

# Veolia True Cost of Water Methodology and Tool

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Existing water footprint indicators provide insight into the vulnerability and resilience of a specific activity in regard to water challenges. Now, decision makers are looking at an even more pragmatic and straightforward metric: dollars.

Veolia's True Cost of Water tool focuses on the financial implications of water-related risks. It helps the user anticipate, prioritize, and more effectively mitigate water-related risks that can negatively affect the bottom line by creating a risk-reward tradeoff analysis. This tool allows the user to correct the "price" they pay for water, if any, to more accurately reflect the true cost of a gallon of water. This corrected cost includes the embedded cost of necessary infrastructure, as well as costs associated with water availability.

Now being pilot tested by a variety of companies in food and beverage, mining, and oil and gas sectors, the true cost of water tool provides inputs for a variety of possible risk scenarios such as reduced allocation, loss of license to operate, or other types of disruptions. The tool is intended to help an organization better understand the actual and risk-

based true cost of water so that more informed and accurate business case decisions can be made. Knowing this true cost of water will allow an organization to rationalize more sustainable and innovative water solutions.

Because business decisions, risk matrices, and return on investment thresholds tend to be proprietary, tool results are not publicly available. Also, the tool's results are very organization-, site-, and situation-specific. There is no anticipated single regional or widespread value expected. However, an increase in more innovative water management solutions is expected as a result of tool use.

The tool was developed because Veolia believes that unless a financial business case can be made for investment, the relatively low price of water often precludes justifying investments in innovative technologies or sustainable approaches. Interest in this approach by financial communities, such as banks, insurance, companies, and investors, further verifies the need for such an analysis.

