

Transcript

Video of Ofwat Chief Executive, Rachel Fletcher commenting on the CMA's Provisional Findings

27 October 2020

We recently set out what water companies should deliver for customers and the environment, and the price customers will pay over the next five years.

We demanded big improvements in water companies and most of them accepted the challenge and have been getting on with meeting it.

However, four companies did not – they appealed to the Competition and Markets Authority.

The CMA have set out their provisional views for consultation and we have serious concerns about the impact they would have on customers.

For example, they are proposing customers pay for investors to get a higher rate of return.

This won't pay for better services or environmental protection. But could simply flow straight into investors' pockets.

We struggle to see why this is justified especially since the returns that the CMA proposes are higher than the companies asked for in their submissions to us.

What's more the overall package of proposals would weaken the incentives on water companies to improve their services and frees them up to take on more debt.

The risk from this financing could ultimately sit with customers. This can't be right. We will keep pushing to protect and promote customers' interests. And we will work with the CMA to better understand their thinking and their concerns.

We are optimistic that if the CMA takes the time to work this through, they can secure an outcome that will deliver for today's customers and future generations.

We'll keep you posted.