



UN'AGENDA EUROPEA PER L'ACQUA FRA PRIORITÀ E FATTIBILITÀ

Festival dell'Acqua

Andrea Guerrini

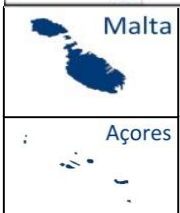
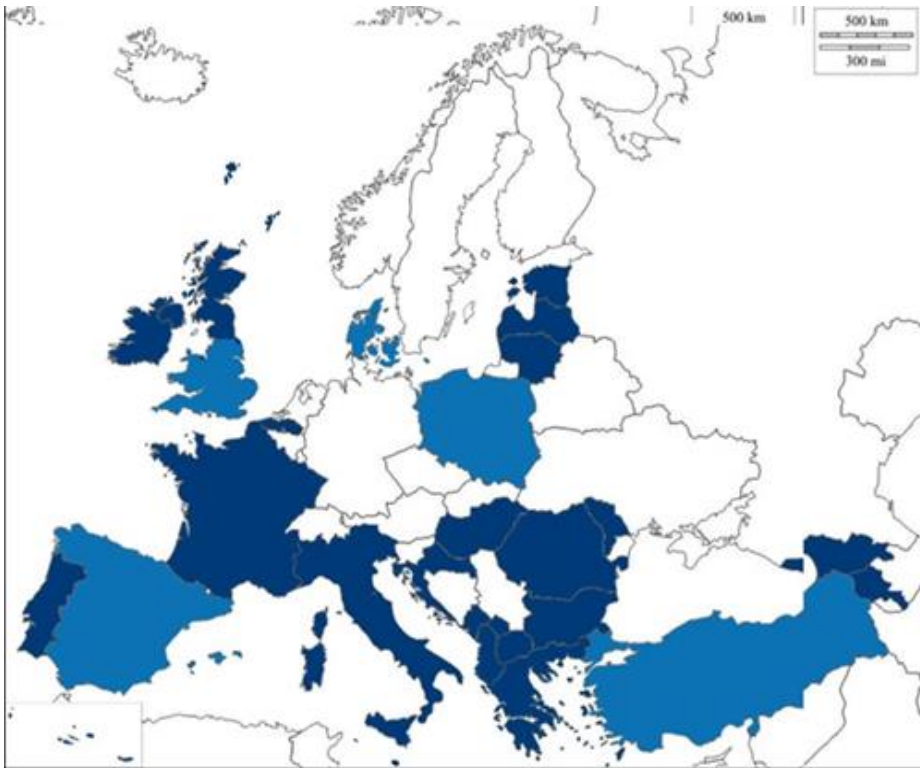
Presidente WAREG

23 Settembre 2022



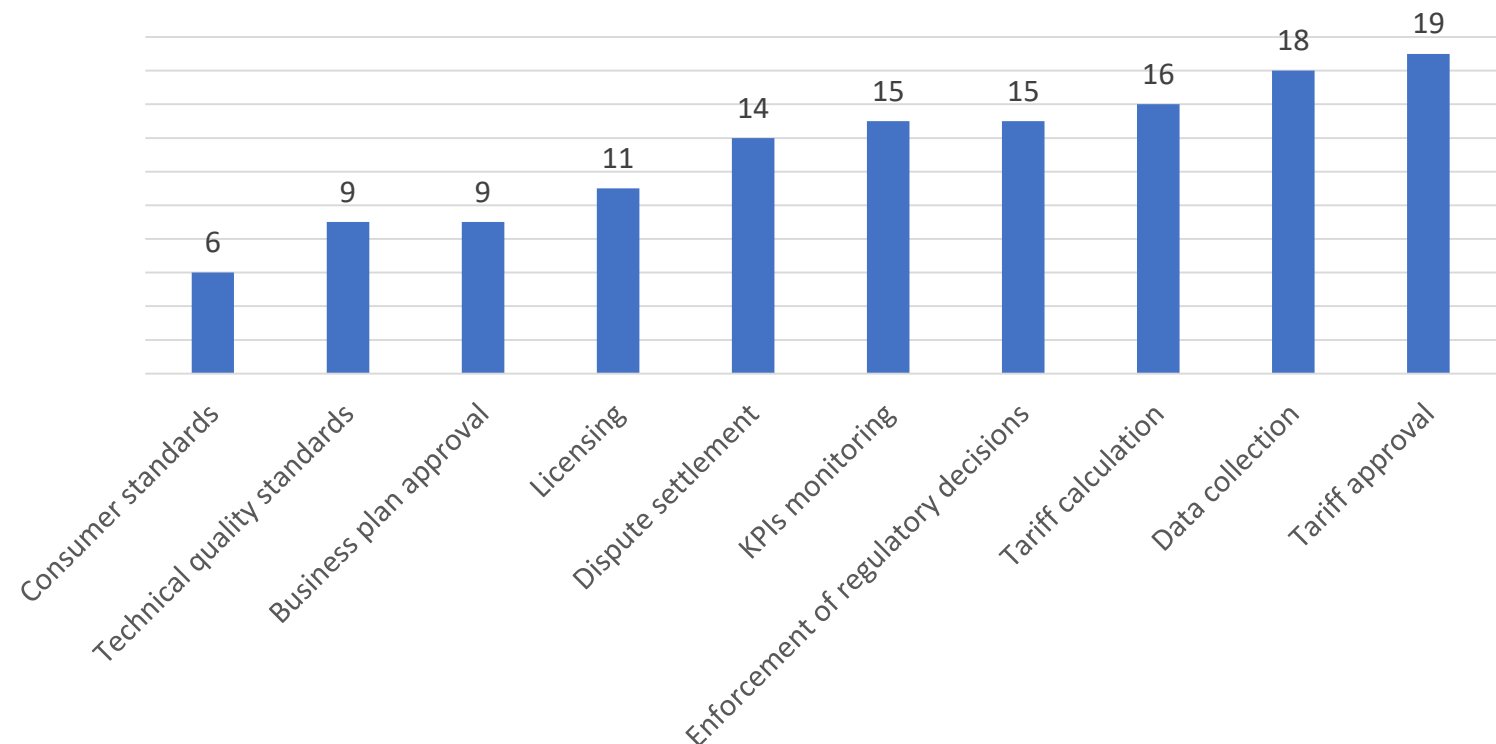
WAREG at a glance

A public perspective on European water services



- Members oversee **+300 million** consumers in EU (**+400 million** including non-EU members & observers).

- Established in 2014 (Milan, Brussels)
- No-profit association of national & regional Public Authorities with supervising and/or regulatory responsibilities in the dw & ww sectors
- 25 Members + 5 Observers:**
 - 17 EU Member States + UK
 - 4 EU Candidate Countries
 - 4 EU Neighbouring Policy Partners



WAREG's role in disseminating EU principles and targets

Raise awareness on EU goals at national level

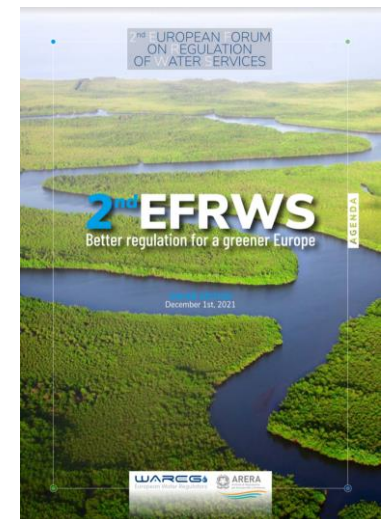
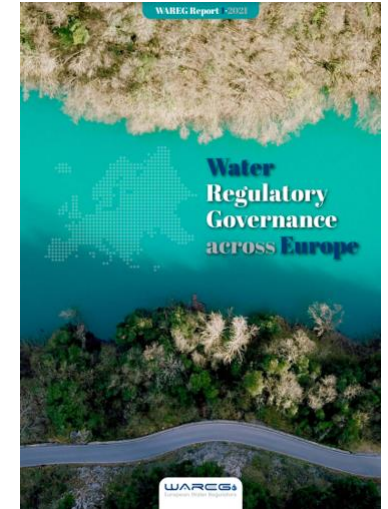
- Monitor the EU agenda on water and report to WAREG Members'
- Explain EU water-related legislation: better informed authorities = better implementation
 - Open dialogue with EU policy makers
 - Exchange on WHAT works/not works and WHY

Participate in EU public consultations

- DWD recast (2018)
- Evaluation of the SSD (2021)
- Revision of the UWWTD (2021)
- Zero Pollution Stakeholders Platform

European Forum on the Regulation of Water Services (EFRWS)

- Multistakeholder dialogue
- 2 editions (2019, 2021)
- Focus on the EU green transition:
 - Circular economy and environmental sustainability
 - Water governance, utility efficiency, regulation for innovation and social affordability of tariffs

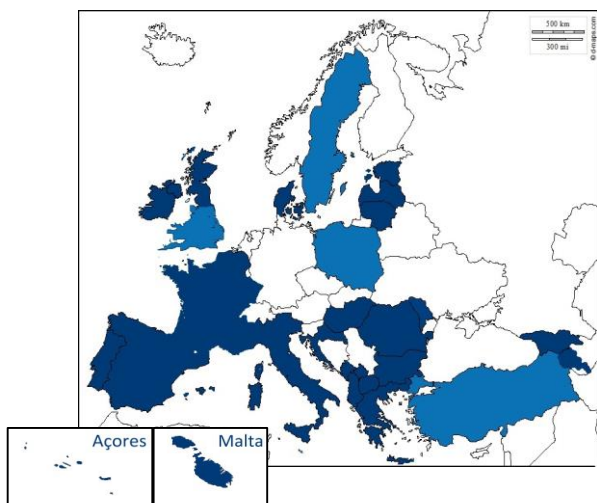




The role of Water Regulatory Authorities in Europe

A strong connection with EU targets

As a consequence of the poor quality of water services, national and regional water agencies were established in many EU countries. The EEA data recently published for the World Toiled Day showed that compliance with EU targets is faster in countries with a national or regional regulator



62%
of sewage is treated
in line with EU
legislation

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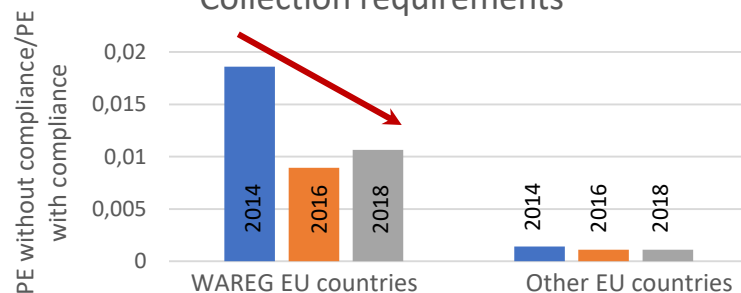
76%
of sewage is treated
in line with EU
legislation

Europe

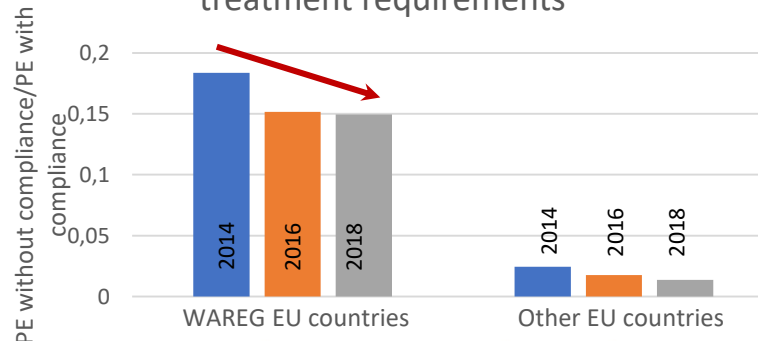
91%
of sewage is treated
in line with EU
legislation

Non WAREG EU countries

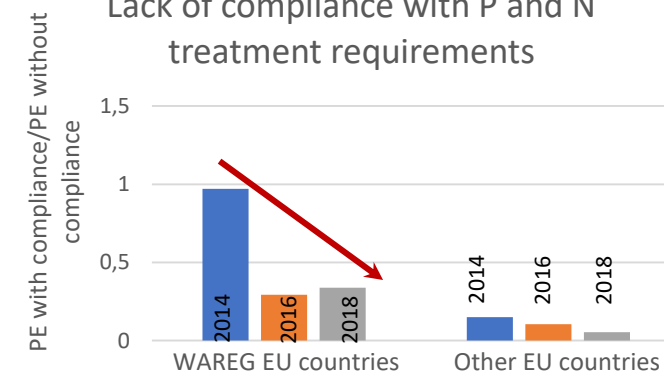
Lack of compliance with Wastewater
Collection requirements



Lack of compliance with biological
treatment requirements



Lack of compliance with P and N
treatment requirements



Ensuring rapid deployment of EU legislation through economic regulation

In January 2018 ARERA adopted technical quality regulation RQTI (resolution no. 917/2017/R/idr) in order to achieve better compliance with European standards for the water and wastewater segments

Prerequisites

Identifying broad issues to overcome

- Includes minimum conditions required by existing legislation:

• **drinking water quality** (Dir. 98/83/EC)

• **environmental impact** (Dir. 91/271/EEC)

Focus on solving cases resulting from **UWWTD infringements procedures**

An **award/penalty** incentive mechanism is put in place for these targets, based on both the **state of efficiency** – for which the ranking refers to the status of the technical quality supplied – and on **efficiency variation** – comparison and ranking on the basis of the change in performance from initial levels.



General standards

- **Macro-indicators** with targets differentiated according to the operator's state of efficiency (indicator class)
- Other indicators linked to the macro-indicators in order to better describe the technical condition of the integrated water service

ID	Target
Water supply and distribution	Water losses
	Water interruptions
	Water quality
Sewerage	Sewerage system adequacy
Wastewater	Sludge disposal
	Wastewater quality

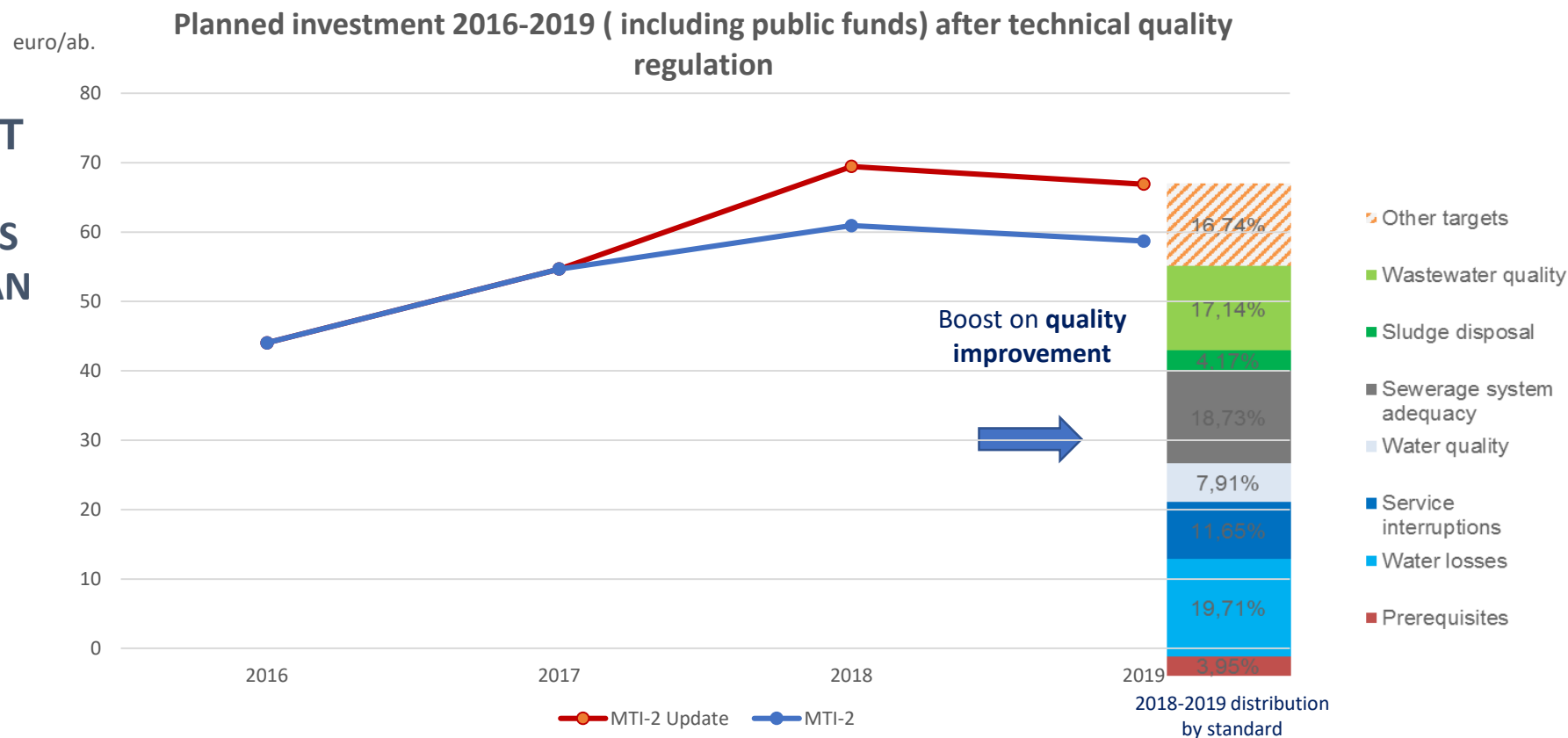
Including the adoption of **Water Safety Plans**

Incentive for **sludge recovery and reuse**

Focusing on other quality aspects of the **UWWTD**

Ensuring rapid deployment of EU legislation through economic regulation

WATER INVESTMENT TRENDS (FIRST FIGURES ON THE ITALIAN EXPERIENCE)

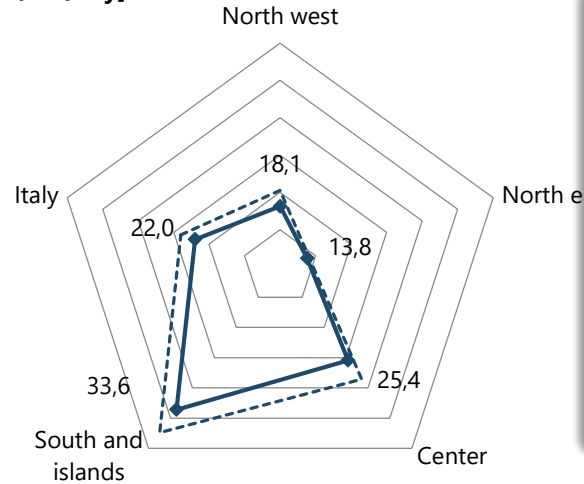


Source: ARERA calculations on the Infrastructure and Management Programme transmitted by **23 water service operators** serving more than **10 million inhabitants**, approved by the Authority according to resolution no. 918/2017/R/IDR

The impact of investments growth (*dashed line: 2016/continuous line: 2019*)

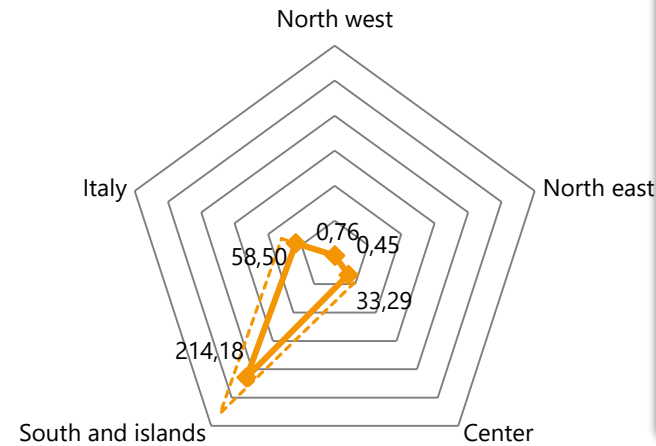
M1 - WATER LOSSES

M1a [mc/km/day]



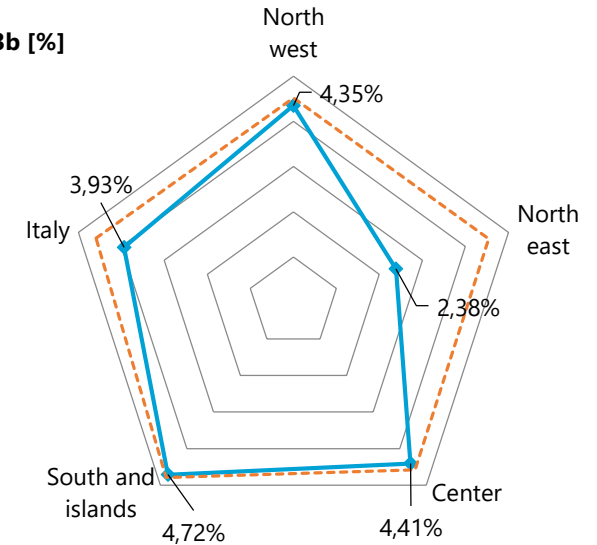
M2 - SERVICE INTERRUPTIONS

M2 [hours]



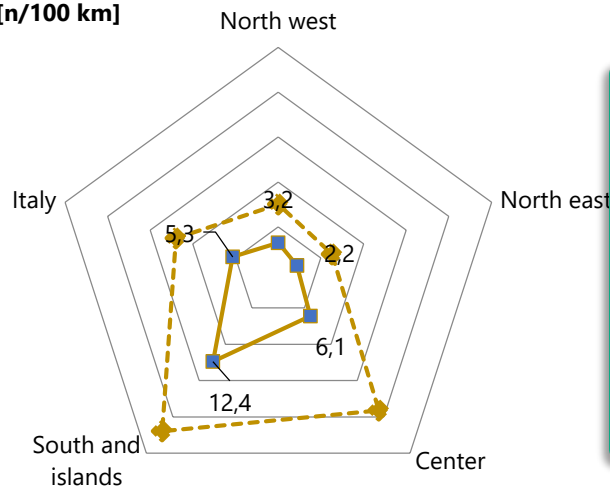
M3 - QUALITY OF DRINKING WATER (RATE OF NON-COMPLIANT SAMPLES)

M3b [%]

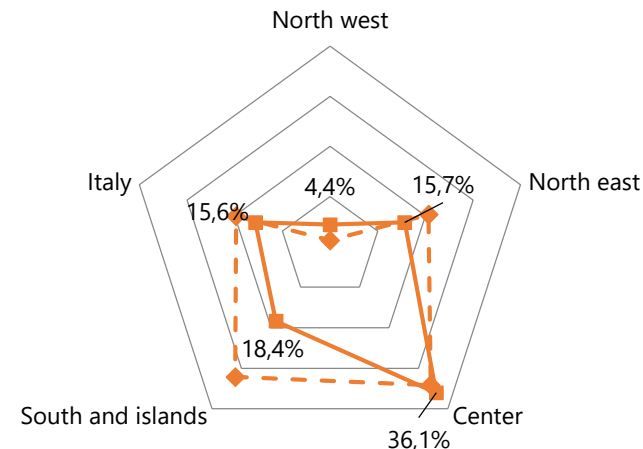


M4 - ADEQUACY OF SEWAGE SYSTEM (FLOODING)

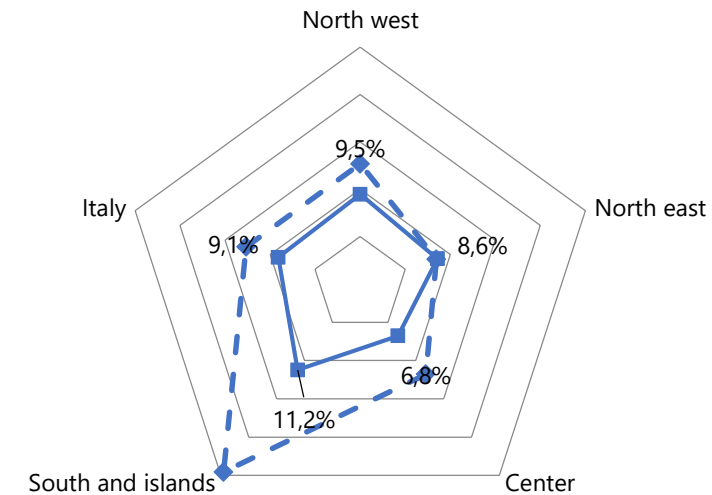
M4a [n/100 km]



M5 - SLUDGE DISPOSAL



M6 - QUALITY OF WASTE WATER





Water Regulatory Authorities and EU Targets

Financing water supply and sanitation

How is the system financed?

- Via water tariffs, taxes, and EU funds.

It is enough?

- EU countries together spend on average **EUR 100 billion per year** on water supply and sanitation*

To meet compliance with the UWWTD and the DWD this needs to increase to **EUR 289 billion by 2030***

- This estimate does not cover:
 - Investments to renew infrastructure.
 - Expenditure to ensure compliance with the Water Framework Directive and the Floods Directive.

*Source: OECD estimations pre-Brexit

The Italian case

The regulation aims to assign to the regulated entities the **first-level targets** defined by law, leaving the utilities with the prerogative of choosing the **second-level targets**, deemed more strictly functional to achieving the first-level targets.

**First level targets
attributed to regulation
by Law 481/1995**

- Efficiency
- Quality
- Consumer protection
- Competition
- Affordability

**First-level targets
attributed to the tariff
method by Law
481/1995**

- Environmental sustainability
- Social sustainability
- Efficient use of resources

**Second level targets,
associated with the
strategic decisions by
utilities to achieve the
regulatory targets**

- **Digitalization**
- **Innovation**
- Risk mitigation
- **Decarbonization**
- Stakeholder engagement



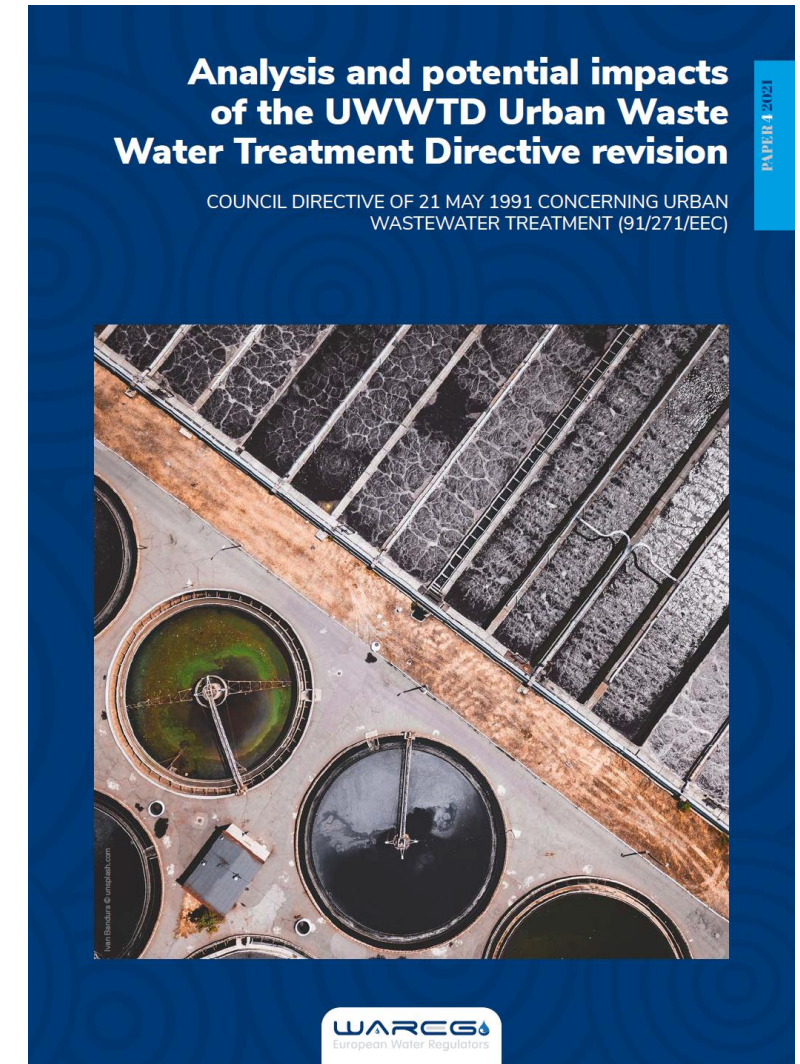
The EU directives and/or national laws might extend the scope of regulators, including further aims referred to environmental sustainability and decarbonization of the water sector.



WAREG Guiding lines:

Key points expressed by WAREG in the open public consultation on the revision of the UWWTD to highlight the role of regulatory authorities:

- **Mitigate potential increase of environmental and financial costs due to implementation of new/updated measures:**
 - tariffs as efficient tools to recover cost but risks of excessive increase;
 - balance potentially conflicting objectives: stringent energy use targets on UWWTP size vs more stringent targets on pollutants removal that require more energy consumption.
- **Highlight specific competencies of national/regional regulatory authorities:**
 - data collection & validation (who monitors homogeneity & quality of data?);
 - promote national compliance with the Directive's requirements.
- **Ensure transparency of information:**
 - set homogeneous targets (ex. KPIs, name & shame, public reports, etc.);
 - set compliance instruments (ex. tariff penalties/incentives, monetary fines, etc.).





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