Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: TO/LGRRS/05301/26

[redacted]

18 August 2026

Dear [redacted]

Thank you for your further correspondence regarding the £44.7 million enforcement package agreed between Ofwat and Dŵr Cymru Welsh Water.

I understand your concern and why you are seeking clarity on how the package will be funded and whether it may affect customers' bills. Water customer bills are determined through a price review process administered by Ofwat as the economic regulator. This determines how much revenue water companies can recover from customers over a five-year period and what services, performance improvements and investment they must deliver in return. Price Review 2024 (PR24) is the latest review and sets the amount of revenue water companies can recover and investment they must deliver between 2025 and 2030. The final determination approved £6.0 billion of expenditure for Dŵr Cymru Welsh Water over this period and established the customer bill profile needed to fund that investment. Bills up to 2030 are therefore largely based on the investment and performance commitments agreed through PR24.

The Welsh Government does not regulate water company charges and does not have a role in determining how Dŵr Cymru finances its operations. These matters fall within the responsibilities of the company and Ofwat.

As stated in the previous response Ofwat has publicly stated that it expects the costs associated with the enforcement package not to be passed on to customers through bills and that it will monitor delivery of the package as part of the legally binding undertakings. Dŵr Cymru have also publicly stated that the commitments accepted under enforcement package are additional to their investment programme for 2025–2030.

Welsh Ministers have consistently emphasised that customers should see tangible improvements from the investment they are being asked to fund. The Welsh Government is committed to reforming the water sector in Wales and has made clear its ambition to secure greater control over water regulation. As part of this work, the Welsh Government is considering how regulatory arrangements can better reflect Welsh priorities, including accountability and affordability for customers. The Government's commitment to

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

establishing a Welsh water regulator will provide an opportunity to develop a system that works more effectively for the people of Wales.

I recognise that your concerns extend to the longer-term financing of Dŵr Cymru. However, it would not be appropriate for the Welsh Government to speculate on the company's future borrowing decisions. Responsibility for ensuring that the enforcement package is delivered without imposing additional costs on customers rests with Dŵr Cymru and Ofwat.

Thank you again for taking the time to raise these important issues.

Yours sincerely,

Water Policy Branch
Climate Change and Rural Affairs Group
Welsh Government