

Water Cost vs. Value



COUNCIL OF THE GREAT LAKES REGION
Solving for Sustainability

Lead the way in water stewardship by investing in strategies that cut water use and unlock energy savings. Embed water valuation into corporate risk and sustainability frameworks, invest in water stewardship and nature-based solutions, and advocate for policies that reflect water's true value. Acting now will safeguard operations, unlock resilience, and position your organization as a leader in climate and resource security.

Closing the Water Value Gap

Water is priced far below its true worth, creating an illusion of abundance. Water is essential to life, ecosystems, and economies. It underpins nearly every product and service, yet its market price rarely reflects its full value. This disconnect is especially visible in the Great Lakes region, where water is plentiful but increasingly strained by climate change, pollution, aging infrastructure, and population growth.

Despite its central role in regional prosperity, water remains consistently undervalued, both in financial accounting and in public perception. Addressing this gap requires a more holistic view of water's full value. Integrating that value into planning, investment, and policy decisions is essential to sustaining the Great Lakes and ensuring long-term resilience for communities and businesses alike.

Business Decisions Overlook Real Risk

Most business decisions rely on visible costs, utility rates, treatment fees, and infrastructure charges. But the true value of water is far broader. When companies rely solely on market prices, they miss critical risks that shape long-term competitiveness and resilience.

This disconnect leads to underinvestment, missed risks, and water strategies that fall short of basin needs. It prevents businesses from fully accounting for:

- Environmental impacts: habitat loss, pollution, declining biodiversity
- Human health risks: contamination, reduced access to safe water
- Operational exposure: future scarcity, regulatory tightening, rising treatment costs
- Cultural and social value: especially for Indigenous communities
- Long-term economic impacts: climate pressures, infrastructure strain, basin-wide water stress

Understanding these dimensions is essential for credible corporate stewardship.

Core Gaps For Businesses to Better Understand The Value Of Water:

To align corporate strategy with the real value of water, companies need to close several persistent gaps:

Water is systemically undervalued



Utility prices overlook scarcity, climate risk, and the true cost of degradation. This makes it harder to justify investments in conservation, reuse, or pollution prevention.

A full valuation is essential for risk planning



Real business risk comes from non-market impacts: ecosystem decline, rising treatment costs, human health pressures, regulatory change, and future scarcity. Ignoring these leads to higher operating costs and reduced resilience.

Societal value extends beyond "volumetric benefits"



The impact of one gallon saved depends on context. The aim is to try to quantify broader benefits, community health, avoided pollution, and local ecosystem value.

“Net positive water” can be misleading



Without clear definitions, many projects overstate benefits or focus on small, short-term gains. WWF and others recommend more precise, context-based terms that reflect real basin outcomes.

Water is local, variable, and multi-dimensional



Unlike carbon, each watershed has its own challenges, quality, accessibility, seasonality, governance. Generic goals fail unless customized to basin conditions.



Call to Action: Take A More Complete View of Water Value

Leading companies are moving beyond utility bills to incorporate water’s intrinsic and contextual value into planning, investment, and governance engagement. This shift strengthens business resilience, reduces long-term costs, and positions companies as responsible partners in the region.

Best practice includes:



Context-based water valuation: Assessing water importance and risks based on local basin conditions



Accounting for non-market impacts: Integrating ecosystem services, community benefits, and regulatory exposure into strategy and financial planning



Scenario planning: Modeling how future scarcity, climate variability, and policy changes influence operations and supply chains



Investing in basin health: Supporting restoration, infrastructure upgrades, and nature-based solutions that benefit shared water resources



Aligning with leading frameworks: Using AWS, NPWI, and SBTN freshwater guidance to connect corporate actions to basin-wide needs

By valuing water more realistically, businesses can make smarter decisions, reduce long-term risk, and contribute to a more resilient Great Lakes region.

