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Director of Services  
Kilkenny County Council  
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14<sup>th</sup> December 2021

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## Re: Irish Water's Capital Investment Plan

Dear Tim,

I am writing in response to your letter of 16<sup>th</sup> November 2021 raising Councillor's concerns about water and wastewater infrastructure deficits in County Kilkenny.

We acknowledge the concerns raised and understand that there are growth and development pressures within the County which are the result of decades of under investment in water services. This is reflective of the situation across the country. Irish Water has identified that increased levels of investment in excess of €1.6bn per annum in capital spending will be required for several regulatory cycles in order to catch up and address the infrastructure deficits to meet compliance, conservation and growth needs for customers and communities.

### Background and Context to the Irish Water Investment Plan

The Department of Housing, Local Government and Heritage (DHLGH) is responsible for water policy and legislation and following on from the Water Services 2017 Act, the Department is responsible for oversight of the State funding to Irish Water. As required under the regulatory framework, in November 2018 Irish Water submitted its investment plans to the Commission for Regulation of utilities (CRU). The CRU published their final determination in the *Update to Irish Water's Revenue Control 3 (RC3.5) – Irish Water's Updated Capital Investment Plan – Revenue Control 3* in August 2020.

### What is our funding process?

The Water Services Policy Statement (issued by the Minister for Housing, Local Government and Heritage) and the Strategic Funding Plan (by Irish Water) provide some certainty regarding the level of Government funding that will be available to Irish Water over a multi-year period.

### How was funding allocated?

In developing the RC3 Investment Plan, we firstly took into consideration the investments and projects that were commenced in the interim Regulatory Control Periods 1 and 2 (2014-2016 and 2017-2019) but not yet completed. These projects carried over into the RC3 period and funding was allocated based on the estimated cost to completion. The remaining funding in the RC3 Investment Plan was then allocated based on the Strategic, Tactical and Operational priorities.

1. Strategic Priorities are based on legislative, policy, Shareholder and Board direction in line with the *Water Services Policy Statement* and *Water Services Strategic Plan*.
2. Tactical Priorities were identified using a risk-based approach to prioritise within asset portfolios.
3. Operational Priorities were developed from bottom up analysis of need based on specific asset classes.

### What are Irish Water's Investment Needs?

Irish Water has identified an ongoing investment need of over €15bn up to 2030 and continued investment of €1.6bn per annum into the 2040s. Continued and sustained investment will be required for several regulatory cycles in order to catch up on many decades of under investment in water infrastructure.

### Other investment in Kilkenny

Since 2014, Irish Water has invested over €34m in water and wastewater projects in County Kilkenny. Projects completed to date include Kilkenny Water conservation Stage 3, Inistioge Water Supply Scheme, Kilkenny Regional Water Supply Scheme (Outrath Reservoir), Castlecomer, Urlingford and Stoneyford Wastewater Treatment Plant Upgrades and the Kilkenny Grouped Villages (Freshford/Johnstown/Goresbridge) Sewerage Scheme.

Irish Water have a planned investment of €34m to the end of our 3<sup>rd</sup> Regulatory Control period (RC3) including the projects listed below:

County	Project Name	Project Type	Status as at July 2021
Kilkenny	Gowran Water Supply Scheme	Water Project	Design
	Kilkenny Regional Water Supply Scheme - Troyswood Water Treatment Plant Upgrade	Water Project	Construction
	Network Extensions (Wastewater) - Western Environs Development	Wastewater Project	Complete

Other investment through our national programmes targets assets where there is an asset or service risk with asset renewal or replacement such as the National Leakage Reduction

Programme and the National Disinfection Programme. To date Irish Water have spent €6.8m on mains rehabilitation and leakage reduction activities in County Kilkenny delivering a gross water saving of almost 8 ML/day and approximately 8km of upgraded water mains. The National Disinfection Programme has upgraded 14 water treatment sites since 2014. There are other projects which are in concept and feasibility stage which may be added to the investment plan as costs and scope are developed and funding allows.

### **The Small Towns and Villages Growth Programme**

Irish Water developed the Small Towns and Villages Growth Programme and allocated approximately €100m of funding having identified the need to support growth in rural towns and villages. The projects were selected following detailed consultation with Local Authorities to identify and prioritise areas for investment. The Local Authorities were requested to provide a list of investment areas and rank them in order of preference for investment. The current allocation of funding has identified 37 projects across the country to be commenced during RC3.

Irish Water previously advised Kilkenny County council, that a project to provide additional wastewater treatment capacity and water treatment capacity (should it be needed) at Bennetsbridge (priority No. 1) will be funded as part of the Small Towns and Villages Growth Programme. Works are ongoing to assess available water capacity at this settlement also and should additional works be required to cater for the projected growth, this will be provided for under the STVGP. It is envisaged that this project will utilise the full 2020-2024 Investment Plan allocation for the Kilkenny County Council area. It is acknowledged that Kilkenny County Council nominated a further 8 locations for investments which cannot be progressed under the current funding allocation, however, should further funding become available to progress additional projects within this area at a later stage, we will review the situation.

Regarding Mullinavat and Inistoige Wastewater Treatment Plant upgrades, these projects were paused in 2019 before they entered the detailed design stage due to investment plan re-prioritisation nationally having regard for available funding at the time. Irish Water is reviewing these projects to assess if their delivery can be reinitiated, and what impact this would have on other higher priority investments.

### **Regulatory Control Period 4 (RC4)**

Irish Water has commenced planning for the next Revenue Control period and will review the investment needs in County Kilkenny as part of the prioritisation process for the next Investment Plan. IW will continue to invest in strategic priorities to support government policy for water services, to support key initiatives to provide for social and economic growth, to protect and enhance the environment and to maintain levels of service to customers.

A further allocation of funding to the Small Towns and Villages Growth Programme in RC4 will address a further 50 to 60 projects which will be identified and prioritised as part of the next investment plan.

## Summary

In summary, Irish Water is continuing to invest in water services to address quality and conservation issues and to future proof our networks across the country in line with the strategic policy and direction provided by the Minister for Housing, Local Government and Heritage. We are increasing investment to historic levels however we are addressing an infrastructure deficit which is the result of years of under investment.

Investment in County Kilkenny is in line with these themes and is targeted at priority areas identified by both Kilkenny County Council and other stakeholders such as the EPA .

However, these priorities and the available funding must be balanced across the country in order to achieve the overarching policy objectives set for Irish Water's investment plan.

There is an ongoing opportunity for councillors to attend the quarterly meetings with representatives from Irish Water to highlight issues of concern. As part of RC4, there will be opportunity for further input and stakeholder engagement in the development of the next Investment Plan.

Yours sincerely



Sean Laffey

**Head of Asset Management & Sustainability Director**