

Centre City Tower, 7 Hill Street, Birmingham B5 4UA
11 Westferry Circus, Canary Wharf, London E14 4HD

By email

22 June 2023

Dear David,

Following the recent and re-occurring supply interruptions experienced by South East Water customers, I am requesting an urgent meeting between the Board of South East Water, and myself and Chair of Ofwat, Iain Coucher.

There have been two significant supply incidents affecting South East Water customers within a short period of time:

- A freeze thaw event in December 2022 with 286,000 properties impacted, and
- A high demand event leading to up to 6,000 properties experiencing supply interruptions, low pressure, or being off supply during the week of 12 June 2023. A number of schools were also forced to close, in the run up to the end of the school year. As a result of the June 2023 incident, a TUB was announced on 16 June and is due to commence on 26 June with the aim to reduce increased demand.

Our review of the 2022 freeze-thaw event found improvements were required in South East Water's planning and preparedness in response to future loss of supply and identified a need for South East Water to better protect customers in the future.

I am concerned that the most recent event occurred in the first spell of hot weather this year, and that you experienced similar supply interruptions due to peak demand in July 2022. This suggests that the resilience of supplies is well below what would be expected from an essential service provider and that transformative change is required at South East Water to ensure customers receive the levels of service they deserve. These incidents also took place in the context of South East Water being one of the sector's worst performers with respect to supply interruptions for the last two reporting years.

We have received a number of complaints from customers recently affected by your supply interruptions who did not receive adequate response from your company during the incident, or after raising concerns. We expect you to be engaging with your customers to ensure they know what is happening and why, as well as ensuring that all customers who are entitled to compensation for supply interruptions receive the correct payment promptly. We would like to understand what further steps you are taking to remedy these issues for customers and to mitigate the risks of similar issues arising in future. We would like to know what

David Black, Chief Executive

compensation package is being offered to customers who were affected. We will also, together with CCW, conduct customer research into the most recent water supply incident – so that we can hear directly from customers about their experience.

Providing reliable supplies of safe drinking water is a fundamental legal obligation of all water companies, reflected in their general duty under section 37 of the Water Industry Act 1991 (WIA91) to maintain a water supply system. As such, we urgently want to discuss your recent and underlying performance problems; the significant impacts these have had on your customers; your understanding of their underlying causes; and what actions you are taking to address this and improve reliability of service to your customers for the future. This will inform our decisions on whether there is further action Ofwat needs to take in relation to your company's performance on these issues, including but not limited to enforcement action.

My office will be in touch shortly to confirm timings for this discussion with your Board members.

Yours sincerely

David Black
Chief Executive, Ofwat