



**Environment, Food
and Rural Affairs
Committee**

Wednesday 12 March 2025

David Black
Chief Executive, Ofwat
By email

Subject: Ofwat involvement in Thames Water legal dispute

Dear David,

As you are aware, my Committee is currently conducting an inquiry into reforming the water sector in England and Wales. The iterative inquiry is first considering the performance, role and culture of water companies in England and Wales.

At the time of sending, we have taken evidence from representatives of ten of the eleven water and wastewater companies in England and Wales.

We have not yet taken evidence from Thames Water, the UK's largest water and wastewater provider. This is due to the ongoing legal dispute between its Class A and B bondholders. In line with the established sub judice principle, we have not deemed it proper to interfere with an ongoing legal process and intend to give proper scrutiny to the matters under consideration once legal matters have been resolved.

We note, however, the concerns raised by Mr Justice Leech, the presiding High Court judge at the aforementioned hearing. Mr Leech stated that the Government and Ofwat's lack of engagement in the case was "unfortunate", and that it "would have been nice, I think, if either Ofwat or the secretary of state had felt the need to turn up and explain the position to the court." He also stated that your lack of testimony on the costs of a temporary renationalisation had also placed the court in a "very difficult position".

The previous EFRA Committee raised significant concerns about the operation of Thames Water and its debt gearing. This issue has arisen again in our current work. Given the significance of this statement, and the potential cost to the Government and public purse of a failure of a now further indebted Thames Water, we would be grateful if you could set out in response to this letter:

- why Ofwat chose not to engage in recent proceedings over Thames Water;
- what assessment you have made of the merits of the recent agreement reached with Thames Water and its creditors;

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- what assessment Ofwat has made of the potential cost to the taxpayer of entering Thames Water into special administration; and
- what discussions you have had with Defra on the steps you would be required to take in the case of entering Thames Water into special administration.

In the case of legal proceedings being settled, we would be grateful for your response to the above questions by Friday 28 March.

Yours sincerely,

Rt Hon Mr Alistair Carmichael MP
Chair, Environment, Food and Rural Affairs Committee