

civity Management Consultants

Comparison of European Water Prices

Our Future Water Conference

Berlin, November 7th, 2018

The study delivers a systematic approach integrating cost recovery and quality of service levels into a price comparison

Background of the study

Background

- Water supply systems are very different across the EU member states
- Standards and requirements set on a European level (quality, safety, protection of the environment)
- Water sector is the only economic sector in Europe for which EU directives lay down rules on the quality of services and on pricing with the objective of the recovery of costs

Study

- **Comparisons of water prices per cubic metre are not sufficiently taking the circumstances into account.**
- **The study delivers a systematic approach to quantifying and integrating the most relevant issues**

The study extends to six countries covering more than half of the EU 28-population

Countries compared in the study

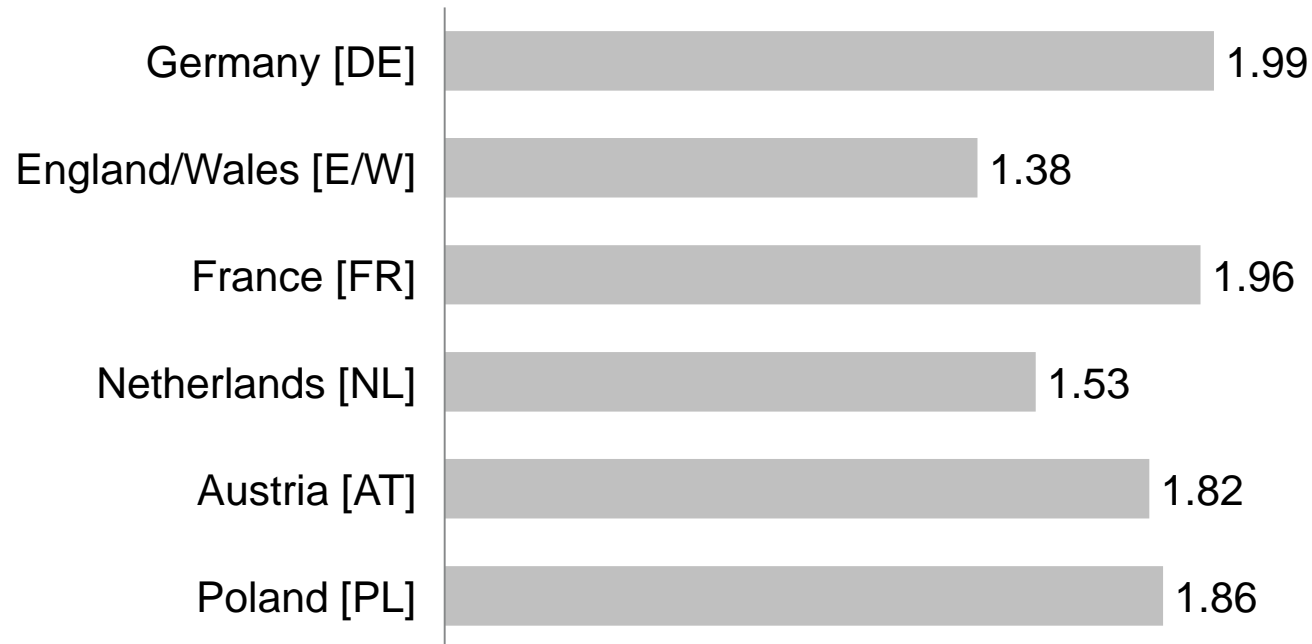


- 52% of population
- 45% of total volume of water extracted of EU-28

In this comparison, Germany has the highest price per cubic metre, followed by France

Country specific water price

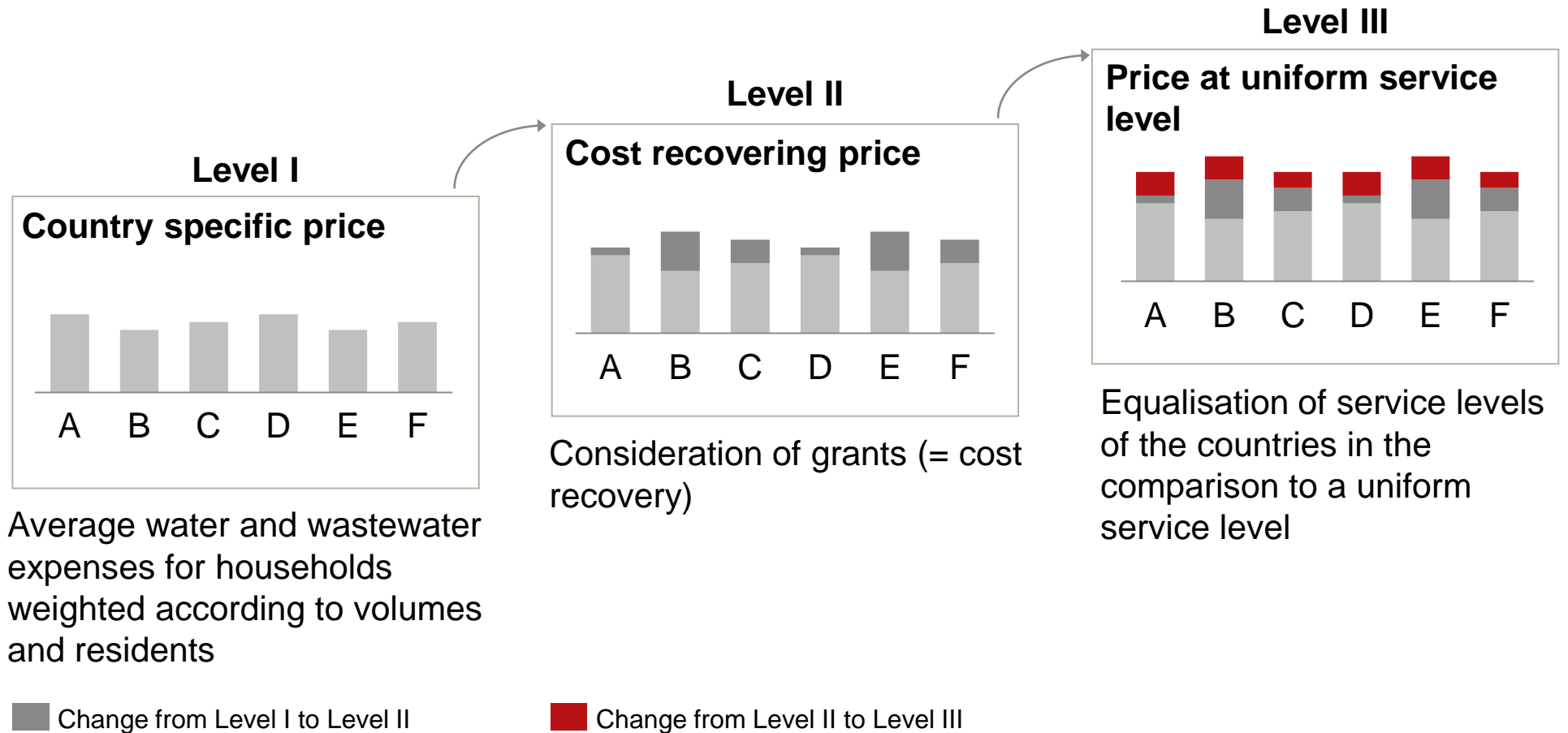
€ per m³ of water supplied, purchasing power adjusted



Are prices per m³ really meaningful?

The approach comprises a price comparison on three levels

Methodology of the Study

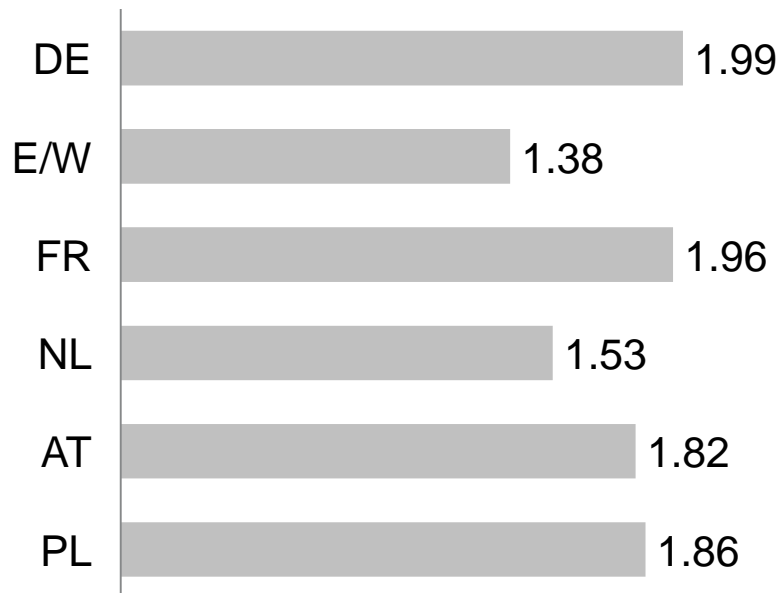


For the evaluation of asset services dominated by fixed costs, we should rather also take water consumption into account

Country specific water price

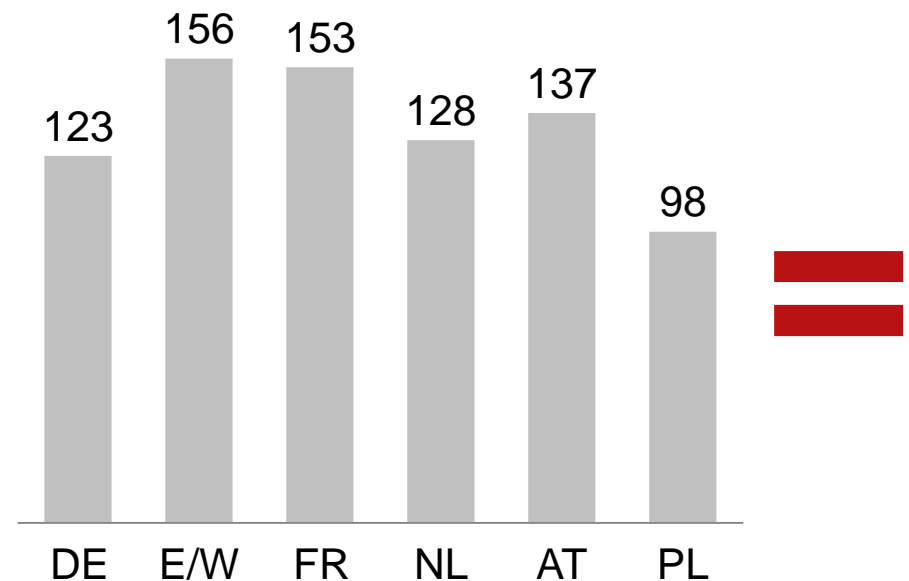
Water price I ¹⁾

in € per m³ of water supplied



Water consumption

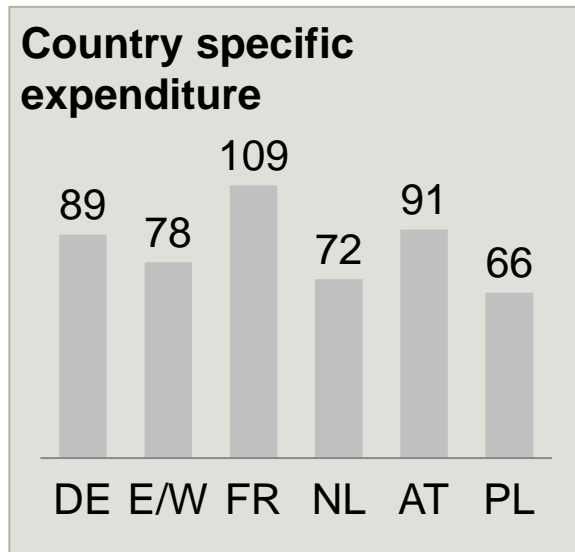
in litres per connected resident per day



Expenditures in countries with high consumption like England/Wales or France are rising, compared to m³ prices

Total expenditure for water delivery

in € per capita and year, price indexed and adjusted for purchasing power



■ Change from Level I to Level II

■ Change from Level II to Level III

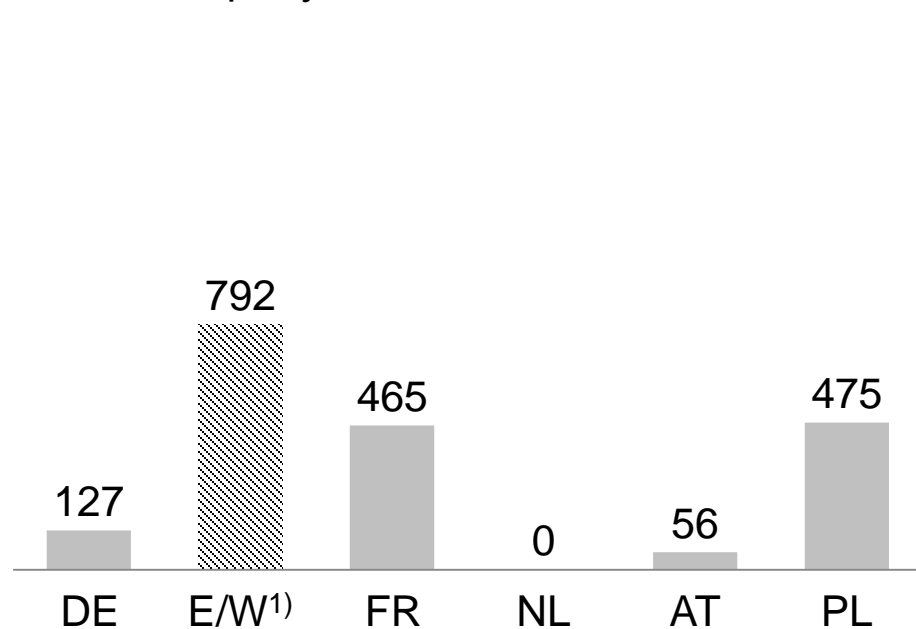
**Do consumers' expenditures really
tell the whole story?**

The water sector receives grants between 0 and 30 Cents per cubic metre – green dowry in England/Wales is treated like a grant

Grants for drinking water

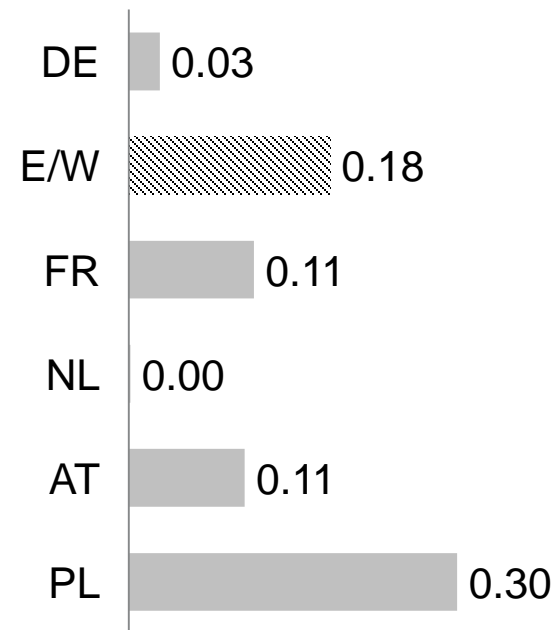
Grants

in million € per year



Specific grants

in € per m³ of water supplied

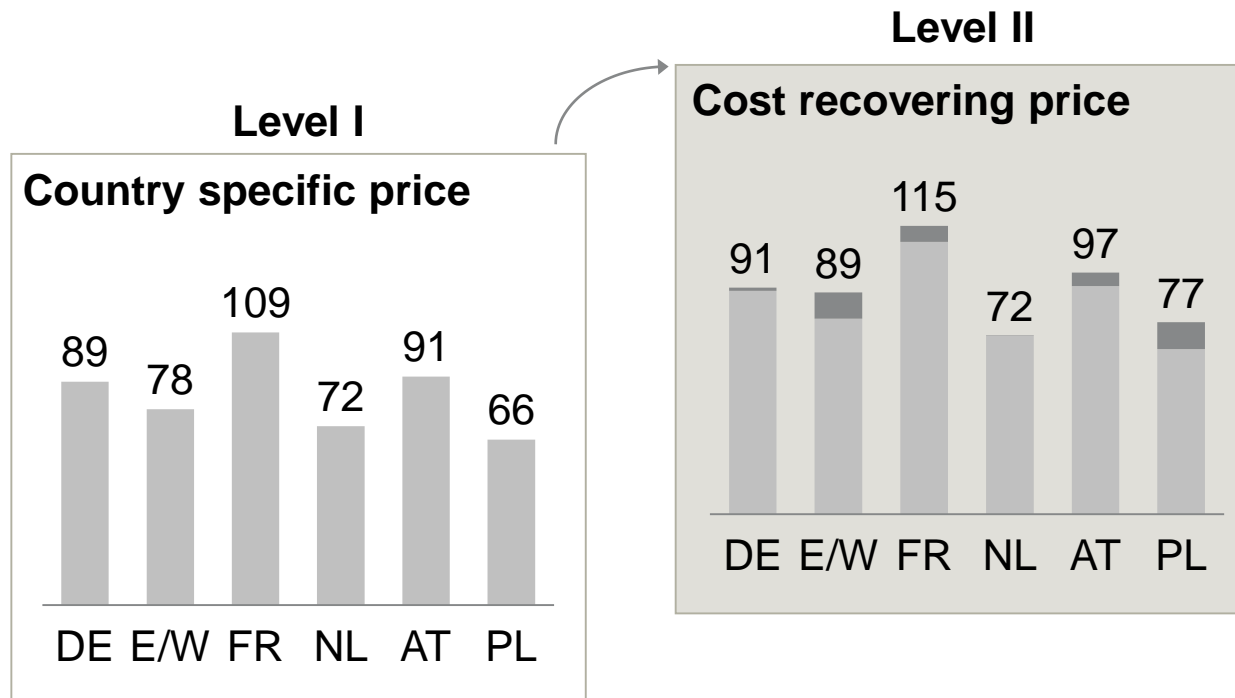


1) Water industry in E/W is actually receiving only marginal grants; however, the conditions under which the industry was privatised in 1989 must be regarded as a state grant (so called green dowry in the amount of GBP 6.4bn, treated like a grant over 30 years)

These grants result in a significant price adjustment for England/Wales, France, Austria and Poland

Total expenditure for water delivery

in € per capita and year, price indexed and adjusted for purchasing power



■ Change from Level I to Level II

■ Change from Level II to Level III

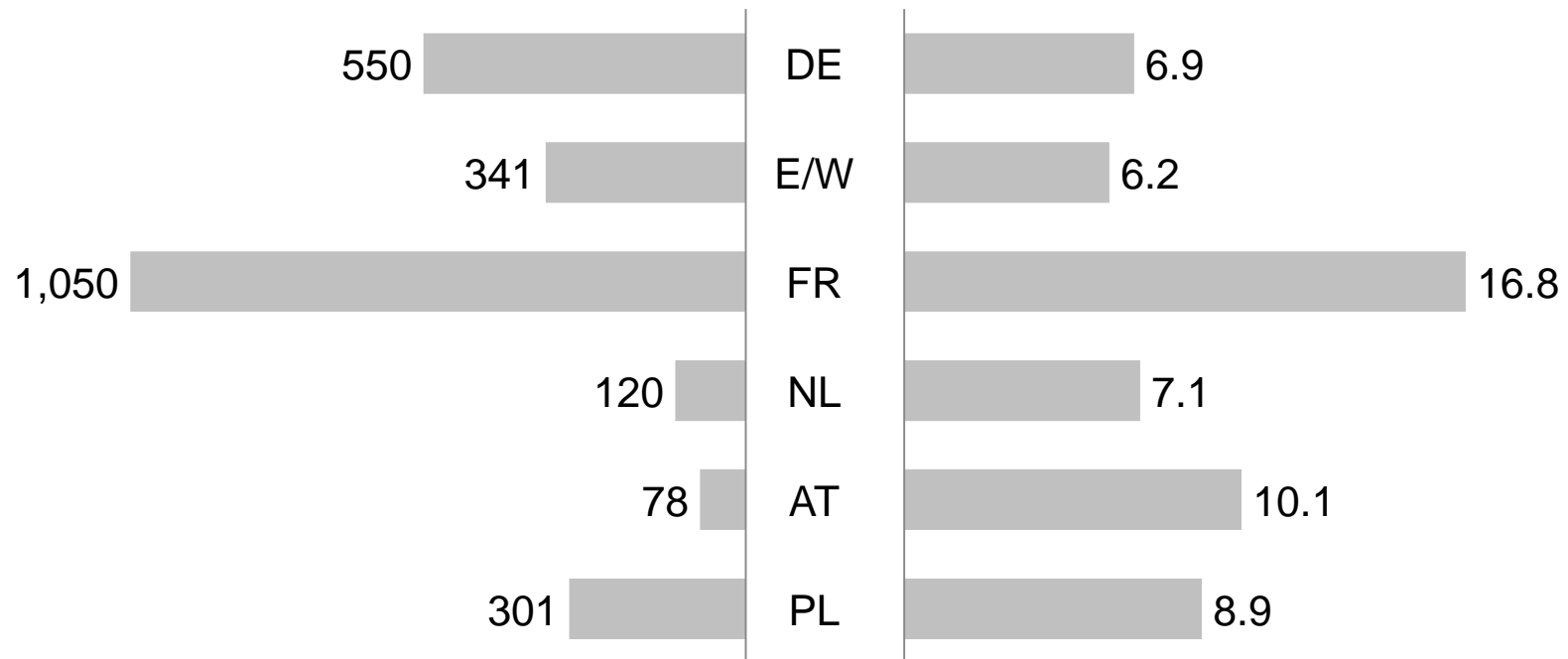
**And what value do consumers
get for their money?**

The length of the pipeline network varies between the countries

Length of the pipeline network

In thousand kilometres

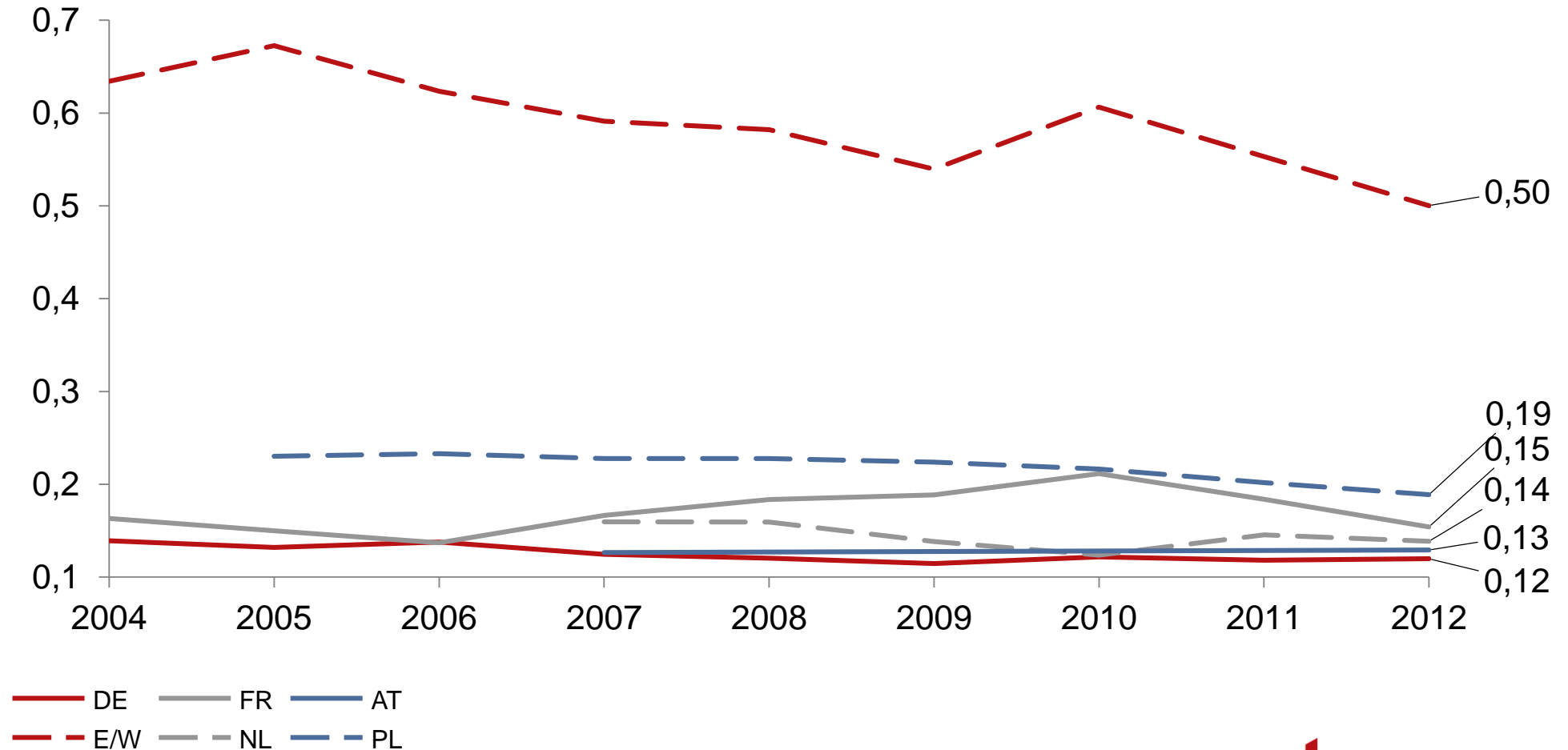
In metres per connected resident



The condition of the pipeline network can be evaluated by specific water losses – being very high in England/Wales

Specific water losses

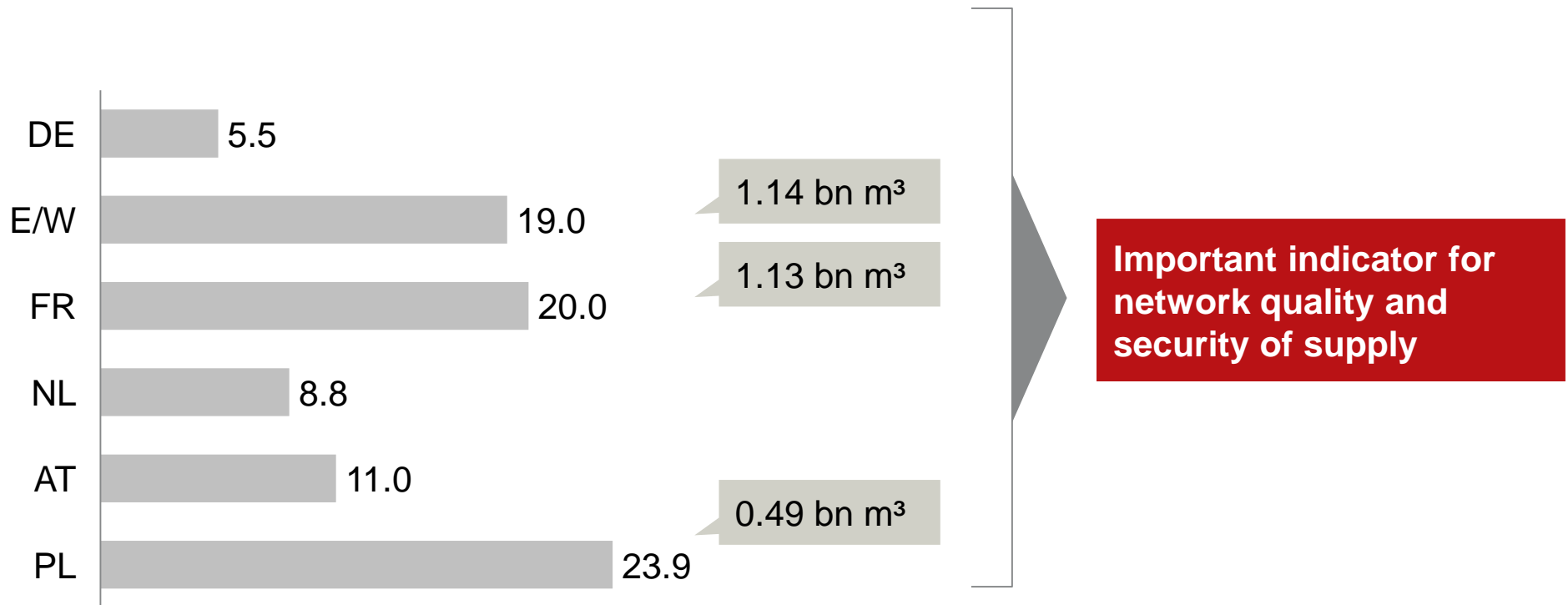
in m³ per pipe kilometre and hour



The water losses are regarded as one of the most important indicators for network quality; they exceed 20 percent in some countries

Relative water losses (unmetered network supplies)¹⁾

in % of water available



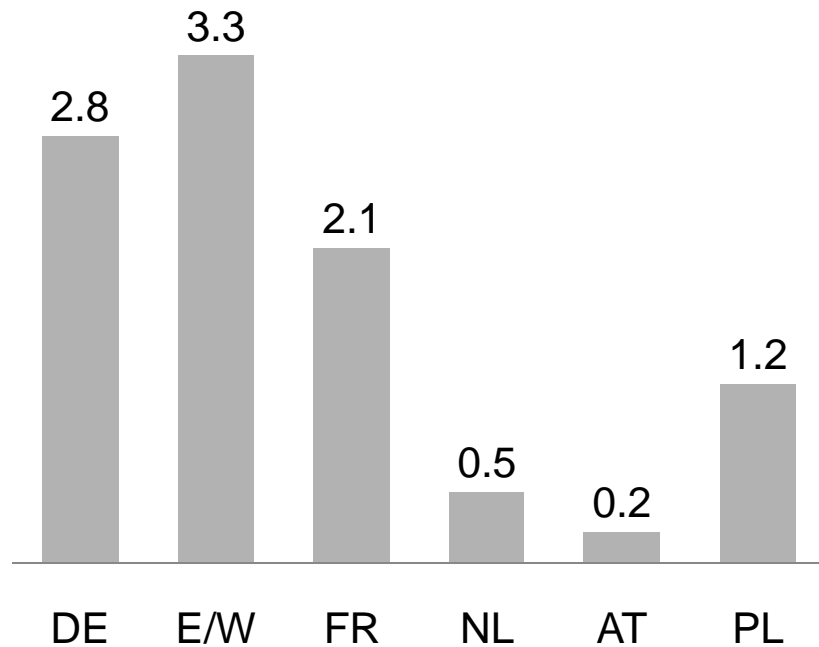
1) Water drawn for operational and fire department uses was counted as losses.

Investments per cubic metre are highest in countries with accumulated investment needs

Average investment for drinking water

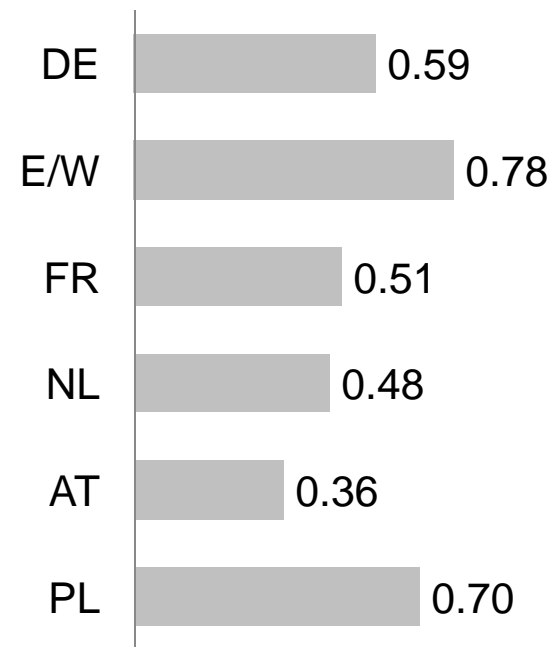
Investments

in billion € per year



Specific investments

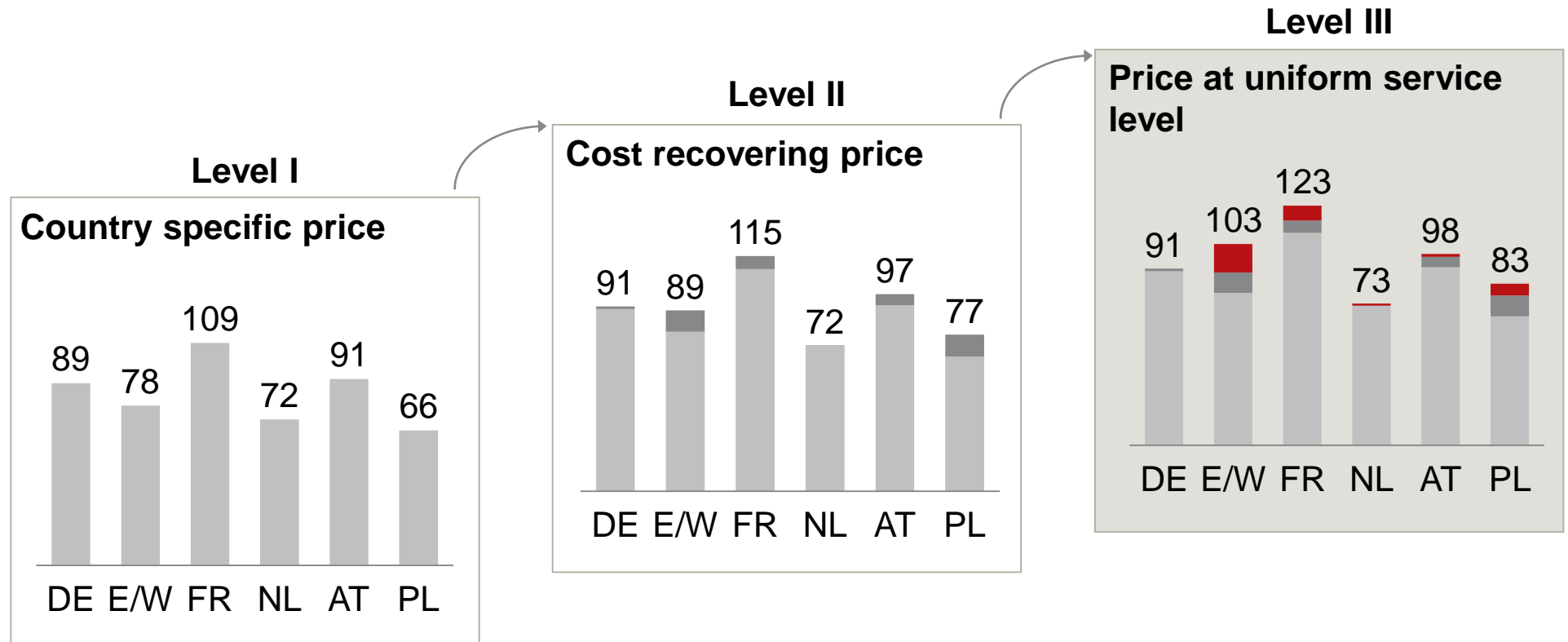
in € per m³ of water supplied per year



Opportunity cost of water losses and cost of the installation of meters lead to significant adjustments of prices at the third level

Total expenditure for water delivery

in € per capita and year, price indexed and adjusted for purchasing power



■ Change from Level I to Level II

■ Change from Level II to Level III

The study delivers an approved approach to compare prices and could be extended to further countries

Conclusion

- A mere comparison of cubic metre prices is not useful.
- The study delivers an approved approach to compare expenditures in different countries taking subsidies and service levels into account
- This approach – observing the implementation of standards set in EU directives for quality of services AND for pricing – could be extended to further European countries; the necessary data is meanwhile largely available



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