Socially fair drinking water pricing considering the full water cost recovery principle and the non-revenue water related cost allocation to the end users

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Abstract

Drinking water pricing policies differ a lot among different countries and among water utilities in the same country. The criteria to form a pricing policy are determined locally and sometimes are related to political decisions, especially in municipal water utilities. Drinking water pricing policies do not take into consideration environmental (e.g., river basin water balance) or economic issues (e.g., socially fair allocation of the water cost). However, the Water Framework Directive (WFD) 2000/60/EC clearly requires that all member states should develop and apply water pricing policies to recover the full water cost (FWC; including the direct cost, the environmental cost and the water resource cost). The paper applies a novel methodology to determine the socially fair water price based on the FWC recovery principle and taking into consideration non-revenue water, allocating its cost to the water users. The methodology is applied in Kozani (Greece) water distribution network.

Keywords: Water price; Full water cost; Water Framework Directive; Socially fair water pricing policy