

South East 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 is proposing to discontinue its PR14 Value for Money PC (E1: Customer satisfaction - bills are value for money and affordable). The company has stated that it is adapting its PR14 value for money PC and that this will be covered by Customer Satisfaction PCs. However, we have not found evidence of value for money being covered by a PR19 PC and do not consider that customer satisfaction PCs adequately monitor the views of customers on value for money.	The company should provide justification for discontinuing its PR14 Value for Money PC (E1: Customer satisfaction - bills are value for money and affordable) and provide evidence that value for money will be explicitly tested as a separate performance commitment. If it cannot provide sufficient justification for dropping the PC, the company should continue its PR14 Value for Money PC.	SEW.OC.A1	1 April 2019
PC stretch	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2.	N/A	N/A
Performance reporting	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2.	N/A	N/A
Outcome Delivery Incentive (ODI) type	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2.	N/A	N/A
ODI rates	Our initial assessment of companies' enhancement expenditure and cost adjustment claims (including for scheme	In cases of rejection or revisions to enhancement expenditure or a cost adjustment claim, the company should	SEW.OC.A2	1 April 2019

Area	Concern	Required Action	Action reference	Date Required
	<p>delivery) in the Cost Efficiency test) results in the revision or rejection of some cost claims proposed by the company.</p> <p>In these instances only, 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>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.</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>		
ODI deadbands, caps and collars	See Customer protections section below.	See Customer protections section below.	N/A	N/A
Enhanced ODIs	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2.	N/A	N/A
Overall ODI package	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 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.	SEW.OC.A3	1 April 2019

Area	Concern	Required Action	Action reference	Date Required
ODI timing	No material company-wide concerns. Individual PC concerns are set out in table 2	No company-wide actions. Individual PC actions are set out in table 2.	N/A	N/A
Asset health ODI package	The company does not demonstrate customer support for its outperformance payments on its asset health PCs.	<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 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>	SEW.OC.A4	1 April 2019
Customer protection	The company does not put forward sufficient customer protections. In particular, the company does not outline any policies to protect customers from large outperformance payments. The company does not propose protection in terms of caps on individual PCs and does not outline any re-investment plans or details on bill smoothing mechanisms. Put together, these expose customers to an inappropriate level of financial risk that comes despite the company having a comparatively low ODI package.	The company should apply additional protections through an appropriate outperformance payment sharing mechanism and by implementing caps on individual PCs which could result in material outperformance payments. The payment sharing mechanism and caps to material ODIs should be applied in accordance with guidance provided in 'Technical appendix 1: Delivering outcomes for customers' .	SEW.OC.A5	1 April 2019

Table 2: PC specific actions (for each PC)

PC	Area	Concern	Required Action	Action reference	Date Required
PR19SEW_E.1 Per capita consumption	Definition	No concern	None	N/A	N/A
	Stretch	Per capita consumption PC: The company provides insufficient evidence that its proposed service levels for 2020 to 2025 are stretching. It proposes a high service level of 140.3 litres/head/day in 2024-25. The company is in a water stressed area and nearly universally metered. We do not consider its proposed per capita consumption targets to be stretching, and particularly in comparison with other South East companies.	Per capita consumption PC: The company should reconsider its proposed service levels and ensure that these are stretching given that it is in a water stressed area. The company should clearly set out the evidence and rationale for the revised targets.	SEW.OC.A6	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	Per capita consumption PC: The company provides insufficient evidence to justify the application of adjustments to the Ofwat formula in order to balance ODIs across the proposed package. There is also 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.	Per capita consumption PC: The company should provide the additional information set out in ' Technical appendix 1: Delivering outcomes for customers ' to allow us to better understand the causes of variation in ODI rate for Per capita consumption and assess the appropriateness of the company's customer valuation evidence supporting its ODI. The company should also provide further evidence to justify and demonstrate the application of adjustments to the Ofwat formula in order to balance ODI	SEW.OC.A7	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
			payments across the ODI package, or consider alternative methods to achieve this objective. In either case, the company should provide its evidence and rationale.		
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19SEW_G.1 Drought resilience	Definition	No concern	None	N/A	
	Stretch	Drought resilience PC: The company provides insufficient evidence that its presented risk is determined appropriately.	Drought resilience PC: 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.	SEW.OC.A8	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
PR19SEW_A.1 Compliance Risk Index (CRI)	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A

PC	Area	Concern	Required Action	Action reference	Date Required
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p>Compliance Risk Index PC: 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>Compliance Risk Index PC: The company should provide the additional information set out in 'Technical appendix 1: Delivering outcomes for customers' to allow us to better understand the causes of variation in ODI rate for Compliance Risk Index (CRI) and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p> <p>The company should explain and evidence how its proposed ODI rate for CRI is coherent with the rates proposed for other asset health PCs.</p>	SEW.OC.A9	1 April 2019
	Caps, collars, deadbands	<p>Compliance Risk Index PC: The company does not provide sufficient evidence that its proposed level of deadband is sufficiently challenging and protects customers from poor service delivery.</p>	<p>Compliance Risk Index PC: We propose to intervene to ensure companies perform to the regulatory requirement of 100% compliance against drinking water standards. As set out in the methodology we noted a deadband may be appropriate. It is important that the range of underperformance is adequate to provide clear incentives for companies to deliver statutory requirements.</p>	SEW.OC.A10	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
			The company should set a deadband at 1.50 for 2020-25.		
	Timing	No concern	None	N/A	N/A
	Definition	No concern	None	N/A	N/A
PR19SEW_B.1 Supply interruptions	Stretch	<p>Supply interruptions PC: Our PR19 methodology expectation for the 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; 2021/22 = 00:03:58; 2022/23 = 00:03:40; 2023/24 = 00:03:22; and 2024/25 = 00:03:00.</p> <p>The company proposes service levels which are less stretching than these.</p>	<p>Supply interruptions PC: For this common PC we expect all companies' service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.</p>	SEW.OC.A11	1 April 2019
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p>Supply interruptions PC: There is substantial variation in proposed ODI rates across companies for common and comparable PCs. This finding implies large differences in underlying costs and</p>	<p>Supply interruptions PC: The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average (as set out in 'Technical</p>	SEW.OC.A12	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		<p>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>The company provides insufficient evidence that its proposed ODI rates for 2020 to 2025 are appropriate. We consider that the proposed level is too low to provide a sufficient incentive relative to the level of PC stretch.</p>	<p>appendix 1: Delivering outcomes for customers' and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service improvements in supply interruptions.</p> <p>The company should also provide the additional information set out in 'Technical appendix 1: Delivering outcomes for customers' to allow us to better understand the causes of variation in ODI rate 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
PR19SEW_D.1 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	Leakage PC: 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	Leakage PC: The company should explain why its proposed rates differ from our assessment of the reasonable range around the industry average as set out in 'Technical appendix 1: Delivering	SEW.OC.A13	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		plausibly be explained by companies' comparative and historical performance, or exogenous factors such as household income or water stress.	<p>outcomes for customers' 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 'Technical appendix 1: Delivering outcomes for customers' to allow us to better understand the causes of variation in ODI rate for leakage 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
	Definition	No concern	None	N/A	N/A
PR19SEW_B.2 Mains bursts	Stretch	<p>Mains bursts PC: The company provides insufficient evidence that its proposed service levels for 2020 to 2025 are stretching. It proposes relatively poor service levels, but this is based on worst historical levels that represent deterioration in performance compared with longer term historical performance.</p>	<p>Mains bursts PC: The company should reconsider its proposed service levels and ensure that these are stretching. If the company continues to propose performance that is worse than its historical levels, we will expect compelling evidence that increased active leakage control impacts the total number of mains repairs using the company's own data. This should include</p>	SEW.OC.A14	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
			<p>the relationship between pro-active and reactive mains repairs. As a minimum the evidence should show the historical correlation between active leakage control, pro-active and reactive mains repairs. It should also show the impact of this relationship on proposed repair rates from the output of asset performance modelling. The company should also demonstrate that reduced (worse) performance levels are in the interests of customers and the assets.</p>		
	ODI type	No concern	None	N/A	N/A
	ODI rate	<p>Mains bursts PC: 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>Mains bursts PC: 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 appropriately incentivises performance in the long and short-term.</p> <p>The company should also provide the additional information set out in 'Technical appendix 1: Delivering outcomes for customers' to allow us to better understand the causes of variation</p>	SEW.OC.A15	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
			in ODIs rate for mains bursts 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
PR19SEW_B.3	Definition	Unplanned Outage PC: We have concerns that in the Annual Performance Report 2018 (APR18) submission evidence (shadow reporting table 3S) there are sub-components assessed as 'Amber' or 'Red'. The company does not provide sufficient evidence to demonstrate that plans and timetables are in place to achieve compliance with these measures by 2019-20.	Unplanned Outage PC: 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 (where there is a sub-component rated Amber or Red in table 3S of the 2018 APR submission).	SEW.OC.A16	1 April 2019
Unplanned outage	Stretch	Unplanned Outage PC: We have some concerns that the company's proposed performance level is not determined using data consistent with the common definition.	Unplanned Outage PC: The company is required to provide fully audited 2018-19 performance data by 15 May 2019. This should take the form of an early Annual Performance Report (APR) submission, but only for Unplanned Outages. Board assured data can be provided with the main APR in July 2019, and any changes will be taken into account for the Final Determination. Based on the latest performance and updated	SEW.OC.A17	15 May 2019

PC	Area	Concern	Required Action	Action reference	Date Required
			methodologies, the company should re-submit 2019/20 – 2024/25 proposed service level data in the May submission. The company should also report its current and forecast company level percentage outage compared to company peak week production capacity (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary for the May submission.		
	ODI type	Unplanned Outage PC: The company does not propose a financial incentive.	Unplanned Outage PC: The company should propose a standard underperformance incentive rate for this PC supported by evidence to justify the customer valuations and forecast efficient marginal cost inputs that it proposes.	SEW.OC.A18	1 April 2019
	ODI rate	Unplanned Outage PC: See concern above.	Unplanned Outage PC: The company should propose a financial underperformance incentive and explain and evidence how its proposed ODI rate is coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure and 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 'Technical appendix 1: Delivering	SEW.OC.A19	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
			outcomes for customers' 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
PR19SEW_A.2 Appearance of tap water	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
PR19SEW_A.3 Taste and odour of tap water	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	Taste and odour of tap water PC: The company does not provide the unit willingness to pay valuations used in its triangulation methodology.	Taste and odour of tap water PC: The company should provide further evidence to justify and demonstrate the calculation of this PC, in particular the triangulation	SEW.OC.A20	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		The company does not provide sufficient evidence to justify the difference in the marginal benefit values it has used for the Taste and odour and Appearance PCs (which imply a customer willingness to pay for Taste and Odour which is five times greater than for Appearance).	of marginal benefits used to formulate the outperformance payment for this PC. The company should provide further evidence to demonstrate the underlying quality of the research on which input values are based and to justify the notably higher customer willingness to pay for taste and odour relative to appearance.		
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19SEW_B.5 Event Risk Index (ERI)	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	Event Risk Index PC: The company proposes to apply an underperformance deadband to this PC, which is set at a level significantly worse than current and recent historical performance. We have concerns that the use of such a large deadband could mislead customers about the company's performance over the 2020-25 period.	Event Risk Index PC: The company should either remove its underperformance deadband, or reset the level of its underperformance deadband so that it is more closely aligned with current and recent historical performance. Alternatively the company may provide convincing evidence to explain why the existing deadband is appropriate and in customers' interests.	SEW.OC.A21	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		However, since this PC has a reputational ODI, there are no financial implications to the use of a deadband, and therefore a deadband is not necessary in this instance. We expect the company to report its exact level of performance to stakeholders, thereby ensuring transparency.	If the company chooses to change the level of the deadband, it should provide compelling evidence to support the level it proposes.		
	Timing	No concern	None	N/A	N/A
PR19SEW_B.6 Low pressure	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
PR19SEW_C.2 Segmented satisfaction of household customers - segment 1	Definition	Segmented satisfaction of household customers - segment 1 PC: Customer segmentation is based on innovative attitudinal research, but the company provides insufficient details on this. For instance, it does not identify how big the survey sample will be, what channels will be used and how it will ensure the sample is	Segmented satisfaction of household customers - segment 1 PC: The company should provide more detail around sample size, how customers will be approached and how it will ensure the sample is representative. In addition to this the company should explain how it will avoid bias in the samples	SEW.OC.A22	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		representative of the segment on an annual basis.			
	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
PR19SEW_C.3 Segmented satisfaction of household customers - segment 2	Definition	Segmented satisfaction of household customers - segment 2 PC: Customer segmentation is based on innovative attitudinal research, but the company provides insufficient details on this. For instance, it does not identify how big the survey sample will be, what channels will be used and how it will ensure the sample is representative of the segment on an annual basis.	Segmented satisfaction of household customers - segment 2 PC: The company should provide more detail around sample size, how customers will be approached and how it will ensure the sample is representative. In addition to this the company should explain how it will avoid bias in the samples.	SEW.OC.A23	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

PC	Area	Concern	Required Action	Action reference	Date Required
	Timing	No concern	None	N/A	N/A
PR19SEW_C.4 Segmented satisfaction of household customers - segment 3	Definition	Segmented satisfaction of household customers - segment 3 PC: Customer segmentation is based on innovative attitudinal research, but the company provides insufficient details on this. For instance, it does not identify how big the survey sample will be, what channels will be used and how it will ensure the sample is representative of the segment on an annual basis.	Segmented satisfaction of household customers - segment 3 PC: The company should provide more detail around sample size, how customers will be approached and how it will ensure the sample is representative. In addition to this the company should explain how it will avoid bias in the samples.	SEW.OC.A24	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
PR19SEW_C.5 Segmented satisfaction of household customers - segment 4	Definition	Segmented satisfaction of household customers - segment 4 PC: Customer segmentation is based on innovative attitudinal research, but the company provides insufficient details on this. For instance, it does not identify how big the survey sample will be, what channels will be used and how it will ensure the sample is	Segmented satisfaction of household customers - segment 4 PC: The company should provide more detail around sample size, how customers will be approached and how it will ensure the sample is representative. In addition to this the company should explain how it will avoid bias in the samples.	SEW.OC.A25	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		representative of the segment on an annual basis.			
	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
PR19SEW_C.6 Segmented satisfaction of household customers - segment 5	Definition	Segmented satisfaction of household customers - segment 5 PC: Customer segmentation is based on innovative attitudinal research, but the company provides insufficient details on this. For instance, it does not identify how big the survey sample will be, what channels will be used and how it will ensure the sample is representative of the segment on an annual basis.	Segmented satisfaction of household customers - segment 5 PC: The company should provide more detail around sample size, how customers will be approached and how it will ensure the sample is representative. In addition to this the company should explain how it will avoid bias in the samples.	SEW.OC.A26	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

PC	Area	Concern	Required Action	Action reference	Date Required
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19SEW_C.7 Segmented satisfaction of household customers - segment 6	Definition	Segmented satisfaction of household customers - segment 6 PC: Customer segmentation is based on innovative attitudinal research, but the company provides insufficient details on this. For instance, it does not identify how big the survey sample will be, what channels will be used and how it will ensure the sample is representative of the segment on an annual basis.	Segmented satisfaction of household customers - segment 6 PC: The company should provide more detail around sample size, how customers will be approached and how it will ensure the sample is representative. In addition to this the company should explain how it will avoid bias in the samples.	SEW.OC.A27	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
PR19SEW_C.8 Satisfaction of household customers who are experiencing	Definition	Satisfaction of household customers who are experiencing payment difficulties PC: The company has provided insufficient evidence that the survey will adhere to social research best practice.	Satisfaction of household customers who are experiencing payment difficulties PC: The company should confirm the size of the sample it intends to use. The company should also confirm	SEW.OC.A28	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
payment difficulties			that the survey will be externally assured and conducted in line with social research best practice.		
	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
PR19SEW_C.9 Satisfaction of household customers who are receiving non-financial support	Definition	Satisfaction of household customers who are receiving non-financial support PC: The company has provided insufficient evidence that the survey will adhere to social research best practice for this PC.	Satisfaction of household customers who are receiving non-financial support PC: The company should confirm that survey will be externally assured and conducted in line with social research best practice for this PC.	SEW.OC.A29	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
PR19SEW_C.10 Satisfaction of household	Definition	Satisfaction of household customers on our vulnerability schemes during a supply interruption PC: The company has	Satisfaction of household customers on our vulnerability schemes during a supply interruption PC: The company	SEW.OC.A30	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
customers on our vulnerability schemes during a supply interruption		provided insufficient evidence that the survey will adhere to social research best practice for this PC.	should confirm that survey will be externally assured and conducted in line with social research best practice for this PC.		
	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
PR19SEW_I.1 Household customers receiving financial support	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
PR19SEW_J.1 Household customers receiving non-financial support	Definition	Household customers receiving non-financial support PC: Refer to 'South East Water: Actions summary table' for addressing affordability and vulnerability	Household customers receiving non-financial support PC: Refer to Affordability and Vulnerability documentation for actions related to this PC (Action SEW.AV.A4)	SEW.OC.A31	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		actions related to this PC (Action SEW.AV.A4)			
	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
PR19SEW_J.2 Satisfaction of stakeholders in relation to assistance offered by South East Water	Definition	<p>Satisfaction of stakeholders in relation to assistance offered by South East Water PC: There is insufficient explanation why half of this PC is allocated to water network plus.</p> <p>In addition, there is insufficient evidence in relation to the stakeholders that will be included in this PC.</p>	<p>Satisfaction of stakeholders in relation to assistance offered by South East Water PC: The company should explain why half of this PC is allocated to the water network plus price control.</p> <p>The company should explain which stakeholders will be included in the measurement of this PC and confirm that the survey will be externally assured and conducted in line with social research best practice.</p>	SEW.OC.A32	1 April 2019
	Stretch	No concern	None	N/A	N/A

PC	Area	Concern	Required Action	Action reference	Date Required
	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
PR19SEW_L.1 Gap sites	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	Gap sites PC: The company does not provide sufficient evidence to justify the use of a non-financial incentive for gap sites.	Gap sites PC: The company should provide further evidence to justify the use of a non-financial incentive for gap sites by demonstrating why a financial incentive would not be in the interests of customers. Alternatively, the company should formulate a financial ODI reflecting the reduction in customer bills that would result from the proposed programme of work to improve the identification of gap sites.	SEW.OC.A33	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

PC	Area	Concern	Required Action	Action reference	Date Required
PR19SEW_L.2 Voids – household properties	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	Voids – household properties PC: The company proposes to apply financial incentives to this PC. As its customers could benefit from service improvements in this area, customers are protected if the company does not deliver on its commitments. However, the company does provide sufficient evidence to demonstrate that the outperformance incentive would benefit customers.	Voids – household properties PC: 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.	SEW.OC.A34	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
PR19SEW_L.3 Voids – business properties	Definition	No concern	None	N/A	N/A
	Stretch	No concern	None	N/A	N/A
	ODI type	Voids – business properties PC: The company is proposing a non-financial incentive for this PC due to volatility in the proportion of void business properties. However the company has not demonstrated the extent to which this volatility is outside the company's control	Voids – business properties PC: The company should provide further evidence to justify the use of a non-financial incentive by demonstrating why it would not be in customers' interests.	SEW.OC.A35	1 April 2019

PC	Area	Concern	Required Action	Action reference	Date Required
		nor considered alternative options for protecting customers from this volatility (such as the use of caps, collars or deadbands).	Alternatively, the company should formulate a financial ODI reflecting the decrease in customer bills that would result from an incremental reduction in the proportion of void properties.		
	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
PR19SEW_B.4 Company sites protected from risk of flooding	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

PC	Area	Concern	Required Action	Action reference	Date Required
PR19SEW_H.1 Engaging and working with landowners and land managers to improve catchment resilience related to raw water quality deterioration	Definition	Engaging and working with landowners and land managers to improve catchment resilience related to raw water quality deterioration PC: The proposed definition does not measure the actual customer or environmental benefit resulting from this PC but instead the total land managed by those engaged.	Engaging and working with landowners and land managers to improve catchment resilience related to raw water quality deterioration PC: Companies should focus on delivering what matters to their customers, rather than the delivery of certain outputs and schemes. The company should resubmit its definition to measure a direct customer outcome.	SEW.OC.A36	1 April 2019
	Stretch	No concern	None	N/A	N/A
	ODI type	Engaging and working with landowners and land managers to improve catchment resilience related to raw water quality deterioration PC: The company does not provide sufficient evidence to justify the use of an outperformance payment for this ODI.	Engaging and working with landowners and land managers to improve catchment resilience related to raw water quality deterioration PC: The company should provide further evidence to support the use of outperformance payments and how this ODI will benefit customers.	SEW.OC.A37	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
PR19SEW_H.2	Definition	No concern	None	N/A	N/A

PC	Area	Concern	Required Action	Action reference	Date Required
Protecting wildlife and increasing biodiversity	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
PR19SEW_H.3 Water Industry National Environment Programme	Definition	None	None	N/A	N/A
	Stretch	None	None	N/A	N/A
	ODI type	None	None	N/A	N/A
	ODI rate	None	None	N/A	N/A
	Caps, collars, deadbands	None	None	N/A	N/A
	Timing	None	None	N/A	N/A
PR19SEW_H.4 Greenhouse gas emissions	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

PC	Area	Concern	Required Action	Action reference	Date Required
	Caps, collars, deadbands	No concern	None	N/A	N/A
	Timing	No concern	None	N/A	N/A
PR19SEW_H.5 Bespoke Abstraction Incentive Mechanism (AIM)	Definition	<p>Bespoke Abstraction Incentive Mechanism (AIM) PC: It is not clear why the sites the company has selected are different from the sites for the 2015-2020 period and the company does not mention how it has consulted with stakeholders or customers to agree this PC. There is insufficient evidence on the following:</p> <ul style="list-style-type: none"> • what participation there was; • from what pool of stakeholders; • what the process was; and • stakeholder views and how these were incorporated in the policy. 	<p>Bespoke Abstraction Incentive Mechanism PC: The company should explain why it has chosen its AIM sites and why these are different from those in the 2015-2020 period. The company should also provide sufficient evidence as to how it has consulted with stakeholders and customers in the selection of these sites and in agreeing the PC.</p>	SEW.OC.A38	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
PR19SEW_H.6	Definition	No concern	None	N/A	N/A

PC	Area	Concern	Required Action	Action reference	Date Required
Engaging and working with abstractors to improve catchment resilience to low flows	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