**Assignment Module 1 –Business Case NRW**

**Case description**

Imagine a Water Company with the following characteristics:

* The total number of connections is 20.000
* The NRW is about 40%
* The total billed volume is 4 million m3 per year
* The average tariff is € 0,45 per m3

A NRW reduction project is executed at the moment. The total project costs are €2 million. The NRW will be reduced from 40% to 20%.

As a consequence, the sales will increase with 20%.

**Question**

In how many years (after the end of the NRW project) will the total project costs be recovered?

Answer

Total sales is 4 million x € 0,45 = € 1,8 million per year

Increase of sales is 0,2 x € 1,8 million = €0,36 million

The break-even point is at € 2 million / € 0,36 million = 5,55

So after 6 years the total project costs are recovered by the increase of sales.