

Consultation questions

Making performance commitments more stretching

Q1: What is your view on the use of improved information, including comparative performance information, to make performance commitments more stretching?

We support that customers and CCG's should have more comparative data to assess if performance commitments are truly stretching. Although we understand that companies have differing challenges from historic investment decisions and geographic issues on availability and quality of supply, that having more comparable data allows CCGs and customers to better understand their supplier and allows more robust challenges. We believe that using comparative information effectively can only occur if performance calculations are completely standardised across the industry.

Q2: What is your view on the common performance commitments we are suggesting for PR19?

We welcome the common performance commitments but believe that they can only truly be useful from a customer and CCG perspective if they mean something to customers.

We welcome the inclusion of a new customer experience measure and believe that this must have a greater weighting than the other measures, which are on what we did rather than how well the customer thought we did it.

We are aware that the DWI are developing a measure to replace mean zonal compliance and would ask that there is sufficient back calculated data used to set any common performance measure on water quality compliance.

We welcome the supply interruptions measure but would like to see something with more meaning than the current metric (eg number of customers who lose supply more than once in a 3 year period).

We are not currently effected by the abstraction incentive mechanism so cannot comment on its suitability but again we would imagine that this would be difficult metric for a customer to grasp.

Number of mains bursts is a suitable measure for infrastructure asset health.

We welcome a resilience measure and will be keen to see how this new metric develops, as a Welsh Company we feel that this should reflect the sustainable development duties in the Well Being of Future Generations Act.

Q3: What is your view on how we might apply comparative assessments at PR19?

We agree with the basis for the comparative assessments with common performance commitments for Water Quality Compliance, Supply interruptions and mains bursts. We do not believe that leakage should be excluded from these common performance levels as although companies have differing water resource situations they all have a customer driven environmental duty to minimise waste. Measures such as water quality compliance can be heavily driven by water resources in terms of raw water quality and we therefore feel it would be inappropriate to treat leakage differently.

Q4: To what extent do you agree with our proposed approach to leakage performance commitments for PR19?

We agree that leakage could be made more stretching particularly if as in Q3 it was set with a common performance level. As a measure it is something customers are interested in but the calculation methodologies are too complex and too diverse to have much meaning, we would therefore welcome a new standard approach.

Q5: What factors should we take into account in our guidance on setting performance levels for bespoke performance commitments at PR19?

This is a more difficult area to comment on as although common measures are useful for cross industry comparisons, the bespoke commitments can be more tailored to individual company customer needs and the views of their CCG. We feel that the opinion of the CCGs on the correct balance of bespoke and common measures will be key. For CCGs to effectively challenge any bespoke measures the performance measure should be something that is used across the industry even if the performance commitment varies between companies. We believe that the need for bespoke measures would best be set at a company level by CCWater and the CCGs directed by any variances in the customer base from the UK average, e.g. more vulnerable customers in a particular group.

Q6: What is your view on our development of a new customer experience measure for PR19?

We welcome the development of a new customer experience measure and firmly believe that this is the most important metric for comparison. The setting of this metric must be led by CCWater and should be one overall measure made up of all the other factors and should only ever have a penalty and not a reward.

More powerful outcome delivery incentives

Q7: What is your view on the options for increasing the power of reputational and financial ODIs at PR19?

We welcome an increase in the power of ODIs at PR19 on the basis that their effect is not in the same order of magnitude as financing efficiencies. The greater use of publicly available industry comparison data should help to improve the reputational power of ODIs as could categorisation of companies on performance as they are for data quality. We believe that the ODIs are more appropriately assessed on a 5 year basis rather than in period. This is because we are long term businesses and that a single year's performance could distort what is a 5 year trend and lead to inappropriate rewards and penalties, which could drive the wrong behaviour.

Better reflecting resilience in outcomes

Q8: What is your view on our proposals for better reflecting resilience within the outcomes framework?

We agree that specific resilience ODI(s) should be developed and that this is an issue which should be part of customer engagement. The longer term (10-15 year) approach for ODIs is an interesting way to set resilience performance targets, however they would have to consider carefully during future price reviews to ensure that they are assessed fairly if situations materially change

Q9: What is your view on the options and our preferred approach to asset health outcomes?

We believe that partial standardisation for asset health is the most appropriate means of measurement. As these measures will more than any other reflect a company's historic investment and also the particular challenges faced from the quality and availability of water resources. We feel that getting the correct balance between measures that can be checked as standard across the industry and those which are specific to the challenges faced by its customers will give the best outcome.

We feel that for both this and resilience that a long term measure is appropriate, set at no deterioration of assets, with a reputational reward for those who can demonstrate continuous improvement. We see this as a board duty to ensure that they are not saving up problems for the customers of the future and that the penalty should be appropriate to drive the right behaviour.

Making performance commitments more transparent

Q10: To what extent do you agree with our proposals for making performance commitments more transparent for customers?

We agree with the principle of making performance commitments more transparent to customers. We feel that unless the measures can be readily understood by customers they lose meaning and challenge the legitimacy of any rewards or penalties. We feel that scheme specific measures do have a purpose as long as they are only used for projects which are of key importance to customers and that they reflect the outcome of the project and not the output.