



25th March 2025

We, the four Directors of the Nordic water& wastewater associations DANVA, FIWA, Norsk Vann and Svenskt Vatten, would like to introduce you to this report on the concept of "full cost" in relation to Extended Producer Responsibility (EPR) for quaternary treatment under the EU Urban Wastewater Treatment Directive (UWWTD).

The report aims to clarify the term full cost and provide insights for policymakers, industry leaders, and stakeholders to ensure that producers, particularly from the pharmaceutical and cosmetics industries, cover at least 80% of the costs associated with quaternary treatment of urban wastewater.

Definition of Full Cost: The term full cost encompasses a wide range of direct and indirect expenses, including design, construction, operation and maintenance of wastewater treatment facilities. The report leverages transfer pricing principles, particularly the cost-plus method, to provide a structured approach to defining these costs. This methodology ensures that all relevant expenses are accounted for, promoting transparency and fairness in cost allocation. All costs relating to quaternary treatment in the European directives, national laws or requirements decided by authorities shall be included in the term full cost

Cost Distribution Models: The report discusses the benefits and limitations of two primary models for cost coverage: utility-level and sector-level. The utility-level model bases costs on actual expenses incurred by individual utilities, ensuring more precise cost coverage and equitable distribution but involves higher administrative expenses. Conversely, the sector-level model offers lower administrative expenses, flexibility and is in general quite accurate on sector level, but may face lower degree of fairness on utility level and accurate cost coverage under varying conditions.

We hope that this report provides valuable insights and serves as a foundation for further discussions on the implementation of EPR for quaternary treatment.

Carl-Emil Larsen

Riku Vahala

Ragnhild Aalstad

Pär Dalhielm

DANVA

FIWA

Norsk Vann

Svenskt Vatten