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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Proposal for a

**Directive of the European Parliament and of the Council on the quality of water
intended for human consumption (recast)**

{COM(2017) 753 final} - {SWD(2017) 449 final} - {SWD(2017) 451 final}

Executive Summary Sheet
Impact assessment on a revised Drinking Water Directive 98/83/EC
A. Need for action
Why? What is the problem being addressed?
Safe drinking water is essential for public health and well-being. Contamination or shortage cause high social and economic costs. The REFIT evaluation of Directive 98/83/EC, a follow-up action to the first European Citizens' Initiative (ECI) Right2Water, confirmed that this directive fulfils its purpose to protect human health from the adverse effects of tap water contamination. However, the evaluation, stakeholders' consultations and the Court of Auditors identified five problem areas: 1) outdated quality standards; 2) outdated approach; 3) flexibility on provisions for materials in contact with drinking water creating an internal market obstacle; 4) lack of transparency and of access to up-to-date information for consumers and too complex reporting; 5) around 2 million people have no access to tap water according to the citizen's initiative.
What is this initiative expected to achieve?
The initiative's aim is to ensure the sustainable provision of high drinking water quality for decades to come by modernising the Drinking Water Directive.
What is the value added of action at the EU level?
Protecting human health and the environment, removing internal market obstacles, improving access to water and sustainable management of water supply cannot be sufficiently achieved by Member States alone. Citizens, Member States, and businesses rely on EU-wide common and updated drinking water quality standards.
B. Solutions
What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?
Based on the identified options in the impact assessment, two policy packages were considered, both containing 1) an extended and updated parameter list; 2) promotion of risk-based approach; 3) removal of internal market obstacles concerning products in contact with drinking water; 4) provision of SMART information to consumers and more focused reporting obligations. The second package also includes 5) improving and promoting access to drinking water. Both preferred policy packages correspond best to the general objective of the initiative, taking advantage of the synergy between an expanded parameter list and the full application of a risk-based approach, maximising health benefits while reducing costs. The second package addresses more directly "access to water" identified by the ECI 'Right2Water', including the obligation to ensure access to safe water for vulnerable and marginalised groups.
Who supports which option?
Water suppliers and authorities strongly advocated in favour of an extended and updated parameter list and the introduction of the risk-based approach. Strong support was provided by industry, consumers, and authorities to remove internal market obstacles. Consumers supported more transparency and improved access to water for all. Part of the water operators disbelieved the need for increased access to SMART information. The bottled water industry contested using bottled water consumption as indicator of citizens' confidence in tap water.
C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise main ones)?
Both preferred packages would ensure the sustainable provision of high quality drinking water. The introduction of the full risk-based approach would improve coherence with other policies, such as the Water Framework Directive, and allow better identifying potential contamination sources, to reduce risks and therefore to better focus treatment and monitoring efforts. Both packages would reduce the 20 million people currently potentially at health risk in the EU to between 4.7 and 4.1 million. The risk of potential long-term marginal effects and corresponding health costs would also be reduced. Increased transparency on water supply would empower consumers to incite providers to ensure resource-efficient services. Confidence in tap water would be improved, with additional positive social and environmental impacts: reduced bottled water consumption by about 17 % (compared to 2015), resulting in decreased greenhouse gas emissions and plastic pollution. The burden of reporting would be reduced by requiring only essential information (exceedances, incidents) to be transmitted to the Commission.
What are the costs of the preferred option (if any, otherwise main ones)?
The current annual cost of the drinking water sector is € 46.3 billion and is expected to rise to € 47.9 billion in

2050. The significant positive health benefits of safer drinking water supply come at moderate additional costs. The packages entail an estimated additional increase in set-up costs of € 5.9 billion to € 7.3 billion¹. Employment in the water supply sector would increase between 17 000 and 26 000 full time equivalent (FTE), but would decrease by 9 000 FTE under the baseline scenario. Costs would mainly be passed on to consumers, but EU funding or national policies could reduce this impact. Regarding affordability, the packages will slightly increase household spending on water services from 0.73 % to between 0.75 % and 0.76 % of the average household income. The average cost per household, estimated for 2015 at € 229, would increase between € 7.90 and € 10.40 per year. Since Member States have margin of discretion (e.g. for subsidizing), actual costs would most likely be smaller. Also, the reduction of bottled water consumption can help households to offset costs by around € 600 million.

How will businesses, SMEs and micro-enterprises be affected?

The water suppliers would be most affected. The distinction between small and large suppliers will be maintained and refined. In particular, the smaller suppliers will benefit of a simplified and staged implementation of the risk-based approach. Overall, the changes will all bring additional employment opportunities. The packages will have positive effects for SMEs in the sector of treatment and analysis (secondary employment effects can rise to 1 000 jobs). In contrast to potential small negative impacts on the bottled water industry, positive effects are expected in the sector manufacturing products and materials, on SMEs, market access and innovation, and in the ICT sector.

Will there be significant impacts on national budgets and administrations?

The modernisation of a well implemented existing legislation will have minor impacts on national budgets and administrations. The main impacts for authorities relate to administrative burden reduction through simplified reporting (€ -0.35 million in operating cost). Member States will need to transpose the legal text and may develop specific national risk assessment plans and/or guidance, together with trainings.

Will there be other significant impacts?

Yearly cost savings related to reducing internal market obstacles are estimated at € 669 million, but these savings come at the potential loss for some national product approval bodies. The provisions included in the second package will contribute to improved access to water (Sustainable Development Goal 6).

D. Follow up

When will the policy be reviewed?

No later than 12 years after its transposition date the Commission shall carry out an evaluation of the Directive. Review clauses to adapt technical Annexes regularly to scientific progress will be maintained.

¹ The difference in annual operating costs between the two policy packages are considered negligible.