

# II. Sustainable Environment policies on regional and local level



IRE  
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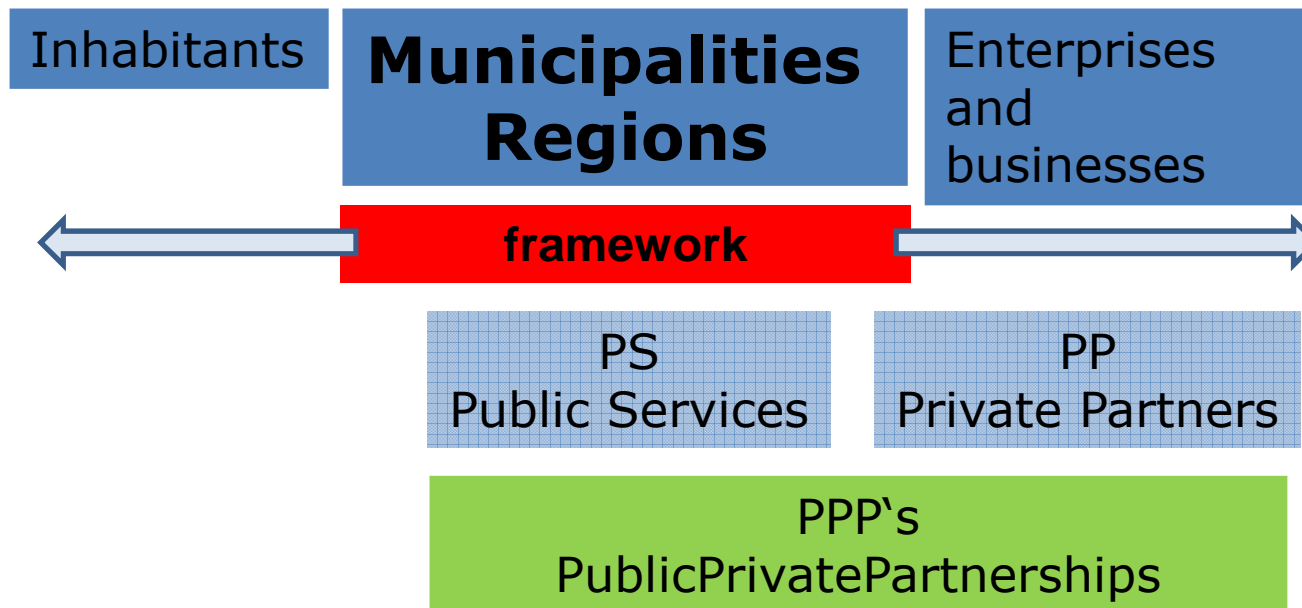
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## Environmental challenges for municipalities



Quality of living, the factor of success for regions

$$\text{Quality of living} = \text{Social network} + \text{Environment} + \text{Infrastructure}$$



Creating free spaces for regions and municipalities by relieving them of duties and services

**Where are my core competences ?**

**What do I have to fulfill by myself – which competences can be outsourced?**

**After outsourcing, which topics have to be decided still by the public authority?**

What are the goals and borderlines of PPP's and outsourcing models?

- Clear definition of the scope to be fulfilled
- Clear definition of the activities and the tasks of the private partner
- Agreement of (simple) Key Performance Indicators (KPI's) incl. incentives
  - Technical
  - Economical
  - Ecological
  - Explicit logic of compensation
- Transparency and truth of costs
- Easy to use regulation scheme

## II. Sustainable Environment policies on regional and local level

Challenges and solutions  
in the CEE waste business

Dr. Peter Hodecek, AVE

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## II. Sustainable Environment policies on regional and local level

Challenges and solutions  
in the CEE water and waste  
water business

DI Christian Hasenleithner

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# OPERATIONS – SERVICES - MAINTAINANCE



WATER RESSOURCES MANAGEMENT



WELLS



WATER PRODUCTION



CLEAN WATER



WASTE WATER TREATMENT



WATER TREATMENT



WATER SUPPLY



CUSTOMER SERVICES



SEWER SERVICES

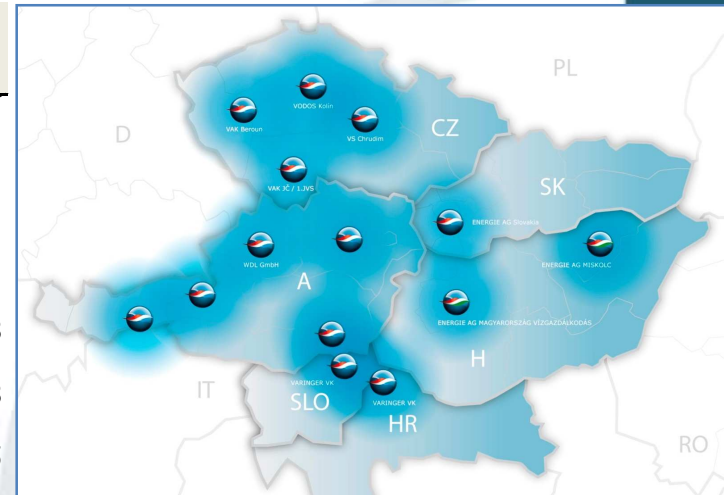


WASTE WATER COLLECTION

# Business data and markets



Segment Wasser	GJ 2007/08	Stichtag 30.03.2009 *)
Umsatz	EUR 81 Mio.	
Fakt. Trinkwasser	49,1 Mio. m <sup>3</sup>	
Fakt. Abwasser	27,2 Mio. m <sup>3</sup>	
Einwohner Trinkwasser	715.915	952.048
Einwohner Abwasser	412.453	648.598
Wasserversorgungsanlagen	113	175
Abwasseranlagen	172	244
Mitarbeiter **)	1.167,10	1.516,30
Verträge mit Kommunen	449	594
Wasserleitungsnetz ***)	6.165 km	7.589 km
Kanalnetz ***)	2.391 km	3.551 km
Kanalservice (A)	1.000 km/a	1.000 km/a

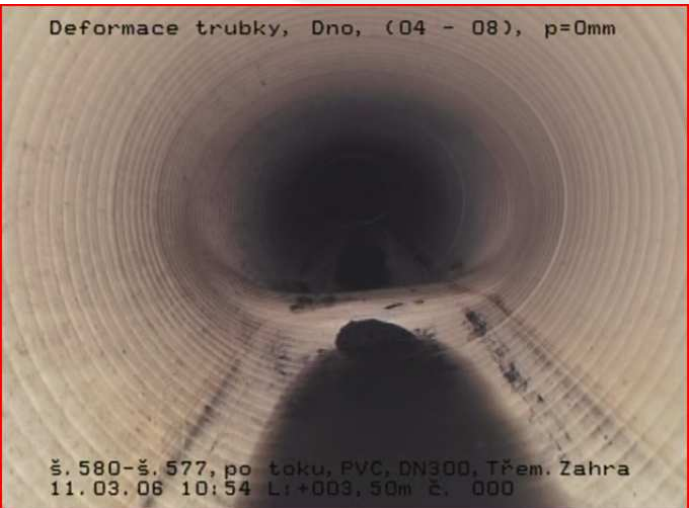


\*) inkl. 1. JVS

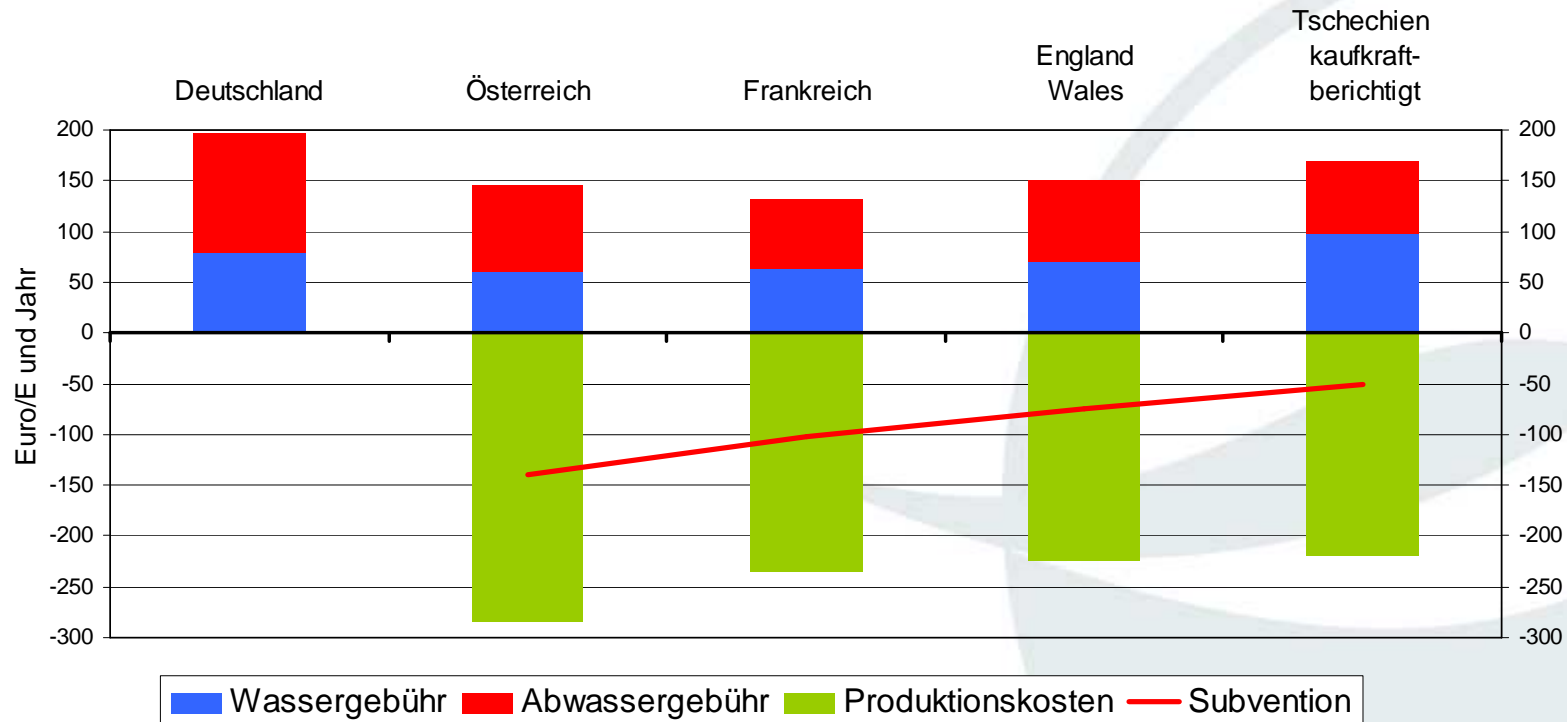
\*\*) in FTE

\*\*\*) excl. Hausanschlüsse

# Task 1: Huge investments needs out of ageing of infrastructure and inefficient operations



## Task 2: Small business units with a lack of efficiency end up in high needs for funding and high water prices



Daten aus AK Studie, 2004

# Task 3: Maintaining values



# The range of existing cooperation models of Energie AG Wasser



## OPERATING MODEL

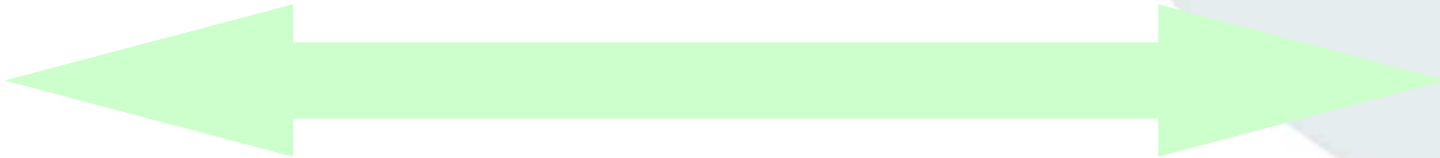
Concession for service company

Concession for operating company

**BOT**  
Build Operate Transfer

## INFRASTRUCTURE MODEL

asset company



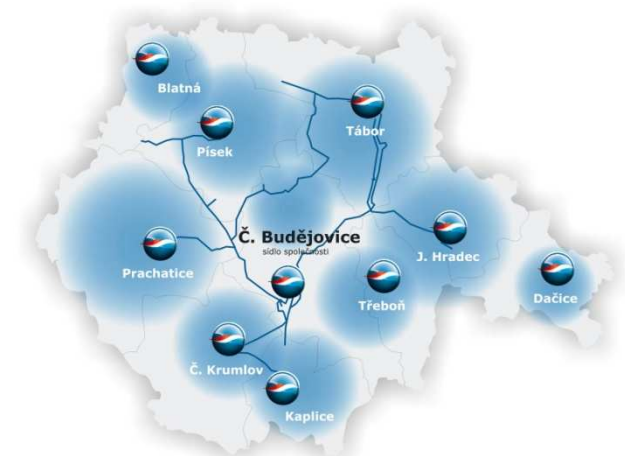
## PPP: Advantages for the municipal partners

- **GOAL: The municipality needs a long term partner for modernizing infrastructure and operating company.**
- **SOLUTION: Energie AG steps into the mixed infrastructure and/or operating company**
- **ADVANTAGES:**
  - Purchase price covers investment and modernization needs
  - Optimization of operations due to Know How input from EnergieAG
  - Yearly cash flow to the municipal partner out of dividend pay out of the company
- Has to be designed under consideration of EU-Funding and other subsidiary programs

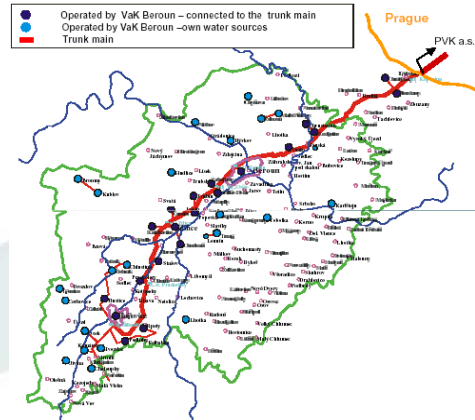
Regional operation, regional PPP, regional solidarity  
a practical example for the OPERATING MODEL

- **Operating model in Southern Bohemia/CZ**
  - **Infrastructur in public ownership**
  - **100% private operation by conceccions of 350 municipalities and corporations**

- |                               | Water          | Waste water    |
|-------------------------------|----------------|----------------|
| ■ <b>Inhabitants served</b>   | <b>540.000</b> | <b>460.000</b> |
| ■ <b>Networks in km</b>       | <b>5.100</b>   | <b>2.600</b>   |
| ■ <b>W&amp; WTP&amp; WWTP</b> | <b>280</b>     | <b>190</b>     |
- **Ca. 1000 employees**
  - Operating expenses are prorated dependent of the infrastructure of the public partner
  - Overhead expenses are prorated dependent of the water volumes (m<sup>3</sup>) used in the municipality



Regional operation, regional PPP, regional solidarity  
 a practical example for the INFRASTRUCTURE MODEL



- **Infrastructure and Operating Company**
  - **Infrastruktur in ownership of VaK Beroun a.s., Prague central, CZ**
  - **59,2% share of EnergieAG**
  - **40,8% share of Municipalities**
  - **Cooperation regulated in a shareholder agreement**
- **Services**
  - Asset management
  - Operation auf water and waste water infrastructure
  - Civil engineering and wide range of technical services

	Water	Waste water
■ <b>Population</b>	<b>77.000</b>	<b>48.000</b>
■ <b>Networks in km</b>	<b>740</b>	<b>340</b>
■ <b>W&amp; WTP&amp; WWTP</b>	<b>8</b>	<b>22</b>
■ <b>Ca. 130 employees</b>		



REGULATION: Future development driven by EU-funding and particular interests (1)

- Complex regulation scheme as precondition for EU-funding has the following key factors
  - Return for the operator on the basis of ROCE (Return on capital employed)
  - A contract duration period of more than 10 years leads to significant reduction of EU-funding
  - Implementation of complex KPI systems
  - Additional costs for managing and auditing the new regulation scheme

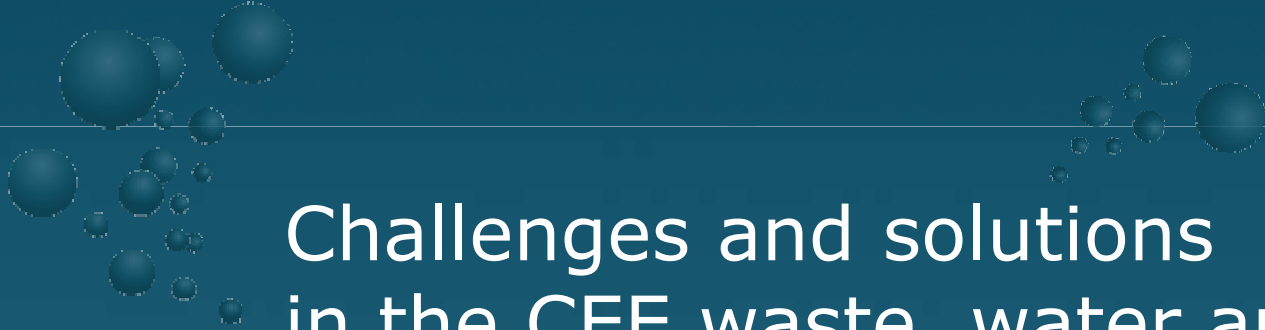
## REGULATION: Future development driven by EU-funding and particular interests (2)

- Actual experiences and outcome of regulation-implementation
  - Complex and timedemanding tenders results in
    - the need and costs of tender consultants (technical, financial and law)
    - delays in project realization
    - increase of construction costs
  - The limited contract duration results in
    - the limitation of the ability of private operators to co-finance long time infrastructure investments
    - the limitation of the ability of private operators to earn accaptable profit margins over a time period synchronised with the life and depreciation span of the infrastructure

REGULATION: Future development driven by EU-funding and particular interests (3)

- Actual experiences and outcome of regulation-implementation:
  - The lack of co-financing of the privat partner results in
    - additional needs for public loans, which increases the level of debt of municipalities
  - The EU-regulations for funding results in
    - pressure on municipalities to end existing long time contracts (PPP's) and change to self-operating
    - Additional price increase for customers

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waste water business

**DISCUSSION**

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