



Submission to the CRU on the Independent Review of the Proposed Water Supply Project for the Eastern and Midland Region

June 2019

Introduction

Dublin Chamber welcomes this opportunity to make a submission to the Commission for Regulation of Utilities in respect of its stakeholder consultation to review the Proposed Water Supply Project for the Eastern & Midland Region.¹ Dublin Chamber is the largest Chamber of Commerce in Ireland, representing businesses across the Greater Dublin Area. Our cross-sectoral membership base of 1,300 firms, spanning the spectrum from small start-ups to major multinationals, gives the Chamber a keen insight into the issues facing enterprises and their employees.

Ireland's ability to remain competitive depends on the essential requirement of a world-class water system. One of the most pressing elements in the pursuit of this goal is the delivery of a new water supply for Dublin and the Eastern and Midland Region. The Eastern & Midland Region is a critical economic area for the State, and reliable water supply for the Region is a vital national priority. A new supply is also a prerequisite for future growth, and especially for meeting ambitious targets for tourism and foreign direct investment. The Chamber endorses the findings of the previous studies outlining why a new water source is needed.

Dublin Chamber supports Irish Water's preferred scheme at the Parteen Basin in Co. Tipperary. This emerged as the preferred option following months of extensive study and research during which the Chamber contributed through public consultations. In light of limited resources, and the capital commitment required for a project of this scale, an independent Review of the Proposed Water Supply Project for the Eastern and Midland Region is prudent. While Dublin Chamber is concerned to avoid further delays to the delivery of this vital project, we are hopeful that the independent review will confirm the current proposal as the preferred option, ensure transparency of the process and enhance public support for the project.

Dublin Chamber's Ongoing Support for Water Infrastructure Investment

Dublin Chamber has for many years outlined the need for renewed investment in Dublin's water supply and highlighted the detrimental impact of historic underinvestment.

¹ Commission for Regulation of Utilities, CRU18236, Terms of Reference for Independent Review of Proposed Water Supply Project – Eastern & Midland Region, <https://www.cru.ie/wp-content/uploads/2018/11/CRU18236-Terms-of-Reference-Wact-Eastern-and-Midlands-Region.pdf>

Prior to Irish Water becoming involved in this project in 2014, Dublin Chamber had made numerous submissions to the Commission for Energy Regulation, the Department of Environment, and Dublin City Council. Dublin Chamber has supported calls for a new water source for the Dublin region since the need was first identified in the Greater Dublin Water Supply Strategic Study, published by the Department of Environment in 1996.

With the transfer of responsibility for water services from the local authorities to Irish Water, proposals for this project have been revised and expanded. The expansion of the project's scope is a welcome development, as it will facilitate the delivery of infrastructure of a scale that will benefit the Region for generations to come. Dublin Chamber has engaged extensively with Irish Water on this project and participated in their comprehensive consultation process and made several submissions articulating the concerns of the business community. Each submission stressed the essential requirement of a world-class water system for Ireland, emphasising the importance of this infrastructure for Ireland's citizens, businesses, visitors and future foreign direct investment.

The Project Needs Report

In light of the estimated project cost of c. €1.3 billion, it was essential that due and appropriate consideration was given to the needs assessment of the project to ensure maximum possible return on investment. Dublin Chamber repeatedly stated in our submissions to Irish Water that the criteria for evaluation should include the following:

- Current and projected population in the Region
- Economic growth
- Dublin's competitiveness versus other city-regions
- Growth in domestic and non-domestic demand
- Demand from Large Water Users.

Dublin Chamber welcomed the inclusion of these factors as the primary drivers for evaluation in the Report and fully supported the findings of the February 2015 WSP Easter and Midlands Region Project Need Report. This was an evidence-based analysis of the need for a new water supply for Dublin. Its approach is in line with international best practice in infrastructural planning, and it clearly outlines why the investment is appropriate and necessary.

The projected population growth outlined in the report has been reinforced by recent figures in the Project Ireland 2040, The National Planning Framework. The NPF predicts that the population will even exceed figures estimated by Irish Water, with around 2.85 million people by 2040, at least half a million more than today.² It is also worth noting that in its experience dealing with and evaluating strategic planning projects, the Chamber has encountered a recurring tendency to underestimate growth, especially in the Dublin Region. For example, the Dublin Transport Office found that their projections for transport needs in 2016 were realised ten years earlier than expected. The NPF also notes that a secure and sustainable water supply will be a key future growth enabler for Dublin city and for the Greater Dublin Area.³ Failure to deliver on this essential infrastructure project will hinder future economic

² National Planning Framework, Project Ireland 2040, Government of Ireland.

³ National Planning Framework, Project Ireland 2040, Government of Ireland.

growth and has the potential to have a seriously detrimental impact on the quality of life in Dublin.

Business Needs

Certainty and resilience of water supply is essential for existing businesses to plan their future. Companies that are considering development or expansion depend on the knowledge that their water supply is assured for the years to come. This is particularly true for companies whose business activity implies high levels of water use, such as those in the pharmaceutical and ICT sectors. In this way, a reliable water supply directly sustains jobs and investment. Previous Indecon research suggests that the daily cost of water shortages is likely to be upwards of €78 million. Of course, the reputational damage caused by such shortages cannot be underestimated.

Dublin Chamber is ambitious for the future of the Eastern and Midland Region, and supports sustainable and well-planned growth. In addition to planning for the population growth forecasted by the CSO and supported by numerous other studies, the Region must plan for other arrivals through tourism and FDI.

Sustainability & City Resilience

Water supply in Dublin is currently significantly over-reliant on the Liffey, with abstraction levels reaching 40%. This places Dublin's water supply on the very edge of sustainability. In comparison, the current preferred option would see abstraction levels of between 1-2.5% of the daily flow of the Shannon.

It must be noted that all scenarios of growth for the Mid-East Region, including a 'low growth' option, necessitate a new water supply for the region. Non-delivery of a new water supply for the Eastern and Midlands Region would be a disaster for residents and businesses alike. Dublin caught a glimpse of this possible future during the summer of 2018, when water shortages disrupted homes and businesses throughout the city, and resulted in rationing across the Greater Dublin Area. With no new supply, these shortages will only become more frequent as the Region's population grows. This highlights the urgency with which the new Water Supply Project should be treated. It should also be noted that Dublin is particularly vulnerable to the impact of climate change as it relies heavily on rainfall or surface-based resources for its water supply. A large scale reduction in rainfall could seriously impact that supply, which would see Dublin facing water restrictions similar to those imposed in the South East of England.

Some commentators argue that 'Unaccounted-for Water' and high national leakage levels must be addressed before planning any new infrastructure. Current leakage levels in Dublin are the lowest in Ireland, at 33%. While this is still significantly above our competitor cities (such as London, at 25%), it is clear that leakage reduction alone will not be enough to solve headroom issues and address increased demand. Even if Irish Water meets its 'extremely ambitious' target of reducing leakage to 25% by 2021, current sources are not capable of providing enough water to meet the region's needs.

Project Delivery Timeline

While acknowledging the potential benefits of this review, Dublin Chamber notes that it will represent another delay for the project. In previous submissions, Dublin Chamber raised

concerns about the feasibility of certain proposed timelines for the Water Supply Project. These concerns were largely justified, and the Chamber remains concerned about delays to this essential project.

Irish Water's original proposed timeline for water available from the new source was from 2022 onwards; this has now been pushed to 2026-27 at the earliest. Meanwhile, the Dublin Region Water Supply Area and the Benefitting Corridor will reach its maximum deployable supply of 623 MI/d by 2026. Moreover, this maximum deployable supply assumes that all infrastructure is fully operational and working to maximum capacity, a highly unlikely scenario for any water supply area, in Ireland or internationally. A new water source is needed urgently to avoid disaster.

The Chamber notes with concern the delayed progress of the Water Environment (Abstractions) Bill 2018 in the Oireachtas, which will present another obstacle to the timely execution of this project. Failure to introduce this legislation is also non-compliant with the EU Water Framework Directive.

The need for the project is evident and its delivery is urgent. Commitment is required by Irish Water, the CRU, and Government to ensure delivery in the face of political and planning uncertainties that may arise in the coming years. Dublin Chamber urges prioritisation of the Eastern & Midland Water Supply Project and calls for joint action to accelerate delivery.

Dublin Chamber:

- Recognises the importance of the CRU review of the project and verification of the process and outcome. This process can play a significant role in ensuring public confidence in the project and addressing any outstanding concerns.
- Welcomes the significant moves towards addressing the historic underinvestment in this area and bring the infrastructure up to international standards. One of the most pressing elements in the pursuit of this overall goal is the delivery of an essential new water supply for the Eastern & Midland Region.
- Notes that the strategic importance of this Region to the national economy means that a secure and sustainable water supply is critical to national economic wellbeing. This supply is also a prerequisite for future growth.
- Notes that the NPF has identified meeting the water supply needs of Dublin and its environs as a key future growth enabler.
- Supports Irish Water's preferred scheme of the Parteen Basin in Co. Tipperary. This emerged as the preferred option following months of extensive study, research, and consultation.
- Participated extensively in the public consultation for this project and accepted the methodology and decision-making process as open, transparent and in line with international best practice in infrastructural planning.
- Has continually stressed the importance of the timeline associated with this project and the need for it to be delivered as quickly as possible.