

WAREG – EUROPEAN WATER REGULATORS

IMPORTANCE OF WATER SERVICES REGULATION

Some of the main benefits of economic regulation for a good functioning of the water sector:

- **clear and stable set of norms** (fixed regulatory periods)
- increased **investors' confidence** for **new infrastructure investment**
- incentives for water utilities to increase **efficiency in network operations and maintenance**
- operators **efficiencies partially passed on to the customer**
- more **transparency** if «better regulation» tools employed (ex. public consultations, economic-financial data collection, etc.)
- more **homogeneity** in (technical and commercial) quality standards for water and wastewater services
- **balance** between financial **investment needs**, **affordability** of services and **environmental sustainability**

Best practices of regulatory independence in line with 'Better Regulation' and the tools in use in other industries since the 1990s

WHY WAREG?

- **Benchmarking** of economic regulation of public utility services in Europe has been a constant and fruitful practice of regulatory entities, in several sectors (energy, transports, telecoms, etc.)
- **Water sector regulation in Europe** encompasses a range of **institutional frameworks and market conditions that differ from country to country**. In the European Union (EU), there has been a significant evolution towards the rationalization of the sector and the harmonization of practices and principles, by establishing a general framework for Community action in the field of water policy, and by addressing the sustainability of water services and the principle of cost recovery of their provision. Despite this trend for harmonization, there is still substantial diversity in national frameworks and national water sector regulators have identified the need for a joint effort to address common challenges for the sustainability of these services in Europe
- **WAREG-European Water Regulators was created in April 2014** by a first group of 12 Water Supply and Sewerage services in Europe. **At present WAREG is made-up of 22 regulatory authorities** with Member status, and 4 regulatory authorities with Observer status

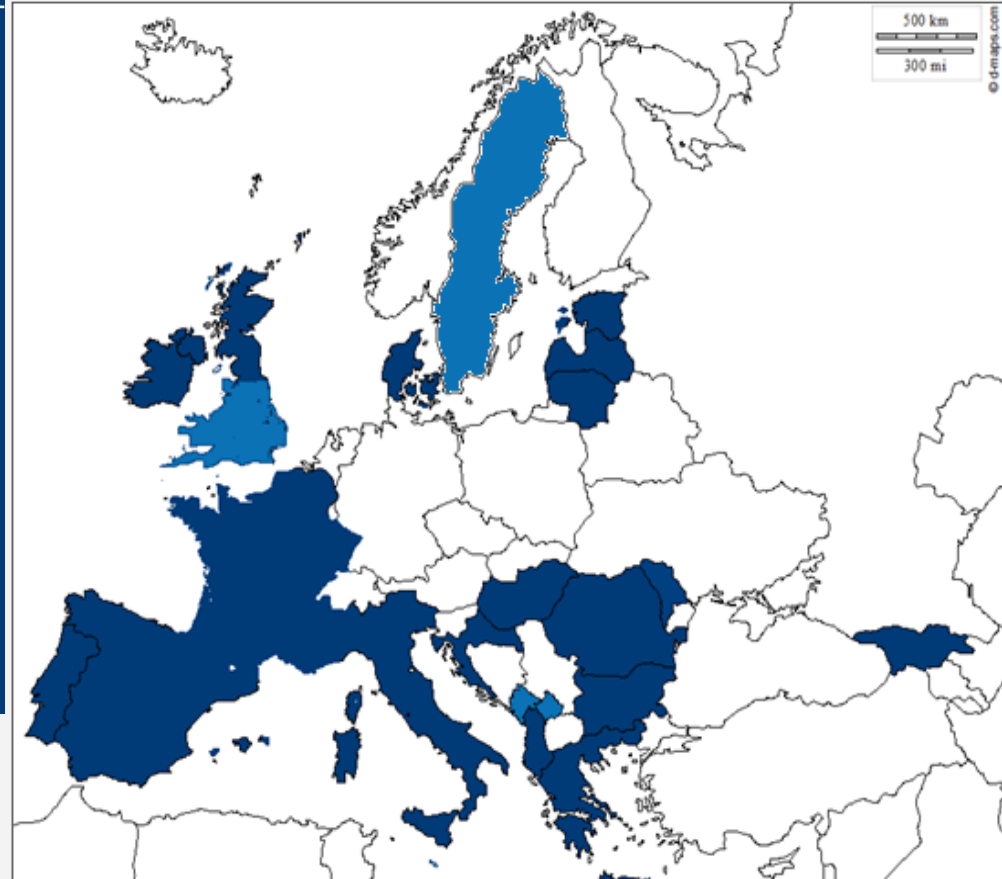
PARTICIPATION IN WAREG

22 MEMBERS

AEEGSI – Italy	MAGRAMA – Spain
ANRE – Moldova	MEDDE – France
ANRSC – Romania	REWS – Malta
CER – Ireland	NCC – Lithuania
ECA – Estonia	NIAUR –Northern Ireland
ERRU – Albania	KSST – Denmark
ERSAR – Portugal	PUC – Latvia
ERSARA – Azores	SSW – Greece
EWRC – Bulgaria	VMM – Flanders (BEL)
GNERC – Georgia	VODA – Croatia
HEA – Hungary	WICS – Scotland

4 OBSERVERS

OFWAT – England/Wales	WWRO – Kosovo
Min. Dev. – Montenegro	SWWA - Sweden



WAREG OBJECTIVES

WAREG is a **membership organisation** that aims to seek the support of its members in facilitating proactive collaboration, knowledge exchange and capacity building activities. **Our objectives are to...**

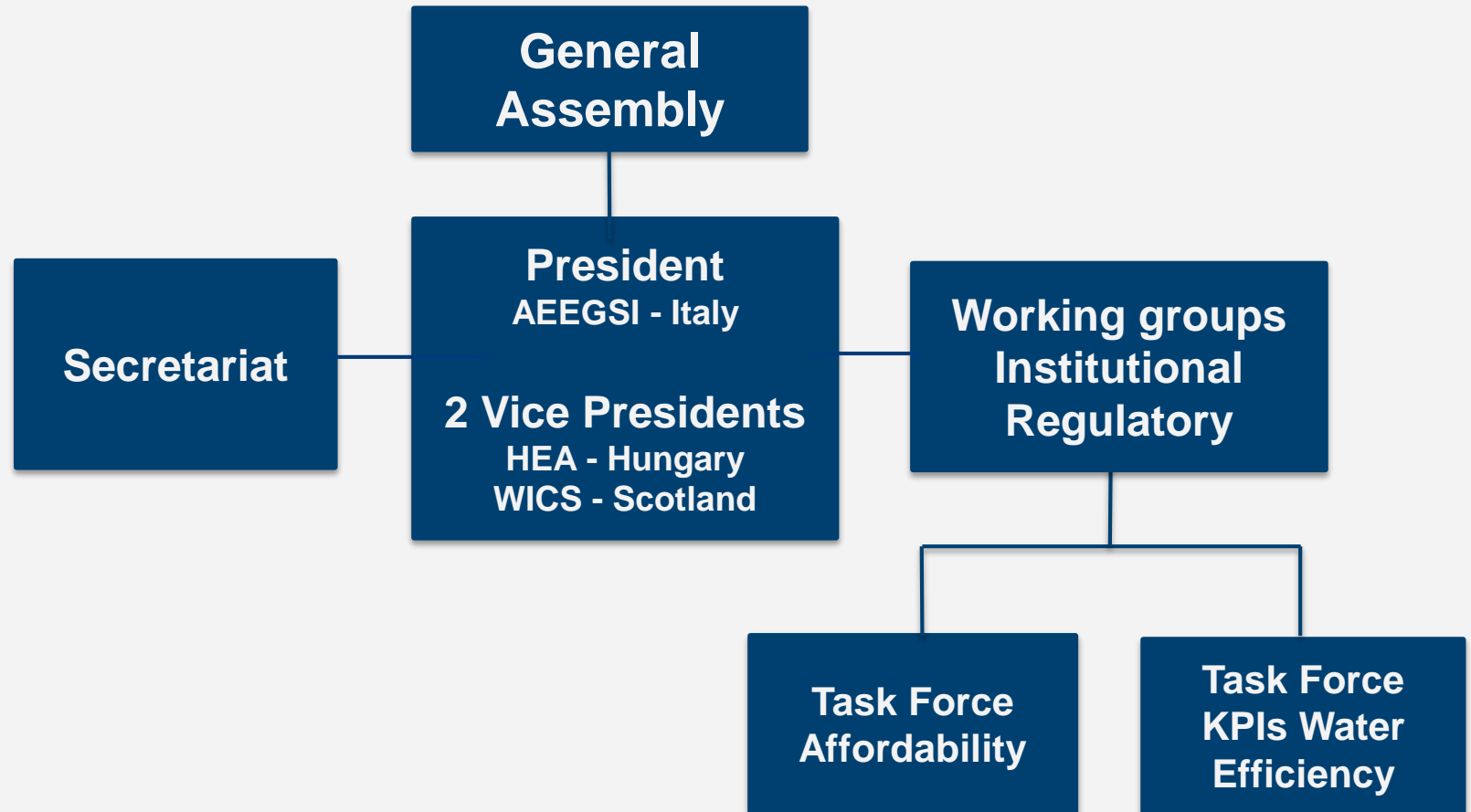
1.
Exchange common practices and information; provide joint **analysis** and **comparison** of existing water sector regulatory models as well as the performance of water utilities

2.
Organise specialised training, technical assistance, and exchange of know-how, promoting **best-practice** and stable regulation of the water sector at European level for water and waste water services

3.
Promote cooperation aimed at analysing the sustainability of services, proper infrastructure investment, good quality of services, and consumer protection

4.
Conduct an **open dialogue** with **regional and international organisations** and **national institutions**, with a particular focus on European issues in the field of water and sanitation services

ORGANIZATION



WAREG CREATION: THE PROCESS

- WAREG foundation
- 12 Members
- Common objectives

1st meeting Milan (AEEGSI)
23 APR 2014

- Internal Rules
- Organisational structure

3rd GA, Dublin (CER)
26 JAN 2015

- Reaching 20 Members

5th GA, Budapest (HEA)
29 SEPT 2015

- Affordability (TF)
- KPIs/Water Efficiency (TF)

7th GA, Tirana (ERRU)
16 MAR 2016

- Draft paper "Affordability"

9th GA, Malta (REWS)
27 SEPT 2016

11th GA, Sofia (EWRC)
15 MAR 2017

2013 – 2014

- Bilateral contacts
- WAREG start-up

23 SEP 2014
2nd GA, Lisbon (ERSAR)

- 18 Members
- Action Plan

28 MAY 2015
4th GA, Edinburgh (WICS)

- President (Ita)
- 2 VPs (Scot, Hun)

16 DEC 2015
6th GA, Bucharest (ANRSC)

- Website structure

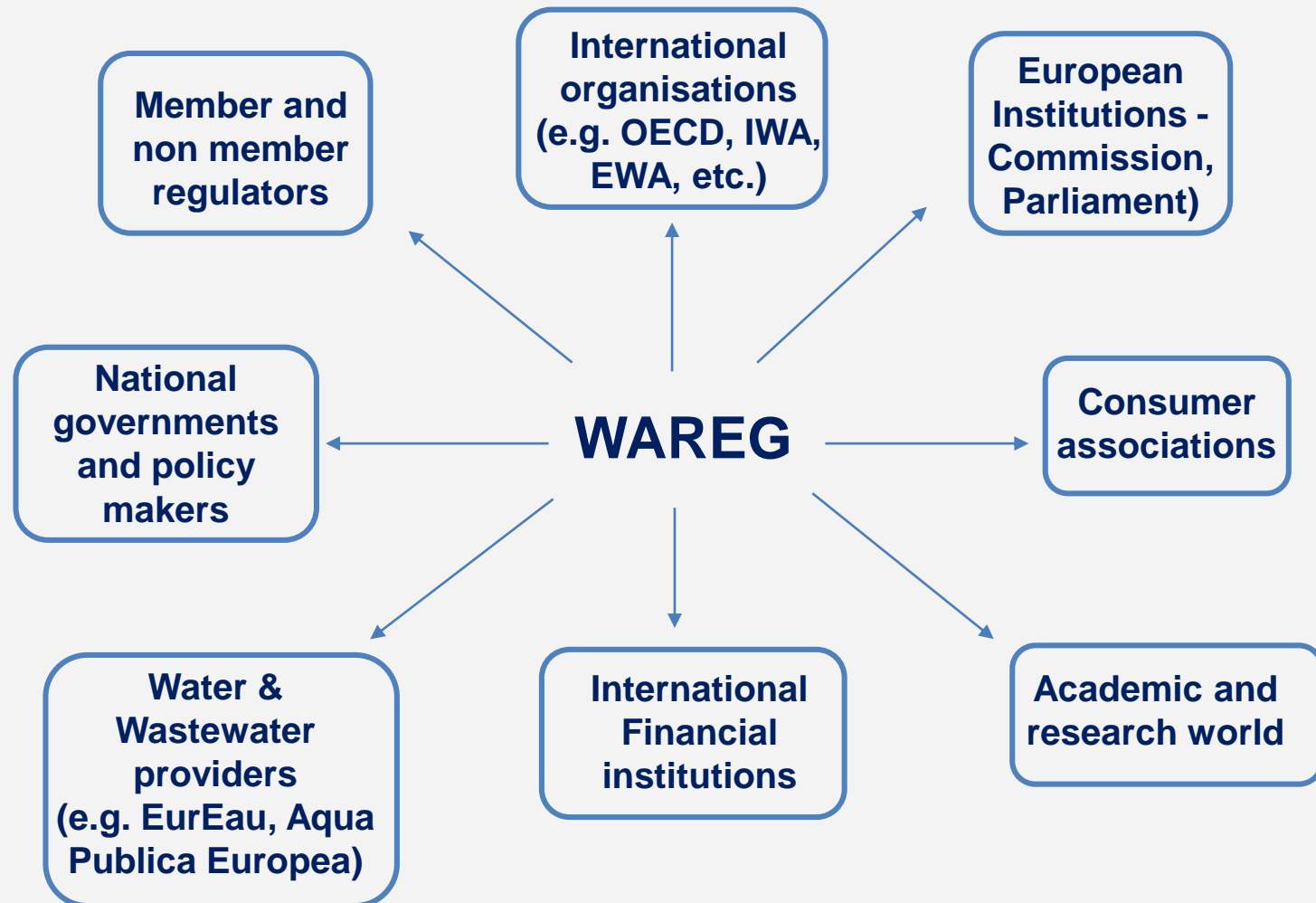
2 JUN 2016
8th GA, Azores (ERSARA)

- Reaching 22 Members
- Website launched

6 DEC 2016
10th GA, Tallinn, (ECA)

- Work Plan 2017

WAREG NETWORK

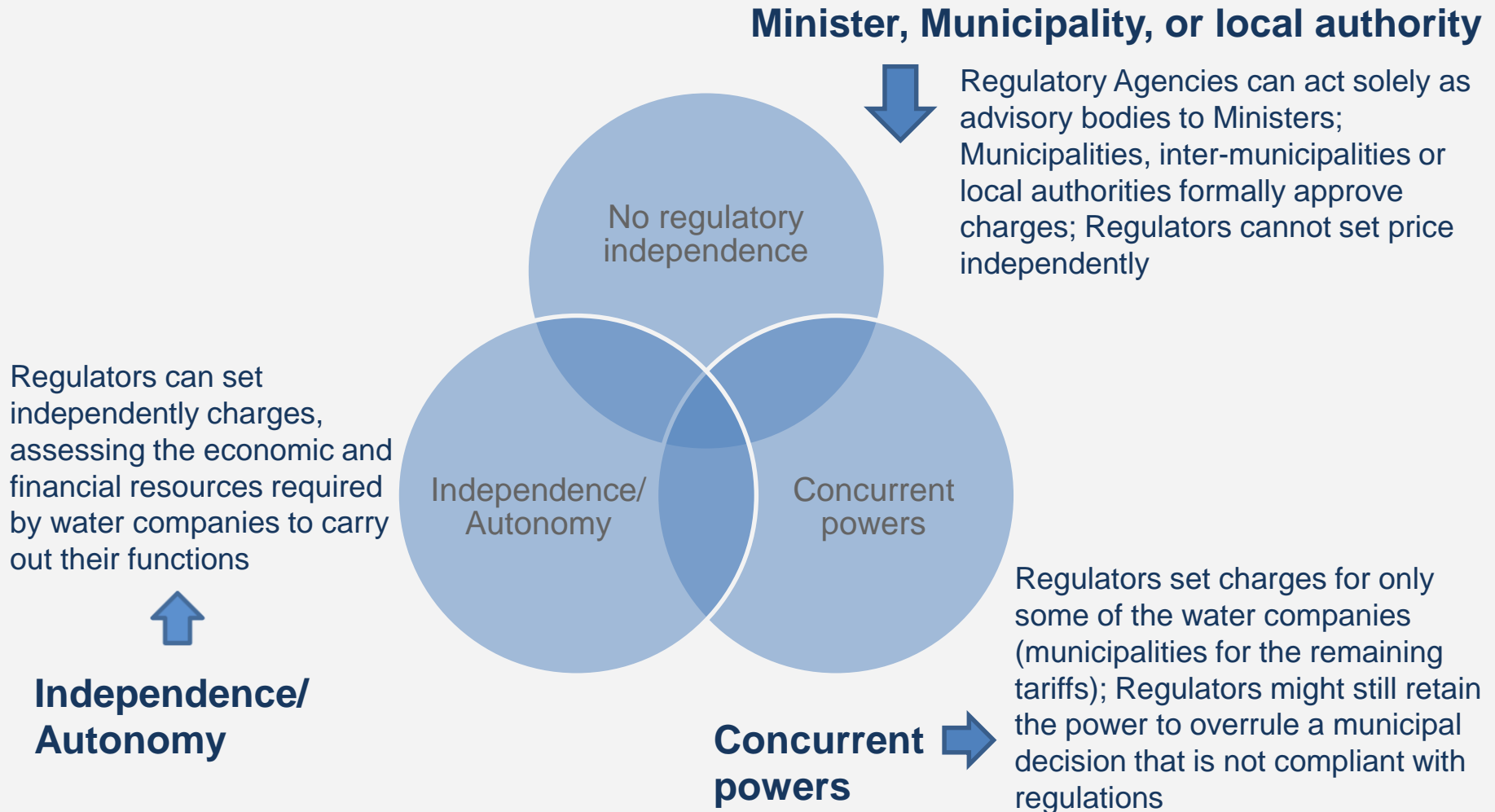


WAREG COOPERATION

Main results in the last 2 years:

- **Institutional regulatory framework**
 - Institutional regulatory frameworks. A comparative assessment (internal report, May 2015)
 - Public consultation practices in Europe (internal report, May 2015)
- **Regulation and tools**
 - Price setting methodologies and tariffs (internal report, May 2015)
 - Affordability in European water systems (public report, February 2017)
 - “Cost assessment in a regulatory context”, workshop with Oxera (June 2016)
 - “Non-Linear Tariffs & Consumption”, workshop with Sorbonne Business School (September 2016)
- **Established institutional relations with EC, European Associations (i.e. EurEau, Aqua Publica Europea), international organisations (IWA, OECD, WB)**
- **WAREG WEBSITE: www.wareg.org**

WAREG: DIFFERENT REGULATORY FRAMEWORKS



KEY MESSAGES ON AFFORDABILITY (1)

1. In most water systems belonging to WAREG network, **affordability issues are dealt with water-specific norms**, such as for instance national water laws, regional and local laws. Only occasionally, the same norms on affordability encompass water and other public services.
2. In most cases, **norms concerning affordability are introduced for easing the payments of water bills for the entire population**; only in one third of WAREG systems the norms themselves are addressed to some specific groups (i.e. the poorest, the disabled, elderly, etc.).
3. Among and within WAREG Members' Countries the **situation is quite dis-homogeneous**. The number of cases where the norms concerning affordability are issued at central level is in line with those cases where norms are defined locally (i.e. region, municipality). Sometimes, norms co-exist at more than one level (i.e. national and municipal).

KEY MESSAGES ON AFFORDABILITY (2)

4. Typically, the **norms delegate regulators to enforce the rules**, with no or few discretionary power. Some cases of voluntary initiatives by companies are in place.
5. The **criteria for defining affordability** in most cases are **related to income**, even if from time to time other parameters are taken into account (i.e. health, age, etc.).
6. In two-third of water systems belonging to WAREG, **affordability costs are recovered through tariff**, while in the other cases this is done through fiscal policies or specific funds (i.e. from companies).
7. In most WAREG systems, in case of **non-payment of bills**, water supply to consumers can be partially or completely curtailed. Sometimes, this possibility is denied if consumers are eligible following affordability criteria.

WORK PLAN 2017

The 10th WAREG Assembly agreed to carry on the following activities:

- **Short papers in the following areas:**
 - role and instruments of regulators in defining investment priorities
 - the advantages of economic regulation: setting-up, maintaining and advancing independent regulation of water and wastewater services
 - stakeholder engagement and regulatory action
- **Definition and analysis of key performance indicators on water infrastructure efficiency**
- **Update of available information on water regulatory systems in WAREG**
- **Institutional and stakeholders relations:**
 - cooperation with OECD and international organisations
 - dialogue with EU Commission
 - new Members

Thank you for your attention