

## Water Utilities and Markets



ICF International offers a wide range of services globally relating to water markets, utilities, and resources:

- Economic and Financial Analysis
- Competition, Access Pricing, and Tariff Strategies
- Environmental, Social, and Resource Impacts
- Due Diligence
- Water Resource Management, Efficiency, and Conservation
- Water Policy and Economics
- Water Resources Science and Engineering
- Water Security
- Coastal Zone Management

Governments across the globe are increasingly focused on both changing the way utility services are provided and the way in which those services are monitored and regulated. ICF International is able to offer a unique set of skills to clients, governments, regulators, utility companies, and financial institutions alike who are responding to the challenges and opportunities brought about by reforms to utility sectors, specifically water and wastewater.

### Our Approach

In the UK market we focus on providing expert economic and regulatory analysis to clients in the regulated utility sectors, particularly the water sector. Our approach is to combine rigor and practicality to allow economics thinking to shape decision making.

In international markets, we work with national and local governments to develop practical and monitorable plans for utility service improvement. We have experience in all phases of private sector participation including options assessment, documentation, and transaction support. We have worked with clients around the world to design and implement institutional and regulatory reform to promote accountability, autonomy, financial viability, and greater responsiveness to customers.

We help develop appropriate frameworks and work directly with oversight agencies to strengthen their capabilities to regulate. Our people are highly qualified and experienced economists, with substantial track records in the economic and environmental regulation of the water sector.

### Featured Solutions

#### The Role and Application of Cost-Benefit Analysis

ICF is working with UK Water Industry Research (UKWIR) to identify suitable methodologies for carrying out cost-benefit analysis (CBA) of investment proposals by the water industry. We are helping UKWIR to achieve a framework for CBA that is agreed upon by the water industry and its regulators. Our project will also apply this framework to the specific issue of sewer flooding. ICF will produce best practice guidance on CBA that will provide a framework tool that water companies can develop and apply to meet their specific circumstances and requirements. The best practice guidance will be available in paper and on-line formats.

#### Water Service Valuation

ICF advised a UK water company on options and approaches for incorporating service valuation to its investment planning. Service valuation requires an assessment of the monetary value of potential service improvements and is an essential part of the wider cost benefit analysis that can be used to identify the investment priorities of water customers. Our experts presented an evaluation of suitable methodologies, such as contingent valuation and ranking, and recommended an approach for implementation.

### Water Tariff Development

ICF developed guidance for a water company in England on cost allocations to support the development of cost-reflective tariff structures for its industrial water customers. Our experts reviewed cost evidence to support cost-reflective charges for capacity reservation, and developed a tariff setting model that ensured tariff structures were cost-reflective and satisfied the regulatory requirements of the Office of Water Services (OFWAT) for water charging policies.

### Strategic Assessment of Water Framework Directive (WFD)

For the Environment Agency (EA), ICF is assisting efforts to efficiently achieve as much environmental outcome and WFD objective delivery as possible over the first three river basin management planning cycles. We are providing strategic guidance on the scope of the programmes of measures to be pursued to inform the Summary of Significant Water Management Issues (SWMI) report that will be prepared by the EA. ICF's work will significantly reduce the economic, technical, and policy appraisal workload for Agency operational and EA policy teams later in the planning process.

### Advisory Services for the Impact Study: Role of Infrastructure in Poverty Reduction

ICF will support the Japan Bank for International Cooperation (JBIC) on a study to assess the impact of eight infrastructural projects supported by JBIC in the State of West Bengal. We will advise and comment on the Terms of Reference of the Study. We will assist in the selection process and will comment on proposals submitted by several consultants. ICF staff will provide peer review comments on the qualitative and quantitative evaluation methods applied to the impact assessment and the subsequent reports produced. Our experts will participate in a workshop in India and report its output.

### Environmental Infrastructure for Sustainable Communities

ICF is identifying the key barriers and incentives associated with the implementation of optimum approaches for the delivery of water-related services to respond to housing and associated economic growth in the Southeast of England. We are clarifying what is meant by optimum approaches. Our staff is conducting a literature and policy review and identifying issues for consultation. ICF is interviewing stakeholders and experts and analysing barriers and incentives identified in the consultations with stakeholders.

### Climate Change Adaptation in the Water Sector

Experts from ICF are advising EA on potential adaptation strategies and costs for the water industry under different climate change scenarios for the UK. Our experts are reviewing available evidence for the UK and elsewhere to develop broad cost estimates and to identify gaps in current knowledge. This includes work undertaken by ICF for the U.S. Environmental Protection Agency (U.S. EPA) on the impact for drinking water treatment costs and storm-water management in the United States. The work by ICF will inform current policy reviews of climate change in the UK.

### Development of Integrated Work Plan for Preliminary Cost Effectiveness Analysis

On behalf of the Department for Environment, Food and Rural Affairs (DEFRA), ICF is preparing a work plan for a Preliminary Cost Effectiveness Analysis (pCEA) of measures and mechanisms to implement the WFD in England and Wales. We are preparing an integrated work plan for this process including a clear definition of the objective of the pCEA. Our experts are developing the methodological approach to be used in the pCEA including specifics with regard to where cost-effectiveness analysis will be required.

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## About ICF International

ICF International (Nasdaq: ICFI) partners with government and commercial clients to deliver consulting services and technology solutions in the energy, environment, transportation, social programs, defense, and homeland security markets. The firm combines passion for its work with industry expertise and innovative analytics to produce compelling results throughout the entire program life cycle, from analysis and design through implementation and improvement. Since 1969, ICF has been serving government at all levels, major corporations, and multilateral institutions. More than 1,800 employees serve these clients worldwide. ICF's Web site is <http://www.icfi.com>.

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