

20<sup>th</sup> October 2025

Policy Proposal

# Trade Effluent transition arrangements and tariff application rules proposals

Submission to the Commission for Regulation of  
Utilities



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# 1. Executive Summary

## **Background:**

Uisce Éireann (UÉ) assumed responsibility for water supply and wastewater services on 1<sup>st</sup> January 2014. Current water supply and wastewater tariff arrangements are set out in the Water Charges Plan (WCP)<sup>1</sup>.

Since 1<sup>st</sup> October 2021, non-domestic customers are charged in line with the Non-Domestic Tariff Framework ('the Framework') as approved by the Commission for Regulation of Utilities (CRU) on 3<sup>rd</sup> July 2019<sup>2</sup>. The Framework introduced harmonised charging arrangements for the supply of water to a non-domestic premises and for removing wastewater from such premises.

As set out in section 3.1.1 of the WCP, UÉ continue to maintain trade effluent tariffs in accordance with the structures and arrangements in place in each Local Authority (LA) area prior to 1<sup>st</sup> January 2014, i.e. the Framework has not yet been extended to accommodate harmonised trade effluent tariffs.

Trade effluent is typically a wastewater arising from a trade, service, research or business activity that is discharged to the sewer. Trade effluent has a different composition to "sanitary wastewater"<sup>3</sup> and may contain additional or higher levels of pollutants that prove more difficult and costly to treat.

The development of current trade effluent charging arrangements was guided by the Government's Water Services Pricing Policy (WSPP)<sup>4</sup> which recommended that large trade effluent customers should be subject to a trade effluent charge that reflects both the volume and strength<sup>5</sup> of the effluent. While such trade effluent charging arrangements currently exist in 18 LA areas, there are 13 LA areas where all trade effluent customers are subject to a volumetric wastewater charge only, with no account taken of trade effluent strength (i.e., the level of pollutants in the wastewater). Furthermore, across the 18 LA areas where a specific trade effluent charge exists, there are inconsistencies in the application of these charges. Some

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<sup>1</sup> [Updated Water Charges Plan](#) 1<sup>st</sup> October 2025.

<sup>2</sup> [CRU Decision on UÉ's Non-Domestic Tariff Framework](#) 3<sup>rd</sup> July 2019

<sup>3</sup> Means wastewater of a composition and concentration (biological and chemical) which originates predominantly from the human metabolism or from day-to-day domestic type human activities, including washing and sanitation. Sanitary wastewater is generated by both domestic and non-domestic customer classes.

<sup>4</sup> Water Services Pricing Policy – consolidation of Water Services Pricing Policy circulars 26<sup>th</sup> September 2002.

<sup>5</sup> Strength means the pollution load or concentration of pollutants in wastewater

trade effluent customers are charged by Mogden formula<sup>6</sup>, individual agreement, or by a specific volumetric rate, while others are charged the standard wastewater volumetric rate for that LA (and have therefore moved to Framework rates since 1<sup>st</sup> October 2021).

Recognising the inequity and complexity of the current arrangements, in 2024 the CRU consulted on, and approved, proposals to extend the Framework to accommodate an aligned and harmonised Trade Effluent Charging Framework from 1<sup>st</sup> October 2026<sup>7</sup>.

Table 1.1 summarises the CRU's decision, setting out how trade effluent customers will be classified for charging purposes and the charging structure that will apply to each tariff category. Trade effluent customers will be classified into three categories based on a combination of their annual discharge volume and their primary business activity.

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<sup>6</sup> A Mogden formula calculates the charges to collect, treat and dispose of trade effluent. Various components of treatment, for example Volume, Chemical Oxygen Demand (COD) or Biochemical Oxygen Demand (BOD), and Suspended Solids (SS) are separate inputs to the formula – see Appendix 3.

<sup>7</sup> See the CRU's 2024 decision [here](#).

**Table 1.1 Approved trade effluent categorisation and charging structure**

Trade Effluent Tariff Category	Combination of Business Activity & Annual Consumption (m <sup>3</sup> )	Compliance and Licensing charge	Standing charge	Variable charge
1	Commercial Activities; and Industrial Activities <sup>8</sup> with annual consumption less than 1,000m <sup>3</sup> or unmetered	TE_CAT_1 charge	Band 1 – 4 standing charges (commensurate with annual consumption)	Band 1 – 4 variable charges (commensurate with annual consumption)
2	Industrial Activities with annual consumption between 1,000m <sup>3</sup> and 249,999m <sup>3</sup>	TE_CAT_2 charge	Band 1 or 2 standing charge (commensurate with annual consumption)	TE_CAT_2 Mogden formula
3	Industrial Activities with annual consumption equal to or greater than 250,000m <sup>3</sup>	TE_CAT_3 charge	Band 4 standing charge	TE_CAT_3 Mogden formula

In accordance with the CRU’s 2024 decision the new harmonised national trade effluent tariffs will be not implemented until 1<sup>st</sup> October 2026.

Water, wastewater and trade effluent tariffs effective from 1<sup>st</sup> October 2026 will be set by the CRU at a later date to align with the CRU’s determination on Revenue Control (RC) 4, which will set out UÉ’s allowed costs for the 2025 to 2029 period. The tariffs included in this paper are calculated in accordance with Strategic Funding Plan (SFP)<sup>9</sup> and, therefore, remain draft and subject to change. The SFP will be subject to economic regulatory review by the CRU as part of the RC4

<sup>8</sup> A list of UÉ deemed Commercial or Industrial Activities is available in Appendix 4.

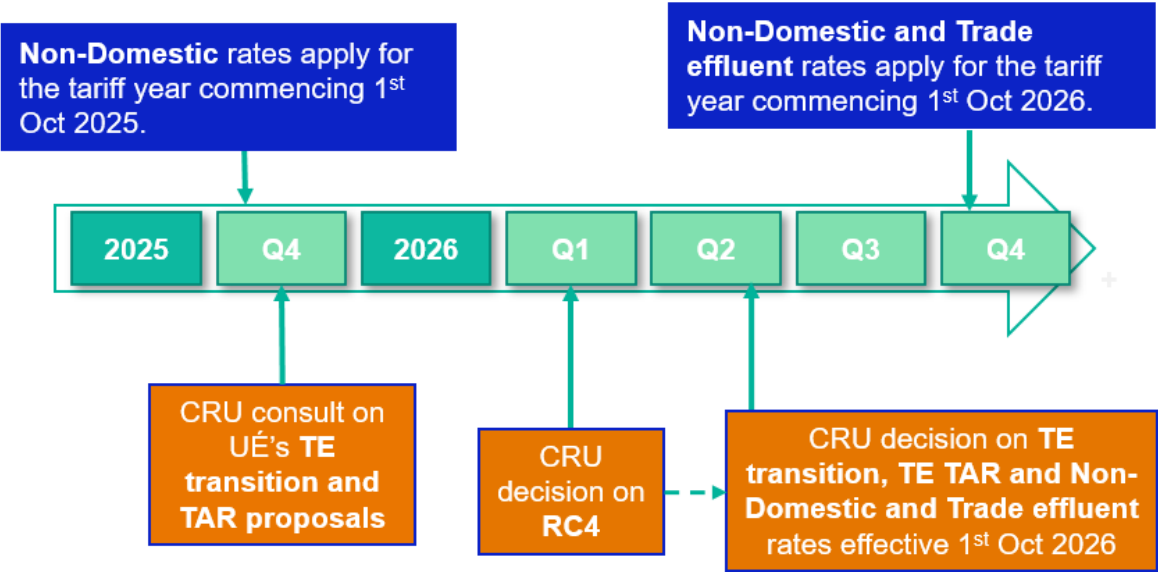
<sup>9</sup> [Uisce Éireann Strategic Funding Plan 2025 - 2029](#) as approved by the Minister of Housing, Local Government and Heritage on 5<sup>th</sup> November 2024

process. Draft trade effluent tariffs are for information purposes only and included to provide context for UÉ proposals related to the implementation of the new trade effluent charges as set out in this paper.

UÉ is cognisant that new, harmonised trade effluent charges when implemented will result in tariff changes for customers. UÉ has therefore considered and developed proposals for trade effluent transition arrangements. In addition, UÉ has also developed several proposed Tariff Application Rules (TARs) to help ensure that trade effluent customers are charged in a consistent and equitable manner as part of the new, harmonised Trade Effluent Charging Framework. The CRU provided a suite of tariff principles to guide the design of UÉ’s proposals.

Figure 1.1. illustrates the key timelines related to the consultation on these matters which are necessary to implement new trade effluent charges and sets out key timelines for updating the non-domestic water, wastewater and trade effluent tariff levels for the 2026/2027 tariff year.

**Figure 1.1 CRU consultation and tariff determination timelines**



**Summary of UÉ’s proposals related to implementing trade effluent charges**

**1. Transition arrangements - eligibility for transition**

UÉ proposes that only trade effluent customers changing tariff structure should be eligible for transition arrangements. In practice, this includes:

- All trade effluent customers moving to Trade Effluent Category 2 or 3 as this will represent a new charging structure; and
- Trade effluent customers moving to Trade Effluent Category 1 who were not previously charged Framework non-domestic wastewater standing and volumetric charges.

Tariff levels will change for all non-domestic (water, wastewater and trade effluent) customers from 1<sup>st</sup> October 2026. This means that many trade effluent customers already charged the Framework rates will face the same impact as other non-domestic wastewater customers. In order to align with the CRU's decision to unwind bill capping arrangements and transition all water and wastewater connections to cost-reflective tariffs by 1<sup>st</sup> October 2026, those trade effluent customers will not be eligible for further transition arrangements.

## **2. Transition arrangements – threshold for transition**

UÉ proposes that only eligible customers facing an annual bill increase of €250 or more (based on the previous year's consumption and sampling results where applicable) should qualify for transition. This is consistent with the threshold for transition approved as part of the original Framework in 2021 and would ensure that support is targeted at customers facing the most significant bill increases.

## **3. Transition arrangements – duration of transition**

UÉ proposes that trade effluent customers should transition to the cost reflective tariffs over a period of up to four years, commencing on 1<sup>st</sup> October 2026 and concluding on 30<sup>th</sup> September 2030. The transition period for non-domestic water and wastewater customers was originally set for three years when the Framework was introduced and then subsequently extended for a minority of customers by a further two years. UÉ believes a four-year transition period is appropriate as it would provide customers with greater stability, reducing the risk of steep bill increases at the end of the period and also allow customers sufficient time to adopt treatment as source measures where viable.

At the end of the four-year transition period, c.150 trade effluent customers are expected to have not yet reached cost reflective, enduring tariffs. The average increase these customers will face in the year after the transition period ends is 90%; with c.25 customers facing increases of between 100% and 200%, and c.15 facing increases above 200%. While some customers may reduce these impacts through adjustments to business practices and/or investment in pre-treatment, it may not be a sufficient mitigation for the most adversely impacted customers. UÉ

therefore proposes that the CRU reassess the need for further transition arrangements before the end of the four-year transition period.

**4. Transition arrangements – transition mechanism**

UÉ proposes to apply a cap on the maximum annual bill increase for eligible customers over the proposed four-year transition period. Given the significant bill increases faced by customers, UÉ proposes that an annually increasing cap would apply over the period. The proposed cap for each year of the transition period is set out below:

Tariff year	2026/2027	2027/2028	2028/2029	2029/2030
Annual cap	20%	30%	40%	50%

A cap is consistent with the transition arrangements afforded standard non-domestic customers since the Framework was introduced in 2021. It offers customers a predictable and stable transition path, helping to mitigate steep increases in bills while moving towards cost-reflective tariffs.

The new trade effluent charges are structured to incentivise behavioural change by charging businesses based on the volume and pollutant load of their wastewater. Rather than acting as a revenue raising measure, the aim of new, harmonised charging arrangements is to lessen the burden of treating trade effluent in UÉ’s wastewater treatment plants, thereby reducing ongoing operational and capital costs. To reduce charges, businesses should focus on decreasing the volume and improving the concentration of different pollutants of their effluent through source control, on-site treatment, or better monitoring. An annually increasing cap, as proposed by UÉ, allows businesses time to invest in effecting these changes in response to a gradually increasing price sign.

**5. TAR – Challenging tariff categorisation**

TARs to enable customers to challenge their tariff categorisation already exist for non-domestic water and wastewater customers. UÉ has proposed several changes to the existing rules to accommodate how trade effluent customers will

be categorised for charging purposes from 1<sup>st</sup> October 2026 using a combination of volume and business activity.

UÉ considers it appropriate and equitable to apply these rules to trade effluent customers as they would provide customers with a transparent and simple approach to challenge their categorisation.

## **6. TAR – calculating a Mogden charge without sampling results**

Category 2 and 3 trade effluent customers will be charged on a Mogden formula as part of enduring, harmonised charging arrangements. Regular sampling will be carried out to measure the concentration of Chemical Oxygen Demand (COD) and Suspended Solids (SS) in the wastewater discharged. These parameters are necessary inputs to calculating a Mogden formula charge, however in some exceptional cases sampling data will not be available (e.g. a new connection).

In the absence of sampling data, UÉ proposes to estimate values for COD and SS based on existing trade effluent customers' licence limits and sampling data. Based on an assessment, UÉ proposes that, for no more than one tariff year, 30% of the customer's Emission Limit Values<sup>10</sup> (ELV) is used to calculate an estimate for COD and SS values to be included in the Mogden formula. For example, if the COD ELV is 1,000 mg/l then 300mg/l is the estimated value included for the purpose of calculating a Mogden formula charge.

## **7. TAR – Distinguishing between trade effluent and sanitary wastewater discharge**

Trade effluent customers often have complex wastewater discharge arrangements, sometimes releasing both trade effluent and non-domestic wastewater together, and sometimes separately, through different discharge points. This complicates how trade effluent customers should be billed for all wastewater services. In certain circumstances, it will be necessary to separately bill a customer for each type of discharge (sanitary wastewater and trade effluent), ensuring charges accurately reflect the specific characteristics and volumes. For example, when measured trade effluent and unmeasured sanitary wastewater are discharged at separate points. In such cases, UÉ proposes using the industry-standard "litres per working day" principle to fairly estimate the volume of sanitary

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<sup>10</sup> An Emission Limit Value is the level of a given pollutant that a trade effluent customer is allowed to discharge to UÉ's wastewater network as set out in their licence.

wastewater discharged, upholding consistency and fairness in the charging process.

Having reviewed the standard practices across the UK, UÉ proposes that the following method of estimation would apply in instances where the volume of sanitary wastewater discharged by a trade effluent customer cannot be measured:

- 25 litres per head per working day where there is no canteen on the premises serving hot meals; or
- 50 litres per head per working day where there is a canteen on the premises serving hot meals.

In both calculations, the estimate of sanitary wastewater discharged will be based on the total number of employees.

## **8. International comparative analysis**

To support the draft bill impact analysis included in this paper, UÉ has undertaken a comprehensive international comparative analysis. This analysis assesses how the draft 2026/2027 tariffs compare to a range of utilities internationally. The comparator charges analysed are the current utility charges. It is reasonable to expect that international charges may increase for the 2026/2027 tariff year. The output of the analysis can be found in Appendix 2.

## 2. Introduction

This paper sets out UÉ proposals relating to the implementation of new harmonised national trade effluent tariffs, namely:

- transition arrangement for trade effluent customers; and
- trade effluent TARs.

The paper includes an assessment of the options for each policy issue, the supporting evidence (including national and international precedent where relevant), and UÉ's proposals to support customers upon implementation of the new trade effluent charges.

### 2.1 Why are trade effluent charges being harmonised?

Wastewater is collected through the sewer network and subsequently treated at a treatment plant. There are three core stages to the wastewater treatment process; primary treatment, secondary treatment, and tertiary treatment and disposal. The process is designed to remove physical matter and pollutants from the wastewater. The level of treatment required at each stage will depend both on the volume of, and the strength or concentration of different pollutants in, the wastewater. For example, the level of primary treatment required depends on the volume of wastewater collected whereas secondary treatment is designed to degrade the biological or chemical oxygen demand of the wastewater and the level required, therefore, depends on the strength or concentration of pollutants in the wastewater.

Wastewater is discharged to sewers from each of UÉ's customer classes; domestic, non-domestic and trade effluent customers (who are a particular type of non-domestic customer). Wastewater from domestic and general non-domestic customers i.e., "sanitary wastewater", originates predominantly from the human metabolism or from day to day domestic type human activities, including washing and sanitation. This 'sanitary wastewater' has a stable range of pollutant levels /strength and a predictable volume per person per day. Wastewater from trade effluent customers i.e., "trade effluent" can vary quite significantly from sanitary wastewater and therefore results in very different treatment costs.

The management of additional or higher levels of pollutants contained in trade effluent such as organic and inorganic matter or compounds, including nutrients or metals, leads to significantly increased costs for UÉ associated with the monitoring, conveyance or collection, treatment and disposal of the trade effluent.

The development of existing non-domestic charging arrangements was guided by the Government's WSPP which recommended that large trade effluent customers should be subject to a trade effluent charge that reflects both volume and strength of the effluent (in accordance with the Polluter Pays Principle as specified in the EU Water Framework Directive). While such trade effluent charging arrangements currently exist in 18 LA areas, there are 13 LA areas where all trade effluent customers are subject to a volumetric wastewater charge only, with no account taken of trade effluent strength. The existing charging arrangements in these 13 LA areas do not have strong incentives to reduce the level of pollutants and volume of trade effluent discharged into UÉ's wastewater network.

Recognising the inequity and complexity of the current arrangements, in 2024 the CRU consulted on and approved proposals to harmonise trade effluent charges in a manner that facilitated alignment with the existing tariff Framework.

In accordance with the 2024 decision the new harmonised national trade effluent charges will be not implemented until 1<sup>st</sup> October 2026. As set out in section 3.1.1 of the WCP, UÉ will maintain trade effluent tariffs in accordance with the structures and arrangements in place in each LA area prior to 1<sup>st</sup> January 2014 until this date. A summary of the CRU's decision on trade effluent tariff design can be found in section 4.

## **2.2 What is being proposed?**

The new trade effluent tariff design when implemented and aligned with the Framework will harmonise tariffs nationwide. This will result in charges which appropriately reflect the costs of providing wastewater services to all non-domestic customers including the trade effluent sector.

The new trade effluent charging arrangements, when implemented, will represent a significant change to the existing tariffing design and structure for some trade effluent customers and will result in many customers facing bill increases through the application of the new regime.

UÉ has therefore considered what transitional arrangements should be put in place to ensure that the impact is mitigated where appropriate and that customer bill changes are implemented smoothly in an equitable manner.

Additionally, UÉ has considered whether the existing TARs<sup>11</sup>, established to inform the application of non-domestic water and wastewater charges, are also

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<sup>11</sup> See [here](#) for the CRU's decision on TARs to support the development of the Framework to date

appropriate for trade effluent charges. TARs are more detailed rules which support implementation of the basic tariff design (see section 4) and help ensure the CRU's decision on the Framework is implemented in a consistent, equitable and transparent manner. UÉ has considered modifications to existing Framework TARs and additional TARs specific to the trade effluent sector, to accommodate harmonised and aligned charging arrangements.

## 2.3 Structure of the paper

This paper is structured as follows:

- **section 3** describes the principles provided by the CRU to guide the development of UÉ's trade effluent transition arrangements and TAR proposals;
- **section 4** provides an overview of the CRU approved trade effluent tariff design which will come into effect on 1<sup>st</sup> October 2026;
- **section 5** sets out draft trade effluent tariffs and bill impacts based on draft tariffs;
- **section 6** assesses the need for transition arrangements and set out UÉ's proposed transition arrangements for trade effluent customers;
- **section 7** considers existing water supply and wastewater TAR and sets out UÉ's proposed TAR for trade effluent customers;
- **section 8** presents draft annual bill scenarios to help UÉ's trade effluent customers understand the circumstances under which it is proposed a transition would apply; and
- **section 9** sets out UÉ's plans to communicate the changes with customers and details next steps in the consultation process.

### 3. Principles to guide the Framework review

The CRU wrote to UÉ setting out the following tariff principles to guide the development of the Framework:

- A. **Equity and no undue discrimination:** tariffs should be equitable and not unduly discriminate between customers;
- B. **Efficiency in the use of water services:** tariffs should incentivise the efficient use of water services;
- C. **Cost reflectivity:** tariffs should be reflective of the costs of providing water services;
- D. **Cost recovery:** tariffs should allow for the recovery of efficiently incurred costs of providing water services;
- E. **Stability:** tariffs should be designed to ensure customer bill volatility is kept to a minimum; and
- F. **Simplicity:** tariffs should be clear, transparent and easy to understand.

The regulatory tariff principles are not given an order of priority. The CRU acknowledged that 'at times conflict and trade-offs can exist between tariff principles and it may be necessary for UÉ to strike an appropriate balance between the different principal objectives as necessary'.

#### 3.1 Application of the CRU principles to transition approach options

Striking an appropriate balance between the tariff principles is particularly challenging when considering transitional approaches for trade effluent. For example, the large variance in current charges across LAs combined with many customer's charges remaining unchanged since 2013 means it is necessary, in UÉ's view, to transition customers from their existing tariff arrangements to the new enduring trade effluent tariffs gradually. This will ensure that customers are not subject to unacceptable single year increases in bills but will mean that transition tariffs will not be as cost reflective nor equitable as enduring trade effluent tariffs.

However, a key priority during any transition period should be to ensure that customers are not subject to unacceptably high single year bill increases. To assist in achieving this outcome, and consistent with previous submissions to the CRU on transition arrangements<sup>12</sup>, UÉ proposes weighting stability as the highest

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<sup>12</sup> For example, see UÉ's 2018 submission to the CRU on non-domestic water and wastewater transitional arrangements proposals [here](#)

ranking of the regulatory principles when evaluating potential approaches to transition.

In this paper, (section 6), we describe the issues to be considered in determining the appropriate transition arrangements to the new trade effluent charges and we set out UÉ's proposed approach.

A "Harvey Ball"<sup>13</sup> style graphic has been used to summarise UÉ's evaluation of several possible transition approach options as assessed against the CRU tariff principles. The extent to which each "Harvey Ball" is shaded reflects the extent to which we judge a transition approach option meets a tariff principle. No shading means that an option does not meet a principle, partial shading means that an option partially meets a principle, and full shading means that an option fully meets a principle.

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<sup>13</sup> 'Harvey Balls' are a useful tool for summarising qualitative information. We use them throughout this paper in comparison tables to indicate the degree to which a particular transition option meets a particular tariff principle

## 4. Trade effluent tariff design

The Framework originally approved by the CRU in 2019 introduced harmonised charging arrangements for the supply of water to non-domestic premises and for removing wastewater from those premises.

Following a further public consultation, the CRU's 2024 decision approved changes to the Framework to accommodate the introduction of harmonised and national trade effluent charges. This section summarises the elements of that decision related to the trade effluent tariff design. This section provides important context for the draft bill impact analysis provided in section 5 and for the proposals on trade effluent transition arrangements and TARs which follow in sections 6 and 7. It is structured as follows:

- **section 4.1** outlines the geographical basis for charging;
- **section 4.2** outlines how trade effluent customers are classified into different tariff classes;
- **section 4.3** outlines how costs are allocated to trade effluent customers; and
- **section 4.4** outlines how the trade effluent tariffs are structured.

### 4.1 Geographical basis for charging

Trade effluent tariffs for both metered and unmetered connections apply on a national basis.

### 4.2 Classifying customers for trade effluent charges

Three separate tariff classes apply to those connections licensed to discharge trade effluent into UÉ's wastewater network (Trade Effluent Category 1, Trade Effluent Category 2, and Trade Effluent Category 3). Trade effluent customers will be classified for trade effluent charges based upon a combination of their primary business activity and annual consumption as set out in table 4.1. A trade effluent customer's classification will be reviewed annually based on the most recent, if any, changes to the business activity and the most recent consumption data.

**Table 4.1 Classifying customers for trade effluent charges**

Trade effluent customer classes	
Trade Effluent Tariff Category	Combination of Business Activity & Annual Consumption (m <sup>3</sup> )
Trade Effluent Category 1	<ul style="list-style-type: none"> <li>Commercial Activities; and</li> <li>Industrial Activities<sup>14</sup> with annual consumption less than 1,000m<sup>3</sup> or unmetered</li> </ul>
Trade Effluent Category 2	<ul style="list-style-type: none"> <li>Industrial Activities with annual consumption between 1,000m<sup>3</sup> and 249,999m<sup>3</sup></li> </ul>
Trade Effluent Category 3	<ul style="list-style-type: none"> <li>Industrial Activities with annual consumption equal to or greater than 250,000m<sup>3</sup></li> </ul>

Trade Effluent Categorisation (TEC) codes are used to categorise trade effluent customers into defined Commercial Activities and Industrial Activities based on similarities in the strength of wastewater discharged. UÉ assigns business activities a TEC code description and number which reflects the primary activity and relative strength of effluent discharged by each trade effluent customer.

A detailed description and guide to the TEC codes that will be used to classify Commercial and Industrial Activities is contained in Appendix 4. Commercial Activities and Industrial Activities are summarised as follows:

- Commercial Activities**

For customers undertaking ‘Commercial Activities’ as outlined in Appendix 4, UÉ considers that the wastewater discharged, while legally a trade effluent discharge,

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<sup>14</sup> A list of UÉ deemed Commercial or Industrial Activities is available in Appendix 4.

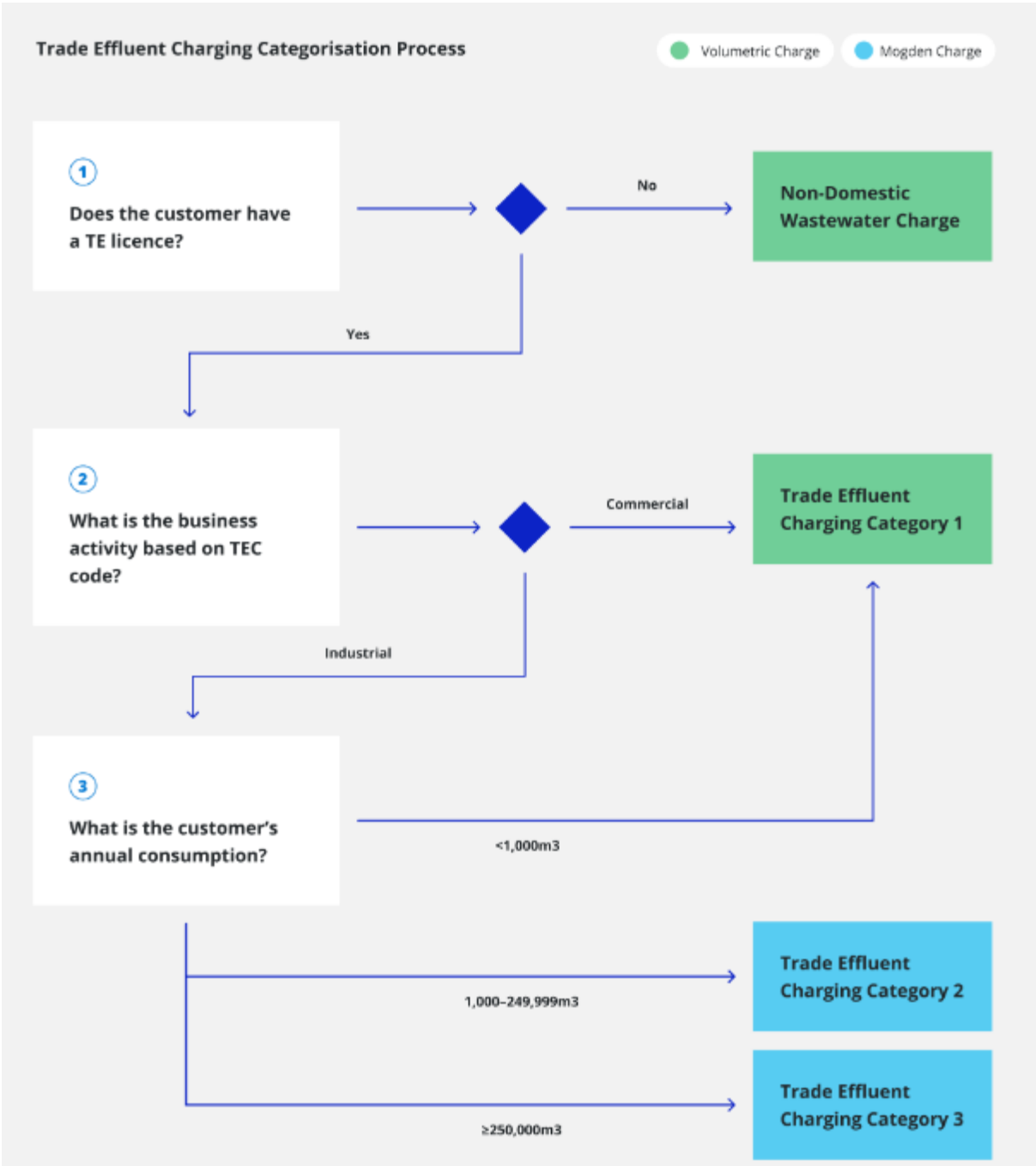
is insignificant in volume and/or strength. As it is likely to pose a low operational risk to the compliant operation of the network and/or receiving treatment plant, such discharge can reasonably be expected to require a lower level of compliance and licensing management. Examples of Commercial Activities are service stations, swimming pools, healthcare facilities, food service establishments (FSEs) and caravan parks (for a full list see Appendix 4, table A.4.2).

- **Industrial Activities**

As evidenced through sampling and monitoring or consent history, business activities categorised as 'Industrial Activities' may present significant operational risk to the compliant operation of the network and/or treatment plant receiving the discharge. The operational risk could be in terms of the biological or chemical profile of the discharge, the rate of discharge, and/or the volume presented. Trade effluent customers carrying out Industrial Activities will be subject to a high frequency sampling programme based on the nature and characterisation of wastewater discharged and the risk, or potential risk, it poses to UÉ's wastewater assets. Industrial Activities typically are manufacturing, processing, waste management or transport facilities (for a full list see Appendix 4, table A.4.3), for example, food and drink manufacturing, pharmaceutical manufacturing, and waste facilities such as Landfills or waste transfer stations.

Figure 4.1 illustrates UÉ's approach to categorising trade effluent customers based upon a combination of their primary activity and annual consumption.

**Figure 4.1 Trade effluent customer classes – approach to customer categorisation**



**4.3 How the costs of providing water and wastewater services are allocated to each customer class**

The CRU approves the efficient costs that UÉ is allowed to recover for its various functions (functionalised costs) under a separate Revenue Control process. Tariff design focuses on allocating functional costs to cost components. This facilitates

the collection of allowed revenues from customer classes. Cost Allocation analysis allows the matching of revenue recoverable from a particular customer class to the costs they generate. The CRU's 2024 decision allocates costs to customer classes on a Fully Allocated Cost (FAC) basis. This methodology is explained in detail in Appendix 5.

In line with the 2024 Framework decision, UÉ updated the cost allocation analysis reflecting:

- i. The approved SFP as the cost basis to set tariffs in the 2026/2027 tariff year; and
- ii. 2023 cost driver data (volumes, connections, and PE).

This analysis results in an assessment that revenue from non-domestic tariffs (water supply, wastewater and trade effluent) should contribute 24.71% of total allowed revenue. This reflects the costs of providing water and wastewater (including trade effluent) services to the non-domestic sector. It should be noted that this assessment is draft and is subject to change pending the outcome of the CRU's RC4 process. The draft cost allocation presented in this paper will be updated to reflect the CRU's final determination on RC4 when available ensuring tariffs effective 1<sup>st</sup> October 2026 are appropriately calculated.

Table 4.2 compares the draft non-domestic cost allocation analysis for the 2026/2027 tariff year to the cost allocation analysis approved under the CRU's 2024 Framework decision. Notably, the overall non-domestic allocation has risen slightly due to the change in cost drivers. The allocation for trade effluent services has also slightly increased. An analysis of the impact of the change in the allocation is set out in section 5.

**Table 4.2 Cost Allocation to the Non-Domestic sector**

Category	Service				Overall
	Water Supply	Waste water	Trade effluent	Other	Total
Current Cost Allocation	12.00%	5.92%	5.22%	0.84%	23.99%
Draft Cost Allocation	12.53%	6.06%	5.37%	0.75%	24.71%

**4.4 Trade effluent tariff structure**

The trade effluent tariffs will be structured<sup>15</sup> in the following way:

- Application of tariffs to trade effluent customers on a per connection basis;
- Application of a national domestic allowance<sup>16</sup> of 213m<sup>3</sup> per annum for mixed-use<sup>17</sup> connections;
- Application of a multi-part metered tariff, with the following fixed and variable components; fixed standing charge, fixed compliance and licensing charge and variable volumetric or Mogden formula<sup>18</sup> charge for all metered connections; and
- Application of a two-part unmetered tariff, with a fixed (compliance and licensing charge) and flat charge to all unmetered<sup>19</sup> connections (unmetered Band 1 and 2).

Table 4.3 sets out the proportional split to be recovered from the standing, compliance and licence and volumetric charge components for trade effluent

<sup>15</sup> In addition to the existing tariff structure, UÉ has proposed a sanitary wastewater allowance to apply in certain circumstances, in section 7 of this paper.

<sup>16</sup> The domestic allowance represents the portion (volume in m<sup>3</sup>) of water used or wastewater collected for domestic purposes in a mixed-use premises.

<sup>17</sup> Connections providing water services for both non-domestic and domestic purposes at a premises are termed ‘mixed-use’.

<sup>18</sup> Regular sampling will be carried out to measure the concentration of COD and SS in the wastewater discharged. These parameters are necessary inputs to calculating a Mogden formula charge.

<sup>19</sup> Applies when no water supply meter is in place.

services based on the draft tariffs. This table results from the application of the CRU's 2024 Framework decision. Functional costs are recovered through the standing, compliance and licensing and the variable charges.

**Table 4.3 Proportional split between fixed and variable charges - trade effluent**

<b>Trade Effluent - % revenues recovered from charging components</b>			
<b>Customer class</b>	<b>Standing charge</b>	<b>Compliance and licensing charge</b>	<b>Variable charge</b>
Trade effluent overall	3.9%	3.8%	92.4%
Category 1	5.5%	9.2%	85.2%
Category 2	3.6%	4.6%	91.8%
Category 3	3.1%	0.3%	96.6%

## 5. Draft trade effluent tariffs and impact analysis

The calculated tariffs and associated customer impact analysis included in this paper are draft and subject to change.

The trade effluent tariff rates (and resulting estimated customer bill impact analysis) set out in this paper align with the approved SFP and are not the final rates that will be applied to customers' bills. The CRU is holding a separate consultation on RC4 which will establish UÉ's allowed cost base for 2026. A CRU decision on enduring 2026/2027 non-domestic tariffs (water supply and wastewater services including trade effluent), will ultimately reflect the CRU's decision on RC4 costs for 2026.

This section sets out, for illustrative purposes only, draft tariffs and some commentary on the expected impact for trade effluent customers from 1<sup>st</sup> October 2026. Tables 5.1 to 5.5 set out draft trade effluent tariffs calculated based on the approved SFP, 2023 cost driver data (volumes, connections, and PE) and the CRU's 2024 decision on the trade effluent tariff design.

### 5.1 Draft trade effluent tariffs

The CRU's 2024 decision provides that metered trade effluent connections will pay a standing charge and a compliance and licensing charge. A volumetric charge based either on the Framework wastewater rates or the Mogden formula, depending on the trade effluent tariff category, will also apply. Unmetered<sup>20</sup> trade effluent connections will pay two fixed charges per year (a single fixed unmetered charge and the Trade Effluent Category 1 compliance and licensing charge).

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<sup>20</sup> Applies when no water supply meter is in place.

**Table 5.1 Metered Trade Effluent Category 1 rates**

Trade Effluent Category	Wastewater Customer Class	Standing charge (p.a.)	Volumetric charge (€/m <sup>3</sup> )	Compliance & Licensing charge (p.a.)
Trade Effluent Category 1	Band 1 (<1,000m <sup>3</sup> )	€109.63	€2.50	€383.00
Trade Effluent Category 1	Band 2 (1,000 – 19,999m <sup>3</sup> )	€452.51	€2.49	€383.00
Trade Effluent Category 1	Band 3 (20,000 – 249,999m <sup>3</sup> )	€4,492.96	€2.48	€383.00
Trade Effluent Category 1	Band 4 (>=250,000m <sup>3</sup> )	€88,458.60	€2.47	€383.00

**Table 5.2 Unmetered Trade Effluent Category 1 rates**

Trade Effluent Category	Wastewater Customer Class	Flat charge (p.a.)	Compliance & Licensing charge (p.a.)
Trade Effluent Category 1	Unmetered Band 1	€435.15	€383.00
Trade Effluent Category 1	Unmetered Band 2	€2,742.29	€383.00

**Table 5.3 Trade Effluent Category 2 and 3 standing charges and compliance and licensing charges**

Trade Effluent Category	Wastewater Customer Class	Standing charge (p.a.)	Compliance & Licensing charge (p.a.)
Trade Effluent Category 2	Band 2 (1,000 – 19,999m <sup>3</sup> )	€452.51	€3,367.84
	Band 3 (20,000 – 249,999m <sup>3</sup> )	€4,492.96	€3,367.84
Trade Effluent Category 3	Band 4 (>=250,000m <sup>3</sup> )	€88,458.60	€8,740.34

**Table 5.4 Trade Effluent Category 2 and 3 Mogden formula charge per cubic metre**

Trade Effluent Customer Class	R (€/m <sup>3</sup> )	V (€/m <sup>3</sup> )	B (€/m <sup>3</sup> )	S (€/m <sup>3</sup> )	Total
Trade Effluent Category 2 (1,000 – 249,999m <sup>3</sup> )	€0.47	€1.30	€0.67	€0.56	€3.00
Trade Effluent Category 3 (>=250,000m <sup>3</sup> )	€0.43	€1.30	€0.67	€0.56	€2.96

**Table 5.5 Mogden formula average pollutant values**

Pollution parameter	National average <sup>21</sup>
Os (National average of COD)	463 mg/l
Ss (National average of SS)	244 mg/l

**5.2 Summary of the draft impact on customer bills**

The new trade effluent charging arrangements, when implemented, will represent a significant change to the existing tariffing design and structure for some trade effluent customers and will result in many customers facing bill increases.

UÉ has assessed the impact that the CRU’s 2024 decision on tariff design is expected to have on existing trade effluent customers’ annual bills. Based on the approved SFP and 2023 cost driver data, figure 5.1 demonstrates the impact of moving to the CRU’s decision on enduring trade effluent charging arrangements before any transitional arrangements to support customers have been applied.

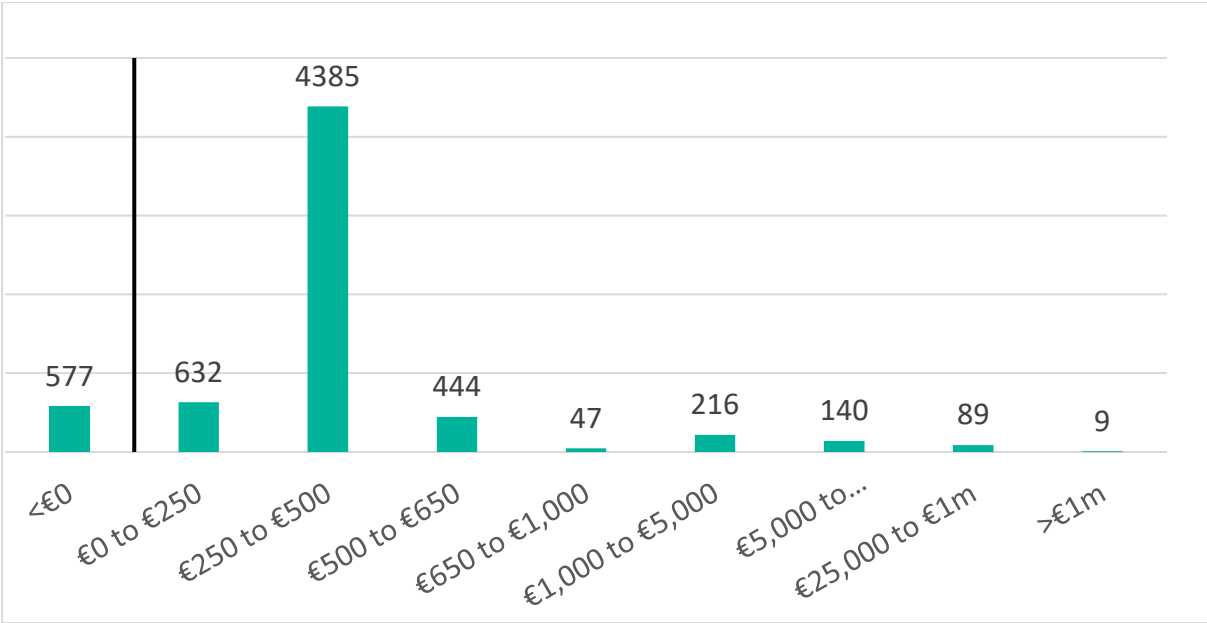
However, this analysis is unlikely to represent the true impact faced by trade effluent customers. The true impact cannot fully be determined until the conclusion of the RC4 process which will establish UÉ’s 2026 allowed revenues.

The analysis indicates that, while most trade effluent connections will face an increase, c.86% of connections would see an increase of less than €500 per annum as a result of moving to the new tariffs.

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<sup>21</sup> Calculated by UÉ reflecting national average of COD and SS across the network over a rolling three-year period from 2021 to 2023.

**Figure 5.1 – Draft trade effluent bill impact**



**5.2.1. Factors which may influence bill change**

In this section, UÉ considers how implementing the approved trade effluent tariff design will impact customers. In particular, the factors that are changing, and which will drive changes in trade effluent customer bills. The interaction of all factors will determine how a trade effluent customer’s total bill will change.

**i. Changes in charging structure**

The change involved in moving from a trade effluent customer’s current to enduring tariff design is a key factor in determining how bills will be impacted. The level of change varies depending on each trade effluent customer’s current tariff design:

- **Trade effluent customers currently charged Framework rates:**

Most trade effluent customers are currently, and will continue<sup>22</sup> to be, charged the standard non-domestic wastewater volumetric and standing charge rates. These customers will be impacted by tariff level changes to reflect UÉ’s updated allowed revenues. They will also be impacted by the introduction of the fixed compliance and licensing charge which will apply to all trade effluent customers and will

<sup>22</sup> The expectation is that the majority of trade effluent customers will be assigned to Trade Effluent Category 1

replace the monitoring or Fats, Oils, and Grease (FOG) charges which currently apply to some trade effluent customers.

Some trade effluent customers currently charged Framework wastewater volumetric and standing charge rates will be assigned to Trade Effluent Category 2 or Trade Effluent Category 3 as part of enduring trade effluent charging arrangements. The same Framework standing charge updated to reflect UÉ's updated allowed revenues, a Mogden formula charge, and the fixed compliance and licensing charge will apply to these trade effluent connections from 1<sup>st</sup> October 2026. These trade effluent connections will be charged based on a Mogden formula including volume and strength' values for the first time, taking the level of pollutants in their effluent into account.

- **Trade effluent customers currently charged through the Mogden formula**

There are a small number of connections that are currently charged on a Mogden charging structure. The draft Trade Effluent Category 2 and Category 3 Mogden formula parameter charge values are higher than the existing Mogden charges as those values have not been amended in over 10 years. The Framework standing charge and the fixed compliance and licensing charge will also apply to these trade effluent connections from 1<sup>st</sup> October 2026.

- **Trade effluent customers currently charged a specific trade effluent charge**

There are currently a small number of connections charged a specific trade effluent charge (as previously determined by their LA). Many of the connections currently on a specific trade effluent charge will move to UÉ's proposed Trade Effluent Category 1 and will be charged Framework wastewater volumetric and standing charge rates from 1<sup>st</sup> October 2026. The fixed compliance and licensing charge will also apply to these trade effluent connections.

Trade effluent customers who claim to have an existing agreement or contract in respect of a specific trade effluent charge can avail of UÉ's trade effluent legacy charging arrangements process in advance of 1<sup>st</sup> October 2026 (see section 9).

## ii. Pollutant strength or concentration

The introduction of Population Equivalent (PE) as a cost driver and the direct allocation of trade effluent compliance, monitoring and sampling costs is placing upward pressure on trade effluent tariff levels. PE is a better indicator of the

strength of wastewater discharged by domestic and non-domestic (including trade effluent) customer groups than relative share of wastewater volumes. The inclusion of PE as a cost driver enables a tariff structure more aligned with the Polluter Pays Principle (PPP); customers discharging higher strength wastewater will pay higher wastewater treatment charges.

Industrial Activities placed in Trade Effluent Categories 2 and 3 are likely to discharge wastewater with a higher concentration of pollutants than sanitary wastewater because of the nature of their business activity.

However, as the Mogden formula takes into account the level of treatment with the effluent discharged, customers will also be charged less if their wastewater is 'cleaner' than the average (i.e., contains low levels of pollutants). Setting trade effluent charges that include components related to the strength of trade effluent discharged may encourage or incentivise more significant trade effluent customers to invest in process modification or onsite effluent treatment in response to the price signal. In summary, the application of the Mogden charging structure may result in a bill increase for some customers and a bill decrease for other customers.

It is worth highlighting that in 2025 UÉ launched an Advanced Water Stewardship programme<sup>23</sup>. This new offering is designed to support business customers in addressing trade effluent and water quality challenges. See section 9 for further details.

### iii. Summary impact of the 2026 funding as set out in the SFP

The actual impact of the change in UÉ's cost base for 2026 on tariffs cannot be determined until the CRU's final RC4 determination. The draft trade effluent tariff rates included in this paper are reflective of the approved SFP. In line with the approved SFP, capital investment is expected to increase over the RC4 period which will increase capacity, reduce leakage, improve resilience, facilitate economic growth, support the delivery of housing and achieve greater compliance with water and wastewater standards. The investment in the infrastructure will also drive growth in operational expenditure, to operate and maintain these assets. The impact of these increased operational and capital requirements are the key factors driving the increase in draft tariff levels.

In determining the impact on bills, it is also important to note:

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<sup>23</sup> See [here](#) for more information on the Advanced Water Stewardship programme.

- the CRU's decision to directly increase non-domestic water and wastewater tariffs by 9.8% for the 2025/2026 tariff year<sup>24</sup> which may not align with UÉ's 2025 cost base; and
- that there are a small number of (generally large) connections currently charged a specific trade effluent rate (as previously determined by their LA) which remains unchanged since 2014.

As a result of the current charges which apply to TE customers, applying the draft tariffs to trade effluent customer bills would result in average increases of c.91% across all tariff classes for the 2026/2027 tariff year.

Most of the draft trade effluent fixed and variable charges are set to increase which means that the vast majority of trade effluent tariff connections are expected to see bill increases. The draft Band 2 wastewater volumetric rate is set to decrease which may give rise to a reduction in some customers' bills, who are currently, and will continue to be, charged the Framework volumetric rates. In addition, the draft Band 3 wastewater volumetric rate is set to remain stable minimising the impact on other customers' bills.

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<sup>24</sup> It was not possible to set tariffs effective from 1<sup>st</sup> October 2025 based on the timing of CRU's final RC4 determination and in accordance with the FAC methodology. Given these time constraints, the CRU decided on an alternative means to update water supply and wastewater services tariff levels effective on 1st October 2025. See [here](#) for more information on the CRU's decision.

## 6. Trade effluent transition arrangements

Given the wide range of separate trade effluent charging arrangements in place across the country with varying tariff levels, structures and applications, moving to the new trade effluent tariff design will result in tariff changes (a decrease or an increase) for all customers.

As can be seen in the draft impact analysis presented in section 5, based on draft trade effluent tariffs, significant bill changes are expected for some customers. Implementing the new harmonised, enduring Trade Effluent Charging Framework requires the following two key changes from the existing charging arrangements:

- **Revenue Rebalancing** refers to the move from the existing level of trade effluent charges, which recover approximately 2.84% of allowed revenues, to a more cost reflective level of charges, set to recover approximately 5.37%<sup>25</sup> of allowed revenues; and
- **Tariff Harmonisation** refers to the move from existing arrangements where trade effluent charges are set inconsistently for different parts of the country (i.e., volume and strength-based tariffs for 18 LA areas and volume only i.e. no strength-based tariffs for 13 of the 31 LA areas) to a national tariff structure with three customer classes.

Taking into account the requirement for Revenue Rebalancing and Tariff Harmonisation, UÉ has assessed the changes that enduring trade effluent tariffs are expected to have on existing trade effluent customers' annual bills.

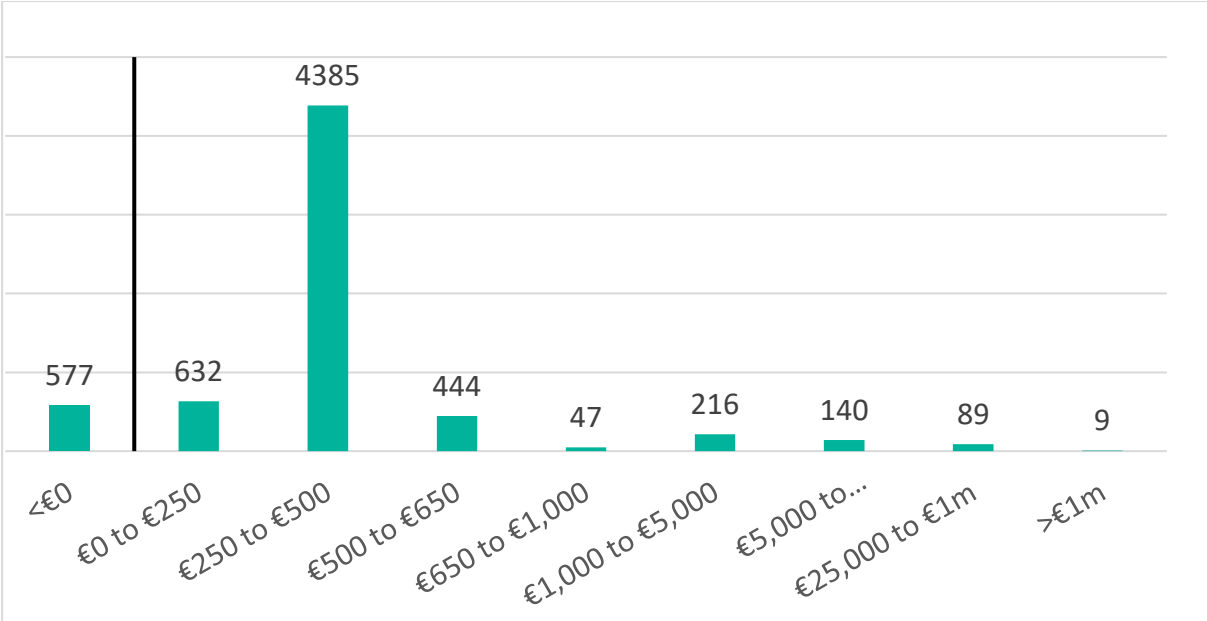
As demonstrated in Figure 6.2, most trade effluent customers are expected to see an increase in their annual bill following the introduction of harmonised tariffs on 1<sup>st</sup> October 2026. The range of increase will vary significantly with some customers facing a large increase in their annual bill.

For 86% of connections, the increase will be no more than €500. However, UÉ recognises that some of the steep increases indicated in figure 6.1 will be a key concern. It is, therefore, important that appropriate transitional arrangements are put in place to ensure that significant impacts are mitigated and that customer bill changes are implemented smoothly in an equitable manner.

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<sup>25</sup> The 5.37% allocation includes an 2.84% allocation currently recovered from wastewater customers. Approx. 6,300 customers (accounting for c.2.0% of current revenues) are currently assigned to wastewater Tariff Bands and contribute to wastewater revenue recovery. These customers will be reclassified to Trade Effluent Categories and recovery of their cost allocation will be recognised as trade effluent revenue under UÉ's proposals.

**Figure 6.1 – Number of trade effluent connections estimated to face bill decreases and increases in 2026/2027 tariff year by euro impact**



This section considers what transitional arrangements should be put in place to ensure that the impact is mitigated where appropriate and that customer bill changes are implemented smoothly in an equitable manner. The following key issues need to be considered in moving customers onto enduring tariffs:

- Who should be eligible for transition;
- The duration of transition; and
- The appropriate transition approach.

Each of the assessments of the options related to transition are first assessed individually against the CRU regulatory principle of (E), 'Stability'. As set out in section 3, UÉ proposes weighting stability as the highest ranking of the regulatory principles when evaluating potential approaches to transition. All transition approach options are then evaluated against the remaining CRU regulatory principles of:

- A. 'Equity and no undue discrimination';
- B. 'Efficiency in the use of water services';
- C. 'Cost reflectivity';
- D. 'Cost recovery'; and
- F. 'Simplicity'.

The remainder of this section is structured as follows:

- **Section 6.1** sets out precedent for transition arrangements in Ireland and elsewhere;
- **Section 6.2** considers whether transition arrangements should apply to trade effluent customers and who should be eligible;
- **Section 6.3** considers the bill impact threshold above which trade effluent customers would qualify for transition;
- **Section 6.4** considers how long transition arrangements should apply for;
- **Section 6.5** considers the method to calculate transition tariffs for trade effluent customers; and
- **Section 6.6** includes a summary of the proposed trade effluent transition arrangements.

## 6.1 Transition arrangements – precedent

Transition arrangements are an important tool to help mitigate the impact of revenue rebalancing and tariff harmonisation on customers’ bills. Below UÉ reviews the two most relevant examples to assess whether there were useful learnings to assist in guiding the development of its proposals:

- Ireland – non-domestic water and wastewater tariff harmonisation; and
- Scotland - charging for Scottish Water’s trade effluent customers.

### i. Ireland – non-domestic water and wastewater tariff harmonisation

Given the wide range of tariffs, structures and rules that were previously in existence across the country the move to a harmonised Framework resulted in tariff changes (a decrease or an increase) for most non-domestic water and wastewater customers. Transitional arrangements were put in place to ensure that significant impacts were mitigated and that customer bill changes could be implemented smoothly in an equitable manner.

The CRU’s 2019 Framework decision provided for UÉ to apply the following non-domestic transition approach from 1<sup>st</sup> October 2021 until 30<sup>th</sup> September 2025:

- Connections facing an expected annual bill decrease or an annual bill increase of less than €250 (based on their previous year’s consumption) moved to enduring tariffs straight away;

- Connections facing an expected annual bill increase of between €250 and €750 (based on their previous year's consumption) transitioned to enduring tariffs over three years; and
- Connections facing an expected annual bill increase of more than €750 (based on their previous year's consumption) transitioned over three years. A 10% annual bill increase cap was applied automatically to a connection's bill (where required) for each year of the transition. The transition mechanism benefited c.26,000 connections, gradually increasing their bills over a three-year period to the prevailing, enduring charges.

The new harmonised non-domestic water and wastewater tariffs were fixed for 3 years following their introduction on 1<sup>st</sup> October 2021 in order to provide price certainty and stability to customers and allow customers to gradually transition from their old tariff rates to the new enduring tariff rates. While these transitional arrangements were necessary and helped customers to adjust to the new charging arrangements under the Framework, the approach created a situation where a significant increase in bills built up for all non-domestic customers in the tariff year after the initial three-year transition period concluded.

To explain, tariffs effective between 2021 and 2024 did not change and were calculated to reflect UÉ's allowed revenues for 2019. When tariffs were updated for the 2024/2025 tariff year using UÉ's 2024 allowed revenue, €1,474m (in 2024 prices), this represented an increase of €371m (or 34%) in nominal terms. The increase reflected the significant and necessary investment and operational expenditure being incurred by UÉ to improve public water and wastewater infrastructure and services over the RC3 (2020 to 2024) period.

In July 2024 the CRU approved an extension to the transition mechanism to commence on 1<sup>st</sup> October 2024:

- Connections facing an expected annual bill increase of more than €750 (based on their previous year's consumption) would have their annual bill increases capped at 75%. This will apply for two-year period, before concluding on 30<sup>th</sup> September 2026.

The extension benefitted a small cohort of c.500 connections whose bills were capped at 10% increases per annum over the original three-year transition and had not reached the prevailing, enduring rates at the end of the period.

## ii. Scottish Water, introduction of new trade effluent charging framework

In 2006 the Water Industry Commission for Scotland (WICS) issued a consultation paper seeking views on how to phase in charges so that all trade effluent customers pay published tariffs. Scottish Water had previously operated capping arrangements that limited increases in annual bills for trade effluent customers to 15%. As a result, some customers paid less than the published tariffs.

The Scottish Water transition involved 870 trade effluent customers who were paying less than published trade effluent charges. In the Scottish Water transition, 27% of Scottish Water's trade effluent customers faced annual bill increases greater than STG£200 (€290 at average 2006 exchange rates).

The transition for trade effluent customers in Scotland was four years in total; a 'grace year' so that customers could plan for changes in their bills; followed by a three-year transition period, during which all customers moved from their current to published rates.

WICS pre-determined that tariff increases would be individualised to each customer, thereby providing for the smoothest transition possible. This was available on the basis that the number of individual tariffs (870) would be manageable. WICS considered the previous system of capped annual percentage increases adopted by Scottish Water as ineffective, inequitable and unfairly discriminatory against other non-domestic or non-household customers. They considered two alternative approaches to affect a smooth transition. The first approach was to calculate individual percentage increases for each customer paying less than published rates. The second approach was to calculate increases to each customer's bill in equal monetary amounts each year.

WICS initially proposed that customers should face increases of a fixed monetary amount each year until they reach the published rates. Following a review of consultation responses, this initial position of equal monetary increases was changed, and bill increases in equal percentage amounts was implemented instead. This was on the basis that "the equal percentage increases approach tends to produce a 'back end loaded' outcome that would at least alleviate the difficulty of companies having to face a significant increase in the first year and would enable them to budget for heavier increases in later years".

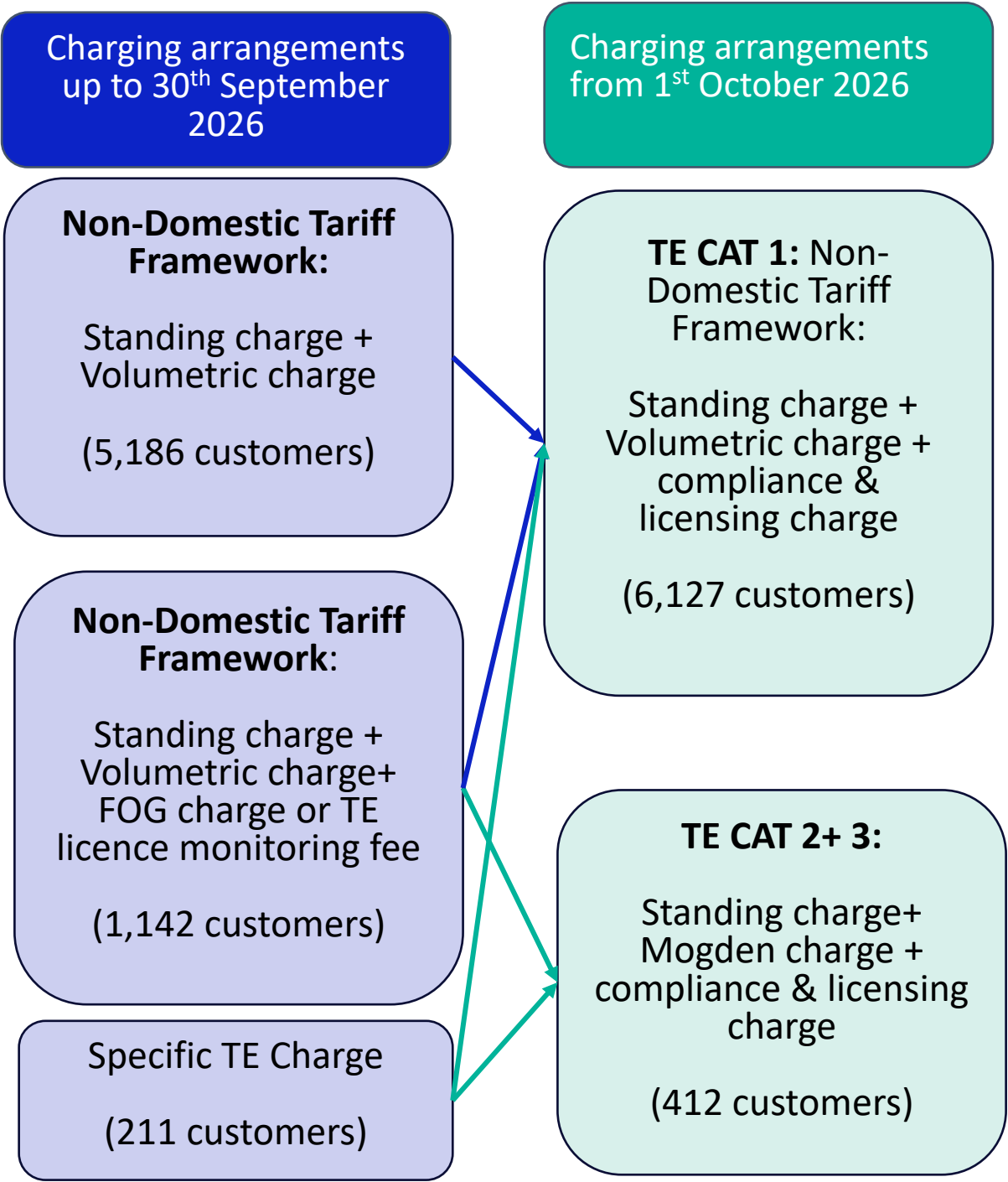
## 6.2 Eligibility for transition

The new trade effluent tariffs will result in changes to how trade effluent customers are classified for charging purposes. This will impact customers in different ways. In considering eligibility for transition, it is important to understand the current charging structures which apply to trade effluent customers and how they will change from 1<sup>st</sup> October 2026.

The CRU's 2019 Framework decision provided that only those trade effluent customers which were charged a non-standard wastewater charge (as previously determined by their LA) would retain those charges until the new trade effluent charges come into effect. Therefore, the majority of UÉ's trade effluent customers (6,328), moved onto the Framework and have been charged the same standing charges and volumetric rates as other non-domestic wastewater customers since October 2021. Some of these customers may also be charged a FOG charge if they are a food service establishment or an additional trade effluent licence monitoring fee.

As set out in section 4, trade effluent customers will be classified into three categories from 1<sup>st</sup> October 2026. Different charging structures will apply to each category. Figures 6.2 summaries how trade effluent charging structures will change.

Figure 6.2. Changes to trade effluent charging arrangements



Trade effluent customers classified into Trade Effluent Category 1 will be charged the same standing charges and volumetric rates as non-domestic wastewater customers with the addition of a compliance and licence charge.

The compliance and licensing charge is a new charge for all trade effluent customers. It will replace the FOG charge or trade effluent licence monitoring fee which currently applies to some customers.

Most customers (5,993) who will be classified into Trade Effluent Category 1 are already charged Framework wastewater standing charges and volumetric rates. There are just 134 customers who will move from a different charging structure (e.g. the application of LA Mogden formula) into Trade Effluent Category 1.

The charging structure which applies to all trade effluent customers classified into Trade Effluent Category 2 or 3 will change. Their bill will comprise of a new compliance and licensing charge; a new UÉ Mogden formula charge; and a standing charge (consistent with the standing charge that applies to non-domestic wastewater customers).

Tariff levels will change for all non-domestic (including trade effluent) customers from 1<sup>st</sup> October 2026. This means that many trade effluent customers who are already charged the Framework wastewater rates will face the same impact on standing and volumetric charges as other non-domestic customers. In addition, the CRU has decided that transition arrangements for standard non-domestic wastewater customers will no longer apply from 1<sup>st</sup> October 2026<sup>26</sup>.

To align with this decision, UÉ proposes that only customers who are moving tariff structure<sup>27</sup> from 1<sup>st</sup> October 2026 should be eligible for a transition. Those trade effluent customers who are already, and will continue to be, charged Framework wastewater rates have already benefited from transition arrangements (if eligible) since 2021. UÉ does not believe that it would be equitable to continue to provide transition arrangements for these customers if they are no longer available to other non-domestic customers.

It is acknowledged that Trade Effluent Category 1 customers will face the addition of a compliance and licensing charge. This charge is set at a relatively low level, representing just 9.2% of a Trade Effluent Category 1 customers' bill. For some customers it will replace existing FOG charges or licence monitoring fees, therefore the impact will be relatively small with either a bill increase or decrease.

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<sup>26</sup> On 3<sup>rd</sup> July 2024, the CRU decided that all water and wastewater service connections will transition to cost reflective tariffs by 1<sup>st</sup> October 2026 (see [here](#)).

<sup>27</sup> By tariff structure, we specifically mean fixed standing charge and variable tariff components. The fixed compliance and licensing charge, which is a relatively small component of an overall bill, is not considered for the purposes of moving tariff structure.

For others it will be a new charge on their bill. However, UÉ does not believe that it would be proportionate to provide a transition for just one component of a customer bill, particularly given that it is set at a relatively low level for Trade Effluent Category 1 customers.

**UÉ proposes that only trade effluent customers moving tariff structure are eligible for a transition, specifically:**

- **Customers who will be categorised into Trade Effluent Category 2 and 3; and**
- **Customers who will be categorised into Trade Effluent Category 1 and have not previously been charged the Framework’s non-domestic wastewater standing and volumetric charges i.e. they have not previously been eligible for transitional arrangements under the Framework.**

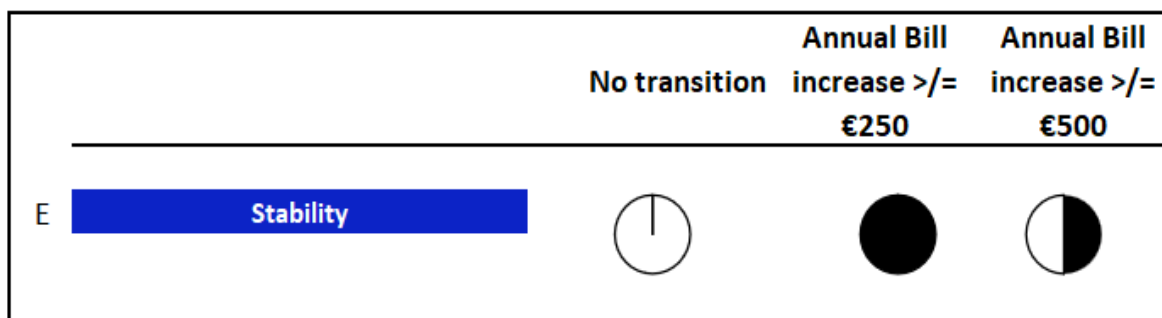
### **6.3 Determining the qualification threshold for transition**

To mitigate the impact of applying the new charges on customers’ bills, UÉ has considered 3 options on the threshold to qualify for a transition from 1<sup>st</sup> October 2026:

- Option 1 - No transition i.e., all trade effluent customers move immediately to 2026/2027 tariff levels;
- Option 2 – Trade effluent customers who face an expected annual bill increase of €250 or more based on their previous year’s consumption and sampling data where appropriate are eligible for a transition. An estimated 459 (or 7.0% of) connections would qualify;
- Option 3 – Trade effluent customers who face an expected annual bill increase of €500 or more based on their previous year’s consumption and sampling data where appropriate are eligible for a transition. An estimated 446 (or 6.8% of) connections would qualify.

- Assessment of the qualification threshold for transition options against CRU principles

**Figure 6.3 – Qualification threshold - evaluation against principle (Stability)**



Option 1 performs poorly against the ‘Stability’ principle. As demonstrated in figure 6.2, an immediate move to enduring tariffs for all trade effluent customers would mean very significant, immediate bill increases for some customers. In particular, option 1 does not address the risk for those customers whose charges have remained unchanged since 2014 and are facing a large step change in tariff levels for the 2026/2027 tariff year. Option 2 performs best against the ‘Stability’ principle by protecting most customers against bill volatility following the introduction of harmonised trade effluent charges. Option 3 performs better than option 1 by protecting those customers facing the highest annual bill increases from 1<sup>st</sup> October 2026.

An assessment of the three options against the remaining CRU principles, using ‘Harvey Ball’ graphics is set out below.

**Figure 6.4 – Qualification threshold - evaluation against principles**

		No transition	Annual Bill increase >/= €250	Annual Bill increase >/= €500
A	<b>Equity and no undue discrimination</b>			
B	<b>Efficient use</b>			
C	<b>Cost reflectivity</b>			
D	<b>Cost recovery</b>			
F	<b>Simplicity</b>			

Taking the first principle of ‘Equity and no undue discrimination’, option 2 is considered to be the fairest option for all customers. Setting the threshold for qualification for transition at €250 provides equity across all non-domestic customers as it is consistent with the qualification threshold applied to non-domestic water and wastewater customers following tariff harmonisation in 2021.

Options 3 and 1 do not perform as well as fewer customers would be eligible for transition under each approach. By applying a higher qualification threshold, as opposed to no transition, option 3 is considered more equitable than option 1 but less equitable than option 2.

Option 1 performs better than options 2 and 3 in encouraging efficiency in the use of water services. ‘Efficiency in the use of water services’ is unlikely to be fully achieved until trade effluent charges move to the efficient, cost reflective level. This principle is arguably only satisfied once transition is complete, and the cost reflective price level is achieved. Option 1 scores best in this respect as it achieves cost reflective tariffs earlier than the other options.

Option 1 achieves full 'Cost reflectivity' in the 2026/2027 tariff year and therefore scores best against this principle. Under options 2 and 3 full 'Cost reflectivity' is not achieved until conclusion of the transition period. By applying a higher qualification threshold, option 3 means more customers pay cost reflective tariffs from the first year of transition than under option 2.

Option 1 is designed to achieve the target level of 'Cost recovery' at the earliest opportunity, i.e. year 1 of transition; therefore option 1 scores best against this principle. Neither option 2 nor 3 performs as well against the principle of 'Cost recovery' by not allowing for the full cost of wastewater (including trade effluent) services consumed by non-domestic customers to be recovered from non-domestic customers until the conclusion of the transition period. Option 3 performs better than option 2 by enabling a higher 'Cost recovery' from non-domestic customers in first year of transition.

Option 1 is the simplest approach and scores best against this principle. By moving immediately to a national tariff structure without transitional arrangements, option 1 should be relatively easy for customers to understand and for UÉ to apply and administer. Option 2 and 3 also perform well against the 'Simplicity' principle. Setting the qualification threshold at either €250 or €500 as proposed under Option 2 or 3 would not be overly complex customers to understand and for UÉ to apply and administer.

For all eligible trade effluent connections, (i.e. those moving tariff structure as proposed in section 6.2), the estimated increase in annual bills from the current tariffs will be higher than €250. For this reason, UÉ does not believe it is acceptable to apply enduring tariff arrangements and rates for all trade effluent customers in year 1, and some transition will be required for customers facing high levels of bill impact.

Based on the assessment set out above, and in particular given the additional weighting assigned to the 'Stability' principle, option 2 scores best on a total basis.

**UÉ proposes that eligible trade effluent customers facing an expected annual bill increase of €250 or more based on their previous year's consumption (and sampling data where applicable) should qualify for transition.**

## 6.4 Duration of transition

There are approximately 27 months after the CRU's decision<sup>28</sup> until implementation of the new trade effluent charging arrangements which is giving customers time to prepare.

As set out in sections 6.2 and 6.3, UÉ proposes that the following connections will move immediately to enduring trade effluent tariff levels on 1<sup>st</sup> October 2026:

- Any connection that is not changing tariff structure (i.e. those customers who will continue to be charged the enduring non-domestic wastewater standing and volumetric rates applicable under the Framework); and
- Connections with an expected annual bill decrease based on their previous year's consumption (and sampling values where applicable); or
- Connections with an expected annual bill increase of less than €250 based on their previous year's consumption (and sampling values where applicable).

All remaining trade effluent connections will transition over time to the enduring tariffs. Clearly the time period over which trade effluent customers move to enduring tariffs is important. In UÉ's view, the optimum length of transition needs to strike a balance between:

- A longer length of time, which will moderate the size of the increases required in each year; and
- A shorter time frame which will provide for greater equity between customers qualifying and not qualifying for transition, thus reducing the time until tariffs are fully cost reflective.

UÉ has considered two time periods, from 1<sup>st</sup> October 2026, to gradually move those trade effluent customers qualifying for transition onto the enduring tariffs.

- Option 1 is to transition trade effluent customers over an initial three years up to 1<sup>st</sup> October 2029; and
- Option 2 is to transition non-domestic customers over an initial four years up to 1<sup>st</sup> October 2030.

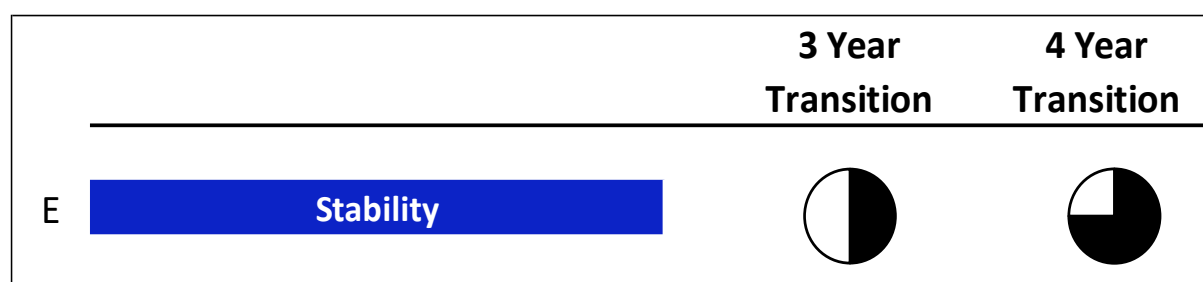
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<sup>28</sup> 27 months refers to the period of time between the CRU's decision on 3<sup>rd</sup> July 2024 and implementation of harmonised trade effluent charging arrangements on 1<sup>st</sup> October 2026.

- Assessment of the duration of transition options against CRU principles

An assessment of the two options against the CRU principle (E) ‘Stability’, using ‘Harvey Ball’ graphics is set out below.

**Figure 6.5 – Duration of transition - evaluation against principle (Stability)**



UÉ considers that a four-year transition period has merit. The last year of transitional tariffs under this approach would coincide with the start of UÉ’s RC 5 period which is expected to commence from 1<sup>st</sup> January 2030. As the magnitude of increase faced by many trade effluent customers is significant a four-year transition provides additional stability to trade effluent customers compared to a three-year transition. Under both options customers could move to enduring cost reflective tariffs at the end of the transition period. As a four-year transition provides an additional year to glide customer to the enduring rates it will minimise the prospect of large bill shock at the start of RC5.











Additionally, a four-year transition is more appropriate given the magnitude of increases faced by trade effluent customers. Under the Non-Domestic Tariff Framework decision, a three-year period was originally approved by the CRU to provide price certainty and stability and allow water and wastewater customers to gradually transition from their old rates to new enduring rates from 1<sup>st</sup> October 2021. The CRU subsequently extended the transition period for a further two years from 1<sup>st</sup> October 2024 until 30<sup>th</sup> September 2026 for water and wastewater customers facing the largest increases. UÉ considers an initial four-year transition is proportionate with decisions previously taken for non-domestic water and wastewater customers as the move to enduring tariffs is expected to result in large bill increases for many trade effluent customers. Of the estimated 459 trade effluent connections qualifying for transition:

- 60 (13%) will face increases of between €250 and €1,000;
- 246 (54%) will face increases of between €1,000 and €10,000; and

- 153 (33%) will face increases greater than €10,000.

An assessment of the two options against the remaining CRU principles, using 'Harvey Ball' graphics is set out below.

**Figure 6.6 – Duration of transition - evaluation against principles**

		3 Year Transition	4 Year Transition
A	Equity and no undue discrimination		
B	Efficient use		
C	Cost reflectivity		
D	Cost recovery		
F	Simplicity		

Taking the first principle of 'Equity and no undue discrimination', a four-year transition is considered to be a fairer option for trade effluent customers. Allowing a transition for qualifying customers is arguably more inequitable and discriminatory against those customers who face increases but do not qualify for transition. However, qualification for transition under both options is expected to be limited to a minority of trade effluent customers (c.7%) who are facing the largest increases.

As above a four-year transition (option 2) is proportionate to the transition arrangements applied to other wastewater customers whereby those customers facing the largest increases were allowed more than three years to gradually move to new enduring tariffs. A four-year transition (option 2) performs better than a three-year transition (option 1) against the 'Equity and non-discrimination' principle by providing a minority of trade effluent customers a transition period

that is more commensurate with the same length of transition provided to other non-domestic wastewater customers.

A three-year transition (option 1) performs better than a four-year transition (option 2) in encouraging efficiency in the use of water services. 'Efficiency in the use of water services' is unlikely to be fully achieved until trade effluent charges move to the efficient, cost reflective level. This principle is arguably only satisfied once transition is complete, and the cost reflective price level is achieved. A three-year transition scores best in this respect as it achieves cost reflective tariffs earlier.

A three-year transition (option 1) achieves full 'Cost reflectivity' in the 2029/2030 tariff year and therefore scores best against this principle. Under the four-year transition (option 2) full 'Cost reflectivity' is not achieved for a further year.

Similarly, a three-year transition (option 1) is designed to achieve the target level of 'Cost recovery' earlier than option 2, i.e. the 2029/2030 tariff year. In addition, given the shorter time to transition, the level of cost recovery each year over the RC4 period will be higher under a three-year transition than under a four-year transition; therefore option 1 scores best against this principle.

Option 1 and 2 perform equally well as well against the 'Simplicity' principle. Setting the length of transition to either three or four years under Option 1 or 2 would not be overly complex for customers to understand and for UÉ to apply and administer.

Based on the assessment set out above, option 2 scores best on a total basis. This transition period also allows customers sufficient time to adopt treatment at source measures where viable.

#### 6.4.1 Assessing the need for further transition arrangements

At the end of a four-year transition period, c.139 customers are not expected to have reached cost reflective, enduring tariff levels. The impact these customers would face in moving to the enduring tariff levels is still significant. Consistent with the analysis in section 6.5, the average impact these customers will face at the end of the proposed four-year transition period is estimated at 90%; with c.25 customers facing increases of between 100%, and 200%, and c.15 facing increases of more than 200%.

While some customers may reduce these impacts through adjustments to business practices and/or investment in pre-treatment which will help reduce some of the larger percentage increases which come later in the transition period under UÉ's proposals, it may not be sufficient mitigation for the most adversely impacted customers. In addition, circumstances which cannot be controlled may impinge a customer's capacity to develop pre-treatment infrastructure (e.g. failed planning applications).

When the Framework was originally introduced in 2021 for non-domestic customers, transition arrangements were in place for an initial three-year period. These arrangements were reviewed prior to the end of the period and an alternative transition was put in place for a minority of the most adversely impacted customers for a further two years. Prior to the end of the transition period, UÉ therefore proposes that the CRU assesses the need for further transition arrangements for a limited number of customers who may still necessitate a transition.

**UÉ proposes that trade effluent transition arrangements should apply for four years from 1<sup>st</sup> October 2026 until 30<sup>th</sup> September 2030. A review to establish the need for further transition arrangements is proposed to be undertaken prior to the conclusion of the transition period.**

## **6.5 Evaluating transition mechanisms**

There are different options for calculating the tariffs that apply during each year of transition. Section 6.5.1 reviews the approach taken for non-domestic water and wastewater customers. Sections 6.5.2 and 6.5.3 then presents the two options UÉ has considered for trade effluent customers and, finally, section 6.5.4 carries out an assessment of each option against the CRU's principles.

### **6.5.1 Review of the Framework's initial transition mechanism**

The CRU's 2019 Framework decision provided for UÉ to apply the following transition approach to non-domestic water and wastewater customers from 1<sup>st</sup> October 2021:

- Connections facing an expected annual bill decrease or an annual bill increase of less than €250 (based on their previous year's consumption) moved to enduring tariffs straight away;

- Connections facing an expected annual bill increase of between €250 and €750 (based on their previous year's consumption) transitioned to enduring tariffs over three years; and
- Connections facing an expected annual bill increase of more than €750 (based on their previous year's consumption) transitioned over three years. A 10% annual bill increase cap applied automatically to a connection's bill (where required) for each year of the transition. These connections could opt-out of receiving a 10% cap.

In July 2024 the CRU approved an extension to the transition mechanism to commence on 1<sup>st</sup> October 2024:

- Connections facing an expected annual bill increase of more than €750 (based on their previous year's consumption) would have their annual bill increases capped at 75%. This mechanism applies for two years, concluding on 30<sup>th</sup> September 2026.

The extension benefitted a small number of (c.500) connections whose bills were capped at 10% increases per annum over the original three-year transition and had not reached the prevailing rates by 30<sup>th</sup> September 2024.

New, enduring tariffs were fixed for 3 years until 31<sup>st</sup> September 2024 to allow customers gradually transition from their old tariff rates to the new enduring tariff rates. A disadvantage of this approach was water and wastewater tariff levels which became out of line with the costs of providing water services and meant a large step change was required in bills for non-domestic customers in the 2024/2025 tariff year, after the initial three-year transition period concluded.

To explain, tariffs effective between 2021 and 2024 did not change and were calculated to reflect UÉ's allowed revenues for 2019. When tariffs were updated for the 2024/2025 tariff year using UÉ's 2024 allowed revenue, €1,474m (in 2024 prices), this represented an increase of €371m (or 34%) in nominal terms. This increase reflected the significant and necessary investment and operational expenditure being incurred by UÉ to improve public water and wastewater infrastructure and services over this RC3 period.

To avoid a repeat of the large step change observed in 2024/2025, UÉ considers that the trade effluent transition mechanism which applies from 1<sup>st</sup> October 2026 should not prevent tariffs from being reviewed annually. Fixed, enduring trade effluent tariffs over the transition period would effectively mean that non-

domestic wastewater tariffs must also remain stable<sup>29</sup>. This is likely to result in bill shock for non-domestic customers at the end of the transition period.

On this basis UÉ has assessed two options to transition trade effluent customers to the enduring rates while not precluding tariffs being reviewed annually:

- Option 1 is to transition trade effluent customers by way of a cap on the maximum annual bill increase; and
- Option 2 is to transition trade effluent customers by applying annual bill increases commensurate with a proportion of the future, enduring bill.

### 6.5.2 Calculation option 1 – annual percentage cap

Under this option an annual cap will be applied to eligible trade effluent customers' bills. A customer's bill will rise by no more than a given percentage based on base year annual consumption (and the strength profile of their wastewater, as measured through sampling if applicable). This would be calculated using the following formula:

$$\text{Tariff year 2026 / 2027 bill} = \text{Tariff year 2025 / 2026 bill} + X\% \text{ of Tariff year 2025 / 2026 bill}$$

In relation to non-domestic tariffs, from October 2021 to September 2024, UÉ applied a 10% cap automatically (if required) on the maximum annual water supply and wastewater service bill increase. The annual cap was increased to 75% by the CRU, thereby applying to fewer customers for the period from 1<sup>st</sup> October 2024 to 30<sup>th</sup> September 2026.

The bill impact faced by those trade effluent customers qualifying for transition is expected to be significant. There is a need to achieve an appropriate balance between minimising large step change in tariffs while, at the same time, ensuring that there is a reasonable path to cost reflectivity for trade effluent customers. In this regard, UÉ recognises that applying a 10% cap on the maximum annual bill increase over the four-year transition period would merely delay large annual bill increases for some trade effluent customers until after the transition period concludes (i.e. the 2030/2031 tariff year).

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<sup>29</sup> Given that Framework wastewater standing and volumetric charges will apply to Trade Effluent Category 1 customers from 1<sup>st</sup> October 2026 (see section 4).

UÉ has therefore assessed an annually increasing percentage cap on the maximum annual bill as set out in table 6.1. This will provide customers with a glide path and help customers to reach their enduring tariff over the medium term while mitigating bill shock at both the start and the end of the transition period. Managing bill shock at the start of the transition period is important as it will allow trade effluent customers additional time to work with UÉ to mitigate the most significant changes in their bills, through investment in onsite treatment or other measures. For an example of how this cap would work see table 6.2.

**Table 6.1 – Annual cap that would apply for tariff year 2026/2027 to 2029/2030**

Tariff Year	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Annual cap	20%	30%	40%	50%	No cap

**6.5.3 Calculation option 2 – increase commensurate with proportion of future bill.**

The CRU has developed an alternative approach. Under this mechanism a customer’s bill is increased annually by adding a percentage of the cost reflective bill for the upcoming tariff year, to their current bill. The cost reflective bill for the upcoming tariff year is calculated based on base year annual consumption (and the strength profile of their wastewater, as measured through sampling if applicable). This would be calculated using the following formula:

$$\begin{aligned}
 & \textit{Tariff year 2026 / 2027 bill} = \\
 & \textit{Tariff year 2025 /2026 bill} + X\% \textit{ of Tariff year 2026/2027 cost reflective bill}
 \end{aligned}$$

The CRU has considered the percentage of the future bill being set at 20%. For a detailed example of how this approach would work see table 6.3.

#### 6.5.4 Comparison between option 1 (annual cap) and option 2 (proportion of future bill)

The impact on customers will vary significantly under each option. To demonstrate, an example can be given of a customer’s annual bill in the tariff year prior to the introduction of new, harmonised trade effluent charges (i.e. 2025/2026) being €5,000; with a new, enduring (i.e. without transition arrangements applied) annual bill of €15,000<sup>30</sup> in the 2026/2027 tariff year, a €10,000 or 200% increase.

Tables 6.2 and 6.3 assesses the bill impact for this customer under each transition option (1 and 2). Figure 6.7 then compares the annual bill percentage impact for the same customer over the transition period (2026 to 2029) under each option (1 and 2).

**Table 6.2 – Option 1 annual cap, bill impacts**

	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
<b>Annual bill</b>	€5,000	€15,000	€15,750	€16,538	€17,364	€18,233
<b>Transition bill</b>		€6,000	€7,800	€10,920	€16,380	€18,233
<b>Bill impact</b>		€1,000	€1,800	€3,120	€5,460	€1,853
<b>Actual bill increase</b>		20%	30%	40%	50%	11%

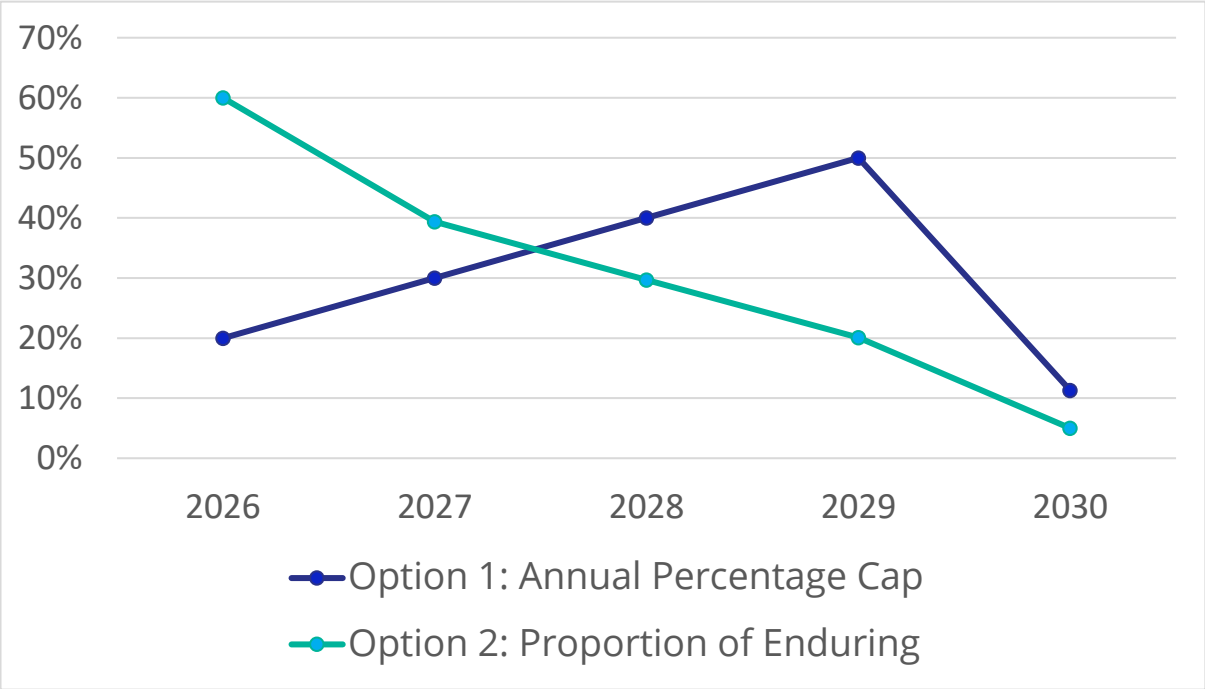
**Table 6.3– Option 2 Proportion of enduring bill, bill impacts**

	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
<b>Annual bill</b>	€5,000	€15,000	€15,750	€16,538	€17,364	€18,233
<b>Transition bill</b>	€5,000	€8,000	€11,150	€14,458	€17,364	€18,233
<b>Bill impact</b>		€3,000	€3,150	€3,308	€2,907	€869
<b>Actual bill increase</b>	N/A	60%	39%	30%	20%	5%

<sup>30</sup> For the purpose of this example, the enduring (fully cost reflective) bill is assumed to increase by c.5% each year from 2027 to 2030 to illustrate that tariff levels will be reviewed annually i.e. the enduring bill has increased to €18,233 by 2030/2031. Tariff levels will be reviewed and approved each year by the CRU in line with the RC4 final determination.

Figure 6.7 demonstrates that, for option 2, the annual bill percentage increase is higher at the start of the transition period and then reduces in later years. The opposite is the case for option 1 with relatively modest bill increases at the start of the transition period followed by larger percentage increases in later years.

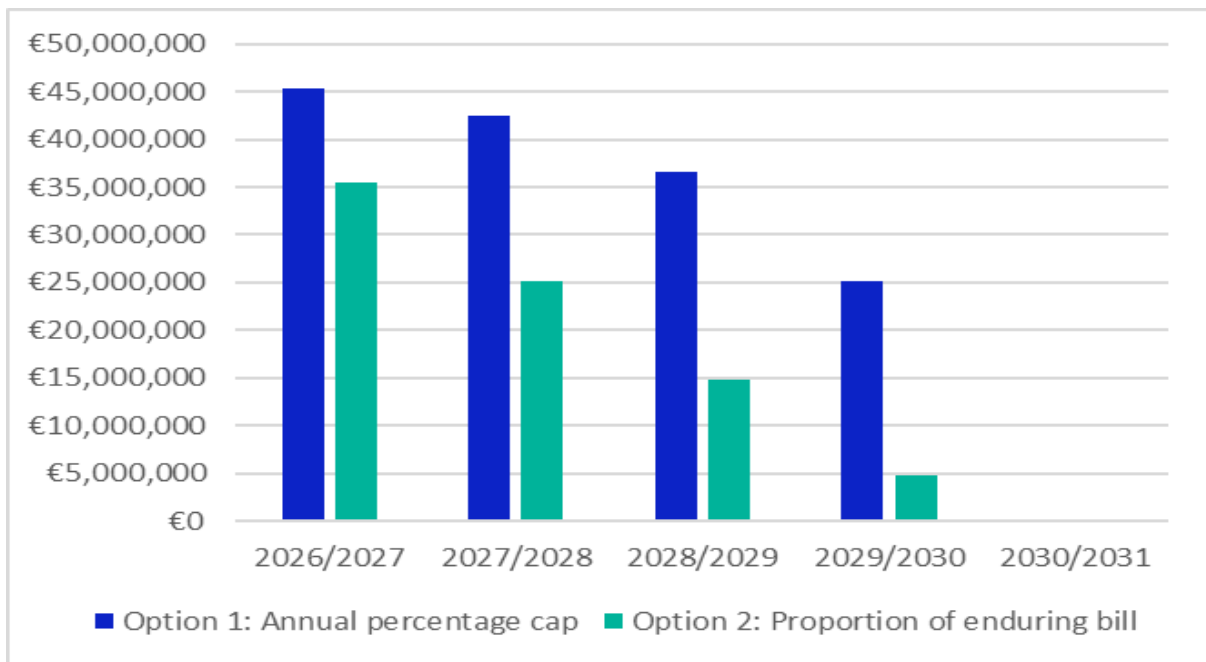
**Figure 6.7- Annual bill impacts, option 1 and option 2**



On average bills rise by 62% for transitioning customers under option 2 in the 2026/2027 tariff year, compared with a maximum 20% increase under option 1. The average bill increases in the 2030/2031 tariff year reduce to 10% under option 2, compared to 90% under option 1.

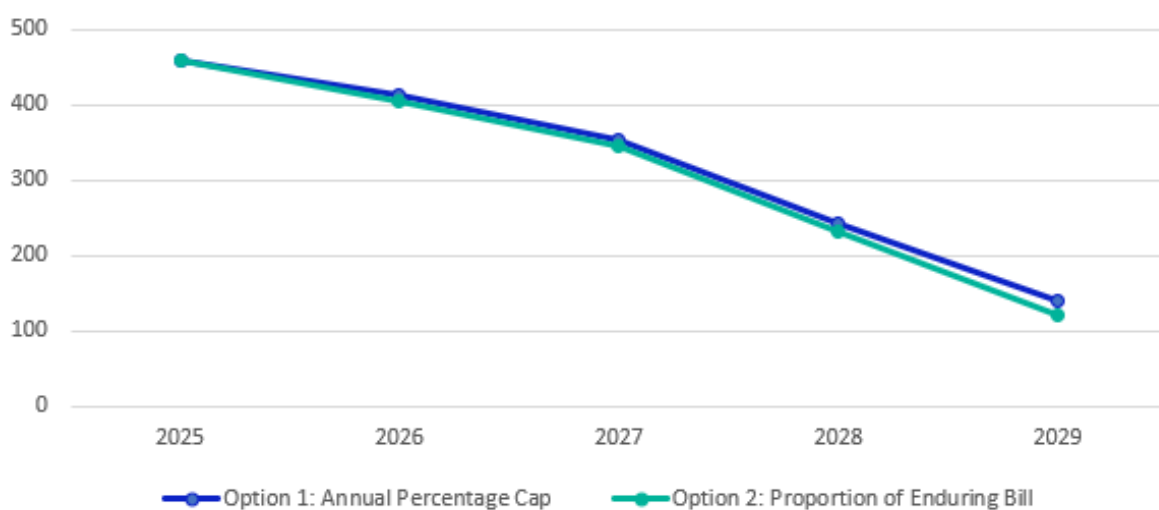
The costs allocated to trade effluent customers are not fully recovered under either option. Figure 6.8 demonstrates that cost recovery is slower and, therefore, the revenue shortfall larger during each year of transition under option 1 compared to option 2. This is due to relatively larger annual bills issuing to trade effluent customers in the early years of the transition period under option 2.

**Figure 6.8- Revenue shortfall, option 1 and option 2**



The number of trade effluent customers requiring a transition each year is very similar under each option. Figure 6.9 also illustrates that the number of customers requiring a transition decreases at a similar rate under option 1 and 2.

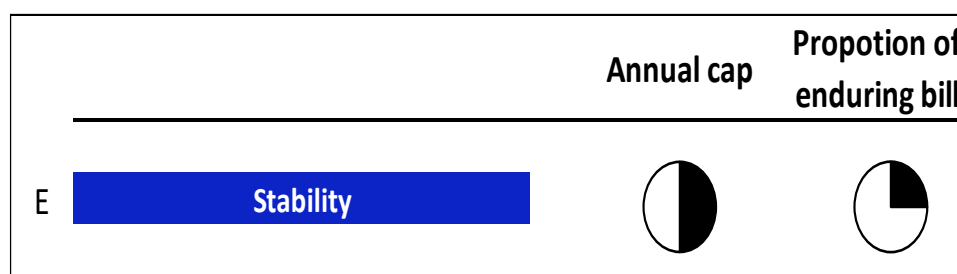
**Figure 6.9 - Customers requiring transition, option 1 and option 2**



- Assessment of the transition mechanism options against CRU principles

An assessment of the two options against the CRU principle (E) ‘Stability’, using ‘Harvey Ball’ graphics is set out below.

**Figure 6.10 – Transition mechanism - evaluation against principle (Stability)**













The magnitude of increase faced by many trade effluent customers is very significant and the need for transition therefore clear. Option 1 performs best against the ‘Stability’ principle. Under option 2, as detailed in section 6.5.4, very steep bill increases occur at the start of the transition period (average of 62%) compared to a maximum increase of 20% under option 1. Option 2 does not align with the purpose of a transition mechanism, which is to help customers mitigate the impact of very large year on year bill increases.

The increases under option 1 are more moderate at the start of the period before rising over the four-year transition period. This will support customers by providing more time to adjust business practices and/or invest in onsite pre-treatment thereby helping to mitigate the potential bill impact later in the transition period.

It is also more difficult for customers to plan for the expected bill increases under option 2 as customers won’t know what the cost reflective, enduring tariffs will be for each new tariff year in advance of the transition period 2026 to 2029 given the expectation that the CRU will reset tariffs annually. In contrast, under option 1 a trade effluent customer will have certainty during the transition period that that their price rise will be limited to the level of the cap for the next tariff year.

An assessment of the two options against the remaining CRU principles’, using ‘Harvey Ball’ graphics is set out below.

**Figure 6.11 – Transition mechanism - evaluation against principles**

		Annual cap	Propotion of enduring bill
A	<b>Equity and no undue discrimination</b>		
B	<b>Efficient use</b>		
C	<b>Cost reflectivity</b>		
D	<b>Cost recovery</b>		
F	<b>Simplicity</b>		

Taking the first principle of ‘Equity and no undue discrimination’, option 2 is considered to be a fairer option as it reduces the differential between customers qualifying for transition and those customers, including non-domestic wastewater customers, who face increases but do not qualify for transition. However, the impact is relatively small as qualification for transition is expected to be limited to a minority of trade effluent customer (7%) who are facing the largest bill increases.

Option 1 is however more closely aligned with the transition arrangements applied to other non-domestic customers. When the Framework introduced harmonised water supply and wastewater service charges in the 2021/2022 tariff year, some non-domestic customers qualified for a 10% cap on the maximum annual increase for three years. The CRU increased the cap to 75% for a subsequent two years concluding on 30<sup>th</sup> September 2026.

Option 1 (an annual cap) performs better than option 2 (calculating bill increases by reference to the enduring bill) in encouraging efficiency in the use of water services. ‘Efficiency in the use of water services’ is unlikely to be fully achieved until trade effluent charges move to the efficient, cost reflective level. This principle is

arguably only satisfied once transition is complete, and the cost reflective price level is achieved.

However, the introduction of trade effluent charges is intended to encourage customers to be efficient in their use of wastewater services. In response to the price signal, significant trade effluent customers may seek to invest in process modification or onsite treatment in order to reduce their charge. This in turn would lessen the burden of treating trade effluent in UÉ's wastewater treatment plants, reducing ongoing operational and capital costs to the benefit of all non-domestic wastewater customers. By backloading the largest bill increases to the end of the transition period, option 1 provides more headroom and time for customers to develop and invest in onsite treatment to manage their trade effluent charges. As the largest bill increases are frontloaded to the start of the transition period under option 2, a customer's ability to make that investment in onsite treatment or other measures is diminished thereby reducing 'Efficiency in the use of water services'.

Option 2 scores best against the principle of 'Cost reflectivity'. Customer's bills move closer to achieving full 'Cost reflectivity' in each tariff year over the proposed transition period than under option 1. The bill increases are higher at the start of the transition period under option 2. Average bills rise by c.62% in the 2026/2027 tariff year, compared to a maximum of 20% under option 1. This improves cost reflectivity to a greater extent compared to option 1, in all years of the transition period.

Similarly, option 2 performs best against the principle of 'Cost recovery'. Under option 2, customer bills increase by a greater rate in the early years of transition compared to option 1, supporting greater cost recovery.

Option 1 performs best against the 'Simplicity' principle. A percentage cap on the maximum annual charge is consistent with transition arrangements previously applied to non-domestic water and wastewater customers so should be relatively easy for customers to understand and for UÉ to apply and administer. Implementing option 2 requires a new transition mechanism to be established which could be potentially complex to understand and confusing for customers while also operationally complex and costly to administer. It would also require a more complex supporting communication strategy than under option 1. For example, under option 2 customer bills will increase by reference to a percentage of a customer's future bill. The bill impact faced by customers (in percentage terms) therefore does not align with the percentage of the cost reflective bill used to calculate the increase. Table 6.3 (above) demonstrates this effect; the

customer’s bill increases by 60% while the percentage of the cost reflective bill for the 2026/2027 tariff year used to calculate the uplift is only 20%<sup>31</sup>.

Based on the assessment set out above, option 1 scores best on a total basis.

**UÉ proposes to apply the following annual cap on the maximum annual bill increase for qualifying trade effluent customers;**

Tariff Year	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Annual cap	20%	30%	40%	50%	No cap

**6.6 Summary of proposed trade effluent transition arrangements**

Listed below is a summary of UÉ proposed transition arrangements as set out in sections 6.2 to 6.5.

<sup>31</sup> As instructed by the CRU, 20% is the value assigned to X in the calculation formula for option 2 (see section 6.5.3)

## 1. Eligibility for transition

UÉ proposes that only trade effluent customers moving tariff structure are eligible for a transition:

- Customers who will be categorised into Trade Effluent Category 2 and 3; and
- Customers who will be categorised into Trade Effluent Category 1 and have not previously been charged the Framework's non-domestic wastewater standing and volumetric charges

## 2. Threshold for transition

UÉ proposes that eligible trade effluent customers who face an expected annual bill increase of €250 or more based on their previous year's consumption (and sampling data where applicable) should qualify for transition.

## 3. Duration of transition period

UÉ proposes that trade effluent transition arrangements should apply for four years from 1<sup>st</sup> October 2026 until 30<sup>th</sup> September 2030. A review to establish the need for further transition arrangements is proposed to be undertaken prior to the conclusion of the transition period.

## 4. Transition approach

UÉ proposes to apply the following annual percentage cap on the maximum bill increase permitted each year for qualifying trade effluent customers;

Tariff Year	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Annual cap	20%	30%	40%	50%	No cap

## 7. Trade effluent tariff application rules (TARs)

The CRU's 2024 Framework decision sets out the basic design of the enduring trade effluent charging arrangements as well as the need to consult on more detailed TARs at a later date. TARs are operational rules which will help ensure that trade effluent customers are charged in a consistent and equitable manner once the new, harmonised Trade Effluent Charging Framework is incorporated into the wider Framework from 1<sup>st</sup> October 2026.

All options to establish TARs are evaluated against the CRU regulatory principles of:

- A. 'Equity and no undue discrimination';
- B. 'Efficiency in the use of water services';
- C. 'Cost reflectivity';
- D. 'Cost recovery';
- E. 'Stability; and
- F. 'Simplicity'.

The remainder of this section is structured as follows:

- **Section 7.1** outlines if there is a need for a TAR to address a Perverse Incentive;
- **Section 7.2** updates some of the current non-domestic TARs so they can extend to trade effluent customers (TAR 1, 2, 3, 4);
- **Section 7.3** outlines an application rule for calculating a Mogden charge where sampling is not available, specifies the options considered to address it, evaluates each of them against the CRU tariff principles and makes an overall recommendation (TAR 5);
- **Section 7.4** outlines an application rule for calculating the volume of sanitary wastewater discharged by trade effluent customer connections where metering is not in place, specifies the options considered to address it, evaluates each of them against the CRU tariff principles and makes an overall recommendation (TAR 6).

## 7.1 Perverse Incentives

Across the existing non-domestic water and wastewater tariff classes there are 'perverse incentives' for a small number of customers who are close to certain tariff boundaries to consume inefficiently. That is, at certain tariff boundaries customers are incentivised to either use more water or avoid reducing water use in order to avoid moving to a new tariff class the following tariff year which would be less beneficial financially. As part of an existing TAR under the current Framework, UÉ informs any customer with a water and/or wastewater connection impacted by a perverse incentive that the customer can request to retain their pre-existing tariff class for the next tariff year; UÉ will automatically accept any such request.

Based on UÉ's analysis (calculated using the draft tariffs based on the SFP), the same perverse incentive does not exist at the tariff boundaries of the trade effluent customer classes. Therefore, it is not necessary to extend this rule to trade effluent customers. As usage decreases, trade effluent connections are not subject to higher charges. The combination of all charging components (standing charge, compliance and licensing charge and variable charges) results in a net increase or decrease in bills as a connection moves up or down from one trade effluent category to the next. Trade effluent charges therefore promote the efficient use of water services, incentivising customers to lower the strength and volume of their discharge.

## 7.2 Updating existing Framework TARs to accommodate trade effluent

There are four existing TARs related to assigning non-domestic water and wastewater connections to a tariff class or band. UÉ proposes updating these rules to ensure alignment with the new trade effluent charges.

Trade effluent customers will be assigned to a customer class (i.e. Trade Effluent Category 1, 2 or 3) based on a combination of both annual consumption (or AQ) and their primary business activity, while standard non-domestic customers are categorised based solely on AQ. To accommodate the inclusion of harmonised and aligned trade effluent charging arrangements in the Framework, it is therefore necessary to update these rules. Proposed modifications to the current categorisation rules are highlighted in table 7.1 below:

**Table 7.1 Proposed modification to TARs related to assigning a tariff class**

Item	Rule
1.	<p>AQ (<b>and activity-based categorisation in the case of a trade effluent connection</b>) is the only basis for assigning a connection to a tariff class (with some limited exceptions). All connections should pay the tariff rates associated with their assigned tariff class as a general rule</p>
2.	<p>Any connections may challenge their AQ (<b>and/or activity-based categorisation in the case of a trade effluent connection</b>) and tariff class assigned to their connection, for the next tariff year but must provide supporting evidence that the assigned AQ (<b>and/or activity-based categorisation in the case of a trade effluent connection</b>) is not reflective of the connection’s</p> <ul style="list-style-type: none"> <li>• expected water usage, or</li> <li>• wastewater discharge for wastewater only connections, and/or</li> <li>• <b>primary activity in the case of a trade effluent connection</b></li> </ul> <p>in the next tariff year and must be open to site visits by Uisce Éireann</p>
3.	<p>If Uisce Éireann denies a connection’s request to change tariff class <b>or activity-based categorisation</b>, it will provide written reasoning to the connection to explain its decision. Where a customer and Uisce Éireann cannot agree on the customer’s disputed assigned AQ (<b>and/or activity-based categorisation in the case of a trade effluent connection</b>), the customer can raise a complaint regarding the dispute to the CRU under the CRU’s non-domestic complaints process</p>

4.

Uisce Éireann will inform customers that they have the right to challenge their AQ (**and/or activity-based categorisation in the case of a trade effluent connection**), their assigned tariff class **and categorisation** and will provide a reasonable timeframe for customers to submit a challenge

**UÉ proposes to update existing non-domestic TARs related to assigning a connection to a tariff class to accommodate aligned trade effluent charges within the Framework.**

### **7.3 Calculating a Mogden charge where sampling data is not available**

In order to charge Trade Effluent Category 2 and Category 3 connections accurately using the Mogden formula, UÉ must measure the strength of the wastewater discharged. The most accurate method of measurement is to sample the wastewater discharged to understand strength parameters (COD and SS) required to populate the Mogden formula.

However, there are some circumstances where sampling data will not be available for a trade effluent customer. For example:

- a new trade effluent connection will not have any sampling data available; or
- in cases where a trade effluent connection is moving from Trade Effluent Category 1 (volumetric charge) to Trade Effluent Category 2 or 3 (Mogden formula charge).

Where sampling is not available, an alternative is required to ensure accurate billing. A new TAR is therefore required to ensure a consistent and transparent process is in place for such circumstances, ensuring connections are billed correctly on a Mogden formula charge.

In section 7.3.1, UÉ considers the method to estimate the strength of the discharge. Section 7.3.2 then builds on the method considered in section 7.3.1, proposing the values necessary to calculate an estimate of wastewater strength.

### 7.3.1 Mogden formula calculation method when sampling is not available

UÉ has considered two options for estimating the strength of wastewater discharged at connections where there is no historical sampling data available:

- Option 1 – estimate average COD and SS strength based on historical measured sample data gathered for other customers carrying out the same business activity;
- Option 2 – estimate average COD and SS strength based on a percentage of a customer’s trade effluent licensed COD and SS ELV.

#### Option 1 – estimate average COD and SS strength based on historical measured sample data gathered for other customers carrying out the same business activity

Under option 1, an estimate would be derived for a trade effluent customer based on average, historical sampling data measured by UÉ for other customers carrying out the same business activity. UÉ will regularly sample the wastewater discharged by all trade effluent connections in Trade Effluent Category 2 and 3. COD and SS values could be derived for a trade effluent connection calculated based on average strength of samples taken from other customer connections assigned the same TEC code. The derived average could then be used for those trade effluent customer connections assigned the same TEC code but where no measured sampling is available. Results would be periodically reviewed, to reflect changes over time.

For example, sampling data for a trade effluent customer in the Food and Drinks industry, specifically a customer connection assigned to TEC Code 9.1, may show that over the previous 12 months the average COD is 856mg/l and SS 325 mg/l. These values could be populated as average values into the Mogden formula charge for other customer connections assigned the same TEC code but where sampling data is not yet available. This approach will allow such trade effluent customers to be charged based on average strength values specific to their business activity.

UÉ could also use historical measured sample data to charge a customer recently moved to Trade Effluent Category 2 or 3 from Trade Effluent Category 1 but who was previously a Trade Effluent Category 2 or 3 customer. In this instance, historical COD and SS sampling data measured from when they were previously a Trade Effluent Category 2 or 3 customer could be used.

**Option 2 – Use a percentage of Emission Limit Values (ELVs) set out in a customer’s trade effluent licence for COD and SS**

Each trade effluent customer is licensed to discharge certain pollutants. The ELV is the specific pollutant or substance limit that each trade effluent customer is permitted to release into UÉ’s wastewater network thereby ensuring that emissions from the relevant business activity remains within acceptable levels.

Under option 2, a percentage of the customer’s ELV for COD and SS could be used to calculate the Mogden formula charge. For example, if a customer is permitted to discharge 2,500mg/l of COD and 1,000 mg/l. of SS, a portion of these limits could be used as proxies for expected pollution load or wastewater strength when calculating the customer’s charge.

Each option (1 and 2) would apply for a billing period not exceeding 12 months.

- **Assessment of Options against the CRU’s tariff principles**

An assessment of the two options against the CRU principles using ‘Harvey Ball’ graphics is set out below:

**Figure 7.1 – Calculating using ELV percentage - evaluation against principles**

	Estimate average COD and SS strength based on historical measured sample data gathered for other customer’s carrying out the same business activity	Use a percentage of Emission Limit Values (ELVs) set out in a customer’s trade effluent licence for COD and SS
A <b>Equity and no undue discrimination</b>		
B <b>Efficient use</b>		
C <b>Cost reflectivity</b>		
D <b>Cost recovery</b>		
E <b>Stability</b>		
F <b>Simplicity</b>		

On the principles of 'Equity and no undue discrimination' and 'Efficient Use', option 2 is considered to perform the best. Basing charges on ELVs specific to each customer will better reflect the unique circumstances and regulatory context of each customer site, including their specific activities and pre-treatment facilities. Assigning charges in this way ensures that no customer is penalised or can take advantage due to averaging across a specific sector, which can mask substantial variations between customers. In contrast, Option 1 risks both overcharging customers with efficient systems and undercharging those with higher pollutant loads, undermining the principle of equity and no undue discrimination. By being more specific to the customer, option 2 encourages efficiency in the use of water services. If customers know that their actual ELV performance influences their charges, they are motivated to implement and maintain effective pre-treatment and operational practices to keep discharges within the permitted limits, adhering to the "polluter pays" principle.

Whereas both options score well in terms of 'Cost recovery', option 2 provides greater 'Cost reflectivity', ELV's are set following detailed site assessments and regulatory reviews, meaning they already account for the intrinsic characteristics and risks associated with each customer's activities. Basing charges on these values eliminates the inaccuracies and biases that inevitably arise when sector averages are used, especially for business activities with few sampled sites or wide performance variation.

Option 1 provides some 'Stability' as using the average strength of historical measured sample data uses real and current data obtained from a similar business activity. However, Stability is enhanced under option 2 as customers can readily understand and predict their charges based on clear regulatory benchmarks specified in their licence, without the uncertainty of fluctuating industry averages or gaps in sector specific sampling data.

Option 2 also performs better than option 1 against the 'Simplicity' principle. It is relatively easy to understand and for UÉ to implement. Challenges such as data gaps which may arise under option 1 (e.g. limited sampling data available for a given TEC code) are not an issue under option 2. As option 1 relies on average sampling data for other customers carrying out similar business activities, it is more difficult for customers to forecast their bill.

Based on the assessment set out above, option 2 scores best on a total basis.

**UÉ proposes to use a percentage of Emission Limit values (ELVs) as set out in a customer's trade effluent licence for COD and SS**

### 7.3.2 ELV percentage to be applied to a Mogden formula charge

As set out in section 7.3.1, UÉ proposes using a portion of a trade effluent customer's ELV to derive values for two parameters (COD and SS) in the absence of sampling data when calculating Mogden formula charges. Each trade effluent licence sets out the limit within which a customer's wastewater load for COD and SS must not exceed and the sampling determines the load discharged over time. The appropriate portion or percentage of the ELV to use for each parameter, COD and SS, to calculate an estimated Mogden formula charge is therefore required. UÉ has considered the following two options:

- Option 1 – 50% of the customer's licensed ELV for COD and 30% of the customer's licensed ELV for SS;
- Option 2 – 30% of the customer's licensed ELV for both COD and SS.

Table 7.2 below is an illustrative representation of options 1 and 2 and compares sampling results under each option to Scottish Water (SW).

#### Option 1 – 50% and 30% of the customer's licensed ELV for COD and SS respectively

Under option 1, sampling data from only customers with TEC codes in the food and drink sector is aggregated and averaged. Across the sampling data currently available to UÉ, the food and drink sector represents on average close to 30% of all sampling results for COD and SS, the largest single sector. As shown in table 7.2, the analysis returns sampling values of 46% of the ELV for COD and 33% of the ELV for SS. For comparison, sampling data from only customers with TEC codes in the food and drink shared by SW returns similar results<sup>32</sup>, with 53% and 28% respectively. For simplicity, the proportions used under this option would be rounded to 50% and 30% for COD and SS.

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<sup>32</sup> Calculated as a straight-line average – it is not possible to weight these results in the same manner as UÉ's approach.

## Option 2 – 30% of the customer’s licensed ELV for COD and SS

Under option 2, sampling data is aggregated and averaged across all TEC codes. As shown in table 7.2, the analysis returns sampling values of 32% of the ELV for COD and 28% of the ELV for SS. For simplicity the proportions used under option 2 are rounded to 30% and 30% for COD and SS. For comparison sampling data shared by SW returns a different value for COD (49%) and a similar result<sup>33</sup> for SS (31%).

Under each option, sampling data will be constantly reviewed to ensure that the proportion applied to the ELV for COD and SS continues to be representative.

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<sup>33</sup> Calculated as a straight-line average – it is not possible to weight these results in the same manner as UÉ’s approach.

**Table 7.2 – Sampling methods used for each option**

	Option 1	Option 2	
	6 Food and Drink TEC codes – Limitation on ELV's <sup>34</sup>	All TEC Codes – No Limitations on ELV's <sup>35</sup>	Recommendation
<b>COD (Weighted Average)</b>	46%	32%	30%
<b>COD (SW Comparison)</b>	53%	49%	

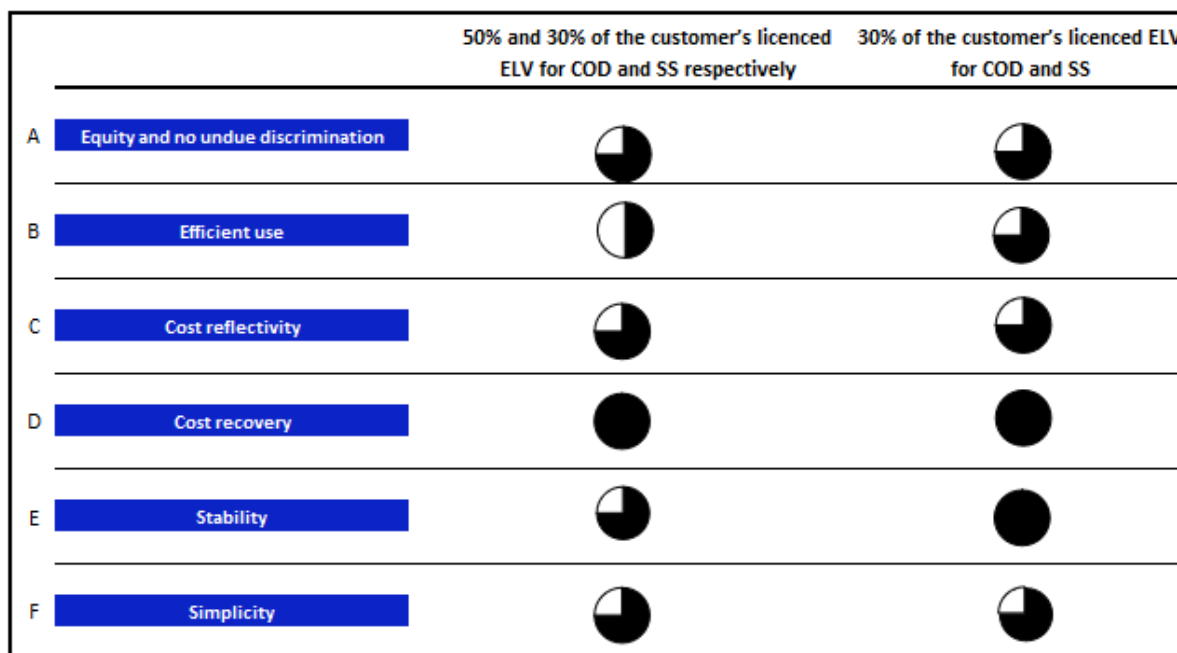
	6 Food and Drink TEC codes – Limitation on ELV's <sup>36</sup>	All TEC Codes – No Limitations on ELV's <sup>37</sup>	Recommendation
<b>SS (Weighted Average)</b>	33%	28%	30%
<b>SS (SW Comparison)</b>	28%	31%	

- Assessment of Options against the CRU's tariff principles

An assessment of the two options against the CRU principles, using 'Harvey Ball' graphics is set out below:

<sup>34</sup> UÉ Data compiled from 83 sites, and 1,033 samples  
<sup>35</sup> UÉ Data compiled from 416 sites, and 3,659 samples  
<sup>36</sup> UÉ Data compiled from 92 sites, and 1,157 samples  
<sup>37</sup> UÉ Data compiled from 411 sites, and 3,900 samples

**Figure 7.3 – Percentage of licensed ELV - evaluation against principles**



Both options perform well in terms of ‘Equity and no undue discrimination’. By aggregating and averaging sampling data from all TEC codes, this approach avoids accusation of sectoral bias and prevents any single industry from skewing the outcome. All trade effluent customers, regardless of sector, are treated on a level playing field, helping to prevent undue discrimination.

Option 2 promotes more ‘Efficient use’ than option 1 given that more industries are included providing for a more representative sample. By including a broader range of industries, it leads to a more representative and stable cost base. The overall approach avoids overestimating charges and supports accurate cost recovery, ensuring that customers without sampling data are not unfairly penalised.

Both options perform well in terms of ‘Cost recovery’ and ‘Cost reflectivity’, ELV’s are set following detailed site assessments and regulatory reviews, meaning they already account for the intrinsic characteristics and risks associated with each customer’s activities. Basing charges on these values eliminates the inaccuracies and biases that inevitably arise when sector averages are used, especially for business activities with few sampled sites or wide performance variation.

Option 2 is data-driven and reflective of actual practices and, therefore, best aligns with the ‘Stability’ principle. Under this option, 30% of a customer’s ELV in their

trade effluent licence is used to derive both COD and SS sample values using all available sampling data. Option 2 is rooted in empirical evidence, strengthening the integrity and transparency of the charging system. By ensuring that all possible sampling data has been reviewed and taken into account, option 2 also provides a more stable model to apply the ELV percentage. Additionally, as basing COD and SS values on 30% of a customer's licensed ELV represents a larger and more diverse dataset, option 2 is marginally more resilient to fluctuations than option 1 as industry practices and wastewater profiles evolve over time, ensuring that the model remains robust into the future.

Both option 1 and option 2 perform well against the 'Simplicity' principle, as each option is relatively simple for the customer to calculate and for UÉ to implement.

Based on the assessment set out above, option 2 scores best on a total basis.

**UÉ proposes to use 30% of the customer's licensed ELV for COD and SS**

#### **7.4 Calculating a non-domestic wastewater charge for a trade effluent customer in the absence of metering**

Typically, trade effluent customers generate two types of wastewater:

- i. trade effluent resulting from their business operations; and
- ii. sanitary wastewater associated with everyday staffing needs.

In most instances, from 1<sup>st</sup> October 2026 a trade effluent customer will be charged on a consistent basis in accordance with the tariff structure of their assigned tariff class. For example, in Trade Effluent Category 1 metered wastewater discharged will be charged a volumetric rate while a Mogden formula will apply to wastewater discharged by Trade Effluent Category 2 and 3 customer connections. The Modgen formula requires sampling results to demonstrate the strength or pollution load of the wastewater.

There are two primary scenarios where it may be necessary to differentiate between trade effluent and sanitary wastewater discharge volumes for charging purposes:

- If samples measuring strength are taken at a combined point, then both the volume of sanitary wastewater and trade effluent discharged will be captured in the customer's Mogden formula charge. However, for some customers, sanitary wastewater and trade effluent are discharged at separate points. In these instances, the sampling results will only capture wastewater discharges at the trade effluent sampling point. Therefore, the Mogden formula charge may not capture all wastewater volumes i.e. a separate charge may be required to capture sanitary wastewater volumes discharged by the customer.
- For the purposes of calculating a charge for wastewater customers, the volume of water supplied to a premises is usually deemed equal to the volume of wastewater removed from a premises. However, legislation<sup>38</sup> provides for UÉ and the customer to agree that the amount of wastewater removed is different to the amount of water supplied. This particularly applies to trade effluent customers as many may use a significant proportion of the water supplied in a manufacturing or industrial process, resulting in that proportion never reaching the public sewer. The 'water in' may also end up being split between sanitary wastewater and trade effluent as 'water out'.

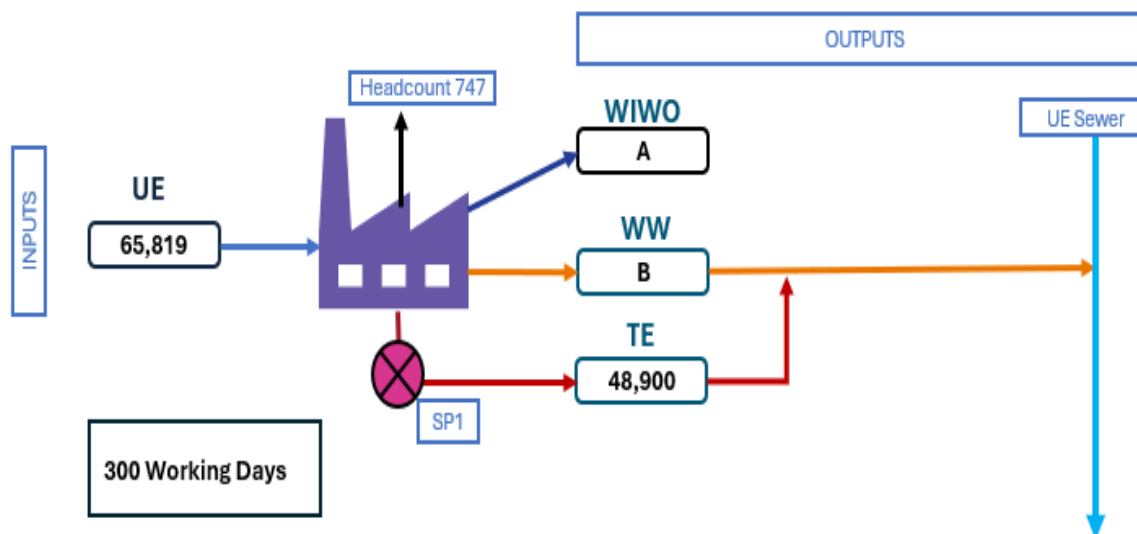
The complexity of a trade effluent customer's drainage and sewer configuration can mean that it is not possible to precisely determine the volume of wastewater discharged. For instance, a business may have an accurate record of trade effluent discharged through dedicated metering and sampling, while the volume of sanitary wastewater remains unknown as it is discharged through a separate, unmeasured point. As an estimate based on 'water in' will not be appropriate, methods or standardised assumptions are required for these cases to ensure customers are billed fairly and in accordance with their actual use of water services.

For context see figure 7.4 and Appendix 1.

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<sup>38</sup> [Section 22\(9\) of the Water Services \(No. 2\) Act 2013](#) provides that "For the purposes of calculating a charge...the amount of waste water discharged from a premises is deemed to be equal to the amount of water supplied to that premises, unless UÉ and the customer agree otherwise".

**Figure 7.4 Water balance map at a typical trade effluent site**



There is a requirement for a “calculated method” for sanitary wastewater usage where a metering solution is not in place or will not suffice. This method typically involves using industry-standard assumptions or formulas to estimate usage, such as calculating the expected ‘litres per working day’ for sanitary wastewater. This type of approach will ensure that charging arrangements remain fair and consistent, even in circumstances when measurement data is unavailable.

#### 7.4.1 Methodologies used by UK utilities to estimate an allowance for sanitary wastewater

The use of a ‘litres per working day’ method to estimate the amount of sanitary wastewater discharged by trade effluent customers is standard practice across a range of UK utilities. It helps to ensure that all customers are billed appropriately for their wastewater services, while maintaining transparency and equity in the absence of direct measurement. Relying on industry-standard assumptions about typical water usage allows for consistent billing methods to be applied across customer classes.

In the UK, in cases where a customer does not have a trade effluent meter, an estimate of the volume of sanitary wastewater discharged is calculated and subtracted from the water measured going into the site, and the remainder is charged as trade effluent. The allowance for sanitary wastewater is charged a wastewater rate and the calculation is reviewed periodically.

Table 7.3 below summaries the different approaches used by UK utilities:

**Table 7.3 UK utilities non-domestic sanitary wastewater allowances**

UK Utilities	Sanitary Wastewater Allowance Assessment
Northern Ireland Water, Anglian Water, Thames Water, United Utilities	25 litres per head per working day where there is no canteen serving hot food;  50 litres per head per working day where there is a canteen serving hot food
Southern Water	25 litres per head per working day where there is no canteen serving hot food;  40 litres per head per working day for each member of the workforce where there is a canteen serving hot food
Northumbrian Water, Welsh Water, Scottish Water, Severn Trent	The level of non-industrial use is determined and deducted from the volume of effluent discharged as a non-domestic allowance

Section 7.4.2 considers the appropriate ‘litres per working day’ method to use to calculate and apply an allowance in the Framework for those scenarios where it may be necessary to differentiate between trade effluent and sanitary wastewater discharge volumes for charging purposes.

## 7.4.2 Options to estimate a sanitary wastewater allowance

### Option 1 – 25 litres per head per working day

Under option 1, the allowance for sanitary wastewater is calculated based on the number of employees, based on 25 litres per head per working day. The allowance would universally apply regardless of whether there is a canteen onsite serving hot food for staff.

The class a trade effluent customer is assigned to (i.e. Trade Effluent Category 1, 2 or 3) will be assessed based on the customer's primary business activity and on total measured volume. Total measured volume net of the sanitary wastewater allowance would be liable for a Mogden formula charge. The allowance volumes would be charged the Framework wastewater volumetric rate assigned by the tariff band associated with the customer's total measured volume.

For impacted customers, a bill under option 1 would therefore comprise of:

- i. A compliance and licensing charge reflective of the trade effluent category;
- ii. A standing charge reflective of the trade effluent category;
- iii. A Mogden charge reflective of the trade effluent category applied to measured volume net of the allowance; and
- iv. Framework wastewater volumetric rate applied to sanitary wastewater i.e. allowance volume.

See Appendix 1 for a worked example.

### Option 2 – 25 litres per head per working day or 50 litres per head per working day (where the site has a canteen serving hot food)

Under option 2, the allowance for sanitary wastewater<sup>39</sup> is calculated based on the number of employees, based on 25 litres per head per working day which increases to 50 litres per head per working day where the site has a canteen serving hot food<sup>39</sup>.

The class a trade effluent customer is assigned to (i.e. Trade Effluent Category 1, 2 or 3) will be assessed based on the customer's primary business activity and total measured volume. Total measured volume net of the sanitary wastewater

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<sup>39</sup> An allowance of 50 litres per head where there is a canteen serving hot food is standard in the UK. For example, see section 5.4.1 of United Utilities charges scheme [here](#) and section 5 of Anglian Water's Trade Effluent Charging guidance [here](#)

allowance would be liable for a Mogden formula charge. The allowance volumes would be charged the Framework wastewater volumetric rate assigned by the tariff band associated with the customer’s total measured volume.

For impacted customers, a bill under option 2 would therefore comprise of:

- i. A compliance and licensing charge reflective of the trade effluent category;
- ii. A standing charge reflective of the trade effluent category;
- iii. A Mogden charge reflective of the trade effluent category applied to measured volume net of the allowance; and
- iv. Framework wastewater volumetric rate applied to sanitary wastewater i.e. allowance volume.

See Appendix 1 for a worked example.

- Assessment of Options against the CRU’s tariff principles

An assessment of the two options against the CRU principles using ‘Harvey Ball’ graphics is set out below:

**Figure 7.5 – Litres per working day rule - evaluation against principles**

	25 litres per head per day	25 litres per head per day increasing to 50 litres per head per day (where the site has a canteen serving hot meals)
A <b>Equity and no undue discrimination</b>		
B <b>Efficient use</b>		
C <b>Cost reflectivity</b>		
D <b>Cost recovery</b>		
E <b>Stability</b>		
F <b>Simplicity</b>		

Taking the first principle of ‘Equity and no undue discrimination’, option 2 is considered to be the fairest option for all customers. This option recognises and accommodates genuine differences between the volumes of sanitary wastewater discharged by those businesses with canteen facilities serving hot food and those

that do not. Workplaces with canteens serving hot food inevitably discharge greater volumes of sanitary wastewater per head due to increased water use for meal preparation, dishwashing, and personal hygiene.

Furthermore, option 2 scores higher in 'Cost reflectivity'. Option 2 ensures that tariff structures assigned to trade effluent customers better reflect actual water usage, thereby better supporting the principle of cost reflectivity. Applying a blanket 25-litre rule, as implied in option 1, would fail to reflect the different profile of wastewater discharged by some trade effluent customers and therefore the costs they impose on UÉ's wastewater assets. Both option 1 and 2 ensure full 'Cost recovery'.

Option 2 also promotes much more 'Efficient use' for customers than option 1 as it ensures that the higher volume of sanitary wastewater discharged by food and drink business activities is reflected in the charging structure thereby helping to maintain the 'polluter pays' principle. Moreover, option 2 actively promotes efficient resource allocation and responsible water management. By transparently linking allowances to workplace facilities, it encourages employers to consider the true cost implications of onsite catering and supports informed decision-making.

Both options perform equally well against the 'Simplicity' and 'Stability' principles. Option 2 is just as straightforward to administer as option 1. The criteria used to set an increased allowance, for example whether or not a business has a canteen serving hot meals, are easy to determine and apply. The predictability of set daily allowances ensures bill stability and allows customers to anticipate costs with confidence.

Based on the assessment set out above, option 2 scores best on a total basis.

**UÉ proposes to use the following 'litres per working day' method to use to calculate and apply an allowance in the Framework for those scenarios where it may be necessary to differentiate between trade effluent and sanitary wastewater discharge volumes for charging purposes:**

- **25 litres per head per day;**
- **Increasing to 50 litres per head per day (where the site has a canteen serving hot meals).**

## 8. Summary customer impact

This section presents a range of case studies which have been developed to assist trade effluent customers to understand in more detail how tariff changes may impact a bill.

Given the wide range of existing tariffs, structures, and rules for trade effluent charges, moving to harmonised and national trade effluent tariff arrangements is likely to result in tariff changes for most customers. The impact on trade effluent customers will vary individually and depend on the strength and volume of wastewater discharged. Customer bills set out in this section are based on draft trade effluent charges which are subject to change<sup>40</sup> and, therefore, are not final. Bills that apply to trade effluent customers from 1<sup>st</sup> October 2026 will be based on tariffs calculated in accordance with costs as approved in the CRU's final RC4 determination (expected in 2026).

This section considers the draft bill impact of moving from current tariffs to the new, enduring trade effluent tariffs based on UÉ's transition proposals using notional trade effluent strength and volume for a range of different trade effluent customers. Table 8.1 identifies eight example case studies, which are further explored in this section with a view to providing some sight of the customer bill impacts. It should be noted that the case studies in this section show the impact of applying the draft tariffs to trade effluent customers and demonstrate in what circumstances transitional arrangements will apply based on UÉ proposals.

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<sup>40</sup> They are based on approved SFP costs which will change following the CRU's final determination.

**Table 8.1 List of trade effluent billing case studies**

Case study	Trade Effluent Category	Activity	Trade Effluent discharge (m <sup>3</sup> )	Trade Effluent samples (Strength)	Basis of variable charge <sup>41</sup>	2026/2027 Cap
1	1	Commercial	800	N/A <sup>42</sup>	Volumetric	N
2	1	Commercial	2,050	N/A	Volumetric	N
3	1	Industrial	400	N/A	Volumetric	N
4	1	Commercial	3,000	N/A	Volumetric	Y
5	1	Commercial	N/A	N/A	Unmetered	N
6	2	Industrial	25,000	COD=800 SS=100	Mogden	Y
7	2	Industrial	50,000	COD=100 SS=25	Mogden	N
8	3	Industrial	275,000	COD= 800 SS=200	Mogden	Y

The wastewater usage and sample values have been chosen to represent a broad range of trade effluent customer types. Appendix 4 provides a list of the activities considered Commercial Activities and Industrial Activities.

<sup>41</sup> The table distinguishes whether a trade effluent customer's variable component of the charge is a volumetric charge (Trade Effluent Category 1) or a Mogden formula charge (Trade Effluent Category 2 and 3).

<sup>42</sup> UÉ will sample a representative cross section of Trade Effluent Category 1 customers across a geographical range of Commercial Activities and Industrial Activities and consumption values, in order to better understand the profile of wastewater strength discharged.

The formulae below outline how a trade effluent bill will be calculated. The wastewater components of a bill are calculated separately and are summed together for the total trade effluent charge. Billable usage refers to total wastewater usage net of any domestic allowance where a customer is a mixed use customer<sup>43</sup>.

$$\begin{aligned} \textbf{Trade Effluent Category 1 Bill (metered)} &= \textit{Standing Charge} + \\ &\quad (\textit{Volumetric unit rate} \times \textit{billable usage}) + \\ &\quad \textit{trade effluent compliance and licensing fixed charge} \end{aligned}$$

$$\begin{aligned} \textbf{Trade Effluent Category 1 Bill (unmetered)} &= \textit{Unmetered Flat charge} + \\ &\quad \textit{trade effluent compliance and licensing fixed charge} \end{aligned}$$

$$\begin{aligned} \textbf{Trade Effluent Category 2 and 3 Bill} &= \textit{Standing Charge} + \\ &\quad \textit{Mogden formula charge} + \textit{trade effluent compliance and licensing fixed charge} \end{aligned}$$

Notes:

- All standing, volumetric, Mogden formula components and trade effluent compliance and licensing fixed charges are rounded to the nearest two decimal places for the purpose of the case studies. In practice tariff components reflecting a cap are rounded to seven decimal places.
- The total annual trade effluent charge for each case study has been rounded to the nearest euro.
- In case studies where a Mogden formula applies, it is populated with the national average wastewater strengths values: the Os parameter value of 463 mg/l and the Ss parameter value of 244 mg/l apply.
- An example of a bill scenario reflective of UÉ proposal set out in section 7.4, to apply an allowance for those scenarios where it may be necessary to differentiate between trade effluent and sanitary wastewater discharge volumes for charging purposes, can be found in Appendix 1.

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<sup>43</sup> Connections providing water services for both non-domestic and domestic purposes at a premises are termed 'mixed use'

## Trade effluent case study 1 - Commercial

Trade Effluent Category	Activity	Trade effluent discharged (m3)	Trade effluent samples (Strength)	CAP
1	Commercial	800	N/A	N

This case study outlines how the draft trade effluent tariffs would apply to a customer operating a restaurant with a trade effluent discharge of 800m<sup>3</sup> per annum connected to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 1 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a uniform volumetric rate structure. The standing charge and volumetric charge that applies are differentiated by customer class, consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customer's annual consumption is below 1,000m<sup>3</sup>, they will be charged the Framework Band 1 wastewater standing charge and volumetric rate for their discharge volumes.

Table 8.2 compares the current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer's current bill is based on Framework 2025/2026 Band 1 wastewater standing charges and volumetric charges. In addition, this customer is currently charged an annual FOG charge of €315 which will be replaced by the licensing and compliance charge from the 2026/2027 tariff year onwards.

As the draft bill increase is less than €250, this trade effluent customer would not qualify for transition arrangements under UÉ's proposals from 1<sup>st</sup> October 2026, i.e. a cap on the maximum annual increase would not apply.

**Table 8.2 Case study 1: Worked example of trade effluent bill calculation**

Trade effluent tariff components	Tariff Year 2025/2026	Draft Tariff Year 2026/2027
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	€315.00	N/A
(iii) LA specific volumetric charge	N/A	N/A
(i) Standing charge wastewater	€82.82	€109.63
(ii) Compliance & licensing charge	N/A	€383.00
(iii) Volumetric charge wastewater/m <sup>3</sup>	€2.57	€2.50
(iv) Billable trade effluent volume m <sup>3</sup>	800	800
(v) Volumetric charge ( <i>iii times iv</i> )	€2,056.00	€2,000.00
Total annual trade effluent charge	€2,453.82	€2,492.63
Overall bill change €		€38.81
Overall bill change %		1.58%

Trade effluent case study 2 - Commercial

Trade Effluent Category	Activity	Trade effluent discharged (m <sup>3</sup> )	Trade effluent samples (Strength)	CAP
1	Commercial	2,050	N/A	N

This case study outlines how the draft trade effluent tariffs would apply to a customer operating a swimming pool with a trade effluent discharge of 2,050m<sup>3</sup> per annum connected to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 1 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a uniform volumetric rate structure. The standing charge and volumetric charge that applies are differentiated by customer class, consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customer's annual consumption is between 1,000m<sup>3</sup> and 19,999m<sup>3</sup>, they will be charged the Framework Band 2 wastewater standing charge and volumetric rate for their discharge volumes.

Table 8.3 compares the customer's current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer's current bill is based on Framework 2025/2026 Band 2 wastewater standing charges and volumetric charges. No other trade effluent charges currently apply.

While the draft bill increase is greater than €250, this trade effluent customer would not be eligible for transition arrangements under UÉ's proposals from 1<sup>st</sup> October 2026, i.e. a cap on the maximum annual increase would not apply, as they are not changing tariff structure. Specifically, this trade effluent customer should not be eligible for further transition arrangements to align with the CRU's decision to unwind bill capping arrangements and transition all Framework Band 2 connections to cost-reflective tariffs by 1<sup>st</sup> October 2026.

**Table 8.3 Case study 2 - Worked example of trade effluent bill calculation**

<b>Trade effluent tariff components</b>	<b>Tariff Year 2025/2026</b>	<b>Draft Tariff Year 2026/2027</b>
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	N/A	N/A
(iii) LA specific volumetric charge	N/A	N/A
(i) Standing charge wastewater	€261.70	€452.51
(ii) Compliance & licensing charge	N/A	€383.00
(iii) Volumetric charge Wastewater/m <sup>3</sup>	€2.50	€2.49
(iv) Billable trade effluent volume m <sup>3</sup>	2,050	2,050
(v) Volumetric charge ( <i>iii times iv</i> )	€5,125.00	€5,104.50
Total annual trade effluent charge	€5,386.70	€5,940.01
Overall bill change €		€553.31
Overall bill change %		10.27%

Trade effluent case study 3 – Industrial

Trade Effluent Category	Activity	Trade effluent discharged (m <sup>3</sup> )	Trade effluent samples (Strength)	CAP
Category 1	Industrial	400	N/A	N

This case study outlines how the draft trade effluent tariffs would apply to a customer operating a microbrewery with a trade effluent discharge of 400m<sup>3</sup> per annum connected to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 1 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a uniform volumetric rate structure. The standing charge and volumetric charge that applies are differentiated by customer class consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customers annual consumption is below 1,000m<sup>3</sup>, they will be charged the Framework Band 1 wastewater standing charge and volumetric rate for their discharge volumes.

Table 8.4 compares the current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the TECF. This customer’s current bill is based on Framework 2025/2026 Band 1 wastewater standing charges and volumetric charges. No other trade effluent charges currently apply.

While the draft bill increase is greater than €250, this customer would not be eligible for transition arrangements under UÉ’s proposals from 1<sup>st</sup> October 2026, i.e. a cap on the maximum annual increase would not apply, as they are not changing tariff structure. Specifically, this trade effluent customer should not be eligible for further transition arrangements to align with the CRU’s decision to unwind bill capping arrangements and transition all Framework Band 1 connections to cost-reflective tariffs by 1<sup>st</sup> October 2026.

**Table 8.4 Case study 3 - Worked example of trade effluent bill calculation**

<b>Trade effluent tariff components</b>	<b>Tariff Year 2025/2026</b>	<b>Draft Tariff Year 2026/2027</b>
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	N/A	N/A
(iii) LA specific volumetric charge	N/A	N/A
(i) Standing charge wastewater	€82.82	€109.63
(ii) Compliance & licensing charge	N/A	€383.00
(iii) Volumetric charge wastewater/m <sup>3</sup>	€2.57	€2.50
(iv) Billable trade effluent volume m <sup>3</sup>	400	400
(v) Volumetric charge ( <i>iii times iv</i> )	€1,028.00	€1,000.00
Total annual trade effluent charge	€1,110.82	€1,492.63
Overall bill change €		€381.81
Overall bill change %		34.37%

Trade effluent case study 4 – Commercial

Trade Effluent Category	Activity	Trade effluent discharged (m3)	Trade effluent samples (Strength)	CAP
1	Commercial	3,000	NA	Y

This case study outlines how the draft trade effluent tariffs would apply to a customer operating a carwash with a trade effluent discharge of 3,000m<sup>3</sup> per annum connected to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 1 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a uniform volumetric rate structure. The standing charge and volumetric charge that applies are differentiated by customer class consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customer’s annual consumption is between 1,000m<sup>3</sup> and 19,999m<sup>3</sup>, they will be charged the Framework Band 2 wastewater standing charge and volumetric rate for their discharge volumes.

Table 8.5 compares the current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer’s current bill is based on a LA specific Mogden formula charge. No other trade effluent charges currently apply.

As the customer is changing tariff structure and the bill increase is greater than €250, under UÉ’s proposals this trade effluent customer is eligible for transition and qualifies for a 20% cap on the maximum annual increase allowed in the 2026/2027 tariff year. The 2026/2027 tariffs will not be applied to this customer’s bill. Table 8.6 sets out the customer’s capped bill for the 2026/2027 tariff year and demonstrates that it will rise by no more than 20% from 2025/2026.

**Table 8.5 Case study 4: Worked example of current trade effluent bill calculation**

Trade effluent tariff components	Tariff Year 2025/2026	Draft Tariff Year 2026/2027
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	N/A	N/A
(iii) LA specific Mogden charge	€5,150.00	N/A
(i) Standing charge wastewater	N/A	€452.51
(ii) Compliance & licensing charge	N/A	€383.00
(iii) Volumetric charge Wastewater/m <sup>3</sup>	N/A	€2.49
(iv) Billable trade effluent volume m <sup>3</sup>	3,000	3,000
(v) Volumetric charge ( <i>iii times iv</i> )	N/A	€7,470.00
Total annual trade effluent charge	€5,150.00	€8,305.51
Overall bill change €		€3,155.51
Overall bill change %		61.27%

**Table 8.6 Case Study 4: Cap<sup>44</sup> on the maximum increase allowed in the 2026/2027 year**

Trade effluent tariff components	Draft cap Tariff Year 2026/2027
(i) Standing charge wastewater	€336.71
(ii) Compliance & licensing charge	€284.98
(iii) Volumetric charge wastewater/m <sup>3</sup>	€1.85
(iv) Billable trade effluent volume m <sup>3</sup>	3,000
(v) Volumetric charge ( <i>iii times iv</i> )	€5,558.31
Total annual trade effluent charge	€6,180.00
Overall bill change €	€1,030.00
Overall bill change %	20%
Benefit of cap <sup>45</sup>	€2,125.51

<sup>44</sup> Each tariff component is set below its cost-reflective level to limit the total bill increase to no more than 20%. The reduction applied to each component is proportional to its contribution to the cost-reflective bill.

<sup>45</sup> Reflects the difference between what the trade effluent customer would pay under 2026/2027 tariffs and what the customer will pay in 2026/2027 due to the 20% cap on the maximum annual increase allowed.

Trade effluent case study 5 – Unmetered

Trade Effluent Category	Activity	Trade effluent discharged (m3)	Trade effluent samples (Strength)	CAP
1	Commercial	Unmetered	N/A	N

This case study outlines how the draft trade effluent tariffs would apply to a customer operating a restaurant with an unmetered trade effluent discharge to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 1 unmetered customers, UÉ will charge a trade effluent compliance and licensing charge and an unmetered standing charge. The standing charge that applies is differentiated by customer class, consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customer is unmetered, they will be charged the Framework Band 1 unmetered wastewater standing charge.

Table 8.7 compares the current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer’s current bill is based on the Framework 2025/2026 Band 1 unmetered wastewater standing charge. In addition, this customer is currently charged an annual FOG charge of €315 which will be replaced by the licensing and compliance charge from the 2026/2027 tariff year onwards.

As the draft bill increase is less than €250, this trade effluent customer would not qualify for transition arrangements under UÉ’s proposals from 1<sup>st</sup> October 2026, i.e. a cap on the maximum annual increase would not apply.

**Table 8.7 Case study 5: Worked example of trade effluent bill calculation**

Trade effluent tariff components	Tariff Year 2025/2026	Draft Tariff Year 2026/2027
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	€315.00	N/A
(iii) LA specific volumetric charge	N/A	N/A
(i) Standing charge wastewater	€337.76	€435.15
(ii) Compliance & licensing charge	N/A	€383.00
(iii) Volumetric charge wastewater/m <sup>3</sup>	N/A	N/A
(iv) Billable trade effluent volume m <sup>3</sup>	N/A	N/A
(v) Volumetric charge ( <i>iii times iv</i> )	N/A	N/A
Total annual trade effluent charge	€652.16	€818.15
Overall bill change €		€165.99
Overall bill change %		25.45%

Trade effluent case Study 6 – Industrial

Trade Effluent Category	Activity	Trade effluent discharged (m <sup>3</sup> )	Trade effluent samples (Strength)	CAP
Category 2	Industrial	25,000	COD=800 SS=100	Y

This case study outlines how the draft trade effluent tariffs would apply to a customer operating a Biopharma manufacturing facility with a trade effluent discharge of 25,000m<sup>3</sup> per annum connected to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 2 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a Mogden formula charge. The standing charge will be differentiated by customer class consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customer’s annual consumption is between 20,000m<sup>3</sup> and 249,999m<sup>3</sup>, they will be charged the Framework Band 3 wastewater standing charge.

Table 8.8 compares the current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer’s current bill is based on Framework 2025/2026 Band 3 wastewater standing charges and volumetric charges. In addition, this customer is currently charged an annual fixed monitoring fee of €2,500 which will be replaced by the licensing and compliance charge from 2026/2027.

As the customer is changing tariff structure and the bill increase is greater than €250, under UÉ’s proposals this trade effluent customer is eligible for transition and qualifies for a 20% cap on the maximum annual increase allowed in the 2026/2027 tariff year. The 2026/2027 tariffs will not be applied to this customer’s bill. Table 8.9 sets out the customer’s capped bill for the 2026/2027 tariff year and demonstrates that it will rise by no more than 20% from 2025/2026.

**Table 8.8 Worked example of trade effluent bill calculation**

Trade effluent tariff components	Tariff Year 2025/2026	Draft Tariff Year 2026/2027
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	€2,500	N/A
(iii) LA specific volumetric charge	N/A	N/A
(i) Standing charge Wastewater	€4,227.03	€4,492.96
(ii) Compliance & licensing charge	N/A	€3,367.84
(iii) Volumetric charge Wastewater/m <sup>3</sup>	€2.45	N/A
<b><u>Mogden Charge Wastewater/m<sup>3</sup></u></b>		
R (Reception and Conveyance charge (per unit))		€0.47
V (Volume charge (per unit))		€1.30
B (Biological charge (per unit))	N/A	€0.67
S (Sludge charge (per unit))		€0.56
O <sub>t</sub> (Customer COD (mg/l))		<b>800</b>
S <sub>t</sub> (Customer SS (mg/l))		<b>100</b>
(iv) $C=R + V + B(O_t/O_s) + S(S_t/S_s)$	N/A	€3.16
C is the resultant trade effluent charge in € /m <sup>3</sup> :		
(v) Billable trade effluent volume m <sup>3</sup>	25,000	25,000
(vi) Volumetric/Mogden charge (iii or iv times v)	€61,250.00	€78,929.39
Total annual trade effluent charge	€67,977.03	€86,790.19
Overall bill change €		€18,813.16
Overall bill change %		28%

**Table 8.9 Case Study 6: Cap<sup>46</sup> on the maximum increase allowed in the 2026/2027 year**

Trade effluent tariff components	Draft Cap Tariff Year 2026/2027
(i) Standing charge wastewater	€4,222.85
(ii) Compliance & licensing charge	€3,165.37
<b><u>Mogden Charge Wastewater/m<sup>3</sup></u></b>	
R (Reception and Conveyance charge (per unit))	€0.44
V (Volume charge (per unit))	€1.22
B (Biological charge (per unit))	€0.63
S (Sludge charge (per unit))	€0.53
O <sub>t</sub> (Customer COD (mg/l))	<b>800</b>
S <sub>t</sub> (Customer SS (mg/l))	<b>100</b>
(iii) $C=R + V + B(O_t/O_s) + S(S_t/S_s)$	€2.97
C is the resultant trade effluent charge in € /m <sup>3</sup> :	
(iv) Billable trade effluent volume m <sup>3</sup>	25,000
(v) Volumetric/Mogden charge (iii or iv times v)	€74,184.22
Total annual trade effluent charge	€81,572.44
Overall bill change €	€13,595.41
Overall bill change %	20%
Benefit of cap	€5,217.75

<sup>46</sup> Each tariff component is set below its cost-reflective level to limit the total bill increase to no more than 20%. The reduction applied to each component is proportional to its contribution to the cost-reflective bill.

Trade effluent case study 7 – Industrial

Trade Effluent Category	Activity	Trade effluent discharged (m <sup>3</sup> )	Trade effluent samples (Strength)	CAP
2	Industrial	50,000	COD=100 SS=25	N

This case study outlines how the draft trade effluent tariffs would apply to a food manufacturing facility with a trade effluent discharge of 50,000m<sup>3</sup> per annum connected to the **wastewater** network. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 2 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a Mogden formula charge. The standing charge will be differentiated by customer class consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customers annual consumption is between 20,000m<sup>3</sup> and 249,999m<sup>3</sup>, they will be charged the Framework Band 3 wastewater standing charge.

Table 8.10 compares the current annual bill, and the annual bill based on draft tariffs if this trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer’s current bill is based on an LA specific volumetric charge. No other trade effluent charges currently apply.

As the bill is decreasing, under UÉ’s proposals this trade effluent customer would not be eligible for transition. The 2026/2027 tariffs would apply from 1<sup>st</sup> October 2026.

**Table 8.10 Case study 7: Worked example of trade effluent bill calculation**

Trade effluent tariff components	Tariff Year 2025/2026	Draft Tariff Year 2026/2027
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	N/A	N/A
(iii) LA specific volumetric charge	€106,700.00	N/A
(i) Standing charge wastewater	N/A	€4,492.96
(ii) Compliance & licensing charge	N/A	€3,367.84
(iii) Volumetric charge wastewater/m <sup>3</sup>	N/A	N/A
<u>Mogden Charge Wastewater/m<sup>3</sup></u>		
R (Reception and Conveyance charge (per unit))		€0.47
V (Volume charge (per unit))		€1.30
B (Biological charge (per unit))		€0.67
S (Sludge charge (per unit))		€0.56
O <sub>t</sub> (Customer COD (mg/l))		<b>100</b>
S <sub>t</sub> (Customer SS (mg/l))		<b>25</b>
$C=R + V + B(O_t/O_s) + S(S_t/S_s)$		
(v) C is the resultant trade effluent charge in € /m <sup>3</sup> :	N/A	€1.97
(v) Billable trade effluent volume m <sup>3</sup>	50,000	50,000
(vi) Volumetric/Mogden charge (iii or iv times v)	N/A	€98,604.27
Total annual trade effluent charge	€106,700.00	€106,465.07
Overall bill change €		-€234.93
Overall bill change %		-0.22%

Trade effluent case study 8 – Industrial

Trade Effluent Category	Activity	Trade effluent discharged (m <sup>3</sup> )	Trade effluent samples (Strength)	CAP
3	Industrial	275,000	COD= 800 SS=200	Y

This case study outlines how the draft trade effluent tariffs would apply to a food and beverage manufacturing Industrial Activity with a trade effluent discharge of 275,000m<sup>3</sup> per annum connected to the **wastewater** network recorded. The 2026/2027 bill is calculated based on draft tariffs set out in this paper and is subject to change.

For Trade Effluent Category 3 customers, UÉ will charge a trade effluent compliance and licensing charge, a standing charge and a Mogden formula charge. The standing charge will be differentiated by customer class consistent with the approach taken for sanitary wastewater discharged by non-domestic customers. As the customer’s annual consumption is greater than 250,000m<sup>3</sup>, they will be charged the Framework Band 4 wastewater standing charge.

Table 8.11 compares the current annual bill, and the annual bill based on draft tariffs if the trade effluent customer immediately moves to the enduring tariffs following the commencement of the Trade Effluent Charging Framework. This customer’s current bill is based on an LA specific Mogden formula charge. In addition, this customer is currently charged an annual licence monitoring fee of €2,000 which will be replaced by the licensing and compliance charge from 2026/2027 onwards.

As the customer is changing tariff structure (from an LA Mogden formula to UÉ’s Mogden formula) and the bill increase is greater than €250, under UÉ’s proposals this trade effluent customer is eligible for transition and qualifies for a 20% cap on the maximum annual increase allowed in the 2026/2027 tariff year. The 2026/2027 tariffs will not be applied to this customer’s bill. Table 8.12 sets out the customer’s capped bill for the 2026/2027 tariff year and demonstrates that it will rise by no more than 20% from 2025/2026.

**Table 8.11 Case study 8: Worked example of trade effluent bill calculation**

Trade effluent tariff components	Tariff Year 2025/2026	Draft Tariff Year 2026/2027
(i) LA specific standing charge	N/A	N/A
(ii) LA specific FOG/monitoring charge	€2,000.00	N/A
(iii) LA specific Mogden charge	€627,350.00	N/A
(i) Standing charge Wastewater	N/A	€88,458.60
(ii) Compliance & licensing charge	N/A	€8,740.34
(iii) Volumetric charge wastewater/m <sup>3</sup>	N/A	N/A
<b><u>Mogden Charge Wastewater/m<sup>3</sup></u></b>		
R (Reception and Conveyance charge (per unit))		€0.43
V (Volume charge (per unit))		€1.30
B (Biological charge (per unit))	N/A	€0.67
S (Sludge charge (per unit))		€0.56
O <sub>t</sub> (Customer COD (mg/l))		<b>800</b>
S <sub>t</sub> (Customer SS (mg/l))		<b>200</b>
(iv) $C=R + V + B(O_t/O_s) + S(S_t/S_s)$	N/A	€3.35
C is the resultant trade effluent charge in € /m <sup>3</sup> :		
(v) Billable trade effluent volume m <sup>3</sup>	275,000	275,000
(vi) Volumetric/Mogden charge (iii or iv times v)	N/A	€920,338.04
Total annual trade effluent charge	€629,350.00	€1,017,536.98
Overall bill change €		€388,186.98
Overall bill change %		61.68%

**Table 8.12 Case Study 8: Cap<sup>47</sup> on the maximum increase allowed in the 2026/2027 year**

<b>Trade effluent tariff components</b>	<b>Draft Cap Tariff Year 2026/2027</b>
(i) Standing charge wastewater	€72,588.22
(ii) Compliance & licensing charge	€7,172.23
<b>Mogden Charge Wastewater/m<sup>3</sup></b>	
R (Reception and Conveyance charge (per unit))	€0.32
V (Volume charge (per unit))	€0.96
B (Biological charge (per unit))	€0.50
S (Sludge charge (per unit))	€0.42
O <sub>t</sub> (Customer COD (mg/l))	<b>800</b>
S <sub>t</sub> (Customer SS (mg/l))	<b>200</b>
(iii) $C=R + V + B(O_t/O_s) + S(S_t/S_s)$	€2.48
C is the resultant trade effluent charge in € /m <sup>3</sup> :	
(iv) Billable trade effluent volume m <sup>3</sup>	275,000
(v) Volumetric/Mogden charge (iii or iv times v)	€683,078.56
Total annual trade effluent charge	€755,220.00
Overall bill change €	€125,870.00
Overall bill change %	20%
Benefit of cap	€262,316.98

<sup>47</sup> Each tariff component is set below its cost-reflective level to limit the total bill increase to no more than 20%. The reduction applied to each component is proportional to its contribution to the cost-reflective bill.

## 9. Communications and next steps

New national harmonised trade effluent charging arrangements will come into effect on 1<sup>st</sup> October 2026. The purpose of this paper is to consider the following outstanding policy items related to new trade effluent charges:

- trade effluent transition arrangements; and
- trade effluent TARs.

The trade effluent tariff rates (and resulting estimated customer bill impact analysis) set out in this paper align with the approved SFP and are not the final rates that will be applied to customers' bills. The CRU is considering UÉ's cost base for the period from 2026 to 2029 through the separate RC4 consultation process. A CRU decision on enduring trade effluent tariffs effective 1<sup>st</sup> October 2026 (and water supply and wastewater service tariffs), will ultimately reflect the CRU's decision on RC4 costs for 2026.

New trade effluent charging arrangements, when implemented, will represent a significant change to the existing tariffing design and structure for some trade effluent customers and may result in customers facing bill increases through the application of a new harmonised regime. Understanding the impact of the trade effluent tariff design on annual bills will be a challenge to communicate.

Once the CRU approves the applicable tariffs, expected in Q2 2026, UÉ will write to all of its non-domestic including trade effluent customers informing them of the tariff changes that will apply from 1<sup>st</sup> October 2026. The letter will outline the bill changes and trade effluent transition arrangements, if applicable. This letter will include:

- Confirmation of the assigned AQ, average sampling values for the previous 12 months and the trade effluent charging category that will apply for the next tariff year;
- The process and deadline for querying the AQ calculation and classification;
- Confirmation of whether the trade effluent connection will move immediately (i.e. from 1<sup>st</sup> October 2026) to the 2026/2027 enduring tariffs or if a transition arrangement will apply; and
- Confirmation of the enduring 2026/2027 tariffs and, if a transition applies, the benefit of that transition arrangement.

Given the additional complexity involved in implementing harmonised trade effluent charging arrangements, UÉ is developing additional resources to support trade effluent customers. The range of measures are still in development and may

vary depending on a customer's size and primary business activity. Literature will be developed to provide general information on the approved trade effluent charging arrangements to customers.

UÉ has developed a trade effluent module as part of the water stewardship programme (see section 9.1) which will educate customers on best practices and ways to reduce bills. UÉ will directly engage with trade effluent customers who wish to mitigate future bill increases by providing information on how to improve efficiency of water use and pre-treat the levels of pollutants within trade effluent discharge.

UÉ's contact centre will be available to assist customers who may wish to speak with someone directly regarding updates to the Framework to include harmonised trade effluent charging arrangements. Customers who have KAM support can contact their KAM directly. UÉ's website will be also used as a source of information for customers with relevant information on the new trade effluent charging arrangements already available. An online business calculator is also expected to be published to help customers understand how they might be individually impacted by new trade effluent tariffs.

UÉ will engage with business representative groups and other stakeholders throughout the CRU's consultation process. This engagement will continue and will be an important aspect of UÉ's communication strategy in advance of implementation go-live on 1<sup>st</sup> October 2026.

## **9.1 Other supports and related policies**

Listed below is a range of other UÉ supports and related policies for non-domestic and trade effluent customers which are worth highlighting for context and to aid clarity.

### **i. Water Conservation**

UÉ places a strong emphasis on water conservation. There are initiatives in place to support non-domestic customers (including those licensed to discharge trade effluent) in conserving water.

UÉ has developed a range of water conservation materials which is available on its website ([www.water.ie](http://www.water.ie)). UÉ continues to outline to customers ways in which they can conserve water and reduce their bills.

To date we have provided general advice for all business on [www.water.ie/conservation/business/](http://www.water.ie/conservation/business/) where practical tips to conserve water can be viewed. These tips are especially useful for smaller companies and offices.

In addition, UÉ has collaborated with sectors such as farming, hospitality, manufacturing, pharmaceuticals, retail, education, hospitals, and construction to create sector-specific water conservation campaigns. Many of these sectors include customers licensed to discharge trade effluent.

UÉ is also delivering the UÉ Water Stewardship Programme in partnership with the Sustainable Enterprise Skillnet. This programme aids businesses in reducing their water usage and operating costs while protecting the environment. With over 1,000 large water users trained nationally, the development of over 2,000 water conservation projects, UÉ's efforts are transforming the water landscape. Among participants in our annual health check scheme, sites have achieved an average water reduction of 25% per site, and 96% of participants committed to annual water targets.

The aim is to provide our business customers with innovative support, education, and customer care to facilitate water conservation. The Water Stewardship Programme, accredited by the European Water Stewardship Standard (EWS), offers the following benefits:

- Save Water and Money – the programme provides businesses with the knowledge and skills to identify and deliver verified water and related resource efficiency savings;
- Protect the environment – businesses will learn the key principles of water stewardship and what actions are required to improve their environmental performance; and
- Achieve Certification – businesses will boost their reputation and meet their corporate sustainability commitments, including for Origin Green and other reporting initiatives.

In addition, UÉ has recently launched a new Advanced Water Stewardship programme which will educate customers on **best practices and ways to reduce trade effluent bills**. This new offering is designed to support business customers in addressing trade effluent and water quality challenges. It also helps participants prepare for upcoming regulatory changes and develop strategies to manage trade effluent charges effectively by providing information on how to improve efficiency of water use and reduce the levels of pollutants within trade effluent discharges.

For more information, visit [www.water.ie/stewardship](http://www.water.ie/stewardship).

## ii. Trade effluent legacy charging arrangements process

There may be a small number of trade effluent legacy arrangements. These legacy arrangements may include historical agreements or contracts entered into by a

customer with a LA, which may include legally binding bespoke provisions relating to the provision of trade effluent services. For the avoidance of doubt, such charging arrangements will not include references to charges in licences issued under legislation in relation to the discharge of trade effluent (any reference to charges in such licences being superseded and replaced by the new charging regime approved under the Framework by the CRU in 2024 and by future CRU decisions).

UÉ has a process in place to deal with customers who claim to have an existing agreement or contract for the provision of water and wastewater services. This fair and transparent process allows UÉ to make a determination as to whether it is legally bound to honour an individual agreement or contract and ultimately communicate this to customers. This process will be extended to include trade effluent customers in advance of the implementation of the new charging arrangements on 1<sup>st</sup> October 2026. Further details will be published on UÉ's website in due course.

### iii. Water in and wastewater out

In normal circumstances the volume of water supplied to a premises is deemed equal to the volume of wastewater removed from a premises. However, legislation provides for UÉ and the customer to agree that the amount of wastewater removed is different to the amount of water supplied. A standardised 'Water In / Water Out or WIWO' application process for non-domestic customers is now in place and it can be reviewed on UÉ's website.

The current process excludes UÉ from entering into a WIWO agreement with a trade effluent customer who has a trade effluent discharge authorisation until harmonised trade effluent charging arrangements are implemented.

From 1<sup>st</sup> October 2026, the process will be updated to allow UÉ to enter into a WIWO agreement with trade effluent customers to align with the introduction of harmonised trade effluent charging arrangements.

### iv. Leak allowance policy

Non-domestic customers who identify a customer side leak on their premises can avail of a leak allowance provided the leak is fixed promptly. Details on eligibility criteria, timelines to identify and fix leaks and how to apply can be found on UÉ's website.

For more information visit: <https://www.water.ie/business/billing/leakage-allowance/>.

#### v. Mixed Use Customers – first fix for free

The First Fix Free scheme aims to help reduce the amount of water wasted through leaks on customers' properties. The scheme provides customers with support in identifying and fixing leaks. UÉ offers a free leak investigation and, when a potential leak has been identified, a free repair to a leak detected on an external supply pipe on the customer's property.

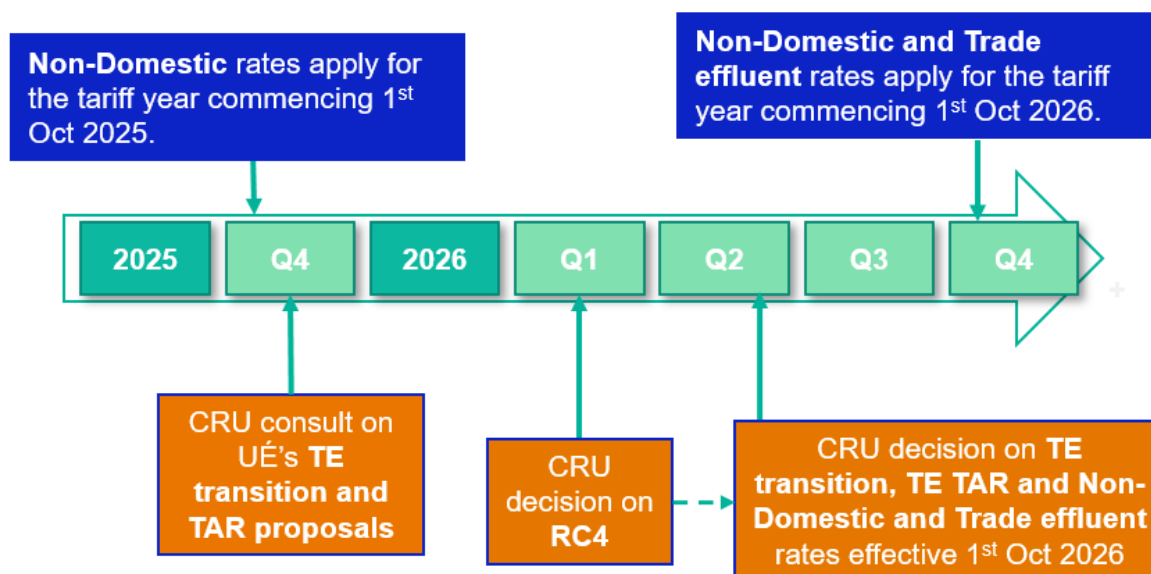
The scheme is aimed at domestic customers but is also available to mixed used customers provided the connection has been deemed by UÉ to predominantly use water for domestic purposes. Connections providing water services for both non-domestic and domestic purposes at a premises are termed 'mixed use'. Some mixed used customers may also discharge trade effluent.

For more information visit: <https://www.water.ie/help/leaks/first-fix-free/>

## 9.2 Next steps

Figure 9.1 illustrates the planned timeline for the CRU to consult and approve trade effluent transition arrangements and TARs. It is expected that the CRU will approve the non-domestic water supply and wastewater service tariffs along with trade effluent tariffs applicable from 1<sup>st</sup> October 2026 in Q2 2026. Once approved, UÉ will implement the CRU's Decision. This decision on tariff levels is dependent on the outcome of the CRU's RC4 consultation process.

**Figure 9.1 Implementing the CRU decision**



The sections below detail a number of items which UÉ will be working on over the coming months in preparation for updated non-domestic water and wastewater (including trade effluent) tariffs.

**i. Customer communications and supports**

As set out in section 9.1, UÉ will write to all of its non-domestic water and wastewater and trade effluent customers in Q3 2025 informing them of the tariff changes that will apply from 1<sup>st</sup> October 2026.

KAM support will be available to directly support customers and UÉ's website will be updated with relevant information on new tariffs including an online tariff calculator which can be used to assess individual bill impact<sup>48</sup>. UÉ will also continue to proactively engage with business representative groups in advance of 1<sup>st</sup> October 2026.

**ii. Water Charges Plan**

An updated Water Charges Plan will be published in advance of new water supply, wastewater and trade effluent tariffs being implemented on 1<sup>st</sup> October 2026. The Water Charges Plan will also be updated to reflect the CRU's decision on trade effluent TARs and trade effluent transition arrangements.

<sup>48</sup> The trade effluent tariff calculator will provide an indication only of the estimated bill impacts a trade effluent customer will face until such a time as the CRU publish their decision on tariffs effective 1<sup>st</sup> October 2026

### iii. Annual tariff update - tariffs to apply from 1<sup>st</sup> October 2027

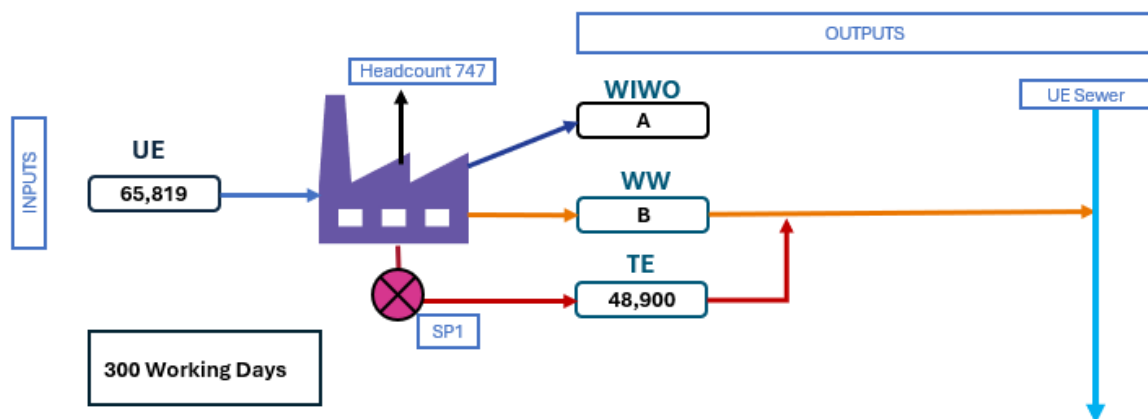
In line with the annual tariff update process, UÉ will submit a proposal to the CRU in late 2026 for updated 2027/2028 non-domestic water and wastewater tariffs. UÉ's proposals will ensure that tariffs accurately reflect the most up to date allowed revenues and customer data (volume, connections and PE). UÉ's submission is expected to cover draft water supply and wastewater service, including trade effluent, tariffs to apply from 1<sup>st</sup> October 2027. The frequency of how changes to non-domestic and trade effluent tariff rates from October 2026 onwards will be consulted on and decided is yet to be determined.

## Appendix 1. Calculating trade effluent volumes at a mixed discharge point – worked example

For the purposes of issuing a charge, there are instances where it may be necessary to differentiate between the volume of trade effluent and sanitary wastewater discharged by a business. UÉ’s proposal, as outlined in section 7, is to implement a “calculated method” for estimating the volume of sanitary wastewater discharged by a trade effluent customer connection. This approach draws from established practices in the UK, where the “litres per working day” method is used. The volume of sanitary wastewater discharged is estimated based on a per head per working day calculation, providing a pragmatic and transparent solution for those cases where discharge volumes cannot be measured directly.

For example, in the case of a trade effluent customer whose premises do not include a canteen serving hot meals, the calculated method would allocate 25 litres of wastewater per working day per employee in the below figure.

**Figure A1.1 Calculating sanitary wastewater discharge volumes in the absence of direct flow measurement**



In this example, the customer has measured ‘water-in’ usage of 65,819m<sup>3</sup>:

- A is lost by the customer in their production process (WIWO) and is excluded from the tariff calculation. The volume of water lost will be estimated based on total ‘water in’ minus trade effluent plus sanitary wastewater discharge volumes.
- 48,900m<sup>3</sup> is the customer’s measured trade effluent discharge.

- B is sanitary wastewater (volume is unknown until an estimate is calculated)

The total estimated AQ for sanitary wastewater to be charged at Framework wastewater rates, is calculated by multiplying the workforce headcount (747) by the daily allowance (25L) and then by the number of working days in the year (300):

$$(300 * 747) * 25L = 5,602.5m^3$$

The total wastewater discharge (trade effluent and sanitary wastewater) is therefore 54,502.5 m<sup>3</sup> which assigns the customer to Trade Effluent Category 2. The sanitary wastewater volume will be charged at the Band 3 rates commensurate with the total wastewater discharge volume.

This formula allows UÉ to generate a reasonable volume estimate of sanitary wastewater volume for tariff purposes, ensuring that customers are billed fairly and consistently, even in the absence of direct flow measurement.

A breakdown of how each component of this customer's volumes is calculated is set out in table A1.1.

**Table A1.1 Calculating non-domestic wastewater usage as a portion of the overall customer bill**

Volume Type	Description	Volume (m <sup>3</sup> )	Method of Calculation	Billing Status
Water-In Usage	Total water supplied to customer from UÉ	65,819	Metered	Not directly billed as effluent
Production Loss (WIWO)	Water lost during production process	11,316.5	Derived from WI vs measured TE & estimated sanitary wastewater	Excluded from effluent charges
Trade Effluent Discharge	Measured volume discharged as effluent	48,900	Metered	Billed as trade effluent
Calculated Sanitary Wastewater	Estimated per head per day (no direct measurement)	5,602.5	Calculated: 747 employees × 25L × 300 days = (300 × 747) × 25L = 5,602.5m <sup>3</sup>	Billed as non-domestic wastewater

Once the non-domestic AQ has been calculated, we can now calculate the customer’s total trade effluent and wastewater bill (using draft tariffs). In this example we can assume Ot is 100 and St is 25. A worked example of the charges that would apply in this case can be found in table A1.2

**Table A1.2 Calculating the total wastewater bill**

<b>Total wastewater bill</b>	<b>Tariff Year 2026/2027</b>
<b><u>Fixed tariff components</u></b>	
Standing charge wastewater (Wastewater Band 3)	€4,492.96
Compliance & licensing charge (Trade Effluent Category 2)	€3,367.84
<b><u>Mogden Charge Wastewater/m<sup>3</sup></u></b> (Trade Effluent Category 2)	
R (Reception and Conveyance charge (per unit))	€0.47
V (Volume charge (per unit))	€1.30
B (Biological charge (per unit))	€0.67
S (Sludge charge (per unit))	€0.56
O <sub>t</sub> (Customer COD (mg/l))	100
S <sub>t</sub> (Customer SS (mg/l))	25
<b>C=R + V + B(O<sub>t</sub>/O<sub>s</sub>) + S(S<sub>t</sub>/S<sub>s</sub>)</b>	<b>€1.97</b>
C is the resultant trade effluent charge in € /m <sup>3</sup>	
Billable trade effluent volume m <sup>3</sup>	48,900
Volumetric/Mogden charge	€96,434.98
Total annual trade effluent charge	€104,295.78
<b><u>Volumetric charge Wastewater/m<sup>3</sup></u></b> (Wastewater Band 3)	
Volumetric Rate Wastewater	€2.48
Billable trade effluent volume m <sup>3</sup>	5,602.50
Total Wastewater	€13,894.20
<b>Total Bill</b>	<b>€118,189.98</b>

## Appendix 2. International Comparative Analysis

This section compares the draft trade effluent tariffs (based in the approved SFP) included in this paper to the annual charges faced by customers in a range of international regions. The section compares draft bills, based on notional trade effluent strength and volume, for a range of different trade effluent customers to customers in other countries.

In practice, the tariffs that will apply to trade effluent customers from 1<sup>st</sup> October 2026 will ultimately be calculated in line with RC4 costs once approved by the CRU. The comparative analysis set out below is therefore draft, for illustrative purposes and subject to change.

**The analysis of comparator utility charges reflects the current charges applied by each utility. It is reasonable to expect that comparator charges may increase for the 2026/2027 tariff year. UÉ's relative rank against comparator utilities may therefore improve if other utilities increase their charges above current levels.**

The analysis for Trade Effluent Category 1 customers, compares draft annual charges to those faced by trade effluent customers across a range of 20 international comparators. The analysis for Trade Effluent Category 2 and 3 customers, compares draft annual charges to those faced by trade effluent customers across a range of 8 UK utilities.

The range of utilities included in the analysis is constrained by some limitations listed below:

- Not all utilities include a specific trade effluent charge;
- There are inconsistencies in how different UK regions define and categorise trade effluent, and these rules may not align with Irish legislation, making meaningful comparisons difficult; and
- There are many and often complex structures in place in other utilities, which may not allow for a meaningful bill comparison. For example, additional or fewer pollutants may be included.

On this basis, the sample included has been sourced from regions where there are comparable rules for charging trade effluent and where the tariff structures can be compared with UÉ's tariffs. Source data has been collated from high-quality, internationally respected sources, and where necessary, caveats on data are set out in section A2.3. Reference sources for all information in this section are provided in Table A2.1.

The comparison is broken down into two sections to align with the trade effluent tariff classification rules. The rest of this section is structured as follows:

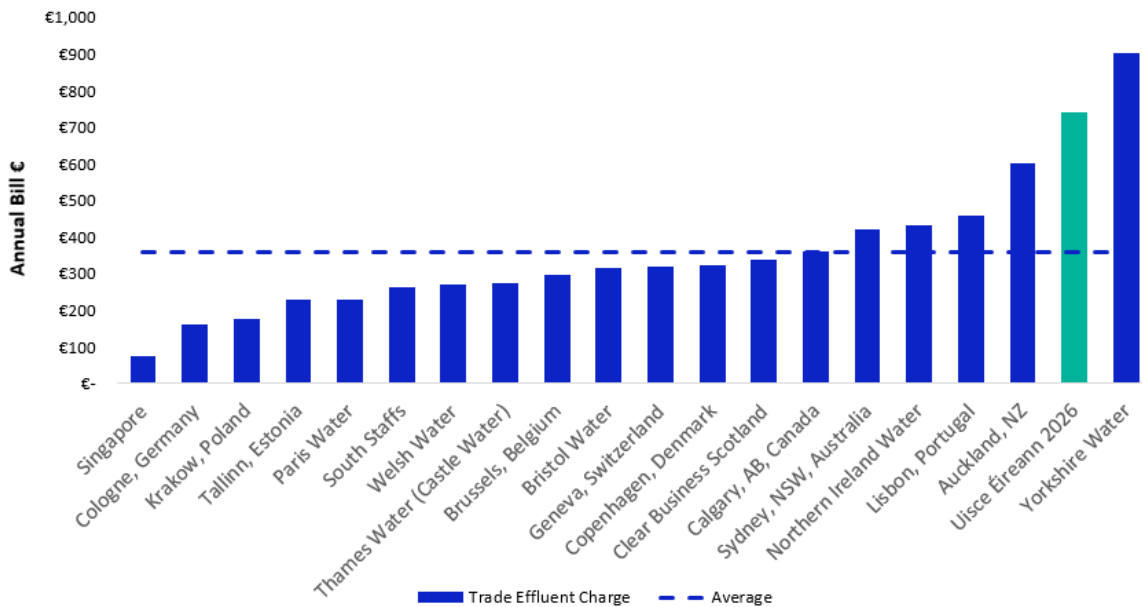
- **Section A2.1** considers the draft tariffs for Trade Effluent Category 1. This analysis is conducted for a range of different wastewater discharge volumes. Trade effluent connections classified to Trade Effluent Category 1 will not be charged a Mogden formula in Ireland but may be charged on this basis in other jurisdictions;
- **Section A2.2** considers and compares the draft tariffs for Trade Effluent Category 2 and 3 to a range of international comparators. This analysis is conducted for the five most common Industrial Activities. Trade effluent connections assigned to Trade Effluent Category 2 and 3 will be charged the Mogden formula. Average wastewater discharge volumes and average values of COD mg/l and SS mg/l based on data taken from UÉ's database are relied on for this analysis; and
- **Section A2.3** sets out the sources, caveats and assumptions used in developing this comparative analysis.

## A2.1 Comparison of charge applying to connections in Trade Effluent Category 1

### Comparison of the annual trade effluent charges faced by Trade Effluent Category 1 customers discharging 100m<sup>3</sup> per annum

Trade Effluent Category 1 charges (standing charge, volumetric charge and compliance and licensing charge) faced by a customer discharging 100m<sup>3</sup> annually. Figure A2.1 illustrates UÉ's draft annual charge relative to other regions.

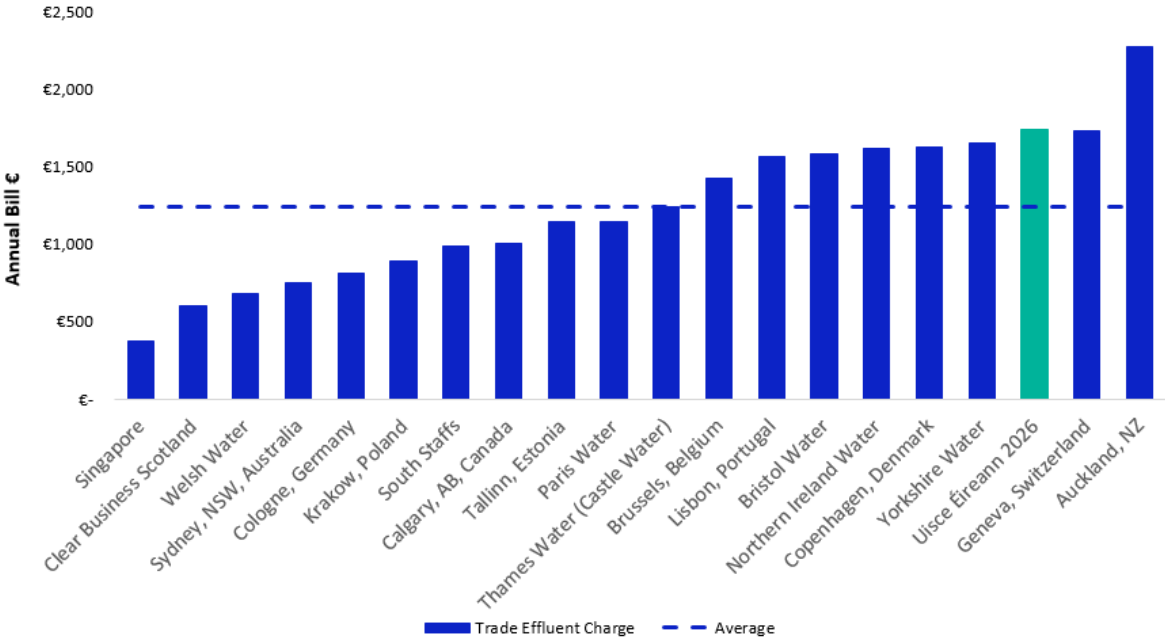
**Figure A2.1 Trade effluent charges for 100m<sup>3</sup> per annum**



### Comparison of the annual trade effluent charges faced by Trade Effluent Category 1 customers discharging 500m<sup>3</sup> per annum

Trade Effluent Category 1 charges (standing charge, volumetric charge and compliance and licensing charge) faced by a customer discharging 500m<sup>3</sup> annually. Figure A2.2 illustrates UÉ’s draft annual charge relative to other regions.

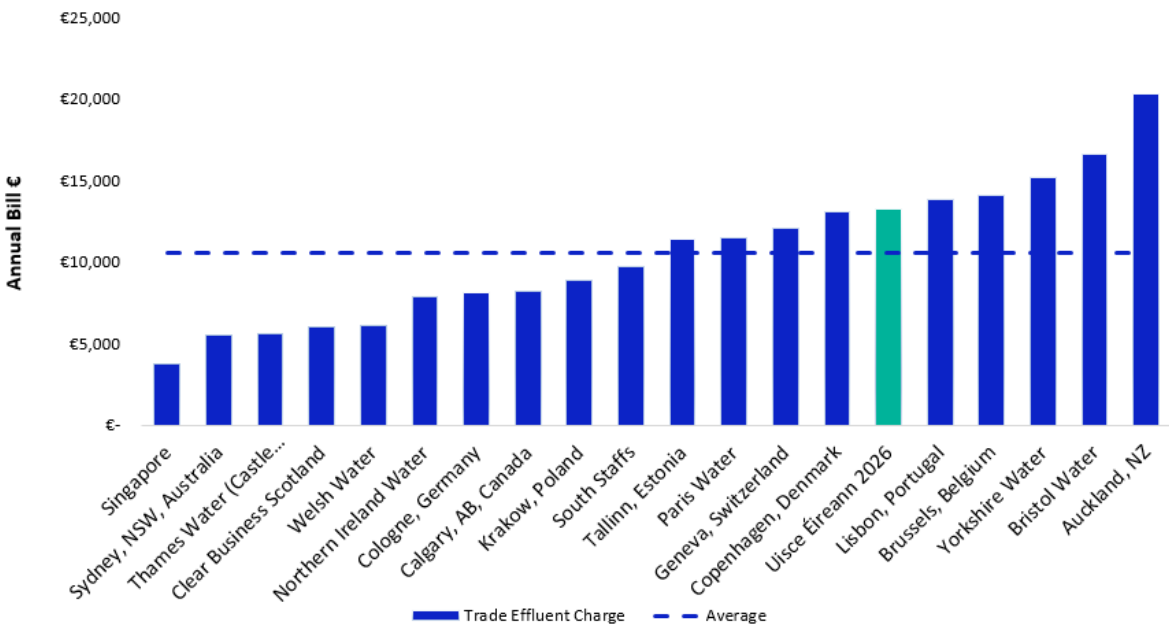
**Figure A2.2 Trade effluent charges for 500m<sup>3</sup> per annum**



### Comparison of the annual trade effluent charges faced by Trade Effluent Category 1 customers discharging 5,000m<sup>3</sup> per annum

Trade Effluent Category 1 charges (standing charge, volumetric charge and compliance and licensing charge) faced by a customer discharging 5,000m<sup>3</sup> annually. Figure A2.3 illustrates UÉ’s draft annual charge relative to other regions.

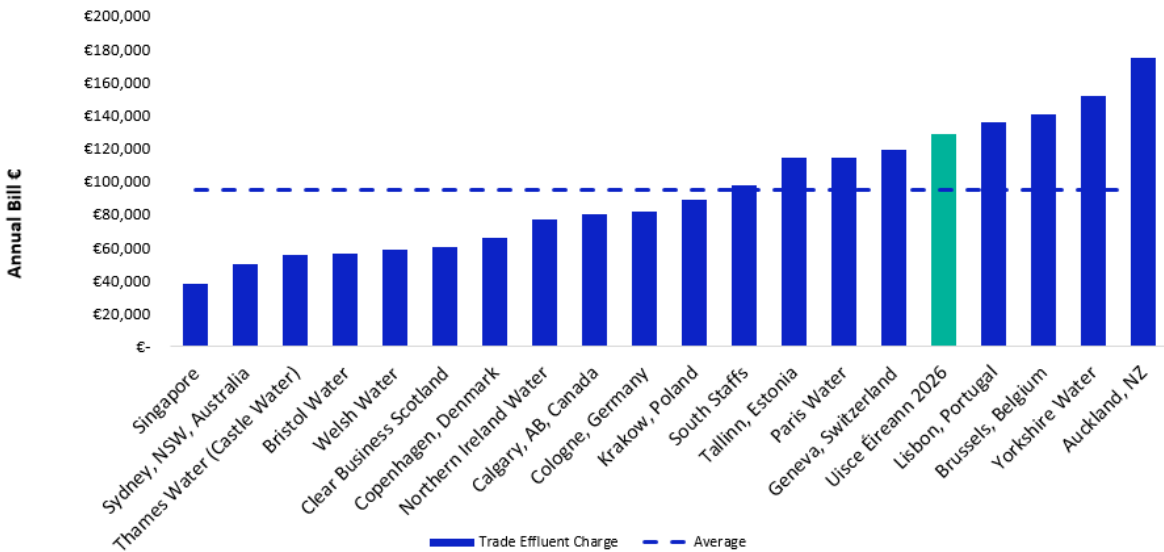
**Figure A2.3 Trade effluent charges for 5,000m<sup>3</sup> per annum**



### Comparison of the annual trade effluent charges faced by Trade Effluent Category 1 customers discharging 50,000m<sup>3</sup> per annum

Trade Effluent Category 1 charges (standing charge, volumetric charge and compliance and licensing charge) faced by a customer discharging 50,000m<sup>3</sup> annually. Figure A2.4 illustrates UÉ’s draft annual charge relative to other regions.

**Figure A2.4 Trade effluent charges for 50,000m<sup>3</sup> per annum**



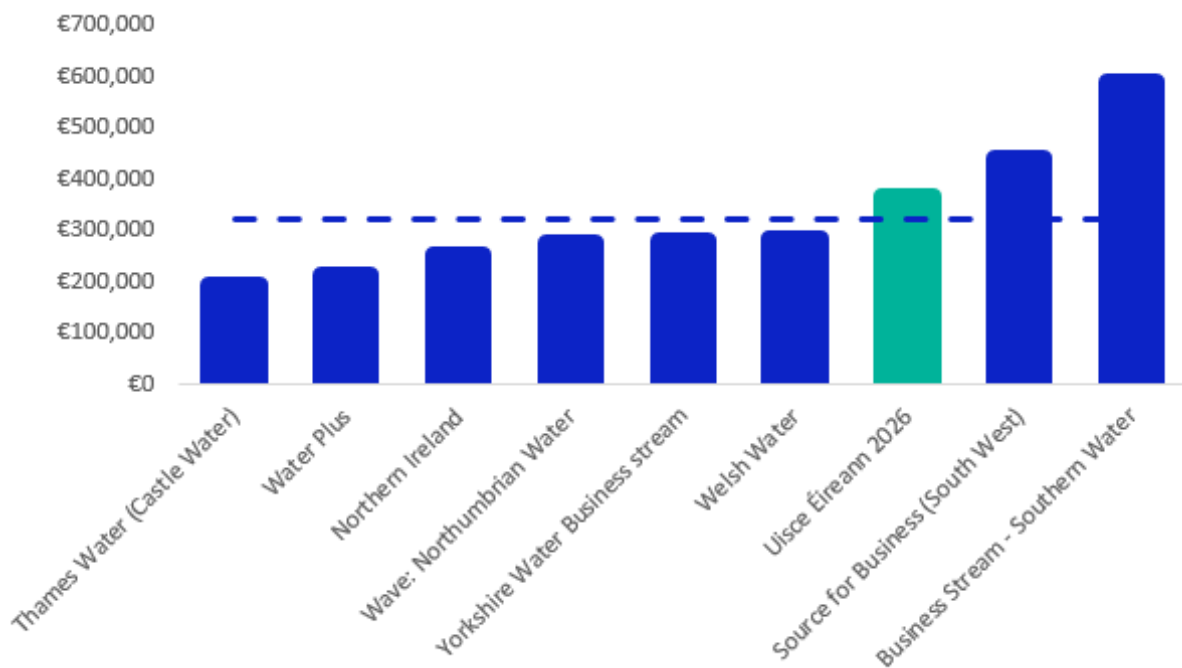
## A2.2 Comparison of charge applying to connections in Trade Effluent Category 2 and 3

### Comparison of the annual charges faced by trade effluent customers in TEC Code 1.1 (manufacturing of alcoholic beverages sector)

This section compares the annual, draft charges faced by a typical trade effluent customer categorised into TEC Code 1.1. With an AQ of 49,500m<sup>3</sup>, the UÉ Trade Effluent Category 2 tariffs apply. The annual average measure of COD is 3,207 mg/l and the annual average measure of SS is 370mg/l.

Figure A2.5 illustrates UÉ's draft annual charge, comprising Mogden formula, standing and compliance and licensing charges, relative to the annual charge that applies in other regions.

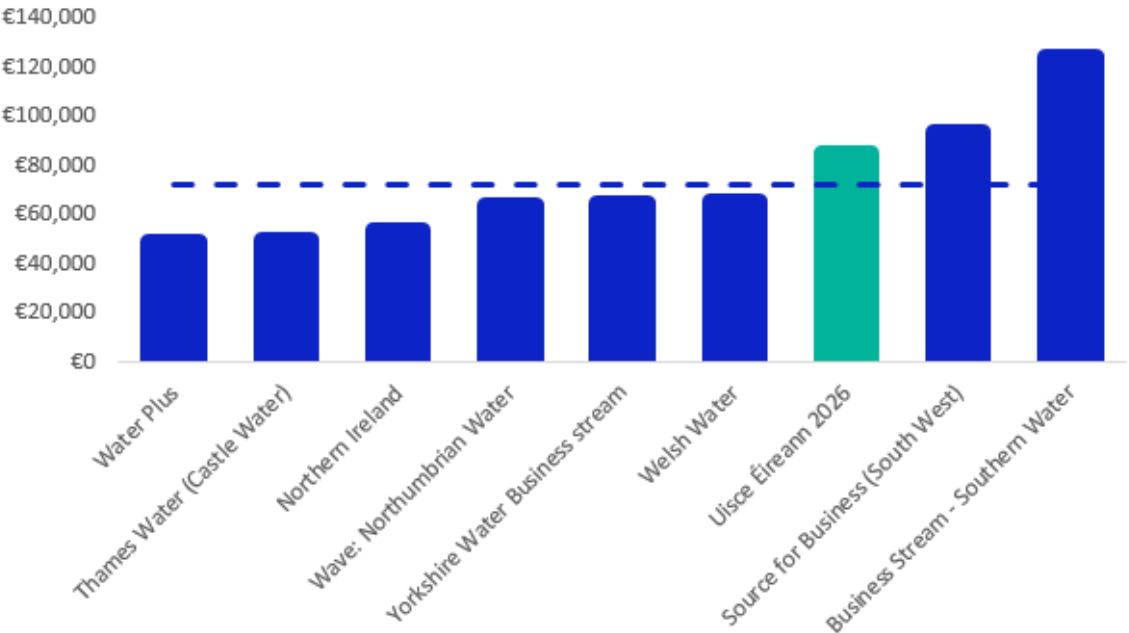
Figure A2.5 Annual Charge for TEC Code 1.1



**Comparison of the charging variables faced by trade effluent customers in TEC Code 9.2 (secondary food production and preparation) sector**

This section compares the annual, draft charges faced by a typical trade effluent customer categorised into TEC Code 9.2. With an AQ of 16,697m<sup>3</sup>, the UÉ Trade Effluent Category 2 tariffs apply. The annual average measure of COD is 1616 mg/l and the annual average measure of SS is 330mg/l. Figure A2.6 illustrates UÉ's draft annual charge comprising Mogden formula, standing and compliance and licensing charges relative to the annual charge that applies in other regions.

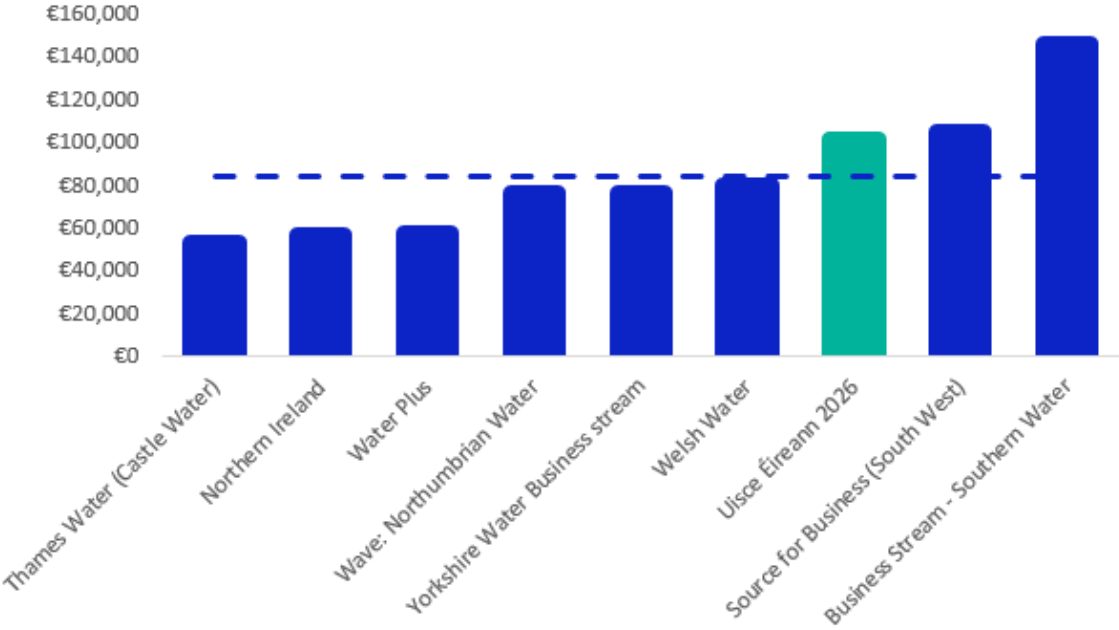
**Figure A2.6 Annual Charge for TEC Code 9.2**



**Comparison of the charging variables faced by trade effluent customers in TEC Code 4.1 (manufacturing of chemicals)**

This section compares the annual, draft charges faced by a typical trade effluent customer categorised into TEC Code 4.1. With an AQ of 31,059m<sup>3</sup>, the UÉ Trade Effluent Category 2 tariffs apply. The annual average measure of COD is 782 mg/l and the annual average measure of SS is 51mg/l. Figure A2.7 illustrates UÉ’s draft annual charge comprising Mogden formula, standing and compliance and licensing charges relative to the annual charge that applies in other regions.

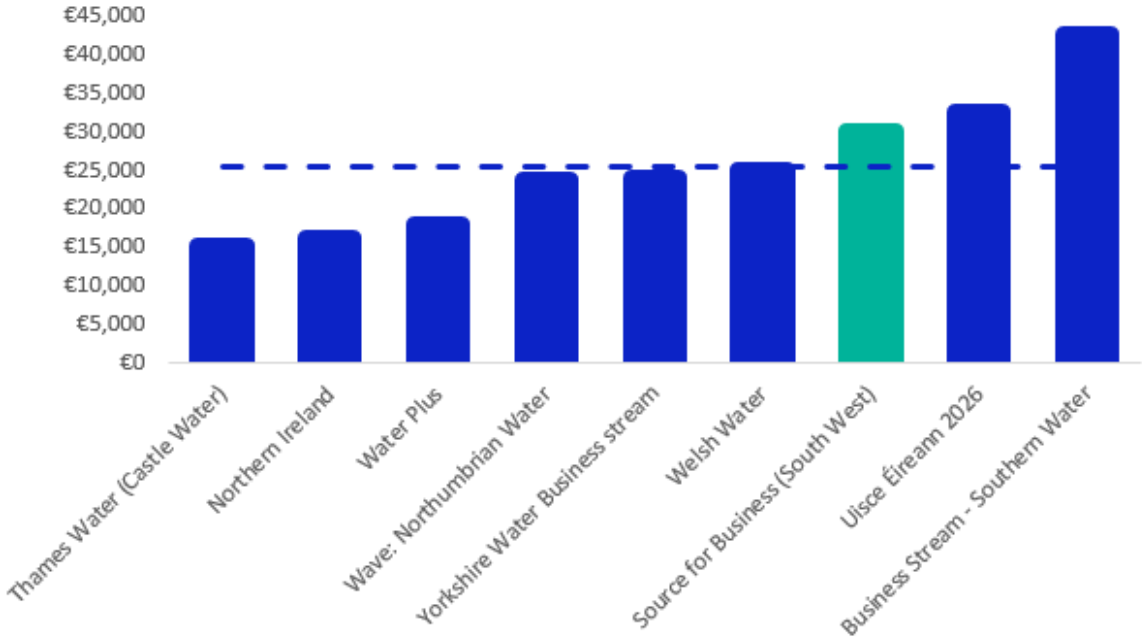
**Figure A2.7 Annual Charge for TEC Code 4.1.**



**Comparison of the charging variables faced by trade effluent customers in TEC Code 8.1 (engineering-based manufacturing) sector**

This section compares the annual, draft charges faced by a typical trade effluent customer categorised into TEC Code 8.1. With an AQ of 11,414m<sup>3</sup>, the UÉ Trade Effluent Category 2 tariffs apply. The annual average measure of COD is 414 mg/l and the annual average measure of SS is 64mg/l. Figure A2.8 illustrates UÉ’s draft annual charge comprising Mogden formula, standing and compliance and licensing charges relative to the annual charge that applies in other regions.

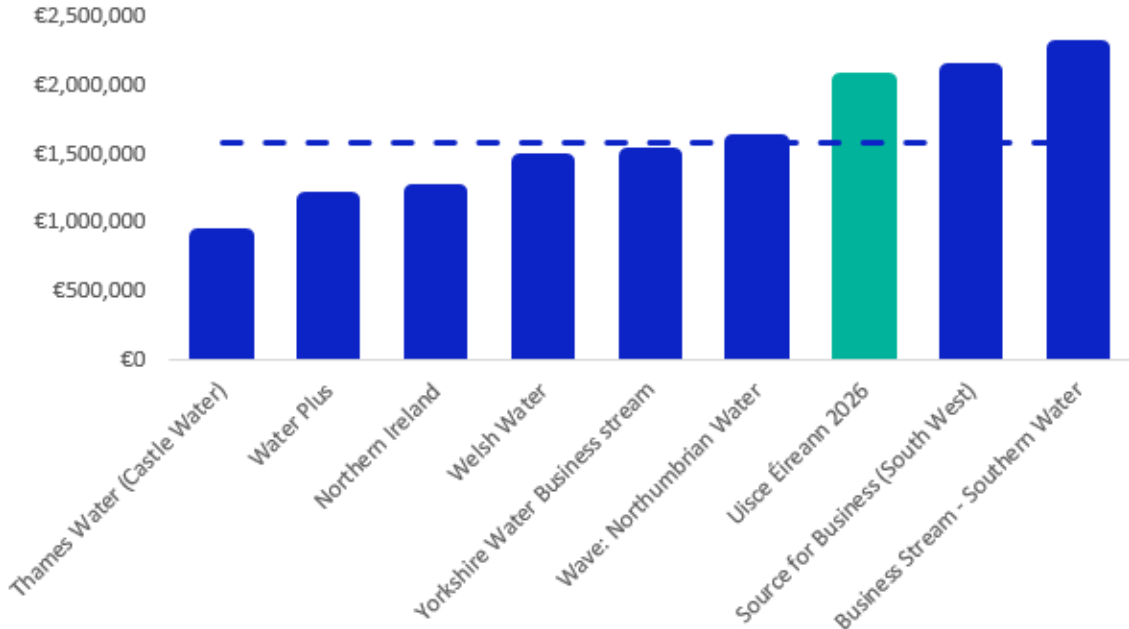
**Figure A2.8 Annual Charge for TEC Code 8.1**



**Comparison of the charging variables faced by trade effluent customers in TEC Code 9.1 (primary food production and preparation) sector**

This section compares the annual, draft charges faced by a typical trade effluent customer categorised into TEC Code 9.1. With an AQ of 587,111m<sup>3</sup>, the UÉ Trade Effluent Category 3 tariffs apply. The annual average measure of COD is 953 mg/l and the annual average measure of SS is 85mg/l. Figure A2.9 illustrates UÉ’s draft annual charge inclusive of Mogden formula, standing and compliance and licensing charges relative to the annual charge that applies in other regions.

**Figure A2.9 Annual Charge for TEC Code 9.1**



## A2.3 Sources for international comparison analysis, caveats, and assumptions

### Sources

Table A2.1 below provides a list and links to the published schedule or scheme of tariffs for each Region used in the international comparative analysis. The annual charges for each region included in figures A2.1 to A2.9 are based on the tariff rates in the schedule or scheme of tariffs.

**Table A2.1 Reference Sources**

Region	Link
Auckland, NZ	<a href="#">Auckland (Water Care) JUL 2025</a>
Bristol Water	<a href="#">Bristol Water (Water 2 Business) 2025/2026</a>
Brussels	<a href="#">VIVAQUA Non Domestic 2025</a>
Calgary, Canada	<a href="#">Calgary 2025</a>
Clear Business	<a href="#">Clear Business 2025/26</a>
Cologne, Germany	<a href="#">Cologne, Germany Water 2025</a>
Cologne, Germany	<a href="#">Cologne, Germany Wastewater 2025</a>
Copenhagen, Denmark	<a href="#">Copenhagen, Denmark Water 2025</a>
Copenhagen, Denmark	<a href="#">Copenhagen, Denmark Wastewater 2025</a>
Geneva, Switzerland	<a href="#">SIG Tariff Water</a>
Krakow, Poland	<a href="#">Krakow, Poland 2023</a>
Lisbon, Portugal	<a href="#">Lisbon, Portugal (EPAL) Water 2025</a>
Lisbon, Portugal	<a href="#">Lisbon, Portugal (EPAL) Wastewater 2025</a>
Northern Ireland Water	<a href="#">NI Water 2025-26</a>
Northumbria	<a href="#">Northumbrian Water 2025/26</a>
Paris, France	<a href="#">Paris Water 2025</a>
Scottish Water	<a href="#">Business Stream (Scottish Water) 2025/26</a>
Singapore	<a href="#">Singapore 2025</a>
Southern Water	<a href="#">Business Stream - Southern Water 2025/26</a>
South Staffs	<a href="#">South Staffs Water (Source for Business) 2025/26</a>
South West	<a href="#">Source for Business (South West) 2025/26</a>
Sydney Water	<a href="#">Sydney 2024-25</a>
Tallin, Estonia	<a href="#">Tallinn and Saue MAY 2025</a>
Thames Water	<a href="#">Thames Water (Castle Water) 2025/26</a>
Water plus (United Utilities)	<a href="#">Water Plus APR 2025</a>
Welsh Water	<a href="#">Welsh Water 2025/26</a>
Yorkshire Water	<a href="#">Yorkshire Water wholesale region 2025/26</a>

## **Caveats, Assumptions and Regional Differences**

It is important to note that tariff design for non-domestic customers differs from region to region.

These differences are reflected in UÉ's international comparison analysis and the most notable are acknowledged below.

- The comparison is based only on the wastewater bill faced by trade effluent customers in each region.
- Tariff structure varies across the regions included in the international comparison analysis. Some regions apply a uniform volumetric rate while others apply a falling block volumetric rate structure. Differences in rate structure are reflected in the analysis.
- A non-return to sewer adjustment is a common feature in international regions where wastewater costs are allocated to wastewater customers in accordance with the percentage of water delivered to them. The international analysis correctly reflects any region which applies this adjustment by applying a volumetric unit rate to the volume of water delivered less a non-return to sewer allowance (usually 5% or 10%) for any volume not discharged to the sewer.
- Similar to UÉ, customers in other regions are classified in groups by reference to the annual volume of water consumed. Different standing charges, volumetric unit charges or both are applied to different groups of customers.
- Customers are classified by reference to their pipe size or meter size in some international regions. UÉ has applied consistent assumptions regarding the meter size or pipe size in its comparison at different levels of annual consumption aligned with a measure of water which could be expected to be consumed.
- 2025/2026 tariff rates are used throughout the analysis. In certain cases (e.g. Geneva) the charging scheme was published before 2025 but the tariff rates remained relevant at the time of UÉ's analysis. 2025/26 charging rates were used for the UK regions.
- Regions included in this analysis which are outside of the Euro area have their rates converted to Euros at average conversion rate for 2024.

- Factors such as demographics, costs and regulatory models which impact on tariff design and levels differ from location to location.
- Portugal's wastewater charges are based on urban wastewater management tariffs and sewage tariffs. It is assumed that these services combine to form the equivalent of UÉ's wastewater services.
- It is assumed for all regions that the sum of water services and wastewater services results in a combined services charge.
- Only relevant standing and volumetric charges are considered in the analysis. Other charges (or rebates) such as connection charges, leakage discounts, fire hydrant charges, recycled water allowance, or any other special pricing which can be applied in other regions are ignored for the purposes of the international comparison analysis.
- Potable water charges are only considered in the international comparison analysis. Non-potable water charges (where relevant) are not included in the analysis.
- Value added tax (VAT) does not apply to UÉ water service tariffs but it or other taxes may be a component of other utilities tariff structures, for example in Geneva a federal tax applies to wastewater tariffs.
- In some jurisdictions surface water or highway drainage is charged in addition to the wastewater charges.
- In section A2.2, where a Mogden formula applies, it is populated with the average wastewater strengths values (Os parameter and Ss parameter values) applicable for each region. Under each TEC code the same customer specific strengths values (Ot parameter and St parameter values) are used to calculate each utility's charges to ensure comparable charges.

## Appendix 3. The Mogden formula

The CRU's decision provides for a single Mogden formula<sup>49</sup> to be charged to customers in Trade Effluent Category 2 and 3 incorporating variable operating charges with a uniform rate per unit charge component. The inclusion of strength-based components to trade effluent charges will be a new type of charge for many customers carrying out Industrial Activities.

The Mogden formula provides a clear signal to customers to assess their trade effluent impact and reduce it where possible. This best incentivises efficiency in the use of wastewater services. It also performs strongly on cost reflectivity and tariff stability principles as the single Mogden formula is the most common current arrangement where a strength component to the trade effluent charge exists.

The Mogden formula requires representative sampling (effluent sampling capturing the typical trade effluent discharged from the premises) and analysis of the trade effluent to derive the inputs to calculate the charge. UÉ's Mogden formula is structured as follows:

$$\text{Unit Charge} = R + V + \left( \frac{O_t}{O_s} \times B \right) + \left( \frac{S_t}{S_s} \times S \right)$$

Where:

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<sup>49</sup> A Mogden formula calculates the charges to collect, treat and dispose of trade effluent. Various components of treatment, for example Volume, Chemical Oxygen Demand (COD) or Biochemical Oxygen Demand (BOD), and Suspended Solids (SS) are separate inputs to the formula.

**Table A3.1 Mogden formula components**

Component	Description	Unit
R	A fixed charge per cubic metre for reception and conveyance costs	m <sup>3</sup>
V	A fixed charge per cubic metre for volumetric and primary or preliminary treatment costs,	m <sup>3</sup>
O <sub>t</sub>	The Chemical Oxygen Demand (COD) of the customer's settled trade effluent	mg/l
O <sub>s</sub>	The average national figure for COD of settled wastewater as determined by UÉ across all its wastewater treatment plants	mg/l
B	The biological oxidation cost per cubic metre of settled wastewater of average strength	m <sup>3</sup>
St	The total suspended solids content of the customer's trade effluent	mg/l
<u>Ss</u>	The average national figure for SS of settled wastewater as determined by UÉ across all its wastewater treatment plants	mg/l
S	The charge per cubic metre for treatment and disposal of primary sludge from a wastewater treatment plant	m <sup>3</sup>

Section 8 of this paper sets out case studies with details on how customers will be charged from 1<sup>st</sup> October 2026. Some case studies are reflective of customers who will be charged on a Mogden formula and provide workings for how their bill will be calculated based on this formula.

## Appendix 4. List of trade effluent categorisation codes

UÉ grants and enforces trade effluent licences for specified Commercial Activities and Industrial Activities. Trade effluent customers are classified into three Categories based upon activity and annual consumption. A customer’s classification will be reviewed annually based on the most recent, if any, changes to the business activity and the most recent consumption data. TEC codes are used to categorise trade effluent customers into defined Commercial Activities and Industrial Activities with similarities in the relative strength of trade effluent discharged.

Some typical Customer types carrying out Commercial and Industrial Activities which require a trade effluent licence include those listed in table A4.1:

**Table A4.1: List of common Commercial and Industrial Activities requiring a trade effluent licence**

Industrial Activities	Commercial Activities
<ul style="list-style-type: none"> <li>• Biopharma, Chemical, Pharmaceuticals, medical devices</li> <li>• Energy – Data centres, boiler blowdown</li> <li>• Food and Drink – production and manufacture of food products and beverages</li> <li>• Manufacturing/ Engineering</li> <li>• Metals – smelting</li> <li>• Scientific and Technical Activities – Laboratories</li> <li>• Surface Coatings – metal finishing</li> <li>• Transportation – Plant and vehicle washing</li> <li>• Transportation – Pant and vehicle washing</li> <li>• Waste – waste collection, treatment and disposal activities</li> </ul>	<ul style="list-style-type: none"> <li>• Food Services – Food Service Establishments e.g., Restaurants, Cafes, Delis etc.</li> <li>• Hospitals and Nursing homes</li> <li>• Laundering</li> <li>• Swimming pools</li> <li>• Commercial Car washes</li> <li>• Construction Activities</li> </ul>

UÉ assigns business activities a TEC code description and number which reflects each trade effluent licensee’s primary activity and relative strength of effluent discharged. TEC codes are banded together into Commercial Activities and Industrial Activities reflecting similarities in the strength or concentration of pollutants in the wastewater discharged.

A detailed description and guide to the TEC codes used when classifying Commercial Activities and Industrial Activities is set out in tables A4.2. and A4.3 respectively.

Listed in each table is sector classification which can be used to help identify TEC codes that may apply to a given trade effluent customer. Customers can find which TEC code applies to them by identifying the activity classification that best describes their primary activity. UÉ has a guide to each classification to help customers understand in more detail what the activity classification means. In addition to these tables, UÉ informs customers of their TEC Code as part of its licencing process.

**Table A4.2: List and guide to Commercial Activities by TEC Code.**

TEC Code <sup>50</sup>	Sector Classification	Activity Classification	Guide to Classification
15.2	Service Activities	Laundering (Small-scale)	Coin-op launderette and small-scale laundry operations (<=50 m <sup>3</sup> /day).
30.2	Agriculture	Farming, livestock markets, horticulture and related activities	General farming, horticulture and nursery activities. Animal husbandry services (boarding and care), including aquatic animals. Veterinary activities. Associated hygiene activities.

<sup>50</sup> This list represents the currently known Commercial Activities which result in a trade effluent discharge. UÉ may, as required, update the list of TEC codes to include other trade effluent activities which fall outside the current TEC code list.

			(See TEC code 31.1 for cleaning of farm machinery.)
31.2	Transportation	Vehicle and plant washing	Vehicle washing (external) of cars, commercial fleet vehicles, lorries/trucks, HGV's and PSV's (not including hand car wash activities)
32.1	Service Activities	Leisure facilities	Swimming pools, leisure and sports facilities open for the general public's use.
33.1	Scientific and Technical Activities	Photographic and X-ray film processing	Consumer and commercial film processing and printing. Commercial and health X-ray. Microfiche. Photographic activities associated with newspapers.
38.2	Scientific and Technical Activities	Laboratory and research activities (Medium Impact)	General laboratory services and research activities into non-biological materials. Technical testing and quality control of products.
39.1	Energy	Boiler blowdown	Boiler and compressor blowdown, water softer regen waste and cooling tower bleed.
40.2	Waste collection, treatment and disposal activities;	Water arising from excavations. Not treated groundwater remediation	Water arising from excavations. Not to include treated groundwater remediation schemes (<12 months duration).

	materials recovery	schemes. (<12 months duration)	
43.1	Service Activities	Patient Care General	Discharges from hospitals and nursing homes < 50m <sup>3</sup> /Day.
40.2	Construction Activities	Water arising from excavations. Not treated groundwater remediation schemes. (<12 months duration)	Water arising from excavations. Not to include treated groundwater remediation schemes (<12 months duration).
50.1	Food Services	Food Service Establishments	Food Service Establishments (FSEs) are where food is prepared, cooked or served. These include restaurants, takeaways, pubs which serve cooked food, cafés, coffee shops, hotels, B&Bs, convenience stores and supermarkets, garage forecourt shops with delicatessen counters, food production kitchens etc.

**Table A4.3: List and guide to Industrial Activities by TEC Code**

<b>TEC Code</b> 51	<b>Sector Classification</b>	<b>Activity Classification</b>	<b>Guide to classification</b>
1.1	Food and Drink	Alcoholic beverages	Manufacture of beer, wines, cider and perry and other alcoholic beverages.
2.1	Manufacturing/Engineering	Brick making	Manufacture of non-cementitious products.
3.1	Manufacturing/Engineering	Cement, lime, plaster, ready-mix concrete manufacture and their products	Manufacture of cement, lime, plaster processes and products. Technical testing of products.
3.2	Manufacturing/Engineering	Concrete batching yard	Surface water run-off from ready-mix concrete batching yard.
4.1	Biopharma/Chemical	Chemical and pharmaceutical manufacture	Manufacture of chemicals including dyestuffs/pigments, fertilisers, agro-chemicals, photographic and pharmaceutical including veterinary products.

<sup>51</sup> This list represents the currently known Industrial Activities which result in a trade effluent discharge. UÉ may, as required, update the list of TEC codes to include other trade effluent activities which fall outside the current TEC code list.

6.1	Food and Drink	Ethanol and methanol distillation	Manufacture and distillation of ethanol and methanol.
7.1	Energy	Electricity generation and distribution	Generation by all means. Transmission, distribution and supply, not including associated cooling or regen' water (TEC code 39.1).
8.1	Manufacturing/Engineering	Engineering	Engineering based manufacturing. Metal fabrication processes (e.g., welding). Physical surface treatment (tumbling, deburring, painting). Cleaning of products and plant. Technical testing.
9.1	Food and Drink	Food processing	Slaughtering. Primary preparation and preservation of meat, including pelagic fish species. Liquid dairy products (milk / yoghurts), sugar products. Soft drinks. Flavours, essences.
9.2	Food and Drink	Food processing	Manufacture of cheese type dairy products, bakeries. Secondary preparation and preservation of meat & fish. Production of pet foods, animal feeds, soups, ready meals. Malt

			production. Quality control testing.
9.3	Food and Drink	Food processing	Primary preparation of fish (e.g., filleting) excluding pelagic species. Packaging, bottling. Production of mineral water. Salad and vegetable washing. Tobacco.
10.1	Manufacturing/Engineering	Gas production, storage and distribution	Production, storage and distribution, including gas holder seal water overflow. Excluding ground/site remediation.
11.1	Manufacturing/Engineering	Glass making and products	Production, shaping and processing (including toughened, laminated, insulating, hollow, scientific and mirrors).
12.1	Manufacturing/Engineering	Glue and adhesive manufacture	Manufacture of glue and adhesive compounds and associated products. Cleaning of equipment.
13.1	Manufacturing/Engineering	General manufacturing	Manufacture and assembly of products not involving a specific process.
14.1	Metals	Iron and steel making and	Iron and steel making, processing. Manufacture

		ferrous metal foundry	of cast iron and steel products.
15.1	Service Activities	Laundering (Large-scale)	Commercial, industrial; and private hospital laundries (>50 m <sup>3</sup> /day).
16.1	Manufacturing/Engineering	Leather, tanning and dressing	Tanning, dressing and recovery. Technical testing.
17.1	Metals	Metal smelting	Refining and processing of non-ferrous metals.
18.1	Manufacturing/Engineering	Paint manufacture	Manufacturing of paints and coating products. Cleaning of equipment. Technical testing.
19.1	Manufacturing/Engineering	Paper and paperboard products	Manufacture of pulp, paper and board and their products including associated processes of coating, covering, impregnation and gluing. Cleaning of equipment.
20.1	Manufacturing/Engineering	Petroleum refining	Refining of petroleum and its products. Bulk storage. Excluding contaminated surface water run-off.
21.1	Manufacturing/Engineering	Plastics manufacturing	Manufacture of plastics and its use in

			manufacturing of other items.
22.1	Surface Coating	Plating and metal finishing	Surface treatments such as electro-deposition, enamelling, chemical etching and/or engraving, pacifying, hardening and heat treatment. Includes zinc phosphating.
22.2	Surface Coating	Plating and metal finishing	Surface treatments such as iron phosphating, mechanical etching and/or engraving, powder coating, anodising, alochrome, fast-blackening and lacquering.
23.1	Manufacturing/Engineering	Pottery making	Manufacture of ceramics, pottery and chinaware.
24.1	Manufacturing/Engineering	Printing and related activities	Manufacture of inks. Printing of newspapers, books, magazines, brochures, stationary etc. Offset, flexographic and screen printing. Production of plates and stencils. Associated processes of bookbinding and finishing. Cleaning of equipment.
26.1	Manufacturing/Engineering	Rubber processing and products	Processing of rubber compounds. Manufacture of finished rubber

			products. Cleaning of equipment.
27.1	Manufacturing/Engineering	Soap, detergents, toiletries and cleaning products	Manufacture of soap, detergent, cleaning and polishing products. Cosmetic products and toiletries. Cleaning of equipment. Technical testing.
28.1	Manufacturing/Engineering	Textile - cotton and synthetic	Washing of raw material. Finishing including bleaching, dyeing, etc.
29.1	Manufacturing/Engineering	Textile - woollen	Washing of raw material. Finishing including bleaching, dyeing, etc.
30.1	Agriculture	Farming, livestock markets, horticulture and related activities	Intensive rearing of livestock and poultry. Dairy farming and Livestock markets.
31.1	Transportation	Vehicle and plant washing	Heavy industrial tool & plant washing not under 31.2. CVRT washings of HGV's and PSV's. Washing down of agricultural machinery associated with agro-chemical application. Also, aircraft & under body cleaning of trains.

34.1	Manufacturing/Engineering	Electrical, electronic and instrument manufacture	Manufacture of printed circuit boards and electrical / electronic components including associated plating and etching. Associated cleaning activities. Technical testing.
36.1	Waste collection, treatment and disposal activities; materials recovery	Domestic refuse containers	Cleaning of domestic refuse containers.
37.1	Waste collection, treatment and disposal activities; materials recovery	Tip leachates and land remediation	Leachate and contaminated groundwater from active refuse landfills, land remediation schemes and Alpheus waste reception centres.
37.2	Waste collection, treatment and disposal activities; materials recovery	Tip leachates and land remediation	Leachate and contaminated groundwater from closed refuse landfills.
38.1	Scientific and Technical Activities	Laboratory and research	General laboratory services and research activities into biological materials. Technical testing

		activities (High Impact)	and quality control of products.
39.2	Energy	Cooling tower bleed	Bleed off from cooling towers.
40.1	Waste collection, treatment and disposal activities; materials recovery	Rainwater and surface water run-off	Contaminated rainwater and surface water run-off including bund water from Civic amenities, waste recycling sites, waste transfer stations and End-of-Life vehicle dismantling yards.
41.1	Waste collection, treatment and disposal activities; materials recovery	Tanker cleaning (internal)	Internal cleaning of road tanker, bulk container vehicles, skips and industrial refuse containers.
44.1	Service Activities	Funeral Directors and Morticians	Funeral Directors, Undertakers, Morticians and Taxidermists - activities involving the preservation or disposal of human and animal bodies. Activities involving the making or cleaning of funeral accessories.
44.2	Service Activities	Water cremation (alkaline hydrolysis)	Water cremation (alkaline hydrolysis).

## Appendix 5. UÉ's Cost Allocation Methodology

This section sets out the CRU approved methodology which UÉ uses to allocate costs to water supply and wastewater services, and customer groups. The methodology was originally approved in 2019 and then updated in 2024 to accommodate the integration of the Trade Effluent Charging Framework into the wider Framework.

The rest of this section details the approved methodology and is structured as follows:

- **Section A5.1** details UÉ's draft costs, providing context on splits between services and cost types (e.g. operational and capital expenditure);
- **Section A5.2** provides detail on the cost drivers used to allocate draft costs between services and customer groups;
- **Section A5.3** provides detail on the distribution of costs to customer groups;
- **Section A5.4** provides an overall summary in two tables of the cost allocation approach set out in sections A5.1 to A5.3; and
- **Section A5.5** summarises the percentage of costs allocated to each customer group used to set draft tariffs.

### A5.1 UÉ's draft costs for 2026

#### A5.1.1 UÉ's Allowed Revenues for the period 2026-2029

Functionalised costs are allocated to water supply and wastewater services, and customer groups, in accordance with the approved revenue control process. The CRU's consultation process on allowed revenues for RC4 (2025-2029) and specifically allowed revenues for 2026 has not yet concluded. Draft tariffs included in this paper are reflective of the approved SFP but are therefore subject to change, pending the outcome of the RC4 process. This may impact the allocation of costs between customer groups as set out in this section and, by consequence, the final tariffs that apply to non-domestic (including trade effluent) customers from 1<sup>st</sup> October 2026.

## A5.1.2 Split of Allowed Revenue between Opex and Capex

**Table A5.1 Split of SFP approved revenue between Opex and Capex (2024<sup>52</sup> vs 2026)**

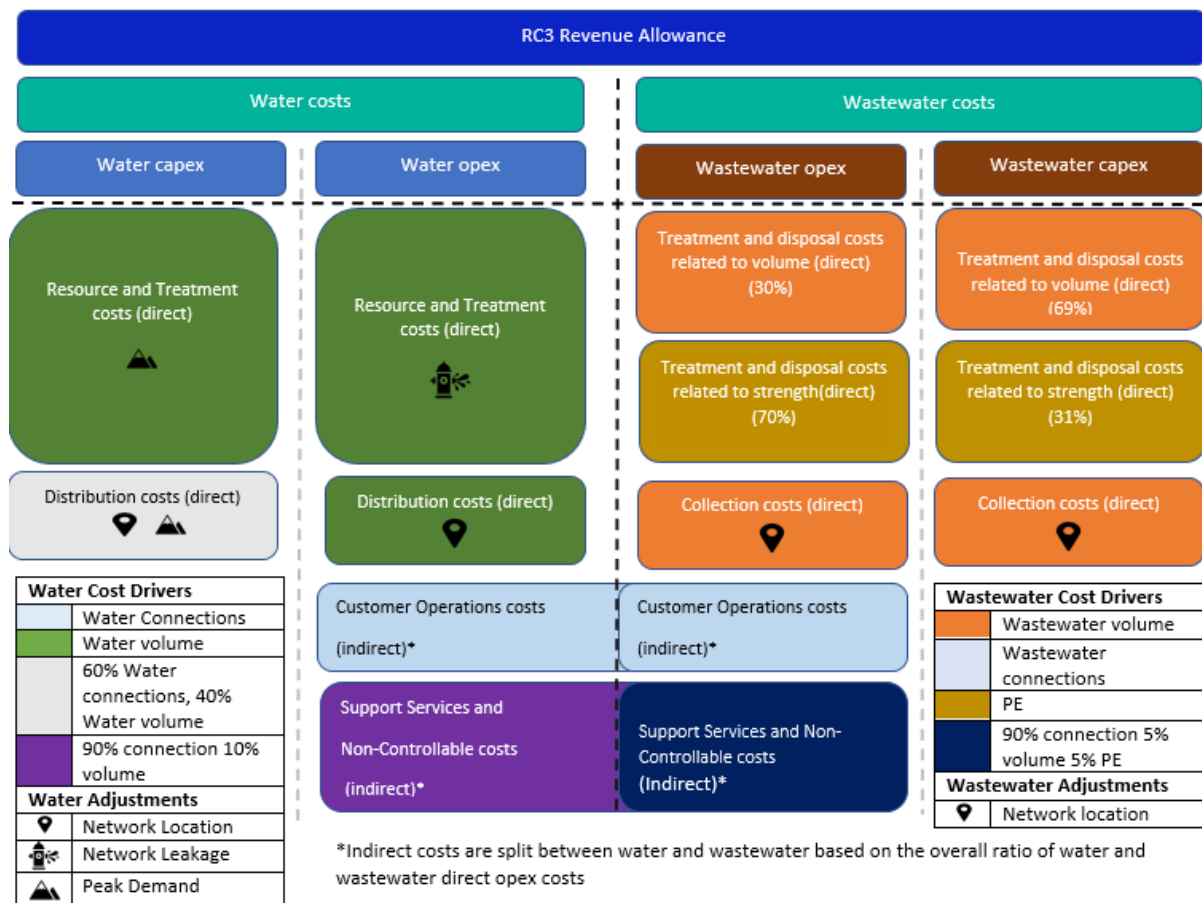
<u>Allowed Revenue component</u>	<u>Percentage of total Allowed Revenue</u>	
	<b>2024</b>	<b>2026</b>
Operational expenditure	58%	58%
Depreciation & Return on Assets (Capital Expenditure)	42%	42%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Depreciation and return on assets are part of the regulatory framework model and relate to the Capital expenditure component of the revenue control. For further information please see the CRU's decision on UÉ's Revenue Control (2020-2024)<sup>53</sup>. Figure A5.1 below provides a graphical summary of the approach when allocating opex and capex costs to customer groups including the cost drivers and adjustments which may apply.

<sup>52</sup> 2025/2026 tariffs were not calculated based on an allowed revenue figure as per the standard process for setting tariffs, rather they were set by applying a percentage increase to the 2024/2025 water and wastewater tariffs. The 2024 split of operational and capital expenditure rather than 2025 is therefore shown here for comparative purposes.

<sup>53</sup> See the CRU's 2019 RC3 decision ([here](#)). Please see the CRU's 2023 decision on the RC3 interim review ([here](#)).

Figure A5.1 Allocating costs to customer groups<sup>54</sup>



Note water and wastewater adjustments refer to adjustments made to the allocation of costs to different customer groups to reflect gaps in data which restrict the extent to which a best practice FAC cost allocation approach can be implemented.

### Cost Component 1 – Opex

The following are all the categories of opex costs, determined by the revenue control process, and used to allocate costs to customer groups for revenue recovery as part of UÉ’s Cost Allocation analysis:

- 1) **Operations and Maintenance** relates to water and wastewater operations and maintenance activities delivered by UÉ. UÉ’s cost accounting systems have allocated operations and maintenance costs to individual water and wastewater activities or services.

<sup>54</sup> Customer operation costs associated with wastewater source control and licensing and the management of trade effluent, including monitoring and sampling programme costs are not represented in this graphic but are directly allocated for recovery from trade effluent customers – see below.

Water supply operations and maintenance costs are allocated to customer groups in accordance with consumption or share of water delivered. A network location adjustment is applied to the proportion of water supply operation and maintenance costs attributed to Water Distribution. A network leakage adjustment is applied to the proportion of operation and maintenance costs attributed to resource and treatment.

Wastewater operations and maintenance treatment and disposal costs are allocated to customer groups with a 30% wastewater volume and 70% PE blended split representing a combination of the treatment and disposal opex costs driven by wastewater volume and wastewater strength component respectively.

Wastewater collection costs are allocated to customer groups in accordance with their share of wastewater volume. Costs associated with the trade effluent sampling programme are directly allocated for recovery from trade effluent customers. A network location adjustment is applied to the proportion of wastewater operation and maintenance costs attributed to collection.

- 2) UÉ's **Work and Asset Management** function is responsible for the delivery and management of work orders and operational instructions to maintain safe, responsive, reliable, and sustainable water and wastewater services. UÉ's cost accounting systems have allocated work and asset management costs to individual water and wastewater activities and services.

Water supply work and asset management costs are allocated to customer groups in accordance with consumption or share of water delivered. A network location adjustment is applied to the proportion of water supply work and asset management costs attributed to Water Distribution. A network leakage adjustment is applied to the proportion of work and asset management costs attributed to resource and treatment.

Wastewater work and asset management treatment and disposal costs are allocated to customer groups with a 30% wastewater volume and 70% PE blended split representing a combination of the treatment and disposal opex costs driven by wastewater volume and wastewater strength components respectively.

Collection costs are allocated to customer groups in accordance with their share of wastewater volume. Costs associated with the trade effluent sampling programme are directly allocated for recovery from trade effluent

customers. A network location adjustment is applied to the proportion of wastewater work and asset management costs attributed to collection.

3) The **Customer Operations** function can be allocated for recovery from particular customer groups as different groups of customers drive different components of the function's costs. KAM costs are directly allocated for recovery from the Band 3, 4 and 5 water and wastewater customer classes (serving those customers with annual consumption greater than 20,000m<sup>3</sup>). Similarly, costs associated with wastewater source control and licensing and the management of trade effluent, including monitoring and sampling programme costs, are directly allocated for recovery from trade effluent customers. Consistent with the CRU's Decision, Activity Based Costing (ABC)<sup>55</sup> is used to allocate compliance and licensing costs to individual trade effluent customer classes. Monitoring and sampling programme costs are allocated to trade effluent customers based on the number of samples that UÉ determines will be carried out annually for each customer class. The remaining Customer Operations are allocated to services and customer groups in accordance with number of connections.

4) **Support Services Costs** include Finance, Commercial and Procurement, Regulation, IT, Legal, HR, Business Change, Health, Safety, Quality and Environment (HSQE), Marketing, Secretariat and Corporate Services. These areas support core activities of the UÉ business and are indirect costs. They cannot be readily split between water and wastewater services. Support service costs are allocated to water and wastewater services based on the split of direct opex to each service. Costs are allocated to water service products and customer groups using:

- 90% connections and 10% consumption blended split to water supply services and customer groups; and
- 90% connections, 5% consumption and 5% PE blended split for wastewater services and customer groups,

representing a combination of the cost driver methodologies used to allocate core activities.

5) **Non-Controllable costs**, such as CRU levy and EPA licence fees, are identified as pass-through costs incurred in carrying out core activities of UÉ. These are indirect costs and cannot be readily split between water supply and wastewater services. Non-controllable costs are allocated to

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<sup>55</sup> Please see section A5.2 of this appendix for more information on the ABC exercise conducted.

water supply and wastewater services based on the ratio of direct opex spent on each service. Costs are allocated to water service products and customer groups using:

- 90% connection and 10% consumption blended split to water supply services and customer groups; and
- 90% connections, 5% consumption and 5% PE blended split for wastewater services and customer groups,

representing a combination of the cost driver methodologies used to allocate core activities.

## Cost Component 2 – Capex

Depreciation and return on assets are part of the regulatory framework model and relate to capital expenditure. The following categories of capex costs are used to allocate to customer groups for revenue recovery as part of UÉ's Cost Allocation analysis:

- 1) **Projects** refers to the delivery of infrastructure which is targeted to achieve quality, enhanced level of service or supply/demand balance objective under UÉ's capital investment programme.

### **Water supply:**

Water projects are targeted at water supply assets to achieve a quality, enhanced level of service or supply/demand balance objective. UÉ's capital investment programme distinguishes between investment in resource and treatment and investment in distribution assets. UÉ has allocated these costs to the water supply service product. Resource and treatment costs are allocated to customer groups in accordance with consumption or share of water delivered. A peak demand adjustment is applied to the proportion of water project costs attributed to resource and treatment.

Water Distribution costs are allocated to customer groups with 60% connections and 40% consumption blended split. A network location adjustment is applied to the proportion of water project costs attributed to distribution capex and allocated by the connection cost driver. A peak demand adjustment is applied to the proportion of water project costs attributed to distribution capex and allocated to customer groups in accordance with consumption or share of water delivered.

### **Wastewater:**

Wastewater Projects are targeted at wastewater assets to achieve quality, enhanced level of service or supply/demand balance objective. UÉ's capital investment programme distinguishes between investment in treatment and disposal assets and collection assets. UÉ has allocated these costs to the wastewater service product as follows. Treatment and disposal costs are allocated to customer groups with a 69% wastewater volume and 31% PE blended split representing a combination of the treatment and disposal capex costs driven by wastewater volume or flow and wastewater strength components respectively.

Collection costs are allocated to customer groups in accordance with their share of wastewater volume. A network location adjustment is applied to the proportion of wastewater project costs attributed to wastewater collection.

- 2) **Capital Maintenance** is focused on replacement or refurbishment of water supply and wastewater assets. UÉ's capital maintenance programme distinguishes between spend on water supply resource and treatment assets and water supply distribution assets; and wastewater treatment and disposal assets and wastewater collection assets. UÉ has allocated capital maintenance costs to the water supply and wastewater service products as follows.

### **Water supply:**

Water supply resource and treatment costs are allocated in accordance with consumption or share of water delivered. A peak demand adjustment is applied to the proportion of water project costs attributed to water supply resource and treatment.

Water Distribution costs are allocated to customer groups with 60% connections and 40% consumption blended split. A network location adjustment is applied to the proportion of water project costs attributed to distribution capex and allocated by the connection cost driver. A peak demand adjustment is applied to the proportion of water project costs attributed to distribution capex and allocated to customer groups in accordance with consumption or share of water delivered.

### **Wastewater:**

Wastewater treatment and disposal costs are allocated to customer groups with a 69% wastewater volume and 31% PE blended split representing a combination of the treatment and disposal capex costs driven by wastewater volume or flow and wastewater strength components respectively.

Wastewater collection costs are allocated to customer groups in accordance with their share of wastewater volume. A network location adjustment is applied to the proportion of wastewater project costs attributed to wastewater collection.

- 3) ***National Programmes*** refers to water and wastewater programmes to bring asset performance to acceptable levels of compliance and capacity at a national level e.g., Disinfection Programme, Impounding Reservoirs Programme etc. UÉ's national programme distinguishes between spend on water supply resource and treatment assets and water supply distribution assets; and wastewater treatment and disposal assets and wastewater collection assets. National programme costs are allocated to the water supply and wastewater service products as follows.

### **Water supply:**

Water supply resource and treatment costs are allocated in accordance with consumption or share of water delivered. A peak demand adjustment is applied to the proportion of water project costs attributed to water supply resource and treatment.

Water Distribution costs are allocated to customer groups with 60% connections and 40% consumption blended split. A network location adjustment is applied to the proportion of water project costs attributed to distribution capex and allocated by the connection cost driver. A peak demand adjustment is applied to the proportion of water project costs attributed to distribution capex and allocated to customer groups in accordance with consumption or share of water delivered.

## **Wastewater:**

Wastewater treatment and disposal costs are allocated to customer groups with a 69% wastewater volume and 31% PE blended split representing a combination of the treatment and disposal capex costs driven by wastewater volume or flow and wastewater strength components respectively.

Wastewater collection costs are allocated to customer groups in accordance with their share of wastewater volume. A network location adjustment is applied to the proportion of wastewater project costs attributed to wastewater collection.

The cost driver and adjustments applied to each cost are summarised below. Summary table A5.2 presents the allocation of opex (related to both the provision of water supply and wastewater services) to be recovered from water supply and wastewater tariffs. Summary table A5.3 presents the allocation of capex (related to both the provision of water supply and wastewater services) to be recovered from water supply and wastewater tariffs. The tables summarise the mix of cost drivers and adjustments used to allocate opex and capex water supply and wastewater service costs to customer groups.

**Table A5.2 Summary of Opex Cost Drivers & Adjustments – Water Supply and Wastewater Service**

Allocation of Operational Costs						
No.	Opex Category	Proportion of total opex	Cost Driver Allocation approach		Adjustments	
			Water Supply	Wastewater	Water Supply	Wastewater
1	Operations & Maintenance	67.36%	Consumption	<b>Treatment and disposal costs:</b> 30% wastewater volume & 70% PE  <b>Collection cost:</b> wastewater volume	Network Location* & Leakage**	Network Location***
2	Work and Asset Management	2.93%	Consumption	<b>Treatment and disposal costs:</b>	Network Location* &	Network Location***

				30% wastewater volume & 70% PE  <b>Collection cost: wastewater volume</b>	Leakage **	
3	Customer Operations	3.55%	Connections		N/A	
4	Trade effluent Compliance and Licence Management	0.39%	N/A	Activity based costing	N/A	
5	Trade effluent sampling	0.08%	N/A	Number of samples	N/A	
6	Support Services	19.61%	10% Consumption	5% Consumption, 5% PE & 90% Connections	N/A	

			90% Connections		
7	Non-controllable & Innovation Fund <sup>56</sup> costs	6.17%	10% Consumption 90% Connections	5% Consumption, 5% PE & 90% Connections	N/A

Note: For cost allocation analysis purposes, UÉ's opex costs (Operations and Maintenance and Work and Asset Management) are categorised by 'Water Supply – R&T', 'Water Supply – Distribution', 'Wastewater - Treatment and Disposal' and 'Wastewater – Collection'.

\*Applied to the Water Distribution related costs within this cost category. \*\*applied to the resource and treatment related costs within this cost category.

\*\*\*applied to the wastewater collection related costs within this cost category.

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<sup>56</sup> The purpose of this allowance (innovation fund) is to allow UÉ to promote new technologies and improved ways of delivering water and wastewater service for customers within an incentive base regime where cost efficiency is the focus. For UÉ to draw down its innovation fund allowance it must first receive approval from the CRU for individual innovation projects.

**Table A5.3 Summary of Capex Cost Drivers & Adjustments – Water Supply and Wastewater Service**

Allocation of Capital Costs				
No.	Cost Category	Proportion of total capex	Cost Driver Allocation approach	Adjustments
1	Water Supply – Resource & Treatment (R&T)	29%	Consumption	Peak Demand
2	Water Supply – Distribution	31%	60% Connections & 40% Volume	Network Location on the proportion allocated by connection. Peak demand on the proportion allocated by volume
3	Wastewater - Treatment and Disposal	31%	69% Consumption & 31% PE	N/A
4	Wastewater – Collection	8%	Consumption	Network Location

Note: For cost allocation analysis purposes, UÉ’s capex costs (Water Projects, Wastewater Projects, Capital Maintenance and National Programmes) are categorised by ‘Water Supply – R&T’, ‘Water Supply – Distribution’, ‘Wastewater - Treatment and Disposal’ and ‘Wastewater – Collection’.

### A5.1.3 Cost Allocation between water and wastewater services

Table A5.4 sets out the percentage allocation of total UÉ opex and capex attributable to water supply and wastewater services. It also provides the blended allocation of costs between water supply and wastewater services based upon the proportion of total allowed revenue attributable to opex and capex respectively.

**Table A5.4 Opex and capex allocation – water and wastewater**

Opex and capex – water and wastewater services % allocation		
Cost category	Water Supply %	Wastewater services %
Opex	49%	51%
Capex	61%	39%
<b>Blended</b>	<b>54%</b> <sup>57</sup>	<b>46%</b> <sup>58</sup>

## A5.2 Water Services Cost Drivers

### A5.2.1 Share of water delivered

As set out in part A5.1, allocation of a large portion of direct opex and capex related costs to customer groups is on the basis of share of water delivered. Tables A5.5 and A5.6 sets out each customer class's share of water delivered for water supply and wastewater connections respectively. In both tables the volume of water delivered associated with the DA for mixed use customers has been reallocated from the non-domestic to the domestic sector. This reallocation impacts Band 1 customers disproportionately to the other customer classifications as the majority of DAs (94%) are in this customer classification.

<sup>57</sup> Represented by equation  $(49\% \times 58\%) + (61\% \times 42\%)$ . 49% of the opex spend and 61% of the capex spend is on the provision of water supply. 58% of our allowed revenue is opex related and 42% is capex related.

<sup>58</sup> Represented by equation  $(51\% \times 58\%) + (39\% \times 42\%)$ . 51% of the opex spend and 39% of the capex spend is on the provision of wastewater services. 58% of the allowed revenue is opex related and 42% is capex related.

**Table A5.5 2023 customer share of water delivered to water supply connections**

Customer Class		Volume of water delivered ML per day	% share of water delivered
Domestic		593	67%
Non-Domestic		<b>297</b>	<b>33%</b>
Band 1	<1,000m <sup>3</sup>	48	5%
Band 2	1,000 – 19,999m <sup>3</sup>	98	11%
Band 3	20,000 – 249,999m <sup>3</sup>	74	8%
Band 4	250,000m <sup>3</sup> – 2,299,999m <sup>3</sup>	42	5%
Band 5	>/= 2,300,000m <sup>3</sup>	33	4%
Unmetered 1		2	0.3%
Unmetered 2		0.1	0.01%
<b>Total consumption</b>	<b>ML = Megalitre (1,000m<sup>3</sup>)</b>	<b>891</b>	<b>100.00%</b>

**Table A5.6 2023 customer share of water delivered to wastewater connections**

Customer Class		Volume of water delivered ML per day	% share of water delivered
Domestic		504	72%
Non-Domestic		<b>198</b>	<b>28%</b> <sup>59</sup>
Band 1	<1,000m <sup>3</sup>	20	3%
Band 2	1,000 – 19,999m <sup>3</sup>	53	7%
Band 3	20,000 – 249,999m <sup>3</sup>	29	4%
Band 4	>250,000m <sup>3</sup>	4	1%
Unmetered 1		2	0.3%
Unmetered 2		0.1	0.01%
<b>Trade Effluent Licence</b>		<b>89</b>	<b>13%</b>
Category 1		26	4%
Category 2		22	3%
Category 3		40	6%
<b>Total consumption</b>	<b>ML = Megalitre (1,000m<sup>3</sup>)</b>	<b>703</b>	<b>100.00%</b>

<sup>59</sup> Non-domestic wastewater volumes are reflective of any existing water in is not equal to water our arrangements. In addition, UÉ has included an assumption that water in is not equal to water out for trade effluent volumes where it is expected that customers undertaking certain activities will apply for a water in is not equal to water out arrangement.

## A5.2.2 Relative share of connections

As set out in part A5.1, the following costs are allocated to customer groups on the basis of relative share of connections; operational expenditure associated with the Customer Operations function; 90% of operational expenditure on support services and non-controllable costs; and 60% capital expenditure on the water supply distribution network. Tables A5.7 and A5.8 sets out each customer class's share of water supply and wastewater connections respectively.

**Table A5.7 2023 customer share of water supply connections**

Customer Class		Connections to the public water main	
		Approx. number of connections	Proportion of total connections
<b>Domestic</b>		<b>1,643,597</b>	<b>90%</b>
<b>Non-Domestic</b>		<b>178,873</b>	<b>10%</b>
Band 1	<1,000m <sup>3</sup>	158,588	9%
Band 2	1,000 – 20,000m <sup>3</sup>	11,827	1%
Band 3	20,000 – 249,999m <sup>3</sup>	514	0.03%
Band 4	250,000m <sup>3</sup> – 2,299,299m <sup>3</sup>	29	0.002%
Band 5	>2,300,000m <sup>3</sup>	2	0.0001%
Unmetered 1		7,885	0.4%
Unmetered 2		27	0.002%
<b>Total</b>		<b>1,822,470</b>	<b>100.00%</b>

**Table A5.8 2023 customer shares in wastewater connections**

Customer Class		Connections to the public sewer	
		Approx. number of connections	Proportion of total connections
<b>Domestic</b>		<b>1,443,145</b>	<b>94%</b>
<b>Non-Domestic</b>		<b>93,714</b>	<b>6%</b>
Band 1	<1,000m <sup>3</sup>	74,313	5%
Band 2	1,000 – 20,000m <sup>3</sup>	6,130	0.4%
Band 3	20,000 – 249,999m <sup>3</sup>	207	0.01%
Band 4	>250,000m <sup>3</sup>	4	0.0003%
Unmetered 1		6,494	0.4%
Unmetered 2		27	0.002%
Trade Effluent		<b>6,539</b>	<b>0.4%</b>
Category 1		6,127	0.4%
Category 2		398	0.03%
Category 3		14	0.001%
<b>Total</b>		<b>1,536,870</b>	<b>100%</b>

### A5.2.3 Relative share of PE

As set out in part A5.1, the following wastewater treatment costs are allocated to customer groups on the basis of a relative share of PE cost driver; 70% of operational expenditure associated with wastewater treatment and disposal; 31% of capital expenditure on wastewater treatment and disposal costs and 5% of operational expenditure on support services and non-controllable costs. Table A5.9 sets out each customer class's share of PE discharged.

**Table A5.9 2023 customer shares in PE wastewater strength**

Customer Class		PE	% share of PE
<b>Domestic</b>		<b>3,651,012</b>	<b>71%</b>
<b>Non-Domestic</b>		<b>1,460,688</b>	<b>29%</b>
Band 1	<1,000m <sup>3</sup>	129,661	3%
Band 2	1,000 – 20,000m <sup>3</sup>	334,313	7%
Band 3	20,000 – 249,999m <sup>3</sup>	183,746	4%
Band 4	>250,000m <sup>3</sup>	34,806	1%
Unmetered 1		13,231	0.3%
Unmetered 2		470	0.01%
<b>Trade Effluent Licence</b>		<b>764,461</b>	<b>15%</b>
Category 1		120,858	2%
Category 2		235,416	5%
Category 3		408,187	8%
<b>Total PE</b>		<b>5,111,701</b>	<b>100.00%</b>

#### A5.2.4 Activity based costing – trade effluent compliance and licensing costs

As set out in part A, compliance and licensing costs are allocated to trade effluent customer groups on the basis of an ABC exercise. The ABC exercise allocates compliance and licensing indirect costs based on the time and effort spent on these activities as indicated by UÉ’s Wastewater Source Control and Licensing (WWSCL) team. Table A5.10 sets out the expected efforted required to undertake compliance and licensing costs for each trade effluent customer class.

**Table A5.10 Output of ABC analysis and allocation of compliance and licensing costs to Trade Effluent Category 1, 2 and 3 customers**

Trade effluent functional Activity	A. Effort per function	B. Split of functional effort by Tariff Category				C. (A*B)		
		Category 1	Category 2	Category 3	Total	Category 1	Category 2	Category 3
Compliance Management	85%	5%	90%	5%	<b>100%</b>	4.3%	76.9%	4.3%
Licence Management	15%	5%	90%	5%	<b>100%</b>	0.7%	13.1%	0.7%
Total	<b>100%</b>					<b>100%</b>		

**Notes:**

1. UÉ's WWSCL team undertakes two primary functional activities; management of trade effluent licences and monitoring trade effluent customer compliance with the terms of the trade effluent licence. Column A represents the time the team spends on each functional activity.
2. Column B represents the time and effort WWSCL spends on each functional activity broken down by tariff category.
3. Column (A\*B) is used to allocate the indirect costs of trade effluent compliance and licensing management functional activities to UÉ's trade effluent customer classes based on the time and effort expended by UÉ's WWSCL team.

### A5.2.5 Trade effluent customer share of sampling

As set out in part A5.1, monitoring and sampling programme costs are allocated based on the number of samples that UÉ determines will be carried out annually for each customer class. Table A5.11 sets out the number of samples taken for each trade effluent customer class.

**Table A5.11 Allocation of monitoring and sampling costs to Trade Effluent Category 1, 2 and 3 customers**

Trade effluent Customer Class	Estimate number of customers	Estimate no of samples per class	% allocation of sampling costs	Average no of samples per customer per annum
Category 1	6,127 <sup>60</sup>	1,768	35%	0.3 <sup>61</sup>
Category 2	398	3,168	62%	8.0
Category 3	14	144	3%	10.3
<b>Total</b>	<b>6,539</b>	<b>5,080</b>	<b>100%</b>	

<sup>60</sup> Includes Trade Effluent Category 1 metered and unmetered customers.

<sup>61</sup> UÉ intends sampling a representative cross section of Trade Effluent Category 1 customers across a geographical range of Commercial Activities and Industrial Activities and consumption values.

### A5.3 Distribution of costs to customer groups

Costs identified in Section A5.1 are allocated directly to customers where applicable. Where costs identified are indirectly applicable, they have been applied to customer classes in accordance with the cost drivers identified in Section A5.2.

UÉ is continuing to adopt the approach set out in the CRU's 2024 Framework decision to allocate costs to customer groups. This section outlines all the cost driver uncertainties and how these are accounted or adjusted for the cost allocation analysis:

- i. Adjusting the relative output share of volume cost driver used to allocate distribution opex and the relative output share of connections cost driver partially used to allocate distribution capex to reflect average network location for each customer group;*
- ii. Adjusting the share of volume cost driver used to allocate water resource and treatment capex and 40% of distribution capex to reflect peak demand for each customer group;*
- iii. Adjusting the relative output share of volume cost driver used to allocate resource and treatment opex to reflect network leakage for each customer group; and*
- iv. Adjusting the cost driver used to allocate wastewater collection opex and capex to reflect network location for each customer group.*

#### A5.3.1 Cost Driver adjustments

This section sets out the adjustments applied to each cost driver for each uncertainty (i, ii, iii and iv) above.

- i. Adjusting the relative output share of volume cost driver used to allocate distribution opex and the relative output share of connections cost driver partially used to allocate distribution capex to reflect average network location for each customer group*

Distribution opex is allocated by relative output share of volume adjusted by the assumed effect of network location for customer group, Tariff Band 3, 4 and 5 as follows:

- A 5% (Band 3 customer classification), a 30% (Band 4 customer classification) and a 50% (Band 5 customer classification) adjustment to reduce the distribution opex allocated by relative output share.

Distribution capex is partially (60%) allocated by relative output share of connections adjusted by the assumed effect of network location for customer group, Tariff Band 3, 4 and 5 as follows:

- A 5% (Band 3 customer classification), a 30% (Band 4 customer classification) and a 50% (Band 5 customer classification) adjustment to reduce the distribution capex allocated by relative share of connections.
- ii. *Adjusting the share of volume cost driver used to allocate water resource and treatment capex and 40% of distribution capex to reflect peak demand for each customer group*

Resource and treatment capex is allocated by relative output share of volume adjusted by the assumed effect of peak demand for each customer group, Tariff Band 1 - 5 as follows:

- A 10% (Band 1 customer classification), a 15% (Band 2 customer classification), a 20% (Band 3 customer classification), a 20% (Band 4 customer classification) and a 20% (Band 5 customer classification) adjustment to reduce the resource and treatment capex allocated by relative output share.

Distribution capex is partially (40%) allocated by relative output share of volume adjusted by the assumed effect of peak demand for customer group, Tariff Band 1 - 5 as follows:

- A 10% (Band 1 customer classification), a 15% (Band 2 customer classification), a 20% (Band 3 customer classification), a 20% (Band 4 customer classification) and a 20% (Band 5 customer classification) adjustment to reduce the distribution capex allocated by relative output share.
- iii. *Adjusting the relative output share of volume cost driver used to allocate resource and treatment opex to reflect network leakage for each customer group.*

Resource and treatment opex is allocated by relative output share of volume adjusted by the assumed effect of network leakage of each customer group, Tariff Band 2 - 5 as follows:

- A 5% (Band 2 customer classification), a 10% (Band 3 customer classification), a 20% (Band 4 customer classification) and a 20% (Band 5 customer classification) adjustment to reduce the resource and treatment opex allocated by relative output share.

- iv. *Adjusting the cost driver used to allocate wastewater collection opex and capex to reflect network location for each customer group.*

Wastewater collection opex and capex are allocated by relative output share adjusted by the assumed effect of network location for customer group, Tariff Band 4. The network location adjustment equally applies to non-domestic and trade effluent<sup>62</sup> connections alike.

- A 10% (Band 4 customer classification) adjustment to reduce the collection opex and capex allocated by relative output share.

#### **A5.4 Summary of cost allocation approach**

The following below tables A5.12 and A5.13 summarises sections A5.1 to A5.3, of this appendix which address UÉ's costs, cost drivers, and cost driver adjustments that are used to allocate costs to each customer group. There are no proposed changes from the CRU's 2024 Framework decision.

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<sup>62</sup> The adjustment applies to trade effluent connections in the same manner as other wastewater connections, having regard to the volumes of wastewater that is being discharged as trade effluent and how they would otherwise be categorised if not licensed.

**Table A5.12 Cost allocation (water supply)**

Cost Category	Current Framework Decision	
Design Element 3: Cost Allocation (water supply)		
Cost	Current Cost Driver	Current Adjustment(s)
Water Supply (Opex)		
O & M and Work and Asset Management	100% Consumption	<u>Network Location</u> <sup>1</sup> : Band 1: 0%, Band 2: 0%, Band 3: 5%, Band 4: 30%. Band 5: 50%.  <u>Leakage</u> <sup>2</sup> : Band 1: 0%, Band 2: 5%, Band 3: 10%, Band 4: 20%, Band 5: 20%.
Customer Operations	100% Connections	No adjustment
Support Services	10% Consumption & 90% Connections	No adjustment
Non-controllable & innovation costs	10% Consumption & 90% Connections	No adjustment
Water Supply (Capex)		
Distribution	60% Connections & 40% Consumption	<u>Network Location</u> <sup>3</sup> : Band 1: 0%, Band 2: 0%, Band 3: 5%, Band 4: 30%. Band 5: 50%.  <u>Peak Demand</u> <sup>4</sup> : Band 1: 10%, Band 2: 15%, Bands 3&4: 20%, Band 5: 20%.
Resource & Treatment	100% Consumption	<u>Peak Demand</u> : Band 1: 10%, Band 2: 15%, Bands 3&4: 20%, Band 5: 20%.

Notes:

1. The Network Location adjustment applies to Distribution related Operations & Maintenance and Work and Asset Management costs.
2. The Leakage adjustment applies to Resource & Treatment related Operations & Maintenance and Work and Asset Management costs.
3. The Network Location adjustment applies to Distribution capex costs allocated by connections
4. The Peak Demand adjustment applies to Distribution capex costs allocated by consumption

**Table A5.13 Cost allocation (wastewater)**

Cost Category	Current Framework Decision	
Design Element 3: Cost Allocation (wastewater)		
	Current cost driver	Current Adjustment(s)
Wastewater (Opex)		
O & M (collection)	100% Consumption	<u>Network Location:</u>
Work and Asset Management (collection)		Band 1: 0%, Band 2: 0%, Band 3: 0%, Band 4: 10%
O & M (Treatment and Disposal)	30% Consumption & 70% PE	No adjustment
Work and Asset Management (Treatment and Disposal)		
Customer Operations	100% Connections	No adjustment
TE Compliance and Licensing Costs	Activity based costing	No Adjustment
TE Sampling and Monitoring costs	Samples	No Adjustment
Support Services	10% Consumption & 90% Connections	No adjustment
Non-controllable & innovation costs	10% Consumption & 90% Connections	No adjustment
Wastewater (Capex)		
Collection	100% Consumption	<u>Network Location:</u> Band 1: 0%, Band 2: 0%, Band 3: 0%, Band 4: 10%.
Resource & Treatment	100% Consumption	No adjustment

## A5.5 Non-domestic (including trade effluent) cost allocation

The CRU's Decision allocates UÉ's costs identified in Section A5.1 of this appendix directly to customers where applicable. Where costs identified are indirectly applicable, they have been applied to customer classes in accordance with the cost drivers identified in Section A5.2.

Table A5.14 summarises the assessment of the balance of cost allocation between the domestic and non-domestic customer groups.

**Table A5.14 The balance between domestic and non-domestic costs**

Cost Allocation	Customer Group	
	Domestic % share	Non-domestic % share
Share of total allocated costs	75.29%	24.71%

The balance of cost allocation within the non-domestic customer group for each service is set out below in table A5.15.

**Table A5.15 Non-Domestic % cost allocation by water service to customer groups**

Category	Service				Overall
	Water Supply	Wastewater	Trade effluent	Other	Total
Total non-domestic	12.53%	6.06%	5.37%	0.75%	24.71%