

## Bristol Water: Delivering outcomes for customers detailed actions

**Table 1 – Company-wide actions**

Area	Concern	Required Action	Action reference	Date Required
Performance Commitment (PC) Definition	The company has not proposed a bespoke PC covering business retail gaps and voids - The company has provided insufficient reasons for this.	The company should propose a bespoke PC covering business retail gaps and voids or justify why not.	BRL.OC.A1	1 April 2019
PC Stretch	No concern at a company-wide level. See concerns below on an individual PC basis.	None at company-wide level. See actions below on an individual PC basis.	N/A	N/A
Performance reporting	No concern	None	N/A	N/A
Outcome Delivery Incentive (ODI) type	No concern at a company-wide level. See concerns below on an individual PC basis.	None at company-wide level. See actions below on an individual PC basis.	N/A	N/A
ODI rates	Our initial assessment of companies' enhancement expenditure and cost adjustment claims (including for scheme delivery) in the Cost Efficiency test results in the revision or rejection of some cost claims proposed by the company. In these instances only,	In cases of rejection or revisions to enhancement expenditure or a cost adjustment claim, the company should consider the implications, if any, for the associated level of the PC and ODI incentive rates proposed and provide evidence to justify any changes to its business plan submission.	BRL.OC.A2	1 April 2019

Area	Concern	Required Action	Action reference	Date Required
	<p>there may be implications for the associated PC and ODI rate proposed.</p> <p>The company has provided insufficient evidence to demonstrate the formation of its marginal cost inputs in relation to the enhancement expenditure and cost adjustment claims that it proposes.</p>	<p>In cases where a scheme will no longer be undertaken, the company should consider the removal of the associated scheme-specific PC.</p> <p>The company should provide further evidence to detail the estimation of forecast efficient marginal costs within its ODI rate calculations, in line with our PR19 Final Methodology. In particular, the company should provide evidence to demonstrate how these marginal cost estimates relate to the cost adjustment claims or enhancement expenditure proposed by the company.</p>		
<p>ODI deadbands, caps and collars</p>	<p>The company proposes an extensive usage of deadbands, which cover a significant proportion of its financial PCs. We have particular concerns about the PC-specific justifications offered by the company for some of these deadbands, but we additionally have broader concerns about the quantity of deadbands that is proposed. We consider that extensive usage of deadbands could materially weaken the company's overall incentives to achieve its PC targets, and for this reason the PR19 Methodology sets out that deadbands should only be</p>	<p>The company should review our PC-specific concerns about the justification for certain deadbands, and in each case the company should decide whether to remove the deadband or provide further justification for why the deadband is appropriate and in customers' interests.</p> <p>Additionally, the company should reflect on the overall quantity of deadbands it proposes to apply and it should consider whether to reduce the number of deadbands in its ODI package. The company should provide a convincing and well-evidenced justification in its response.</p>	<p>BRL.OC.A3</p>	<p>1 April 2019</p>

Area	Concern	Required Action	Action reference	Date Required
	<p>used when they are demonstrably in customers' interests.</p> <p>Additionally, we note that the company proposes a widespread application of outperformance caps and underperformance collars across its ODI package. Whilst we acknowledge that customers show some general support for reducing bill volatility, we do not find this to be a convincing justification for the company's universal application of underperformance collars.</p>	<p>The company should provide further ODI-specific evidence to support its individual use of both caps and collars, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company should reconsider its widespread application of collars to financial PCs and it should consider applying these features more selectively.</p> <p>The company's evidence for its individual caps and collars should include justification for the levels at which the cap and/or collar are set, and the company should explain why these levels are appropriate and in its customers' interests.</p>		
Enhanced ODIs	No concern	None	N/A	N/A
Overall ODI package	<p>The company has provided insufficient explanation of how its ODI package incentivises it, through better aligning the interests of management and shareholders with customers, to deliver on its PCs to customers. The company does not appear to have explicitly outlined how its package of outperformance payments will encourage it to deliver on its PCs to customers.</p> <p>There are concerns regarding the overall balance of the package, with one PC attracting</p>	<p>The company should provide further explanation of how its ODI package incentivises it, through better aligning the interests of management and shareholders with customers, to deliver on its PCs to customers.</p> <p>With regards to a balanced package and incentivising the company to meet its company challenges and customer priorities; the company should provide further explanation why one PC, "Population at Risk from Asset Failure", has such high ODI outperformance payment, while other ODIs of a high customer priority do not carry such high payments.</p>	BRL.OC.A4	1 April 2019

Area	Concern	Required Action	Action reference	Date Required
	disproportionately high ODIs and the widespread use of deadbands, caps and collars that may dampen incentives for the package overall.	Note also our concerns and action on the widespread use of deadbands, caps and collars above		
ODI timing	No concern	None	N/A	N/A
Asset health ODI package	The company has not demonstrated customer support for its outperformance payments.	<p>The company should provide sufficient evidence that its customers support its proposed asset health outperformance payments. If it cannot do this, the company should remove the outperformance payments.</p> <p>The company should provide a list of what it considers to be its asset health PCs, and state its P10 underperformance payments and P90 outperformance payments for each of its asset health ODIs in £m and as a percentage of RoRE.</p>	BRL.OC.A5	1 April 2019
Customer protection	The company does not put forward sufficient customer protections. In particular, we have concerns about the potential for large outperformance payments, which could arise if the company significantly outperforms its PC targets. This could leave customers exposed to large increases in bills.	The company should apply additional protections through an appropriate outperformance payment sharing mechanism. The payment sharing mechanism should be applied in accordance with guidance provided in the <b>'Technical appendix 1: Delivering outcomes for customers'</b>	BRL.OC.A6	1 April 2019

Table 2 - PC Specific Actions (for each PC)

BRL	Area	Concern	Required action	Action reference	Date
PR19BRL_PC01 Water quality compliance	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p><b>Water quality compliance PC:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.</p>	<p><b>Water quality compliance PC:</b> The company should explain why its proposed rate differs from our assessment of the reasonable range around the industry average that we set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>' and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in CRI.</p> <p>The company should also provide the additional information set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>' to allow us to better understand the causes of variation in ODI rates for CRI and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>	BRL.OC.A7	1 April 2019

			The company should explain and evidence how its proposed ODI rate for CRI is coherent with the rates proposed for other asset health PCs.		
	Caps, collars, deadbands	<b>Water quality compliance PC:</b> The company proposes a collar at a level which does not offer sufficient protection to customers from poor delivery of service.	<b>Water quality compliance PC:</b> We propose to intervene to ensure companies perform to the regulatory requirement of 100% compliance against drinking water standards. It is important that the range of underperformance to the collar is adequate to provide clear incentives for companies to deliver statutory requirements.  The company should set a collar at 9.50 for 2020-25.	BRL.OC.A8	1 April 2019
	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
PR19BRL_PC02 Supply Interruptions	Stretch	<b>Supply Interruptions PC:</b> Our PR19 methodology expectation for the Water supply interruptions PC is for all companies to set performance at the upper quartile in each year of the 2020-2025 period. Based on the forecast data provided by companies in the September 2018 business plan submission, the values are: 2020/21 = 00:04:17	<b>Supply Interruptions PC:</b> We expect the company's service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.	BRL.OC.A9	1 April 2019

		<p>2021/22 = 00:03:58                  2022/23 = 00:03:40                  2023/24 = 00:03:22                  2024/25 = 00:03:00</p> <p>The company proposed performance that was beyond these values by 2024-25, so there is no concern, but there is a required action so that all companies have consistent service levels.</p>			
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p><b>Supply Interruptions PC:</b> The company provides two outperformance payments within the standard ODI rate framework.</p> <p>There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.</p>	<p><b>Supply Interruptions PC:</b> The company should clarify the single standard outperformance incentive rate to be applied and set out further evidence to justify the calculation and selection of this rate. The rate selected should not be greater than the absolute magnitude of the underperformance incentive rate, unless the company provides compelling evidence to the contrary.</p> <p>The company should also explain why its proposed rates differ from our assessment of the reasonable range around the industry average (as set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>') and demonstrate that this variation is consistent with customers' underlying</p>	BRL.OC.A10	1 April 2019

			<p>preferences and priorities for service improvements in supply interruptions.</p> <p>The company should also provide the additional information set out in '<b>Technical appendix 1: Delivering outcomes for customers</b>' to allow us to better understand the causes of variation in ODI rates for supply interruptions and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>		
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC03 Mains Bursts	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p><b>Mains Bursts PC:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and</p>	<p><b>Mains Bursts PC:</b> The company should explain and evidence how its proposed ODI rate for mains bursts is coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure (including leakage, supply interruptions and low pressure) and demonstrate how the package of ODIs across the relevant group of PCs</p>	BRL.OC.A11	1 April 2019

		historical performance, or exogenous factors such as household income or water stress.	appropriately incentivises performance in the long and short-term.  The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODI rates for mains bursts and assess the appropriateness of the company's customer valuation evidence supporting its ODI.		
	Caps, collars, deadbands	<b>Mains Bursts PC:</b> The company proposes to apply an underperformance deadband to this PC. We do not consider that the need for this deadband has been sufficiently justified, and we have concerns about the level at which it has been set. We note that the proposed deadband allows the company significant leeway to deteriorate against historical average performance, which would weaken its incentives to achieve its PC targets.	<b>Mains Bursts PC:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers' interests.	BRL.OC.A12	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC04 Unplanned Outage	Definition	<b>Unplanned Outage PC:</b> We identified in the Annual Performance Report 2018 (APR18) submission evidence (shadow reporting table 3S) that	<b>Unplanned Outage PC:</b> The company should provide details on the actions needed to comply with the standard definition of this common performance metric and its timetable for completing them	BRL.OC.A13	1 April 2019

		there are sub-components assessed as 'Amber' or 'Red'. The company has not provided sufficient evidence to demonstrate that plans and timetables are in place to achieve compliance with these measures by 2019-20.	(where there is a sub-component rated Amber or Red in table 3S of the 2018 APR submission).		
	Stretch	<b>Unplanned outage PC:</b> The company provided insufficient evidence that performance has been determined appropriately.	<b>Unplanned outage PC:</b> The company is required to provide fully audited 2018-19 performance data by 15 May 2019. This should take the form of an early APR submission, but only for Unplanned Outages. Board assured data can be provided with the main APR in July 2019, any changes will be taken into account for the Final Determination. Based on the latest performance and updated methodologies, the company should re-submit 2019/20 – 2024/25 forecast data in the 15 May submission. The company should also report its current and forecast company level peak week production capacity (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/d) in their commentary for the May submission.	BRL.OC.A14	15 May 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Unplanned outage PC:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs	<b>Unplanned outage PC:</b> The company should explain and evidence how its proposed ODI rate for unplanned outages is coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure and	BRL.OC.A15	1 April 2019

		and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	demonstrate how the package of ODIs across the relevant group of PCs appropriately incentivises performance in the long and short-term.  The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODI rates for unplanned outages and assess the appropriateness of the company's customer valuation evidence supporting its ODI.		
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC05 Risk of severe restrictions in a drought	Definition	No concern	None	N/A	N/A
	Stretch	<b>Risk of severe restrictions in drought PC:</b> The company provided insufficient evidence that guidance was followed.	<b>Risk of severe restrictions in drought PC:</b> The company should explain its level of stretch and submit the intermediate calculation outputs as shown in the common definition guidance published on our website for the drought resilience metric.	BRL.OC.A16	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A

	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC18 Leakage	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p><b>Leakage PC:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.</p>	<p><b>Leakage PC:</b> The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average that we set out in <b>'Technical appendix 1: Delivering outcomes for customers'</b> and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in leakage</p> <p>The company should also provide the additional information set out in <b>'Technical appendix 1: Delivering outcomes for customers'</b> to allow us to better understand the causes of variation in ODI rates for leakage and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>	BRL.OC.A17	1 April 2019

	Caps, collars, deadbands	<b>Leakage PC:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. However, we note that the company has applied underperformance collars to almost all of its financial PCs, and we do not consider this to be a sufficient justification for the application of caps and collars to this specific PC.	<b>Leakage PC:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	BRL.OC.A18	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC19 Per Capita Consumption (PCC)	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Per capita consumption (PCC) PC:</b> There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and customer preferences that cannot plausibly	<b>Per capita consumption (PCC) PC:</b> The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average that we set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' and demonstrate that this variation is consistent with customers'	BRL.OC.A19	1 April 2019

		be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	underlying preferences and priorities for service improvements in per capita consumption.  The company should also provide the additional information set out in ' <b>Technical appendix 1: Delivering outcomes for customers</b> ' to allow us to better understand the causes of variation in ODI rates for per capita consumption and assess the appropriateness of the company's customer valuation evidence supporting its ODI.		
	Caps, collars, deadbands	<b>Per capita consumption (PCC) PC:</b> The company proposes to apply an outperformance deadband to this PC. We have not found sufficient justification for the proposed deadband, and we have concerns that its application will suppress the company's incentive to move towards upper quartile performance.	<b>Per capita consumption (PCC) PC:</b> The company should reconsider whether to apply an outperformance deadband to this PC. The company should provide a convincing and well-evidenced justification in its response.	BRL.OC.A20	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC06 Customer contacts about water quality – appearance	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A

	ODI rate	<b>Customer contacts about water quality – appearance PC:</b> The company provides insufficient evidence to justify the use of two standard outperformance incentive rates and the proposal to use the higher of these two rates.	<b>Customer contacts about water quality – appearance PC:</b> The company should provide further evidence to justify the selection of the chosen outperformance incentive rate from the two rates provided.  The rate selected should not be greater than the absolute magnitude of the underperformance incentive rate, unless the company provides compelling evidence to the contrary.	BRL.OC.A21	1 April 2019
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC07 Customer contacts about water quality – taste and smell	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Customer contacts about water quality – taste and smell PC:</b> The company provides insufficient evidence to justify the use of two outperformance payments within the standard ODI rate framework and the proposal to use the highest of these two rates.	<b>Customer contacts about water quality – taste and smell PC:</b> The company should provide further evidence to justify the selection of the chosen outperformance incentive rate from the two rates provided.	BRL.OC.A22	1 April 2019

	Caps, collars, deadbands	<p><b>Customer contacts about water quality – taste and smell PC:</b> The company proposes to apply an underperformance deadband and underperformance collar to this PC, as well as an outperformance deadband (along with a two-tier ODI outperformance payment). We have not found sufficient justification for the proposed underperformance deadband, as the company should be able to manage the financial impacts arising from operational circumstances and compensate its customers adequately for underperformance.</p>	<p><b>Customer contacts about water quality – taste and smell PC:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers’ interests.</p> <p>The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance.</p>	BRL.OC.A23	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC08 Properties at risk of receiving low pressure	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<p><b>Properties at risk of receiving low pressure PC:</b> The company provides insufficient evidence of how it proposes to distinguish water pressure investments from leakage investments and we have concerns that the company's</p>	<p><b>Properties at risk of receiving low pressure PC:</b> The company should provide further evidence to demonstrate how it will avoid the double counting of outperformance incentives between this PC and Leakage.</p>	BRL.OC.A24	1 April 2019

		current proposals risk double-counting with its Leakage PC.			
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<p><b>Properties at risk of receiving low pressure PC:</b> The company proposes to apply an underperformance deadband and an underperformance collar to this PC, as well as an outperformance deadband. Whilst we consider the collar to be sufficiently justified, the company has not put forward a convincing justification for its proposed deadbands. We have particular concerns about the level of the underperformance deadband, which would allow the company's performance to deteriorate significantly against its current level without any underperformance payments being incurred.</p>	<p><b>Properties at risk of receiving low pressure PC:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers' interests. If the deadband is retained, the company should strongly consider changing the level of the deadband, and it should explicitly justify the level it chooses.</p> <p>The company should also consider whether to remove the outperformance deadband from this PC.</p> <p>The company should provide a convincing and well-evidenced justification for its response.</p>	BRL.OC.A25	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC09 Turbidity performance at treatment works	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A

	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Turbidity performance at treatment works PC:</b> The company proposes to apply an underperformance collar to this PC. We have not found convincing ODI-specific justification for the use of a collar, and we have particular concerns about the level at which this collar is set. We consider that the collar is too tight and weakens the company's incentive to avoid service failures.	<b>Turbidity performance at treatment works PC:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance.	BRL.OC.A26	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC10 Unplanned maintenance – non-infrastructure	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	<b>Unplanned maintenance – non-infrastructure PC:</b> The company has not provided sufficient evidence to demonstrate the	<b>Unplanned maintenance – non-infrastructure PC:</b> The company should either provide further evidence to set out the marginal costs used within the ODI rate calculation, or amend the	BRL.OC.A27	1 April 2019

		calculation of marginal costs for this ODI.	underperformance payment to reflect any required adjustments. In either case the company should provide its evidence and rationale.		
	Caps, collars, deadbands	<b>Unplanned maintenance – non-infrastructure PC:</b> The company proposes to apply both an underperformance deadband and an underperformance collar to this PC. We do not consider that there is a case in principle for an underperformance deadband on this PC, as the company should manage the financial impacts of operational factors beyond its control. We also consider that the company has provided insufficient ODI-specific justification for the collar it has proposed.	<b>Unplanned maintenance – non-infrastructure PC:</b> The company should either remove the proposed underperformance deadband from this PC or provide convincing evidence to explain why this deadband is appropriate and in customers’ interests.  The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance.	BRL.OC.A28	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC11 Population at Risk from Asset Failure	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Population at Risk from Asset Failure PC:</b> The company provides insufficient evidence to	<b>Population at Risk from Asset Failure PC:</b> The company should provide further	BRL.OC.A29	1 April 2019

		justify the use of outperformance payments for this ODI.	evidence to justify the use of an outperformance payment for this PC, including evidence of customer support.		
ODI rate	<p><b>Population at Risk from Asset Failure PC:</b> The company has calculated its standard outperformance payment and marginal benefits using its customer willingness to pay for the &gt;24 hour supply interruptions per 1000 population PC. Insufficient evidence has been provided to justify the appropriateness of this proxy measure for risk of asset failure willingness to pay.</p> <p>The company has not provided sufficient evidence to justify the scale of reward potential on this ODI in relation to its own package.</p>	<p><b>Population at Risk from Asset Failure PC:</b> Should the company propose to keep the outperformance payment on this ODI, the company should provide further evidence to justify the use of &gt;24 hour supply interruptions as a proxy for customer willingness to pay for this ODI, or formulate marginal benefits based upon specific customer evidence relevant for this ODI.</p> <p>The company should provide further evidence to justify the appropriateness of the proposed ODI outperformance payment, or revise its rate downwards in line with customer evidence. In either case the company should provide its evidence and rationale.</p>	BRL.OC.A30	1 April 2019	
Caps, collars, deadbands	<p><b>Population at Risk from Asset Failure PC:</b> The company proposes to apply an underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. However, we note that the company has applied underperformance collars to almost all of its financial PCs, and we do not consider this to be a</p>	<p><b>Population at Risk from Asset Failure PC:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance.</p>	BRL.OC.A31	1 April 2019	

		sufficient justification for the application of a collar to this specific PC.			
	Timing	No concern	None	N/A	N/A
PR19BRL_PC14 Percentage of customers in water poverty	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC15 Value for money	Definition	<b>Value for money PC:</b> The company has not provided sufficient evidence that its survey adheres to social research best practice for this performance commitment.	<b>Value for money PC:</b> The company should confirm that the survey will be externally assured and conducted in line with social research best practice.	BRL.OC.A32	1 April 2019
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A

	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC16 Percentage of satisfied vulnerable customers	Definition	<b>Percentage of satisfied vulnerable customers PC:</b> The company is to use a sub-sample of 300 randomly selected responses to determine the percentage of satisfied customers for this PC, (as opposed to using the entire sample surveyed to determine satisfaction levels). In addition, the company has not provided sufficient evidence that its survey will adhere to social research best practice.	<b>Percentage of satisfied vulnerable customers PC:</b> The company should provide evidence that its measurement methodology will provide robust results based on 300 responses, rather than using the entire sample of PSR customers surveyed to determine satisfaction levels in addition, the company should confirm that the survey will be externally assured and conducted in line with social research best practice.	BRL.OC.A33	1 April 2019
	Stretch	<b>Percentage of satisfied vulnerable customers PC:</b> The company has set a target of 85% satisfaction for 2025. This may not be stretching as satisfaction from a similar indicator, satisfaction that "[priority] services are easy to access" is at 93.1%. While, this is not a direct comparator with vulnerable customer satisfaction, ease of access of services will be a key	<b>Percentage of satisfied vulnerable customers PC:</b> The company should justify the setting of an 85% target, in comparison to its existing rating on PSR customer satisfaction.	BRL.OC.A34	1 April 2019

		element of a customer determining their satisfaction.			
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC17 Void properties	Definition	No concern	None	N/A	
	Stretch	<b>Gaps and voids PC:</b> The company provides insufficient evidence that its proposed target for 2020-25 is stretching.	<b>Gaps and voids PC:</b> The company should reconsider its proposed percentage target for 2020-25. The company should clearly set out the evidence and rationale for the revised targets.	BRL.OC.A35	1 April 2019
	ODI type	<b>Voids properties PC:</b> The company proposes to apply financial incentives to this PC but does not provide sufficient evidence to demonstrate that the outperformance incentive would benefit customers.	<b>Voids properties PC:</b> The company should provide evidence to demonstrate that an outperformance payment would benefit customers and that it is designed in such a way that does not create perverse incentives with respect to the timely and accurate registration of void sites.	BRL.OC.A36	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A

	Timing	No concern	None	N/A	N/A
PR19BRL_PC20 Meter penetration	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Meter penetration PC:</b> The company provides insufficient evidence to justify the use of outperformance payments for this ODI.	<b>Meter penetration PC:</b> The company should provide further evidence to justify the use of an outperformance payment for this PC, including evidence of customer support..	BRL.OC.A37	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Meter penetration PC:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC, and it highlights that its customers support the use of caps and collars at a general level. However, we note that the company has applied underperformance collars to almost all of its financial PCs, and we do not consider this to be a sufficient justification for the application of caps and collars to this specific PC.	<b>Meter penetration PC:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	BRL.OC.A38	1 April 2019
	Timing	No concern	None	N/A	N/A

PR19BRL_PC21 Raw Water Quality of Sources	Definition	<b>Raw Water Quality of Sources PC:</b> We consider that the measurement of this PC is not transparent as the approach of using a model has a high level of uncertainty which could mean the PC is met when it should not have been or vice versa.	<b>Raw Water Quality of Sources PC:</b> The company should ensure that its definition of this PC is transparent and any uncertainty in measurement is reduced.	BRL.OC.A39	1 April 2019
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Raw Water Quality of Sources PC:</b> The company provides insufficient evidence that its proposed outperformance and underperformance payment ODI type is appropriate and supported by its customers. Evidence from the company's customer base suggests that its own customers believe that this PC should not have financial incentives attached to it.	<b>Raw Water Quality of Sources PC:</b> The company should provide further evidence to justify why this PC has financial incentives associated with it, despite the evidence presented indicating that customers prefer non-financial incentives. The company should demonstrate how financial incentives will benefit customers. Alternatively the company should consider removing the outperformance payment from this PC.	BRL.OC.A40	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC22 Biodiversity Index	Definition	No concern	None	N/A	N/A

	Stretch	No concern	None	N/A	
	ODI type	<b>Biodiversity Index PC:</b> The company provided insufficient evidence to justify the use of an outperformance payment for this ODI and evidence of customer support.	<b>Biodiversity Index PC:</b> The company should provide further evidence to justify the use of an outperformance payment for this PC, including evidence of customer support. The company should demonstrate how this ODI will benefit customers..	BRL.OC.A41	1 April 2019
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Biodiversity Index PC:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC. We note that the design of the cap and collar means that the company's outperformance payment range is much greater than its underperformance payment range. The company claims that its underperformance collar reflects the historic worst level, but this is not reflected in its data table submission, which suggests that it underperformed against this collar as recently as 2016-17. We judge that the company has not sufficiently demonstrated the need for a collar in this case.	<b>Biodiversity Index PC:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance	BRL.OC.A42	1 April 2019
	Timing	No concern	None	N/A	N/A

PR19BRL_PC23 Waste disposal compliance	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<p><b>Waste disposal compliance PC:</b> The company proposes to apply both an underperformance deadband and an underperformance collar for this PC. Whilst deadbands should only be proposed in exceptional circumstances, the company justifies its position by explaining that a new consent has just been introduced for its Blagdon fish farm, which will cause it to not reach 100% compliance over the short-term. In these circumstances and given that the deadband relates only to this factor, we consider the deadband proposed to be acceptable. However, the company's proposal for a collar is not sufficiently justified. Whilst there are reputational consequences from poor performance, as the</p>	<p><b>Waste disposal compliance PC:</b> The company should reconsider whether to apply an underperformance collar to this PC, taking account of its broader approach to customer protection. If the company decides to retain the collar, it should provide a convincing ODI-specific justification for this decision. This should include justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance.</p>	BRL.OC.A43	1 April 2019

		company claims, there is insufficient ODI-specific justification for the narrow underperformance payment range adopted by the company.			
	Timing	No concern	None	N/A	N/A
PR19BRL_PC24 Water Industry National Environment Programme Compliance	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19BRL_PC25 Local community satisfaction	Definition	<b>Local community satisfaction PC:</b> This is a new PC which is allocated 100% to water network plus despite encompassing outcomes relating to biodiversity and support for vulnerable customers. The plan does not make it clear why the PC is not also allocated to the water	<b>Local community satisfaction PC:</b> The company should justify its reasoning for selecting the price control for this measure.  The company should clarify how performance on each of the survey questions will be combined with the results of the qualitative interviews to give the overall performance score.	BRL.OC.A44	1 April 2019

		resources and retail price controls.  It is not clear how the company's performance on each of the survey questions will be combined with the results of the qualitative interviews to obtain an overall performance score			
	Stretch	No concern	None	N/A	N/A
	ODI type	<b>Local community satisfaction PC:</b> The company provides insufficient evidence that the proposed outperformance payment is appropriate and supported by its customers.	<b>Local community satisfaction PC:</b> The company should provide further evidence to justify the use of outperformance payments for this ODI and evidence of customer support for this approach. The company should demonstrate how this ODI will benefit customers. Alternatively, the company should consider removing the outperformance payments.	BRL.OC.A45	1 April 2019
	ODI rate	<b>Local community satisfaction PC:</b> The company constructs its marginal benefit estimates using the valuation of the social benefits arising from particular delivery outcomes (such as water efficiency and biodiversity improvements). Insufficient evidence has been provided to justify how these valuations have been calculated, and how these will avoid the double counting of the benefits achieved from other	<b>Local community satisfaction PC:</b> The company should either provide further evidence to demonstrate how it will avoid double counting outperformance on this PC with other incentives, or revise its ODI rates downwards (in absolute terms) to reflect this.	BRL.OC.A46	1 April 2019

		PCs, such as Per Capita Consumption.			
	Caps, collars, deadbands	<b>Local community satisfaction PC:</b> The company proposes to apply an outperformance cap and underperformance collar to this PC and it highlights that its customers support the use of caps and collars at a general level. However, we note that the company has applied underperformance collars to almost all of its financial PCs and we do not consider this to be a sufficient justification for the application of caps and collars to this specific PC.	<b>Local community satisfaction PC:</b> The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.	BRL.OC.A47	1 April 2019
	Timing	No concern	None	N/A	N/A
PR19BRL_PC26 Abstraction Incentive Mechanism (AIM)	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	No concern	None	N/A	N/A
	ODI rate	No concern	None	N/A	N/A
	Caps, collars, deadbands	<b>Abstraction Incentive Mechanism (AIM) PC:</b> The company proposes to apply an	<b>Abstraction Incentive Mechanism (AIM) PC:</b> The company should either remove the proposed deadbands from this PC or	BRL.OC.A48	1 April 2019

		<p>outperformance deadband and underperformance deadband to this PC, as well as an underperformance collar and outperformance cap. We have not found any of these proposed features to be sufficiently justified.</p>	<p>provide convincing evidence to explain why these deadbands are appropriate and in customers' interests. The company should provide further ODI-specific evidence to support its use of a cap and a collar, whilst also considering how its use of these features aligns with its broader approach to customer protection. The company's evidence should include justification for the levels at which the cap and collar are set, with the company explaining why these levels are appropriate and in customers' interests.</p>		
	Timing	No concern	None	N/A	N/A