

CMA to examine water regulator's price review after appeals

Every 5 years Ofwat must decide how much money people should pay for their water and the level of service they should receive. As part of this, Ofwat considers a range of issues to ensure that water companies serve their customers effectively by keeping bills low while continuing to deliver sustainable services now and in the future.

In December 2019, Ofwat published its final decision on price control for the next five years. Companies that are unhappy with Ofwat's decision have until 15 February to tell Ofwat that they want the case to be referred to the Competition and Markets Authority (CMA). Any appeals submitted before the deadline will be included in Ofwat's reference.

The CMA's role is to form its own conclusion on the price controls for the individual companies that appeal. When carrying out this review, the CMA has the same duties as Ofwat.

An Inquiry Group of independent panel members will be appointed to review Ofwat's price determination decision, supported by a team of staff within the CMA. The CMA expects Ofwat to give it 6 months from the date of the reference to complete its review, although this can be extended if the CMA needs more time.

Kip Meek, CMA Inquiry Group Chair said:

Everyone needs water, so it's really important that customers' bills are not set too high, but at the same time the water companies have enough money to deliver an efficient and high-quality service. The CMA will look closely at whether Ofwat's decision strikes the right balance in this and other areas and will make changes if not.

Ofwat will refer the price control for each water company that appeals. Once the reference is made, further information will be available on the CMA website. At the end of the review, the CMA will publish a report with its final decision on Ofwat's price controls including any changes that it deems necessary.