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By email

14th March 2024

Re: Ofwat investigation into Dŵr Cymru

I am writing to inform you that following an investigation by Ofwat, which found Dŵr Cymru misled customers and regulators about its record of tackling leakage and water use, the company will have to pay nearly £40 million to benefit customers as part of a proposed enforcement package.

We formally opened an investigation in May 2023, which came after Dŵr Cymru notified Ofwat that it had identified inaccuracies with the figures it had previously reported for its performance in 2020-21 and 2021-22. This had been identified as a result of the requirements Ofwat puts on companies to assure the data they submit to us. Our subsequent investigation found evidence that a significant failure of governance and management oversight led to the water company misreporting its leakage and per capita consumption ('PCC') performance figures over a period of several years, significantly underplaying its poor performance.

You may recall that following our opening the investigation in May, Dŵr Cymru apologised to its customers, and announced it would be providing £15m in compensation. In addition, as part of the enforcement package, Dŵr Cymru will have to provide £9.4m to lower bills for customers, and a further £15m of costs will be absorbed by Dŵr Cymru, rather than passed on to customers.

As part of today's announcement, Ofwat has launched a public consultation on its provisional decision here.

Ofwat is determined to transform performance in the water industry so that it delivers better outcomes for customers and the environment, and no company should be in any doubt about the importance of reporting accurate and transparent information.

Companies need to invest a significant amount over the next 30 years to reduce pollution and ensure that our water infrastructure can grow with our population and adapt for climate change. In the context of increasing challenges for the sector, the public's trust depends on companies acting with integrity and transparency, with a visible commitment to serving the interests of customers and the environment.

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Ymchwiliad Ofwat i Dŵr Cymru

Ysgrifennaf atoch i'ch hysbysu, yn dilyn ymchwiliad gan Ofwat, a ganfu fod Dŵr Cymru wedi camarwain cwsmeriaid a rheoleiddwyr ynghylch ei hanes o fynd i'r afael â gollyngiadau a defnydd dŵr, y bydd yn rhaid i'r cwmni dalu bron i £40 miliwn er budd cwsmeriaid fel rhan o pecyn gorfodi arfaethedig.

Gwnaethom agor ymchwiliad yn ffurfiol ym mis Mai 2023, a ddaeth ar ôl i Dŵr Cymru hysbysu Ofwat ei fod wedi nodi anghywirdebau yn y ffigurau yr adroddwyd arnynt yn flaenorol ar gyfer ei berfformiad yn 2020-21 a 2021-22. Roedd hyn wedi'i nodi o ganlyniad i'r gofynion y mae Ofwat yn rhoi ar gwmnïau i sicrhau'r data y maent yn ei gyflwyno i ni. Canfu ein hymchwiliad dilynol dystiolaeth bod methiant sylweddol o ran goruchwyliaeth llywodraethu a rheoli wedi arwain at y cwmni dŵr yn cam-adrodd ei ffigurau perfformiad gollyngiadau a defnydd y pen ('per capita consumption', PCC) dros gyfnod o sawl blwyddyn, gan danbrisio ei berfformiad gwael yn sylweddol.

Efallai y byddwch yn cofio, ar ôl i ni agor yr ymchwiliad ym mis Mai, ymddiheurodd Dŵr Cymru i'w cwsmeriaid, a chyhoeddi y byddai'n darparu £15m mewn iawndal. Yn ogystal, fel rhan o'r pecyn gorfodi, bydd yn rhaid i Dŵr Cymru ddarparu £9.4m i ostwng biliau cwsmeriaid, a bydd £15m pellach o gostau yn cael eu hamsugno gan Dŵr Cymru, yn hytrach na'u trosglwyddo i gwsmeriaid.

Fel rhan o'r cyhoeddiad heddiw, mae Ofwat wedi lansio ymgynghoriad cyhoeddus ar ei benderfyniad dros dro.

Mae Ofwat yn benderfynol o drawsnewid perfformiad yn y diwydiant dŵr fel ei fod yn sicrhau canlyniadau gwell i gwsmeriaid a'r amgylchedd, ac ni ddylai unrhyw gwmni fod ag unrhyw amheuaeth ynghylch pwysigrwydd adrodd ar wybodaeth gywir a thryloyw.

Mae angen i gwmnïau fuddsoddi swm sylweddol dros y 30 mlynedd nesaf i leihau llygredd a sicrhau y gall ein seilwaith dŵr dyfu gyda'n poblogaeth ac addasu ar gyfer newid yn yr hinsawdd. Yng nghyd-destun heriau cynyddol i'r sector, mae ymddiriedaeth y cyhoedd yn dibynnu ar gwmnïau'n gweithredu'n onest ac yn dryloyw, gydag ymrwymiad gweladwy i wasanaethu buddiannau cwsmeriaid a'r amgylchedd.

I hope you find this update useful – Gobeithio y bydd y diweddariad hwn yn ddefnyddiol i chi.

Yours sincerely – Yr eiddoch yn gywir,

Lynn Parker
Senior Director, Casework, Enforcement and Customers /
Uwch Gyfarwyddwr Gwaith Achos, Gorfodi a Chwsmeriaid