



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

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Commission for Regulation of Utilities

First Mover Disadvantage in Connecting to Water and Wastewater Infrastructure

Update to Uisce Éireann's Connection Charging Policy

Decision Paper

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CRU Strategic Plan 2022-24

Our Mission <ul style="list-style-type: none">• Protecting the public interest in water, energy and energy safety.	Our Strategic Priorities <ul style="list-style-type: none">• Ensure Security of Supply• Drive a Low Carbon Future• Empower and Protect Customers• Enable our People and Organisational Capacity.
Our Vision <ul style="list-style-type: none">• Safe, secure and sustainable supplies of energy and water, for the benefit of customer now and in the future.	

Executive Summary

This decision paper focuses on a specific aspect of Uisce Éireann's (UÉ's) Connection Charging Policy (CCP) known as First Mover Disadvantage (FMD). FMD can occur when a developer¹ pays UÉ for a connection extension and, subsequently, other developers make use of this connection extension without contributing to the cost that the original developer incurred for this connection i.e., the connection extension charge is not proportionally distributed between developers and one developer pays more than others for the same asset that they are sharing.

This paper follows a public consultation on FMD published on the 17th of November 2022. The consultation set out proposals for compensating the First Mover (FM developer for other developers making use of the asset that it funded. This decision paper sets out the Commission for Regulation of Utilities (CRU's) decision, following the consultation, on the approach that UÉ will be required to establish for addressing FMD.

UÉ's CCP contains some measures which help to mitigate the issue. While these measures are helpful, a specific policy to calculate appropriate compensation for these situations is required. Importantly, addressing this issue is also listed as an action on the CRU and UÉ in the Government's 'Housing for All' (HFA) plan². The plan contains a joint action for the CRU and UÉ to work together to develop a mechanism to address the issue of FMD.

As part of its consultation process, the CRU published a consultation paper ([CRU/20/22979](#)) and held an online briefing for stakeholders on proposals contained in the paper. The CRU received a high response rate i.e., 16 responses, to the CRU's consultation and would like to thank all respondents for their constructive feedback. The responses were informative to the CRU and have influenced the CRU's final decision on FMD. The comments received to this consultation and the CRU's responses to those comments are summarised in the First Mover Disadvantage Response Paper (CRU/202343) published alongside this paper.

Having considered all responses, the CRU has decided to proceed with an approach called the Shared Quotable Rebate (SQR). The CRU has carefully analysed all responses and decided to make a number of improvements (based directly on the feedback received) to this approach.

The features of the SQR option are summarised in the table below:

¹ The term 'developer' in this context means any party (domestic or non-domestic) wishing to connect to the public water and/or wastewater network.

² [gov.ie - Housing for All - a New Housing Plan for Ireland \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/2022-06/gov-ie-housing-for-all-a-new-housing-plan-for-ireland/)

Approach	Features of the Approach ³
Shared Quotable Rebate (SQR)	<ul style="list-style-type: none"> • Funded by subsequent developers connecting to the FM Developer's asset. • Provided only if subsequent developers connect to the FM Developer's asset. • A time limit applies between the FM Developer's connection⁴ (and the subsequent connection(s). • Provided to the FM Developer after subsequent developer(s) connect.

Table 1: Features of SQR Approach

The CRU considers the above option as the most fair, accurate and cost reflective approach.

The SQR approach meets the objectives of the HFA Plan i.e., it addresses FMD by redistributing the cost of the connection asset to ensure that everyone pays a fair portion of the asset that they are using. It ensures that all parties are treated fairly and equally. As it currently stands, the FM Developer bears the cost of asset that others can then benefit from. The approach will also encourage more developers to share the funding of water and wastewater network infrastructure in areas where it does not already exist and thus will align with the government's aim for accelerated housing delivery over the coming years.

The SQR differs from other approaches, as under this approach the rebate will be funded by subsequent developers and will not be speculatively subsidised by UÉ, imposing additional costs on taxpayers, non-domestic customers and/or increased connection charges. In the case of the SQR approach, this will not be the case and thus public money will not be impacted. The SQR is preferred because it is based on actual costs when they actually arise, rather than the Reasonable Cost Reduction (RCR) approach which is based on estimated costs for a scenario that might never arise.

Overall, it is the CRU's view that the SQR option appears to be the best fit with the CRU's connection charging principles. It is also broadly consistent with the treatment of FM Developers

³ In this table, where the reimbursement is "funded by UÉ", the cost of funding this reimbursement is borne by UÉ's customer base whereby customers pay for water through taxation and/or non-domestic water tariffs and this funding is then used by UÉ to reimburse the FM Developer.

⁴ Connection in this context refers to the developer entering into a connection agreement with UÉ. This applies to both the FM Developers and subsequent developers.

in the electricity sector⁵. The CRU considers that the SQR strikes the right balance between ensuring that developers are compensated for other developers making use of the asset that it funded, ensuring that the water utility continues to operate efficiently and that taxpayers do not carry the burden of funding the rebates.

As a result of submissions received to the consultation, the CRU has decided to make several improvements to this approach. These changes had a positive impact on the proposed approach, which may result in further accelerated housing delivery. The proposals are outlined in the table below:

Modification	Description
Timeframe	The timeframe for this approach is now 10 years (extended from five years).
Self-Lay	Self-Lay developers are now eligible to be covered by the FMD policy.
Asset Upsizing	Where UÉ decides to upsize an asset that has capacity for others to connect and was funded by the FM developer (prior to UÉ upsizing), the FM developer will receive a rebate in the first instance - under the original proposal UÉ was entitled to receive the rebate first.
Engagement	UÉ is required to proactively engage with the developers to help them understand how their rebate was calculated. UÉ must now also publish on their website, examples of how the rebate can be calculated under different scenarios.

Table 2: Improvements to the SQR Approach

⁵ ESB Networks Ltd Basis of Charges for Connection to the Distribution System, particularly appendix 1: Refunds in Respect of Shared Network available [here](#).

⁵ EirGrid Transmission Connection Charging Methodology Statement, available [here](#).

⁵ Joint TSO/DSO Group Processing Approach Charging and Rebating Principles, available [here](#).

In addition, on the 25th of April, the government announced the introduction of a refund⁶ for UÉ's new housing standard connection charges for 12 months. The refund will not apply to quotable connections e.g., network extensions or pumping station upgrades. However, it will apply to the standard charge element of the overall connection charge. Developers will be required to continue to pay their connection charges in line with the CCP requirements and UÉ will retrospectively apply refunds to developers for the standard connection charge. In the context of FMD, both the FM Developers and subsequent developers will now receive a rebate on the standard element of their charge (for 12 months from 25th of April 2023), and both will continue to pay the remaining quotable element of the charge, including the additional charge for subsequent developers (which will be paid back to the FM developer in a form of a rebate). The CRU notes this positive development which, in combination with the FMD policy, will have a positive impact on reducing the cost of housing construction and contribute to ensuring quicker housing delivery. It is important to note that while the refund is a temporary Government measure, the FMD policy is an enduring policy that will continue to apply after the temporary refund elapses.

Further to this decision, and to expedite access to the new policy for future developments, UÉ is required to target the implementation of the policy in line with the following:

- Developers who apply for connection on or after the 1st of August 2023 will have an option⁷ to avail of FMD (it typically takes UÉ 16 weeks to process a connection application and thus those that apply 16 weeks before go live date of the scheme, will be included).
- UÉ to target a manual implementation (go live) of the scheme by the 19th of November 2023.
- UÉ to target Full implementation (i.e., all IT systems to be updated) by 19th of May 2024.

As part of the implementation process, UÉ must prepare the following documents:

- UÉ to submit a draft approach to calculating rebates for Self-Lay developers by the 19th of June 2023.
- UÉ to submit its updated Water Charges Plan (WCP) to the CRU by 19th of July 2023.
- CRU to publish updated WCP by 19th of August 2023.
- UÉ to submit an Implementation progress report by 30th of September 2023.

⁶ The Government circular on the refund for standard connection charges is available [here](#).

⁷ Developers will have an option on their connection offer to opt into FMD. Once this is selected developers will receive a rebate if others connect.

Public/ Customer Impact Statement

This decision allows developers to be compensated for situations where they develop infrastructure which other developers may ultimately use for their own developments. The approach that the CRU decided to proceed with is, in the CRU's view, the fairest and most sensible approach to addressing FMD as guided by the CRU's previously established connection charging principles, as discussed in Section 2.3 of this paper.

Before making its decision, the CRU consulted (via a published consultation paper and an online briefing) on this approach and carefully considered all responses received to the consultation. The responses received were very informative for the CRU and have directly impacted the CRU's final decision. The comments that the CRU received on the consultation and the CRU's responses to those comments are summarised in the response paper (CRU/202343) published alongside this paper. The paper may be beneficial to customers in understanding why the CRU decided to proceed with one approach over the two others proposed in its consultation. It may also help customers to understand the reasons for CRU deciding to amend aspects of the chosen approach.

Addressing the potential issue of FMD is important because it protects the FM Developer from being at a disadvantage when subsequent developers make use of the FM Developer funded assets. Development of a policy around these issues will also encourage more developers to fund the water network in areas where it does not already exist and thus positively contribute to the government's aim to increase housing delivery and reduce the cost of building homes over the coming years. This decision will impact the following:

- Developers who wish to fund a connection extension either for residential or commercial use.
- Developers who wish to make use of an existing connection extension funded by another developer.

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1 Introduction

1.1 The Commission for Regulation of Utilities

The CRU is Ireland's independent energy and water regulator. In the water sector, the CRU is the economic regulator of UÉ. It has legislative functions to protect the interests of water customers, ensure water services are delivered safely, securely and sustainably and that UÉ operates in an economic and efficient manner. Further information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie.

1.2 What is First Mover Disadvantage?

The CRU's role in water includes regulation of charges to connect to UÉ's network. The CRU published its CCP decision in 2018. One aspect of the charging policy that required further development is the approach to a situation referred to as FMD.

For water and wastewater services, FMD can occur where an FM Developer⁸ triggers network infrastructure and incurs the costs associated with connecting to the existing UÉ network. FMD may arise if the FM Developer funds new network infrastructure as part of its connection and this FM developer-funded asset have wider network benefits in the future. This can create a disadvantage for the FM developer as subsequent connections may benefit from the connection assets put in place to the cost of that developer.

In 2018, the CRU published a decision on UÉ's new enduring CCP but did not address FMD at that point. The policy contained some measures that could help to minimise likelihood of FMD materialising. These measures include the use of Least Cost Design and are discussed in Section 2.1 below. While these measures are helpful, the CRU recognises that there is no specific policy or means of calculating appropriate reimbursements on the issue.

The FMD issue is also acknowledged in the Government's HFA plan⁹. The plan contains a joint action for the CRU and UÉ to work together to develop a mechanism to address the issue of FMD.

⁸ First Mover Developer (FM developer) is a person or a business who pays UÉ for a connection extension to which subsequent developers connect in the future.

⁹ gov.ie - Housing for All - a New Housing Plan for Ireland (www.gov.ie)

To UÉ's knowledge, there were no occurrences of FMD since it came into force in 2019 (the CRU acknowledges that UÉ may not have been tracking instances of FMD with the absence of an appropriate policy to address this issue and the limited developments that occurred during the Covid-19 pandemic). It is worth noting however that the development of a policy on FMD may itself be a driver of increased activity in this area even if FMD occurred but was not recorded during this period.

UÉ submitted to the CRU their proposed options for addressing FMD. Between November 2022 and January 2023, the CRU consulted on those proposals (through a published consultation paper and an online briefing) and received 16 responses from a range of stakeholders. This paper sets out the approach the CRU decided to proceed with following the consultation and outlines the rationale for this decision. The summary of comments the CRU received to the consultation and the CRU's responses to those comments are included in a response paper (CRU/202343), published alongside this paper.

1.3 Relevant Documents

The following documents provide context to this paper:

- CRU Consultation Paper on First Mover Disadvantage in Connecting to Water and Wastewater Infrastructure ([CRU2022979](#)).
- UÉ's Submission on First Mover Disadvantage ([CRU2022979a](#)).
- CRU Information Note on UÉ Connection Policy Update (New Connections by Self-Lay in the Public Road) ([CRU202257](#)).
- UÉ Connection Policy Update (New Connections by Self-Lay in the Public Road) – Submission to the CRU ([CRU202257a](#)).
- CRU Decision – UÉ's Proposed Connection Charging Policy ([CRU18262](#)).

1.4 Purpose of this Paper

The aim of this paper is to inform developers of the approach that the CRU has decided to proceed with following its consultation on FMD and to provide the rationale for its decision. To provide context to the paper, the CRU also provides the background to FMD and sets out the proposals on which it has consulted before making its decision.

1.5 Structure of the Paper

This paper is structured as follows:

- Section 1 of the paper provides introduction and background information on the FMD. It also sets out the purpose of the paper and lists relevant documents.
- Section 2 provides background to the CRU's CCP and the government's HFA document in the context of the FMD.
- Section 3 lists UÉ's proposals on which the CRU has consulted in its FMD consultation published in November 2022.
- Section 4 sets out the CRU's decisions following the consultation and provides rationale for those decisions. It also outlines the improvements that it made to the approach it decided to proceed with based on comments received during the consultation. Additionally, it provides information on the government's recent announcement of refunds applicable to standard connection charges and explains how these impacts on the FMD policy.
- Section 5 outlines the CRU's conclusions of this paper and sets out the next steps.

1.6 Responses to the Consultation (CRU/20/22979)

As part of its consultation process, the CRU published a consultation paper ([CRU2022979](#)) and held an online briefing for stakeholders on proposals contained in the paper. The CRU received 16 written responses to the consultation. The responses were from a wide range of stakeholders and interested parties including developer companies, organisations representing construction industry and public sector organisations.

List of Respondents:

1. Anthony Neville Homes
2. Briargate Developments
3. Cairn Homes plc.
4. Chambers Ireland
5. Construction Industry Federation (CIF)
6. Cork Chambers
7. County and City Management Association (CCMA)

8. CS Consulting Group
9. CUMNOR
10. Durkan New Homes
11. Land Development Authority (LDA)
12. Property Industry Ireland (PII)
13. O'Flynn Group
14. Respondent 14
15. Respondent 15
16. Respondent 16

2 Context for First Mover Disadvantage

2.1 Connection Charging Policy

Before UÉ was established in 2014, the 34 (now 31) Local Authorities were responsible for charging customers for connection to water and wastewater network. From 2014, under direction from the CRU, UÉ was required to continue applying the Local Authority connection charging arrangements to customers connecting to the public water and/or wastewater network. These charging arrangements were complex and differed greatly across the country before the new connection charging policy was introduced.

In 2018, the CRU published its decision on UÉ's enduring connection charging policy. This put in place a harmonised and straightforward means of charging customers for connections to the public water and wastewater networks.

The risk of FMD was recognised at the time and the policy contained some measures to mitigate it. These measures are as follows:

- Developers must be charged the lowest cost method of connection which meets UÉ's planning and technical standards.
- Multiple developers can make a joined connection proposal to UÉ.
- UÉ can offer Contingent Connection Offers to more than one developer to facilitate a number of connections, where together the developers are driving the requirement for network and/or treatment infrastructure.

In addition to the above measures, the CRU has recently consulted on a policy to address FMD, to ensure no one is at a disadvantage when new developers connect to assets which are funded by existing developers. The CRU received 16 responses to the consultation and following its review of all responses received, it has now reached its decision on the approach which UÉ will be required to apply in addressing FMD.

2.2 Housing for All Plan

In September 2021, the government published its HFA Plan, with ambitious housing targets for the period 2021 to 2030. This plan aims to improve Ireland's housing system and deliver more homes of all types for people with different housing needs.

In respect to the water sector, Section 5.6.4 of the HFA plan sets out the following high-level goals to be delivered:

- *UÉ will support the delivery of HFA. In turn, the objectives of HFA will inform future water investment planning; and,*
- *UÉ will continue its dynamic approach to aligning the investment – as approved by the CRU.*

More specifically, Objective 27 of the Plan outlines that the CRU will work with UÉ to deliver on the following actions:

- *ensure timely delivery of housing connections.*
- *facilitate developers in providing water services infrastructure; and*
- *address any issues with FMD.*

2.3 CRU Principles

To effectively determine the appropriate connection charging policy, the CRU shaped its view on UÉ's proposals using some guiding principles. These principles or considerations remain relevant to the development of this aspect of the connection policy and have contributed to the CRU's decision on FMD. These are:

- Cost reflectivity: Charges should be reflective of the costs associated with providing a connection service to a developer.
- Efficient use of assets: The policy should promote efficient use of existing assets and minimise the risk of stranding assets.
- Equity and non-discrimination: Charges should be equitable and not unduly discriminate between developers.
- Stability: Charges should be designed to ensure charge level volatility is kept to a minimum.
- Simplicity: Connection charges and the charging policy should be clear transparent and easy to understand.
- Cost recovery: The policy should ensure that the utility can recover the efficiently incurred costs in providing new connections.

2.4 FMD in other Jurisdictions

There appear to be some differences in the treatment of FMD in the various connection charging policies in water, electricity and gas sectors in other countries.

Rebating type schemes are a common feature of electricity systems, particularly at distribution level, for example in Ireland, the UK, Australia and New Zealand. Rebate schemes are less common in gas and in the water sectors in other jurisdictions such as the UK and Ireland.

The UK National Infrastructure Committee (NIC) analysis suggests that for the UK, including Northern Ireland and Scotland this difference may be due to the funding model. The infrastructure charge applicable in the water sector means that money is available for provision of network infrastructure prior to connection application.

In addition to this, connection charging policies in the water (in the UK) and gas sectors (in the UK and Ireland) consider future revenues in applying connection charges. These include the 'economic test' in the gas sector¹⁰ and 'income offsets' in the water sector. The result of these charging arrangements is that the burden on developers funding new network assets is limited and, consequently, the potential for FMD is reduced.

It seems that charging policies applied in electricity in the UK and Ireland (which typically include a requirement to fund the future network through utilities' revenues) can lead to developers funding network infrastructure where it does not already exist. This creates the potential for FMD which rebating policies (like the SQR approach) are designed to mitigate.

The UÉ policy submission ([CRU2022979a](#)), includes more detailed information on FMD in other jurisdictions.

¹⁰ [Gas-Networks-Ireland-Connections-Policy-Document-Revision-5.0.pdf \(gasnetworks.ie\)](#)

3 UÉ Proposals to address FMD as Consulted on by the CRU (CRU/20/22979)

In November 2022, the CRU published a consultation paper on FMD. The paper set out proposals that UÉ has submitted to the CRU for consideration and has identified the CRU's preferred option. These proposals are as follows:

- Proposal 1: Shared Quotable Rebate (SQR).
- Proposal 2: Reasonable Cost Reduction (RCR).
- Proposal 3: Group Appraisals Rebate (GAR).

To provide context to the CRU's decision on FMD, below the CRU describes the three proposals in more detail i.e., provides an overview of each proposal, lists the features of the proposals and sets out a calculation methodology for each proposal.

3.1 Proposal 1: Shared Quotable Rebate (SQR)

Under this approach, the FM developer would be entitled to receive a rebate if subsequent developers connect to the FM Developer-funded asset. This rebate would be funded through the subsequent developers who connect to the asset and would be paid to the FM Developer after subsequent developers connect. The FM Developer will only receive a rebate if subsequent developers connect to the asset that it funded. This approach is similar¹¹ to that administered by ESB Networks and EirGrid in the Irish electricity sector.

3.1.1 Features of the SQR

The features of the SQR approach are as follows:

- The FM Developer will receive a rebate where subsequent developers make use of connection asset funded by the FM Developer.
- Subsequent developers would pay a connection charge to UÉ in the same manner as if they were connecting to UÉ's network i.e., the charge would be in line with current UÉ CCP.

- The subsequent developer would then pay an additional charge for using the FM Developer's asset. This charge will be paid to the FM Developer in a form of a rebate.
- The rebate would be calculated based on a shared capacity of the connection assets i.e., flow rate represented as number of housing units (see formula in section 3.1.2 below). The rebate will therefore differ across developers depending on the number of housing units that connect, and the available capacity of the FM Developer funded asset.
- This measure reflects the demand that the subsequent developer is placing on an asset in order to determine the pro-rata share of the asset between new and existing connections.
- In a case where the subsequent developer is a commercial unit, UÉ will represent the demand of the non-domestic customers in a number of housing units equivalent in order to facilitate the application of the formula.
- The period of time between the FM Developer's connection and the second (or subsequent) connection(s) must be no longer than five years.
- The same formula will apply to all subsequent developers that connect within five years of the FM Developer connecting to UÉ's network.
- The rebate would be paid to the FM Developer immediately after the subsequent developer connects to the asset.
- Qualification criteria would apply.
- Rebates would be subject to depreciation prior to payment.
- The rebate would be calculated and administered by UÉ.

3.1.2 Calculating Methodology

The SQR rebate will be calculated based on the following formula¹²:

$$D^2 * QC / (D^1 + D^2)$$

D¹ = Demand of FM developer connection (measured in no. of housing units¹³).

D² = Demand of new connection (measured in no. of housing units).

¹² This formula will apply to all subsequent developers that connect within five years of FM developer connecting to UÉ's network.

¹³ In a case where the subsequent developer is a commercial unit, UÉ will represent the demand of the non-domestic customer in a 'number of housing units' equivalent in order to facilitate the application of the formula.

QC = *Applicable total quotable connection charge for the main/sewer, as charged to original connection.*

Figure 1: Calculation Formula for SQR Approach

A worked example of this calculation can be found in UÉ's FMD submission to the CRU ([CRU2022979a](#)).

3.1.3 Upsizing of Assets

Occasionally, UÉ might decide¹⁴ to upsize the connection assets. This might occur in a case where there is a potential for other developers to connect to this asset in the future. In this case, UÉ will fund the upsizing of the asset and the additional connection charges that subsequent developers will pay to UÉ would first be used to rebate UÉ for making this investment. This rebate would be based on the original cost UÉ incurred in upsizing the connection.

3.2 Proposal 2: Reasonable Cost Reduction (RCR)

This option involves the FM developer receiving an up-front discount on the cost of connecting to UÉ's network. The discount would be applied based on a standard formula, as proposed by UÉ¹⁵. This option would be funded by UÉ and is calculated based on the level of risk of subsequent developers connecting to the asset.

3.2.1 Features of the RCR Approach

The features of this approach are as follows:

- The approach would involve providing an upfront reduction to the FM Developer. This would reflect the risk that the FM developer faces in providing network infrastructure that can be used by future connections.
- The discount would be paid to the FM developer by UÉ. It will be recovered through the "network infrastructure contribution" collected as part of the standard connection charge paid by future connections.

¹⁴ The design and installation of connection works is determined by UÉ, as the Water Services Authority, in line with section 11 of the UÉ CCP as approved by the CRU. UÉ may, in the interest of efficient. Network planning, design Connection Assets in anticipation of future requirements, for example, future Connections or additional volumes of water and/or wastewater entering the Network.

¹⁵ The cost of the discount is borne by UÉ's customer base whereby customers pay for water through taxation and/or non-domestic water tariffs and this funding is then used by UÉ to reimburse the FM developer.

- Any subsequent developers connecting to FM developer's asset would pay a connection charge in the same way as if they were connecting to UÉ's network i.e., the charge would be in line with current UÉ CCP.
- Qualification criteria would apply¹⁶.
- The discount would be calculated using a formula that includes a risk factor to reflect the fact that future connections may not occur.
- Initially the risk factor would be set low i.e., at 0.15. This estimate reflects that FMD is not a widespread issue i.e., to UÉ's knowledge, there have been no occurrences of FMD since the CCP decision came into force in 2019. UÉ has said that it will keep the risk factor under review and once it gathers more data on the FMD over time, it may adjust the risk factor accordingly.
- The discount would be calculated and administered by UÉ.

3.2.2 Calculation Methodology

The RCR approach would be calculated using the following formula:

$$(AC/TC * QC) * R$$

AC = Available capacity of the pipe (measured in no. of housing units served¹⁷).

TC = Total capacity of the pipe (measured in no. of housing units that can potentially be served).

QC = Applicable total quotable connection charge for the main/sewer.

R = Risk sharing factor.

Figure 2: Calculation Methodology for the RCR Approach

A worked example of this calculation can be found in UÉ's submission to the CRU (CRU2022979a).

¹⁶ Qualifying criteria can be found in Appendix 1.2.1 of UÉ's FMD submission to the CRU ([CRU2022979a](#)).

¹⁷ In a case where the subsequent developer is a commercial unit, UÉ will represent the demand of the non-domestic customer in a 'number of housing units' equivalent in order to facilitate the application of the formula.

3.3 Proposal 3: Group Appraisal Rebate (GAR)

This option applies a backward-looking approach to determine the appropriate rebate to FM Developers. Where subsequent developers connect¹⁸ to FM Developer's asset within five years, the FM Developer will receive a rebate for funding the assets. The FM Developer will receive the rebate at the end of the five years. The rebate will be funded by UÉ and will include a cap on the level of rebate the FM developer could receive.

This approach features some similarities to the SQR approach (Proposal 1) and RCR approach (Proposal 2).

The GAR and the SQR approach are similar in that for both approaches the same formula is used to calculate the rebate i.e., the formula is based on the shared capacity. The GAR and the RCR approaches are similar as for both approaches the rebate is funded by UÉ and not the subsequent developers.

3.3.1 Features of the GAR Approach

The features of this approach are as follows:

- A rebate would be paid to the FM Developer if subsequent new connections utilise the assets that the FM Developer funded).
- Subsequent developers connecting to FM developer's asset would pay a connection charge in the same way as If they were connecting to UÉ's network i.e., the charge would be in line with current UÉ CCP¹⁹.
- The period of time between the FM developer's connection and the subsequent connection(s) would be no longer than five years.
- After the five years has elapsed and if subsequent developers have connected during this time, the FM developer will receive a rebate.
- The rebate would be funded by UÉ and recovered through the network infrastructure contribution collected as part of the standard connection charge paid by future connections.
- Qualification criteria would apply – please see UÉ's submission ([CRU2022979a](#)) published alongside this paper.

¹⁸ Connect in this context refers to the developer entering into a connection agreement with UÉ. This applies to both the FM developers and subsequent developers.

¹⁹ This would include a standard charge and where applicable, a quotable charge.

- The rebate would be calculated based on a shared capacity of the connection assets i.e., the number of housing units (see formula in section 3.3.2 below).
- In a case where the subsequent developer is a commercial unit, UÉ will represent the demand of the non-domestic customer in a 'number of housing units' equivalent in order to facilitate the application of the formula.
- The formula would apply to all subsequent developers that connect within five years of the FM developer connecting to UÉ's network.
- In order to limit excessive cost/value of rebates, a cap would be placed on the rebates payable under this option. UÉ would calculate this cap on rebates payable (on a €/km of network infrastructure basis). This limit would be determined based on a projection of connection charges revenue for the five-year rebating time frame.
- The rebate would be calculated and administered by UÉ.

3.3.2 Calculation Methodology

The GAR approach would be calculated using the following formula²⁰:

$$\frac{Dn * QC}{(D1 + Dn)}$$

***D1** = Demand of FM Developer connection (measured in no. of housing units²¹).*

***Dn** = Demand of all new connections over 5-year rebating period (measured in no. of housing units).*

***QC** = Applicable total quotable connection charge for the main/sewer, as charged to original connection.*

Figure 3: Calculating Methodology for GAR Approach

A worked example of this calculation can be found in UÉ's FMD submission to the CRU (CRU2022979a).

²⁰ This formula will apply to all subsequent developers that connect within five years of FM developer connecting to UÉ's asset.

²¹ In a case where the subsequent developer is a commercial unit, UÉ will represent the demand of the non-domestic customer in a 'number of housing units' equivalent in order to facilitate the application of the formula.

4 CRU Consideration of Proposals and Decision

This section outlines the CRU's considerations of each approach following its review of all responses received to the consultation, identifies the approach with which the CRU decided to proceed and sets out the rationale for its decision.

4.1 Considerations of Consultation Responses

The CRU received 16 responses to its consultation ([CRU/20/22979](#)). The responses were from a wide range of stakeholders and interested parties i.e., developer companies, organisations representing construction industry, and public sector organisations. The respondents raised a wide range of issues in their submissions with the key ones listed below:

- **Impact on developers and house buyers** - Respondents were concerned that the proposed SQR approach contradicts with the rationale of the policy and the Housing for All Plan. They note that it may result in increased cost of housing delivery and ultimately, affect the house prices.
- **Rebating timeframe under the SQR approach** – Respondents note that the five-year timeframe for subsequent developers to connect to FM developer funded asset is too short and it does not accurately reflect the development process. They consider that the timeframe creates an opportunity for subsequent developers to avoid paying the rebate either naturally through the lengthy planning process or by deliberately delaying connections to avoid paying a rebate. Respondents argue that the fact that subsequent connections may not have enough time to connect will ultimately place a financial burden on the FM Developer.
- **Timeframe for issuing rebates** - Respondents argue that the undefined time limit for UÉ issuing rebates to developers can contribute to delays in developers receiving the rebate from UÉ. Having no certainty as to when the rebate will be issued to the developer, may leave developers with no compensation for a long period of time which as a result, could affect the housing delivery cost and the cost of houses for the house buyers.
- **Complexity of the Rebate** - Respondents are concerned that under the SQR approach, the FM Developer may be exposed to challenges regarding the calculation of the rebate due to its complexity.
- **Risk factor under the RCR approach** - Respondents argue that the risk factor should be reviewed once more data becomes available. They highlight that this is particularly important in the context of the Covid-19 pandemic and the fact that limited developments

occurred during this time. Respondents also state that the reimbursement under the RCR should consider subsequent connections on case-by-case basis e.g., should be based off the zoning density of development within the relevant area that the new infrastructure will service.

- **Treatment of self-lay developers under FMD** - Respondents were seeking clarity on how developers who carry out 'self-lay' would be treated under the FMD i.e., all of the three proposals assume that UÉ will incur the initial infrastructure costs, but it does not take account for situations where developers would incur the costs directly.

The full summary of comments and the CRU's responses to those comments are available in a response paper (CRU/202343) published alongside this decision paper. The CRU has carefully considered all responses before making its decision.

4.2 Consideration of Approaches Following Consultation

This section outlines the CRU's considerations of UÉ's proposals following the consultation. The CRU has considered each option against the CRU's connection charging policy principles, as outlined in section 2 of this paper (cost reflectivity; efficient use of assets; equity and non-discrimination; stability; simplicity; cost recovery). In addition, below the CRU considers the three proposals in the context of some other relevant considerations (customer protection, precedent in other jurisdictions, fairness, revenue risk, efficient use of assets, accuracy and simplicity).

4.2.1 Shared Quotable Rebate (SQR)

Having considered the three proposals that UÉ submitted to the CRU and having considered all responses received as part of the consultation process, the CRU's preferred option is the SQR approach.

The SQR approach meets the objective of the HFA Plan by redistributing the cost of the connection asset to ensure that everyone pays a fair portion of the asset that they are using thus addressing the FMD. It aims to ensure that all parties are treated fairly and equally. As it currently stands, the FM Developer is not treated fairly as it bears the cost of assets that others are then able to use. The approach will also encourage more developers to equitably share the funding water and wastewater network infrastructure in areas where it does not already exist and thus will align with the government's aim to provide for accelerated housing delivery and reduced cost of building homes across Ireland over the coming years.

This approach also maintains the incentive for developers to locate in areas where network infrastructure capacity already exists, thereby promoting efficient use of assets. They will only get a rebate if future connections use the assets. Such incentive would not apply for the RCR approach, where the First Mover would always get a discount regardless of the location.

The CRU considers that this incentive is very important for efficient use of assets but also for efficient use of funds – no rebate is provided if no subsequent developers connect under the SQR approach. This protects UÉ's wider customer base²², allowing it to provide a rebate to a FM Developer only where it is warranted.

The SQR differs from the other approaches as it does not impact on UÉ's revenue or taxpayers. Under this approach, the rebate will be funded by subsequent developers and will not be subsidised by UÉ as it would be under the RCR and GAR approaches. Subsidisation could result in less funding being available for strategic projects or increased funding required from The Exchequer i.e., if the rebate was to be funded by UÉ, it would essentially be funded by UÉ's customer base whereby customers pay for water through taxation and/or non-domestic water tariffs and this funding is then used by UÉ to reimburse the FM Developer.

Another advantage of SQR is that the formula used for this approach is based on actual figures i.e., the rebate is calculated based on the actual capacity taken up by subsequent developers (flow rate represented in number of units connected by the developer), which results in the rebate being accurate. This is not the case for the RCR approach as that approach calculates the rebate based on an estimate of how many subsequent developers (if any) are likely to connect to the FM Developer's asset in the future. There are options for UÉ to review this risk factor in the future once more data becomes available however even at that, the RCR discount will continue to be an estimated prediction and as such will not present an accurate means of calculating a reimbursement. It could also calculate the R factor on case-by-case basis e.g., based on zoning density or development plans however, they may be difficult to implement from an administrative perspective i.e., it could be complex, and time consuming to determine and apply. It could also make this option less transparent and longer to implement than the SQR option.

The CRU also supports the SQR approach as there is precedent for the SQR approach in the Irish (and international) electricity industry. This is not the case for the RCR and GAR approaches.

²² If the rebate was to be funded by UÉ, it would essentially be funded by UÉ's customer base whereby customers pay for water through taxation and/or non-domestic water tariffs and this funding is then used by UÉ to reimburse the FM developer.

One possible drawback of this approach is that, due to its precision in calculating an accurate rebate, it may be more difficult for developers to understand how it is calculated. The CRU decided to mitigate this by now requiring UÉ to publish additional (to those included in UE's submission) worked examples of the rebate calculations. It has also decided to require UÉ to proactively engage with developers to assist them in understanding the calculations of their rebates.

The CRU considers that the SQR strikes the right balance between ensuring that Developers are compensated for other developers making use of the asset that it funded, ensuring that the water utility continues to operate efficiently and that the taxpayers do not carry the burden of funding the rebates.

4.2.2 Reasonable Cost Reduction (RCR)

While the RCR approach provides a developer with an upfront discount, in the CRU's view it cannot accurately reflect the developer's shared portion of the asset i.e., the reduced connection charge is based on an UÉ estimate (the likelihood of subsequent developers connecting to the FM Developer funded asset) rather than being based on actual subsequent connections. Any subsequent developers that connect to the asset will not contribute to the discount and will only be charged a connection charge by UÉ while the discount to the FM Developer will be subsidised by UÉ²³ and will need to be recovered by future connections.

Up-front discount under the RCR approach would need to be funded by UÉ and recovered from future connections. Given the long-term underinvestment in water infrastructure and the pressing need to carry out infrastructure upgrades, build new strategic infrastructure and to repair leaks means that funds must be spent as efficiently as possible. The primary objective of capital investment is to ensure customers are provided with safe and reliable water and wastewater services. The provision of a subsidy creates a risk to UÉ and its customers in that UÉ will need to reallocate funds that it originally planned to spend on improving water services to now provide discounts to FM Developers.

Although the funds may at a later stage be recovered by subsequent developers, these funds would have originally been allocated to be spent elsewhere. Also, a model where funds are subsidised and then recovered by future connections may appear less clear and transparent than if subsequent developers were to fund the rebates directly.

²³ Reference to "subsidised by UÉ" refers to the rebate being funded by UÉ's customer base whereby customers pay for water through taxation and/or non-domestic water tariffs and this funding is then used by UÉ to reimburse the FM developer.

Subsidisation of funds could also result in future connections bearing the cost of the subsequent developers connecting to the FM Developer's assets i.e., the funds subsidised by UÉ will be recovered by future connections. The CRU considers that avoiding subsidisation would make the reimbursement process clearer and more transparent in that the funds will come directly from the subsequent developers that connect to the FM Developer's asset.

The up-front discount might encourage developers to connect to UÉ's network. However, the discount being available to all FM Developers regardless of the location is a drawback of this approach. It may lead to inefficient use of available assets, while also placing a burden on UÉ to provide a discount without any assurance a subsequent development will materialise.

4.2.3 Group Appraisal Rebate

This approach is similar to SQR in that it is based on the actual capacity taken up by a subsequent connection rather than being based on an estimation of likelihood of future connections. Also, like the SQR, this approach provides an incentive for FM developers to locate in areas where subsequent developers may connect in the future, thus promoting efficient use of assets.

However, in contrast with the SQR option, the developers would not receive a rebate for investing into the assets right after they connect, i.e., the developers will only receive the rebate after five years has elapsed. Also, the rebate would be funded by UÉ and not the subsequent developers, like it is done for the SQR approach.

Under this approach a rebate cap would also apply, to be split between however many subsequent developments connect to the FM developer's infrastructure over the five-year window. This would mean that in a case where the rebate calculated under the GAR formula exceeds a certain amount (determined by UÉ), the developer will only receive the rebate at the capped amount. In this case it would be more beneficial for developers to receive a rebate under the SQR approach given that under this approach the rebate will not be capped and will better reflect the portion of assets being used by the developers. This is a significant drawback, in that this approach does not guarantee developers there would be sufficient funds available to provide a rebate.

4.2.4 Summary of Considerations

The table below summarises the above outlined considerations of UE's proposals.

Approach	Shared Quotable Rebate (SQR)	Reasonable Cost Reduction (RCR)²⁴	Group Appraisals Rebate (GAR)
Customer Protection	The FM Developer will be protected from subsequent developers connecting to FM developer funded asset.	The FM Developer will be protected from subsequent developers connecting to FM developer funded asset.	The FM Developer will be protected from subsequent developers connecting to FM developer funded asset.
Precedent in other sectors	Precedent for this approach in the Irish and international electricity industry.	No precedent for this approach in the Irish and international electricity industry.	No precedent for this approach in the Irish and international electricity industry.
Fairness	Subsequent developers will pay their portion of the FM developer funded connection extension.	Subsequent developers will not pay their portion of the FM developer funded connection extension. Instead, this will be paid by U É thus the taxpayers or increased future connection fees.	Subsequent developers will not pay their portion of the FM developer funded connection extension. Instead, this will be paid by UÉ, thus the taxpayers or increased future connection fees.
Risk to Revenue	There is no impact on UÉ's revenue or taxpayers i.e., the subsequent	All First Movers will receive a discount, regardless of whether a subsequent customers	UÉ could make investments in network infrastructure in a manner that is not

²⁴ In this table, where the reimbursement is "funded by UÉ", the cost of funding this reimbursement is borne by UÉ's customer base whereby customers pay for water through taxation and/or non-domestic water tariffs and this funding is then used by UÉ to reimburse the FM developer.

	connections will fund the rebate.	connect to the original connection extension or not. This may be viewed as an inefficient use of UÉ funding.	planned by UÉ. This creates a risk that the level of services provided to customers would be reduced.
Efficient Use of Assets	Creates an incentive for developers to locate in areas where infrastructure already exists and encourages efficient use of assets.	The incentive for developers to locate in areas with existing network capacity is diminished'.	The incentive for developers to locate in areas where network infrastructure already exists is diminished.
Accuracy	The formula used for this approach is based on the actual capacity taken up by subsequent developers and is therefore the most accurate.	The reduced connection charge is based on an UÉ estimate (the likelihood of subsequent developers connecting to the FM developer funded asset).	The formula used for this approach is based on actual capacity taken up by subsequent developers, but there would be a cap on the level of rebate available.
Simplicity	May be complex for developers to understand however mitigation measures can be introduced to avoid this issue	Simple for developers to understand.	May be complex for developers to understand however mitigation measures can be introduced to avoid this issue

Table 3: Summary of Considerations

4.3 CRU Decision

Having considered the three proposals that UÉ submitted to the CRU and having considered all responses received as part of the consultation process, the CRU decided that Proposal 1, the SQR, is the most appropriate approach to address the FMD. The SQR approach meets the objective of the Housing for All Plan by redistributing the cost of the connection asset to ensure that everyone pays a fair portion of the asset that they are using. It ensures that all parties are treated fairly and equally.

The SQR is the most accurate approach as the rebate is calculated based on the actual asset capacity that is used by each developer. It also promotes efficient use of assets and resources i.e., developers are more likely to receive a rebate if they locate in an area where other connections are likely to materialise in the future. It is also an efficient use of UÉ's funding (unlike RCR), as no rebate will be paid if no subsequent developers connect.

It also benefits from having no impact on UÉ's revenue and thus UE's customers, with the rebate being funded through the subsequent developer's connection charge rather than being subsidised by UÉ, i.e., subsidisation may result in less funding being available for strategic projects or increase funding required from The Exchequer i.e., taxpayers or via an increase in future connection fees. It also maintains the approach where UÉ invests in network infrastructure in a manner that is planned/led by UÉ through its Capital Investment Plan approved by the CRU. Overall, it is the CRU's view that this option appears to be the best fit to the CRU's connection charging principles, as outlined in Section 2.3 of this paper, it is also broadly consistent with the treatment of first movers in the electricity sector.

While the CRU decided to proceed with the SQR approach, following the consultation it is of the view that a number of alterations should be made to this approach.

The CRU decided to extend the rebating timeframe for this approach from 5 years to 10 years. It is of the view that this may result in higher likelihood of developers receiving a rebate and should result in the second or subsequent developer paying a rebate where appropriate if they have connected to an asset funded by the FM Developer.

The CRU also acknowledges that some developers may find the SQR calculation difficult to understand due to its complexity. The CRU decided to require UÉ to engage with the developers to help them understand how their rebate was calculated. UÉ is now also required to publish on their website, examples of how the rebate can be calculated under different scenarios.

Furthermore, the CRU has decided to now include self-lay developers for eligibility under the FMD policy. The CRU is of the view that this will ensure that developers who avail of self-lay will

also be compensated for other developers making use of the asset that they funded and thus will ensure equity between developers regarding connection charges and the FMD policy. The CRU decided that the following approach will apply to Self-Lay developers:

- Self-Lay developers will be included in the policy once they agree to an ‘open book’ approach and agree that UÉ can hold documented evidence as long as required.
- Developers will be required to provide evidence of costs incurred (e.g., invoices).
- An agreed time period will apply, by which all documented evidence must be submitted to UÉ.

The CRU will engage with UÉ on the details of this approach and will include relevant details in the updated WCP. The CRU aims to publish the updated WCP by the 19th of August 2023.

Lastly, the CRU decided that in a case where UÉ decides to upsize an asset that was funded by the FM Developer prior to UÉ upsizing but already had capacity for others to connect, the FM Developer will receive a rebate in the first instance. This is an amendment to the original proposal whereby UÉ was entitled to receive the rebate first. The CRU has decided that the FM Developer will receive the rebate to the point where the capacity that was invested by the FM developer is exceeded and then UÉ will receive the rebate for the remaining capacity utilised by a second or subsequent mover. For example:

- FM Developer funds a connection asset that has a spare capacity of 50 houses.
- Subsequently UÉ decides to upsize the asset to allow capacity for additional 50 houses to allow a total spare capacity of 100 houses.
- A subsequent developer connects and utilises the capacity of 80 houses. In this case, the FM Developer will receive 60% of the rebate and UÉ will receive 40%. However, in a case where the subsequent developer utilises capacity of 100 houses, the FM Developer will receive 50% of the rebate and UÉ will receive 50%.

The CRU is of the view that this will ensure greater equality between customers whose connection was upsized by UÉ and those for whom the connection was not upsized. The design and installation of connection works is determined by UÉ, as the Water Services Authority and thus the developer may not have the control over whether the asset that it funded is upsized or not. In this case the developer, for who UÉ decides to upsize the asset, should not be treated differently to those developers whose connection UE does not decide to upsize.

CRU Decision Summary

The CRU has decided that the SQR approach will most appropriately address FMD. The CRU decided that UÉ must apply the SQR approach subject to the following modifications:

- The timeframe for this approach is now 10 years (extended from five years).
- UÉ is required to work proactively with the developers to help them understand how their rebate was calculated.
- Self-Lay developers are now covered by the FMD policy.
- Where UÉ decides to upsize an asset that has capacity for others to connect and was funded by the FM Developer (prior to UÉ upsizing), the FM Developer will receive a rebate in the first instance - under the original proposal UÉ was entitled to receive the rebate first.

UÉ is now also required to publish on their website, examples of how the rebate can be calculated under different scenarios, including circumstances where developers have availed of self-lay.

Further to this decision, and in order to expedite access to the new policy for future developments, UÉ is required to target implementation in line with the following:

- Developers who apply for connection on or after the 1st of August will have an option²⁵ to avail of FMD (it typically takes UÉ 16 weeks to process a connection application and thus those that apply 16 weeks before go live date of the scheme, will be included).
- UÉ to target a manual implementation (go live) of the scheme by the 19th of November 2023.
- UÉ to target Full implementation i.e., all IT systems to be updated) by the 19th of May 2024.

As part of the implementation process, UÉ must prepare the following documents:

- UÉ to submit a draft approach to calculating rebates for Self-Lay developers 19th June 2023.
- UÉ to submit its updated WCP to the CRU by the 19th of July 2023.
- CRU to publish updated WCP by 19th of August 2023.

²⁵ Developers will have an option on their connection offer to opt into FMD. Once this is selected developers will receive a rebate if others connect.

- UÉ to submit an implementation progress report by 30th of September 2023.

4.4 New Refund for Standard Connection Charges

On the 25th of April, the Government announced the introduction of a refund²⁶ for UÉ's new housing standard connection charges for 12 months. More specifically, the refund will apply to the following:

- All new residential connections e.g., housing developments or individual housing connections. It will not apply to existing residential connections.
- Standard connection charges i.e., will not apply to quotable connections e.g., network extensions or pumping stations.
- The measure will apply for the period of 12 months.

Further details on this rebate can be found at the government's circular available [here](#).

Developers will be required to continue to pay their connection charges in line with the CCP requirements and UÉ would retrospectively apply refunds to developers for the standard connection charge.

In the context of the FMD, both the FM Developers and subsequent developers will now receive a rebate on the standard element of their charge and will be required to continue to pay the remaining quotable element of the charge including the additional charge for subsequent developers (which will be paid back to the FM Developer in a form of a rebate).

The CRU notes this positive development which, in combination with the FMD policy will have a positive impact on reducing the cost of housing construction and will ensure speedy housing delivery. It is important to note that while this is a temporary measure, the FMD policy is an enduring policy that will continue to apply after the 12 months of the temporary refund elapses.

²⁶ The government circular on the refund for standard connection charges is available [here](#).

5 Summary

This paper sets out the CRU's decision on the approach that UÉ will be required to apply to address FMD. This decision allows developers to be compensated for situations where they develop infrastructure which other developers subsequently use for their own developments. This decision is important as it protects the FM Developer from being disadvantaged when subsequent developers make use of the FM Developer funded asset. Development of a policy around these issues will also encourage more developers to fund the water network in areas where it does not already exist and thus positively contribute to the government's aim to increase housing delivery and reduce the cost of building homes over the coming years.

The current CCP includes measures to mitigate the risk of FMD e.g., UÉ must apply connection charges in line with lowest cost solution. However, there is no specific policy or means of calculating appropriate compensation. Notably, addressing this issue is also listed as an action on the CRU and UÉ in the government's HFA plan.

Initially, UÉ submitted three proposals for mitigating the risk of FMD to the CRU for consideration. All proposals involved the FM developer receiving compensation for other developers using assets that they have originally funded. However, they differed in how the compensation was funded and calculated. The three proposals are as follows:

- **Shared Quotable Rebate (SQR):** Rebate funded by the subsequent developers connecting to the FM Developer funded asset.
- **Reasonable Cost Reduction (RCR):** Up-front discount funded by UÉ.
- **Group Appraisal Rebate (GAR):** Rebate provided by UÉ (if subsequent developers connect) five years after the FM Developer connects to UÉ's network.

Between November 2022 and January 2023, the CRU consulted (via consultation paper and an online briefing) on the above proposals. The CRU received a high response rate to its consultation i.e., 16 written responses. The CRU has carefully considered all responses and would like to thank all respondents for their constructive feedback. The feedback received was very informative to the CRU and has directly influenced the CRU's final decision.

Having considered UÉ's proposals and the responses received to the consultation, the CRU decided that the SQR approach, subject to modifications (based directly on feedback received), will most appropriately address FMD.

The CRU considers the SQR as the most fair, accurate and cost reflective approach. It also benefits from having no impact on UÉ's revenue and thus UÉ's customers or Irish taxpayers, with the rebate being funded through the subsequent developer's connection charge rather than

being subsidised by UÉ, i.e., funded by the taxpayers or through increased future connection fees like it is done under the RCR and GAR approaches. It also maintains the approach where UÉ invests in network infrastructure in a manner that is planned by UÉ through its Capital Investment Plan approved by the CRU as part of its revenue control process.

Overall, it is the CRU's view that this option appears to be the best fit to the CRU's connection charging principles, it is also broadly consistent with the treatment of FM Developers in the electricity sector.

While the CRU decided to proceed with the SQR approach, the CRU considers that, some alternations based on the feedback received should be made to this approach before it is implemented. The CRU decided to make the following alternations to the approach:

- The timeframe for this approach is now 10 years (five years was proposed initially before consultation).
- UÉ is required to proactively engage with developers to help them understand how their rebate was calculated.
- Self-Lay developers are now covered by the FMD policy.
- Where UÉ decides to upsize an asset that has capacity for others to connect and was funded by the FM Developer (prior to UÉ upsizing), the FM Developer will receive a rebate in the first instance - under the original proposal UÉ was entitled to receive the rebate first.
- UÉ is now also required to publish on their website, examples of how the rebate can be calculated under different scenarios, including circumstances where developers have availed of self-lay.

Further to this decision, and in order to expedite access to the new policy for future developments, UÉ is required to target implementation in line with the following.

- Developers who apply for connection on or after the 1st of August will have an option²⁷ to avail of FMD (it typically takes UÉ 16 weeks to process a connection application and thus those that apply 16 weeks before go live date of the scheme, will be included).

²⁷ Developers will have an option on their connection application to opt into FMD. Once this is selected developers will receive a rebate if others connect.

- UÉ to target a manual implementation (go live) of the scheme by the 19th of November 2023.
- UÉ to target Full implementation i.e., all IT systems to be updated) by the 19th of May 2024.

As part of the implementation process, UÉ must prepare the following documents:

- UÉ to submit a draft approach to calculating rebates for Self-Lay developers by the 19th June 2023.
- UÉ to submit its updated WCP to the CRU by the 19th of July 2023.
- CRU to publish updated Water Charges Plan by the 19th of August 2023.
- UÉ to submit a draft Implementation progress report by 30th of September 2023.