



Environment secretary writes to Ofwat calling out Thames Water deal

Description

default watermark

ofwat under pressure over Thames Water's mounting

[Thames Water](#) is [now even closer](#) to temporary nationalisation after the government objected to a A£10bn rescue proposal from its creditors.

Ofwat, the UK water regulator, is also feeling the heat, after Environment Secretary Emma Reynolds penned a letter to the watchdog criticising the lenders's offering. She warns it would fail both the environment and customers.

â??A holiday from the rulesâ??

Thames Water has teetered on the edge of ruin for several years, at this point. It's currently buried under A£20bn in debt, and has faced record fines for dumping untreated sewage into England's waterways.

The company will run out of money completely in October, at which point it will enter Special Administration (i.e. government control). [Back in January](#) pollster Survation found that 54% of Thames Water's customers supported the nationalisation measure, vs just 19% who wanted the company to remain in private hands.

However, London & Valley Water (LVW) â?? a Frankenstein's monster of financiers who own Thames Water's debt-tabled a deal with Ofwat. Now, time is against LVW here. Ofwat [would have](#) to put its deal up for three months of public scrutiny, and also obtain the High Court's sign-off.

Under the current proposal, first set out in June 2025, [LVW have offered](#) to erase A£9.4bn of Thames Water's debt. The proposal also included A£3.35bn cash and A£6.55bn new debt facility before 2030. However, [in return](#), LVW asked for permission to effectively ignore pollution and performance

targets.

Understandably, the bogus deal has attracted massive criticism from campaign groups. We Own It, for example, urged MPs to [sign an open letter](#) demanding a rejection of the deal. The group [stated that](#)

Thames Water's creditors want a holiday from the rules, and they want us to pick up the bill.

Ofwat fails consumers

Then, on 15 June, environment secretary Emma Reynolds added the government's weight to the objections. She [wrote](#) to Ofwat, calling the rescue proposal a "weak" response to "15 years of mismanagement and failure". Likewise, she highlighted that it would place an "undue burden" on Thames Water's customers.

The government has [previously stated outright](#) that it would prefer a "market-based solution" to Special Administration measures. The fact that the environment secretary stepped in to offer criticism is a mark of how truly abysmal this deal is.

Commenting on the intervention, Reynolds stated that:

I have written to Ofwat to set out my early concerns that the creditors's proposals don't do enough to protect consumers and the environment.

In response, LVW made a thinly veiled threat that any other option would result in higher water bills:

All other routes offer significantly worse outcomes for customers and the environment. Our proposals do not anticipate any increase in customer bills beyond those set out by Ofwat.

"Let us keep dumping sewage or we'll jack up the prices" doesn't exactly sound like good-faith negotiations to us. For context, Thames Water [recently hiked bills](#) by a massive 35%, which a vast majority of customers deemed unreasonable.

Ofwat is expected to make a decision on the deal by July at the latest. This is necessary in order to allow time for public scrutiny before Thames Water finally goes bust in October.

As both the public and the government has now urged, it must reject this awful deal and uphold its duty to protect both the environment and the consumers who are being held to ransom by Thames Water and its creditors.

Featured image via the Canary

By [Grace](#)

[Source link](#)

CATEGORY

1. News

POST TAG

1. calling
2. deal
3. environment
4. news
5. ofwat
6. out
7. secretary
8. thames
9. water
10. writes

Category

1. News

default watermark