
**10 YEARS
REPORT**

2014 ~ 2024



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TABLE OF CONTENTS

1	Foreword: Reflection on a decade of WAREG activities and the future of European water regulation	6
	Past Board Members	8
2	WAREG at a glance	10
	Who we are	10
	Mission	12
	Our Goals	13
3	Members and Observers	14
	List of Members and Observers	14
4	Governance Structure	16
	General Assembly	16
	Board	17
	Secretariat	17
5	Main Areas of Work (2014-2024):	18
	Collaboration and Knowledge Sharing among Regulatory authorities	19
	• Exchange of Information	19
	• Working Groups	20
	• Internal and External Workshops	21
	Capacity Building	21
	• TAIEX	22
	• KEP – Know-how exchange program	23
	• Peer Reviews	24
	EU and International Dialogue	24
	• EU Activities	25
	• Advocacy	26
	Promoting Engagement	27
	• The European Regulators' Forum	28
	Communication	30
	• Internal communication enhancements	31
	• External communication activities	31
6	Key Milestones and Achievements	32
	Reports covering regulatory topics	33
7	Vision for the Future	38
	Strategic outlook and goals for the next decade	39

1

Foreword: Reflection on a decade of WAREG activities and the future of European water regulation

WAREG President, Prof. Andrea GUERRINI

Commissioner, ARERA, Italy

In a spirit of cooperation, a group of public authorities decided to create WAREG, the Network of European Regulators, in April 2014. Since its inception, WAREG has demonstrated a progressive and increasing role among European water stakeholders.

In a context where many still lack awareness of the existence, roles, and responsibilities of the water regulatory authorities, WAREG has been pivotal in fostering a deeper understanding of the functions and impacts of these institutional entities, among the water stakeholder community. The European water sector is subject to a set of Directives and Regulations by the EU Institutions, which require a process of implementation and continuous monitoring often entrusted by national governments to specialized Authorities.

Independent authorities, water agencies and ministerial offices across Europe act as economic regulators with varying powers. According to a survey made by WAREG among its members, a majority of national regulators in European Countries have specific powers to define cost components, establish or update tariff methodologies, and approve tariffs. These powers aim to protect customers and prevent utilities operating under the conditions of a natural monopoly from earning excessive profits. Some water regulators also monitor the technical and contractual quality of service and assign rewards and penalties based on the water utilities' ability to achieve specific targets on the quality drinking water and sanitation services for all their customers.

Additionally, water regulators are often given other power by national legislations, like setting unbundling rules, monitoring and approving investment plans, granting and revoking licences, implementing measures to ensure affordability, protecting water consumers, enforcing regulations, and addressing the possible non-compliance of water utilities.

Under this framework, WAREG provides specific support and knowledge-sharing for European water regulatory authorities, which is crucial to develop and successfully implement powers and responsibilities.

The European water sector has made significant progress in recent years. However, there is still much more room to implement the European binding principles of full cost recovery, environmental sustainability and information transparency in the national water sectors: WAREG can play a key role in this direction.

I wish to stress the importance of EU institutions in this process, as their ambitious environmental targets are truly needed to advance the sector. I



WAREG President
Prof. Andrea GUERRINI
Commissioner, ARERA, Italy



WAREG Vice President
Prof. Vera Eiró
Chair, ERSAR, Portugal



WAREG Vice President
Mr Ivaylo Kastchiev
Director Water and Sanitation Services, EWRC, Bulgaria



WAREG Vice-President
Mr Pál Ságvári
Vice-President for Strategic and International Affairs, MEKH, Hungary

am very proud to see how, in 10 years, WAREG has gone beyond remaining just a network and is now a consolidated Association, showing ability in disseminating meaningful knowledge not only to policymakers but also to the general public. The WAREG board and Secretariat actively organize internal seminars and public workshops and conferences. Moreover, WAREG's publications provide a unique insight into relevant topics for the sector and our society. WAREG is committed to collaborating and providing useful data that can help to implement EU legislation and to achieve the EU Green Deal ambitions.

Finally, WAREG's work on capacity-building with EU candidate countries, through specific training programmes for civil servants of national regulatory authorities is a milestone to stretch best regulatory practices beyond the EU. WAREG is strengthening the collaboration among regulators, addressing common challenges in the national drinking water and wastewater sectors, and supporting their efforts to implement EU water legislation.

Past Board Members



Antony Sammut • REWS, Malta

“It is with great satisfaction to witness the continued growth of WAREG. Undoubtedly WAREG has today become a major stakeholder representing a large number of water regulatory authorities and entities across Europe. It has been a privilege to serve as one of its Vice Presidents between 2017-2020. I warmly recall the fruitful discussions and collaborative work undertaken, but more so the friends and colleagues made over these years.”



Dimitar Kochkov • EWRC, Bulgaria

“A decade has passed since the establishment of WAREG, a period during which the organization has grown significantly, attracting new members and expanding its influence in the water supply sector. During this time, WAREG has reviewed and discussed numerous effective regulatory practices, with the Secretariat playing an essential role in supporting coordination and fostering collective efforts. Bulgaria has been actively involved from the very beginning, and has had the honor of hosting the General Assembly twice, with the Bulgarian regulator playing a key role in the organization's work. With the solid foundation laid so far, I am confident that WAREG will continue to build on its successes and strengthen its leading role in European water regulation.”



Alberto Biancardi • ARERA, Italy

“When I joined ARERA as Commissioner, shortly thereafter, we were entrusted with responsibilities in the water sector, a field that is both extremely important and full of challenges. Drawing on the Italian Authority's experience in the energy sector, with many bilateral and multilateral collaborations such as those with CEER and MEDREG, we quickly recognized the necessity of creating a network of European water regulators to exchange ex-

periences and converge on the priorities to present to the European legislator. In 2014, after numerous discussions, we gathered with 10 European regulators and embarked on a path that today allows us to celebrate 10 years of significant achievements with an association that now represents a fundamental pillar of the European water system. ””



Ndricim Shani • ERRU, Albania

”” WAREG was established to facilitate the exchange and promotion of diverse regulatory experiences across European countries and to help address complex and specific regulatory challenges. Over the past eight years, I have been honoured to contribute to this organization, gaining valuable insights while focusing particularly on the Western Balkans. Today, WAREG's role and commitment are more crucial than ever in tackling the evolving and intricate challenges facing the water sector on a global scale. ””



Szilvia Szaloki • MEKH, Hungary

”” I am proud to have been part of the creation of WAREG, which is now a key player in the wider European water regulatory community. I have witnessed and actively shaped the development of the organisation, both professionally and in terms of its member countries, into a cohesive community (a real family) with a strong professional background. ””



Jaime Melo Baptista • ERSAR, Portugal

”” WAREG stands as a landmark initiative that has transformed water regulation across Europe. I had the honour of contributing to its inception, and I am currently dedicated, through LIS-Water, to supporting its mission and strengthening its connections with other regional regulatory networks. Together, we can forge a global committed to elevating water services worldwide. ””



Hugo Pacheco • ERSARA, Portugal Azores

”” Over the past 10 years, WAREG has grown, brought together experts, shared best practices, and strengthened cooperation among its many members, ensuring that the planet's most precious resource is protected and accessible to all. The 10th anniversary of WAREG is the best opportunity to acknowledge all the progress made by Water Regulators and to renew the commitment for the future. It has been a great honor to be part of this journey, both as a partner since its creation and later as Vice-President of the Board of Directors of this important network. ””

In loving memory of **Katherine Russell**, past Director of Corporate Affairs and Hydro Nation at the Water Industry Commission for Scotland, and past WAREG Board Member. She will be remembered for her passionate international work as one of the founders of WAREG, and especially for her enthusiasm, fun and empathy to the community of Members.



2

WAREG at a glance

The history of **WAREG – European Water Regulators** goes from a conceptual framework to a pivotal entity in enhancing collaborative and harmonised water services regulation across Europe. Through collaboration and mutual understanding, it aims to address the complex challenges faced by the water and wastewater sectors.

Who we are

WAREG – European Water Regulators is the association of public authorities responsible for the economic regulation of the water and wastewater sectors in Europe. Created in April 2014, WAREG currently gathers 34 Authorities (national and regional regulators, governmental agencies and Ministries) and has become the first network to promote an increasingly effective, stable and harmonised regulation of water and wastewater services across Europe.

At the core of WAREG's formation was the understanding that the water sector faced specific issues, challenges, and conditions that warranted the establishment of a dedicated instrument for cooperation among the authorities of different European countries. The sector was navigating the complexities of social concerns, such as equal accessibility for end-users, particularly concerning the sensitive issue of pricing policies. These challenges were fundamental drivers for regulatory intervention, especially given the context where water and sanitation are recognised as human rights. Moreover, the sector was characterised by significant financial issues, including the gap between the financial needs to cover operating and capital expenses and the self-financing capacity of operators. The presence of fixed and sunk costs further escalated the risks associated with the water sector. Amidst these challenges, there was a critical need for a strong commitment from national regulators to balance the interests of operators and consumers, aligning with EU rules and ensuring the sector's overall health.



To this end, national regulators recognised the **benefits of networking, sharing common objectives, and collaborating** to:

PROMOTE

a harmonised, effective, efficient, and stable regulatory framework for water and wastewater services at the EU level.

SUPPORT

service sustainability, adequate infrastructure investment, proper service quality standards, and consumer protection.

EXCHANGE

common practices, information, and perform joint analysis and comparisons of existing water sector regulatory models and the performance of water utilities.

ORGANISE

specialised training, provide technical assistance, and facilitate the exchange of know-how and experiences.

DEVELOP

common positions on regulatory issues to present a united front at the European Community level.

ENGAGE

in open dialogue with other relevant regional and international organisations, as well as national institutions, focusing on European issues related to water services.

Mission

WAREG's mission is to harmonise the actions of European regulatory authorities while facilitating proactive collaboration, knowledge exchange, and capacity-building activities among its members.

WAREG has been strengthening harmonious relations with European institutions and stakeholders, including associations of operators and customers, as well as the broader academic community.

WAREG seeks to highlight:

THE ADVANTAGES OF **PROMOTING FINANCIAL STABILITY** AND EFFICIENCY OF OPERATORS.

INCREASE THE **INVESTMENT LEVELS** IN INFRASTRUCTURE.

THE CONVERGENCE OF SERVICE QUALITY STANDARDS, PROTECTION OF CONSUMER INTERESTS AND SAFEGUARD OF THE ENVIRONMENT.



WAREG advocates within the European Institutions and stakeholder associations for the advantages of economic regulation as an instrument to promote:

EFFECTIVENESS AND **EFFICIENCY** OF **OPERATIONAL** AND INVESTMENT COSTS IN THE WATER INDUSTRY FOR THE WATER SECTOR.

THE PROTECTION OF **CONSUMERS' INTERESTS** FOR A STABLE WATER SECTOR IN EUROPE.

THE **SAFEGUARDING OF WATER RESOURCES** AND THE ENVIRONMENT TO GUARANTEE A WATER-SAFE FUTURE FOR THE ENVIRONMENT.

Our goals

WAREG, as a collaborative organisation, has defined its core objectives to promote an increasingly effective, stable, and harmonised regulation of water and wastewater services across Europe. Our primary goals, shaped by the collective insights of our members, are:

COLLABORATION AND KNOWLEDGE SHARING:

We aim to harmonise the actions of European regulators while fostering proactive collaboration and knowledge exchange among members. This goal is fundamental in creating a unified approach to water service regulation, ensuring consistency, and sharing successful practices across different regions.

CAPACITY BUILDING:

We focus on building the regulatory capacity of our members through specialised training, technical assistance, and the exchange of know-how. This encompasses promoting regulatory practices, efficiency of industrial costs, stability of rules, and transparency of pricing strategies.

EU AND INTERNATIONAL DIALOGUES:

Our goal is to support the full implementation of relevant European Union Directives and Regulations within the water sector, enhancing compliance across EU member countries and beyond. Additionally, we advocate for economic regulation as a tool to protect consumer interests, safeguard environmental resources, and promote efficiency, service quality and innovation.

ENGAGEMENT:

We are committed to raising awareness of the importance of water. We engage with the general public, EU institutions, international organisations, and stakeholders to advocate for quality services, consumer protection, and the environmental and financial sustainability of the water sector.


3 Members and Observers

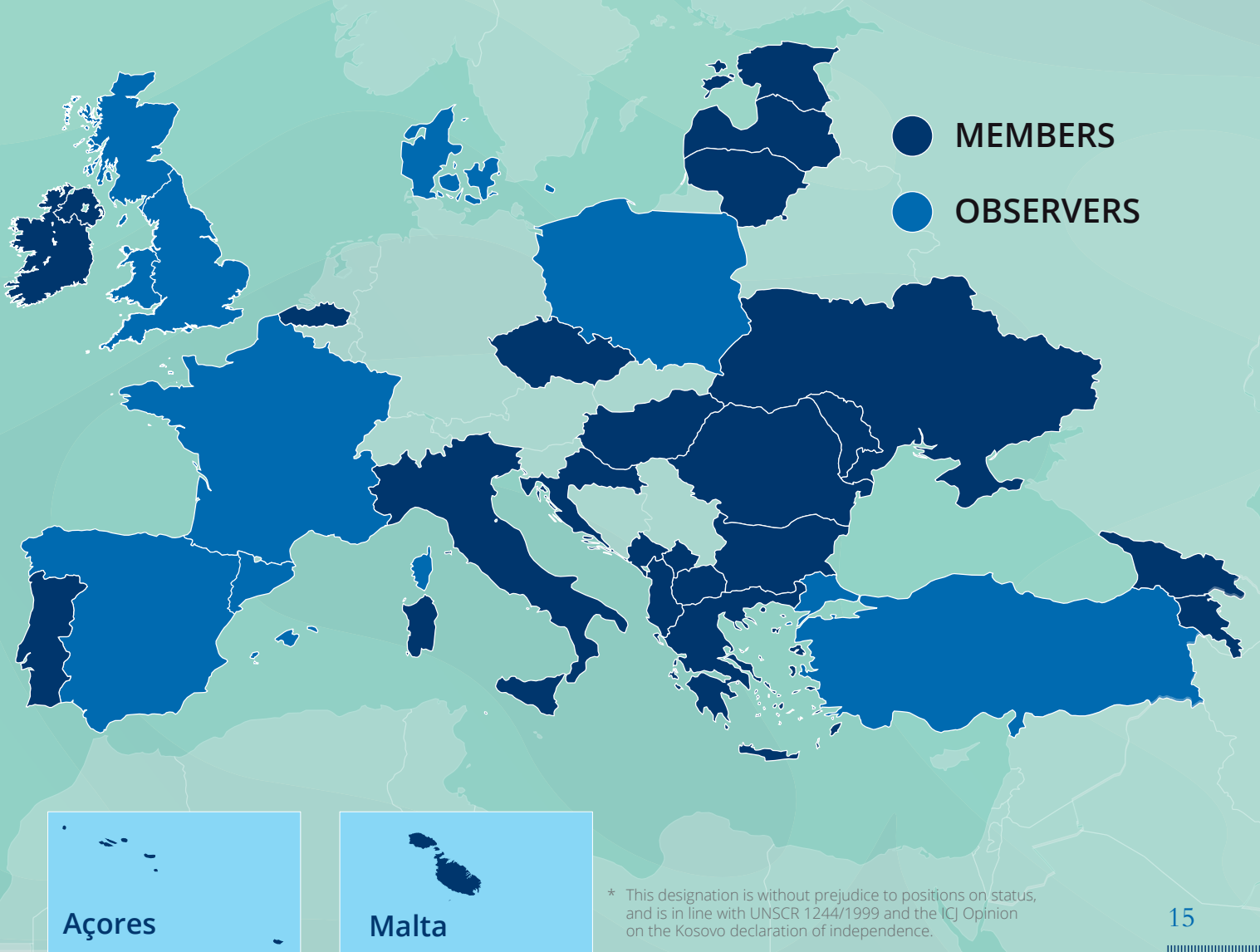
WAREG comprises public authorities with economic regulatory and supervisory powers in the drinking water and wastewater sectors. Although the extent of these powers varies among each entity, WAREG members and observers have in common the mandate to set, monitor, supervise, enforce or change the allowed tariffs and service standards of water supply and sanitation services.

Any public entity or legal body responsible for regulating water and/or wastewater services within a European country or region is welcome to apply for membership or observer status within WAREG.

ALBANIA		Water Regulatory Authority of Albania	FRANCE		Ministry for the Ecological and Inclusive Transition
ARMENIA		Public Services Regulatory Commission	GEORGIA		Georgian National Energy and Water Supply Regulatory Commission
BELGIUM - BRUSSELS		Energy Regulator of Brussels	GREECE		Regulatory Authority for Energy, Waste and Water
BELGIUM - FLANDERS		Flanders Environment Agency	GREECE		General Secretariat for Natural Environment and Water
BULGARIA		Energy and Water Regulatory Commission	HUNGARY		Energy and Public Utility Regulatory Authority
CROATIA		Council for Water Services	IRELAND		Commission for the Regulation of Utilities
CZECH REPUBLIC		Ministry of Agriculture of the Czech Republic	ITALY		Regulatory Authority for Energy Networks and Environment
DENMARK		Danish Competition and Consumer Authority	KOSOVO*		Water Services Regulatory Authority
ESTONIA		Estonian Competition Authority	LATVIA		Public Utilities Commission



LITHUANIA		National Energy Regulatory Council	ROMANIA		National Romanian Regulator for Public Services
MALTA		Regulator for Energy and Water Services	SPAIN		Ministry for Ecological Transition
MOLDOVA		National Agency for Energy Regulation	SPAIN - CATALONIA		Catalan Water Agency
MONTENEGRO		Energy Regulatory Agency	TURKEY		Ministry of Water and Forestry of the Republic of Turkey
NORTH MACEDONIA		Energy Regulatory Commission	UKRAINE		National Energy and Utilities Regulatory Commission (NEURC)
POLAND		State Water Holding Polish Waters	UK - ENGLAND AND WALES		Water Services Regulation Authority
PORTUGAL		Water and Waste Services Regulation Authority	UK - NORTHERN IRELAND		Northern Ireland Utility Regulation Authority
PORTUGAL - AZORES		Water and Waste Services Regulation Authority of Azores	UK - SCOTLAND		Water Industry Commission for Scotland



* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

4 Governance Structure

General Assembly

The General Assembly is WAREG's decision-making body, meeting throughout the year to define strategic guidelines on both organisational and operational activities, approve the annual action plan, and discuss the work carried out by the Secretariat and Task Forces. The General Assembly is responsible for defining and establishing the priority of activities and action plans, external communications, and overall administration.



Board

The Board comprises the President, and four (4) Vice-Presidents. It is elected every two (2) years by the General Assembly from amongst the highest representatives of Members.



The Board has the following main responsibilities:

TO PREPARE AND SUPERVISE THE GENERAL ASSEMBLY

TO ENSURE THE EXECUTION OF ANY DECISION OF THE GENERAL ASSEMBLY

TO REPRESENT WAREG EXTERNALLY

Secretariat

Since WAREG's inception, the WAREG Secretariat has supported and coordinated all WAREG bodies and activities. From 2014 to 2021, the Secretariat was made by employees from WAREG members who supported the organisation as a part-time in-kind contribution. In 2021, the organisation decided that a full-time secretariat was required to develop its core role.

The Secretariat currently comprises four members:



Christian Minelli

Head of Secretariat
ARERA, Italy • 2014 - Present



Ramon Domenech Aldomà

EU Affairs Manager
2021 - 2024



Vittorio Graziano

Communications Officer
2020 - Present



Fjola Beqiri

Regulatory Specialist
ERRU, Albania • 2021 - Present

Past members of the Secretariat:



Gabor Kisvardai

Member of Secretariat
MEKH, Hungary • 2014 - 2019



Alexandra Lungu

Member of Secretariat
ANRSC, Romania • 2014 - 2019

5

Main Areas of Work (2014–2024)

In this chapter, we delve into the core activities of WAREG, shedding light on the essence of our organisational endeavours. As we unveil the narrative of our key focus areas, it becomes evident that each initiative, project, and collaboration undertaken by WAREG is crafted around key challenges in the water sector, that can emerge at national and EU level.

Through its working areas, WAREG aims to strengthen the collective capacity of European water regulators, foster greater compliance with EU legislation, and promote the sustainable management of water resources for the benefit of society and consumers. WAREG is a membership organisation that builds upon the support of its members to facilitate proactive collaboration, knowledge exchange, and capacity building activities.

Each area of work is not independent and contributes to various goals, reflecting the interconnected nature of WAREG's initiatives. Cooperation in



WAREG primarily aims to foster cohesion and alignment among its Members. Nonetheless, some activities in WAREG address specific goals, such as capacity building for Members coming from EU Neighbouring countries. Capacity building in our Association aims to enhance regulatory capacity, explain EU legislation and tackle criticalities, in the water sector of non EU WAREG Members.

Collaboration and Knowledge Sharing among Regulatory Authorities

In order to foster harmonisation and collaboration among European water regulators, WAREG has undertaken several pivotal initiatives that can help to align regulatory approaches and to promote Members' practices of sustainable water management. WAREG facilitates multilateral and bilateral exchanges among Members, to share water regulatory and price setting methodologies, consumer protection practices and governance models. These activities aim to improve the overall efficiency and effectiveness of water service regulation in national contexts.

EXCHANGE OF INFORMATION

The General Assemblies are the ideal space in WAREG to understand local problems in the water sector around Europe, bringing together the highest representatives from each member entity, four times a year. Between April 2014 and December 2024, a total of 33 General Assemblies has been organized, each one hosted by a WAREG Member. These assemblies focus not only on steering WAREG's direction and fostering collaboration with EU Institutions and stakeholder associations, as well as international organisations like the EIB, the OECD and the World Bank. They also allow intense internal discussions about national developments, in terms of regulation, innovation and gaps from EU targets. Through the General Assemblies, Members achieve a deeper knowledge of the water sector.

WAREG General Assemblies are pragmatic platforms for harmonising regulatory approaches across Europe, and to promote the role of water regulators in the EU. They promote key principles of economic regulation, like cost-recovery for water companies, economic affordability of water bills and transparency of information for consumers, and environmental sustainability of water investments. These collective meetings help shape policies that respond to current and future water and wastewater challenges, fostering an environment of mutual learning and innovation among Members

WORKING GROUPS

WAREG's analytical work on specific issues is carried out by ad hoc Working Groups. These provide Members with a space to exchange questions and focus on specific topics of common interest. Their outcomes are shared in the WAREG community and often made public through reports, papers and articles. In the past 10 years, the WAREG Working Groups have addressed many questions in the following areas:

GOVERNANCE: What are the different frameworks and processes that set the decision-making and implementing policies that rule the use and management of water resources in Europe? We exchange on the different governance models and identify common problems and potential solutions.

EU MONITORING: What are the impacts of the EU Legislation on WAREG Members? We analyse legislative developments and propose adjustments for improved compliance and implementation of the EU Water Acquis.

TARIFF-SETTING: What different models do water regulators use to set tariffs? We consider the recovery of capital, operational and maintenance costs of water services, the achievement of universal access to good quality water services, the affordability of water bills for more than 400 million customers in WAREG. Water regulators are often mandated by national governments to ensure that supply and distribution are financially sustainable, efficient, and equitable.

INVESTMENTS: How can economic regulation help to attract adequate capital levels to reduce water losses, mitigate environmental impacts and promote resilient water infrastructures? WAREG regulators aim to lead the water sector to positive outcomes that benefit consumers and the environment, while respecting the EU Green Deal.

AFFORDABILITY: What tools can regulatory authorities use to ensure that tariffs are fair and reasonable for all categories of consumers, especially the most vulnerable ones? We want the revenues generated by regulated water companies to cover the costs of providing universal access to safe and high-quality drinking water and to release the cleanest possible treated wastewater to the environment, at the fairest and most efficient prices for customers.

KEY PERFORMANCE INDICATORS (KPIs): How can we identify, analyse and describe the performance of water utilities? Is a European benchmarking of such performances possible? Regulators build national KPIs based on the specific data received from water companies. Benchmarking is confronted with the inhomogeneity of rules, requirements, governance arrangements across national, regional and local Authorities and data-collection methodologies, all over Europe.

WATER LOSSES: How much water is lost in distribution networks before reaching consumers, across Europe? What risks can water losses generate? How are they measured and what remedies are used to reduce them? Regulators share their knowledge of regulatory tools, beyond engineering, acting as facilitators, standard-setters, and sometimes educators to foster a holistic approach to water loss mitigation.

INTERNAL AND EXTERNAL WORKSHOPS

WAREG organises interactive sessions with **European stakeholder associations, EU Institutions and international organizations** like the EIB, the OECD and the World Bank, to expand its perimeter of discussion and explain the role of national water regulators. Workshops cover various topics relevant to water regulation, such as the organization of water governance, aggregations of utilities, water investments, and compliance with EU Legislation. Workshop sessions provide a picture of the roles and scopes of the different regulatory authorities, and a thorough understanding of EU targets and international programs in the water sector. This mutual exchange between WAREG Members and external organizations enlarge the set of best practices available at “first-hand” for regulators, also providing concrete opportunities to reinforce dialogue with the water industry and national governmental structures.

Capacity Building

Aligned with our commitment to enhance the regulatory capacity and facilitate the knowledge exchange among national water regulatory authorities, WAREG supports various initiatives to fully deploy regulatory skills and enhance institutional collaboration of Members from **EU neighbouring Countries**. We conduct specialised sessions and offer assistance to promote better regulatory practices, through **dedicated programs financed by the EU and international organisations**. These activities are tailored to increase theoretical and practical knowledge of civil servants in such national regulatory agencies, ensuring they are equipped to address specific national challenges.





TAIEX

TAIEX is the Technical Assistance and Information Exchange instrument of the **European Commission**. WAREG has assisted and provided experts for the development of short-term technical assistance and training to public authorities of partner countries, helping them align water-related national laws with EU legislation, enhance administrative abilities, and support policy implementation.

TAIEX WITH EU NEIGHBOURS

WAREG supported the petition of the water regulatory authorities from Albania (ERRU), Armenia (PSRC), Georgia (GNERC), Kosovo (WSRA), Moldova (ANRE), Montenegro (REGAGEN), North Macedonia (ERC) and Ukraine (NEURC) to establish a stronger collaboration in the framework of WAREG, in

order to exchange best regulatory practices and to prepare for a future implementation of EU water legislation. WAREG was awarded access to TAIEX in order to train experienced civil servants of the Western Balkans area. WAREG experts assisted in delivering two technical workshops that helped strengthen collaboration and knowledge exchange among water regulators beyond geographical borders highlighting the crucial role in enriching regulatory frameworks, promoting sustainable water management practices and implementing best practices.



- **The first TAIEX funded** workshop organised in Montenegro:
 - Addressed good practices in the EU in setting the right incentives and penalties to achieve pre-defined targets for water utilities and to benchmark the performance of utilities.
 - Introduced sunshine regulation practices in Europe, providing valuable feedback as a starting point for collecting and comparing uniform data.
 - Explained how benchmarking the performance of water utilities against specific targets defined by regulators can drive the improvement of water services and approximate them to the EU standards.
- **The second TAIEX funded** workshop, organised in Albania, had the additional attendance of regulatory authorities from Georgia (GNERC), Moldova (ANRE), Serbia and Ukraine (NEURC). This workshop addressed:

- Challenges in the aggregation of the water sector that different countries face, including the difficulties in successfully implementing the aggregation process, and the involvement of regulatory authorities in these kinds of processes.
- Sharing experiences on how monitoring key performance indicators generates relevant benefits for the regulatory authorities in evaluating the quality of the water supply and sewerage



KEP – KNOW-HOW EXCHANGE PROGRAM

KEP, the Knowhow Exchange Program, is part of the Central European Initiative. It fosters the transfer of expertise between CEI member states, promoting economic growth and supporting EU integration processes, particularly in areas like sustainable development and institutional collaboration. Cofinanced by CEI, it provided regulatory capacity building for the Albanian (ERRU), Montenegro (REGAGEN), and North Macedonian (ERC) authorities, focusing on EU legislation alignment and sustainable water management.

Activities included workshops and peer reviews, which enhanced knowledge on tariffs and regulatory practices. Each meeting was structured to build upon the last, fostering a progressive understanding and collaborative approach to regulatory challenges in the water sector.

The WAREG KEP Project organised four targeted meetings to enhance water service regulations in the Western Balkans, highlighting WAREG's commitment to fostering regional cooperation and sharing best practices for sustainable water sector development. These sessions covered:

- Introduction to EU legislative frameworks,
- Detailed tariff-setting methodologies.
- The application of Key Performance Indicators (KPIs).
- A comprehensive review of the project's outcomes.





PEER REVIEWS

WAREG's Peer Review on the new tariff-setting methodology in Georgia aimed to assist the Georgian National Energy and Water Supply Regulatory Commission (GNERC) targeted reducing cross-subsidisation and increasing metered domestic customers, addressing significant inefficiencies and infrastructural needs. WAREG engaged top-tier experts from our member countries with extensive regulatory knowledge and experience.

Key steps included consultations, stakeholder interviews, and a final review process, aiming to align tariffs more closely with actual costs and usage:

- **Challenges** identified included gaps in customer registration and discrepancies in billing.
- **Recommendations** focused on introducing gradual tariff reforms, such as increasing block tariffs for metered customers and decreasing block tariffs for unmetered ones, to ensure fairness and improve billing accuracy.
- **The solutions** proposed included a clear, gradual reform approach with robust stakeholder engagement and measures to ensure affordability, especially for low-income households.

The project demonstrated WAREG's commitment to enhancing regulatory practices. It highlighted the importance of knowledge exchange and collaboration in regulatory development within the water sector..

EU and International Dialogue

Since its foundation, WAREG has understood the importance of setting and maintaining an open dialogue and cooperation with European institutions, international organisations, regulators, financial institutions, service providers, academia and the industry.

WAREG is an active member of the water community, helping to strengthen the exchanges among all the relevant actors in the water sector through proposals, technical analyses, comprehensive reports, and workshops, as well as providing input in relevant fora.

The 2021 opening of an institutional office in Brussels shows WAREG's steadfast commitment to better support its members in understanding the evolving framework of EU legislation and facilitating the engagement with Institutions and stakeholders to improve compliance and sustainability.

EU ACTIVITIES

WAREG actively supports its members in implementing relevant EU directives and regulations, ensuring alignment with the broader European legislative framework. This includes providing resources and guidance to help members understand how EU legislation impacts them and how to better integrate these regulations into their local contexts.

Furthermore, WAREG monitors relevant EU legislative processes, providing valuable input to members on potential legislative changes and their implications. WAREG has launched several initiatives, such as the EU Bulletin and the EU Legislation Tables, that provide its members with the latest European water-related developments and guide them on the criticalities of relevant EU legislative pieces.

RECAST OF THE DRINKING WATER DIRECTIVE (DWD)

In March 2014, the European Commission announced a review of the DWD. The revision aimed to strengthen water quality standards, assess water leakage levels, increase transparency and ensure better access to water.

WAREG decided to establish a new task force focused on the process of recasting the DWD. The task force elaborated a descriptive report of the provisions of the new Drinking Water Directive, starting from the text proposed by the European Commission, highlighting the necessity to focus on those articles of the Directive that are of utmost importance for regulators, in particular in the following areas:

- Quality of water
- Transparency of information
- Physical and economic affordability
- Harmonisation of rules across Europe

The report considered the proposal of the new directive as a good step forward since more attention was paid to drinking water quality, and the risk-based approach was included. Additionally, the new transparency and sharing of information provisions would increase consumers' confidence in drinking water. However, it was noted that more stringent requirements and monitoring obligations could increase capital and operational costs for water suppliers, which would need to be recovered through tariffs or other means.

PROPOSAL FOR A REVISED URBAN WASTE WATER TREATMENT DIRECTIVE (UWWTd)

In October 2022, the European Commission (EC) presented a Proposal to Revise the UWWTd (COM/2022/541 final). The proposal aimed to address shortcomings and new societal needs. Namely, updating and including new limit values for the treatment of pollutants, setting an energy neutrality objective, improving sludge management and wastewater reuse, and including several provisions to improve the transparency of the sector.

WAREG welcomed the European Commission's Proposal and released a document stating its views, namely:

- Acknowledging some concerns regarding the potential economic and environmental costs of the new measures and their feasibility in the indicated timeframes.
- Stating that implementation measures should consider that local conditions in each Member State may differ depending on the geographical area, climate conditions, the type of water body where waste water is released, and the number and type of users of wastewater services.
- Supporting the introduction of the "polluter pays" principle to the wastewater sector through Extended Producer Responsibility (EPR) schemes.
- Stressing the importance of fully implementing and maintaining the EPR to avoid overburdening the majority of additional costs on the tariff systems.
- Backing the introduction of transparency measures that improve the disclosure of information to consumers, which are paramount to raising and promoting awareness.

Unfortunately, the proposal missed an opportunity by not explicitly referencing economic regulation. The recognition of economic regulation (i.e. Regulatory Toolkits) in EU legislation could contribute to increasing efficiency and guarantee the uniformity and reliability of the data collected and validated by Member States. Economic regulation could help those authorities entrusted with supervising compliance with the Directive by providing tools that balance potentially conflicting objectives and allow a correct assessment of interventions to ensure that the implementation takes place successfully.

Despite this challenging context, WAREG supports the direction outlined by the objectives set in the proposal and has set up a working group that is currently working to deliver a study on the economic impacts of the proposal.

ADVOCACY

WAREG wants to encourage consumers, businesses, water operators, and policymakers to take action and work together to address the challenges of the sector. For this reason, WAREG engages in dialogues with EU institutions, international organisations, and other stakeholders to explain the role of water regulatory authorities, and the advantages of economic regulation as an instrument to promote:

- The protection of consumers' interests.
- The safeguarding of water resources and the environment.
- The effectiveness and efficiency of operational and investment costs in the water industry.
- Environmentally and financially sustainable water management practices.

WAREG channels all the objective expertise of its members and amplifies their messages to engage not only with policymakers and service operators but also with other stakeholders representing specific interests in EU advisory groups, stakeholders forums, conferences and workshops, bilateral and multilateral meetings.

Moreover, opening offices in Milan and Brussels was a strategic move to bolster the secretariat's capabilities, enabling more efficient management and coordination of WAREG's expanding activities and membership.

WAREG's journey is marked by significant milestones and contributions to the water regulation sector. The organisation has successfully held three European Forums on the Regulation of Water Services, which have served as critical platforms for industry-wide dialogue and collaboration.

Educational initiatives have been a cornerstone of WAREG's activities, with 17 training sessions conducted to enhance the regulatory expertise and capabilities of its members. Additionally, the publication of comprehensive reports - 12 public and 34 member exclusive - has played a vital role in fostering transparency and sharing knowledge within the water regulatory community.

WAREG's engagement with EU Institutions and participation in EU expert groups and stakeholder forums have contributed to a better exchange between all the parties involved in the water supply and sanitation services. WAREG's commitment to keep contributing to water policy at the European level highlights the important role that regulatory authorities play as a bridge between policymakers, service providers and consumers.

Furthermore, the association's support to regulators in EU accession countries emphasises its commitment to broadening compliance with EU legislation and enhancing regulatory standards across the continent. The organisation and support of ad-hoc training and expertise not only enhanced the regulatory capabilities of EU candidate countries but also brought their water sector closer to EU standards, greatly benefiting consumers and the environment.

Promoting Engagement

WAREG works to raise awareness of the importance of water. Water is one of our most precious resources, and its supply and sanitation require complex infrastructure networks and processes. As public regulatory authorities, WAREG members clearly understand the situation of the sector and its challenges. The safeguarding and improving of our natural resources and basic services require a joint effort from all societal levels.

WAREG activities promote the engagement of relevant actors, stirring debate, raising awareness and making knowledge easily accessible to everyone.





THE EUROPEAN REGULATORS' FORUM

The European Forum on the Regulation of Water Services (EFRWS) is WAR-EG's flagship multi-stakeholder conference, focusing on the economic regulation of the drinking water and wastewater sectors.

The Forum involves regulatory authorities, European institutions, international organisations, financial institutions and stakeholders, including industry, academics and think tanks, in an in-depth debate on the current and future challenges for the water sector and the role of economic regulation in promoting efficiency, investments, environmental and social sustainability.

Each edition addresses critical European water management themes, such as the green transition, circular economy, and the EU Green Deal targets, contributing significantly to a technical and institutional dialogue, policy shaping and sector improvement.



2nd EFRWS
Better regulation for a greener Europe

- **EFRWS19:** The first EFRWS, was held in December 2019 in Rome (Italy). It aimed to enhance stakeholders' dialogue by focusing on customer needs, cost efficiency, and innovation without compromising environmental and future generational needs. It addressed urgent issues such as increasing tariffs to support investments, water governance, utility efficiency, the affordability of services and the growing need to balance investments with different aims in different geographical areas.
- **EFRWS21:** The second EFRWS was held online in December 2021. It focused on the green transition and the actions taken by European Institutions and national regulators to enhance circular economy activities in the water sector. The event emphasised collaboration for sustainable water management and how water regulatory authorities' actions lead to greater compliance with EU legislation:

- WAREG regulators can ensure uniform tariff methodologies at the national level.
- Regulatory tools currently in place around Europe are gradually converging towards common standards to remunerate investment risk to achieve the EU Green Deal goals.
- WAREG regulators are ready to work with the EU institutions to effectively implement the Green Deal ambitions.
- **EFRWS23:** The third EFRWS was held in December 2023 in Brussels (Belgium). It addressed the evolving European legislation to achieve EU Green Deal targets. The economic and social implications for the water sector, climate neutrality, and water resilience have been at the centre of discussion with European Water Regulators, EU Institutions and stakeholders.

Participants engaged in meaningful discussions, fostering a deeper understanding of the various aspects of water regulation and contributing to developing more effective, sustainable, and consumer focused water regulatory frameworks across Europe, highlighting:

- The importance that EU institutions play in standardisation.
- The willingness of WAREG to keep collaborating and providing useful data to the European Commission.



- The call for a mandate to entrust Regulators to give rewards and penalties to water utilities for achieving climate neutrality and energy neutrality goals.
- The importance of integrated water management approaches covering pollution prevention, biodiversity loss, and prosperity.
- The need for improved economic governance in water regulation and the importance of investment, information, institutions, savings, storage, and solidarity in achieving water resilience.



Communication

As an association comprising 34 water regulators, WAREG's communication strategy is twofold, focusing on both internal interactions among members and external outreach to stakeholders and the broader public. Over the past decade, we have prioritized internal communication, fostering a cohesive network that promotes shared learning and collaborative efforts.

INTERNAL COMMUNICATION ENHANCEMENTS

Our internal communication infrastructure has evolved to enhance interaction and knowledge exchange among our members. Over the past decade, WAREG has established a robust network of officials and representatives across each member organization, streamlining communication and enhancing its effectiveness. Recognizing the value of digital transformation, WAREG invested in advanced online tools, including the creation of a private website and a comprehensive data/document repository. These platforms enable real-time access for all members to WAREG documents, facilitating immediate information sharing and collaboration. This strategic development has fostered effective collaboration, enabled the harmonization of regulatory practices, and supported a unified approach in tackling the water sector's challenges.



EXTERNAL COMMUNICATION ACTIVITIES

- a. **Digital Strategy Enhancement:** Recognizing the digital era's demands, we've enhanced our online presence. The WAREG website has been redesigned for improved user experience, offering easy access to regulatory insights, sector news, and detailed explorations of water regulation principles and the EU Water Acquis.
- b. **Social Media Engagement:** Through social media, we actively engage with a wider audience, sharing updates, participating in public discourse, and highlighting the impact of water regulation on society.
- c. **Public Awareness Campaigns:** The "Water Basics Series" represents our commitment to educating the public on water regulation. These articles explain economic regulation, its effects on the water sector, and the EU Water Acquis, making complex topics accessible to all.
- d. **Future Communications Outlook:** Looking ahead, we plan to embrace innovative communication methods to further our outreach and engagement. We remain dedicated to transparency and dialogue, aiming to build a well-informed community supportive of sustainable water management practices.
- e. **By refining our communication strategy to address both internal and external needs, WAREG continues to promote knowledge, encourage dialogue, and advance the sustainable regulation of water resources across Europe.**

6 Key Milestones and Achievements

WAREG's founding represents the collective initiative of various European regulatory authorities. This founding group recognised the many challenges within the water sector that required a cohesive and unified approach. The inception of WAREG marked a significant step toward addressing these challenges through enhanced cooperation and dialogue among European countries.

WAREG quickly evolved from its initial nine members, becoming a robust network comprising 34 members and observers. This expansion reflects the association's broadening influence and commitment to addressing water regulation across Europe.

Leadership within WAREG has seen transitions through four distinct boards, each contributing to the strategic guidance and governance of the association. This leadership has been crucial in navigating the association's direction and making substantive decisions that have shaped its path.

The organisation's commitment to active engagement and collaboration is underscored by the 33 General Assemblies organised over the decade. By conducting four such assemblies annually, WAREG has ensured regular and open dialogue among its members and observers, addressing the sector's challenges and opportunities.



REPORTS COVERING REGULATORY TOPICS

During the past 10 years, WAREG's commitment to stakeholder engagement and raising awareness has been evident through the publication of various reports that are openly available to the general public and promote transparency, accountability, and sustainable practices within the water sector. Among others, WAREG has released reports on the following topics:

QUALITY OF THE WATER SERVICES

The 2023 WAREG report on Key Performance Indicators (KPIs) in the water sector provides an in depth analysis of the metrics used to evaluate and improve water service performance across Europe. The report aims to identify common KPIs and assess their effectiveness in promoting efficiency, customer satisfaction, and sustainable management within the water industry. During the challenging period marked by the COVID-19 pandemic, the WAREG network had to adapt and embrace new ways of working to approach common challenges. The organisation has kept committed to its objectives and activities, providing a space to continue the collaboration and exchange between public authorities.

By examining the KPIs adopted by various European water regulators, the report highlights the diversity in performance measurement approaches and the challenges in standardising these indicators across different regions. It discusses the role of KPIs in enhancing transparency, accountability, and informed decision making among water service providers and regulatory bodies.

The document also explores the relationship between KPIs and regulatory objectives, such as ensuring the quality of service, environmental protection, and economic efficiency. The report provides valuable insights into how well designed KPIs can drive improvements in the water sector and contribute to achieving broader regulatory and environmental goals.

The reader can review the different practices of the regulators and under-





stand the limitations of water regulation (compared, for example, with the Energy sector), which is mostly due to the lack of unified regulatory standards in the EU water legislation, but also to the fact that each country in Europe has different and sometimes unique governance and regulation model of the water sector.

In conclusion, the 2023 WAREG report on KPIs provides a detailed overview of the methodological, analytical and technical aspects of data collection and verification, monitoring performance, setting targets and linking service quality with tariff setting.

SUSTAINABILITY: The WAREG 2023 report on the impacts of the energy crisis on water prices provides an analytical overview of the impact of the energy crisis on the water and wastewater utility sector and reviews measures undertaken by WAREG members to address the crisis. It dissects and provides an understanding of the different regulatory models, their effectiveness, and their impact on market dynamics, energy prices, and consumer protection.

The core of the report identifies common challenges and best practices within the energy sector, focusing on regulation, market structure, and consumer rights, highlighting strategies that promote efficiency and environmental stewardship.

By synthesising data and case studies, the report serves as a resource for policymakers, regulators, and industry stakeholders, guiding them toward improved energy regulation that balances market needs with public inter-

est. Ultimately, the WAREG energy report seeks to contribute to developing more resilient, competitive, and sustainable energy markets.

WAREG emphasises the vital importance of effectively managing energy costs through strategies such as optimising the energy potential from sludge. These efforts are essential for establishing a sustainable and resilient water sector.

WATER LOSSES: In a context of generalised water scarcity, water losses emerge as a pivotal concern. Water losses are defined as the discrepancy between the volume of water introduced into a distribution system and the volume that is ultimately billed to consumers. WAREG's work on water losses underlines the significance of consistent terminology and accurate water balance metrics, particularly emphasising Non-Revenue Water¹ as a key indicator. As guardians of both public interest and market efficiency, economic regulators are crucial in mitigating water losses. WAREG elaborates on global best practices for water network management, data collection and verification challenges, and the varied approaches of WAREG member countries towards managing water losses.

Regulatory tools (both economic and non economic), when backed by solid policies, behavioural insights, and well planned financing strategies, can drastically reduce water losses. This multi pronged approach ensures the sustainable use of this invaluable resource, benefiting both current and future generations and fostering ecological and economic resilience at a global scale.

For instance, in order to properly apply the requirement of Article 4 of the Drinking Water Directive² for the assessment of water leakage level, specific instructions need to be put in place to establish a unified framework for how each Member State monitors, records, reports, verifies and aggregates data. Otherwise, information reported by the Member States will not be comparable.

GOVERNANCE: The 2021 WAREG report on “Water Regulatory Governance in Europe” examines the regulatory frameworks governing the water sector across various European nations. The primary aim of this study is to understand the diversity and effectiveness of these governance models in ensuring the provision of safe, sustainable, and affordable water services.

The document scrutinises the organisational structures, legal mandates, and operational practices of water regulatory authorities, highlighting the differences and commonalities in their approaches. It assesses how these regulatory bodies balance stakeholder interests, manage resources, and enforce policies to meet the sector's challenges.

1 Non-revenue water (NRW) is the difference between the amount of water that is produced by a water utility for consumption/use, and the amount of water that is actually billed to customers. In other words, it is the water that has been produced and is “lost” before it reaches the customer.

2 Article 4 of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (recast), requires Member States to ensure that an assessment of water leakage levels within their territory and of the potential for improvements in water leakage reduction is performed.



The report explores best practices in regulatory governance, including transparency, accountability, and public engagement. It also considers the impact of regulatory frameworks on innovation, investment, and consumer protection in the water sector.

The reader can witness how water governance differs significantly across countries and regions due to the diversity of frameworks and processes for decision making and implementation of policies, economic development, and the availability of water resources.

By offering a comparative analysis, the report serves as a resource for policymakers, regulators, and industry stakeholders, aiming to enhance the effectiveness and efficiency of water regulation in Europe. It seeks to contribute to the ongoing dialogue on improving regulatory practices to address the evolving needs of the water sector and its users.

TARIFF SETTING: The 2019 WAREG report on “Tariffs Regulatory Frameworks in Europe” comprehensively analyses the diverse water pricing and regulatory approaches across European countries. Its main objective is to show how various models and approaches are applied in Water and Sanitation services tariff regulation among European countries and to evaluate how these models balance economic sustainability, environmental protection, and social equity.

The report delves into the economic and regulatory aspects of water tariffs, examining their impact on consumer behaviour, infrastructure investment, and water conservation. Key challenges such as affordability, sustainability, and the effects of global changes like climate change are also addressed. Additionally, case studies illustrate the practical outcomes of various tariff structures, providing insights into best practices and areas for improvement.

Ultimately, EU legislation sets very general principles for water pricing. Therefore, countries apply different approaches. Even if a national regula-

tor is responsible for water pricing, there are many differences among approaches applied – scope of services under regulation, length of regulatory period, business planning and formal business plan approval, tariff design and structure.

The report aims to inform and guide policymakers, regulators, and water sector stakeholders towards developing more effective, equitable, and environmentally sustainable water pricing strategies.

CONSUMER PROTECTION: One of the main focuses of water regulators is to guarantee that providers do not overcharge water consumers. At the same time, some water regulatory authorities are entrusted with approving the contract between the operator and the consumer, monitoring consumers' complaints and providing mediation to resolve disputes between operators and consumers.

The 2017 WAREG report on “Affordability” describes some approaches used in WAREG countries to ensure that water supply and sanitation services remain affordable for consumers. It provides a general overview of the governance frameworks and tools used in those countries, outlining existing practices and identifying common patterns in regulatory mechanisms to ensure the affordability of services.

Universal access to water can be hampered not only by “natural” incidents like droughts or floods, but also by “structural” factors, like the poor conditions of water infrastructures. For instance, tariff harmonisation or creating increased efficiency levels can help ensure the affordability of water and sewerage services. These tools can reduce and redistribute the costs of water and sewerage services, leading to a possible reduction in final prices for all consumers or specific categories of customers.



7 Vision for the Future


WAREG has successfully navigated a range of challenges, overseeing an increasing number of members and observers with diverse mandates and regulatory capabilities. These challenges have prompted WAREG to adapt and refine its approaches, ensuring that all Members' voices are heard and can contribute to the continuous improvement of the association. Looking ahead, WAREG remains steadfast in its commitment to fostering a regulatory environment conducive to sustainable, efficient, and equitable water services.

WAREG's continuous review of the different practices of regulatory authorities has helped to understand the limitations of water services regulation (compared, for example, with the Energy sector). The specificities of the sector (e.g. water supply and sanitation services are a natural monopoly) and the lack of unified economic regulatory standards in the EU water legislation, which implies different institutional and regulatory assets among EU member states. One way to improve this context would be to introduce more detailed rules concerning how the of common principles set by EU laws full cost recovery, incentive pricing scheme and recovery of environmental and resources cost – should be implemented in concerning some key principles. Through data collection and validation, water regulatory authorities have an in-depth knowledge of the needs of the sector and consumers. They can serve as the eyes of European institutions regarding specific barriers that prevent full compliance with EU standards. In this sense, WAREG and its members can contribute to a faster pace towards the achievement of EU ambitions in the water sector.

The network of European Water Regulatory authorities hopes that any future reforms of EU legislation should open a window of opportunity to recognise the importance of regulatory levers as effective tools to improve the efficiency and quality of water services.


Finally, WAREG is committed to maintaining its core objectives of strengthening collaboration among its Members, and explaining the fundamental role of Water Regulatory Authorities in identifying innovative solutions to address the criticalities of the water sector in Europe

Strategic outlook and goals for the next decade:

 To understand all water governance models in Europe, especially those countries not yet represented in WAREG.


To keep contributing to developing a stronger, more efficient, and effective regulatory framework for water customers in Europe.



 To strengthen further our collaboration with stakeholders, including the EU institutions, national/regional regulators, and academia, to share best practices, address common challenges, and improve water governance.


To adapt and evolve to meet the changing needs of the water sector, constantly evaluating our approach to water regulation to ensure that it remains effective and relevant.



 To explore new ways to leverage technology and data to enhance our monitoring and enforcement capabilities, ameliorating the regulatory tools of our Members.

To keep raising public awareness of the role of public institutions in addressing specific water sector challenges, promoting the role of regulatory authorities as guardians of the public interest, and ensuring that consumers remain protected and better informed.



 To keep stressing the importance of efficiency and effectiveness. Water regulation is not an additional layer of red tape nor a burden; it is a tool that contributes to generating more financial stability for water utilities, protecting water customers' rights and interests, and incentivising innovation and environmental sustainability of water services.

Ultimately, to continue to be a trusted, impartial voice in the water sector, and to work together with our members and partners to ensure the sustainable management of water resources for current and future generations.







CREDIT

EDITORIAL PROJECT
AND CONTENT
WAREG Secretariat

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