will only occur ex-post at the end of the revenue control period

as part of the RC4 lookback. Therefore, the CRU are not proposing a within period redetermination of the Capital RPE, due to the lack of suitable publicly available forecasts.

The hybrid capital index (see table 3 for the constituent elements of this index) was proposed by Uisce Éireann and, following an assessment by NERA, was adopted for the RC3 look-back assessment (see Table 3.1 in NERA’s Uncertainty Mechanism report, CRU2025139d). NERA’s analysis has demonstrated that the constituent indices of the hybrid index provide a reasonable proxy for the likely changes in capital input prices faced to date, and likely to be faced, by Uisce Éireann.

Readers should note that the RC4 Revenue Model incorporates an ex-ante forecast of the hybrid index values over the RC4 period. NERA propose that this ex-ante allowance is trued-up based on the outturn hybrid index values as part of the k-factor review that will occur in due course as part of the RC4 lookback assessment.

Table 3 List of sub-indices in Uisce Éireann’s hybrid index.

Name	Weight	Description
Sectoral Employment Orders	27%	Tracks government mandated industry wide minimum pay increases
Quarterly Earnings and Labour Costs Index - Construction Sector (CSO)	34%	Tracks changes in the cost of labour across the Irish Construction sector, reflecting changes in average weekly earnings. Compiled by the CSO on a quarterly basis
Wholesale Price index - Building and Construction Material (CSO)	20%	Tracks changes in wholesale prices across a range of construction materials (e.g., cement, reinforcing metal, structural steel). Compiled by the CSO on a monthly basis.
Wholesale Price index - Energy Products (CSO)	2%	Tracks changes in wholesale prices of fuel purchased by manufacturing industry. Compiled by the CSO on a monthly basis.
Harmonised Index of Consumer Prices (HICP)	9%	Measures the change over time in the prices of consumer goods and services in Ireland. Used as the price control index.
BEAMA* Index	9%	Tracks monthly changes in costs in mechanical and electrical materials. Compiled by the UK manufacturing trade association for the electrotechnical sector, BEAMA (British Electrotechnical and Allied Manufacturers Association).

It is important to re-emphasise that the CRU is not proposing a within-period update of the Capital RPE hybrid index given the relatively short review period and the absence of robust market-based forecasts for most of the constituent indices of the hybrid index. Therefore, the hybrid index can only be assessed ex-post when outturn data is available and the k-factor adjusted accordingly. However, the advantage of this mechanism is that it will provide Uisce Éireann with the confidence that it will recover (as part of the lookback k-factor correction) costs arising from its capital hybrid index.

3.5.2 Adjusting for Energy and Design Build Operate Real Price Effects

The CRU notes that changes to energy and Design Build Operate (DBO) costs relative to forecasts assumptions at the time of the RC3 determination constituted the main reasons for the series of interim reopeners requested by Uisce Éireann during RC3.

To address this in RC4, the CRU proposes that two additional annual, mechanistic updates be introduced for:

- a) Uisce Éireann's specific energy costs and
- b) Legacy DBO contract costs

The following rules will apply

- i. Although all the RPE mechanisms are formula driven, Uisce Éireann must submit a formal written request along with supporting rational and forecasts to request and reset additional allowances.
- ii. All updates to the RC4 Revenue Model will be assessed as part of the k-factor review at the end of RC4, as forecasts will invariably differ from outturn RPE inflation in retrospect.

It is noted thus that each update can increase or decrease revenues relative to the original RC4 forecast. Therefore, for opex, mechanistic rules are being proposed in section 3.5 and 3.6 to annually address changes in input prices (i.e., RPE's) relative to those assumed at review, namely:

- Uisce Éireann's updated energy costs, based on its own realised unit energy cost. NERA in its Uncertainty Mechanisms paper (CRU2025139d) notes that Uisce Éireann is largely an energy price-taker but still has a volume risk and therefore is incentivised to reduce its energy consumption. This will incorporate wholesale and network price changes, as well as reflecting hedged contract positions, which are constantly adjusting.
- DBO indexation, based on the CSO's publicly available Wholesale Price Index.

3.5.3 Adjusting for Energy Real Price Effects

Uisce Éireann has a significant electricity requirement for the operation of its various plants and pumping stations. When Uisce Éireann's energy prices spiked as they did during RC3, additional opex was required to maintain operational performance.

While it is essential that Uisce Éireann seeks to minimise energy costs through its day-to-day business activities, the proposed Energy RPE mechanism aims to smooth any unexpected cost shocks, to enable it to maintain operational performance and remove the need for reopeners.

A dedicated Energy RPE calculation has been incorporated into the RC4 Revenue Model to enable recalculation of the energy allowance mid-revenue control by:

- i. Updating the expected unit cost (€/MWh).
- ii. Multiplying that updated unit cost by the annual forecast volume (MWh)

This calculation enables a revision of Uisce Éireann's energy cost allowance through an update of the expected unit cost of energy during the upcoming year. This pass-through approach assumes Uisce Éireann is largely a price taker in the electricity market. As stated previously, Uisce Éireann is encouraged to continuously assess its energy demand across its operations, equipment and plant

and hedging strategies to drive down its energy requirements, thereby realising customer and environmental benefits. Additionally, the CRU is proposing increased annual reporting regarding opex efficiencies, which includes measures that Uisce Éireann are taking to address its energy use and cost of energy (see section 5.4.2.7).

The CRU proposes to allow for such an adjustment and invites comment and observations from stakeholders. The process to adjust this targeted mechanism will involve Uisce Éireann annually submitting a document that will set out:

- i. Its latest available information on year ahead average energy cost data
- ii. The unit energy costs (€/MWh).
- iii. Uisce Éireann detailed justification for changes in unit costs, e.g. drawing on spot and/or future wholesale energy cost trends, providing information on its hedging strategy etc. It is expected that the required governance, approval and monitoring process will be in place and vetted prior to submission.
- iv. Uisce Éireann must confirm that it has taken all reasonable steps to minimise the level of upward cost adjustment required.

The CRU will independently check these submissions against independent third-party forecasts as part of its review process. Where information is commercially sensitive this can be highlighted to the CRU as the CRU is minded-to publish its assessments and rational for its decisions where required.

In reference to the above, it is noted that in the absence of a market-based measure of unit energy costs, NERA have proposed that the energy allowance should be based on Uisce Éireann's forecasted energy unit cost as only Uisce Éireann fully understands its evolving energy costs. Uisce Éireann's energy costs will reflect a mix of market-based wholesale costs, other costs (such as network charges, retail costs), as well as Uisce Éireann's hedging of wholesale electricity. Typically, utilities will hedge the bulk, if not all, of their energy exposure for 12 to 18 months in advance and therefore energy estimates for the latter years of RC4 will understandably be forecasts and therefore subject to change.

3.5.4 Adjusting for Design Build Operate Real Price Effects

Following its establishment in 2013, Uisce Éireann inherited legacy Design Build Operate (DBO) contracts that had previously been operated by Local Authorities (LAs) throughout the country. Uisce Éireann's DBO arrangements are long-standing 3rd party arrangements concerning the operation of treatment sites throughout the country. The DBO contracts have been designed around several indices to better mimic the actual inflationary impact experienced by an organisation that operates water & wastewater facilities (e.g., labour, auto-diesel, electricity, chemicals, etc.). The agreements have integrated a Central Statistics Office (CSO) Wholesale Price Index (WPI) indexation clause that Uisce Éireann is locked into and therefore material price rises are unavoidable when the CSO's WPI increases.

In its RC4 opex submission, Uisce Éireann states that it's DBO portfolio consists of 110 separate contracts, approximately 52% of which include a Wholesale Price Index (WPI) indexation clause that uses a basket of indices from the overall CSO WPI Index. During RC3 rising DBO input costs

faced by Uisce Éireann, resulted in it requesting two reopeners partly related to increased opex costs linked to these DBO contracts¹⁷.

- In 2022, Uisce Éireann sought an additional €117m (2017 monies) solely to address increased DBO costs in 2023.
- In 2023, Uisce Éireann sought an additional €44m (2017 monies) to address rising DBO costs in the last year of RC4; 2024.

The CRU understands from Uisce Éireann that the above highlights the vulnerability of these contracts to price increases driven by the above-mentioned indices.

3.5.5 Process for updating DBO RPEs

To address Uisce Éireann's exposure on DBO contracts (as evidenced from experience gained during RC3), the CRU proposes to introduce an annual DBO RPE adjustment and invites comments on same.

The proposed process to update DBO PRE's will include the following steps:

1. Uisce Eireann must annually submit a formal request with complete and necessary details (comprising supporting data and narrative) to support the rationale behind its request, explaining the need for a DBO recalibration, and clearly reference the source of its information. Uisce Éireann will be required to have the necessary governance and monitoring arrangements in place to facilitate such a submission.
2. The RC4 Revenue Model incorporates Uisce Éireann's implied DBO costs based on Uisce Éireann's RC4 business plan. The RC4 Revenue Model has been updated such that a change to the forecasted unit DBO cost during a revenue control can be accommodated. The RC4 Revenue Model now incorporates updates that enable a recalibration of the DBO allowance when updated forecast WPI index values become available.
3. The CRU will independently confirm any request from Uisce Éireann by drawing on the same CSO WPI indices that Uisce Éireann use in their DBO contracts.
4. Ultimately, Uisce Éireann's final DBO costs allowance will be based on the outturn WPI sub-indices as published by the CSO, and this will be assessed as part of the RC4 lookback k-factor review.
5. Note that this mechanism will only apply to legacy DBO's only and not to any DBO contracts that may be signed over RC4, as the CRU does not intend to introduce the potential for inefficient DBO contract tendering.

3.5.6 Proposal for an RPE thresholds to initiate recalculation

¹⁷ Link to 2022 ([CRU2022977](#)) and 2023 ([CRU2023117](#)) reopener decision papers

While it has been noted above that the CRU is minded readjusting the RPE impact for the Energy & DBO RPE's annually, the CRU is also considering whether it is appropriate to apply a materiality threshold which would initiate a review of an RPE request.

The CRU is seeking stakeholder feedback on the following approaches to initiating as follows:

- **Scenario 1** No materiality threshold. Under this approach Uisce Éireann could annually request a review of the Uncertainty Mechanisms, irrespective of the delta between the RC4 Investment Plan and latest available forecast. In this approach, the Uncertainty Mechanism (specifically the Energy & DBO RPE's) would be reviewed each year following a submission of a request for review by Uisce Éireann, regardless of the increase (or decrease) in input indices. This is the CRU's minded to this option given the uncertainties arising out of Uisce Éireann's funding model as set out previously.
- **Scenario 2** proposes setting a defined % for each Uncertainty Mechanism. A review would only be initiated once evidence is provided that forecasted costs exceed this threshold. For example, if a 10% threshold was stipulated, a review would only occur once evidence has been provided that the following years costs for a specific forecast uncertainty (e.g., energy costs) have risen 10% above the RC4 forecast.
 - The CRU notes that under this scenario a decrease in forecast values (i.e., Uisce Éireann's forecast costs would be below those forecast at the outset of RC4) would not initiate a review. However, any overruns would be assessed and then, during the RC4 lookback review addressed via the k-factor.
 - In its submission to the CRU, Uisce Éireann referenced that OFWAT's use of a 10% materiality threshold. However, it was also noted that UK water utilities have greater financial flexibility to address short-term price shocks.
- Under **Scenario 3** a defined monetary value is set as a threshold. Again, only once sufficient evidence has been provided by Uisce Éireann that forecasts of the following years costs for the specific Uncertainty Mechanism have increased above this value, would the CRU agree to undertake a review of the specific Uncertainty Mechanisms.

CRU Consultation Question(s):

Q1. Do you agree with the proposal for the annual recalculation of Uisce Éireann's operational cost allowances to allow for changes in Energy and DBO unit costs during each year of RC4?

Q2. Do you have any views on the proposed scenarios and options regarding RPE initiation?

Q3. Do you have specific comments regarding the additional type and format of information to be provided by Uisce Éireann to the CRU as part of the annual update?

3.6 Expenditure Uncertainty Mechanism

3.6.1 Introduction

In addition to the Uncertainty Mechanisms presented above in section 3.3 and 3.4, the CRU is consulting on an additional approach termed an Expenditure Uncertainty Mechanism to facilitate an agile approach to investment. It is intended that the Expenditure Uncertainty Mechanism will provide a structured process to manage unforeseen, materially significant changes to the RC4 operational and capital expenditure and/or the RC4 delivery obligations, that fall outside of the mechanistic measures described above in sections 3.3 and 3.4. The Expenditure Uncertainty Mechanism is reserved for substantial cost variations, such as additional funding to be delivered through the NDP, significant external shocks, force majeure events, or major capex escalations that could not be addressed through the existing uncertain mechanisms and were either unforeseen or unknowable at the time of the RC4 planning and assessment.

The CRU is aware that significant additional funding is to be made available to Uisce Éireann under the revised NDP to address accelerated growth and housing connections¹⁸. This is likely to have material impact on the level of investment required and therefore the level of allowed revenue to be recovered by Uisce Éireann within the RC4 period.

Furthermore, the CRU has recently, been informed by Uisce Éireann that, it will require additional operational expenditure above and beyond the opex ceiling agreed to in the latest Strategic Funding Plan (2025-2029)¹⁹.

Regulatory approval of significant revenues above the SFP ceiling, will in the first instance require confirmation from the DHLGH, that the proposed level of funding request has received sanction from Government funding prior to being incorporated into the allowed revenue model. Due to the materiality of funding, this mechanism can be viewed as akin to a narrowly focused “mini” revenue control assessment and decision. It is also essential that such submissions demonstrate and quantify efficiencies realised and to be realised that can be passed on to its customers.

¹⁸ [National Development Plan Review 2025](#)

¹⁹ [Strategic Funding Plan 2025-2029](#)

It is noted that expenditure adjustments have previously occurred on a ‘case by case’ basis as ‘reopeners’ during RC3 due to significant cost rises for events outside of Uisce Éireann’s control such as unprecedented inflationary rises and supply constraints driving capex price increases (see section 2.1). For instance, in 2022, Uisce Éireann sought access to the largely unspent share of the ring-fenced RC3 Major Project monies to offset unprecedented inflationary pressures across its broader capex portfolio. However, it should be noted that the additional opex that was sought by Uisce Éireann in the 2022 and 2023 reopeners would largely be accommodated within the proposed RC4 Uncertainty Mechanisms described above.

3.6.2 Requirements for accepting an RC4 Expenditure Adjustment request

To increase transparency and accountability, the CRU proposes that Uisce Éireann will be required to provide a formal (i.e., Uisce Éireann must confirm evidence of sign-off by Uisce Éireann’s Executive) quantitative and qualitative submission similar to a mini revenue control, setting out at minimum information, as follows.

In assessing any submission from Uisce Éireann under the Expenditure Uncertainty Mechanism, Uisce Éireann must demonstrate that the request satisfies the following criteria or regulatory tests, as proposed below. The CRU invites comments regarding the proposals outlined

1. Uisce Éireann, must confirm in writing that the rising costs cannot be accommodated elsewhere in the approved RC4 budget without adversely impacting delivery obligations or service provision to customers during RC4 (i.e., there is a genuine and urgent need for additional funding, mid revenue control and that the identified costs are beyond management control to mitigate).
2. Evidence that the necessary resources are available (internal, external, third-party contractors etc.) to support the delivery of the additional investment.
3. Evidence that the additional cost is necessary, genuinely new or incremental and/or newly discovered. Uisce Éireann must demonstrate why the additional expenditure request previously could not be known or planned for within the original RC4 submission. This will serve to provide confirmation to customers that the expenditure request is not already being recovered (i.e., avoid double counting).
4. The submission must document efficiency savings being realised or already realised and quantify where further improvements will be achieved.
5. Uisce Éireann must clearly identify any changes to the RC4 delivery obligations arising for the additional expenditure request (e.g., any new or increased delivery obligations). For example, what additional delivery obligations have been introduced or what already agreed deliverables will not now be delivered by the end of RC4.

6. Uisce Éireann must provide a comprehensive and accurate revised Business Plan Questionnaire setting out the expenditure request, as scoped with the CRU. The variation of this new expenditure request and/or plan against the RC4 Plan must be clear and substantiated.
7. Confirmation that the appropriate governance committee in Uisce Éireann that has verified the information to be accurate at the time of submission.
8. Should it be determined that Uisce Éireann ought to have been aware of these costs earlier, it must also outline the remedial actions it has taken or will take to strengthen its governance processes and improve its internal cost forecasting and oversight. In this regard a timeline for the completion of such an exercise is required.
9. Uisce Éireann is restricted to only submitting one Expenditure Adjustment request annually. It is proposed this must be provided 12 months prior to the budget for the year in question (e.g., a request for additional funding in 2029 would need to be received by the CRU by October 31st 2027, to enable the CRU sufficient time to assess, consult and on and make a decision by September 2028, in advance of the budget).

If Uisce Éireann's submission falls short of the standard prescribed above, the CRU may extend the opportunity for Uisce Éireann to address the specific shortcomings of the submission, or alternatively make another resubmission, by the deadline set out above.

The CRU would engage closely with DHLGH to keep central government informed of the likely additional revenues. Note that any submission for additional funding under this mechanism must be jointly submitted to the CRU and DHLGH.

3.6.3 Submission window for an Expenditure Uncertainty request

When developing its timelines for submission of any requests for additional funding, the CRU was cognisant of other parallel deadlines including (i) the Governments budget setting process as well as (ii) the CRU's internal non-domestic tariff calculation process. These are shown at a high-level the figure below.

Any submission by Uisce Éireann for a funding adjustment under the Expenditure Uncertainty Mechanism must be received by the CRU by a defined date as will be set out in the RC4 Decision paper. This is to enable the CRU to arrange the required resources to undertake the appropriate analysis in sufficient time to both inform the DHLGH budget setting process and the CRU's Non-Domestic tariff calculations. The CRU is proposing that any request for additional revenue under the Expenditure Uncertainty Mechanism must be received 14 months prior to the year in question. For example, if additional funding is required for 2029, then Uisce Éireann must provide the submission by 31st October 2027, to allow the CRU has sufficient time to assess, consult and provide a decision prior to the budget setting in October 2028.

Examples of the type of data and information to be contained in the revised or updated submission are as follows

- An excel spreadsheet in the format of a revised Investment & Outcome (I&O) spreadsheet, identifying the changes to the funding and associated delivery obligations relative to those determined at the RC4 decision. This will include new projects or delivery obligations that Uisce Éireann propose undertaking or fast-tracking for the additional revenue, with the same level of data granularity regarding forecast spend and gate status as currently included in the I&O spreadsheet.
- A comprehensive and detailed written submission setting out why the additional funding and corresponding scope of work is required and cannot be delayed until a subsequent revenue control period. Such a submission is likely to require an impact assessment against the RC4 Investment Plan and the completion of a Business Plan Questionnaire. Information must be provided regarding the nature of any consultations that have already taken place with other relevant stakeholders during the development of the submission (for example, engagement with DHLGH or the Environmental Protection Agency). This document will be published by the CRU alongside its determination.
- A series of bilateral meetings will be pre-arranged following submission to seek additional information or resolve any queries that CRU or its supporting consultants may have.

The CRU will publish an Information Note setting out its Final Determination regarding the updated expenditure figures for the following year (i.e., regardless of whether the CRU ultimately accepts or rejects Uisce Éireann's Expenditure Adjustment request, with or without modifications etc.) and the CRU's reasoning behind arriving at its determination. The CRU will also publish an updated RC4 Revenue Model and Uisce Éireann's supporting material, as outlined above.

CRU Consultation Question(s):

Q4. Do you have any views on the CRU's proposal for an RC4 Expenditure Uncertainty Mechanism?

Q5. Are there alternative mechanisms that the CRU should consider for addressing material cost increases during RC4?

3.6.4 CRU requirements for submission

Any submission for additional funding requests will consider the following key aspects:

- Any submission made by Uisce Éireann under this framework must be supported by information that has undergone a robust verification or audit process, ensuring that all costs presented are accurate, justified and compete. This will aid the CRU in undertaking a

meaningful assessment. Any such submission must be approved by the Uisce Éireann's Executive.

- The submission must be formally approved by Uisce Éireann, which will confirm to the CRU in writing the following: (i) the need for a readjustment, (ii) the robustness and accuracy of the submission and (iii) the sources of any underlying information and data.
- It is expected that Uisce Éireann will strive to respond to cost increases by flexibly accommodating, where possible, input price rises in areas of its business that are not covered by the proposed RPE adjustment mechanisms.
- The CRU notes that Uisce Éireann also has the flexibility to adjust its RC4 Investment Plan such that projects and programmes can be delayed or accelerated as appropriate, so long as all RC4 delivery obligations are achieved in full by the end of RC4.
- The CRU may also request Uisce Éireann to conduct an independent audit with resultant findings presented to the CRU. Or, the CRU, may undertake an independent and limited audit to review and confirm the cost drivers, index calculations and eligibility under the uncertainty mechanisms. This audit can be held at an appropriate juncture during RC4.
- If the audit is conducted by Uisce Éireann, the auditor findings is to be reported to the Uisce Éireann's Executive and the CRU ensuring transparency and validation of the data and methodology.

Note that any additional funding granted to Uisce Éireann via the mechanisms set out below will be reassessed by the CRU at the end of the RC4 revenue control period, using actual outturn data (as opposed to best available forecasts which invariably deviate from outturn values). Therefore, any divergence between forecast and outturn values, whether they be for inflation, energy etc. will be taken account of as part of the final lookback k-factor correction.

3.6.5 Uisce Éireann 2025 NDP-update

The National Development Plan²⁰, (NDP) states that will be made available to Uisce Éireann to support the Government's housing and growth agenda. Following the formal confirmation from Government regarding the allocation and level of this funding, Uisce Éireann will be required to submit a revised RC4 Investment Plan to reflect the accelerated delivery programme. The housing connection targets currently underpinning RC4 are based on Uisce Éireann's December 2024 submission and do not yet incorporate the expanded targets set out in the updated National Development Plan (NDP).

The CRU will support the delivery of national policy objectives by assessing the revised plan for efficiency, deliverability, and the extent to which it supports enhanced outputs and outcomes, how it is integrated within the current RC4 Investment Plan and the variations to the agreed RC4 delivery obligations. Uisce Éireann must demonstrate that the proposed investments are achievable, appropriately governed, and capable of delivering the expanded obligations within the RC4 period.

²⁰ [National Development Plan Review 2025](#)

The CRU understands that this additional investment will be allocated across much of the existing RC4 portfolio and will have a positive impact on the RC4 Delivery Obligations, by accelerating and expanding the growth of water and wastewater services and the overall capacity of the system to meet continued demand growth. However, the injection of such significant additional funding and the resultant impact to the associated RC4 Delivery Obligations stemming from these accelerated work programmes will require significant further analysis by the CRU. This will enable these delivery obligations can be effectively monitored and tracked during RC4 and later comprehensively assessed during the RC4 lookback.

The submission should be provided in the format that at minimum meets the proposed criteria set out above in Section 3.6.2, which requires the submission to include a comprehensive and substantiated report. Upon receipt of the full submission regarding the additional NDP funding allocation, and discussion with Uisce Éireann on the approach to that review, the CRU will commence its assessments, using an approach similar to the RC4 capex lookforward assessment (for example, by assessing the associated Delivery Obligations (Outcomes and Outputs) that Uisce Éireann will provide for the extra funding, opining on deliverability, if more can be delivered in certain aspects for the same funding, the potential risks and concerns and whether they address the WSPS themes²¹, etc.).

For details on the approach taken to assessing Uisce Éireann's submitted RC4 Investment Plan by the CRU's supporting technical consultants; Arcadis, please see accompanying document CRU2025139a.

3.6.6 Ruleset and timing of RPE and Expenditure Uncertainty Mechanism proposals

The sequencing and finer details around the timing and submission for any request for additional costs will be finalised in the RC4 Decision Paper, due to be published in Q1 2026. However, a provisional timeline is proposed below which the CRU is minded-to implement. In developing the submission date for RPE updates or revenue requests from Uisce Éireann, the CRU was conscious of (i) the annual Government budget process, (ii) the annual Non-Domestic tariff calculations and (iii) resourcing requirements (potentially including consultancy support), particularly for the assessment of what may be substantial Expenditure Uncertainty Mechanisms requests.

Regarding any submission under the Expenditure Uncertainty Mechanism, the CRU notes the following

- If Uisce Éireann intends to make a request to the CRU for additional future funding via the Expenditure Uncertainty Mechanism, then it must submit a request 14 months prior to the year in question (e.g., a request for additional funding in 2029 would need to be received by the CRU by October 31st 2027, to enable the CRU sufficient time to assess, consult with stakeholders and arrive at a final decision by September 2028, in advance of the 2029 budget).
- Any submission for additional future funding must be submitted jointly to both the CRU and DHLGH at the same time. This approach aids transparency and means that all organisations are working with the same set of inputs, assumptions, indices, forecasts etc.

²¹ The Water Service Policy Statement themes are (i) Availability and Reliability, (ii) Safety and Quality and (iii) Sustainability

- Following receipt of a submission from Uisce Éireann, the CRU will commence an engagement process with Uisce Éireann to reach an informed decision. It is likely that the CRU will require additional information, data, presentations, bilateral meetings etc. to facilitate its Final Determination.
- The CRU will publish an updated Information Note and a copy of the RC4 Revenue Model circa late August, to facilitate the budget setting process. Additionally, a decision letter will be provided to DHLGH reiterating the CRU's decision concerning additional funding, deliverables, timelines etc.

Regarding the annual RPE updates, the CRU notes the following

- The annual RPE adjustment must be accompanied by a written submission from Uisce Éireann. While the RPE adjustments will occur automatically every year, the CRU will still require a written submission setting out cost trends concerning DBO and energy costs. This written submission will provide context annually to both the CRU and stakeholders around these two specific cost categories (i.e., DBO contracts and energy costs).
- The CRU proposes that the RPE adjustments will commence from 2026 for adjustments in 2027. Therefore, the CRU proposes that Uisce Éireann will submit the updated indices for RPE's by 30th April 2025 along with supporting information, setting out cost trends in energy and DBO contracts. The CRU will independently verify the RPE inputs and incorporate the updated forecasts for the DBO and Energy indices into the revenue model and inform both Uisce Éireann and DHLGH of the change in following years revenues. The CRU will publish its decision, accompanied by an updated Revenue Model and Uisce Éireann's written submission.

Note that any decision concerning an RPE update, or Expenditure Uncertainty Mechanism assessment will only affect the following years revenue and delivery obligations (i.e., y+1). The only exception will be circumstances whereby a third party has initiated a change affecting several years within a revenue control e.g., additional multi-year funding arising from the NDP or a legislative change mandating material change to the RC4 Investment Plan.

3.6.6.1 Principles governing k-factor adjustments

The CRU has historically applied a consistent set of principles to determine whether variations from allowed revenue should be reflected through k-factor adjustments. These principles guide the treatment of cost deviations and seek to distinguish between costs that are appropriately borne by Uisce Éireann versus those that warrant regulatory intervention.

The key principles of k-factor adjustments applied by the CRU are as follows:

- **Pass-through cost items:** Costs that were explicitly designated as pass-through at the time of the review (e.g., local authority rates, licence fees, levies) are eligible for full reconciliation.

- **Externally driven variations:** Adjustments may be considered for costs arising from new or amended legal obligations or changes in Government policy, such as Legislative changes applying to Uisce Éireann, Alterations in discharge consents or abstraction licensing, Policy decisions affecting service delivery (e.g. the cessation of domestic billing).
- **Items excluded or partially disallowed at review:** Where a cost category was not allowed for (or only partially allowed for) during the review, actual costs may be reconsidered based on clear evidence of efficiency and output delivery.
- **Recognition of additional outputs:** Where Uisce Éireann delivers outputs not explicitly funded at review, but which are demonstrably in the customer interest, the CRU may consider “logging-up” adjustments, following precedent from UK regulation.
- **Adjustments for non-delivery:** Conversely, where funding was granted for outputs that were not delivered, a downward adjustment (“logging-down” or “short falling”) will apply.

Additionally, the CRU also notes the following:

- **RPE and Expenditure Uncertainty Mechanism updates:** Where additional funding is allocated to Uisce Éireann during RC4, through either the Real Price Effect (RPE) or Expenditure Uncertainty Mechanism, these will be assessed in out-turn and trued up by the k-factor calculation, at the end of RC4.
- The CRU proposes that the any deviation between (i) the CRU’s final revenue decision for each of RC4 and (ii) Uisce Éireann’s outturn revenue for that particular year will be corrected via the k-factor at the end of RC4, as part of the RC4 lookback assessment. This has consistently been the approach used by the CRU in bridging revenue gaps (either positive or negative) between revenue control periods. Any under or over-recoveries from the prior revenue control period will be trued-up/down at this time. Note that the CRU does not apply an annual k-factor adjustment to Uisce Éireann’s revenue, rather the k-factor is assessed at the end of the process and applied to the following revenue control (see section 10 of CRU2025134).

A high-level overview of Uisce Éireann’s revenue allowance calculation is set out below. The first row shows the building blocks (i.e., opex, depreciation, allowed return, RC3 k-factor etc.) that the CRU assesses to arrive at an ex-ante RC4 revenue decision (i.e., the CRU’s RC4 revenue allocation to be published in Q2’2026). However, the proposals for uncertainty mechanisms outlined above will allow Uisce Éireann to obtain within period (i.e., mid revenue control) revenue redeterminations, which will alter the RC4 revenue allowance from the CRU’s original decision (see second row of calculation below).

RC4 ex-ante decision	Operating costs	+	Depreciation on Assets	+	Return on Capital Investment	+	k-factor	=	RC4 Revenue Allowance
Within period re-allocation		+	Annual RPE updates	+	Reopener decisions	=	Updated RC4 Revenue Allowance		

3.7 Monitoring Investments missing Delivery Obligations

Uisce Éireann’s submitted RC4 Investment Plan totals €8.1 billion (2022 prices) in network capital expenditure, spanning 269 projects and programmes. These projects and programmes are linked to a table of defined Delivery Obligations (i.e., RC4 Outputs & Outcomes) which are used by the CRU and stakeholders to track Uisce Éireann’s progress as it makes capital investments over RC4. Ultimately, Uisce Éireann must meet (or even exceed) the targets set for each of these deliverables for the revenue it is allocated, over the revenue control period. It is critical therefore that Uisce Éireann’s Investment Plan be fully linked to these agreed deliverables at the outset of RC4. However, the initial submission to the CRU included defined Delivery Obligations, and associated targets for circa 50% of the total investment.

Delivery Obligations are a critical component of the CRU’s monitoring and reporting framework, as they provide transparency and allow for annual tracking of progress throughout the RC4 period.

3.7.1 Context and Outstanding Gaps

The projects and programmes that initially lacked identified delivery obligations are as follows (see also table 4):

- Major Projects (including the Water Supply Project (WSP) and Greater Dublin Drainage (GDD))
- Reactive and Maintenance Work
- Early-Stage Projects
- Outputs and Outcomes yielding post RC4

Table 4 List of RC4 investment categories with missing Delivery Obligations

Category	% of RC4 Investment Plan by value
Major Projects - WSP & GDD	21 %
Reactive and Maintenance work	11 %
Early-Stage Projects	9 %
Outputs & Outcome’s yielding post RC4	6 %

Following subsequent engagement with Uisce Éireann delivery obligations (or indirect proxies for delivery obligations) were found for much of these 50% of investments. However, approximately 15 % of the RC4 Investment Plan, including ‘*Early-Stage projects*’ and ‘*Outputs & Outcomes yielding post-RC4*’ (whose benefits will materialise post-2029), continue to not have clearly defined Delivery Obligations (see section 3.7 for specific proposals around these investment categories).

3.7.2 Proxy Delivery Obligations

The CRU is proposing to accept the following metrics as suitable proxy delivery obligations have been established and proposed in this consultation paper.

- **Major Projects:** These projects (i.e., Water Supply Project and Greater Dublin Drainage) will be monitored against its declared target milestone dates, key gate-approval dates etc. Major Projects represents 21% of the RC4 Investment Plan that lacked delivery obligations. The CRU notes that Major Projects will be subject to enhanced monitoring under the annual Capital Investment Plan monitoring report (see section 5.4.2).
- **Reactive & Maintenance programme:** This programme will be assessed through 14 Performance Assessment Framework (PAF) metrics (see section 5.4.2 for additional information). While the CRU propose to apply these PAF metrics as proxy delivery obligations, Uisce Éireann is encouraged to provide additional suitable delivery obligations in its consultation response.
- **'Early-stage Projects' & 'Projects yielding Delivery Obligations after RC4':** These two categories will require separate monitoring arrangements. The CRU proposes to draw on a standalone monitoring arrangement to track progress being made by Uisce Éireann in these investment categories including an annual review to assess whether subsequent years funding will be released in full or redirected elsewhere, if CRU concerns around these two categories persist (see section 3.7.3).

3.7.3 Proposals for Early-Stage Projects

The CRU's Draft Determination is minded approving the full funding request submitted by Uisce Éireann, with the proposal that Uisce Éireann deliver more for its customers.

The proposals here relate to enhanced governance by Uisce Éireann and the CRU for circa 15% of Uisce Éireann's RC4 capital expenditure (capex) request does not have explicitly defined Delivery Obligations. While this may be unavoidable for projects in early development or those delivering beyond the RC4 period, the CRU considers it appropriate to introduce an additional layer of regulatory oversight in the absence of clear deliverables.

The CRU therefore proposes the following approach:

3.7.3.1 Additional Regulatory Oversight

To enable robust oversight of these gaps, the CRU proposes to draw on two key regulatory reporting requirements relating to progress and spend as outlined below. The CRU is inviting comments on additional information or approach to be considered.

1. Independent reporting and monitoring to track, the progress and changes to this category, including changes in input costs and how projects have progressed, merged or been removed.
2. An annual review, the basis of which will be formed following information provided by Uisce Éireann's submission addressing these two investment categories (i.e., 'Early-Stage Projects' and 'Outputs and Outcomes yielding post-RC4').

3.7.3.2 Enhanced Tracking and Monitoring

The CRU proposes that Uisce Éireann submit an annual report on Early-Stage projects by 30th June each year. This report shall include:

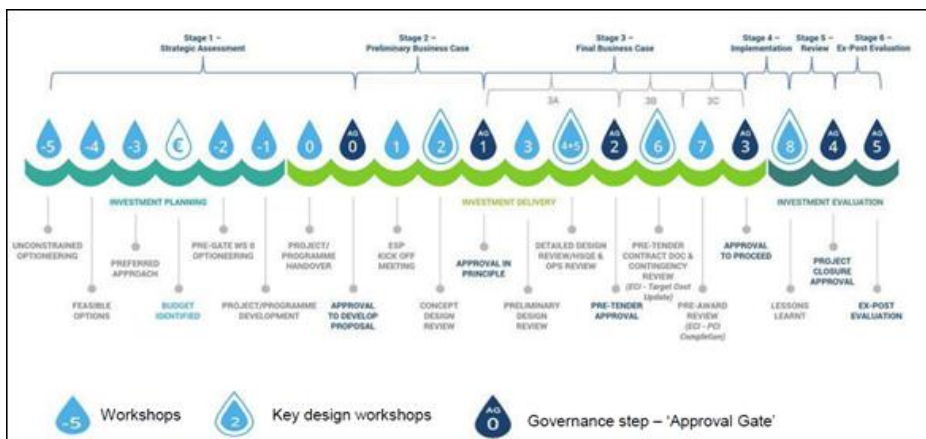
A 'lookback' section in which Uisce Éireann will report on the progress made over the previous year (y-1) in Early-Stage investments in terms of;

- planned versus actual spend,
- the Early-stage Projects and Programmes that have progressed sufficiently over the previous year to have an identified option,
- the corresponding delivery obligations that have been identified, as well as the projected completion date (acknowledging that these will likely not be delivered until RC4+) and,
- to provide context to the above, Uisce Éireann must provide details on where all Early-Stage investments have progressed to along Uisce Éireann's Invest to Outcome Lifecycle (see figure 3 below). This will enable the CRU to identify areas of concern where future delays are likely.

A 'lookforward' section in which Uisce Éireann is required to outline;

- its plan of investment for Early-Stage investments for the following year (y+1) including information on planned activities across each of the above two categories (i.e., (i) Early-Stage Projects and Programmes and (ii) Projects and Programmes for completion post RC4). At a minimum this must include information on forecast spend, planned works and likely decisions (e.g., number of sites to be addressed, key areas of focus – wastewater, above/below ground etc.). The CRU expects Uisce Eireann to identify any areas of emerging concern and mitigants, to include information on any impediments to progressing Early-Stage investments, either internal or external to the utility.

Figure 3 Uisce Éireann's Invest to Outcome lifecycle charting the development of capital investments from initial optioneering through to construction and lessons learned.



Uisce Éireann's report submission must also be accompanied by appropriate substantiated information. It is anticipated that there will be some degree of follow-up information/data requests, further bilateral meetings etc.

The rationale for the above approach is as follows;

Early-Stage Projects and Outputs and Outcomes yielding post-RC4 currently lack defined RC4 Delivery Obligations. Together, these represent approximately €1.2 billion (2022 prices), or nearly 15% of the RC4 capital expenditure request.

Given their early-stage nature, the specific outputs and outcomes associated with these investments remain undefined. While it is reasonable for a large utility like Uisce Éireann to maintain a pipeline of projects at varying stages of development, the absence of clear delivery obligations limits the CRU's ability to monitor progress and assess efficiency during RC4 and in the subsequent lookback.

To strengthen oversight, the CRU has developed an additional monitoring and governance measure tailored to these investment categories. This approach is designed to incentivise Uisce Éireann to strengthen its governance and planning such that early-stage investments are tracked appropriately and contribute to a robust pipeline for future revenue controls.

If, following bilateral engagement and a review of evidence provided by Uisce Éireann, the CRU finds that the progress contained within the submission is lacking, it may consider redirecting a portion of future funding for Early-Stage investments. Under this scenario, Uisce Éireann will be tasked with identifying proposed alternative investments for the funding. This monitoring framework provides Uisce Éireann with strengthened transparency for stakeholders. It also provides Uisce Éireann a structured and on-going opportunity to assess where funding may need to be redirected, if progress is not being made with Early-Stage Projects and Programmes. These projects must be continuously assessed by Uisce Éireann to aid efficient delivery and alignment with strategic objectives.

3.7.3.3 CRU Annual Assessment and Criteria

The CRU will assess Uisce Éireann's submission on Early-Stage investments and will require a formal submission. The assessment will focus on whether these investments represent efficient expenditure and are generating viable, long-term solutions for the water services sector. Given the early-stage nature of these projects, the CRU will evaluate progress against key criteria, including:

- Completeness and clarity of the submission
- Alignment of actual spend with forecasts and milestone achievement
- Advancement from concept to defined deliverables
- Drivers of any forecast deviations from the approved RC4 Investment Plan

The CRU may request additional data, bilateral meetings, or third-party expert input to support its review. This process is expected to take several weeks post-submission. Any decision to redirect funding arising from the annual review of Early-Stage projects will be made following the review set out above, communicated to the DHLGH, and published in an Information Note.

The steps below provide an overview of the proposed approach that could be used over RC4.

1. 2025 The above-described process cannot be applied to 2025 as the CRU recognises that a Final Determination on RC4 has not yet been published. Therefore, the funds for Early-Stage investments have been granted for 2025. The CRU will still assess the efficient investment on these two categories in its future RC4 lookback.

2. 2026 As with 2025, as the CRU's final determination on the RC4 funding envelope will not be published until Q2 2026, the CRU proposes not to apply the above process in relation to 2026. Therefore, the funds for Early-Stage investments will be granted in full for 2026.

3. 2027 The CRU expects that Uisce Éireann will submit the above-described report to the CRU by the 30th June 2026. The CRU will then undertake an assessment as detailed below. Subject to the findings of this assessment, the CRU may elect to withhold part of the funding for categories (1) and (2), for re-direction towards other investments.

4. 2028 and 2029 As for 2027, the CRU will require an annual submission to the CRU by the 30th June, setting out the above.

CRU Consultation Question(s):

Q6. Do you have any views on the proposed regulatory framework to annually monitor and assess progress on (i) Major Projects, (ii) Reactive and Maintenance work and (iii) Early-Stage Projects?

3.8 Ringfencing of Major Projects in RC4

RC4 includes two Major Projects requiring significant investment: the Water Supply Project – East & Midlands (WSP) and Greater Dublin Drainage (GDD). Under the Water Services Sector Specific Guidelines (WSSSG), the CRU has a defined role in assessing these projects. The CRU completed an economic and financial appraisal of the WSP in June 2024, while the GDD was separately reviewed through an independent deep-dive.

Although these projects are not expected to reach completion within the RC4 period and therefore lack formal RC4 Delivery Obligations, the CRU will monitor progress using milestone-based reporting to be provided by Uisce Éireann. These milestones serve as proxy delivery obligations and will be tracked and reported on annually through enhanced Capital Investment Plan (CIP) reporting.

As part of its annual CIP submission, Uisce Éireann must provide detailed updates on both projects, including:

- Progress against agreed milestones
- Deviations from planned outputs or investment

- Causes of delay and proposed mitigations
- Any third-party disputes or risks to timely delivery

Where delays to Major Projects occur, Uisce Éireann is required to inform the CRU of the reasons, impacts, and mitigation measures. Uisce Éireann’s Executive is ultimately accountable for ensuring these projects are progressed effectively and may use this monitoring framework to assess whether it is appropriate that ring-fenced funding should be redirected to other RC4 investments with clearly defined deliverables.

The CRU will continue to ring-fence funding for these Major Projects during RC4, as was the case in RC3. This approach reflects the strategic importance of these projects and guarantees that funding is tied to specific milestones and outcomes. However, if ring-fenced funds remain unspent due to delays, the CRU may consider reallocating them to other priority projects within RC4. Any such decision would require a formal request from Uisce Éireann and engagement with the Department of Housing, Local Government and Heritage (DHLGH), the outcome of which would be published by the CRU. Unlike RC3, where ring-fenced funds were released to offset inflation across the portfolio, any RC4 requests for inflationary adjustments (e.g. energy, DBO costs) must follow the established Uncertainty Mechanism or Expenditure Uncertainty Mechanism process. These funds will be monitored as part of the Major Projects section of the enhanced CIP reporting (section 5.4.2.1).

3.8.1 Major Project Milestones and reporting

Table 5 Milestone Major Project dates provided by Uisce Éireann.

	2025	2026	2027	2028	2029	Post RC4
Water Supply Project	SID ²² submitted - Q4		Abstraction Licence received before 2028	Works contract signed/Start on site		Water into supply 2032
Greater Dublin Drainage	AG2 ²³ submitted Q4	Preliminary construction works signed/onsite - Q3	Main works tender - Q4	Complete preliminary construction works	Main contracts start on site	Complete construction 2032

The cCapital Investment Plan report to the CRU, must contain the current status of major projects against the infrastructure guideline process (see table 5). For example:

1. Progress vs Guidelines: Compare actual progress against milestones set out in the Infrastructure Guidelines and Uisce Eireann’s plan.
2. Significant Delays: If delays are material, who has been notified and options and mitigations being considered.
3. Revenue reallocation: If delays are significant, potential for ring fenced revenue being diverted to other priority projects.

²² Strategic Infrastructure Delivery

²³ AG2 refers to the second Approval gate within the Irish infrastructure Guidelines known as ‘Project Design, Planning and Procurement’

This reporting process provides the Uisce Éireann with an additional opportunity to monitor and report on expenditures, track progress, assess risk and evaluate mitigation measures for priority infrastructure projects. In the event of delays, it also enables timely review of whether ring fenced revenues should be reallocated to other critical initiatives.

As part of its annual CIP report, the CRU will publish a dedicated section concerning Major Projects that will update stakeholders on the progress made over RC4. Should additional project(s) be included in this category of Major Projects they will be subject to such monitoring.

3.9 Summary of Uncertainty Mechanism proposals for consultation

The approach to RPE Uncertainty Mechanisms set out above in section 3.5 aims to strike a balance between providing Uisce Éireann with appropriate within-period cost recovery options while also maintaining appropriate incentives to manage controllable costs efficiently.

It is the intention of these proposals to avoid undue complexity by limiting RPE's to areas with (1) cost drivers with accepted volatility and (2) using indices that ideally are publicly available.

The key features of the proposals include:

- A focus on Energy and DBO inputs that previously required RC3 reopeners
- Use of robust publicly published indices to underpin annual adjustments
- A transparent recalculation, subject to a complete, timely and substantiated formal submission by Uisce Éireann
- Reconciliation of forecast vs outturn values in the end of period k-factor review
- Governance and Accountability measures undertaken by Uisce Éireann should be confirmed in Uisce Éireann's submission

The CRU is consulting on its minded-to position that Uisce Éireann be given the option to apply to the CRU on an annual basis for a recalculation of the Energy and DBO RPE's (note the CRU intends to automatically update the HICP forecast values annually). Note that, as already explained, the Capital RPE cannot be updated on an annual basis but rather will be assessed in the lookback when outturn values are available.

In summary the CRU's minded to position is as follows:

- **HICP:** An **annual** update of the inflation values (Irish HICP) contained in the RC4 Revenue Model, using data sourced from the Central Bank of Ireland's latest quarterly bulletin
- **Energy RPE:** An **annual** update of the Energy Real Price Effect (RPE) with an Uisce Éireann derived average annual Energy (€/MWh) figure for the following calendar year
- **DBO RPE:** An **annual** update to the DBO RPE using values sourced from the Central Statistics Office (CSO) Wholesale Price Index (WPI)

It is intended that this approach will mitigate the need for frequent within-period re-openers, which introduces undue complexity and regulatory uncertainty (as well as funding uncertainty for Uisce Éireann).

The CRU is of the view that Uisce Éireann is primarily accountable for taking all reasonable steps to minimise the level of additional revenue sought through the uncertainty mechanisms and therefore Uisce Éireann must consider the impacts on its customers. It is Uisce Éireann’s responsibility that all such requests are strictly necessary and fully justified. Furthermore, all submissions must undergo robust internal scrutiny before being presented to the CRU, demonstrating a high standard of internal governance and transparency.

These uncertainty mechanisms are designed to allow Uisce Éireann to submit and respond flexibly to external cost shocks, while continuing to take accountability for its cost control and performance. If a decision is made not to provide additional revenue, the CRU will publish the reasoning behind reaching this decision.

Additionally, the CRU emphasises the following in relation to the proposed Uncertainty Mechanisms:

- Forecast values for RPE’s and HICP may go up as well as down during RC4.
- All forecasts are liable to differ from actual outturn values, and the CRU will, as part of its lookback assessment for RC4, re-examine any additional revenues in light of actual outturn indices, energy values, inflation etc.
- Uisce Éireann must make a written request to the CRU to accompany the RPE re-calculation exercise by the 30th April each year. This written submission will provide additional context and updates on cost trends in energy and DBO contracts and frame the increase or decrease in revenues attributed to these cost categories.

Table 6 presents a summary of the separate proposals that the CRU is consulting on, to enable Uisce Éireann to seek a readjustment to its RC4 expenditure. It is intended that these proposals would provide greater clarity and transparency around any resetting of allowances, during a Revenue Control. Note that any allowances granted through these mechanisms would be subject to an ex-post review at the end of the revenue control period.

Table 6 Summary of CRU proposals to enable adjustments of Revenue Control allowances

Name	Change Type	Process	When
HICP	An automatic <u>annual</u> update to general inflation (Irish HICP)	Annual update of Irish HICP in the RC4 Revenue Model, with latest available forecast	Update to take place annually prior to publication of updated Revenue Model using latest available data
Capital Real Price Effect Capital	An <u>ex-post</u> RPE adjustment to address Capital specific cost changes	RPE tab of Revenue Model updated for 6 hybrid index values at end of RC4	Trued up at end of RC4, as part of lookback assessment

Energy Real Price Effect	An <u>annual</u> RPE adjustment for Energy specific cost changes	Annual update of RPE tab of Revenue Model with UÉ energy unit cost (€/MWh). CRU to undertake a sense check using energy trend forecasts	Annual written submission by 30 th April in prior year. CRU to publish updated Revenue Model prior to budget
DBO Real Price Effect	An <u>annual</u> RPE adjustment for DBO specific cost changes.	Annual update of RPE tab of Revenue Model using CSO Wholesale Price Index	Annual written submission by 30 th April in prior year. CRU to publish updated Revenue Model prior to budget.
Expenditure Adjustment	Adjustment for items that fall outside of the Uncertainty Mechanisms.	Requirements for submission details and quality set out by CRU	Submission 14 months prior year in question (i.e., by 31 st October y-1 for y+1)
Ring-fencing	No change. Maintain ring-fencing of funding for Major Projects during RC4.	If major Projects do not progress during RC4, Uisce Éireann may request un-ring fencing of funds for redirection towards other capital projects and programmes.	Submission of request for un-ring fencing by 30 th April in prior year

4. Summary of Existing Monitoring and Incentive Framework

The following section of this paper summarises the existing monitoring and incentives framework established by the CRU for RC3. This includes background information on the CRU's current annual monitoring reports and the financial and reputational incentives associated with those reports. The aim of the CRU's monitoring and reporting framework is to help ensure Uisce Éireann is delivering value for money, thereby protecting the interest of all Uisce Éireann customers. Monitoring and reporting on Uisce Éireann's performance holds the utility to account for the money it is approved to spend by the CRU during the RC process.

4.1 Introduction

Strong governance and monitoring are key pillars that support the effective economic regulation of the water services sector. It provides the foundation for Uisce Éireann to deliver on investment commitments, meet service obligations, and comply with regulatory requirements in a timely and efficient manner. From a regulatory policy perspective, the CRU considers robust oversight to be an essential tool for safeguarding the public interest, protecting environmental resources, and ensuring the consistent delivery of high-quality services and outcomes for customers. In this context, regulatory reporting is a critical tool for transparency and accountability and not just a procedural formality.

Therefore, the CRU has established comprehensive monitoring frameworks to monitor, track, and report on performance across all aspects of Uisce Éireann's RC4 Investment Plan. While the RC4 framework provides oversight, the ultimate responsibility for compliance and delivery rests with the Uisce Éireann's Executive. The CRU expects the Uisce Éireann's Executive to maintain a strong internal governance framework that allows the RC4 Investment Plan, service delivery targets, and compliance obligations to be met, or are on track to be achieved.

Furthermore, the executive leadership of Uisce Éireann must continue to embed the necessary organisational structures and processes to align with its legal obligations and regulatory expectations. This includes ensuring that all RC4 delivery obligations and reporting requirements are fulfilled in a timely, transparent, and effective manner.

Given the scale of capital and operational expenditure sought under RC4, most of which is supported through subvention, the CRU is of the view that Uisce Éireann must take all reasonable steps to fully comply with the RC4 reporting requirements. These requirements cover all aspects of capital investment and service delivery. Recognising the importance of timely and accurate reporting, and the value it brings in terms of transparency and accountability, the CRU is considering the introduction of a notional incentive or regulatory challenge mechanism. This may include measures linked to the timeliness, accuracy, and completeness of reporting, as set out in the Regulatory Framework, and could extend to the application of penalties where obligations are not met.

This section summarises the existing monitoring framework in place on Uisce Éireann during RC3. This includes background information on the CRU's annual monitoring and reporting arrangements which are carried out via the Performance Assessment Framework (PAF), Capital Investment Plan

(CIP), Water Sector Customer (WSC) and Water Services Innovation Fund annual reports. This section also provides information on the reputational and financial incentives associated with each of these reports.

As set out previously, the CRU's RC4 considerations, which includes monitoring and incentive framework, is underpinned by a number of drivers, for example, policy, including the WSPS themes (i.e.(i) Availability and Reliability, (ii) Safety and Quality and (iii) Sustainability) and the National Development Plan²⁴. Similarly, legislation plays an integral role in helping to shape the CRU's monitoring and incentive framework. For example, ensuring Uisce Éireann's compliance with its obligations under the Water Services Acts 2007-2022 and Drinking Water Regulations 2023. To this end, the CRU will seek an annual submission from Uisce Éireann pertaining to its compliance with existing legislation such as the Drinking Water and Urban Wastewater Treatment Directives.

Monitoring Uisce Éireann's compliance with its policy and legislative obligations helps to protect the interest of consumers by ensuring Uisce Éireann is providing safe, secure and sustainable water supplies. This monitoring also supports the CRU in its strategic priority of overseeing and incentivising the delivery of efficient investment in resilient infrastructure²⁵.

4.2 Capital Investment Plan (CIP) Annual Monitoring Report

The annual publication of the Capital Investment Plan (CIP) Monitoring report assesses the progress that Uisce Éireann has made in meeting the delivery of its RC3 Investment Plan and agreed Delivery Obligations, as approved by the CRU in its RC3 Decision Paper²⁶. Given the significant level of public investment that Uisce Éireann is responsible for²⁷, it is vital that it can quantify the progress it makes each year in delivering against the agreed investment targets. The key aim the CIP Monitoring report is to display the linkages that exist between inputs (capital expenditure, or capex) and delivery obligations (i.e., Outputs and Outcomes). Section 5.4 elaborates on measures which the CRU expects will enhance its annual CIP monitoring report, with an emphasis on, for example, Major Projects, Leakage, Security of Supply etc.

The CIP monitoring reports are viewed as an important reputational incentive and critical to ensuring transparency as Uisce Éireann progresses through a multi-year Revenue Control. The CIP reports complement the annual publication of the Performance Assessment Framework (see Section 4.2) and Water Sector Customer (see Section 4.4) reports. During RC3, the CIP publications monitored and reported on Uisce Éireann's performance against 24 separate Delivery Obligations. In its RC3 Decision paper, the CRU agreed to the targets proposed by Uisce Éireann for each of these Delivery Obligations.

²⁴ Uisce Éireann has been allocated significant funding under the National Development Plan to deliver water services infrastructure to support housing delivery and wider socio-economic development. It is therefore critical that the CRU has sufficient regulatory oversight of this funding to allow Uisce Éireann to be held accountable for its performance.

²⁵ [CRU Strategic Plan 2025-2027](#)

²⁶ [CRU19148](#) Irish Water Revenue Control Revenue Control 3 (2020 – 2024) Decision Paper.

²⁷ This includes investments required by the EPA to meet the Priority Action List (PAL) and Remedial Action List (RAL). While these are agreed between EPA and Uisce Éireann, it is essential that the utility is clear to EPA what investment is included or not included, including a supporting rationale for those that are not included.

Further information on the CIP can be found **here**.

4.3 Performance Assessment Framework (PAF) Annual Monitoring Report

The PAF assesses Uisce Éireann’s overall performance in delivering defined services to its customers for the money it is allowed to invest by the CRU. During RC3, this was achieved by monitoring and reporting on Uisce Éireann’s performance against 27 metrics (or incentives). The CRU set RC3 targets against Uisce Éireann for 25 of the 27 incentives. All 27 RC3 PAF metrics were classed as reputational incentives. However, under the PAF, a financial incentive was put in place for the RC3 leakage reduction target.²⁸ The PAF RC3 incentives were divided into the six categories, as follows:

- customer service,
- security of water supply,
- quality of water supply,
- sewer incidents,
- environmental performance, and,
- energy & emissions.

A full list of PAF RC3 incentives is detailed in table 7 below.

Table 7 PAF RC3 Incentives

1) Ease of telephone contact: Speed of telephone response	
2) Ease of telephone contact: Call abandonment rate	
3) Ease of telephone contact: First call resolution	
4) Billing of metered customers	% bills issued based on a meter read
	% metered accounts receiving at least one bill based on a meter read
5) Response to billing contacts	
6) Response to complaints	% complaints responded to within 5 working days, either with a resolution or an outline plan of the proposed resolution
	percentage of complaints to which a final decision is issued within 2 months
7) Unresolved complaints upheld by the CRU CCT	
8) Customer Satisfaction Survey	
9) Stakeholder Engagement	
10) Security of Supply	Security of Supply Index
	number of water resource zones in deficit and the population served by those resource zones
11) Leakage	the amount of water lost on the public network
	the amount of water lost on customer supply pipes
Minutes of lost supply	

²⁸ Concerningly, Uisce Éireann is not on track to achieve its end of RC3 leakage reduction target of 176 ML/D.

12) Interruptions to Supply	>12 hours
	>24 hours
13) Drinking Water Quality	Microbiological compliance
	<i>E. coli</i> compliance
	Enterococci compliance
	Chemical compliance
	THM compliance
	Lead compliance
14) Boil Water Notices and Drinking Water Restriction Notices	Number of public supplies on BWNs > 30 days
	Population served by supplies on BWNs > 30 days
	The number of public supplies on DWRNs > 30 days
	Population served by supplies on DWRNs > 30 days
15) Internal Sewer Incidents (Overload)	
16) Internal Sewer Incidents (Other Causes)	
17) Internal Sewer Incidents (Properties at Risk)	
18) External Sewer Incidents (Overload)	
19) External Sewer Incidents (Other Causes)	
20) External Sewer Incidents (Properties at Risk)	
21) Incidents Relating to Wastewater	Once-off incidents
	Recurring incidents
	Category 3-5 incidents
22) Wastewater Agglomerations Meeting Treatment Requirements: Agglomerations with no Wastewater Treatment	
23) Compliance with the Emission Limit Values for Urban Wastewater Licences	Overall compliance
	BOD limit
	COD limit
	Suspended solids limit
	Ortho Phosphate limit
	Ammonia limit
24) Compliance with the treatment requirements of Urban Waste Water Treatment Directive	
25) Sludge Reuse and Disposal	Drinking water sludge
	Wastewater sludge
26) Energy consumption	
27) Greenhouse Gas emissions	

Further information on the PAF can be found [here](#).

4.4 Water Sector Customer (WSC) Annual Monitoring Report

The Water Sector Customer (WSC) report provides information on customer numbers, customer water consumption and key customer related activities undertaken by Uisce Éireann e.g., Complaints and Boil Water Notices. It also provides useful information on customer rights and entitlements. Further information on the WSC report can be found [here](#).

4.5 Water Services Innovation Fund Annual Report

The Water Services Innovation Fund allows Uisce Éireann to invest in innovative projects designed to deliver benefits for customers. The Fund has helped to support a number of Uisce Éireann initiatives to date. Further information on the Fund can be found [here](#).

4.6 Financial Incentives currently in place on Uisce Éireann

During RC3, under the Regulatory Framework, the CRU placed three financial incentives on Uisce Éireann, including:

- Non-domestic billing (with three, separate incentive targets for Bad Debt, Efficient Billing and Billing Correction respectively)
- Leakage reduction
- Opex efficiency

4.6.1 Billing Financial Incentive

The non-domestic billing incentive was made up of three components each with individual respective targets. The included:

- Bad debt
- Efficient billing
- Billing correction

The overarching purpose of this incentive was to incentivise Uisce Éireann to correctly identify and bill non-domestic water customers. The non-domestic billing financial incentive was subject to a cap of:

- €10 million on total revenue earned from the combined three incentive targets per annum
- €4 million on each individual incentive target per annum; and,
- €50k on revenue that can be gained from individual customers to ensure that no single customer receives a bill for a very large amount (relating to efficient billing and billing correction incentives).

Further information on this incentive can be found under Section 1 of NERA's Incentives and Regulatory Incentives report (CRU2025139c).

4.6.2 Leakage Financial Incentive

The purpose of this incentive was to encourage Uisce Éireann to meet its own RC3 leakage reduction target of 176 mega litres per day (MLD) by the end of 2024. Further information on the

leakage financial incentive can be found at section 5.2.3 of the CRU RC3 Draft Determination Paper.²⁹

4.6.3 Opex Efficiency Incentive

For electricity and gas utilities, allowances for internal operating are fixed for a five-year period.³⁰ If the regulated utility spends more than it is allowed, it bears the cost. Conversely, if the utility spends below what it is allowed, it can keep the surplus generated in any one year for a period of five years as a means of incentivising efficiency, as long as those savings have been made in an efficient manner. The utility cannot simply make apparent savings through the avoidance of expenditure, which could be to the detriment of the relevant network and its customers. Customers benefit in the medium term by the progressive decrease in operating costs allowed at subsequent revenue reviews.

During the assessment for RC3, the CRU decided to include a mechanism for the rolling retention of additional opex efficiencies for Uisce Éireann's controllable operating costs.³¹ Notably, Uisce Éireann is not a commercial entity in the same way that electricity and gas utility companies in Ireland are. Uisce Éireann is majority-funded through voted Government expenditure. If the utility spends less than its allowance in a given year it may not be able to retain those savings in the manner that an electricity or gas utility company would. Therefore, the CRU is minded-to retain this incentive for Uisce Éireann to retain savings achieved through efficiencies.

4.7 Key Issues Identified during RC3

During RC3, the CRU identified several key issues. These relate to a broad range of concerns, including:

- Uisce Éireann regulatory non-compliance
- Uisce Éireann's investment processes, systems and capability involved in the identification of capital planning investment needs (Scottish Water International Review 'SWI Review')
- Uisce Éireann late reporting and data quality
- CRU delayed publication of annual monitoring reports
- Third party verification of Uisce Éireann PAF data
- PAF metric vs sub-metric definitions

These issues have impacted on the CRU's ability to carry out its legislative functions and responsibilities. Consequently, for RC4, it is imperative that the CRU and Uisce Éireann both draw on the lessons learned to address these issues and identify potential mitigants. These efforts will be crucial to supporting an enhanced framework for RC4 which continues to protect the interest of

²⁹ [CRU19148-Irish-Water-Revenue-Control-3-Decision-Paper.pdf](#)

³⁰ During the annual tariff setting process, the electricity and gas utilities can make requests for extra-over items. These requests relate to work items that were not anticipated during the five-yearly revenue control process. The CRU assesses these requests and may provide additional revenues during the revenue control period to fund this work if it is deemed necessary and could not have been foreseen during the revenue control process

³¹ Uisce Éireann failed to retain any opex efficiency savings during RC3

consumers. These issues, alongside proposed mitigants, and consultation questions are set out in Appendix 4 of this paper.

Addressing these issues will help support an enhanced framework for RC4 which allows the CRU to deliver on its strategic priorities by holding Uisce Éireann to account for its performance. Addressing these issues will also assist in confirming that Uisce Éireann is complying with its wider policy and legislative obligations including under the WSPS and Water Services Acts. The CRU invites the views of all stakeholders on these key issues and proposed mitigants to help prevent a recurrence of these issues during RC4.

Therefore, to address these issues for RC4, the CRU is proposing a financial incentive centred around Uisce Éireann's submissions. Specifically, a notional incentive of €50,000 against Uisce Éireann's regulatory compliance with CRU reporting requirements. Failure of Uisce Éireann to provide timely and accurate information as set out in the CRU's Final Determination will result in a €50,000 penalty. Conversely, Uisce Éireann will be rewarded €50,000 should it comply with CRU reporting requirements as set out in the CRU's Final Determination. For example, providing timely security of supply data which adheres to the agreed methodology. Further information can be found in appendix 4 of this paper.

5. Approach to RC4 Monitoring Framework and Incentives

The following section of this paper summarises the CRU's annual monitoring framework proposals for RC4, as well as information on Uisce Éireann's RC4 incentive proposals (both reputational and financial) and the CRU's view on same. This is followed by details of the CRU's RC4 incentive proposals. All RC4 incentive proposals aim to build on and enhance the comprehensive annual monitoring and reporting framework that was established during RC3. This will help further support an effective reporting framework for RC4 with the aim of promoting greater transparency and accountability in Uisce Éireann's performance for the expenditure it is approved to invest by the CRU. Through this section, the CRU invites comments from stakeholders on the CRU's proposals to enhance the monitoring and reporting framework for RC4.

5.1 Introduction

In establishing this proposed framework for RC4, the CRU has considered a number of factors and drivers. This includes drawing on the lessons learned during RC3 to identify key issues and areas of core consumer interest, for example, security of supply and leakage. Similarly, the CRU has drawn on expert technical and economic consultant advice. This advice has enabled the CRU to identify further areas of concern which require additional focus during RC4, for example, asset health and wastewater. The CRU has also considered national policy objectives, e.g., EU legislation, e.g., DWD and UWWTD, in establishing a framework which generates the best outcomes for consumers and society.

The CRU recognises there may be a small degree of overlap across certain aspects of the CRU monitoring and reporting proposals, including, growth and connections, security of supply, leakage and wastewater. It is critical that Uisce Éireann can clearly and proactively communicate the key messages and linkages across the CRU's monitoring reports throughout RC4. For example, underinvestment in water infrastructure through the CIP may impact on service delivery metrics reported under the PAF, such as interruptions to supply. This, in turn, may lead to underperformance in the areas of security of supply and quality of supply. These themes are of key importance to customers, policy stakeholders and, more generally, business and industry stakeholders. Therefore, a holistic and clear approach, and more proactive communication of information by Uisce Éireann, is required. This, in turn, should benefit the public by enhancing the CRU's ability to make consistent, evidenced based decisions which further protects consumers.

5.2 Proposed Annual Monitoring Framework

For RC4, the CRU proposes to broadly retain the annual monitoring and reporting arrangements utilised during RC3, including the ongoing publication of the following reports:

- Capital Investment Plan (CIP) Annual Monitoring Report

- Performance Assessment Framework (PAF) Annual Monitoring Report
- Water Sector Customer (WSC) Annual Monitoring Report
- Water Services Innovation Fund Annual Report

Further to the above reports, for RC4, the CRU proposes several additional monitoring arrangements. The significant step up in investment proposed for RC4 highlights the need for increased CRU regulatory oversight during RC4. The CRU's proposals are underpinned by a number of drivers, for example, policy, including the WSPS themes (i.e., (i) Availability and Reliability, (ii) Safety and Quality and (iii) Sustainability) and the National Development Plan³². Similarly, legislation plays an integral role in helping to shape the CRU's RC4 proposals for enhanced monitoring and reporting such as, for example, ensuring Uisce Éireann's compliance with its obligations under the DWD and UWWTD. Another core driver in shaping the CRU's enhanced monitoring proposals for RC4 is Uisce Éireann's performance during RC3. A table of the CRU's proposed monitoring framework for RC4 is provided below.

³² Uisce Éireann has been allocated €4.5 billion under the National Development Plan to deliver water services infrastructure to support housing delivery and wider socio-economic development. It is therefore critical that the CRU has sufficient regulatory oversight of this funding to ensure Uisce Éireann is held accountable for its performance.

Table 8 Summary of CRU's proposed RC4 monitoring and reporting framework

	Report	Description
1	Capital Investment Plan Annual Monitoring Report	This report sets out the progress that Uisce Éireann made against Uisce Éireann's Investment Plan (as approved by the CRU) across the previous year. The report covers the following key aspects: It compares the investment that Uisce Éireann had planned to make versus actual investment across different parts of the business operation, it provides a high level forecast on Uisce Éireann's progress against the agreed output and outcome targets as set out in the CRU's revenue control decision, it provides a high level view capital expenditure spend against RC4. For RC4, the CRU proposes enhanced monitoring under this report in relation to delivery obligations, growth, serviceability and wastewater.
2	Performance Assessment Framework Annual Monitoring Report	This report is designed to assess Uisce Éireann's overall performance in delivering defined services to its customers for the allowed expenditure. For RC4, the CRU proposes enhanced monitoring under this report with 12 new reputational incentives proposed (which includes one new financial incentive proposed).
3	Water Sector Customer Annual Report	This report is designed to provide customers and other interested parties with information that may be relevant to them in terms of the amount of water they consume and the level of services they receive from Uisce Éireann.
4	Water Services Innovation Fund Annual Report	This report sets out how Uisce Éireann uses the revenue approved by CRU to invest in innovative projects for the benefit of consumers, for example, acoustic loggers in leak detection.
5	RC4 Capex Recommendations (Arcadis Report) (new to RC4)	This new reporting mechanism proposed for RC4 will require Uisce Éireann to implement a suite of capital expenditure recommendations provided by CRU through assessments conducted by its technical consultants Arcadis. The aim of this report is to put Uisce Éireann on a pathway towards the necessary processes and systems to deliver capital projects in a timely and costly manner.
6	Compliance Statement (new to RC4)	This new reporting mechanism proposed for RC4 will require Uisce Éireann to demonstrate its compliance with key aspects of a set of EU Directives, for example, DWD and UWWTD. The aim of this report to have clarity on potential future costs and expenditure requirements, clarity regarding actions required for compliance, critical areas that require progress or attention and to protect the public interest by ensuring Uisce Éireann's compliance with key legislation across the water services sector. The CRU expects Uisce Éireann may already conduct such reporting internally and following some refinement will be available as part of its reporting requirements.
7	Status updates: Flexibility & Adaptability and International Best Practice (new to RC4)	This new reporting mechanism proposed for RC4 will require Uisce Éireann to provide information on how it is developing and implementing its adaptive planning processes and best practice for the benefit of consumers.

The CRU is cognisant of not placing unnecessary administrative burden on Uisce Éireann. Therefore, the CRU encourages Uisce Éireann, where possible, to draw on information contained in existing reports which it may already provide to stakeholders internally or externally.

Monitoring compliance helps to protect the interest of consumers by ensuring that Uisce Éireann is providing safe, secure and sustainable water supplies. Another key driver in shaping this monitoring framework is the CRU's strategic priorities. This includes the CRU's pivotal role in overseeing and incentivising the delivery of efficient investment in resilient infrastructure.³³ At a high-level, the CRU's proposed enhancements for RC4 relate to the following:

- A standalone, independent report detailing Uisce Éireann's implementation of the capex recommendations arising out of Arcadis's review of Uisce Éireann's RC4 Investment Plan.
- As part of the enhanced CIP reporting, a status update detailing Uisce Éireann's progress in supporting growth and housing through ensuring security of water supply and delivering connections.
- As part of the enhanced PAF reporting for RC4, additional status update on the following: Flexibility and Adaptability, International Best Practice and Security of Supply.
- 12 new PAF incentives.
- A standalone compliance statement in relation to Uisce Éireann's compliance status with the following EU Directives: UWWTD, DWD, Energy Efficiency Directive and NIS2 Directive, as well as Uisce Éireann's status addressing Water Resilience.

Further information and context on all these proposed areas of enhanced reporting for RC4 can be found under section 5.4 of this paper.

5.2.1 PAF Annual Monitoring Report

The PAF was previously summarised under section 4.3 of this paper. Additionally, further information on the PAF can be [found here](#).

5.3 Uisce Éireann's Proposals for Enhanced Monitoring Arrangements

5.3.1 CIP Annual Monitoring report – RC4 Delivery Obligations

Uisce Éireann has proposed a total of 39 RC4 Delivery Obligations and associated targets which the utility must meet in full by the end of 2029. Of these 39 Delivery Obligations, 22 are new to RC4 and 17 are retained from RC3. Table 9 below illustrates this, with new delivery obligations highlighted in grey. The CRU proposes using the Delivery Obligations and targets of table 9 as the basis for its annual monitoring of Uisce Éireann's progress against its RC4 Investment Plan. As with the annual

³³ [CRU Strategic Plan 2025-2027](#)

RC3 CIP Monitoring reports, the CRU will continue to publish the annual progress/completion rate as well as the cumulative total for each of the Delivery Obligations so that stakeholders can check the progress being made towards the respective target for each RC4 deliverable. Uisce Éireann will be expected, as a minimum, to meet its own proposed targets by the end of RC4. While out-performance (i.e., >100% completion rate for a deliverable) is positive, it is critical that this must not be achieved at the expense of underperformance across other delivery obligation(s).

Table 9 List of 39 RC4 Delivery Obligations. New delivery obligations are shaded in grey.

Asset category	RC4 Delivery obligations	RC4 Target	Unit
Water	Water treatment plants new and upgraded	163	No.
Water	Provide additional water treatment capacity	43	MLD
Water	Provide additional water network capacity	126	km
Water	Length of water main laid (rehabilitated)	663	km
Water	Water treatment plants with orthophosphate treatment facilities installed	32	No.
Water	Number of lead services replaced	31,283	No.
Water	Provide treated water storage support (Security of Supply)	10.7	MLD
Water	Rationalise water treatment plants	26	No.
Water	Number of safety upgrades water storage facilities (Impounding Reservoirs)	24	No.
Water	Metering replacements and new meters installed	280,994	No.
Water	District Meter Area (DMA) works completed	654	No.
Water	Completed works at water treatment plants to facilitate the removal from the Remedial Action List (RAL)	33	No.
Water	Completed works at water treatment plants to resolve specific high risk water quality issues	163	No.
Water	Improving the capacity of the GDA supply network	28	MLD
Water	Net Water savings	120	MLD
Wastewater	Wastewater treatment plants new and upgraded	61	No.
Wastewater	Provide additional wastewater treatment capacity	57	No.
Wastewater	Provide additional wastewater network capacity	112.7	km
Wastewater	Sewer Network Rehabilitation	34.1	km
Wastewater	Wastewater New and Upgraded Pumping Stations	118	No.
Wastewater	Drainage Area Plan Programme	8	No.
Wastewater	Storm Water Overflows Monitoring and Assessment	590	No.
Wastewater	Major Capital Maintenance Site Refurbishments	3	No.
Wastewater	National Wastewater Sludge management sites installed	4	No.
Wastewater	Works completed to comply with the UWWTD and address ECJ judgement	4	No.
Wastewater	Works completed at agglomerations with no treatment or preliminary treatment only	11	No.

Wastewater	Complete works at agglomerations to facilitate removal from EPA's Priority Urban Area Action List (PAL)	23	No.
Wastewater	Complete works to comply with WWDA	48	No.
Wastewater	Complete works to address significant pressures in third cycle River basin Management Plan (RBMP 2022-2027)	25	No.
Wastewater	Complete works to reduce the risk of Sewer flooding	17	No. of Projects
Sustainability	Energy Efficiency Improvement	25.4	GWh
Sustainability	Renewable Energy - Generation (Installed Capacity)	4.7	GWh/yr
Sustainability	Greenhouse Gas Emissions	49	% of Baseline year carbon emissions
Sustainability	Greenhouse Gas Emissions - Thermal and Transport Energy Sources	TBC	tCO2e
Sustainability	Biodiversity - Net Gain across new Projects by 2030	>0	% Net Gain from the baseline
Sustainability	Circular Economy - Construction Waste (2030)	0	% Recoverable Waste to landfill
Sustainability	Circular Economy - Sludge (New & upgraded)	100	% Sludge to Circular Economy Outlets
Sustainability	Nature Based Solutions	22	No. of Nature Based Solutions adapted
Sustainability	Climate Change Resilience	100	% of projects

5.3.1.1 CRU view on proposed RC4 Delivery Obligations

The CRU notes the additional RC4 Delivery Obligations that have been proposed by Uisce Éireann. The suite of Delivery Obligations in table 9 represents the core of CRU's annual capex monitoring regime, and the CRU notes that the increase in Delivery Obligations is beneficial in terms of increased transparency and granularity of detail. Additionally, regarding Delivery Obligations that are being carried across from RC3, this is useful as it allows the CRU to track longer-term investment and delivery trends. Specifically, the CRU notes the focus on Sustainability which is called out as a standalone theme in the WSPS. The CRU notes the addition of eight new wastewater metrics which is viewed as a positive development, given the focus that the CRU intends placing on wastewater investment and performance throughout RC4.

5.3.1.2 CIP Annual Monitoring report – Additional Updates

In recognition of the significant step-change in investment that will occur during RC4, the CRU is consulting on proposals to strengthen and expand the CIP Monitoring reports. As part of this effort, the CRU is proposing the request of additional annual updates from Uisce Éireann as part of the submission that is currently provided to the CRU annually. The CRU expects that these updates are

brief, focused and quantitative and incorporate internal documents or those already provided to third parties, to reduce the administrative burden. The updates should be designed to give the CRU and stakeholders an annual update on investment progress, trends, issues (and mitigants) and potential future issues. The CRU will review and report on these updates and may contact Uisce Éireann seeking additional clarity.

Uisce Éireann must provide the CRU with written confirmation that Uisce Éireann's Executive has signed off on the updates listed below. Uisce Éireann is encouraged to draw on pre-existing reports provided, either internally or to external agencies, to limit the potential regulatory burden of additional reporting. Uisce Éireann is also encouraged in its response to this paper to identify where one-page dashboards can be developed and submitted to complement the written submission that will be provided for the updates listed below.

The CRU is proposing that the following reports be provided to the CRU a part of its current CIP update by 30th June annually.

The updates which the CRU are consulting on are laid out in detail in section 5.4.2.

5.3.1.3 Additional RC4 Outputs and Outcomes

In the accompanying RC4 Draft Determination Paper (CRU2025134), the CRU is consulting on an option for Uisce Éireann to identify additional RC4 Delivery Obligations (i.e., Outputs and Outcomes), as an alternative to an efficiency challenge being applied to its RC4 capex request. This is referred to as the '*do more*' option. In this scenario, the CRU would not apply an efficiency cut to Uisce Éireann's RC4 capex request, while in response Uisce Éireann will identify additional delivery obligations (either new and/or more challenging targets for existing delivery obligations) that it will meet by the end of RC4. These additional delivery obligations would be provided as a response to the RC4 Draft Determination and would be assessed by CRU and its supporting consultants.

5.3.1.4 Uisce Éireann Governance

In developing the Enhanced CIP Monitoring Framework, the CRU was cognisant of ensuring that Governance was at the forefront of any CIP submissions to the CRU. Therefore, the CRU is seeking an enhanced level of ownership and sign-off by Uisce Éireann on all its submissions to the CRU. This takes the form of Uisce Éireann confirmation that both (i) the Executive and (ii) the relevant head of Committee/section has both seen and signed off on the annual data and written submissions to the CRU. It is intended that through this approach, only complete and accurate data and written submissions are provided to the CRU.

5.3.1.5 Information to Stakeholders and Customers

The CRU expects that Uisce Éireann recognises of the importance of timely dissemination of data and planning information to customers, developers and other relevant stakeholders. Accurate, timely and location-specific information enables informed decision making, supports efficient project delivery and contributes to the achievement of investment targets. Recognising the benefit of this, the CRU encourages Uisce Éireann to consult with relevant stakeholders to gather feedback on how it can assist stakeholders in achieving the policy objectives for growth and housing connections. The CRU recommends that Uisce Éireann actively engage and consult with stakeholders to better

understand their information requirements and to collaboratively explore targeted and relevant measures it can introduce, and how to assist in achieving growth targets.

The enhanced CIP monitoring updates are explained in further detail in section 5.4.

5.3.2 PAF Categories

Uisce Éireann proposes to retain all six of the PAF metric categories established during RC3, including:

- customer service,
- security of water supply,
- quality of water supply,
- sewer incidents,
- environmental performance, and,
- energy & emissions.

5.3.2.1 PAF Incentives

For RC4 Uisce Éireann proposes to retain 25 of the 27 incentives established during RC3. An incentive Uisce Éireann proposes to explicitly remove is the *'First Call Resolution'*. Uisce Éireann argues that this incentive is no longer an effective measure of assessing performance as customer contacts' span a wider horizon than just customer calls (e.g., conversations with online customer care agents). Uisce Éireann proposes not to retain the Water Stakeholder Engagement Evaluation Panel (WSEEP) incentive which the CRU was responsible for establishing during RC3. However, establishment of the Panel was delayed due to a number of factors. The CRU is aware that Uisce Éireann has concerns that this Panel may duplicate functions of existing Uisce Éireann stakeholder groups, for example, Uisce Éireann's Stakeholder Forum. The CRU is conscious of this in order to not place unnecessary regulatory burdens on Uisce Éireann. Therefore, the CRU invites comments from stakeholders through this paper on the suitability of such a Panel for RC4.

Of the 25 incentives Uisce Éireann proposes to retain, the utility also intends to change a substantial number of the incentive targets. Uisce Éireann also expressed an intention to change the methodology associated with several incentives. This is discussed, alongside the CRU's view, under tables 10-16 below.

5.3.2.2 CRU view on PAF incentives

The CRU agrees with Uisce Éireann's proposal to retain all six of the RC3 PAF categories for RC4 as the CRU is of the view that these categories provide a comprehensive assessment of utility performance. The CRU welcomes any views stakeholders may have on the proposed categories under the PAF for RC4.

The CRU also agrees that customer contacts span a wider horizon than just calls, making the metric less effective than it could be. To help address these concerns, the CRU proposes to change this metric to a *'First Contact Resolution'* incentive. This will reflect the fact that customer contacts'

covers more than just calls while also ensuring that the utility continues to aim for high levels of customer service.

For RC4, the CRU proposes to retain its plan to establish the Water Stakeholder Engagement Evaluation Panel (WSEEP), noting the important role it can play in helping to protect the interests of consumers. Further, the CRU notes that this incentive is used by the CRU in the regulation of the gas and electricity sectors. Establishing this Panel will allow the CRU to benchmark Uisce Éireann's performance against that of comparator utilities, e.g., GNI and ESB. It is anticipated that this could help drive improvements in the way Uisce Éireann engages with its stakeholders.

It is proposed that the Panel would compose of a variety of key Uisce Éireann stakeholders, including a cross-section of representatives from industry, environmental associations and academia. The Panel would be required to score the quality, implementation and effectiveness of Uisce Éireann's stakeholder engagement. The CRU welcomes any comments on the CRU's proposal to retain the intention to establish WSEEP for RC4.

Information regarding the CRU's view on Uisce Éireann's proposed changes to PAF incentive targets and methodologies for RC4 can be found in tables 10-16 below. Section 4 of NERA's Incentives paper (CRU2025139c) sets out further detail on an assessment of these proposals, and where required, proposed changes to the RC4 performance targets.

Uisce Éireann update on leakage

Uisce Éireann informed the CRU in July 2025 that they would be seeking to significantly revise Uisce Éireann's submitted RC4 leakage target to a substantially lower leakage reduction target, while maintaining the same level of expenditure. This late change raises concerns about the accuracy of Uisce Éireann's leakage submission that was provided to the CRU in December 2024. As the CRU has not received a further formal submission on this matter and does not have sufficient clarity on the final figures or the reasons for the changes, the CRU is not in a position to comment on potential changes to this delivery obligation in this paper. The CRU is concerned about the late change to this fundamental aspect of Uisce Éireann's work programme, despite a decade of ongoing work by Uisce Éireann in this area and the deployment of a Leakage Management System (LMS) to support its leakage activities.

Table 10 CRU View on Uisce Éireann’s RC4 Customer Service PAF submission

Customer Service			
No	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
1	Speed of telephone response	Target change – 85% to 80% to align with peers. Methodology change - exclude extreme weather events in the calculation of performance for RC4	Target change – propose to retain the RC3 target of 85% based on RC3 performance and performance of comparator utilities (GNI 92% and ESB 89%) Methodology change – propose to retain the RC3 methodology of including extreme weather events as this incentivises the utility to protect consumers and is in line with Ofwat
2	Call abandonment rate (calls abandoned by customer in queue waiting to speak to an agent)	Target change - <=4% to <=3% Methodology change – exclude weather events from calculation of performance for RC4	Target change – propose to accept target change based on historical performance, i.e., 2.8% during RC3 Methodology change – propose to retain RC3 methodology
3	First call resolution	Metric change – remove as no longer effective (ignores other interfaces)	Methodology change – propose to accept removal of metric. Propose to replace metric with a ‘first contact resolution’ to reflect that customer contacts span a wider horizon than just calls
4	Billing of metered customers	Target change (% bills issued based on meter reading) - 70% to 75% by end of RC4	Target change – propose target of 80% by end of RC4 based on historical performance, i.e., 74% average during RC3
		Target change (% of metered accounts that receive at least one bill based on meter read) - 100% to 95% by end of RC4 as 100% reportedly unachievable	Target change – propose to accept target change based on historical performance, i.e., 81%-85% during RC3
5	Response to billing contacts	Target change – retain RC3 target (95%) Methodology change - exclude extreme weather events in the calculation of performance for RC4.	Target change – propose slightly higher target of 97% based on historical performance, i.e., 96% average during RC3 Methodology change – propose to retain RC3 methodology

Table 11 CRU View on Uisce Éireann’s RC4 Customer Service PAF submission

Customer Service			
No	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
5	Response to billing contacts	Target change – retain RC3 target (95%) Methodology change - exclude extreme weather events in the calculation of performance for RC4.	Target change – propose slightly higher target of 97% based on historical performance, i.e., 96% average during RC3 Methodology change – propose to retain RC3 methodology
6	Response to complaints	Target change (% complaints responded to within 5 working days (domestic) - 100% to 95% by end of RC4 as 100% reportedly unachievable Methodology change - exclude extreme weather events in the calculation of performance for RC4	Target change – propose slightly higher target of 97% based on historical performance, i.e., 98% average during RC3 Methodology change – propose to retain RC3 methodology
		Target change (% complaints responded to within 5 working days (non-domestic) - 100% to 95% by end of RC4 as 100% reportedly unachievable. Methodology change - exclude extreme weather events in the calculation of performance for RC4	Target change – propose slightly higher target of 97% based on historical performance, i.e., 96% average during RC3 Methodology change – propose to retain RC3 methodology
		Target change (% complaints issued final decision within 2 months (domestic) - 100% to 95% by end of RC4 as 100% reportedly unachievable. Methodology change - exclude extreme weather events in the calculation of performance for RC4	Target change – propose slightly higher target of 97% based on historical performance, i.e., 97% average during RC3 Methodology change – propose to retain RC3 methodology
		Target change (% complaints issued final decision within 2 months (non-domestic) - 100% to 95% by end of RC4 as 100% reportedly unachievable. Methodology change - exclude extreme weather events in the calculation of performance for RC4	Target change – propose to accept target change based on historical performance, i.e., 91% average during RC3 Methodology change – propose to retain RC3 methodology
7	Unresolved complaints submitted to CRU	Target change – change target from “better” to “align” with average of networks/suppliers	Target change – propose to accept
8	Customer Satisfaction Survey	Target change – change from establishing baseline performance to 80.3% by end of RC4	Target change – propose target of 81% by end of RC4 (equivalent of 0.5% increase per year from 2023 baseline - mirrors ESB target) based on historical performance, i.e., 78.2% average during RC3

Table 12 CRU View on Uisce Éireann’s RC4 Security of supply PAF submission

Security of water supply			
No	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
9	Leakage	<p>Target change – cumulative reduction of 176 (RC3) megalitres/day (MLD) to a reduction of 120 MLD for RC4</p> <p>Methodology change - proposed new metric 'leak repairs' with an RC4 target of 143,500</p> <p>Financial incentive – proposed to retain financial incentive as set out during RC3 (i.e., €20 million reward/penalty with no reward or penalty should the utility achieve between 80-99% of its RC4 target.</p>	<p>Target change – propose to accept</p> <p>Methodology change – propose to accept new metric 'leak repairs' and target</p> <p>Financial incentive – propose to accept. For RC4, the CRU is considering broadening the requirements of Uisce Éireann under the leakage reduction financial incentive established during RC3. This includes requiring Uisce Éireann to provide leakage data that is timely, accurate and which adheres to the agreed methodology. Failure of Uisce Éireann to comply with these requirements would result in a financial penalty, irrespective of whether the utility meets its RC4 leakage target of 120ML/D</p>
10	Security of supply	<p>Target change – see below</p> <p>Methodology change – remove and replace RC3 metrics (i.e., SOSI and number of water resource zones in deficit and population served by those water resource zones in deficit) with three alternative metrics:</p> <ul style="list-style-type: none"> i) average operational Capacity over average demand; ii) Capacity for a 1 in 50 event compared to average demand; and iii) Operational headroom compared to average demand <p>Reporting capability regarding the alternative metrics to be in place from 2029</p>	<p>Methodology change – propose to accept alternative metrics submitted. However, and concerningly, no metric proposed which provides a national overview of security of supply in Ireland (e.g., SOSI/ number of water resource zones in deficit and population served by those water resource zones in deficit). Additionally, proposed reporting timelines (i.e., 2029) are unacceptable.</p> <p>CRU proposes to retain the number of water resource zones in deficit and population served by those water resource zones in deficit metric for RC4 to provide a national overview of security of supply (in addition to the alternative metrics submitted by UÉ).</p> <p>The CRU will require UÉ to report on the alternative metrics and proposed national overview (i.e., metric no later than 2026.</p>

Table 13 CRU View on Uisce Éireann’s RC4 Quality of Water Supply PAF submission

Quality of water supply			
No.	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
11	Interruptions to supply	<p>Methodology change (% properties impacted >4 hours) - Remove as replaced by minutes of lost supply metric</p> <p>Target change (Minutes of lost supply) - target of <540 minutes by 2029 (RC3 requirement to establish baseline performance)</p> <p>Target change (% properties impacted >12 hours) - <12% to <6.6% by 2029</p> <p>Target change (% properties impacted >24 hours) -<3.6% to <4.5% by 2029</p>	<p>Methodology change – propose to accept as per previous CRU decision on PAF (CRU12345678)</p> <p>Target change – propose target of <360 minutes by 2029 given performance significantly worse than E&W and consumer impact</p> <p>Target change – propose to accept based on historic performance, i.e., 17.8% average during RC3</p> <p>Target change – propose to maintain RC3 target of <3.6% given significant consumer impact</p>
12	Drinking water quality	No proposed changes	Methodology change – propose new metric 'drinking water complaints relating to taste, colour and smell'
13	Boil water notices and drinking water restriction notice	Methodology change - maintain target of 0 but to be applied to notices for operational reasons only (i.e. where capital investment is not required to solving issue)	Methodology change – propose to not accept. Maintaining notices due to operational impacts incentivises utilities to protect consumers

Table 14 CRU View on Uisce Éireann’s RC4 Sewer Incidents PAF submission

Sewer Incidents			
No	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
14	Internal sewer incidents (properties at risk)	Target change - UÉ propose to establish baseline performance by 2029 (baseline performance was to be established during RC3)	Target change – propose UÉ establish baseline performance no later than 2027. CRU to consider setting targets for RC4 following submission of baseline
15	Internal sewer incidents (overload)	Target change - UÉ propose to establish baseline performance by 2029 (baseline performance was to be established during RC3)	Target change – propose UÉ establish baseline performance no later than 2027. CRU to consider setting targets for RC4 following submission of baseline
16	Internal sewer incidents (other causes)	Target change - UÉ propose to establish baseline performance by 2029 (baseline performance was to be established during RC3)	Target change – propose UÉ establish baseline performance no later than 2027. CRU to consider setting targets for RC4 following submission of baseline
17	External sewer incidents (properties at risk)	Target change - UÉ propose to establish baseline performance by 2029 (baseline performance was to be established during RC3)	Target change – propose UÉ establish baseline performance no later than 2027. CRU to consider setting targets for RC4 following submission of baseline
18	External sewer incidents	Target change - UÉ propose to establish baseline performance by 2029 (baseline performance was to be established during RC3)	Target change – propose UÉ establish baseline performance no later than 2027. CRU to consider setting targets for RC4 following submission of baseline
19	External sewer incidents	Target change - UÉ propose to establish baseline performance by 2029 (baseline performance was to be established during RC3)	Target change – propose UÉ establish baseline performance no later than 2027. CRU to consider setting targets for RC4 following submission of baseline

Table 15 CRU View on Uisce Éireann’s RC4 Environmental Performance PAF submission

Environmental performance			
No	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
20	Incidents relating to wastewater	Target change (once-off incidents) - <345 to RC4 target of <989 once-off incidents. RC3 targets reportedly inappropriate (based on different UK reporting protocol)	Target change – propose target reduction of 80 once-off incidents per year relative to RC3 closing position (1,080)
		Target change (re recurring incidents) <98 to RC4 target of <216 recurring incidents. RC3 targets reportedly inappropriate (based on different UK reporting protocol)	Target change – propose target reduction of 25 recurring incidents per year relative to RC3 closing position (263)
		Target change – n/a - propose to retain RC3 target of zero	Target change – propose to accept
21	Wastewater agglomerations with no wastewater treatment	Target change - 0 to 4 by end of RC4 (2023 level was 19), which aligns with funding allocation	Target change – propose to accept
22	Compliance with the treatment requirements of UWWTD	Target change – 100% of population served to 97% by 2029, in line with European peers	Target change – propose to accept
23	Compliance with the Emission Limit Values (ELVs) for Urban Wastewater Licenses	Target change re overall compliance – change from establishing baseline performance to RC4 target of 87%	Target change – propose to accept
		Target change re Biochemical Oxygen Demand limit – change from establishing baseline performance to RC4 target of 90%	Target change – propose to accept
		Target change re Chemical Oxygen Demand limit – change from establishing baseline performance to RC4 target of 91%	Target change – propose to accept
		Target change re suspended solids limit – change from establishing baseline performance to RC4 target of 89%	Target change – propose to accept
		Target change re ortho phosphate limit – change from establishing baseline performance to RC4 target of 84%	Target change – propose to accept
		Target change re ammonia limit – change from establishing baseline performance to RC4 target of 82%	Target change – propose to accept
24	Sludge reuse and disposal	No proposed changes	Propose to accept

Table 16 CRU View on Uisce Éireann’s RC4 Energy & Emissions PAF submission

Energy & emissions			
No	RC3 Incentives	UÉ RC4 Incentives Proposal	CRU View
25	Energy consumption	Target of 25.4 GWh reduction by 2029 in line with government target	Propose to accept
26	Greenhouse gas emissions	Target of 51% reduction from baseline year by 2029 in line with government target	Propose to accept

CRU Consultation Question(s):

Q7. Do you have any comments on Uisce Éireann’s proposed RC4 PAF incentives?

Q8. Do you have any comments on the CRU’s proposed RC4 PAF incentives?

5.3.2.3 Financial Incentives

For RC4, Uisce Éireann proposes to retain the three financial incentives established during RC3. These are the (i) non-domestic billing (ii) leakage reduction and (iii) opex efficiency incentives. Uisce Éireann proposes to retain the three non-domestic billing targets as described under section 4.5 of this paper. Regarding leakage, Uisce Éireann have proposed a leakage reduction target for RC4 of 120 ML/D, a decrease on the RC3 target of 176 ML/D. Additionally, Uisce Éireann proposes to retain the financial incentive associated with opex efficiency as discussed under section 4.6.3 of this paper.

5.3.2.4 CRU view on Financial Incentives

The CRU accepts Uisce Éireann’s financial incentives proposals for RC4. The CRU proposes to retain and carry forward into RC4 the €20m financial incentive on the RC4 leakage reduction target (120 ML/D) under the terms set out in its 2021 incentive decision (see [CRU21108](#)) and as applied during RC3. However, for RC4, the CRU is considering broadening the requirements of Uisce Éireann under the leakage reduction incentive established during RC3. This includes requiring Uisce Éireann to provide leakage data that is timely, accurate, consistent and which adheres to the agreed methodology (i.e., International Water Balance calculation).

Failure of Uisce Éireann to comply with these requirements would result in a financial penalty, irrespective of whether the utility meets its RC4 leakage target of 120ML/D. Regarding the rolling retention of additional opex efficiency incentive, the CRU proposes to accept Uisce Éireann’s proposal to retain this financial incentive as defined during RC3.

5.3.2.5 Additional Financial Incentives Proposed by CRU for RC4

The CRU is considering options for additional financial incentives, for example, a financial incentive for wider regulatory compliance with reporting requirements such as, for example, timely and accurate reporting on Security of Supply which adheres to the agreed methodology (further information outlined in appendix 4 of this paper) and timely, accurate and complete submission of the CIP, PAF, WCR (and other monitoring reports as set out in the CRU’s Final Determination).

CRU Consultation Questions:

Q9. Do you have any comments on the RC4 financial incentives proposed by Uisce Éireann or the CRU?

Q10. Are there any other financial incentives that you would like the CRU to consider?

5.2.3 Water Sector Customer Annual Monitoring Report

Uisce Éireann has not made any explicit proposals regarding the incentives associated with the WSC Annual Monitoring Report.

5.3.3.1 CRU view on Water Sector Customer Annual Monitoring Report

Through its RC4 Determinations, the CRU will consider any potential enhancements to this report, as proposed by CRU in its consultation response, or otherwise (i.e. stakeholder input through the consultation process). The CRU note that the format of the WSC may alter during RC4 as the CRU considers how the report can be refined, or information can be better shared with stakeholders.

CRU Consultation Questions:

Q11. Do you have any proposals regarding the WCR Annual Monitoring Report for RC4?

5.4 CRU Enhanced CIP proposals

5.4.1 Enhanced Capital Investment Plan (CIP) Monitoring report

During RC3 the CRU annually published a Capital Investment Plan (CIP) Monitoring report, which was drafted to provide stakeholders with a consistent annual update on Uisce Éireann's progress against its RC3 Investment Plan, during each year of RC3. The reports contained information on the previous year's progress and assessed the previous years planned versus actual investment and the overall advancements being made against Uisce Éireann's agreed delivery obligations. Over RC3 the CIP Monitoring report has developed into a practical document to identify specific areas where investment has been impeded, and the drivers behind such delays. The CRU views the CIP report as critical for increasing transparency and the close tracking of Uisce Eireann's progress during the revenue control (as opposed to only assessing outturn progress as part of the lookback at the end of the Revenue Control period). An annual review is also required given the scale of Uisce

Éireann’s investment activities as its helps identify emerging issues during the Revenue Control when corrective measure can be applied, as opposed to the lookback when the Revenue Control is largely complete.

The CRU remains committed to an annual publication of a CIP Monitoring report but is considering ways in which the report can be further strengthened and expanded. Below are presented further additions that the CRU proposes incorporating into an *Enhanced* CIP Monitoring report so that stakeholders continue to receive the key information that they require. Feedback is invited as to whether the CRU ought to consider alternative monitoring arrangements.

5.4.2 Enhanced CIP monitoring arrangements

The CRU is considering how it can enhance its existing CIP Monitoring report to update stakeholders on pertinent issues. Below (sections 5.4.2.1 to 5.4.2.9) are a series of proposals for expanding the CIP Monitoring which the CRU is seeking feedback on.

During the CRU’s engagement with Uisce Éireann as part of the assessment of its RC4 Investment Plan, it became evident that a significant share of RC4 projects and programmes did not have defined deliverables associated with them. These delivery obligations are critical to the CRU’s ability to track investment progress against spend, both annually during RC4 as well as *ex-post* in the lookback assessment. Following subsequent engagement with Uisce Éireann, delivery obligations or appropriate proxies were identified for much of the RC4 Projects and Programmes missing Delivery Obligations. Within the enhanced CIP monitoring report, during RC4 the CRU will provide additional reporting of investments that lack dedicated Delivery Obligations. These include four categories: (i) Major Projects, (ii) Reactive and Maintenance work, (iii) Early-Stage Projects and Projects with O&O’s yielding post RC4. These are addressed further below.

- **Major Projects** Uisce Éireann have provided key milestone dates, against which the CRU will monitor the progress being made on Major Project investments during RC4 (see section 5.4.2.1).
- **Reactive and Maintenance Work Programme** (see also section 5.4.2.2) The CRU proposes to use certain PAF metrics as proxy Delivery Obligations for investment into Reactive and Maintenance work. It is reasonable to assume that as investments are made into ongoing maintenance and reactive works as required, then the metrics shown in table 17 will correspondingly improve. Table 17 provides a list of PAF metrics which the CRU propose to use in place of an agreed ex-ante deliverable for ‘Reactive and Maintenance work’.

Table 17 Reactive Maintenance Proxies

Internal sewer incidents (properties at risk)	Recurring incidents relating to wastewater
Internal sewer incidents (other causes)	Public side leakage reduction
Internal sewer incidents (overload)	Private side leakage reduction
External sewer incidents (properties at risk)	Burst mains per 1000km
External sewer incidents (other causes)	Sewer blockages per 1000km
External sewer incidents (overload)	Sewer collapses per 1000km
Once off incidents relating to wastewater	Sewerage equipment failure repairs

While the CRU accepts that there may be a lag between the initial investment into Reactive and Maintenance work and the impact of this investment being noticed in the PAF metrics listed in table 17, the CRU is confident that appropriate, timely maintenance interventions should positively impact these PAF metrics.

Alternatively, Uisce Éireann is invited to provide the CRU and its consultants with proposed delivery obligations for the Reactive and Maintenance Work Programme, to replace the list of proxy delivery obligations that are set out in table 17 above.

- **'Early-Stage Projects' (including 'Outputs and Outcomes yielding post-RC4')** these are dealt with further below in section 5.4.2.8.

The CRU is consulting on additional reporting requirements for Uisce Éireann on selected areas, explored further below. This investment areas have been identified as having a unique importance to stakeholders and are critical to the successful delivery of RC4.

5.4.2.1 Major Projects

As part of the annual CIP Monitoring report, the CRU will separately monitor the progress of the Major Projects (i.e., Water Supply Project and Greater Dublin drainage) during RC4 against key milestones that have been provided by Uisce Éireann (see also section 3.7 regarding measures around ring-fencing of Major Project funding). The CRU proposes that throughout RC4, Uisce Éireann is required to report annually on progress being made against its RC4 Investment Plan concerning Major Projects. The CRU has been supplied with milestone dates by Uisce Éireann, which will form the basis for this monitoring (see section 3.7.1). The CRU proposes that Uisce Éireann's reports must include updates regarding planned versus actual expenditure, any impediments to progress, and mitigation actions taken. Additionally, Uisce Éireann must inform the CRU of any foreseen issues that may impact project delivery over the lifetime of RC4. The CRU will monitor and report on investment progress being made against both Major Projects annually throughout RC4.

This additional monitoring is necessary as neither of the Major Projects will produce an output within the lifetime of RC4, as they will not reach completion until post 2029. However, the tracking of project delivery milestones will provide the CRU with a view on overall progress as well as the likelihood of the Major Projects attaining their planned completion dates. Therefore, as part of its annual CIP submission to the CRU, Uisce Éireann will be tasked with providing a detailed update on the progress made for both Major Projects over the previous year, including any deviation between planned and actual investment, the causes of same, any mitigations, third party disputes etc. This monitoring is in addition to ongoing engagement between the CRU and Uisce Éireann regarding the Major Projects. Additionally, in the event that a delay to Major Projects enables a release of a part of the ring-fenced funds, the CRU will monitor (as part of the Major Project reporting) the progress and spend on the specific investments that these funds were reallocated to.

Uisce Éireann's annual update to the CRU concerning Major Projects must contain the current status of Major Projects against the Infrastructure Guideline process and other supplementary information. For example,

- Progress vs Infrastructure Guidelines: Compare actual progress against milestones set in the Infrastructure Guidelines and Uisce Éireann's plan.
- Significant Delays: If delays are material, who has been notified and options and mitigations being considered.
- Revenue reallocation: If delays are significant, potential for ring fenced revenue being diverted to other priority projects.

This reporting process provides the Executive of Uisce Éireann with a strategic opportunity to monitor and report on expenditures, track progress, assess risk and evaluate mitigation measures for priority infrastructure projects. In the event of delays, it also enables timely review of whether ring fenced revenues should be reallocated to other critical initiatives.

5.4.2.2 Reactive and Maintenance Work

It is recognised that Uisce Éireann is currently transiting from a reactive to planned capital maintenance approach and Arcadis consider that Uisce Éireann's level of proposed spending on capital maintenance aligns with its peers in England and Wales. However, costing of Reactive and Maintenance Work is still at an early stage of development reflecting scarce and incomplete data which may result in cost increases throughout RC4. In its RC4 submission to the CRU, Uisce Éireann was unable to provide defined deliverables for the expenditure on Reactive and Maintenance work during RC4. Consequently, the CRU has identified separate proxies (see Table 17) as an alternative and is seeking stakeholder feedback on whether other additional or different PAF proxies may be more suitable measures of progress for this expenditure item.

As part of the enhanced RC4 CIP reporting, the CRU will draft a section concerning spend, progress and outputs emerging from the Reactive and Maintenance Work spend on the basis of an Uisce Éireann update on same. This will assess the prior years planned vs actual expenditure, number of maintenance interventions by asset class (e.g., wastewater, water, above and below ground etc.). Uisce Éireann will be expected to provide annually additional context and information such as emerging maintenance trends, its growing knowledge regarding asset base and condition and whether future investment needs have been identified. Additionally, Uisce Éireann must provide an updated plan for the following years activity in Reactive and Maintenance work.

5.4.2.3 Asset Health

Linked to Reactive and Maintenance Work, a comprehensive understanding of the existing condition of the Uisce Éireann's asset base (referred to as Asset Health) is crucial for investment planning and both proactive as well as reactive maintenance. Appropriate and early maintenance interventions can both extend the lifetime of certain water assets whilst reducing the emergence of issues such as asset breakdown and underperformance, which can directly and materially impact the customer experience. Arcadis in the accompanying report (CRU2025139a) have identified several key recommendations, including an emphasis on '*Asset Health and Capital Maintenance*'. Regarding this specific recommendation, Arcadis has identified two actions for Uisce Éireann to take during RC4 as follows:

- '*an increase in ambition and accelerating of the asset strategies development and asset data understanding to improve asset management and the resulting asset performance within RC4.*'

- *'Arcadis recommends that UÉ set out a clear timeline for achieving ISO 55001 Asset Management Certification to drive ambition and focus on most relevant data-based development in its capital maintenance and asset management practices. The approach and timelines should enable the CRU to track progress throughout RC4.'*

The CRU expects Uisce Éireann to take onboard and fully implement all Arcadis's recommendations and the CRU has set out a timeframe and process to begin the process of implementing the 15 key recommendations in full, including those related to Asset Health.

5.4.2.4 Growth Report (Connections & Security of Supply)

As part of the enhanced annual CIP Monitoring, the CRU will integrate a dedicated section addressing the broader theme of Growth. The CRU considers that, given the level of expenditure to be approved by the CRU and supported by subvention, it is essential that Uisce Eireann provides transparent and comprehensive reporting on infrastructure investment related to various aspects of growth including Housing connections, Demand Growth and Security of Supply. The CRU is seeking stakeholder feedback on what additional information could be included in the CIP report. Respondents should provide a clear indication of the purpose of the additional information that they are seeking. The CRU will require Uisce Éireann to provide information related to ongoing progress towards addressing the growth in demand for water and wastewater services and how this is being addressed via investment delivery. Uisce Éireann must provide updates on the number of new domestic and non-domestic connections achieved in the prior year and the plan for the following year (see below for further information).

The CRU's proposed Growth update is comprised of several sections, as outlined further below:

Connections Update: To encourage the effective and efficient use of funding allocated for growth and increased connections, the CRU proposes the introduction of a focussed reporting requirement on Uisce Éireann for this delivery obligation. The CRU recognises and supports the value of integrated planning approaches in aligning infrastructure provision with growth and housing targets. Such coordination across national, regional and local agencies benefits the synchronisation of infrastructure delivery where feasible. However, in the short term and in parallel, Uisce Éireann must make optimal use of available data and information and best planning practices to develop and prioritise investment in a timely manner. Ultimately, the intention of this focused Growth reporting is to establish a robust framework for monitoring the progress, delivery and impact of infrastructure investments that support growth and housing delivery as identified by Uisce Éireann.

Through structured reporting, Uisce Éireann will be enabled to transparently and accurately track and report on the progress, bottlenecks, successes, and the type of support necessary to progress the Growth policy objectives. As part of its CIP reporting, Uisce Éireann is to provide, progress vs planned connections, target future connections, plan vs achievement relating to capacity in the previous year, planned capacity for the future year, under the national and regional water zones. This information is to be reported to the CRU at least annually. In view of the level of funding to be approved, capacity related information for the use of developers and policy makers must be made available on Uisce Éireann's website on an on-going basis and updated. Thereby providing an updated Capacity Register Status – in the CIP report at least annually at a national and regional level. Uisce Éireann should independently update the position on the water capacity registers on

their website frequently, so that full and update information is available to customers and policy makers.

Connection timelines and process: The CRU notes the length of time for developers and customers to receive a quotation³⁴ as set out in Uisce Éireann's website. The CRU acknowledges the concerns expressed by developers regarding the timelines associated with the existing connection process. Specifically, developers have highlighted frustration with the average duration of 16 weeks from application submission to receipt of a connection offers, as well as the typical 12-week period from granting of a road opening licence to the completion of the connection works. In view of these concerns, and the significant capital expenditure allowance to be provided for this objective, the CRU strongly encourages Uisce Éireann to undertake a comprehensive review of these timelines and information services with a view to identifying opportunities for improvement and reducing these timelines, for a such an important policy agenda.

Additionally, through its guidance documents, the CRU strongly encourages Uisce Éireann to explicitly outline its commitment in relation to connection timelines (specifically in relation to the timelines associated with providing a connection quote '*time to quote*' and completing a physical connection to the network '*time to connect*'). The CRU also recognises the importance of Uisce Éireann refreshing its approach to the connection process. This includes reviewing, evaluating and updating guidance documents and standard operating procedures. The CRU submits that such reviews could help expedite housing delivery by ensuring Uisce Éireann is on a trajectory to delivering a best-in-class connection process which is timely, efficient and customer focused.

Developer Measure of Experience (D-MeX)

D-MeX is a performance commitment used in the regulation of water utilities in England.¹ It is designed to incentivise a water utility to provide a best-in-class customer services experience for developers.³⁵ D-MeX produces a single score for the utility, deriving from i) a qualitative component through a satisfaction survey²; and ii) a quantitative component that compares the company's performance against a list of service metrics³. High scores are indicative of good performance, and low scores are indicative of underperformance.

The CRU strongly encourages Uisce Éireann to consider the D-MeX when reviewing its connection processes and procedures. The survey component of D-MeX may help to drive Uisce Éireann towards more customer focused engagement. The level of service metrics may help drive greater efficiency across the connections process. These are outcomes that would benefit developers, consumers and wider society by supporting delivery of the Government's housing policy.

The qualitative survey component of D-MeX is provided in figure 4 below. The quantitative list of service metrics component is provided in figures 5 and 6 below.

Figure 4 D-MeX survey component (from table A.1 CRU2025139n)

³⁴ <https://www.water.ie/connections/information/application-step>

³⁵ The CRU has drawn on this metric used in the water sector in England and Wales

Table A.1: Summary of Questions in D-Mex Survey Questionnaire for PR24

Question¹	Description	Response option
1	Taking everything into account how satisfied are you with your experience with [water company]?	0-10 ²
2	What did the company do well? (If respondent chooses 9-10 for Q1)	Written response
3	What could the company do to improve this score? (If respondent chooses 6-8 for Q1)	Written response
4	What causes you to give that score? (If respondent chooses 0-5 for Q1)	Written response
5	Ease of contacting them	0-10
	The quality of information available on their website	0-10
	Understanding your needs	0-10
	Timeliness of response to queries and requests	0-10
	Keeping you informed on progress, where required	0-10
	Offering value for money	0-10
	Completing the work within a timescale that is reasonable	0-10
	Meeting agreed deadlines	0-10
	Accuracy and completeness of any documentation provided	0-10
	Any advice and guidance they gave you, to help progress the work	0-10
6	How many sites in the UK does your organisation operate from	1, 2, 3, 4, 5-10, 11-50, 51-250, 250+, Prefer not to say
7	How many employees does your organisation have in the UK	0 (sole trader), 1-9, 10-49, 50-249, 250+, Prefer not to say

Figure 5 D-MeX service metrics (from table A.2 CRU2025139n)

Table A.2 Summary of Service Metrics in D-MeX Quantitative Component for PR24		
Service metrics	Applicable to	Target (days)
Pre-development enquiry - reports issued within target	All companies	21
≤45 quotations - within target	All companies	28
≤45 service pipe connections - within target	All companies	21
Mains design <500 plots - quotations within target	All companies	28
Mains design >500 plots - quotations within target	All companies	42
Mains construction within target	All companies	90
Mains diversions (without constraints) - quotations within target	All companies	42
Mains diversions (with constraints) - quotations within target	All companies	By agreement
Mains diversions – construction/commissioning within target	All companies	90 or by agreement
Pre-development enquiry - reports issued within target	Water and sewerage companies only	21
Sewer requisition design - offers issued within target	Water and sewerage companies only	Period agreed between undertaker and customer
Sewer requisition – constructed and commissioned within agreed extension	Water and sewerage companies only	Water and sewerage companies only
Adoption legal agreement – draft agreements issued within target	Water and sewerage companies only	14
Update draft agreement	Water and sewerage companies in England only	14
Inspections & construction period	Water and sewerage companies in England only	14
Review PoC proposal	Companies in England only	14/28
Design Self-Laid Main (Stage 2) – Provide design	Companies in England only	28/42
Design Self-Laid Main (stage 2) – Water Company to Provide design acceptance	Companies in England only	14/21
Execute the Water Adoption Agreement (stage 3)	Companies in England only	7
Delivery Data (stage 3/4) – Source of Water Delivery Date	Companies in England only	As agreed
Connect Self-Laid Main – Review request and carry out Final Connection	Companies in England only	14

Figure 6 D-MeX service metrics (from table A.2 CRU2025139n)

Make Service Connections (stage 7 – part 2) – Validate notification and provide consent to progress with connection	Companies in England only	5
Self-lay point of connection report <500 plots etc (reports issued within target)	All companies	21
Self lay point of connection report >500 plots etc (reports issued with target)	All companies	28
Self lay design and terms request <500 plots etc - quotations within target	All companies	14
Self lay design and terms request >500 plots etc - quotations within target	All companies	28
Self lay water for pressure/bacteriological testing - provided within target	All companies	28
Self lay permanent water supply - provided within target	All companies	14
Self lay plot references and costing details - issued within target	All companies	14
% of confirmations issued to the applicant within target period	All companies	21
% Bulk supply offer letters issued to the applicant within target period	All companies	28
% of main laying schemes constructed and commissioned within the target period	All companies	90
% of testing supplies provided within target period	All companies	28
% of permanent supplies made available within the target period	All companies	14
% Bulk discharge offer letters issued to the applicant within target period	Water and sewerage companies only	28
% of main laying schemes constructed and commissioned within the target period	Water and sewerage companies only	180 or as agreed

The CRU has also made additional customer focussed proposals across the customer service and environmental orientated Performance Assessment Framework reporting, set out in section 5.3.2 of this report. The CRU is seeking feedback through this consultation as outlined in section 5.3.2 on the level of reduction in time to connect proposed by CRU.

Specifically, by end 2029, the CRU proposes that Uisce Éireann is to reduce the median number of business days it takes to complete a physical connection (“time to connect”) to the network (domestic and non-domestic customers) to at least 60 business days (or 12 weeks)^{36 37}

Security of Supply: The CRU proposes that during RC4 it will report (via the Enhanced CIP Monitoring publication) on the progress that is being made on investments that address, either directly or tangentially, strengthening Security of Supply. This will include an assessment of progress

³⁶ This would be measured from the point after a domestic or non-domestic customer has signed off on the connection offer provided by Uisce Éireann

³⁷ The CRU understands that the current average timeframe for Uisce Éireann to complete a physical connection to the network is approximately 16 weeks or 80 business days

against RC4 investments as well a comparison of forecast expenditure versus outturn and will complement the Security of Supply metrics reported under the PAF. Arcadis' report notes that 53% of the overall RC4 budget seeks to satisfy the WSSP objective of ensuring a Safe and Reliable Water Supply in Ireland. This is scattered across investments from the Supply Demand Balance Programme, the National Leakage Reduction Programme, upgrades to various water treatment plants including the Water Supply Project. As part of the annual CIP submission, the CRU will therefore seek a brief update from Uisce Éireann on the spend and progress made for investments (such as those listed previously) that address Security of Supply. Additionally, the submission must include an update on the forward-looking Security of Supply status and any changes that arise in these forecasts.

It is indisputable that monitoring Security of Supply and availability is essential and will be a key feature for the CRU and in Uisce Éireann's own governance and monitoring. To this end, the CRU proposes that the annual Capital Investment Plan report is enhanced to include focussed information regarding expenditure and actions related to its categorised investment relating to Security of Supply, as set out below. This reporting is further strengthened through on-going reporting during the year and through the customer and environment focused report - Performance Assessment Framework report, as covered in section 5.3.2 of this paper. The CIP report must include:

- Actual versus planned investment and expenditure
- Forecasted spend for the remainder of the investment period
- Mitigation Measures. For both capital and operational expenditure, Uisce Éireann must report on the spend associated with key mitigation measures
- Matters relating to environmental compliance and mitigations to be reported
- Governance and Accountability The report must clearly identify the executive responsible for proposing and signing off on the submission to the CRU.

In its submission to the CRU, Uisce Éireann must explicitly state that the Growth update (as with all updates under the Enhanced CIP) must be approved by the Executive of Uisce Éireann and relevant Committee. The CRU notes that Uisce Éireann's Executive remains ultimately responsible for ensuring the accuracy and integrity of all reports submitted to the CRU.

5.4.2.5 Wastewater Investment

During the CRU's annual monitoring and reporting of the progress that Uisce Éireann was making against its RC3 Investment Plan, a concerning trend of underinvestment in wastewater was observed. As the CRU reported on in its CIP Monitoring reports during RC3, Uisce Éireann failed to meet all its agreed deliverables, ultimately missing the target set for four out of the 24 RC3 Outputs and Outcomes³⁸. Three of these four missed targets related to wastewater investments and this trend was also acknowledged by Uisce Éireann in its submission to the CRU³⁹. Consequently, as part of the Enhanced CIP Monitoring during RC4, the CRU will place an emphasis on tracking progress made against the RC4 Investment Plan, specifically on wastewater assets (above and below ground). The intention of this is to identify as early as possible any clear impediments to

³⁸ [Uisce Éireann Capital Investment Plan 2022 & 2023 Monitoring Report. No 3](#)

³⁹ [Uisce Éireann Capital Investment Plan Monitoring 2023 Change Control Report](#)

progressing delivery of wastewater assets, and to work with Uisce Éireann in understanding migrants to offset these, such that a repeat of RC3 wastewater issues does not reoccur.

The CRU proposes that Uisce Éireann place specific focus on delivering the outcomes and outputs associated with wastewater related expenditure and at minimum reaching environmental compliance or targets indicated in the Performance Framework Report. At a minimum, Uisce Éireann's submission should include (i) progress against the RC4 Investment Plan, (ii) the latest forecast to achieve targets, (iii) challenges arising and (iv) the mitigation actions taken are to be reported in the CIP reports.

In this regard, Uisce Éireann is expected to internally review and make ongoing improvements to internal processes and planning frameworks for wastewater investment and report on progress being made on long term investment planning and strategic development of wastewater infrastructure.

Overall, this enhanced focus is driven by the level of non-compliance that remains in the wastewater sector and the forthcoming implementation of the revised UWWTD. Additional performance expectations, including environmental compliance targets, are outlined in the Performance Assessment Framework under Section 5.3.2 of this report.

5.4.2.6 Non-Network Capex

The CRU is keen to provide an annual update to stakeholders on Uisce Éireann's expenditure on Non-Network Capex, particularly against its Information Technology (IT) programme of work. The CRU is seeking to report on non-network capex investments that strengthen and expand Uisce Éireann's IT abilities in areas such as cybersecurity, software to support customer services and the National Operations Management Centre as well as IT required to support compliance with legislation. The CRU will engage with Uisce Eireann over RC4 to refine its non-network capex submission such that it provides the type of information that the CRU is seeking.

5.4.2.7 Opex Cost Efficiency Savings

Whilst the CIP is predominantly focused on capital investments, the CRU intends to expand its remit to also include an annual update regarding ongoing opex efficiencies. This is now required as Uisce Éireann will complete the Uisce Éireann Transformation (UÉT) process mid-RC4 (i.e., by 31 December 2026), following which there will be further opportunities to identify cost savings through economies of scale, standardised ways of working, rationalisation etc. The purpose of the opex update is to provide greater transparency, assurance and accountability concerning Uisce Éireann's delivery of cost efficiencies relative to the approved allowances, and to demonstrate Uisce Éireann's measures against likely cost pressures and efficiency gains over the RC4 period. Given Uisce Éireann's position as the largest user of energy in the public sector, the CRU is seeking additional information to understand what Uisce Éireann is doing to reduce energy requirement (and costs) through operational changes, plant and electro-mechanical updates and hedging strategy. The CRU will require Uisce Éireann to provide annual reporting of its cost performance against the allowances, including the explanation of variances. The CRU proposes that, at a minimum, Uisce Éireann must annually provide an update regarding (i) a quantitative assessment of the savings delivered through the UÉT programme and other efficiency initiatives and (ii) identify and account for the differences between the allowed and outturn opex for the year in question.

The CRU notes that this requirement is consistent with the standard practice in the UK water sector, where the regulated water companies provide annual efficiency narratives to Ofwat as part of their regulatory monitoring. For RC4, the CRU proposes Uisce Éireann to provide a yearly opex efficiency saving update annually from 2027 (i.e., referencing 2026 data). This submission must be signed off by Uisce Éireann's Executive and respective Committee, to place accountability for delivering efficiencies onto Uisce Éireann and inform the public of Uisce Éireann's efficiency trajectory. In its submission to the CRU, Uisce Éireann must confirm that these Executive approvals and signoffs have occurred.

5.4.2.8 Early-Stage Projects

Regarding (i) **Early-Stage Projects**⁴⁰ and (ii) **Projects with O&O's yielding post RC4**⁴¹, as an alternative to tracking progress against agreed RC4 Delivery Obligations for the above two categories, the CRU will monitor progress against the RC4 Investment Plan comparing forecast spend versus actual. As these two categories represent a significant share (15%) of overall RC4 Investment Plan, the CRU will undertake a separate monitoring process for (i) and (ii), as part of the Enhanced CIP Monitoring reports.

This approach holds Uisce Éireann to the commitments it made in its RC4 Investment Plan for forecast project progress (i.e., gate status) and spend. Using this approach the CRU can identify areas where Uisce Éireann is falling behind in terms of spend or progress which will provide a focus for additional follow-up with Uisce Éireann, either through additional reporting or a CRU led audit. Uisce Éireann will also be required to flag instances where projects or programmes are merged or split during RC4.

The CRU recognises that network utilities more uncertain early-stage projects and programmes will, over the course of RC4, gain greater certainty around their scope and cost as business cases and plans are confirmed through the internal governance processes and procedures. Uisce Éireann will be tasked with updating the list of agreed delivery obligations set out in table 9, as and when this information becomes clear. Therefore, the CRUs approach to monitoring the missing deliverables will take the following approach:

- Monitor the Outputs and Outcomes that will be identified by (i) during RC4 as projects move from Early-Stage through to more a mature phase. The agreed list of RC4 Outputs and Outcomes in table 9 will consequently evolve over RC4 as additional delivery obligations are added as Early-Stage projects become clearer, in terms of their specific investment pathway. Therefore, Uisce Éireann will be tasked with annually updating the list of RC4 Outputs and Outcomes as these become clearer.
- The CRU will require a separate written submission to be provided as part of Uisce Éireann's annual update submission to the CRU which occurs each June. This update must provide details for (i) and (ii) above including, at a minimum; changes between the forecast and actual

⁴⁰ These are projects in the very early stages of definition and potential optioneering of capex interventions. Arcadis have noted that the full extent of these projects is unlikely to be determined at this stage and therefore the final contribution towards Outputs and Outcomes will be imprecise (see CRU2025139a).

⁴¹ These represent projects that will be completed in significant part during RC4, but which won't deliver Outputs and Outcomes until post-RC4 (i.e., will be included in RC5+ Investment Plans).

spend, and drivers for such changes. Information must be provided on the progress of Early-Stage projects towards a more mature phase; the individual projects must be identified and their respective delivery obligations. These must also be reflected in the agreed RC4 set of Outputs and Outcome.

However, the CRU remains very concerned at the lack of identified RC4 Outputs and Outcomes in both these categories and therefore is proposing a staggered release of funds and stringent reporting requirements. While the CRU accepts that Outputs and/or Outcomes for the above-mentioned categories may not be known at this stage, it is expected that during RC4, more information on optioneering selection, timelines and therefore delivery obligations for individual projects will gradually become known.

The CRU will continue to publish alongside its annual CIP Monitoring reports a copy of Uisce Éireann’s supplementary document. These had previously been published alongside the annual CIP monitoring reports⁴² and provides Uisce Éireann the opportunity to provide its view of the changes to the previous year’s Investment Plan, and the drivers (both internal and external to the utility) behind such changes. This document will continue to be published alongside future publications of the CRU’s annual CIP monitoring report.

The CRU and stakeholders wish to better understand how the above metrics are progressing, given their unique impact on social and economic growth and the customer experience.

Section 3.6 above provides additional information concerning a CRU proposal for a staggered release of funds for categories (i) and (ii), on the strength of Uisce Éireann’s submission as described above.

5.4.2.9 Summary of Enhanced CIP Reporting

Table 18 below summarises the proposed additional reporting updates that the CRU are consulting upon.

Table 18 Summary of Enhanced CIP Reporting

Enhanced CIP Updates	
1	Major Projects
2	Reactive & Maintenance Work
3	Asset Health
4	Growth Report (Connections & Security of Supply)
5	Wastewater Investments
6	Non-network Capex
7	Opex Cost Efficiency Performance
8	Early-Stage Projects

⁴² See [here](#) for an example of the supplementary information provided by Uisce Éireann and published alongside the CIP Monitoring report.

CRU Consultation Question(s)

Q12. Do you agree with the CRU proposals in relation to the enhanced CIP Monitoring reports? The CRU is consulting on report submission by Uisce Éireann by 30th June annually and is interested in stakeholder views on this.

Q13. Are there areas of the CIP which would benefit from additional focus or consistency?

Q14. Are there focused areas of CIP reporting that require consistent and common reporting from Uisce Éireann, e.g., to avoid duplication or confusion. Please substantiate your response, to assist the final decision.

Q15. Are there alternative formats that can be applied by the CRU or Uisce Éireann, to present the information in key reports, e.g., CIP or PAF. If possible, please provide specific examples in your response.

5.5 CRU Enhanced PAF proposals

The PAF was previously summarised under section 4.2 of this paper. Further information on PAF can be found [here](#).⁴³

5.5.1 Additional PAF monitoring arrangements

As part of establishing the next regulatory framework for RC4, Uisce Éireann provided the CRU with a submission on its proposals for RC4 incentives (published alongside this paper as CRU2025139n). The CRU notes these proposals, which were considered by the CRU in the context of proposed annual monitoring and reporting arrangements for RC4. The incentives proposed by the CRU take into consideration some of the key national challenges currently facing the country, as summarised by the Water Services Policy Statement⁴⁴ themes (i.e., (i) Availability and Reliability, (ii) Safety and Quality and (iii) Sustainability). Furthermore, this includes the urgent need to bolster services to customers, protection of the environment and meet national and regulatory goals relating to sustainability and support growth and housing policy. An additional challenge is the need to deliver ongoing investment into resilient infrastructure to the benefit of Security of Supply and a Low Carbon Future.

⁴³ [CRU21101](#) Irish Water Performance Assessment Framework 2020-2024 Metric Review and Target Setting Decision Paper

⁴⁴ [Water Services Policy Statement 2024 - 2030](#)

Many of the incentives proposed by the CRU are also applied in other jurisdictions (e.g., across UK and EU), while other incentives are currently in place across CRU regulated sectors such as gas and electricity utilities.

Ultimately, a comprehensive set of incentives assists the CRU in its benchmarking activities, including the assessment of Uisce Éireann's performance against comparator utilities. Benchmarking and target setting helps the CRU to push Uisce Éireann to seek ongoing efficiencies in their performance to the ultimate benefit of consumers.

For RC4, the CRU will continue to publish alongside its annual PAF Monitoring reports a copy of Uisce Éireann's supplementary document. These had previously been published alongside the annual PAF monitoring reports and provides Uisce Éireann the opportunity to provide its view of the changes to the previous year's performance and the drivers (both internal and external to the utility) behind such changes. This document will continue to be published alongside future publications of the CRU's annual PAF monitoring report.

Tables 19-30 below provide a summary of the proposed PAF incentives for RC4. The CRU has proposed 12 incentives in total. For clarity, the incentives have been broken into the PAF categories, for example, the '*First Contact Resolution*' incentive is grouped into the customer service category. A summary of supporting definitions and further information on the proposed incentives for RC4, including methodologies and guidance, can be found in Appendix 2 of this paper. In setting incentives for RC4, the CRU is mindful of the need to strike the correct balance of regulatory oversight to not impose unnecessary burdens on Uisce Éireann.

5.5.1.1 Category 1: Customer Service

The incentives in this category are designed to capture Uisce Éireann's performance in providing customer service. Monitoring and reporting on Uisce Éireann's performance under this category allows the CRU and other stakeholders to understand how Uisce Éireann is performing across key areas of customer service, for example, communication with customers and addressing customer complaints. For RC4, the CRU has proposed three new customer service incentives, which aim to build on and enhance the framework established during RC3. The incentives are detailed (1-3) below.

1) Connections (time to quote and time to connection)

The key purpose of this incentive is to help support the Government's housing policy and goal to deliver 300,000 new homes by 2030.⁴⁵ This incentive recognises the critical role that Uisce Éireann has in supporting the Government's goal through the timely and efficient delivery of domestic connections. The CRU understands that a similar incentive has been proposed by the CRU in the electricity sector. Additionally, similar incentives have been employed in the water sector, for example, in Belgium.⁴⁶ This means the CRU may benchmark Uisce Éireann's performance against that of comparator utilities. It is anticipated that monitoring and reporting on this incentive will drive Uisce Éireann to deliver connections in a more timely and efficient manner.

⁴⁵ [Housing for All: A New Housing Plan for Ireland - Executive Summary](#)

⁴⁶ WAREG KPI Report, 2023 (please see [p.67](#))

Further information on this incentive is provided in table 19 below.

Table 19 CRU proposed incentives for Customer Service under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
1 Connections (time to quote⁴⁷ and time to connection⁴⁸)	Enable and incentivise infrastructure delivery to support domestic and non-domestic growth	- Support Governments Housing policy - Increased speed of infrastructure delivery - Improved quality of service	Timeline UÉ to report annually from 2026 (2025 data) Measurement Median number of business days (time to quote ⁴⁹ and time to connect ⁵⁰) Targets 1) By 2027 , Uisce Éireann to report on steps introduced that will result in reducing the time to complete a connection to the network. 2) By 2029 , Uisce Éireann to reduce median number of business days it takes to provide a quote (dom and non-dom) to at least 60 business days (or 12 weeks) ⁵¹

2) First Contact Resolution

The purpose of this incentive is to measure the total percentage of customer contacts that Uisce Éireann successfully respond to on first contact, i.e., no follow up contact required. The CRU proposes that this would replace the “First Call Resolution” incentive established RC3 to reflect the fact that customer contacts span a wider horizon than just calls (e.g., e-mail, customer agents, etc). This incentive recognises the key role that Uisce Éireann in providing high-quality and efficient levels of services to its customers.

Further information on this incentive is provided in the table below.

Table 20 CRU proposed incentives for Customer Service under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
2 First Contact Resolution	Incentivise UÉ to deliver high-quality customer service	-Improved quality of service	Timeline UÉ to report annually from 2028 (2027 data) Measurement Percentage Targets Establish baseline performance by end 2029

⁴⁷ This measures how quickly the utility provides a price estimate for the requested new connection. It measures the efficiency of the utility's administrative and assessment processes.

⁴⁸ This measures the time it takes the utility to complete the physical connection after the customer has agreed to the quote. It reflects the efficiency of the utility's operational processes, including scheduling work and completing the installation.

⁴⁹ Measured from the point in time after Uisce Éireann receives a Connection Application from a customer ([Uisce Éireann Connection Application Phases](#)).

⁵⁰ Measured from the point in time after a customer accepts the Connection Agreement from Uisce Éireann ([Uisce Éireann Connection Application Phases](#)).

⁵¹ From current 16-week baseline.

3) Worst Served Customer (WSC)

This incentive aims to improve outcomes for those households and businesses who would otherwise have a sustained a materially lower standard of supply reliability. The current defining criteria for a WSC is a domestic or non-domestic customer who experiences at least 5 interruptions to supply in one a year at least 15 interruptions to supply over a three-year period.

This incentive reflects a desire to introduce a greater degree of social fairness into the outcomes that would otherwise prevail if investments to improve supply reliability were chosen on the basis of narrow economic cost-benefit alone. This incentive is currently employed by the CRU in the regulation of the electricity sector. The CRU proposes to use this incentive in the same way as it is employed by the CRU in the electricity sector. However, under RC4, interruptions to supply will relate to water interruptions rather than electricity interruptions. It is anticipated that this will assist the CRU in its in benchmarking activities, driving outcomes which benefit consumers, for example, a more secure supply.

Further information on this incentive is provided in the table below.

Table 21 CRU proposed customer service incentives under PAF for RC4

	Incentive	Objective	Outcomes	RC4 Implementation
3	Worst served customer⁵²	Incentivise UÉ to improve outcomes for those households and business who would otherwise have a sustained and materially lower standard of supply reliability.	-Improved quality of service -Protection of vulnerable customers	Timeline UÉ to report annually from 2028 (2027 data) Measurement Total number Targets Establish baseline performance by end 2029

5.5.1.2 Category 2: Security of supply

The incentives in this category are designed to capture Uisce Éireann’s performance in maintaining a secure water supply for its customers. Small changes can have a big impact on the amount of water we use, the bills we pay (either directly or through our taxes), and ultimately the amount of water that Uisce Éireann needs to abstract from the environment. Uisce Éireann has an important role to play in reducing the amount of water it abstracts by reducing leakage but also by promoting water conservation in homes and businesses.

Noting this, for RC4, the CRU has proposed three new incentives under the security of supply category. These incentives (4-6) are set out below.

4) Burst mains per 1000km

⁵² Used by the CRU in the regulation of electricity, to be classified as a "Worst Served Customer," a customer must have experienced at least 15 interruptions over a 3-year period and at least 5 interruptions in the past year.

This incentive aims to monitor and report on the total number of mains bursts that occur each year per 1000km of network. It is anticipated that monitoring and reporting on this incentive will drive Uisce Éireann to maintain and improve the health of its water mains assets. It is anticipated that this incentive could help reduce public side leakage, increasing the water available for use and therefore increasing security of supply nationally. The CRU also proposes that this incentive may be used to help monitor Uisce Éireann’s reactive maintenance programme as set out under section 5.4.2 of this paper. Further information on this incentive is provided in the table below.

Table 22 CRU proposed incentives for Security of Supply under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
4 Burst mains per 1000km	Incentivise UÉ to maintain and improve asset health	-Increased security of supply -Reduce public side leakage -Improved resilience and sustainability -Increased levels of service -Reduced emissions	Timeline UÉ to report annually from 2028 (2027 data) Measurement Total number Targets UÉ to establish baseline performance by end 2029

5) Top consumers (metered households)

This incentive aims to monitor and report on the total annual consumption of the top 1% and top 10% of metered households. This reflects the urgent need to drive improvements amongst these cohorts. For example, the CRU’s WSC report concerningly found that the top 10% of metered households accounted for c. 37% of total water consumption (during 2023). Further concerning is the fact that the report found that the top 1% of metered (approximately 9,000 households) accounted for c. 15% of total metered household demand (during 2023). These findings highlight the critical need to reduce the unsustainable levels of consumption amongst the top cohorts of domestic metered consumers. It is anticipated that enhanced monitoring and reporting will help incentivise improvements in this area. Further information on this proposal can be found in the table below.

Table 23 CRU proposed incentives for Security of Supply under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
5 Top consumers⁵³ (metered households)	Incentivise UÉ to take measures to reduce consumption amongst top 10% and top 1% of consumers	-Increased security of supply -Conservation of environment -Improved resilience and sustainability -Reduced emissions	Timeline UÉ to report annually from 2027 (2026 data) Measurement Percentage Targets Establish baseline performance by end 2028.

6) Per Capita Consumption (PCC)

⁵³ In 2023, the top 10% of metered households that accounted for c. 37% of total water consumption (during 2023) and the top 1% of metered (approximately 9,000 households) that accounted for c. 15% of total metered household demand (during 2023)

This incentive monitors the total average consumption of water for each domestic consumer each year. PCC is measured in litres per day per person. This is achieved by calculating the percentage reduction of a three-year average PCC in litres per person per day from a baseline year.

The three-year average values are calculated from annual average values for the reporting year and two preceding years. Annual average PCC is defined as the sum of measured household consumption and unmeasured household consumption delivered by the total household population.

Monitoring PCC aims to incentivise the utility to undertake measures to reduce consumption amongst domestic consumers. The need to monitor PCC is driven by the urgency to increase security of supply levels by promoting more sustainable consumption. PCC is monitored in a number of other jurisdictions, including England and Wales. The CRU anticipates that this will assist in its benchmarking and target setting activities which are key to driving improvements in utility performance.

This is described further under appendix 2 of NERA’s Incentives report. Further information on this incentive can be found in the table below.

Table 24 CRU proposed incentives for Security of Supply under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
6 Per Capita Consumption (PCC)	Incentivise UÉ to help customers reduce their consumption	-Increased security of supply -Conservation of environment -Improved resilience and sustainability -Reduced emissions	Timeline UÉ to report annually from 2027 (2026 data) Measurement Litres per day Targets Establish baseline performance by end 2029

5.5.1.3 Category 3: Quality of supply

The incentives under this category are intended to capture Uisce Éireann’s performance in delivering a continuous supply of clean drinking water to the homes and businesses that it serves. For RC4, the CRU has proposed three new incentives under this category. These are set out (7-9) below.

7) Drinking water quality complaints regarding taste, smell or colour

This incentive aims to annually monitor the total number of drinking water quality complaints relating to taste, smell or colour in a given year. This reflects the integral role that Uisce Éireann has in providing a high-quality level of service to customers, including drinking water which is clean and reliable. The CRU anticipates that monitoring and reporting on this incentive will drive improvements in Uisce Éireann’s performance in this area. Further information on this proposal is provided below.

Table 25 CRU proposed incentives for Quality of Supply under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
7 Drinking water quality complaints	Incentivise UÉ to provide high-quality drinking water to consumers	-Improved quality of service -Customer protection	Timeline UÉ to report annually from 2027 (2026 data) Measurement

	relating to taste, smell or colour			Total number Targets Establish baseline performance by end 2028
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8) Properties with pressure/flow below reference level

This incentive aims to annually monitor the total number of properties that have received, and are likely to continue to receive, pressure below the reference level when demand is not abnormal. The CRU understands that for Uisce Éireann customers this is equal to a head of 10 meters,⁵⁴ and therefore this will be the pressure reference level under this incentive. Uisce Éireann note that customers should expect a minimum pressure of 10 metres pressure under a demand of 9 litres per minute (it should be noted greater flows will generate greater head losses). The minimum pressure of 10 metres is based on the requirements of most domestic appliances requiring about 10m pressure to operate.

To help drive improvements in performance under this category, the CRU proposes to monitor and report on this incentive. The CRU understands that this incentive is monitored in other jurisdictions, including England and Wales, which have the same proposed requirements for monitoring pressure.⁵⁵ It is anticipated that this will further aid the CRU in its assessment of Uisce Éireann’s performance through benchmarking and target setting. Further information on this proposal can be found in the table below.

Table 26 CRU proposed incentives for Quality of Supply under PAF for RC4

	Incentive	Objective	Outcomes	RC4 Implementation
8	Properties with pressure below reference level	Incentivise UÉ to provide consumers with adequate water pressure levels	-Improved quality of service -Consumer protection	Timeline UÉ to report annually from 2028 (2027 data) Measurement Total number Targets Establish baseline performance by end 2029

9) Sewerage equipment failure repairs

This incentive aims to annually monitor the total number of equipment failure repairs completed by Uisce Éireann during a given year. This incentive recognises the important role that Uisce Éireann has in maintaining the health of its wastewater assets. It is anticipated that the increased regulatory oversight in this area could lead to better outcomes for consumers, including for example, improved serviceability. It is further anticipated that this incentive could help protect the receiving environment from negative impacts arising from sewer equipment failures. The CRU understands that this incentive is employed in other jurisdictions, including Northern Ireland.⁵⁶ The CRU also proposes that this incentive may be used to help monitor Uisce Éireann’s reactive maintenance programme

⁵⁴ [Uisce Éireann - Network Pressure Management Manual](#)

⁵⁵ [Ofwat - properties at risk of receiving low pressure](#)

⁵⁶ [Northern Ireland Water – wastewater serviceability](#)

as set out under section 5.4.2 of this paper. Further information on this proposal is provided in the table below.

Table 27 CRU proposed incentives for Quality of Supply under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
9 Sewerage equipment failure repairs	Incentivise UÉ to maintain wastewater asset health	-Improved quality of service -Consumer protection -Environmental protection -Resilience and sustainability	Timeline UÉ to report annually from 2027 (2026 data) Measurement Total number Targets Establish baseline performance by end 2028

5.5.1.4 Category 4: Sewer Incidents

Incidents can occur on a sewer network for several reasons including severe rainfall, broken or collapsed sewers, poor maintenance or poor operation of the network. The need to monitor this category reflects the critical role that Uisce Éireann has in maintaining and upgrading its sewer assets to help protect human health and the receiving environment. Therefore, during RC4, the CRU proposes to monitor two new incentives under this category. This will build on the six incentives established during RC3 under this category. The CRU’s RC4 proposals are detailed below (10-11).

10) Total sewer collapses per 1000km

This incentive aims to annually monitor the total number of sewer collapses in a given year per 1000km of network. It is anticipated that this will help incentivise Uisce Éireann to maintain and enhance its sewer assets health. The CRU understands that this incentive is used in other jurisdictions, including Northern Ireland.⁵⁷ This will assist the CRU in its benchmarking and target setting activities. It is anticipated that targeted reporting under this incentive will also help to protect the receiving environment from the negative impacts arising from sewer incident events, including sewer collapses. Enhanced reporting under this area should also lead to improved levels of service for consumers. Additionally, the CRU proposes that this incentive may be used to help monitor Uisce Éireann’s reactive maintenance programme as set out under section 5.4.2 of this paper. Further information on this proposal is provided in the table below.

Table 28 CRU proposed incentives for Sewer Incidents under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
10 Total sewer collapses per 1000km	Incentivise UÉ to maintain and enhance asset health	-Improved customer service -Environmental protection -Resilience and sustainability	Timeline UÉ to report annually from 2028 (2027 data) Measurement Total number Targets Establish baseline performance by end 2028

⁵⁷ [Northern Ireland Water – sewerage service activities](#)

11) Total sewer blockages per 1000km

This incentive aims to annually monitor the total number of sewer blockages in a given year per 1000km of network. It is anticipated that this will help incentivise Uisce Éireann to maintain and enhance its sewer assets health. The CRU understands that this incentive is used in other jurisdictions, including Northern Ireland.⁵⁸ The CRU also proposes that this incentive may be used to help monitor Uisce Éireann’s reactive maintenance programme as set out under section 5.4.2 of this paper. Further information on this proposal is provided in the table below.

Table 29 CRU proposals for sewer incidents under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
11 Total sewer blockages per 1000km	Incentivise UÉ to maintain and enhance asset health	-Improved customer service -Environmental protection -Resilience and sustainability	Timeline UÉ to report annually from 2028 (2027 data) Measurement Total number Targets Establish baseline performance by end 2029

5.5.1.5 Category 5: Environmental performance

The environmental performance category monitors Uisce Éireann’s performance in dealing with wastewater and the sludge that is produced as a by-product of treating both water and wastewater. Uisce Éireann has the key role in treating wastewater and in ensuring that water and wastewater sludge is reused or disposed of in compliance with all relevant waste management legislation. Adequate treatment of wastewater plays an integral role in helping to protect the receiving environment and public health. For RC4, the CRU has proposed one new incentive under this category. This is detailed (12) below.

12) Compliance with storm overflows

This incentive aims to annually monitor Uisce Éireann’s compliance with discharges during storm overflows in a given year. The purpose of this is to help incentivise Uisce Éireann to comply with its wider obligations under the UWWTD. It is anticipated that targeted monitoring in this area will help generate positive outcomes for consumers, for example, improved water quality. It is also anticipated that this will help protect the receiving environment from pressures associated with storm overflow events. The CRU understands that this incentive is used in other jurisdictions, including Italy.⁵⁹ This will assist the CRU in its benchmarking and target setting activities. Further information on this proposal is provided in the table below.

Table 30 CRU proposed incentives for Sewer Incidents under PAF for RC4

Incentive	Objective	Outcomes	RC4 Implementation
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⁵⁸ [Northern Ireland Water – sewerage service activities](#)

⁵⁹ WAREG KPI Report 2023 (please see [p.79](#))

12	Compliance with storm overflows	Incentivise UÉ to comply with legal obligations, including environmental.	-Environmental protection -Consumer protection -Improved quality of service	Timelines UÉ to report annually from 2027 (2026 data) Measurement Total number (of storm overflows) and percentage (of compliance) Targets Declining year on year trend from 2026-2029
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Status updates under PAF for RC4

Additionally, as part of Uisce Éireann’s annual PAF submission, the CRU is proposing that the utility will be required to provide a status update on three areas, including:

- 1) Flexibility and Adaptability
- 2) International Best Practice
- 3) Focused reporting on Security of Supply

As highlighted previously by the CRU in this document, Uisce Éireann is encouraged to draw on pre-existing reports provided, either internally or to external agencies, to limit the potential regulatory burden of additional reporting. The CRU also notes that it will engage Uisce Éireann to refine these proposals following the CRU’s RC4 Determinations. The purpose of this engagement will be to support a comprehensive monitoring framework for RC4 which continues to protect the interest of all Uisce Éireann consumers.

Flexibility and Adaptability

Used by the CRU in the regulation of gas, the regulated entity must submit an annual report illustrating the work it has done and is continuing to do to develop its adaptive planning approach. This incentive aims to encourage Uisce Éireann to develop an increasingly flexible and adaptive approach to network planning and system operation. It is anticipated that this approach could help benefit consumers, for example, by improving the resilience and reliability of water supplies.

Flexibility and Adaptability – Requirements of Uisce Éireann

For RC4, annually, from no later than 31 August 2027, as part of the PAF submission, Uisce Éireann would be required to provide a status update on how it is developing its adaptive planning approach. It is proposed that Uisce Éireann’s update may consider the following areas, as a minimum:

- Work on developing a holistic water network, in collaboration with other stakeholders, and how this is used to inform network planning and investment decisions;
- Lessons learned from past investments, particularly over the previous two years, and how the utility is integrating learnings to inform its future strategy and planning;

- How the utility is planning to deliver long-term outcomes that are aligned with its strategic priorities and system needs under a range of different future scenarios;
- The utilities analysis of trigger points and the external factors influencing them (including the identification of any trigger points that have happened and what actions followed); and
- The utilities work to identify no or low-regrets investment pathways, and how this is being integrated in the existing network planning process.

1) International Best Practice

Used in the CRU regulation of both gas and electricity, regulated entities are required to identify international best practice and compare their performance to the best performing utilities internationally. It is proposed that Uisce Éireann would be required to provide supporting information and data that informed the comparisons. This should include both qualitative and quantitative information. Utilities in OECD countries, and others as considered relevant by the utility, should only be considered in relation to this comparative analysis. Specifically, the report should relate to Uisce Éireann's key activities (e.g., security of supply, quality of supply, customer protection, etc.) and how it aims to deliver a best-in-class services across these aspects of its business.

International Best Practice - Requirements of Uisce Éireann

For RC4, annually and no later than 31 August 2027 as part of the PAF submission, Uisce Éireann would be required to provide the CRU with its status update on international best practice. The status update should clearly set out, at a minimum, lessons learned from the international best practice analysis undertaken (as previously described above) and demonstrate how these lessons will be implemented into Business-as-Usual practices. It is anticipated that this requirement will help to incentivise Uisce Éireann so it continues to be on a pathway to deliver a best-in-class service, through all aspects of its business (i.e., customer service, security of supply, quality of supply, etc.).

2) Focused Reporting on Security of Supply

It is clear that water security and scarcity has to be monitored closely. Noting the capital and operational expenditure allowed for RC4, and *recent drought activation orders and* concerns relating to scarcity, the CRU proposes that a bespoke and focussed report on Scarcity and performance relating to status on scarcity and security of supply indicators is required.

The CRU proposes that Uisce Éireann will annually submit a focussed report specifically on its performance against the metrics relating to security of supply, as per the indicators below (see Security of Supply – requirements of Uisce Éireann below), and on the position relating to water scarcity, water conservation orders issued by Uisce Éireann and the progress made in delivering the investments approved for security of supply during RC4. Additionally, the CIP annual report will cover the progress made in delivering investments targeting security of supply and resilience, this is covered in section 5.3 above.

Security of supply – requirements of Uisce Éireann

For RC4, annually and no later than 31 August 2026 as part of the PAF submission, Uisce Éireann would be required to provide the CRU with its status update on security of supply. Specifically, as a minimum, Uisce Éireann should consider the following as part of its annual status update:

- Water Scarcity Reports - that cover – at minimum a quarterly status update on the position on short term forecast on scarcity, in particular conditions, and assets that are most at risk, and mitigations actions or adaptability options considered.
- Notifying the CRU and other policy makers of any actions being considered by the Executive of Uisce Éireann.
- Long term forecast for scarcity during drought situations and actions being considered.
- Customer communication measures being undertaken for various customer groups.
- Customer feedback being considered and implemented.
- Potential environmental compliance consequences to be considered.
- Water Conservation Orders - being issued quarterly and the water conservation orders issued each year, under the Water Services Act.

Where drought plans are activated, and situations of scarcity arises and CRU deems necessary, the CRU and Uisce Éireann will enter into an agreement on the frequency of such updates on Water Scarcity and Conservation orders, given its significance and importance

CRU Consultation Question(s):

Q16. Do you have any comments on the PAF incentives proposed by CRU for RC4?

Q17. Do you have any comments on the proposed PAF incentive targets or methodologies for RC4?

Q18. Do you have any other PAF incentives that you would like the CRU to consider as part of RC4?

Q19. Do have any comments on the proposed PAF status updates for RC4?

5.5.2 Additional monitoring arrangements

This section of the paper outlines the other additional monitoring arrangements proposed by the CRU for RC4.

The proposals put forward by the CRU are based on key areas of interest to CRU, Uisce Éireann and the consumer, for example, enhanced monitoring of Uisce Éireann's compliance with EU Directives. It is anticipated that these proposals will help support an enhanced monitoring regime

which continues to protect the interest of all Uisce Éireann's consumers. The other monitoring arrangements the CRU is proposing are set out, at a very high level, below:

- 1) Full implementation of capital expenditure recommendations (identified by Arcadis through the RC4 Capex Review)
- 2) A compliance statement from Uisce Éireann regarding Uisce Éireann's compliance with the following EU Directives: UWWTD, DWD, Energy Efficiency Directive and NIS2 Directive⁶⁰.

The CRU's proposals on these arrangements are set out in further detail below (1-2). The CRU will consider all proposals, including stakeholder feedback, in arriving at its Final Determination on the RC4 monitoring arrangements. As highlighted previously by the CRU in this document, Uisce Éireann is encouraged to draw on pre-existing reports provided, either internally or to external agencies, to limit the potential regulatory burden of additional reporting. The CRU also notes that it will engage Uisce Éireann to refine these proposals following the CRU's RC4 Determinations. The purpose of this engagement will be to support a comprehensive monitoring framework for RC4 which continues to protect the interest of all Uisce Éireann consumers.

1) Full Implementation of Arcadis' Capex recommendations

As part of the CRU's proposals to help support an enhanced monitoring and reporting regime, several recommendations have been identified by Arcadis which require addressing during RC4. These recommendations follow on from Arcadis' deep-dive assessment of selected projects and programmes from Uisce Éireann's RC4 Capital Investment Plan (see accompanying CRU paper, CRU2025139g for additional information on the deep-dive assessment process).

Arcadis' recommendations identify improvements that can be made to how the utility manages its capital investment processes during RC4 and beyond. The full implementation of these recommendations by Uisce Éireann will be crucial to supporting an efficient Capital Investment Plan which enables resilient infrastructure delivery to support secure, high-quality water services for consumers.

Tracking Uisce Éireann's progress in implementing the recommendations is crucial as the implementation will inform future investment plans and improvements. Regular updates will be needed for timely delivery and prioritisation where feasible and necessary. These will strengthen Uisce Éireann's internal processes to progress better outcomes for customers and the environment. Ultimately, these recommendations will help inform future capital investment expenditure requirements and monitoring.

The CRU may publish progress being made as supplemental information under the Capital Investment Plan reporting or as a standalone document, depending on progress being made each year.

At a high-level, these recommendations can be divided across 12 separate themes which are summarised in table 31 below. Across the 12 themes presented above, Arcadis have identified a further 27 recommendations, which are summarised in Appendix 1. Additionally, further information

⁶⁰ The NIS2 Directive is an EU directive designed to strengthen and enhance cybersecurity across the EU by establishing a high common level of security for network and information systems.

on these recommendations can be found in the Executive Summary of Arcadis’ Capex report (see accompanying CRU paper CRU2025139a).

Table 31 Arcadis have suggested recommendations across the following 12 themes

1	Managing change	7	Capex projects and programmes
2	Improving asset intelligence	8	Resilience of water
3	Estimating costs	9	Asset health and capital maintenance
4	Shortening project development timelines	10	Funding major projects
5	Managing risk	11	Complying with environmental regulations
6	Procurement processes	12	Information Technology (IT)

Arcadis’ Capex Recommendations - Requirements of Uisce Éireann

2026

By 31 August 2026, Uisce Éireann will be required to submit an implementation plan to the CRU, outlining the proposed roadmap for implementing the 27 recommendations identified by Arcadis (further information on these recommendations is outlined in Appendix 1 of this paper). This roadmap should clearly outline the proposed timelines for implementing each of the recommendations including areas that can be prioritised. The CRU proposes Uisce Éireann provides its proposals in relation to the following key aspects relating to expenditure allowance for RC4:

- The Metering Programme and First Fix
- Asset Health

In light of the recommendations provided by Arcadis, the CRU requires Uisce Éireann, through this consultation, to outline the reasonable reductions it can propose for the metering programme under RC4. Additionally, Uisce Éireann should identify priority areas where the associated expenditure could be redirected to deliver targeted benefits such as initiatives under first fix for leakage reduction, improvements in asset health, or enhancements to the sewer infrastructure. While the CRU has highlighted these as examples, it is the responsibility of Uisce Éireann to propose well-justified set of projects with clear delivery obligations. Furthermore, the CRU expects Uisce Éireann to provide its statistical analysis and supplementary cost benefit assessment to substantiate the urgency and scope of expenditure and level of meter replacement proposed under RC4, particularly in the context of competing priorities. The CRU recognises that some recommendations may take time to fully implement, i.e., by RC5. Therefore, it is imperative that the CRU has the necessary ongoing regulatory oversight to facilitate full implementation of these recommendations by Uisce Éireann.

2027-2029

Following CRU approval of Uisce Éireann’s implementation plan at end 2026, annually, from 2027 to 2029 (i.e., remainder of RC4), Uisce Éireann will be required to update the CRU through a

Quarterly Progress update report. This means the first Quarterly Progress update should be provided to the CRU no later than end of Q1 2027, and every following quarter after until Q4 2029. Subsequently, the CRU intends to publish a commentary on these progress updates, alongside Uisce Éireann's submissions. The CRU commentary will assess Uisce Éireann's implementation of Arcadis' recommendations. This commentary may be as part of a standalone report as part of an existing report, e.g., CIP.

The Quarterly Progress updates provided by Uisce Éireann must clearly set out how the utility is progressing the recommendations identified by Arcadis with demonstratable supporting evidence. Importantly, the Quarterly Progress updates should be in line with the timelines outlined in the agreed implementation plan as approved by the CRU at end 2026. Any deviations to the agreed timelines should be clearly communicated by Uisce Éireann alongside supporting rationale.

On completion or at a particular juncture of implementation the CRU will require an audit to be completed on the implementation of the plan. The scope of which will be determined closer to the time and discussed /consulted with Uisce Éireann.

As mentioned above, the CRU may publish high level progress being made as supplemental information under the CIP reporting or as a stand-alone document, depending on progress being made each year.

2) Compliance statement: UWWTD, DWD, Energy Efficiency Directive and NIS2 Directive

The other monitoring arrangement the CRU is proposing for RC4 relates to Uisce Éireann's compliance with EU Directives, and EU Strategies. Specifically, this relates to the UWWTD, DWD, Energy Efficiency Directive and NIS2 Directive⁶¹, as well as the EU Commission's 2024-2029 Water Resilience Strategy. It is proposed that increased regulatory oversight in these areas could lead to several positive outcomes for consumers and wider society. For example, greater oversight of Uisce Éireann's compliance with the UWWTD and DWD should mean that consumers are provided with a cleaner and more sustainable water services. Greater oversight of Uisce Éireann's compliance with the Energy Efficiency Directive will keep Uisce Éireann continues to be on a trajectory to driving a low carbon future. Lastly, greater oversight of Uisce Éireann's compliance with the NIS2 Directive will provide evidence that the utility is taking measures to enhance its cybersecurity processes thereby protecting the confidential information it possesses of its customers.

The CRU is also proposing Uisce Éireann to report on its water resilience status and activities related to maintaining and improving this status around the country. Water Resilience is part of the European Commission's 2024-2029 agenda and published the [European Water Resilience](#) Strategy in June 2025. Key themes from the Strategy are:

- Governance and implementation: Strengthening policy coherence and enforcement
- Infrastructure: Ensuring investment in resilient water systems.
- Finance and investment: Mobilising public and private funding for water resilience
- Security: Protecting water supply from disruptions and crises.

⁶¹ The NIS2 Directive is an EU directive designed to strengthen and enhance cybersecurity across the EU by establishing a high common level of security for network and information systems.

- Industry, innovation & education: Promoting a competitive and water-smart EU economy.

The CRU supports a focus on water resilience, noting that it affects security of supply, and additionally wants to guarantee that Uisce Éireann, the CRU and Ireland are well positioned in the event of any future EU Directives relating to the topic.

Compliance statement – requirements of Uisce Éireann

Annually, and beginning no later than 31 August 2027, Uisce Éireann would be required to provide the CRU with a standalone compliance statement, approved by its relevant executive committee or compliance team and the Uisce Éireann’s Executive.

This would be a requirement for the remainder of the RC4 period (i.e., 2026-2029). This statement would have to clearly state, with demonstrable evidence (qualitative and quantitative, as required), how Uisce Éireann is complying with its various legislative obligations under the Directives and Strategy below, or the roadmap to compliance:

- UWWTD
- DWD⁶²
- Energy Efficiency Directive
- NIS2 Directive
- European Water Resilience Strategy

UWWTD: As part of Uisce Éireann’s annual status update, the utility would be required to demonstrate its compliance with its obligations under the UWWTD⁶³. This is required as Uisce Éireann is the national provider for water and wastewater services in Ireland. This means that the utility is responsible for wastewater collection and treatment to protect the environment and public health from untreated sewage discharges. Additionally, as part of this update, Uisce Éireann would be required to provide updates on planning and emerging issues regarding future implementation of the UWWTD. It is submitted that enhanced monitoring of Uisce Éireann’s compliance with the UWWTD supports the CRU in its vision of safe, secure and sustainable water supplies for the benefit of consumer both now and in the future.

DWD: In regard to the DWD, the CRU proposes that Uisce Éireann will be required to set out the customer services and information requirements it is providing as required under Annex 4 of the DWD⁶⁴.

Specifically, Uisce Éireann would be required to explain how customer information requirements have been implemented and what improvements are expected to be implemented. Additionally, as part of this status update, the CRU proposes that Uisce Éireann would be required to outline how it is complying with its obligations regarding leakage, as set out under various Annex’s of the DWD. As national provider for water and wastewater services in Ireland, it is imperative that Uisce Éireann complying with its obligations under the DWD. Enhanced monitoring of Uisce Éireann’s compliance

⁶⁶ [Directive - 2020/2184 - EN - EUR-Lex](#)

⁶³ [Directive \(EU\) 2024/3019](#)

⁶⁴ [Directive \(EU\) 2020/2184](#)

with the DWD supports the CRU in its vision of safe, secure, sustainable water supplies for the benefit of consumers both now and in the future.

European Union (Drinking Water) Regulations 2023 (S.I. No. 99 of 2023)

S.I. No. 99 of 2023 implements the legislative requirements of the DWD. Schedule 4 of the European Union (Drinking Water) Regulations 2023⁶⁵ relates to making information publicly available to protect the interest of consumers. This may include, for example, information pertaining to the minimum standards required to make water fit for human consumption or information on how consumers may use water more sustainably. Specifically, Schedule 4 requires Uisce Éireann to make available the information in the following points (1-8 below). This information must be made available in an on-line, user-friendly and customised. Additionally, Uisce Éireann is required to make available this information by other means upon justified request. This includes the following:

- 1 identification of the relevant water supplier, general information on the area and number of people supplied, and the method of water production, including on the types of water treatment and disinfection applied;
- 2 the most recent monitoring results for parameters set out in Tables A, B and C in Schedule 1, including monitoring frequency together with any parametric value set in accordance with Regulation 6; the monitoring results shall not be more than one year old, except where the monitoring frequency set by these Regulations allows otherwise;
- 3 information on the following parameters not set out in Table C in Schedule 1 and associated values;

a) hardness;

b) minerals, anions/cations dissolved in water;

- calcium, Ca,- magnesium, Mg,- potassium

- 4 in the event of a potential danger to human health as determined by supervisory authorities or other relevant bodies following an exceedance of the parametric values set in accordance with Regulation 6, information on the potential danger to human health and the associated health and consumption-related advice or a hyperlink providing access to such information;
- 5 relevant information on risk assessment on risk assessment of the supply system;
- 6 advice to consumers, including on how to reduce water consumption, where appropriate, how to use water responsibly according to local conditions and how to avoid health risks due to stagnant water;
- 7 for water suppliers supplying not less than 10,000 cubic metres of water per day or serving not less than 50,000 people, annual information on the following:

⁶⁵ S.I. No. 99/2023

- a) the overall performance of the water system in terms of efficiency and leakage rates, once that information is available and at the latest on 12 January 2026;
- b) the ownership structure of the water supply by the water supplier;
- c) where costs are recovered through a tariff system, information on the structure of the tariff per cubic metre of water, including fixed and variable costs and costs related to measures for the purposes of Regulation 21, where such measures have been taken by water suppliers;
- d) where available, a summary and statistics regarding consumer complaints received by the water suppliers on matters within the scope of these Regulations;

8 Upon justified request, consumers shall be given access to historical data for information under paragraphs (2) and (3), dating back up to 10 years, if available, and not earlier than 13 January 2023.

To date, Uisce Éireann has reportedly taken a number of measures to comply with the requirements of Schedule 4 above.⁶⁶ The CRU acknowledges that measures have been taken by Uisce Éireann to progress these requirements and encourages the utility to take all measures to confirm full compliance with its obligations under Schedule 4.

The CRU also recognises the importance of Schedule 4 in protecting human health by ensuring key information is made available to consumers and the public. The CRU through this consultation, aims to develop guidance and requirements to further enhance implementation of the Drinking Water Directive and the requirements under S.I. No. 99 of 2023. Therefore, the CRU invites comments on this matter from stakeholders through the consultation question below.

CRU Consultation Question(s):

Q20. What measure(s) would you find beneficial to encourage Uisce Éireann to comply with its obligations under Schedule 4 of the European Union (Drinking Water) Regulations 2023?

Energy Efficiency Directive: As previously highlighted above, Uisce Éireann would be required to annually demonstrate its compliance with the Energy Efficiency Directive. Supporting qualitative and quantitative evidence should be provided to demonstrate compliance. Instances where Uisce Éireann has not complied with the Directive should be clearly communicated alongside how the utility aims to restore compliance with the Directive. Proposed enhanced monitoring under this area for RC4 is particularly important as Uisce Éireann is the largest public energy user in the state.

⁶⁶ Including measures to ensure compliance with the requirements of sections (2), (4), (6) and (8) under Schedule 4 of the European Union (Drinking Water) Regulations 2023. Uisce Éireann has reported that measures are being undertaken to ensure compliance with the requirements of sections (1), (3), (5) and (7) under Schedule 4 of the European Union (Drinking Water) Regulations 2023.

Notably, improvements in energy efficiency can help support the transition to a low carbon future, a key strategic priority for the CRU and Government.

Additionally, it is proposed that as part of Uisce Éireann's annual status update, the CRU would require Uisce Éireann to set out the measures it has in place and plans it proposes to introduce to reduce its energy consumption or demand, at least at peak time.

NIS2 Directive: In relation to the NIS2 Directive⁶⁷, Uisce Éireann would be annually required to report on how it is complying with its obligations under the Directive. Notably, the CRU is designated as a Competent Authority under the NIS2 Directive. Therefore, it is essential that the CRU has the necessary regulatory oversight to help incentivise Uisce Éireann's compliance with the Directive. This will help confirm that Uisce Éireann is undertaking the appropriate measures to help protect the personal and confidential information of consumers, in line with the requirements of the NIS2 Directive. The CRU also notes that cybersecurity attacks can disrupt a utilities ability to effectively treat and distribute water, impacting the levels of service provided to consumers. It is proposed that enhanced monitoring in this area helps to support the CRU in its mission of protecting the interest of Uisce Éireann's consumers.

Water Resilience: Uisce Éireann would be annually required to report on the water resilience status of its assets and network, and how it is working to maintain or improve the status across the country. The report should align with the EU Commission's European Water Resilience Strategy, as well as existing monitoring and reporting such as that carried out by the EPA. The CRU welcomes consultation responses on what this reporting may include and how it is approved. Enhanced monitoring in this area helps support the CRU in its mission of protecting consumers in Ireland, and promoting continuity, safety, security, and sustainability of water services in Ireland, and all reasonable current and foreseeable demands for water are able to be met by Uisce Éireann.

CRU Consultation Questions:

Q21. Do you have any comments on additional monitoring arrangements proposed by CRU for RC4?

Q22. Do you have any other views on further RC4 monitoring arrangements?

5.6 Conclusions

The CRU is of the view that the proposals set out in this section will strengthen and enhance the current monitoring and reporting framework established during RC3 for RC4. This enhanced framework is necessary due to the significant step change in investment proposed for RC4. This step up in investment lends itself to the need for enhanced regulatory oversight, particularly in the case of regulating a monopoly such as Uisce Éireann.

⁶⁷[Directive \(EU\) 2022/2555](#)

The proposed framework includes enhancements to existing CRU reports, including the CIP (through 22 new Delivery Obligations) and PAF (through 12 new incentives). The proposed enhanced framework also includes new reporting requirements, including in relation to Uisce Éireann's investment processes and compliance with EU directives, including DWD, UWWTD and NIS2. A summary of the CRU's proposed enhanced monitoring framework can be found in table 8 of this paper.

The CRU submits that this proposed framework will continue to protect the interest of all Uisce Éireann consumers by ensuring the utility delivers safe, secure, and sustainable water and wastewater services through efficiently incurred costs. The CRU invites comments from stakeholders on these proposals or any other proposals which may help to strengthen the monitoring and reporting framework for RC4.

Appendix 1 – Arcadis Capex Recommendations

Table 32 Arcadis Capex Recommendation 1 – Managing Change

Theme		Recommendation	
1	Managing Change	1	Changes to the Capex Portfolio makeup should be supported by external shifts and extenuating circumstances that are mostly outside of UÉ's control
		2	Improve Capex efficiency by locking in majority of its funding and project / programme list at the start of regulatory period with minor changes only throughout RC4
		3	Enhance the existing change management process by providing further granularity on programme/project basis. Review to occur annually as part of the existing established process between CRU and UÉ

Table 33 Arcadis Capex Recommendation 2 – Improving Asset Intelligence

Theme		Recommendation	
2	Improving Asset Intelligence	4	Further improvement in structured stakeholder engagement when identifying and understanding the level of asset risk. Arcadis understands that regional and local operations, regulatory and environmental teams are consulted as part of understanding asset risk but believes that the input process is somewhat ad-hoc and could benefit from improved governance for consistency
		5	Investigate consistent Capex-level metrics for both water and wastewater assets to optimise investment strategies and more transparent prioritisation of needs and interventions. Differing approaches to understanding Water and Wastewater asset health makes it difficult to compare risks and opportunities between the asset groups across portfolio.

Table 34 Arcadis Capex Recommendation 3 – Estimating Costs

Theme		Recommendation	
3	Estimating Costs	6	In terms of allowances for uncertainty, review early Stage 1 allowances to bring them in line with industry benchmarks from less than 30% to 50-60% to better reflect the optimism bias in early stages of project definition. Increasing allowance for optimism bias at Stage 1 can help improve UÉ's future cost estimations and provide sufficient buffer for developing project scope and delivery

Table 35 Arcadis Capex Recommendation 4 - Shortening Project Development Timelines

Theme		Recommendation	
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4	Shortening Project Development Timelines	7	Review UÉ's optioneering processes and seek to establish streamlined standardised solution selection process where known industry solutions are available and appropriate. A simple matrix of solutions with key criteria set out to significantly fast-track project delivery where possible
		8	Advance the current standard durations approach, with more frequent updates such as quarterly or semi-annually
		9	Develop a separate duration benchmarking specifically focused on risks (such as judicial challenges) and explore methods of integrating it with the existing standard benchmarks

Table 36 Arcadis Capex Recommendation 5 Managing Risk

Theme		Recommendation	
5	Managing Risk	10	Develop a stakeholder and community engagement framework as part of UÉ's governance to provide more robust management of key decision makers and potential opposers of projects at risk

Table 37 Arcadis Capex Recommendation 6 Procurement Processes

Theme		Recommendation	
6	Procurement Processes	11	An increased focus on interrogating and challenging the procured costs to avoid contractor's proposals over and above the required scope to deliver on UÉ's strategic objectives

Table 38 Arcadis Capex Recommendation 7 Capex Projects and Programmes

Theme		Recommendation	
7	Capex Projects and Programmes	12	UÉ should continue updating and reviewing governance for projects in preparation for future approval gates, aiming to achieve consistent recording and governance of projects for RC5 submission
		13	Challenge the need definition and the large scope of metering programme due to lack of data and robust strategy in place. Value for money is unclear. Arcadis' view is that the programme should be significantly revised and reduced, with a focus on maintaining billing, and minimum number of replacements to support leakage and consumption patterns.
		14	Investigate opportunities to drive cost efficiencies and innovation within lead replacement programme to mitigate further cost increases during RC4
		15	In case of significant cost changes, UÉ should undertake additional internal project reviews, to fully understand the cost drivers, and interrogate cost curves and other data. Arcadis notes that such reviews are planned by UÉ at the very end of each project, but there may be further benefit to provide additional review at each gate where costs have increased significantly
		16	Where deliverability issues have been identified as part of the deep dive review, seek to embed a more structured stakeholder management, review timelines for optimism bias and provide more robust risk mitigations for resource gaps

Table 39 Arcadis Capex Recommendation 8 Resilience of Water Supplies

Theme		Recommendation	
8	Resilience of Water Supplies	17	An increased visibility and transparency of the Supply Demand Strategy. Regular updates to CRU on key milestones achieved and changes to existing or emerging risks should be reported.
		18	Embedding a Security of Supply metric with immediate effect for regulatory purposes, whilst UÉ develops a more suitable supply demand balance metric throughout RC4. It is essential to have a total risk metric shown for the overall system despite the existing caveats and assumptions

Table 40 Arcadis Capex Recommendation 9 Asset Health and Capital Maintenance

Theme		Recommendation	
9	Asset Health and Capital Maintenance	19	An increase in ambition and accelerating of the asset strategies development and asset data understanding to improve asset management and the resulting asset performance within RC4
		20	UÉ to set out a clear timeline for achieving ISO 55001 Asset Management Certification to drive ambition and focus on most relevant data-based development in its capital maintenance and asset management practices

Table 41 Arcadis Capex Recommendation 10 Funding Major Projects

Theme		Recommendation	
10	Funding Major Projects	21	Both major projects were funded via ringfenced funding in RC3, and Arcadis opines it reasonable to use a similar funding mechanism for RC4
		22	UÉ to build on its existing delivery plan to include detailed and structured stakeholder engagement map and plan to proactively manage various interested parties to limit potential further delays
		23	Include regular reviews of innovation and efficiencies to drive collaborative and efficient approaches throughout WSP and GDD delivery and identify efficiencies that lead to cost and time savings.

Table 42 Arcadis Capex Recommendation 11 Complying with Environmental Regulations

Theme		Recommendation	
11	Complying with Environmental Regulations	24	Early discussions between UÉ and CRU on implications of the recast UWWTD, to understand the additional work and funding required. Whilst UÉ is assessing the details currently, early engagement with CRU can help with early visibility and understanding any potential impact on the current RC4 portfolio
		25	As it is unlikely all RBMP will become compliant by 2027, Arcadis recommends discussion on accelerating assessments as well as completion of Drainage Area Plans to enable informed decision making on future investment needs
		26	Further discussions on aligning EPA's compliance reporting at an agglomeration level with the UÉ's reporting in the business plan

Table 43 Arcadis Capex Recommendation 12 Information Technology

Theme		Recommendation	
12	Information Technology (IT)	27	Investigation of cost saving opportunities across the IT Run Maintain category

Appendix 2 – Further information on proposed RC4 PAF incentives

Table 44 Definition and Further Information

Incentive	Definition	Further information
1 Connections (time to quote and time to connect)	<p>Time to connect is an incentive that measures how quickly the utility provides a price estimate for the requested new connection, reflecting the efficiency of the utility's administrative and assessment processes</p> <p>Time to quote is an incentive that measures the time it takes the utility to complete the physical connection after the customer has agreed to the quote, reflecting the efficiency of the utility's operational processes, including scheduling work and completing the installation.</p>	<p>Electricity Time to Connect Incentive Decision and Direction (Ofgem, 2019)</p>

Table 45 Definition and Further Information

Incentive	Definition	Further information
2 First contact resolution	An incentive which monitors the percentage of contacts to Uisce Éireann that are dealt with won the first contact	Includes all contacts made to UE, e.g., e-mail, customer care agent, call, etc.

Table 46 Definition and Further Information

Incentive	Definition	Further information
3 Worst served customer	An incentive which monitors the number of customers who experienced at least 15 interruptions over a 3-year period and at least 5 interruptions in the past 1-year.	Price Review 6 Regulatory Framework, section 6.4

Table 47 Definition and Further Information

Incentive	Definition	Further information
4 Burst mains per 1000km	An incentive which monitors the number of burst water mains that require repair for every 1000 kilometers of a water company's network.	Performance commitment definition (Ofwat, 2024)

Table 48 Definition and Further Information

Incentive	Definition	Further information
5 Top consumers (metered households)	An incentive which monitors the total consumption of the top 1% and top 10% of metered households	Section 3.1 of the WSCR 2023

Table 49 Definition and Further Information

Incentive	Definition	Further information
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6	Per Capita Consumption (PCC)	An incentive which monitors the percentage reduction of three year average in PCC litres per person per day (l/p/d).	PCC performance commitment (Ofwat, 2024)
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Table 50 Definition and Further Information

	Incentive	Definition	Further information
7	Drinking water quality complaints relating to taste, smell or colour	An incentive which monitors the total number of complaints relating drinking water quality (smell, taste or colour) during the year	Total number of complaints to be reported separately for each of the three issues, i.e. complaints to be broken down into specific categories for taste, smell and colour respectively

Table 51 Definition and Further Information

	Incentive	Definition	Further information
8	Properties with pressure/flow below reference level	An incentive which monitors the total number of properties that have received, and are likely to continue to receive, pressure below the reference level when demand is not abnormal.	Properties at risk of receiving low pressure (Ofwat, 2017)

Table 52 Definition and Further Information

	Incentive	Definition	Further information
9	Sewerage equipment failure repairs	An incentive which monitors the total number of equipment failure repairs completed by a utility in a year	To include all equipment failure repairs completed in a given year

Table 53 Definition and Further Information

	Incentive	Definition	Further information
10	Total sewer collapses per 1000km	Sewer collapses are defined as the number of sewer collapses per 1000 kilometres of all sewers.	Sewer collapses performance commitment (Ofwat, 2023)

Table 54 Definition and Further Information

	Incentive	Definition	Further information
11	Total sewer blockages per 1000km	Sewer blockages are defined as the number of sewer blockages per 1000km of all sewers.	To include all blockages on the sewer network in a given year

Table 55 Definition and Further Information

	Incentive	Definition	Further information
12	Compliance with storm overflows	An incentive which monitors the utilities legislative compliance during storm overflow events	To include total number of storm overflows and

			percentage compliance in a given year
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Appendix 3 – List of RC3 reopeners

The final determination on the RC3 revenue decision was published by the CRU in late 2019 as CRU19148 which was followed by an update in the following year, releasing withheld capex from certain capital projects (CRU20048). Under the CRU's Revenue-Cap model, a revenue control decision applies for five years of the revenue control. This approach provides certainty and an appropriate envelope of stable funding to allow the utility to operate efficiently and deliver on their Investment Plan. Furthermore, this approach assists ongoing monitoring of investment progress and a straight-forward calculation of the k-factor as part of the lookback. The model also allows for reopeners to accommodate changes in circumstances that were not known at the time of the review. Several reopeners were requested by Uisce Éireann during RC3 for a variety of reasons including:

- Delays in the transition to a Single Public Utility model
- Goods and service inflation
- DBO cost increases
- Energy increases

Aside from the delayed transition to the SPU, the remaining cost drivers were affected to a greater or lesser degree by the Covid-19 pandemic and the Russian invasion of Ukraine. Following a CRU assessment, it was deemed that these cost drivers were outside of Uisce Éireann's ability to control and did indeed have a material impact on price inflation. The reopeners that were made to the RC3 revenue (post the RC3 decision) are as follows:

1. **2021 reopener⁶⁸**: In August 2021 the CRU published its decision on Uisce Éireann's opex efficiency challenge for 2022, 2023 and 2024 following the publication of the Water Sector Transformation Policy paper⁶⁹. Uisce Éireann requested a re-adjustment of the RC3 efficiency challenge due to a one-year delay to the Water Industry Operating Framework programme. The CRU allowed a reduction of efficiency targets to 1 % in 2022 and 4 % in 2023.
2. **2022 reopener⁷⁰**: In July 2022 Uisce Éireann sought additional funds for opex to address increased energy and DBO costs, an adjustment of HICP to reflect actual outturn and forecast values, and a reduction in the efficiency challenge. Following a consultation process, the CRU concluded that Uisce Éireann was facing material inflationary pressure that went beyond the ability of management to fully control. The CRU recognised that absent a decision to grant additional allowances, that service and delivery performance would be adversely impacted. Consequently, Uisce Éireann was granted access to €556m (2017 monies) of capex previously ring-fenced for Major Projects. Additionally, an extra €137m (2017 monies) opex was allocated for 2023.

⁶⁸ [CRU/21093](#) Irish Water Revenue Control 3 (RC3) Update – Controllable Operational Expenditure (2022 – 2024)

⁶⁹ [Water Sector Transformation Policy Paper](#)

⁷⁰ [CRU/2022977](#) Irish Water Revenue Control 3 – Interim Review Decision Paper

3. **2023 reopener:** As with the 2022 request, in July 2023 Uisce Éireann sought additional 2024 opex revenues to address increasing energy costs. Additional opex was granted by the CRU for energy, DBO costs and additional staff due to delay to the Uisce Éireann Transformation programme. The delay also prompted a decision to reduce the 2024 efficiency challenge from 6% to 4%. See table 55 for a breakdown of the impact of the reopeners on the RC3 opex allowance and table 56 for the evolution of the efficiency profile across RC3.

Table 55 Restatement of total RC3 opex arising from RC3 reopener decisions

RC3 Decision	2021 Interim Review	2022 Interim Review	2023 Interim Review
€3.262 Bn	€3.382 Bn	€3.519 Bn	€3.642 Bn
Key driver:	Ervia Separation & UÉT delay	Inflation impact on Energy & DBO costs	Inflation impact on Energy & DBO costs

Aside from updated revenue determinations, the opex efficiency challenge was restated during RC3 as set out in Table 2 below:

Table 56 Updates to RC3 opex efficiency challenge during RC3

Efficiency Challenge	2020	2021	2022	2023	2024
Initial (2019)	2%	2%	4%	6%	6%
2021 Revision	2%	2%	1%	4%	6%
2023 Revision	2%	2%	1%	4%	4%

Appendix 4 – Key issues identified during RC3 and proposed mitigants

1) Uisce Éireann regulatory non-compliance during RC3

In 2025, the CRU wrote to Uisce Éireann to communicate its significant concern with Uisce Éireann's failure to comply with the reporting requirements for the RC3 regulatory framework⁷¹ Uisce Éireann failed to report on several critical metrics relating to leakage, security of supply and sewer incidents. The CRU does however recognise that the utility has been engaging on this issue. Nevertheless, the CRU believes that these critical metrics, particularly security of supply, are of utmost interest to Uisce Éireann's Executive, its customers, developers and stakeholders, including local, indigenous and international industry.

Accurate, timely and complete reporting assists customers, stakeholders and the CRU to understand which areas of the network are most at risk and require targeted investment. Uisce Éireann's failure to provide this information hinders customers' and the CRU's ability to understand the utility's full performance. Providing this information could also improve customers' and stakeholders' input into consultations and broader participation with Uisce Éireann's proposed strategies, projects and initiatives.

In response to Uisce Éireann's non-compliance, and with a view to restoring compliance, the CRU was required to use its legislative powers under section 43(1) of the Water Services (No.2) Act 2013⁷². This helped enable the CRU to perform its legislative functions under the Act, i.e., perform its functions in a manner that best serves the interests of Uisce Éireann customers.

Proposed mitigants

For RC4, the CRU may consider publishing an annual report (or commentary through an existing report, e.g., CIP/PAF) on Uisce Éireann's regulatory compliance with reporting requirements. It is anticipated that that this will incentivise the utility to provide the data required by the CRU in order to carry out its legislative functions and deliver on its strategic priorities.

Financial incentive

Additionally, for RC4, the CRU is proposing a notional incentive of €50,000 against Uisce Éireann's regulatory compliance with CRU reporting requirements. Failure of Uisce Éireann to provide timely and accurate information that complies with reporting requirements as set out in the CRU's Final Determination will result in a €50,000 penalty. Conversely, Uisce Éireann will be rewarded €50,000 should it comply with CRU reporting requirements as set out in the CRU's Final Determination. For example, providing timely and complete submissions of the CIP, PAF, WSCR, etc. The CRU

⁷¹ Uisce Éireann has reported to the CRU that a submission was made on 30 June 2025 to restore regulatory compliance with the CRU's RC3 Decision. The CRU has not yet verified this submission for completeness and accuracy. The CRU will provide an update on this as part of its PAF 2024 report.

⁷² <https://www.irishstatutebook.ie/eli/2013/act/50/enacted/en/pdf>

welcomes any thoughts on this proposal or other proposals stakeholders may have to promote regulatory compliance throughout RC4.

2) Uisce Éireann investment processes, systems and capability (SWI Review)

In December 2019, the CRU published a decision (CRU20085) which required Uisce Éireann to carry out an external review of its processes, systems, people, and capability involved in the identification of investment needs. This was required after the CRU identified issues with Uisce Éireann's RC3 submission. The overarching aim of the CRU decision was to place Uisce Éireann on a trajectory to providing capital investment planning information for regulatory submissions, which is stable and reliable, before the next revenue control period. Uisce Éireann engaged Scottish Water International (SWI) a subsidiary of Scottish Water that offers specialist advice to utilities, to undertake the external review.

The CRU reviewed the SWI Review and noted the findings and recommendations. Subsequently, the CRU decided that Uisce Éireann would be required to implement all recommendations identified through the SWI Review. While Uisce Éireann has made significant progress in implementing the SWI Review recommendations, further work was required to implement all of the recommendations as well as a number of recommendations identified by HR Wallingford. This process is ongoing and the CRU recognises that some of the recommendations would take significant time to implement (i.e. beyond one whole revenue control). The CRU has been monitoring this through an implementation plan and progress updates submitted by Uisce Éireann.

Notably, Arcadis' deep dive assessment of Uisce Éireann's RC3 capital processes and systems helped identify 27 further recommendations across 12 themes. These are detailed under appendix 1 of this paper.

Proposed mitigants

In addition to monitoring Uisce Éireann's implementation of the SWI Review recommendations, for RC4, the CRU proposes that Uisce Éireann would also be required to fully implement the recommendations identified by Arcadis. At a high-level, Uisce Éireann will be required to submit an implementation plan to the CRU, outlining the proposed roadmap for implementing the 27 recommendations identified by Arcadis. This roadmap should clearly outline the proposed timelines for implementing each of the recommendations. The CRU recognises that some recommendations may take several years to completely implement, i.e., into RC5. Therefore, it is imperative that the CRU has the necessary ongoing regulatory oversight to enable full implementation of these recommendations by Uisce Éireann. Further information on these recommendations is outlined in Appendix 1 of this paper. It is anticipated that these proposed mitigants will help enhance Uisce Éireann's processes, systems and capability in the identification of capital planning investment needs during RC4 and beyond.

3) Late reporting and data quality

Another reoccurring and significant issue during RC3 was the failure of Uisce Éireann to report timely and accurate data to the CRU across the full remit of CRU's regulation of Uisce Éireann (i.e., this is not an isolated concern). This was a particular issue regarding leakage data. During RC3, this matter

was formally addressed by the CRU on two separate occasions. The first occasion was via 2020⁷³ letter and the second occasion via a 2025 letter. Separately, the CRU has had multiple direct engagement with Uisce Éireann throughout RC3 on matters of data quality and punctual submission of information.

The CRU believes that clear, accurate and transparent data from Uisce Éireann is critical for the CRU to monitor its annual performance, and for Uisce Éireann, in turn to understand its own performance clearly to inform relevant and targeted action plans, strategies and projects. Furthermore, timely submissions of accurate data and reports play an important role in enabling the CRU to fulfil its legislation functions under the Water Services (No.2) Act 2013 and deliver on its strategic priorities. Further, accurate and timely submissions supplemented with high-quality data is integral to allowing the CRU to continue making balanced, evidence-based decisions which are in the public interest.

Proposed mitigants

For RC4, the CRU proposes that Uisce Éireann would be required to annually attend the CRU's offices to present on the various monitoring reports, i.e., PAF, CIP, WCR (including additional RC4 reporting requirements, see Section 5.2). It is proposed that this would occur during July or August during each respective year of RC4, beginning from 2026. The purpose of this would be for Uisce Éireann to present on key trends emerging across each of the reports and discuss key issues. These bilateral meetings would be required, irrespective of whether performance is rated as good, acceptable or poor.

Additionally, Uisce Éireann would be required to identify linkages across the reports, for example, when an element of the CIP (e.g., rescoping or planning delays) is impacting on the PAF (agglomerations with no wastewater treatment of preliminary treatment). This presentation would also provide the CRU with an opportunity to ask questions on various aspects of the reports. It is anticipated that this would improve the quality of data exchange between Uisce Éireann and the CRU. This should help to support the CRU in continuing to make balanced, evidenced based decisions which are in the public interest.

The CRU may also consider conducting on-site inspections at Uisce Éireann's offices to verify the data submitted by the regulated entity.⁷⁴

It is anticipated that these proposals could help support the submission of more complete and timely data from Uisce Éireann. The CRU welcomes any views from stakeholders on this proposal or any other potential mitigants.

4) Delayed CRU publication of monitoring reports

During RC3, delayed publication of the CRU monitoring reports (i.e., PAF/CIP/WSC) was a reoccurring and concerning issue. Delayed publication of these reports often resulted in the

⁷³ [CRU202229-CRU-Letter-to-Irish-Water-Leakage-Request-for-Information.pdf](#)

⁷⁴ A 2023 WAREG Report on KPI's highlighted that 65% of surveyed WAREG members conduct on-site inspections to validate data ([please see p.32](#))

publication of reports that were out of sync with the reporting year. These delays were caused by a variety of reasons, including late or incomplete submissions, third party data verification and resourcing. Therefore, for RC4, a key objective for the CRU is to restore strict reporting deadlines to facilitate timely report publication. Proposed mitigants that may address this issue are set out below.

Proposed mitigants

As previously described, the CRU proposes to require Uisce Éireann to present annually on all monitoring reports for RC4 to aid CRU in its assessment of the submitted data. These presentations will be scheduled to coincide closely with the submission date. Additionally, the CRU proposes to engage with Uisce Éireann and the SEAI to understand the scope for streamlined reporting of energy and emissions data (further info below). The CRU will also continue to engage with the EPA to (i) understand areas where the respective regulatory duties of both organisations may overlap and (ii) verify Uisce Éireann's environmental-related data (e.g., reported trends for RAL & PAL resolution). The CRU welcomes any thoughts on these proposals or any other mitigants which can support timely publication of the monitoring reports.

5) Third party verification of Uisce Éireann PAF data

Throughout RC3, a notable portion of PAF data submitted by Uisce Éireann reportedly required verification by third parties. For example, some environmental and energy related data was needed to be confirmed by the EPA and SEAI respectively. Of note to the CRU is the verification process of energy and emissions data by the SEAI. Uisce Éireann reports that the verification process is such that energy and emissions data cannot be submitted to the CRU in line with other PAF data (e.g., customer service information). For RC3, this meant that reporting on energy & emissions was not in sync with the standard reporting schedule. For RC4, the CRU seeks to address this reporting discrepancy with the proposed mitigants outlined below.

Proposed mitigants

For RC4, the CRU proposes a more flexible approach, where possible, to the submission of third party verified data by Uisce Éireann. For example, the CRU is exploring options around data that is awaiting third party verification to be identified separately, or other ways to streamline the process. While the CRU recognises that this will require additional co-ordination and engagement between stakeholders, the CRU nonetheless invites further engagement on this matter. The CRU welcomes any views on stakeholders on how to address this issue to help prevent ongoing reoccurrences during RC4.

6) PAF metric vs sub-metric definitions

A separate issue identified during RC3 was the categorisation of PAF metrics. Specifically, some stakeholders were not clear about what was defined as a 'metric' and what was defined as a 'sub-metric'. The CRU agrees that this distinction can generate confusion amongst stakeholders. Consequently, for RC4, the CRU seeks to address this issue to help encourage transparency for stakeholders and the wider public.

Proposed mitigants

The CRU proposes to replace terms 'metric' and 'sub-metric' with the term 'incentive'. For example, during RC3 under the PAF, there was 27 metrics and 46 sub-metrics. If the term 'incentive' was employed for RC3, as proposed above, it would mean there was 46 PAF incentives placed on Uisce Éireann during RC3.

For RC4, the term 'incentive' would essentially be replacing 'sub-metric' with the reference to 'metric' being removed entirely. The CRU believes that this could mitigate against some of the confusion identified during RC3.

CRU Consultation Questions:

Q23. Do you have any views on the issues (1-6) identified by the CRU during RC3? Are there any other issues that you would like to raise to the CRU?

Q24. Do you have any views on the mitigants proposed by the CRU for the issues identified during RC3?

Q25. Do you have any views that you would like to raise concerning any matter raised in this paper?

Appendix 5 – Summary of RC4 Regulatory Framework consultation questions

Question No.	Section Number and Title	Consultation Question	Page
1	3.4 Real Price Effects	Do you agree with the proposal for the recalculation of Uisce Éireann's operational cost allowances to allow for changes in Energy and DBO unit costs during each year of RC4?	24
2	3.4 Real Price Effects	Do you have any views on the proposed scenarios and options regarding RPE initiation?	24
3	3.4 Real Price Effects	Do you have specific comments regarding the additional type and format of information to be provided by Uisce Éireann to the CRU as part of the annual update?	24
4	3.5 Expenditure summary	Do you have any views on the CRU's proposal for an RC4 Expenditure Uncertainty Mechanism?	27
5	3.5 Expenditure summary	Are there alternative mechanisms that the CRU should consider to address material cost increases during RC4?	27
6	3.6 Annual review of investment	Do you have any views on the proposed regulatory framework to annually monitor and assess progress on (i) Major Projects, (ii) Reactive and Maintenance work and (iii) Early-Stage Projects?	36
7	5.3 Uisce Éireann's proposals for enhanced monitoring	Do you have any comments on Uisce Éireann's proposed RC4 PAF incentives?	60
8	5.3 Uisce Éireann's proposals for enhanced monitoring	Do you have any comments on the CRU's proposed RC4 PAF incentives?	60
9	5.3 Uisce Éireann's proposals for enhanced monitoring	Do you have any comments on the RC4 financial incentives proposed by Uisce Éireann or the CRU?	61
10	5.3 Uisce Éireann's proposals for enhanced monitoring	Are there any other financial incentives that you would like the CRU to consider?	61
11	5.4 CRU proposals for enhanced monitoring	Do you have any proposals regarding the WCR Annual Monitoring Report for RC4?	61
12	5.4 CRU proposals for enhanced monitoring	Do you agree with the CRU proposals in relation to the enhanced CIP Monitoring reports? The CRU is consulting on report submission by Uisce Éireann by 30 th June annually and is interested in stakeholder views.	74
13	5.4 CRU proposals for	Are there areas of the CIP which would benefit from additional focus, consistency?	74

	enhanced monitoring		
14	5.4 CRU proposals for enhanced monitoring	Are there focused areas of CIP reporting that require consistent and common reporting from Uisce Éireann, e.g., to avoid duplication or confusion. Please substantiate your response, to assist the final decision.	74
15	5.4 CRU proposals for enhanced monitoring	Are there alternative formats that can be applied by the CRU or Uisce Éireann, to present the information in key reports, e.g., CIP or PAF. If possible, please provide specific examples in your response.	74
16	5.4 CRU proposals for enhanced monitoring	Do you have any comments on the PAF incentives proposed by CRU for RC4?	85
17	5.4 CRU proposals for enhanced monitoring	Do you have any comments on the proposed PAF incentive targets or methodologies for RC4?	85
18	5.4 CRU proposals for enhanced monitoring	Do you have any other PAF incentives that you would like the CRU to consider as part of RC4?	85
19	5.4 CRU proposals for enhanced monitoring	Do have any comments on the proposed PAF status updates for RC4?	85
20	5.4 CRU proposals for enhanced monitoring	What measure(s) would you find beneficial to encourage Uisce Éireann to comply with its obligations under Schedule 4 of the European Union (Drinking Water) Regulations 2023?	91
21	5.4 CRU proposals for enhanced monitoring	Do you have any comments on additional monitoring arrangements proposed by CRU for RC4?	92
22	5.4 CRU proposals for enhanced monitoring	Do you have any other views on further RC4 monitoring arrangements?	92
23	Appendix 4	Do you have any views on the issues (1-6) identified by the CRU during RC3? Are there any other issues that you would like to raise to the CRU?	107
24	Appendix 4	Do you have any views on the mitigants proposed by the CRU for the issues identified during RC3?	107
25	Appendix 4	Do you have any views that you would like to raise concerning any matter raised in this paper?	107