

# The water sector in Europe

Recommendations for action from the German water industry for the 2024–2029 legislative period



## 2,000 companies. One voice.

The German Association of Energy and Water Industries (BDEW), Berlin, and its regional organisations represent over 2,000 companies. Its members range from local and municipal, to regional and up to national and international businesses. It represents around 90 per cent of electricity production, over 60 per cent of local and district heating supply, over 90 per cent of natural gas, over 95 per cent of the energy networks as well as 80 per cent of drinking water extraction and around a third of waste water disposal in Germany.

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# 11 Recommendations

from the German water industry for the 2024 – 2029 legislative period

- 1** Implement extended producer responsibility
- 2** Design PFAS ban to be pragmatic and in line with polluter-pays principle
- 3** Shape agricultural practices conscious of water quality and quantity
- 4** Ensure priority for drinking water supply
- 5** Adapt infrastructure to the effects of climate change
- 6** Approaching security of supply holistically
- 7** Promote phosphorus recycling from sewage sludge
- 8** Classify sewage gas as renewable energy again
- 9** Further develop the Water Framework Directive
- 10** Make sustainability reporting less bureaucratic
- 11** Ensure groundwater protection in the carbon management strategy



# 1. MINIMISE AND AVOID TRACE SUBSTANCE INPUTS

## Extended producer responsibility enables costs to be borne on a polluter-pays basis

### Waste water

The Urban Waste Water Treatment Directive laid the foundation for the introduction of producer responsibility and thus the implementation of the polluter-pays principle in waste water management. This is a milestone for the incentive-oriented, market-based avoidance of pollutant inputs. The final adoption within the European legislative process must now take place as quickly as possible. In addition, the Commission must coordinate national implementation, ensuring it is swift, transparent, unbureaucratic and coherent across the Member States. Introducing extended producer responsibility is a key step towards an incentive-oriented, market-based avoidance of pollutant inputs. Previously, BDEW had already developed a pragmatic and unbureaucratic solution for producer responsibility which has an incentive effect for the reduction of critical substances: the so-called fund-based solution. The practical application of that solution was demonstrated in several studies using example substances and example calculations. Producer responsibility could therefore be implemented in Germany quite rapidly with the help of the fund-based solution.

*Introducing extended producer responsibility is a key step towards an incentive-oriented, market-based avoidance of pollutant inputs.*

### Drinking water

In view of the increasing contamination of drinking water resources with PFAS and other trace substances, there is also a need to introduce producer responsibility for drinking water supply. The rising costs for drinking water treatment, for example due to greater demands on such treatment, must not be passed on to the population as it is not the polluter. Involving producers in meeting the costs of drinking water treatment creates a sustainable incentive to effectively implement the principle of prevention at source. This should now be made binding for the drinking water sector by enshrining it in European legislation, particularly with regard to the prevention of PFAS discharges into the environment.



# Trace substances in the context of the EU Water Framework Directive

## Article 9(1) of the EU Water Framework Directive

Member States shall take account of the principle of recovery of the costs of water services, including environmental and resource costs, having regard to the economic analysis conducted according to Annex III, and in accordance in particular with the polluter pays principle.

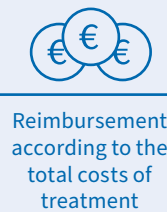
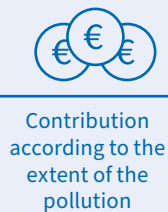
The financial responsibility for the trace substance problem is clearly linked to the water pollution.

A financial contribution from the polluter includes a steering effect to incentivise a reduction at the production level.

### Approach: fund-based solution



**Polluter disposal utility**



**Waste water**

**A fund-based solution, managed by a national coordination office, can help to ensure compliance with the polluter-pays principle and promote the necessary steering effect to achieve a reduction in trace substances.**

Quelle: BDEW

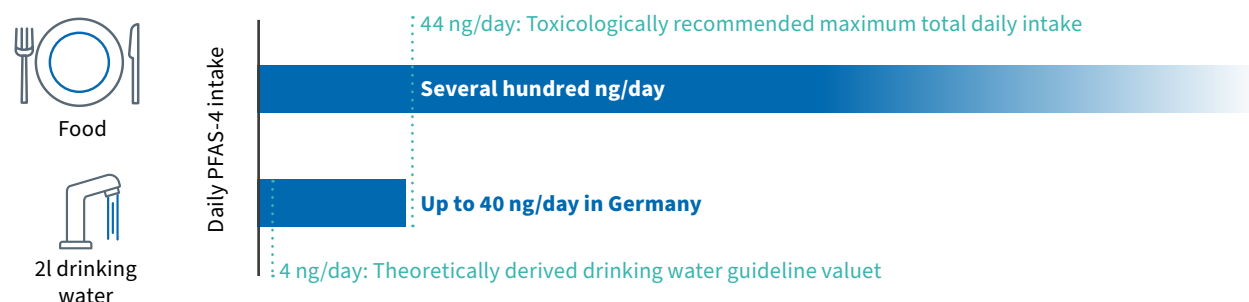


## Implement the PFAS ban pragmatically and in line with polluter-pays principle

PFAS describes a group of more than 10,000 synthetic, virtually indestructible, highly mobile chemicals. PFAS are already detectable worldwide in water resources, in soil, in the air and in the blood of all people and can pose a human and ecotoxicological hazard.

People can absorb PFAS through food and drinking water as well as the air. With regard to the total amount of the four most important PFAS ingested by humans that accumulate in the body (PFAS-4), the German Federal Institute for Risk Assessment determined in 2021, using data from the monitoring programmes of the German federal states, that the amount of PFAS-4 actually ingested daily in Germany already exceeds the toxicologically recommended value. Food is generally the largest source of PFAS-4 exposure for humans.

### Total daily intake of PFAS-4 by humans



Source: BDEW

Against this background and in view of the scientific evidence that PFAS will continue to accumulate everywhere in the environment and in organisms over the coming decades, an end-of-pipe approach, i.e. limiting the allowable concentration of PFAS in drinking water and food, will not be effective or proportionate in terms of the cost for meeting the desired objectives in the long term. To effectively lessen the overall exposure of humans to PFAS, the ubiquitous PFAS contamination of the environment, and in turn the input of PFAS into the environment, must be generally reduced or avoided directly at source. The right strategy is therefore to introduce a comprehensive ban on PFAS. Any successful approach must apply on European level and for all Member States equally.

For the implementation of the EU-wide PFAS restriction proposal currently being discussed, BDEW has developed pragmatic solutions that are in line with the goals of the energy transition while also taking into account the enormous challenges for the water industry by advocating for the protection for existing plants, transition periods and exemptions as well as best practice examples.

This also includes the need to finance drinking water treatment costs in line with the polluter-pays principle by means of a fund based on the extended producer responsibility. Extended producer responsibility can create effective incentives for those responsible for PFAS pollution not only to avoid the release of PFAS into the environment but also to develop environmentally friendly alternatives. A licence to pollute with PFAS can no longer be tolerated. A BDEW legal opinion has shown that it is already possible under EU law to have manufacturers assume the costs of PFAS pollution in accordance with the polluter-pays principle.

***A licence to pollute with PFAS can no longer be tolerated.***



## Agricultural practices that are conscious of water quality and quantity are beneficial for the economy as a whole

Nitrate pollution is a key problem for the protection of water bodies. To counteract this, the Nitrates Directive (91/676/EEC) was introduced on 12 December 1991 in order to reduce and prevent water pollution caused or triggered by nitrates from agricultural sources. Although nitrate inputs have been reduced since the Nitrates Directive came into force, the reduction measures to date have in many regions been unable to achieve the Directive's target of 50 milligrams of nitrates per litre for groundwater bodies.

In the interests of sustainable and water-friendly agriculture, consistent implementation of the EU Nitrates Directive across all Member States is required. It will be important for the Commission to monitor the implementation of the Nitrates Directive across the EU and, if necessary, to mandate that Member States execute the required nitrate reduction. This also includes working towards the implementation of legally binding court judgments, such as the CJEU ruling of 21 June 2018 (Nitrates Directive). It should be emphasised that the Nitrates Directive, which entered into force over 30 years ago, still clearly identifies all relevant problems and includes the necessary mitigation measures.

In addition to nitrates, however, plant protection products are also increasingly coming under discussion, as their degradation products (metabolites) have been proven to be present as trace substances. It is therefore clear that metabolites can get into the groundwater even where plant protection products are used properly. Hence, there is an urgent need for a comprehensive discussion involving all relevant stakeholders.

Moreover, initiatives from the current legislative period, such as the proposed directive on soil monitoring, must be further negotiated and implemented with an appropriate degree of ambition.

The present legislative proposal for a directive on soil monitoring and resilience (COM(2023) 416) rightly elevates soil to the same level of legal protection as air and water. The adequate implementation of the polluter-pays principle for the health of European soils recommended by BDEW includes, among other things, the setting of specific limit values for pollutant inputs, the coherent limitation of soil sealing and sustainable agricultural practices.



## 2. CLIMATE RESILIENCE MEASURES ENSURE SAFE WATER MANAGEMENT

### Ensure priority for drinking water supply

Droughts, forest fires, but also floods resulting from massive rainfall events are clear evidence that climate change is progressing. This causes increasing damage and consequences that also directly impact drinking water supply and waste water disposal. Thus, it is important to ensure that the water sector in Europe is appropriately resilient. This involves, in particular, taking measures to maintain the security of drinking water supplies, including making necessary changes on the demand side. In order to be able to assess the situation holistically and implement controlling measures in the interests of security of supply, it is essential that all abstraction is fully recorded and transparent. In the event of water shortages, the public drinking water supply must take priority over other uses.

In addition, the quality of water resources must be safeguarded and kept as a top priority. New pollutant inputs must be avoided at source in line with the precautionary principle. The existing European legislation regarding water and water protection must be implemented and applied in full.

### Adaptations to climate change require efforts at a systemic level

The effects of dry periods caused by climate change on the water supply can already be seen in many places in Germany and Europe and are expected to become even more pronounced, making a considerable expansion and modification of the water infrastructure necessary. This also includes waste water infrastructure with separate and combined sewerage systems, flood protection facilities and stormwater overflow tanks.

To meet the increasing demand, interconnection pipelines and long-distance water pipelines play a key role. The EU can pave the way by introducing expedited permit granting procedures at European level analogous to those for renewable energies. Moreover, political initiatives, such as educational campaigns, also help to promote greater acceptance as well as awareness of the need for action among the public.

*The EU can pave the way by introducing expedited permit granting procedures at European level analogous to those for renewable energies.*





A sustainable water protection policy must in particular improve the possibilities for renewing water resources. The priority must be to improve water retention at large. A systemic approach with urban planning interventions is required in order to firstly minimise the damage caused by extreme precipitation events and secondly to collect stormwater from extreme rainfall and return it to the groundwater in a targeted manner, for example via infiltration areas. The decisive factor is the sustainable use of land, which must focus on a significant reduction in new utilisation and sealing. Prolonged periods of drought increase the exposure to damage caused by heavy rainfall and the risk to security of supply where there is a lack of infiltration areas and water resources are difficult to replenish. Finally, the greening of roofs and facades can improve the urban climate in increasingly hot periods. All of these measures, many of which were initiated by companies in the drinking water and waste water sector already, are geared towards the implementation of the so-called “sponge city” concept.

## **Security of supply also includes measures on the demand side**

Securing the water supply is a holistic task that also affects many industries beyond the water sector. The future use of water in industrial and commercial facilities should, for example, be made conditional upon the application of best practice approaches in comparable industrial and commercial facilities. This applies in particular to newly established facilities. Rethinking authorisation practices is also necessary: Only when the availability of water is guaranteed should permission be granted – and not the other way round, especially for large-scale industrial projects. This must be kept in mind at European level and enshrined in the EU acquis.

In agriculture, the demand for water for irrigation is expected to increase. In light of ongoing climate change, however, it is not enough to simply modify existing irrigation techniques and application times. Instead, measures must be specifically promoted that adapt solutions from other countries (such as Israel) in line with the best practice approach and introduce them in Europe. In addition, it is important that in the future crops requiring less water are cultivated in areas with low rainfall. In this context, the EU is in a particularly good position to manage an active exchange of experience and to achieve a considerable steering effect within the framework of the common agricultural policy.

The EU should continue to emphasise a sustainable and responsible use of water as a resource and take a holistic approach to tackling the challenges associated with climate protection. The Water Resilience Initiative should therefore be adopted without delay and implemented with high priority.



### 3. SUPPORT THE CIRCULAR ECONOMY IN THE WASTE WATER SECTOR

#### Promote phosphorus recycling from sewage sludge

As confirmed in the new Urban Waste Water Directive, sewage sludge is an important resource. In Germany, the Sewage Sludge Ordinance already mandates the recovery of phosphorus contained in waste water and bound in sewage sludge. In the future, the Commission will also be empowered to set recovery rates for phosphorus via delegated acts. To fully harness the associated potential, however, we must ensure both at national and EU level that the recovered phosphorus can be utilised.

To this end, a market access needs to be created, including through EU-wide approval as a fertiliser and by eliminating or avoiding competitive barriers. In order to ensure the sustainable economic development of phosphorus utilisation, one option would be to provide for a binding purchase quota. This would be a coherent and target-oriented approach in terms of the sustainability of supply chains, the reduction of import dependencies and new and existing legislation. At the same time, it contributes to achieving the goals of the circular economy.

*At EU level, it must be ensured that the recovered phosphorus can be utilised. This will require the creation of market access.*





## Restore status as renewable energy of sewage gas

Sewage sludge is an important resource not only in terms of phosphorus recovery but also as an energy source.

Given that waste water treatment companies, their networks and facilities need large amounts of energy to guarantee a high quality of treatment services and process reliability while also being required to reduce emissions in the interests of the climate, energy recovery from sewage sludge is of great importance. This applies all the more considering the aims and objectives of the new Urban Waste Water Treatment Directive, which requires many treatment plants to introduce a fourth treatment stage in the future. This will lead to a considerable increase in energy consumption, alongside the additional investment needed.

***The exemption from state aid provisions and thereby from electricity tax for the use of sewage gas, must be reinstated.***

It is therefore hard to see why the use of sewage gas in combined heat and power (CHP) plants should be subject to electricity tax from 2024 even where the energy is utilised entirely by the plant itself. This not only jeopardises the economic viability of existing plants (especially digestion technology, CHP plants), leading to additional burdens on citizens and companies in the respective catchment areas of the waste water treatment plants, but also prevents further investment in an energy recovery technology which is affordable, climate-friendly and capable of contributing to base load. As this new categorisation of sewage gas at EU level is completely at odds not least with energy neutrality obligation in the Urban Waste Water Treatment Directive, the exemption from state aid provisions and thereby from the electricity tax that applied until last year should be reinstated.



## 4. ENSURE CONTINUED SUSTAINABLE DEVELOPMENT IN THE WATER SECTOR IN THE FUTURE

### Further develop the Water Framework Directive

The introduction of the European Water Framework Directive is rightly regarded as a milestone for sustainable development in the water sector across Europe. Even though a variety of reasons has prevented the fulfilment of all targets and deadlines up to this point, great progress has been made achieved all along the river catchment areas. It is not without reason that this directive has also attracted considerable interest among the international community.

In order to continue to prioritise the degree of water protection that is also necessary for Germany and for all of Europe, BDEW considers it imperative to further develop the European Water Framework Directive in an appropriate manner as a modern control instrument for cross-border water protection. This should extend even beyond the third management period up to 2027. The aim must be to arrive at a modernised and reformed follow-up agreement that keeps the focus permanently on the issues of preventing pollutant inputs, adapting to climate change, dealing with water morphology and other relevant topics.



### Make sustainability reporting less bureaucratic

With the CSRD and the taxonomy, the EU has established and paved the way towards sustainability management for many companies, including those in the water sector. Many small and medium-sized companies are also indirectly required to provide sustainability reporting either due to municipal obligations or, more significantly, because of financing and funding provisions or via partner companies along the supply chain.

While the water sector welcomes the approach of focussing on sustainability, BDEW calls for authorities to strip away unnecessary complexity from these steering instruments and ensure that the instruments fit together coherently so that companies can avoid unnecessary bureaucratic costs. BDEW underlines the need for the leanest possible implementation of sustainability reporting but also for added value to be created for companies by selecting and evaluating the criteria in such a way that they enable efficient corporate management. Together with other water industry associations, BDEW is developing a guideline that is intended to meet these requirements and serve as a useful tool for many indirectly affected small and medium-sized companies. The indicators derived from this analysis, based on the applicable ESRS, should be recognised as sector-specific standards in the ongoing European process and thus render the EFRAG sector standards for the water industry announced for 2026 obsolete.

## Carbon management strategy should include protection of groundwater resources

Recent climate science studies have suggested that natural and technical sinks for unavoidable or hard to abate CO<sub>2</sub> emissions, for example process emissions from industrial or agricultural sources, will be necessary to achieve climate targets.

The conservation and restoration of natural sinks, such as forests, moors and grassland, is of considerable importance not only for their benefit as carbon sinks but also as part of the protection of water resources and biodiversity. The water sector as represented by BDEW therefore supports strategic approaches which, as envisaged in the national water strategy, protect or, if possible, restore the above-mentioned natural areas.

The term technical sinks in the sense of CCS/CCU technologies (Carbon Capture and Storage/Utilisation) refers to the capture of CO<sub>2</sub> and its subsequent use in industrial processes (Carbon Capture and Utilisation) or its permanent storage below the earth's surface or in the seabed (Carbon Capture and Storage).

BDEW is actively involved in the consultations for a carbon management strategy and has developed a pragmatic approach that aligns the objectives of the energy and water industries and is also relevant in the European context. An important aspect from the perspective of the energy sector is the creation of the legal and regulatory basis, in particular for the development of a CO<sub>2</sub> transport infrastructure.

In order to protect groundwater resources and secure the supply of drinking water, BDEW believes that storage sites for the national underground onshore storage of CO<sub>2</sub> should not be considered in Germany, given the high population density and the existence of certain tectonic and seismic conditions.

Naturally, the ambitious avoidance of greenhouse gas emissions continues to have the highest priority above the use of technical sinks.

The protection of water resources must be ensured under all conditions, including in considerations at European level.



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