

# First-hand...

“Our objective is to turn the Digitalisation line of the strategic project for the economic recovery and transformation into a transformational project that encourages efficiency and good management”

Aqualia is staunchly committed to sustainability. It pursues efficiency and profitability in each of its services, while contributing to the fight against climate change, a reality that has led to one of the most often-heard concepts over the past year being “water stress”.

As Aqualia’s Managing Director for Spain, Santiago Lafuente has a holistic vision of the end-to-end water cycle business in the national territory and his extensive experience makes him an exceptional analyst on the most urgent main challenges facing the water sector. These undoubtedly include the development of digitalisation to foster applying a forward-looking approach as part of the decision-making process or the renewal of infrastructures to fine-tune a service that, despite being essential, tends to go unnoticed.

## How does Aqualia strike the necessary balance between remaining competitive and being sustainable in Spain?

Our strategy in the Spanish market is structured around the operation of long-term contracts, in which,

thanks to our experience and specialisation, we generate value for both: administrations and users. We are committed to caring for this natural resource and to the continuous improvement of our services; we believe that this is one of the reasons that has seen us earn the trust of the communities that we operate in. This year, for example, we celebrated our 25th anniversary of providing services in Salamanca.

At Aqualia, we have not actively sought to strike a balance between sustainability and business, rather they are one and the same thing. Here, maintaining this resource is strategic. And we are very strict in terms of our performance as we believe that a company that is not committed to ESG (Environmental, Social, and Governance) principles does not have a bright future.

To this end, in 2021 we were the first operator that AENOR recognised for having aligned with SDG strategies and sustainability as an operating principle. And we have continued to contribute to our 2022 Strategic Sustainability Plan throughout 2022 as our goal is to enrich it in anticipation of its renewal next year. We also form

part of the StepbyWater Alliance, collaborating with multi-sector companies to reduce water consumption.

## The harsh consequences of climate change are an undeniable reality. At Aqualia, do you believe we are prepared for the effects that are yet to come in Spain?

The impact of the climate emergency is a reality. In 2022 we have experienced unprecedented circumstances that we know we will see again in the future, such as the declaration of a drought alert in areas known as “humid Spain” and water conflicts in dry areas. To resolve these, we must address them together, with sustained planning, rather than if they were isolated incidents.

Our experience as a global operator is a strength when we compare ourselves with any other operator in Spain. We manage the resource in different parts of Europe, Latin America and MENA, with the different regulators, infrastructure conditions and climatic situations that this entails. This means that we are prepared to face the impact of climate change and we are always

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on the lookout for sustainable and innovative solutions, as we believe that the reduction in water resources is non-debatable. Neither is the waste of this resource, which can be reused for agriculture, for example.

## Thinking back to 2022, what milestones or projects come to mind at Aqualia Spain?

We are doing a great job in relation to the circular economy. Aqualia’s business model incorporates the concept of circularity, by providing collection, treatment, storage, distribution, wastewater treatment, and purification services, including the re-use and return of water, once treated, into the natural cycle.

Also worth special mention is the work undertaken in relation to waste recovery, with milestones such as the Rewatergy project, which we have undertaken in cooperation with three universities and, as goes without saying, the start-up of the largest industrial plant in the petrochemical sector in Spain, which we have constructed in Tarragona on behalf of AITASA, which produces a large volume of gas. Likewise, the co-digestion work carried out in Guijuelo (Salamanca) and as part of the Louro Consortium (Pontevedra) stand out in my mind. This consists of mixing urban sludge with industrial sludge to enhance gas production. These plants produce biogas to power our vehicles, serving as an example of how we add value through innovation, with solutions that focus on decarbonisation.

When it comes to energy, and on account of the current context and rising costs, we have made progress with the use of renewable energy. We are currently installing photovoltaic panels at our Spanish facilities. I believe that it is a critical step in achieving energy neutrality. In 2022, we have commissioned 15 photovoltaic energy facilities and we are in the process of installing a further 17.

## We have the technology that is needed to apply digitalisation or artificial intelligence to the management of our infrastructures

## What are the coming challenges that Aqualia faces in Spain in terms of designing the future of the end-to-end water cycle?

Undoubtedly, the renewal of water infrastructures, as their degree of obsolescence is very high and this generates huge maintenance costs. We must look for long-term solutions that help us to overcome climate risks and geopolitical tensions. Faced with this challenge, private operators such as Aqualia have

a lot to contribute; for example, through public-private partnership mechanisms, which could be used to finance these improvements, offering very long recovery periods on the investment to public administrations. This would have a very slight impact on the cost of services and in the long run, it would lower operating costs.

Another challenge is the digitalisation of the sector. Our objective is to turn the Digitalisation line of the strategic project for the economic recovery and transformation into a transformational project that once and for all puts an end to sterile debates and places the spotlight on efficiency and good management. We can now say that what affects the digitalisation of the hydrographic confederations is under way and that, as part of a sectoral conference, €200 million have been released to the Autonomous Communities of Spain to make improvements in supply and wastewater treatment. At Aqualia, we have the technology that is needed to apply digitalisation or artificial intelligence to the management of our infrastructures, enhancing the visibility and efficiency of our entire underground operation, which must first be modernised.