

## **Water: new tariff method (MTI-4) and new rules for technical quality**

*A package of rules for the national water system: rewarding enhanced supply, the reuse of purified water and cooperation in planning, taking due consideration of climate change and energy costs.*

**Milan, 29 December 2023**

With two end-of-year resolutions, ARERA introduces a package of innovations for the water system, destined to unfold their effects over the next six years for the gradual and constant improvement of the water service.

After extensive consultation with stakeholders - which in recent months has involved the Ministry of Infrastructure and Transport, the National Extraordinary Commissioner for the adoption of urgent measures connected to the phenomenon of water scarcity, the District Basin Authorities, the Conference of Regions and Autonomous Provinces, companies, local authorities, associations, observatories and local authorities - with its resolution of 28 December (639/2023/R/idr) ARERA approved the Water Tariff Method for the fourth regulatory period 2024-2029 (MTI-4), maintaining stability in the guiding criteria and the objectives of reducing service differences between areas of the country, in continuity with the rules introduced since 2012.

The MTI-4 will have a duration of 6 years, providing for an update of the Strategic Works Plan (SOP) until 2035, aiming at both fostering security of water supply and, at the same time, promoting greater cooperation in the different planning levels. The new elements include an update of the component covering the cost of electricity, which has been subject to noticeable fluctuations in recent years. In a bid to improve energy and environmental sustainability, the method also envisages an initial use of resources from the *Fondo per la promozione dell'innovazione* (set up at CSEA) to reward the reuse of purified waste-water and the reduction of purchased electricity.

With Resolution 637/2023/R/idr, then, ARERA intervened in the regulation of the technical quality of the integrated water service (RQTI), with some extremely topical elements. For example, with a new macro-indicator (M0-*water resilience*), ARERA will measure the interventions of operators aimed at mitigating the effects of climate change. Indeed, alternating droughts and floods call for a new approach, in supply on the one hand and in rain management on the other.

*"In twelve years of regulation by the Authority, water system operators have demonstrated their ability to invest and improve quality parameters" says ARERA chairman **Stefano Besseghini**. "Today we need to intercept new priorities, mainly related to climate change and energy and environmental sustainability objectives. The rules of the new method aim at assuring stability of the framework, continuity in the promotion of investments and constant improvement of quality in this direction".*