

WATenERgy CYCLE

Urban water full cycle: from its source to its
end-users and back to the environment

WP6 Transnational Strategy, Policy
Recommendation & Sustainability

Joint Del. 6.1 Water Pricing Policy Recommendation



PP2 - General Secretariat for Natural Environment and
Water

WP6: Transnational Strategy, Policy Recommendation & Sustainability

- Responsible partners:
 - **PP2 - General Secretariat for Natural Environment and Water**
- Partners involved: ALL
- Budget: 38,628.99€

WP6: Transnational Strategy, Policy Recommendation & Sustainability

- WP6 includes:
 - **Water Pricing Policy Recommendation Paper**
 - Water Efficiency Policy Recommendation Paper
 - Energy recovery Policy Recommendation Paper
 - Transnational Strategy, Policy Recommendation & Sustainability Action Plan

Brief Review of Costing Water Services within the EU

- The requirement of **full cost recovery** for water services including environmental and resource costs in accordance with the polluter pays principle in Article 9 of the EU-Water Framework Directive is one of the key concepts of the Directive that entered into force in 2000.
- **Financial cost** recovery is only partly achieved within the EU.
- **Environmental** and **resource costs** are rarely considered in pricing policies.
- In most cases, when EC and RC is applied it aims at revenue collection that can be used for financing activities that enhance the quality of water bodies and related ecosystems.

Water affordability is an issue under FCR that some countries have to take into account in order to develop specific policies targeted to poor households.

Existing policies on water pricing



Water pricing policies within Europe differ a lot not only among different countries but also within the same country among water utilities

Examples:

Metered Water

Incling Block Rates

Declining Block Rates

Uniform Rates

Seasonal-peak Rates

Non - Metered Water

Flat Rates according to the value of the property /the numer of occupants / the type of activity



In **Greece** water is charged via a combination of fixed and volumetric charge via Increasing Block Rates.

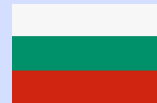


In **Cyprus** water is charged via a combination of fixed and volumetric charge via Increasing Block Rates. The fixed charge depends on the value of the property and is attributed on a yearly base.



In **Albania** there are three different policies for water pricing:

When water is not metered a flat rate charge per inhabitant is applied. When water is metered (this relates to the majority of households) a flat rate charge per m³ is applied. There is a trend to move to a combination of fixed and volumetric charge via Increasing Block Rates.



In **Bulgaria** a flat rate volumetric charge is applied. In the cases were water is not metered a flat rate depending on the number of occupants and the presence of central heating in the dwelling.

Existing policies on water pricing



More
Examples:



In **North Macedonia** water is charged via a combination of a fixed and a flat rate volumetric charge



In **Denmark** a number of water utilities have chosen to charge a fixed annual charge for water and/or wastewater and a price per cubic meter for water consumed, whilst others charge only for the water used.



In **N. Ireland and Scotland** there is a flat rate depending on the size and the value of the property, independent to the water consumed. Water is invoiced together with the Council Tax. In England and Wales there is a combination of fixed and volumetric charge.



In **Italy** water is charged via combination of fixed and volumetric charge via Increasing Block Rates. In some areas the Block Rates depend on the number of occupants.

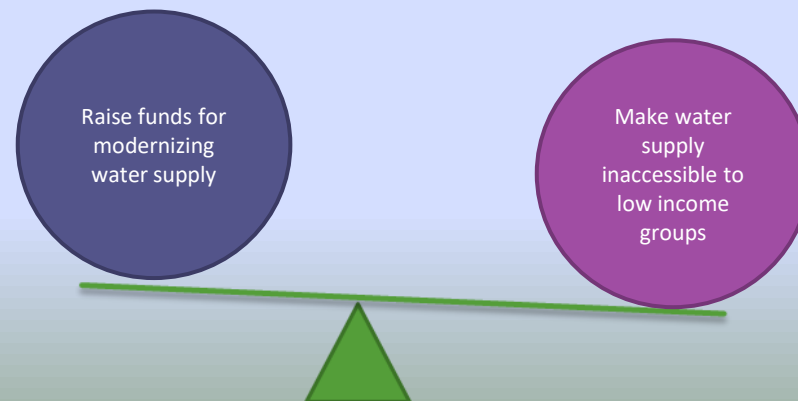
Metered Water	Non - Metered Water
Incling Block Rates	Flat Rates according to the value of the property /the numer of occupants / the type of activity
Declining Block Rates	
Uniform Rates	
Seasonal-peak Rates	



Trends on pricing policies

The **European Union** formulated a general methodology for calculating the total cost (including the cost of the resource and the environmental damage associated with the water use) of water (Full Water Cost) based on the EU WFD. Other International Organizations like the **OECD**, the **World Bank**, the **UN** have followed to propose the inclusion of an indicator for the value of water as a resource and cover of environmental damage in the tariff.

- ✓ **Water prices are recognized as an effective tool to improve water conservation – there by the trend is to move from uniform rates to increasing block tariffs**
- ✓ **There has been an increase in the overall water prices the past decade**
- ✓ **Affordability of water services needs to be ensured by all means, even more so considering the particular situation generated by the current pandemic.**
- ✓ **Combination of economic and non –economic instruments is gradually recognized as essential for controlling water demand.**
- ✓ **Water pricing will need to be integrated with other measures to ensure environmental, economic and social objectives are met cost-effectively**



Within WATenERgy CYCLE...



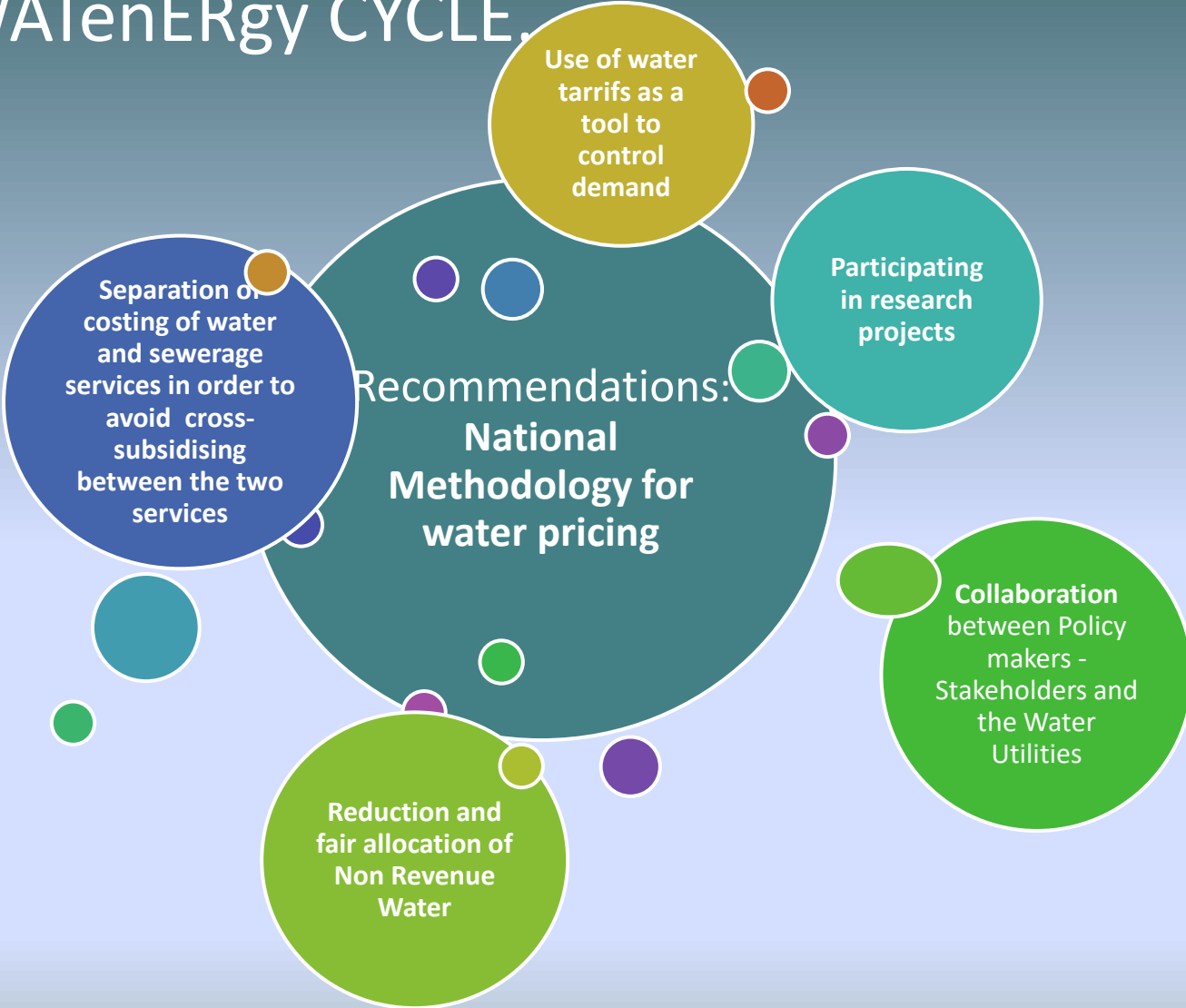
Objective

Partners participating the WATenERgy CYCLE aimed to gain knowledge on good practices and strategies for the formulation of new or the improvement of existing legislation on water supply and sanitation

Within WATenERgy CYCLE...

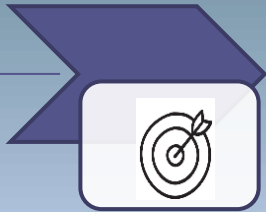


Within WATenERgy CYCLE,



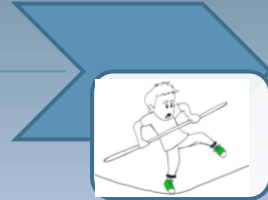
Set of proposals

Proposed methodology for water pricing



Set the goal of the pricing policy

Full Cost Recovery
(WFD Art.9)
Calculate Costs



Define - prioritise principles

Polluter Pays
Affordability
Precautionary principle
Social equity
Economic development
Environmental Sustainability



Set tariff structure

Define Categories of users
Select Flat rate/Volumetric charge
Define Rising block tariffs
Set values for Subsidies (Taxes)
Select socially fair allocation of NRW



Consultation

Stakeholders consultation
Evaluate impacts of tariff reform
Political consultation
Refine tariffs if necessary



Measures for the formulation of the pricing policy

- Development of a national policy framework for costing and pricing of water services.
- Define a uniform methodology for assessment and recovery of environmental and resource costs.
- Use financial tools to control demand (Block tariffs per user category / Taxation of high consumption activities).
- Subsidies to ensure accessibility to all citizens
- Fair allocation of the Non Revenue Water cost. This measure includes the installation of metering devices and recording of technical and operational characteristics of the networks.

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