

South Staffs Water: Delivering outcomes for customers detailed actions

Table 1: Company-wide actions

Area	Concern	Required action	Action reference	Date required
Performance commitment (PC) definition	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	NA	NA
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	NA	NA
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	NA	NA
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	NA	NA
ODI rates	The company does not provide sufficient evidence and rationale to justify the use of package-wide scaling factors in determining its ODI rates, which result in an outperformance payment rate multiplier of 3x and an underperformance payment rate multiplier of 1.5x. We do not consider the company's reference to RoRE at	The company should provide further evidence to justify the scaling factors proposed at the package level or consider removing those scaling factors such that the ODI rates are formulated on customer valuations and marginal costs alone. As part of this consideration, the company should review the ODI rates	SSC.OC.A1	1 April 2019

Area	Concern	Required action	Action reference	Date required
	<p>the package level is an appropriate justification for ODI rates adjustment. The RoRE range presented in the PR19 Final Methodology is indicative and not directive as to what customers should pay. ODI rates should be formulated from direct customer valuations.</p> <p>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, 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>where the outperformance rate exceeds the underperformance rate (in absolute terms) and either provide evidence of customer support to justify this or revise its ODI rates in line with customer evidence such that outperformance rates do not exceed underperformance rates in absolute terms.</p> <p>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.</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 Final Methodology. In particular, the company should provide evidence to demonstrate how these marginal</p>		

Area	Concern	Required action	Action reference	Date required
		cost estimates relate to the cost adjustment claims or enhancement expenditure proposed by the company.		
ODI deadbands, caps and collars	See customer protections section below.	See customer protections section below.	NA	NA
Enhanced ODIs	No concern	None	NA	NA
Overall ODI package	<p>The company provides 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.</p> <p>The company provides insufficient evidence that its ODI package is supported by robust customer engagement and valuations.</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>The company should provide evidence that it has tested the acceptability of its ODI package with customers.</p>	SSC.OC.A2	1 April 2019
ODI timing	<p>The company includes only end-of-period ODIs, which it seeks to justify on the basis of keeping bills flat. However, it does not fully explore other methods of reducing the volatility in bills and does not consider the benefits of bringing payments closer in time to performance or tested this with customers. Therefore, there is insufficient evidence that end-of-period ODIs are in customers' interest.</p>	<p>The company should provide further evidence on why having end-of-period ODIs is in customers' interest, taking into account the benefits of bringing payments closer in time to performance.</p>	SSC.OC.A3	1 April 2019

Area	Concern	Required action	Action reference	Date required
Asset health ODI package	<p>The company's asset health ODI package is not appropriate as we consider it does not offer sufficient customer protection.</p> <p>The company does not demonstrate sufficient customer support for its asset health outperformance payments.</p>	<p>The company should increase its asset health underperformance payments in order to protect customers from poor performance or provide convincing evidence to demonstrate that its current proposals are in its customers' interest.</p> <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 its asset health ODIs in £m and as a percentage of RoRE.</p>	SSC.OC.A4	1 April 2019
Customer protection	<p>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. Although the company proposes to use end-of-period ODIs to reduce bill volatility within the control period, this could lead to a high bill</p>	<p>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 the 'Technical appendix 1: Delivering outcomes for customers'.</p>	SSC.OC.A5	1 April 2019

Area	Concern	Required action	Action reference	Date required
	<p>increase at the end of the period; also, we have other concerns about the use of end-of-period ODIs which we discuss above in the ODI timing section. The company does not fully explore other methods of reducing the volatility in bills.</p> <p>The company does not explain the maximum possible outperformance payments its customers could be exposed to within its business plan.</p> <p>Additionally, the company does not outline the tail of their RoRE distribution.</p>	<p>The company should explore other approaches than end-of-period ODIs to avoid large bill impacts on customers, either in period or at the end of the period.</p>		

Table 2: PC specific actions (for each PC)

PC	Area	Concern	Required action	Action reference	Date required
PR19SSC_C3 Residential water consumption South Staffs region	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	Residential water consumption South Staffs region: The company does not provide sufficient evidence that its customers support the use of outperformance payments for this PC.	Residential water consumption South Staffs region: The company should provide further evidence to justify the use of outperformance payments for this PC, including evidence of customer support.	SSC.OC.A6	1 April 2019
	ODI rate	Residential water consumption South Staffs region: The company does not provide sufficient evidence to justify the ODI rate. In estimating marginal benefits, it has not used direct evidence of customer willingness to pay (WTP) and preferences for this PC and has instead based its assessment on customer priorities and WTP for metering. It does not provide sufficient evidence to support the estimation of marginal cost and its use of weighting between leakage, and metering and education to adjust its incentive valuations for this PC.	Residential water consumption South Staffs region: The company should provide further evidence to justify the ODI rates, including further evidence to demonstrate and justify the calculation of its marginal benefit and marginal cost estimates. 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 ' Technical appendix 1: Delivering outcomes for customers ') and demonstrate that this variation is consistent with customers' underlying preferences and priorities for service	SSC.OC.A7	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			<p>improvements in per capita consumption.</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 rates for per capita consumption and assess the appropriateness of the company’s customer valuation evidence supporting its ODI.</p> <p>The company should provide the associated household water volumes for its South Staffs operating area to allow us to assess the appropriateness of its proposed ODI rates.</p>		
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	<p>Residential water consumption South Staffs region: The company proposes an end-of-period ODI without sufficient reasoning and evidence.</p>	<p>Residential water consumption South Staffs region: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.</p>	SSC.OC.A8	1 April 2019
PR19SSC_C4	Definition	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
Residential water consumption Cambridge region	Stretch	No concern	None	NA	NA
	ODI type	Residential water consumption Cambridge region: The company does not provide sufficient evidence that its customers support outperformance payments for this PC.	Residential water consumption Cambridge region: The company should provide further evidence to justify the use of outperformance payments for this PC, including evidence of customer support.	SSC.OC.A9	1 April 2019
	ODI rate	Residential water consumption Cambridge region: The company does not provide sufficient evidence to justify the ODI rate. In estimating marginal benefits, it has not used direct evidence of customer WTP and preferences for this PC and has instead based its assessment on customer priorities and WTP for metering. It has not provided sufficient evidence to support the estimation of marginal cost and its use of weighting between leakage, and metering and education to adjust its incentive valuations for this PC.	Residential water consumption Cambridge region: The company should provide further evidence to justify the ODI rates, including further evidence to demonstrate and justify the calculation of its marginal benefit and marginal cost estimates. 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 ‘ Technical appendix 1: Delivering outcomes for customers ’) and demonstrate that this variation is consistent with customers’ underlying preferences and priorities for service improvements in per capita consumption. The company should also provide the additional information set out in	SSC.OC.A10	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			<p>‘Technical appendix 1: Delivering outcomes for customers’ 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.</p> <p>The company should provide the associated water household volumes for its Cambridge operating area to allow us to assess the appropriateness of its proposed ODI rates.</p>		
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	<p>Residential water consumption Cambridge region: The company proposes an end-of-period ODI without sufficient reasoning and evidence.</p>	<p>Residential water consumption Cambridge region: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.</p>	SSC.OC.A11	1 April 2019
PR19SSC_C1 Leakage South Staffs region	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	ODI rate	<p>Leakage South Staffs region: The company does not provide sufficient evidence and rationale for adjusting its outperformance and underperformance ODI rates for this PC by a factor of three. It argues the adjustment should align its ODI rates with the industry average, which we do not consider to be an appropriate justification.</p> <p>The company's proposed outperformance rate exceeds its proposed underperformance rate for this PC; this remains the case even if the top-down scaling factors applied by the company are removed. The company does not provide sufficient evidence that its customers support this.</p>	<p>Leakage South Staffs region: The company should remove the scaling factor it applies to align its ODI rates for leakage with the industry average. The company should provide sufficient evidence that its customers support an outperformance rate for leakage that is greater than the underperformance rate or adjust its outperformance payment rate such that it is no greater than the outperformance rate.</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 'Technical appendix 1: Delivering 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 rates for leakage and assess the appropriateness of the</p>	SSC.OC.A12	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			<p>company's customer valuation evidence supporting its ODI.</p> <p>The company should provide the associated distribution input and water household volumes for its South Staffs operating area to allow us to assess the appropriateness of its proposed ODI rates.</p>		
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Leakage South Staffs region: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Leakage South Staffs region: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A13	1 April 2019
PR19SSC_C2 Leakage Cambridge region	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	Leakage Cambridge region: The company does not provide sufficient evidence and rationale for adjusting its outperformance and underperformance ODI rates for this PC by a factor of three. It argues the adjustment should align its ODI rates	Leakage Cambridge region: The company should remove the scaling factor it applies to align its ODI rates for leakage with the industry average. The company should provide sufficient evidence that its customers support an outperformance rate for	SSC.OC.A14	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
		<p>with the industry average, which we do not consider to be an appropriate justification.</p> <p>The company's proposed outperformance rate exceeds its proposed underperformance rate for this PC; this remains the case even if the top-down scaling factors applied by the company are removed. The company does not provide sufficient evidence that its customers support this.</p>	<p>leakage that is greater than the underperformance rate or adjust its outperformance rate such that it is no greater than the underperformance rate.</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 'Technical appendix 1: Delivering 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 rates for leakage and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p> <p>The company should provide the associated distribution input and water household volumes for its Cambridge operating area to allow us to assess</p>		

PC	Area	Concern	Required action	Action reference	Date required
			the appropriateness of its proposed ODI rates.		
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Leakage Cambridge region: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Leakage Cambridge region: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A15	1 April 2019
PR19SSC_D1 Compliance risk index (CRI)	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	Compliance risk index (CRI): The company does not provide sufficient evidence to justify the methodology used to calculate the ODI rate for this PC, which is based on rebalancing the incentive away from CRI and towards customer contacts about water quality.	Compliance risk index (CRI): The company should provide further evidence and rationale to justify the proposed ODI rate and the methodology employed or re-submit its ODI rate based on customer evidence and forecast efficient marginal cost. The company should also explain why its proposed rates differ from our assessment of the reasonable range around the industry average (as set	SSC.OC.A16	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			<p>out in ‘Technical appendix 1: Delivering outcomes for customers’) 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 ‘Technical appendix 1: Delivering outcomes for customers’ 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> <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>		
	Caps, collars, deadbands	<p>Compliance risk index (CRI): The company proposes a deadband and collar which do not sufficiently protect customers from poor delivery service.</p>	<p>Compliance risk index (CRI): 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 to the collar is adequate to provide clear incentives</p>	SSC.OC.A17	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			for companies to deliver statutory requirements. The company should set a deadband at 1.50 and collar at 9.5 for 2020-25.		
	Timing	Compliance risk index (CRI): The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Compliance risk index (CRI): The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A18	1 April 2019
PR19SSC_D2 Supply interruptions	Definition	No concern	None	NA	NA
	Stretch	Supply interruptions: 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 2020-2025. Based on the forecast data provided by companies in the September 2018 business plan submission the upper quartile values are 2020/21 = 00:04:17; 2021/22 = 00:03:58; 2022/23 = 00:03:40; 2023/24 = 00:03:22; 2024/25 = 00:03:00. The company proposes PC levels which are less stretching than these.	Supply interruptions: We expect all companies' service levels to reflect the values we have calculated for each year of the 2020 to 2025 period.	SSC.OC.A19	1 April 2019
	ODI type	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	ODI rate	<p>Supply interruptions: 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>Supply interruptions: 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 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 rates for supply interruptions and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>	SSC.OC.A20	1 April 2019
	Caps, collars, deadbands	<p>Supply interruptions: The company proposes to apply an underperformance collar to this PC, but it does not demonstrate customer support for this proposal. We have concerns that this collar will leave customers unprotected from very poor performance.</p>	<p>Supply interruptions: 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 and evidence supporting this, including evidence of customer support. This should include</p>	SSC.OC.A21	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			justification for the level at which the collar is set, with the company explaining how this compensates customers adequately for poor service performance.		
	Timing	Supply interruptions: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Supply interruptions: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A22	1 April 2019
PR19SSC_D3 Risk of severe restrictions in a drought	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_D4 Mains bursts	Definition	Mains bursts: The company's current approach uses a three-year average to calculate the performance levels for this PC, this does not match the guidance provided.	Mains bursts: The company should remove the three-year average when calculating the performance levels for the PC.	SSC.OC.A23	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
	Stretch	No concern	None	NA	NA
	ODI type	<p>Mains bursts: The company does not provide sufficient evidence that its customers support an outperformance payment for this PC.</p>	<p>Mains bursts: The company should provide further evidence to justify the use of outperformance payments for this PC, including evidence of customer support. The company should demonstrate how the outperformance will benefit its customers and the assets. If the company cannot do this, it should remove the outperformance payment.</p>	SSC.OC.A24	1 April 2019
	ODI rate	<p>Mains bursts: 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: The company should explain and evidence how its proposed ODI rates for mains bursts are coherent with the rates proposed for PCs relating to the associated customer facing-impacts of the asset failure (including leakage and supply interruptions) 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 in ODI rates for mains bursts</p>	SSC.OC.A25	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			and assess the appropriateness of the company's customer valuation evidence supporting its ODI.		
	Caps, collars, deadbands	Mains bursts: The company provides insufficient evidence to support its proposed level of collar which is lower than the company's recent performance.	Mains bursts: The company should provide further ODI-specific evidence to support its use of a collar, whilst also considering how its use of aligns with its broader approach to customer protection. The company's evidence should include justification for the level at which the collar is set, with the company explaining why this level is appropriate and in customers' interests. The company should consider increasing the level of the collar, thereby extending the performance range over which incentive payments apply.	SSC.OC.A26	1 April 2019
	Timing	Mains bursts: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Mains bursts: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A27	1 April 2019
PR19SSC_D5 Unplanned outage	Definition	No concern	None	NA	NA
	Stretch	Unplanned outage: We have some concerns that the company's forecast performance level is not determined using data consistent with the common definition.	Unplanned outage: 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	SSC.OC.A28	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			<p>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 resubmit 2019-20 to 2024-25 forecast data in the 15 May 2019 submission. The company should also report its current and forecast company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary for the May submission.</p>		
	ODI type	<p>Unplanned outage: The company proposes an outperformance payment without demonstrating strong customer support. The company does not provide sufficient evidence that its customers support an outperformance payment for this particular PC.</p> <p>Also, company's proposed outperformance rate exceeds its proposed underperformance rate for this PC; this remains the case even if the top-down scaling factors applied by the company are removed. The company does not provide sufficient evidence that its customers support this.</p>	<p>Unplanned outage: The company should provide further evidence to justify the use of outperformance payments for this PC, including evidence of customer support. The company should demonstrate how the outperformance will benefit its customers and the assets. If the company cannot do this, it should remove the outperformance payment.</p> <p>If the company can provide the above evidence, it should also provide sufficient evidence that its customers support an outperformance rate for unplanned outage that is greater than the underperformance rate or adjust its outperformance payment rate such</p>	SSC.OC.A29	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			that it is no greater than the outperformance rate.		
	ODI rate	<p>Unplanned outage: 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>Unplanned outage: The company should explain and evidence how its proposed ODI rates for unplanned outages are 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.</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 rates for unplanned outages and assess the appropriateness of the company's customer valuation evidence supporting its ODI.</p>	SSC.OC.A30	1 April 2019
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	<p>Unplanned outage: The company proposes an end-of-period ODI without sufficient reasoning and evidence.</p>	<p>Unplanned outage: The company should change this ODI to in-period or provide sufficient reasoning and</p>	SSC.OC.A31	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
			evidence why an end-of-period ODI is more appropriate.		
PR19SSC_D6 Customer contact about water quality	Definition	Customer contact about water quality: The company has not chosen a PC from the asset health long list which align to those reported on Discover Water. The company's PC covers a wider scope as it includes contacts related to illness, that are not in the metrics reported on Discover Water. We could not find any specific evidence of why it has included illness in the PC. Without specific evidence for including illness contacts we consider it will be clearer for customers if companies' PCs can be reconciled to Discover Water and are therefore more comparable across the industry.	Customer contact about water quality: The company should revise its definition so that it covers the scope of appearance, taste and odour in line with the PCs set out in the asset health long list and the information published on Discover Water and remove the inclusion of incidents related to illness.	SSC.OC.A32	1 April 2019
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	Customer contact about water quality: The company does not provide sufficient evidence to justify the methodology used to calculate the ODI rate for this PC, which is based on rebalancing the incentive away	Customer contact about water quality: The company should provide further evidence to justify the proposed ODI rate and the methodology employed or re-submit its ODI rate based on customer	SSC.OC.A33	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
		from CRI and towards customer contact about water quality.	evidence and forecast efficient marginal cost.		
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Customer contact about water quality: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Customer contact about water quality: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A34	1 April 2019
PR19SSC_A3 Retailer measure of experience	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_B1 Financial support	Definition	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	Stretch	Financial support: The PC level does not appear to be sufficiently stretching when compared to other similar PCs in the sector.	Financial support: The company should reconsider its PC level and provide evidence and justification.	SSC.OC.A35	1 April 2019
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Financial support: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Financial support: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A36	1 April 2019
PR19SSC_B2 Extra Care assistance	Definition	Extra Care assistance: There are concerns in relation to the company reporting customers with financial vulnerabilities receiving support, rather than just customers with non-financial vulnerabilities	Extra Care assistance: The company should confirm that for the purposes of this PC only data on the provision of services to customers with non-financial vulnerabilities will be reported.	SSC.OC.A37	1 April 2019
	Stretch	Extra Care assistance: The company provides insufficient evidence to demonstrate that the proposed PC level is sufficiently stretching and does not underestimate the number of customers on the PSR that would be eligible for Extra Care Assistance.	Extra Care assistance: The company should consider revising its performance level or provide sufficient evidence that the current level is an appropriate estimate of eligible customers on the PSR.	SSC.OC.A38	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
	ODI type	No concern	None	NA	NA
	ODI rate	Extra Care assistance: The company does not provide sufficient evidence to justify or demonstrate the ODI rate methodology employed in this instance.	Extra Care assistance: The company should provide further evidence to justify the ODI rates proposed or revise these based upon customer evidence. In either case the company should provide its evidence and rationale.	SSC.OC.A39	1 April 2019
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Extra Care assistance: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Extra Care assistance: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A40	1 April 2019
PR19SSC_B3 Education activity	Definition	No concern	None	NA	NA
	Stretch	Education activity: The company provides insufficient evidence that the proposed PC levels are sufficiently stretching. The CCG view also considers this as a soft target.	Education activity: The company should consider revising its target, taking into account the views of the CCG and challenging the revised targets against the Ofwat methodologies.	SSC.OC.A41	1 April 2019
	ODI type	Education activity: The company does not provide sufficient justification for setting a non-financial ODI. It argues that it is currently making significant changes to its education	Education activity: The company should provide further evidence to justify the use of a non-financial incentive for this PC and evidence of customer support for this approach.	SSC.OC.A42	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
		offering, moving away from visitor centre led activity to outreach activity. We consider this rationale insufficient to support a non-financial ODI.	The company should demonstrate how this non-financial incentive will benefit customers. Alternatively, the company should propose a financial ODI supported by evidence to justify the customer valuations and forecast efficient marginal cost inputs it proposes.		
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_C5 Environmentally sensitive water abstraction	Definition	Environmentally sensitive water abstraction: The underperformance payments are given in £ per hectare in the business plan text but this is a measure to reduce abstraction.	Environmentally sensitive water abstraction: The company should correct the units proposed for the underperformance payments.	SSC.OC.A43	1 April 2019
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Environmentally sensitive water abstraction: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Environmentally sensitive water abstraction: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A44	1 April 2019
PR19SSC_C6 Supporting water efficient housebuilding	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_C7 Protecting wildlife, plants, habitats and catchments	Definition	No concern	None	NA	NA
	Stretch	Protecting wildlife, plants, habitats and catchments: The company provides insufficient evidence on	Protecting wildlife, plants, habitats and catchments: The company should provide further evidence	SSC.OC.A45	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
		using the approaches set out in the PR19 Final Methodology to set PC levels.	demonstrating that performance levels have been set using a robust approach and are appropriately stretching.		
	ODI type	Protecting wildlife, plants, habitats and catchments: The company provides insufficient evidence to justify the use of an outperformance payment for this ODI.	Protecting wildlife, plants, habitats and catchments: 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.	SSC.OC.A46	1 April 2019
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Protecting wildlife, plants, habitats and catchments: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Protecting wildlife, plants, habitats and catchments: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A47	1 April 2019
PR19SSC_C8 Carbon emissions	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_D7 Visible leak repair time	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	Visible leak repair time: The company provides insufficient evidence to support its proposed ODI rates for this PC. It does not use customers WTP specific to this PC and applies a scaling factor of ten without sufficient justification.	Visible leak repair time: The company should provide further evidence and explanations demonstrating that its customers support its proposed ODI rates.	SSC.OC.A48	1 April 2019
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Visible leak repair time: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Visible leak repair time: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A49	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
PR19SSC_D8 Water treatment works delivery programme	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	Water treatment works delivery programme: The company does not provide sufficient evidence to justify the methodology used to calculate the ODI rates for this PC.	Water treatment works delivery programme: The company should provide further evidence to justify and demonstrate the calculation of the standard ODI rate in this instance.	SSC.OC.A50	1 April 2019
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Water treatment works delivery programme: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Water treatment works delivery programme: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A51	1 April 2019
PR19SSC_E1 Bad debt level	Definition	No concern	None	NA	NA
	Stretch	Bad debt level: The company provides insufficient evidence that the performance level is sufficiently stretching. The CCG challenged the company's approach, arguing that performance should be compared	Bad debt level: The company should provide further evidence and rationale to support why the proposed performance levels are stretching and address the challenge by the CCG that performance should be compared	SSC.OC.A52	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
		against only other water only companies.	against only other water only companies.		
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_E2 Residential void properties and gap sites	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	Residential void properties and gap sites: The company does not provide sufficient evidence that its ODI rate provides adequate protection to customers from underperformance.	Residential void properties and gap sites: The company should demonstrate that its ODI underperformance rate is reflective of the foregone reduction in bills that customers would experience from improvements in the identification of gap sites and validation of void sites.	SSC.OC.A53	1 April 2019

PC	Area	Concern	Required action	Action reference	Date required
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	Residential void properties and gap sites: The company proposes an end-of-period ODI without sufficient reasoning and evidence.	Residential void properties and gap sites: The company should change this ODI to in-period or provide sufficient reasoning and evidence why an end-of-period ODI is more appropriate.	SSC.OC.A54	1 April 2019
PR19SSC_E3 Employee engagement	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_E4 Treating our suppliers fairly	Definition	No concern	None	NA	NA
	Stretch	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA
PR19SSC_F1 Trust	Definition	Trust: It is unclear what outcome the company aims to achieve beyond those covered by other PCs. We consider that the definition overlaps with C-MeX. This could cause confusion for customers and stakeholder for example if contradictory results are found.	Trust: The company should provide further justification of why this PC is required in addition to C-MeX.	SSC.OC.A55	1 April 2019
	Stretch	No concern	None	NA	NA
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA

PC	Area	Concern	Required action	Action reference	Date required
	Timing	No concern	None	NA	NA
PR19SSC_F2 Value for money	Definition	Value for money: The company provides insufficient evidence on the sample size for its quarterly tracker survey to measure value for money and that the survey will adhere to social research best practice.	Value for money: The company should provide further evidence on the sample size for its quarterly tracker survey to measure value for money. In addition, the company should confirm that the survey will be externally assured and conducted in line with social research best practice.	SSC.OC.A56	1 April 2019
	Stretch	Value for money: The company provides insufficient evidence that the proposed PC levels are sufficiently stretching.	Value for money: The company should provide further evidence that the proposed PC levels are stretching.	SSC.OC.A57	1 April 2019
	ODI type	No concern	None	NA	NA
	ODI rate	No concern	None	NA	NA
	Caps, collars, deadbands	No concern	None	NA	NA
	Timing	No concern	None	NA	NA