



News Release

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CC REJECTS WATER PRICE APPEAL

The Competition Commission (CC) has rejected an appeal from Sutton and East Surrey Water (SES) to increase its prices to customers for 2009/10.

Peter Davis, Chairman of the reference Group and a Deputy Chairman of the CC, said:

The reference Group has carefully considered SES's case and concluded that although the company's financial performance is below that forecast when the current price controls were set, this has not affected its ability to finance the proper carrying out of its functions.

In terms of the consumer objective, in the short term there is a clear consumer interest in keeping prices lower, and while we took very seriously a range of concerns that consumers would in fact be best served in the longer run if current prices were allowed to rise, on the facts of this particular case, we were not persuaded that it was appropriate for there to be a price increase.

This confirms the CC's [provisional determination](#), which was published in June.

Ofwat referred the appeal to the CC in March this year, following its decision to reject the company's request to increase prices by 10.2 per cent in real terms. SES had argued that it should be able to increase its price because of unexpected shortfalls in revenue and an increase in energy charges. The existing price limit for 2009/10 was set by Ofwat in 2004 as part of a five-year price control, of which 2009/10 is the final year.

Notes for editors

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. The Water Industry Act 1991 requires Ofwat, in accordance with the terms of SES's licence, to refer any disputed determination of price limits to the CC for determination.
3. The members of the SES reference Group are: Dr Peter Davis (Chairman), Jayne Almond, Chris Bright and Professor Bruce Lyons.
4. Further details on the reference can be found at: www.competition-commission.org.uk/inquiries/ref2009/sutton/index.htm.

5. SES is a water-only supplier, providing water to parts of Surrey, Sussex, Kent and the London boroughs of Merton, Sutton and Croydon. It supplies 257,000 domestic properties and around 19,000 non-domestic properties.
6. A non-confidential copy of our final determination will be published by Ofwat in due course.
7. Enquiries should be directed to Rory Taylor (email rory.taylor@cc.gsi.gov.uk) on 020 7271 0242.