



Outcome delivery incentive rates for Northumbrian Water following recalibration based on the company’s menu choice

This schedule sets out Northumbrian Water’s recalibrated outcome delivery incentive rates following the company’s menu choice. It is these incentive rates which the company should use during the 2015-20 price control period. The other elements of the outcome delivery incentives remain the same as in the final determination company-specific appendix (e.g. the units of measurement and the rules of application).

Incentive rates in red are those which have changed following recalibration i.e. those which differ from the final determination company-specific appendix.

Wholesale Water

Performance Commitment	Penalty rate following recalibration	Reward rate following recalibration
W-A1: asset health water	See W-B2, W-B3, W-C2 and W-C3 below	See W-B3 and W-C2 below
W-B1: Satisfaction with taste and odour of tap water	0.023	0.011
W-B2: Overall drinking water compliance	Penalty 1: £3,984,750 lump sum at each assessment point	
	Penalty 2: An additional £3,984,750 lump sum over and above penalty 1 at each assessment point	
W-B3: Discoloured water complaints	Penalty 1: £3,984,750 lump sum at each assessment point	0.002

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	Penalty 2: An additional £3,984,750 lump sum over and above penalty 1 at each assessment point	
W-C1: Interruptions to water supply for more than 3 hours (average time per property per year)	-0.150 ¹	0.018
W-C2: Properties experiencing poor water pressure	Penalty 1: £3,984,750 lump sum at each assessment point	0.001
	Penalty 2: An additional £3,984,750 lump sum over and above penalty 1 at each assessment point	
W-C3: Water mains bursts	Penalty 1: £3,984,750 lump sum at each assessment point	
	Penalty 2: An additional £3,984,750 lump sum over and above penalty 1 at each assessment point	
W-C4: Leakage (MI/d) NW	0.115	0.115
W-C5: Leakage (MI/d) ESW	0.115	0.115
W-D1: NWL independent overall customer satisfaction score		
W-D2: Service incentive mechanism (SIM)	Ofwat determined	Ofwat determined
W-D3: Domestic customer satisfaction, net promoter score		

¹ Some of the penalty rates are written with a negative sign in front and some without. For clarity all the penalty rates involve the company returning money to customers in some form.

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Performance Commitment	Penalty rate following recalibration	Reward rate following recalibration
W-E1: NWL independent survey on keeping customers informed		
W-F1: Greenhouse gas emissions		
W-F2: Annual environmental performance report		

Wholesale Wastewater

Performance Commitment	Penalty rate following recalibration	Reward rate following recalibration
S-A1: asset health – wastewater	See S-B3, S-B4, S-C1, and S-C2 below	See S-B3 and S-C2 below
S-B1: Properties flooded externally	-0.003	0.002
S-B2: Properties flooded internally	-0.017	0.013
S-B3: Repeat sewer flooding	£2,228,625 lump sum at each assessment point	0.013
	An additional £2,228,625 lump sum at each assessment point	
S-B4: sewer collapses	£2,228,625 lump sum at each assessment point	
	An additional £2,228,625 lump sum at each assessment point	
S-B5: transferred drains and sewers internal sewer flooding	-0.017	0.013
S-B6: transferred drains and sewers external sewer flooding	-0.003	0.002
S-B7: transferred drains and sewer collapses		
S-C1: sewage treatment works discharge compliance	£2,228,625 lump sum at each assessment point	

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	An additional £2,228,625 lump sum at each assessment point	
S-C2: pollution incidents (category 3)	£2,228,625 lump sum at each assessment point	0.016
	An additional £2,228,625 lump sum at each assessment point	
S-C3: bathing water compliance	0.113	
S-C4: Whitburn combined sewer overflow (CSO) scheme	Penalty for late delivery (per year from 2018-19): £0.2m	
	Penalty for non-delivery: £4m	
S-D1: NWL independent overall customer satisfaction score		
S-D2: SIM	Ofwat determined	Ofwat determined
S-D3: domestic customer satisfaction, net promoter score		
S-E1: NWL independent survey on keeping customers informed		
S-F1: greenhouse gas emissions		
S-F2: annual environmental performance report		

Household Retail

Performance Commitment	Penalty rate following recalibration	Reward rate following recalibration
R-B1: NWL independent overall customer satisfaction score		
R-B2: SIM	Ofwat determined	Ofwat determined

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Performance Commitment	Penalty rate following recalibration	Reward rate following recalibration
R-B3: domestic customer satisfaction, net promoter score		
R-C1: NWL independent value for money survey		
R-C2: satisfied with value for money of water services NW (CCWater)		
R-C3: satisfied with value for money of sewerage services NW (CCWater)		
R-C4: satisfied with value for money of water services ESW (CCWater)		
R-D1: NWL independent survey on keeping customers informed		
R-E1: greenhouse gas emissions		
R-E2: Annual environmental performance report		
R-F1: Delivering a consolidated Customer Information and Billing (CIB) system	Penalty 1: £0.5 per £1 of cumulative depreciation	
	Penalty 2: £1.25 million per year of non-delivery (calculated pro rata according to the number of days of non-delivery)	