

14th December 2004

Circular Number: WSP10/04

RE. WATER SERVICES NON-DOMESTIC METERING PROGRAMME

Dear Manager,

I refer to the Government's Water Pricing Policy Framework, which *inter alia*, requires the universal metering of the non-domestic sector by 2006.

The Minister is concerned with the slow pace in progressing non-domestic metering nationally and wishes to reemphasise the need for all sanitary authorities to secure full and timely delivery on the requirement for non-domestic metering. This circular:

- ❑ Outlines particular issues and requirements regarding meeting the Government's universal non-domestic metering requirement within the 2006 deadline.
- ❑ Summarises at Annex 1 the progress achieved by authorities on non-domestic metering as of 31 May 2004.
- ❑ Includes at Annex 2 a simplified questionnaire to establish the level of progress on metering at the end of 2004.

1. Guidance and Support Information

The Department is continuing its support for the metering demonstration project in Sligo. A key deliverable of the project is the development of guidance and information notes to assist non-domestic metering implementation. Three sets of guidance have issued to date; the most recent in September 2004. A series of "Metering Implementation Workshops" were also held at four locations nationally in May of this year.

While additional guidance will be developed on the metering programme from time to time, it is considered that a significant amount of information has been provided on this matter and that authorities should by now be well informed to advance their metering programmes.

2. 2006 Deadline

The implementation of non-domestic metering programmes has become increasingly time critical. Authorities should now conclude their planning for metering and rapidly advance their meter installation programmes. Given the relatively short period left for implementation i.e. just over two years, the

Department is concerned that any slippage or delay in progressing the planning and/or installation phases of metering programmes could adversely affect local authorities' ability to deliver on universal metering within the Government deadline.

All authorities have confirmed to the Department they will have completed their non-domestic metering programmes by or before the end of 2006 and it is anticipated that this commitment will be met. However some authorities have not concluded their planning on metering, most have not commenced metering installation while 5 authorities have not significantly advanced their metering programme.

I would ask therefore that all steps necessary to secure non-domestic metering in your administrative area be implemented as a matter of urgency to meet the commitment given by your authority.

The number of non-domestic meters has increased by only 8,293 over the last four and a half years (from 58,240 in 2000 to 66,533 at mid-2004). Authorities must put in place the mechanisms necessary for the full delivery of metering ahead of the 2006 deadline. Universal metering by 2006 must be a prerequisite of all non-domestic metering programmes and built in as a requirement in all associated contracts.

3. Charging of Non-Domestic Customers

The Department is concerned with the very high number of non-domestic customers not charged or not directly charged for their water services. This ranges in most recent surveys at between 42,000 and 62,000. This practice is contrary to the principles of water services pricing policy and the requirement for all non-domestic users to be directly charged for their water services. It is a cause of concern that there has been no significant improvement in this area over the past three years.

4. Benefits of Metering

Universal metering is a critical and central element of non-domestic water services pricing policy implementation. The national metering programme will facilitate a transparent, fair and equitable method of recovering water services costs based on usage. It also provides for the treatment of all non-domestic customers in a single, even-handed manner. Metering will also support and underpin environmental, conservation and general confidence building measures. Business groups including IBEC and the Chambers of Commerce in Ireland have supported policy implementation and support the principle of universal non-domestic metering subject to transparency on charging and no cross subsidisation of domestic users.

5. Metering Programme Progress Report Mid-2004

The returns summarised in Annex 1 provide an overview of national non-domestic metering and an assessment of local authority progress in implementation.

6. Information Update Request end 2004

We are now introducing an end year return (at Annex 2), which will provide a further update on local authority progress on national metering implementation. The questionnaire is simplified and designed for easy completion. Authorities are invited, where it is considered necessary or helpful, to provide a commentary with the completed questionnaire outlining further relevant information and/or clarifications regarding your non-domestic metering programme. The questionnaire should be returned to the Department by Friday 14 January 2005 at the latest. An electronic version of the return may be forwarded to Mr. Emmet Fahy, e-mail: emmet_fahy@environ.ie (☎ 01 8882165)

7. Access to Circulars

You are again reminded that this Circular and all Departmental Circulars are accessible through the new the Internet Sharepoint System at: <http://circulars.lgcsb.ie/doecirculars>.

Yours Sincerely,

Joe Harrington,
Principal Officer,
Water Services Policy Unit,
Water and Natural Heritage Division.

To - Each City and County Manager.
Copy to - Director of Services (Water Services), GCCC, AMAI, Ombudsman's Office and Regional Authorities.

SUMMARY OF METERING QUESTIONNAIRE RETURN MID 2004

General

- Most authorities considered the status of the information they submitted as “good” or “very good”.

Customer Base Review

- All authorities are engaged in reviewing their non-domestic customer base. 20 authorities had concluded their review at the end of June 2004.

Number of Non-Domestic Customers

- Authorities have identified 206,266 non-domestic customers and consider that this figure will increase.
- Local authorities anticipate an average increase of 44% in the number of non-domestic customers following customer base reviews.
- 80% of authorities will be directly charging all non-domestic users for water services by 2006 with the remaining authorities expect to achieve this in early 2007.

Implementation (Contract) Information

The returns indicate that -

- 12 authorities (or 35%) will implement metering programmes in-house.
- 19 authorities (or 56%) have confirmed their intention to contract out or outsource all or part of their metering programme.
- The remaining 3 (9%) have not decided how metering will be progressed.

As outlined above, 19 authorities have a preference to outsource at least part of their non-domestic metering programme, as follows:

- 89 % have confirmed they will outsource the meter installation contract. The remaining authorities have appointed clients reps but have not yet decided what extent of the metering programme will be outsourced.
- 38 % have confirmed they will also outsource the operational element of the contract
- 12 % have confirmed they will also outsource the debt collection aspect of the contract

Metering Programme

- There is an estimated 66,533 meters installed nationally; local authorities anticipate that over 63% or 42,262 of these meters require replacement.
- Local authorities estimate that over 180,549 meters will have been installed in the period up to end 2006. The estimated total number of meters installed (at the end of each year) is outlined below.

2004	51,753
2005	113,669
2006	180,549

Comparison with 2003 Metering Questionnaire

Total non-domestic customers: Local authorities estimated the total number of non-domestic users as 199,652 at the end of June 2003. This compares with an estimated 206,266 identified non-domestic users in the 2004 questionnaire.

Number of meters: In the 2003 Questionnaire local authorities indicated that they had some 63,955 meters in place. The 2004 return shows that this figure has increased to 66,533.

Programme for the installations of meters: The 2003 and 2004 returns confirm that a similar numbers of meters will be installed nationally at the end of 2006 i.e. 181,538 -v- 180,549 with most installation taking place in the 2005 to 2006 period.

Comparison with the 2003 Management Information Questionnaire (MIQ)

Overall the June 2004 metering figures don't differ considerably from those in the 2003 MIQ. However the number of identified non-domestic customers from 183,656 to 206,266 is an increase of over 12%.

The metering questionnaire identified 64,010 customers not directly charged for their water services, compared to the MIQ's 42,005.

ANNEX 2

**UNIVERSAL NON-DOMESTIC METERING QUESTIONNAIRE
REPORT ON PROGRESS TO 31 DECEMBER 2004**

You are asked to complete all of the following questions 1 to 10 and to forward your response to the Department by Friday 14th January 2005:

Question 1: Is your non-domestic metering programme (a) in planning, (b) at contract documents stage, (c) tender stage or (d) meter installation stage?

Reply 1: _____

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Question 2: When will metering installation (give month/year) be commenced by your authority?

Reply 2: _____

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Question 3: When will meter installation (give month/year) be concluded?

Reply 3: _____

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Question 4: How many non-domestic customers are there in your administrative area?

Reply 4: _____

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Question 5: How many non-domestic customers are directly charged for their water services provision?

Reply 6: _____

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Question 7: How many non-domestic customers are now metered (at end Dec. 2004) ?

Reply 7: _____

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Question 8: How many non-domestic customers will be metered at the end of 2005?

Reply 8: _____

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Question 9: How many non-domestic customers will be metered at the end of 2006?

Reply 9 _____

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Question 10: Will the Government's non-domestic metering deadline be achieved in your administrative area; ? (answer Yes or No).

Reply 10: _____

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To be signed by Director of Services, Water Services: _____
Sanitary Authority _____