

Meso-level eco-efficiency indicators to assess technologies and their uptake in water use sectors Collaborative project, Grant Agreement No: 282882

Deliverable 5.1

Step-wise consolidated guidelines for the development of meso-scale eco-efficiency indicators

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Executive summary

The scope of the EcoWater project is the integrated assessment of the environmental impacts and the value added to a specific product or service from the use of water. The analysis is targeted on a meso-level that encompasses the water supply and water use chains and entails the consideration of the interrelations among the heterogeneous actors.

This document presents a methodological approach for the eco-efficiency assessment of meso-level water use systems. The main objective is the establishment of a homogeneous approach for assessing the system-wide eco-efficiency improvements (or deteriorations) from innovative technologies, applicable to different water use systems, using eco-efficiency indicators.

The document is structured in three main sections. The first section provides an overview of the meso-level water use systems analysed and the principles of the eco-efficiency assessment methodology adopted. In particular, this section is focused on various sustainability issues linked to the water systems and analyses the specific issues in the meso-level water use systems, while the objectives, main components and phases of the eco-efficiency assessment methodology are presented in brief.

The second section presents the methodological approach, following the phases of the ecoefficiency assessment. It is structured as follows:

- Section 2.1 presents the phases of the eco-efficiency assessment;
- Section 2.2 discusses the goal and scope definition phase;
- Section 2.3 presents the steps for the environmental assessment of the system;
- Section 2.4 analyses the approach followed for the value assessment of the system;
- Section 2.5 presents the eco-efficiency quantification phase and the definition of the relevant eco-efficiency indicators.

The final section summarises the special methodological issues as pointed out through the implementation of the approach to several sectors (e.g. agricultural, urban and industrial Case Studies) in the EcoWater Project.

Contents

1 The meso-level water use system

In a typical water use system, freshwater is abstracted from a source (surface water or groundwater), purified and distributed to different water uses (domestic, industrial, agricultural, etc.). Each use consumes water of a specific quantity and quality, along with other resources (energy, raw materials, etc.), for the production of one or more products/goods or/and the provision of one or more services. Wastewater from each use is collected and treated before being disposed into the environment. Various sustainability issues are linked to a water system.

1.1 Water allocation issue

A typical issue, arising in systems with competitive use sectors, is the **allocation of water** among the uses, by fulfilling the demand in an optimal way (Figure 1). Optimization may refer to the minimization of the resource deficit (in water scarcity conditions) or the cost related to the use of the resource (e.g. the cost for water abstraction and distribution). Methodologies that are used to analyse this type of issues are based on resource balance concepts (Manoli, et al., 2005) and network optimization algorithms (Manoli, et al., 2001).

Figure 1 Water allocation to different uses

1.2 Resource efficiency issue

A common sustainability issue arising in production systems is the efficient use of resources for providing goods or services. **Resource efficiency** aims at minimizing the use of the required resources while reducing the impacts on the environment (Jonsen, 2013). Such systems are usually analysed by Life Cycle Impact Assessment (ISO, 1997; ISO, 2006; JRC, 2010; JRC, 2011) and Life Cycle Cost Analysis (Langdon, 2007) methodologies that focus

on the production chain of the examined good or service, encompassing the resources required in the production processes as well as the final product. A typical example of such a system is presented in Figure 2.

Figure 2 Efficient use of resources in a water use system

1.3 Meso-level eco-efficiency issue

The focus of the EcoWater project is on the identification and assessment of **eco-innovative technologies** that contribute to the eco-efficient use of resources such as water. **Ecoefficiency** focuses on attaining economic and environmental progress through efficient use of resources and lower environmental impacts (UN-ESCAP, 2009; O'Brien, et al., 2011). Thus, eco-efficiency is a more general expression of the concepts of resource efficiency (minimizing the resources used in producing a unit of output) and resource productivity (the efficiency of economic activities in generating added value from the use of resources).

The system presented under the EcoWater scope is a **meso-level** water use system (Dopfer, et al., 2004) that combines the typical water supply chain with the corresponding water use chain (Figure 3). It incorporates a specific water use with all the processes needed to render the water suitable (both qualitatively and quantitatively) for this use, and the treatment and discharge of the generated effluents to the environment. It is not limited to the production chain of a specific enterprise or firm, but it considers the whole water cycle of the analysed system from abstraction to disposal.

The economic analysis of the meso-level water use system also entails the consideration of the interdependencies and the socio-economic interactions of all the heterogeneous actors involved in the water supply and production chain. It also involves the sharing of resources, services and by-products among the actors (symbiosis) in order to add value and reduce costs. As a result, the meso-level water use system has a third significant component, the water value chain, as presented in Figure 3.

Figure 3 The meso-level water use system

2 Methodological approach

2.1 Eco-efficiency assessment

Eco-efficiency assessment is a quantitative tool which enables the study of the environmental impacts of a product or service system along with its value. Eco-efficiency brings together the two eco-dimensions of economy and ecology to relate product or service value creation to environmental impact (Young, 2001).

Within eco-efficiency assessment, **environmental impacts** are assessed using a Life Cycle Assessment (LCA) approach. Consequently, eco-efficiency assessment shares many important principles and approaches with LCA, such as life cycle perspective, functional unit, life-cycle inventory and life cycle impact assessment (ISO, 2006). The **value** of the product or service system may be chosen to reflect its resource, production, delivery or use efficiency, or a combination of these (ISO, 2012).

Eco-efficiency assessment comprises five phases, as illustrated in Figure 4:

Figure 4 Phases of an eco-efficiency assessment (ISO, 2012)

- 1. **Goal and scope definition**: The purpose of the eco-efficiency assessment, the intended use of the results and the targeted audiences are described during the goal definition. The scope definition includes the identification of the system boundaries and the specification of the functional unit, which defines what, precisely, is being studied and quantifies the performance characteristics of the system.
- 2. **Environmental assessment**: It is based on a life cycle approach and consists of: i) the **Life Cycle Inventory (LCI)** analysis, where an inventory of relevant resource inputs and emissions into the environment is compiled, and ii) the **Life Cycle Impact Assessment (LCIA)** where the potential environmental impacts associated with identified inputs and emissions are identified and evaluated.
- 3. **Value assessment**: The value of the system is assessed considering the full life cycle of the product or service system. The value is usually expressed in monetary terms (costs, price, willingness to pay, added value, profit, etc.).
- 4. **Quantification of eco-efficiency**: The eco-efficiency results are determined in this phase, by relating the results of the environmental assessment to the results of the value assessment, according to the goal and scope definition. Measurement of ecoefficiency typically refers to the "eco-efficiency equation" shown in Figure 5. The numerator is the benefit (added value) provided by the product or service and the denominator is the environmental impacts (costs) associated with that product or service.
- 5. **Interpretation**: Comprises the identification of significant issues based on the results of the environmental and value assessment phases and the formulation of conclusions and recommendations, according to the goal and scope of the study. Eco-efficiency is progressively improved via a process of stepwise enhancement of the system value and/or reduction of the negative environmental impacts (Figure 5).

2.2 Goal and scope definition

The overall goal of the analysis has been defined in Section 1.3. It concerns the integrated assessment of the environmental impacts and the value added from water use to a specific product or service in a meso-level water use system. However, the boundaries and the special characteristics of the meso-level system as well as the functional unit have to be identified.

2.2.1 System boundaries

A generic system, which models the actual meso-level water use system, is presented in Figure 6. The system is represented as a network of unit processes. Each **process** represents an activity, implementing one or more **technologies**, where generic **materials** (water, raw materials, energy and other supplementary resources) are processed and transformed into other materials, while releasing **emissions** to the **environment** (air, land, water) or into the system water flow.

Figure 6 The generic meso-level water use system

An important element in a life cycle approach is the distinction between "foreground" and "background" systems:

- The set of processes whose selection or mode of operation is affected directly by decisions based on the study defines the **foreground system**.
- The **background system** includes all other activities and is that which delivers energy and materials to the foreground system, usually via a homogeneous market so that individual plants and operations normally cannot be identified.

As a general rule, case-specific primary data are used to describe the foreground processes, while more generic information is used for background processes (Guinée, et al., 2001).

The boundaries of the foreground system encompass all the processes related to the water supply and the water use chains and can be grouped into four generic **stages**, as depicted in Figure 6 and analysed in Table 1.

Table 1 Generic stages in a meso-level water use system

2.2.2 System area and clusters

The EcoWater system maps a geographical area and therefore it has spatial dimensions. It may also have **clusters** of water use types. Each cluster has the same water use profile (i.e. technology, socio-economic characteristics etc.) and corresponds to the production of a unique product or service (in a multi-product/multi-service system). Typical cluster definitions as well as representative examples in various water use sectors are presented in Table 2.

| Sector | Cluster definition | Examples |
|---------------|--|---|
| Agricultural | Specific crop produced in a specific district | Maize production in pressure district Olive production in gravity district |
| Industrial | Specific production line | Milk production in dairy Yogurt production in dairy |
| Urban | Consumers of a specific profile | High income consumers Low income consumers |

Table 2 Definition of potential clusters in different water use sectors

2.2.3 Functional unit

The definition of the **functional unit** or performance characteristics is the foundation of an LCA, because the functional unit sets the scale for comparison of two or more products or services delivered to the consumers (JRC, 2010; ISO, 2006). The main purpose for a functional unit is to provide a reference to which results are normalized and compared.

Possible functional units for a meso-level water use system are:

- 1. One unit of product or one unit of service delivered; and
- 2. One unit (e.g. m^3) of water used.

In product oriented systems, the functional unit in the first approach corresponds to one unit of each product, while in urban systems the functional unit corresponds to one consumer being served for a certain time period, as it defines the quantity and quality of the service provided by the supplied water. Examples of product functional units, in various water use sectors, are presented in Table 3.

It should be noted that, in a multi-product water use system, the adoption of one unit of a specific product as a functional unit is only meaningful when examining a specific cluster and not the entire system.

2.3 Environmental assessment

The environmental assessment concerns the evaluation of the environmental impacts and follows the main stages of the typical LCA (life cycle inventory analysis and life cycle impact assessment) as described in ISO (2006).

2.3.1 Inventory analysis

Life cycle inventory (LCI) analysis involves creating an inventory of flows entering and leaving every process in the foreground system, i.e. the system within the defined system boundaries. Inventory flows include inputs and outputs of the generic "materials" presented in Table 4.

The notation used to represent the flows of the above materials is presented in Figure 7 and described in Table 5. The same figure presents the notation related to unit costs of resources and emissions and the prices of products (Table 6).

Figure 7 Notation used to represent flows, unit costs and prices (stage 2 is indicative of the water supply stages, while stage 3 corresponds to the water use stage)

In a typical LCA methodology, the inventory of flows must be related to the functional unit defined in the goal and scope definition. However, it is preferable to express the flows on an annual basis (e.g. m^3 of water abstracted per year, tonnes of product produced in one year...), even if the functional unit is one unit of product or m^3 of water used. This practice makes the calculation of annual costs and incomes easier during the value assessment phase. The environmental impacts per functional unit should be calculated by dividing with the corresponding flow.

In order to develop the inventory, a model of the system is usually constructed using data on inputs and outputs of each process. With respect to data collection, the following guidelines apply:

- For each unit process, an appropriate reference flow is determined (e.g. 1 m^3 of water or 1 MJ of energy).
- The input and output flows of the unit process are calculated in relation to this reference flow through scaling factors.
- SI units (or SI-derived units) are used wherever possible in collecting data for all flows.

2.3.2 Impact assessment

The **life cycle impact assessment** is aimed at evaluating the significance of potential environmental impacts based on the inventory of flows. This stage consists of the following steps:

- Selection of relevant impact categories;
- Classification and characterization, where the inventory flows are assigned to specific impact categories and are characterized into common equivalence units; and
- Impact calculation, where the characterized inventory flows are used to provide an overall environmental impact per category.

2.3.2.1 Environmental impact categories

There is a wide spectrum of indicators that could measure the environmental performance of the water use system. The selection of the most appropriate one is directly related to the information needed in order to make concrete proposals for specific policies.

Table 7 Midpoint impact categories

The assessment of the environmental performance of the EcoWater meso-level water use system follows a life-cycle oriented approach using the **midpoint impact categories** of Table 7, which make it possible to characterize different environmental problems, such as climate change, ozone depletion, photochemical ozone formation, acidification, eutrophication and resource depletion (Guinée, et al., 2001).

2.3.2.2 Classification and characterization

The purpose of **classification** is to organize and possibly combine the life cycle inventory flows into impact categories. The results of the inventory, expressed as elementary flows, are assigned to impact categories according to the ability of the resource/emission to contribute to different environmental problems.

Characterization concerns the quantification of the extent to which each resource/emission contributes to different environmental impact categories. This step is accomplished using standard **characterization factors**.

The complete list of the environmental impact categories relevant to EcoWater Case Studies is presented in Table 10 (Annex II). In addition to a description and the unit of measurement, this table provides all the relevant resources and/or emissions to be included in the calculation of the environmental performance and the values of the corresponding characterization factors.

2.3.2.3 Environmental impacts from the foreground system

The **environmental impact** for impact category c is expressed as a score (ES_c) in a unit common to all contributions within the category. The impacts from the foreground processes are calculated using the flows from the inventory analysis and the characterization factors, as follows:

$$
\left(ES_c\right)_{\text{fore}} = \sum_{r} cf_{r,c} \times f_r + \sum_{e} cf_{e,c} \times f_e \tag{1}
$$

where:

- *r c*, *cf* characterization factor of resource *r* for the impact category *c* (e.g. of water for freshwater depletion, of natural gas for fossil fuel depletion and of phosphorus for mineral depletion);
- *ef_{ec}* characterization factor of emission *e* for the impact category *c* (e.g. carbon dioxide for climate change, phosphorus for eutrophication and sulphur dioxide for acidification);
- f_r elementary flow of resource r_r and

ef elementary flow of emission *e*.

The **elementary flows** of resources and emissions are the sum of inventory flows over the stages of the system:

$$
f_r = \sum_{i=1}^{4} f_{r,i} \quad \text{and} \quad f_{\Theta} = \sum_{i=1}^{4} f_{\Theta,i} \tag{2}
$$

2.3.2.4 Environmental impacts from the background system

Background processes are the processes supplying supplementary resources to the foreground system. They are not known in detail and cannot be treated using equation (1). The environmental impacts from these processes are evaluated based on **background or secondary data** taken from **LCA databases**, such as the ELCD database (http://lca.jrc.ec.europa.eu/lcainfohub/datasetArea.vm). The background data, is considered to be generic, normally represented for a mix or a set of mixes of different processes.

Analysing the data provided by the LCA databases, environmental impact factors (*efr,c*), representing the environmental impacts from the production and/or transportation of one unit of a resource r to each impact category c can be calculated. The contribution of background processes to the environmental impacts of category c is then calculated using these factors, as:

$$
\left(ES_c\right)_{back} = \sum_r ef_{r,c} \times f_r \tag{3}
$$

Background impacts are added to the foreground ones to calculate the system-wide environmental impacts.

$$
ES_c = (ES_c)_{\text{fore}} + (ES_c)_{\text{back}} \tag{4}
$$

All the relevant to EcoWater Case Studies background processes are listed in Table 11 of Annex III, while Table 12 presents the environmental impact factors of background processes that are available in free databases.

2.3.2.5 Environmental impact indicators

Environmental impact indicators (*EI*) are calculated by expressing the environmental impacts per unit of a product or resource (functional unit). Different environmental indicators for each impact category can be calculated, depending on the choice of functional unit (product or water used). Environmental indicators can also be referred to the whole study area or disaggregated on the different clusters.

Type I indicators

Indicators of this type are expressed **per unit of product or service** and are calculated by dividing the environmental score (ES_c , calculated from Equation 4) by the flow of product $(f_p$ from life cycle inventory):

$$
(El_c)_i = \frac{ES_c}{f_p} \tag{5}
$$

For example, the climate change environmental indicator of type I ($EI_{\text{c,lim}}$), in different sectors is defined as in Table 8.

Table 8: Definition of type I impact indicator in different water use sectors.

Type I indicators represent the environmental footprint of the product/service. For example, the indicator defined in the first row of Table 8 is the carbon footprint of maize expressed in tCO_{2.eq}/tMaize.

Type II indicators

Indicators of this type are expressed **per unit of water used** and are calculated by dividing the environmental score (ES_c , calculated from Equation 4) by the inflow of water in the use stage ($f_{w,2-3}$, from life cycle inventory):

$$
\left(EI_c\right)_{ll} = \frac{ES_c}{f_{w,2-3}}
$$
 (6)

The climate change environmental indicator of type II, for the sectors in Table 8 are now calculated as in Table 9.

Type II indicators represent the environmental footprint of water used. For example, the indicator defined in the first row of Table 9 is the carbon footprint of water used for the production of maize in $tCO_{2,eq}/m^3$ water.

2.3.2.6 Cluster and area indicators

The environmental indicators, as defined above, can be calculated for the whole system area as well as for each cluster in the study area. Equations (1) to (6) provide the cluster indicators, when the flows f_r , f_e , f_p and f_w correspond to the product or service output of the specific cluster.

When a process is common to more than one cluster (e.g. abstraction of water to be used for many products) an appropriate **allocation** method is required to partition the flows and outputs of the process to the appropriate clusters. The allocation should be based on the amount of water used in the productive processes of each cluster.

Area indicators, for a specific product or service, can be calculated by the same equations, when the flows f_r , f_e , f_p and f_w correspond to the total production of the area. The area indicators can be calculated as the mean value of the cluster indicators:

$$
\left(EI_c\right)_{l,area} = \frac{\sum_{cluster} f_{p,cluster} \cdot \left(EI_c\right)_{l,cluster}}{\sum_{cluster} f_{p,cluster}} = \frac{\sum_{cluster} ES_{c,cluster}}{\sum_{cluster} f_{p,cluster}}
$$
\n(7)

$$
\left(EI_c\right)_{II,area} = \frac{\sum_{cluster} f_{w,cluster} \cdot \left(EI_c\right)_{II,cluster}}{\sum_{cluster} f_{w,2-3,cluster} f_{w,2-3,cluster}} = \frac{\sum_{cluster} ES_{c,cluster}}{\sum_{cluster} f_{w,2-3,cluster}} \tag{8}
$$

2.4 Value assessment

The most relevant economic performance indicator in the meso-level water use system that includes both the water supply and the water use chains is the **Total Value Added** (TVA) to the product due to water use, expressed in monetary units per period, in general per year (Euros/year). It is estimated as:

$$
TVA = EVU + VP_{BP} - TFC_{WS} - TFC_{WW} - FC
$$
\n(9)

where:

EVU total economic value from water use;

$$
VP_{\text{BP}}
$$
 income generated from any by-products of the system;

- *TFC_{WS}* total financial cost related to water supply provision for rendering the water suitable for the specific use purpose;
- *TFC_{WW}* total financial cost related to wastewater treatment; and
- *FC* annual equivalent future cash flow generated from the introduction of new technologies in the system.

The **Economic Value from Water Use** (EVU) refers to the total benefits from direct use of water. The approach followed for estimating EVU depends on whether water is used as a resource in a production process (e.g. water use in industrial and agricultural sectors), or delivers a service to the customers (e.g. water use in urban sector).

In the first case, *EVU* is estimated using the **residual value approach**:

$$
EVU = TVP - EXP_{NW}
$$
\n(10)

where

$$
TVP = \sum_{\rho} f_{\rho} \times \rho_{\rho} \tag{11}
$$

is the **Total Value of Products**, and

$$
EXP_{NW} = \sum_{r} f_{r,3} \times c_r + \sum_{e} f_{e,3} \times c_e
$$
 (12)

are the **Non-Water Expenses** representing the expenses for all the non-water inputs as well as the costs related to emissions in the water use stage (stage 3).

The above approach cannot be applied in an urban water supply system, because the product is actually the service provided to households. Instead, the estimation of the economic value from water use is based on the customers' willingness to pay for the water services. Based on the assumption that the level of water services provided will not change as a result of technology implementation (i.e. the application of a technology or management practice will not result in supply interruptions or render the quality of water unsuitable for the specific purpose) and that the total utility (the overall satisfaction of wants and needs) does not change between scenarios, the economic value from water use can be estimated by:

$$
EVU = EVU^{bl} = WTP \times f_{w,2-3}^{bl} \tag{13}
$$

where:

- *WTP* consumers' willingness to pay for the services provided (defined as the maximum amount a consumer would be willing to pay in order to receive a reliable and adequate water supply); and
- $,2 3$ *bl w f* total quantity of water supplied to the processes of water use stage in the baseline case, as denoted by the superscript *bl.*

The **Total Financial Cost related to Water Supply** (TFC_{WS}) represents the expenses in the processes of water abstraction and water treatment stages (stages 1 and 2):

$$
\mathsf{TFC}_{\mathsf{WS}} = \left(\sum_r f_{r,1} \times c_r + \sum_e f_{e,1} \times c_e \right) + \left(\sum_r f_{r,2} \times c_r + \sum_e f_{e,2} \times c_e \right) \tag{14}
$$

and the **Total Financial Cost related to Wastewater** Treatment *(TFC_{WW})* represents the expenses in the processes of wastewater treatment stage (stage 4):

$$
\mathsf{TFC}_{WW} = \sum_{r} f_{r,4} \times c_r + \sum_{e} f_{e,4} \times c_e \tag{15}
$$

2.5 Eco-efficiency quantification

The **Eco-Efficiency Indicators** (*EEI*) of the meso-level water use systems are defined as ratios of the economic performance (total value added, *TVA*) to the environmental performance of the system (environmental impacts). There are 14 eco-efficiency indicators, one for each environmental impact category *c*.

$$
EEI_c = \frac{TVA}{ES_c}
$$
 (16)

An appropriate set of eco-efficiency indicators should be selected for each system, tailored to the goal and scope of the analysis of the specific meso-level water use system. The selected indicators satisfy the following criteria, as presented in Deliverable 1.1 of EcoWater Project (EcoWater, 2012):

- **Relevance to the goal of the analysis**: Permit the evaluation of the effect that alternative technology options and practices have on specific environmental impacts and on the economic value produced in various stages of the water supply and production chains. Alternative technologies are compared on the basis of the selected indicators;
- **Relevance to the meso-level**: Provide a direct measurement of the environmental impacts associated with all the stages of both water supply and production chains, and effectively highlight all potential economic interactions among different actors in both chains;
- **Comprehensiveness and relevance to the analysed Case Studies**: Fully cover all significant environmental issues due to water use in each Case Study. The specificities of each Case Study and the technologies to be assessed in each case have been considered for the selection of indicators;
- **Reliability, simplicity and comparability**: They are verifiable, reproducible and not complex, while at the same time allow for comparisons between alternative scenarios; and
- **Importance for supporting system-wide (meso-level) decisions (policy relevance**): They are applicable to all similar systems/water use sectors and can be easily understood by decision makers and relevant actors/stakeholders. They can be used to identify areas for improvement by achieving economic benefit and/or mitigating environmental impacts.

Eco-efficiency indicators do not depend on the functional unit considered (there are no type I and type II eco-efficiency indicators). However, they can be calculated on a cluster basis:

$$
EEI_{c,cluster} = \frac{TVA_{cluster}}{ES_{c,cluster}} \tag{17}
$$

and aggregated on the study area:

$$
EEI_{c,area} = \frac{TVA_{area}}{ES_{c,area}} = \frac{\sum_{cluster} TVA_{cluster}}{\sum_{cluster} ES_{c,cluster}}
$$
(18)

3 Special methodological issues

The section addresses four special methodological issues regarding: a) the handling of "recovered resources" (e.g. energy, phosphorus, etc.), generated due to the implementation of innovative technologies, b) the assessment of environmental impacts from freshwater use, c) the assessment of the environmental impacts from thermal pollution and d) the assessment of the environmental impacts from micropollutants in water effluents.

3.1 Recovered resources

Recovered resources, as a result of applying an innovative technology, will alter the ecoefficiency of the water system and this impact should be included in the analysis. The problem is more important when the recovered resources are exported and used outside of the system boundaries. In a typical life LCA methodology, this problem is handled by an expansion and substitution approach.

According to JRC (2010), when a process of a system provides more than one function, i.e. delivers several goods and/or services, it is defined as multifunctional. Multifunctionality in the analyzed meso-level water use systems occurs due to the introduction of innovative technologies, as e.g. in the following cases:

- Introduction of a hydropower generator, which functions as a pressure reduction valve, in the water distribution process. The generated electricity can be used on-site, exported to the grid or stored into batteries for future usage.
- Introduction of advanced phosphorus recovery technologies in the processes of the wastewater treatment stage. The recovered phosphorus can be sold for use to another system.

The environmental impacts of these multifunctional processes will be considered as follows:

- In case of on-site use of the generated resource (closed-loop recycling) the consumption of primary and supplementary resources is reduced, affecting the environmental performance of the system; hence their amount will be subtracted from the relevant elementary flow during the environmental impact assessment. The economic performance of the system is affected as well (as the costs related to resources used and the additional technology is considered for the estimation of the TVA).
- In case that the recovered resources (generated electricity or phosphorus) are exported to another system (open-loop recycling) the economic and the environmental performance of the analysed system are affected as follows:
	- The cash flow from the sale of recovered resources will be considered for the estimation of the TVA produced, as a benefit of the relevant actor due to technology uptake.
	- The potential environmental benefits associated with the use of recovered resources (e.g. reduced amount of primary materials and energy sources) will not be considered, as they are ascribed to the system where the use of resources takes place.

3.2 Assessment of environmental impacts from freshwater use

Impacts from the use of freshwater (resource depletion) are far from being standardized in current LCIA practice (Muñoz, et al., 2010) and there is no standardized environmental midpoint indicator for this impact category (JRC, 2011). To date, most studies have neglected this issue or reflected it as a simple indicator expressing the volume of abstracted water by the product system (Muñoz, et al., 2008).

The methodology proposed in Mila i Canals (2009) and suggested by JRC (2011) is recommended. It is based on the Freshwater Ecosystem Impact (FEI) indicator, defined as:

$$
FEI = f_{w,0-1} \times WTA
$$
\n(19)

where:

 $f_{w,0-1}$ flow of freshwater abstracted; and *WTA* water withdrawal to availability ratio, defines as:

$$
WTA = \frac{WU}{WR}
$$
 (20)

where:

WU total annual freshwater withdrawal in a river basin; and

WR annual freshwater availability in the same basin.

3.3 Assessment of environmental impacts from thermal pollution

Impacts from thermal pollution have not been standardized in current LCIA practice. However, such an impact is common, mainly in the case of an industrial value chain, where river water is abstracted and used for cooling purposed. After its use, the water has relatively low temperature so it is not possible to further use it in the value chain and is thus discharged to the river. The waste heat rejected is considered as thermal pollution, since it affects the temperature of lake or river water and negatively influences the biodiversity.

Additionally, according to literature review on temperature and aquatic ecosystems, thermal discharges can alter population of phytoplankton; accelerate the growth of bacteria and affect the fish populations (U.S. EPA, 2011). LCA studies do not properly address the potential effects caused by thermal pollution due to the lack of available data. Several approaches have been proposed in order to estimate the impact of thermal pollution to aquatic biodiversity, based on the ecological value of water in the considered ecosystem. Ultimate impacts on ecosystem quality are commonly expressed in potentially disappeared fraction (PDF) of species on a given surface or volume during a given time (PDF per square meter per year or PDF per cubic meter per year) (Verones, 2010).

In the EcoWater Case Studies, thermal pollution is an important environmental impact in the case of energy production industry. However, its assessment is based on the absolute value waste heat (in GJ), due to lack of data.

3.4 The assessment of the environmental impacts in urban sector

According to the targets of the EU-WFD, there is a necessity for further reduction of pollutant emissions from wastewater treatment plants (WWTP). The high concentration in organics, nutrients or trace pollutants of waste water flows can only be faced using advanced technologies for tertiary filtration or removal of micropollutants. Furthermore, according to Switzerland's new Water Protection Ordinance, around 100 out of its more than 700 WWTPs will have to be upgraded to halve the currently discharged micropollutants.

Thus, in order to assess the performance of innovative removal technologies, the impact of micropollutants in human health and the environmental should be quantified and estimated.

However, such an impact and the relevant elementary flows have not been included in the in midpoint environmental impact categories and the respective metrics. In the case of Zurich urban water supply system, a first approximation is made by using an ancillary indicator for micropollutants emissions, measured in kg per year. The value is estimated by using the average concentrations of most typical micropollutants for Switzerland, measured at the outlet of wastewater treatment plants reported by the Swiss Federal Office for the Environment.

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Annex I: Symbols

- WR Annual freshwater availability in a river basin
- WU Total annual freshwater withdrawal in a river basin

Annex II: Midpoint environmental impact categories

Table 10 Environmental impact categories, relevant to EcoWater Case Studies

Annex III: Background processes

Table 11 Background processes relevant to EcoWater Case Studies

Table 12 Environmental impact factors for background processes relevant to EcoWater Case Studies

