

WAREG COMMON POSITION

Implementing Extended Producer Responsibility for Clean Water:

Securing our water future, protecting consumers, and holding polluters accountable

The Challenge and the opportunity

The revised Urban Wastewater Treatment Directive (UWWTD) marks a step forward in protecting Europe's water resources. For the first time, it introduces an Extended Producer Responsibility (EPR) scheme dedicated to funding quaternary wastewater treatment — specifically targeting the removal of harmful micropollutants.

Under this new mechanism, manufacturers of pharmaceuticals and cosmetics are legally required to cover at least 80% of the total costs necessary to meet these new environmental standards, encompassing investment, operational management, and monitoring. This application of the "Polluter Pays" principle protects public health and the environment.

The association of European Water Regulators, WAREG commissioned a study to conduct a comparative analysis of existing European EPR regulatory experiences in the waste sector. The objective was to assess their relevance for the design of an EPR scheme in the water sector. This analysis takes into account the technical, regulatory and institutional specificities of wastewater treatment services.

Drawing on the principles of best practice economic regulation based on the experience of its members and the findings of this study, WAREG, as agreed at the meeting of its General Assembly on 17-18 June 2026 in Budapest, hereby outlines the following core positions that are intended to support Member States in the governance and economic regulation of EPR implementation.

Core WAREG positions

1. Water services are unique: do not copy-paste from the waste sector

Lessons from EPR schemes in the waste sector can be considered. However, these models should not be directly applied to wastewater services. The system must reflect how the sector operates in practice.

WAREG advocates for a transparent system adapted to water services.

- Wastewater services are natural monopolies. They operate within defined geographic areas and rely on capital-intensive infrastructure.
- Competitive models with multiple Producer Responsibility Organisations (PROs) are poorly suited for water, as there are no marketable material streams to compete over. Introducing multi-PRO competition could increase system complexity and costs without delivering operational efficiency.
- **WAREG recommends the establishment of a single national, not-for-profit PRO.** The PRO should collect the financial flow from producers and ensure transfers to a public fund responsible for financing the quaternary treatment. This centralised model improves predictability and guarantees that the PRO serves the public interest efficiently.

2. Scrutinise investments before they are locked in

Quaternary treatment investments are long-lived and irreversible. Once infrastructure enters the Regulatory Asset Base (RAB), its costs are locked in for decades. With no established benchmarks and a still-evolving technology landscape, a pre-commitment review of technology choice and sizing is essential to uphold least-cost long-term planning.

- Economic regulators must conduct ex ante reviews before any project enters the RAB, verifying that the chosen technology and treatment capacity are necessary and cost-effective relative to local pollution loads, and ensuring EPR cost-eligibility rules do not incentivise over-investment.
- **WAREG calls on Member States to establish pre-investment scrutiny frameworks ahead of the first wave of projects** and to assign economic regulators where they exist a formal role in validating these decisions.

3. Ensure financial stability for essential services

Wastewater operators are tasked with building the future of clean water resources, but they cannot do so without the necessary resources to implement the Directive. Water utilities should be aware of which investments are required and how they will be funded.

- **Operators need clarity on required investments and on how these investments will be funded.** Funding and regulatory arrangements should support forward investment planning. Operators need sufficient certainty on timing, scale and treatment of EPR-related revenues in order to plan, procure and deliver quaternary treatment efficiently and effectively.
- Financial flows from PRO collected from producers to a PRO managed fund must be stable and guaranteed. Timely transfers are essential to support investment planning.
- The regulatory system must include clear rules for non-payment. It should also provide for effective enforcement mechanisms.

4. Protect the public from the "20% funding gap"

The UWWTD guarantees that producers pay at least 80% of the quaternary treatment costs, but remains silent on who pays the remaining 20% of these costs. Depending on the investments required, this residual share creates a regulatory challenge. It is necessary to ensure that this gap does not disproportionately burden the public, through increasing tariffs.

- **The Risk of Unfair Tariffs:** If the remaining 20% is simply passed through to regulated water tariffs, household and non-domestic customer bills could rise significantly. This might place a disproportionate and unfair burden on lower-income users and small businesses.
- **Alternative Funding is Essential:** Member States and the EU institutions should consider alternative funding sources through national budgets, EU cohesion funds, or by integrating in the national legislation transposition of the Directive producer top-ups above the 80% baseline.
- **Mandatory Consumer Protection:** If any significant costs are passed to consumers, governments must ensure that robust affordability instruments, such as social tariffs and targeted subsidies, are fully funded and in place beforehand.

5. Prevent pollution at the source

The ultimate goal of environmental policy is not just to clean up pollution, but to stop it from happening in the first place.

- EPR should foster pollution prevention through "**eco-modulation**". Producer fees must directly reflect the quantity and hazardousness of the substances they place on the market.
- By setting **harmonised modulation criteria at the EU level**, companies can be incentivised to invest in eco-design at the source, rather than just paying to clean up toxic runoff later.

A call for immediate action

The timeline is tight. Member States must transpose the Directive into national law by July 31, 2027. Furthermore, PROs must be established and data collection procedures defined by the end of 2028, with the first contribution cycles launching in 2029. To meet these deadlines without compromising consumer affordability, **early preparatory action is critical.**

The implementation of the Directive should provide clarity to all stakeholders. This is necessary to ensure efficient and justified investments. Economic regulators play a key role in building up trust in the system and scrutinising investments, approving eligible costs, ensuring consumer protection and integrating EPR into tariff frameworks. By working together, we can build an EPR system that is simple and transparent to the European public.