

July 2019

Trust in water

# PR19 draft determinations

**Affinity Water – Outcomes performance  
commitment appendix**

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## **PR19 draft determinations: Affinity Water – Outcomes performance commitment appendix**

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for Affinity Water for the period 2020-2025.

This is a technical document to specify clearly the company's performance commitments and outcome delivery incentives. This document is not intended to substitute the information that Affinity Water should provide to its customers on its outcomes and performance commitments.

This appendix sets out each of the company's performance commitments and associated outcome delivery incentives, firstly for common and then for bespoke performance commitments.

The appendix provides the following information on each performance commitment:

- the name and unique identifier of the performance commitment;
- a summary of the purpose and benefits of the performance commitment. The definitions and other terms set out in the performance commitment should be considered to be authoritative in determining the company's commitments and incentives under the performance commitment;
- the detailed definition of the performance commitment. Where these refer to, and incorporate, linked information as part of the description of any aspect of these definitions (for example documents on the Ofwat or other website, or an attachment to the performance commitment), the linked information should be considered to be authoritative in interpreting the definitions of the performance commitment, unless otherwise stated. It is the company's responsibility to report accurate and complete information and it must have adequate processes in place to do this. Any direction on reporting and assurance is specific to the commitment and in addition to the company meeting other obligations;
- the form and type of the outcome delivery incentive;
- the performance commitment levels and targets;
- the limits on outperformance and underperformance payments (caps and collars) and neutral zones (deadbands), if applicable;
- the incentive rates, if applicable;
- the allocation of the performance commitment to the company's applicable price controls; and
- any other additional details on the measure, as required.

In the PR19 Final Methodology (p56) we state that:

- Companies should commit to keeping the definitions of their performance commitments unchanged during 2020-25 and, if any changes are required, to follow our procedures for changes.
- Companies should commit that their ODI payments will only relate to real performance changes and not definitional, methodological or data changes in the performance commitment.

We will be mindful of these points when we are assessing companies' performance against their commitments and ODIs during the 2020-25 period.

We will be considering the procedures for making any changes during the 2020-25 period in due course, taking Information Notice IN16/07 (which explains our current policy in relation to requests for changes to outcomes, performance commitments and outcome delivery incentives) as the starting point.

An accompanying 'Affinity Water - Delivering outcomes for customers actions and interventions' document sets out our response for each action that we specified for the company at the IAP that relates to performance commitments and outcome delivery incentives. This includes, a summary of the company's response to our action, our draft determination of whether a further intervention is required or not, and the rationale for and nature of our draft determination. It also states interventions, if any, that we are making in the draft determination that are not related to specific IAP actions. The detail of the performance commitments and outcome delivery incentives set out in this appendix reflect these interventions.

## **1.1 Common performance commitments**

This section sets out the detail of each of the common performance commitments and outcome delivery incentives we are putting in place for the company for the period 2020-2025.

We have included a working draft of the proposed C-MeX and D-MeX common performance commitments for the company. As explained in our C-MeX and D-MeX policy decision documents published on 8th March, we will publish our decision on final C-MeX and D-MeX incentive design for 2020-2025 as part of the final determinations in December, at which point we will also finalise the detail of these performance commitments and outcome delivery incentives for the company in the same form as the other performance commitments.

A number of companies propose enhanced ODIs for certain common performance commitments. In the PR19 methodology (Appendix 2, p.85) we state: "Companies

proposing enhanced outperformance and underperformance payments should explain in their business plans how they will share the knowledge behind their success with companies across the sector by the end of the 2020-25 price review period or soon after. Receiving the enhanced outperformance payments will depend on whether the company has a credible plan for sharing its approach with the sector.” This is an important aspect of the framework for enhanced ODIs and we expect companies earning enhanced ODIs to share learning on what has worked and what has not, consistent with the knowledge-sharing plans set out in their business plan. We also expect companies to assess the success of their knowledge-sharing and be able to provide evidence of this to Ofwat, and we will take account of this when we determine ODI payments.

In relation to common performance commitments with financial ODIs, companies have put forward a variety of proposed allocations across price controls. We accept that there may be good reasons for these differences and we have accepted the company’s proposed allocations in the draft determination except where a company appears to have made an obvious error.

We note that a number of the common performance commitments incorporate linked information relating to the detailed interpretation of definitions, measurement guidelines or reporting guidelines. These include links to the PR19 Outcomes definitions page on the Ofwat website (and more detailed documents embedded on that web page) and, in some cases, to documents on the Environment Agency and Drinking Water Inspectorate (DWI) websites. Some of the definitions and further guidance contained therein have been the subject of extensive collaborative working between the industry and regulators. Some are still subject to comments from stakeholders and potential improvements (for example through the lessons learned from the experience of “shadow year” reporting). Lessons may continue to be learned and further improvements made as we move from shadow to actual reporting of the performance commitments. We are minded to continue to retain links to information on the Ofwat and other external websites as our default, but we continue to be open to views from stakeholders as to whether we should provide all the detail of every aspect of the specification of the performance commitment within the templates set out here. The final form of the performance commitments for all companies will be set out in the final determinations in December.

### 1.1.1 Water quality compliance (CRI)

**Purpose:** The performance commitment incentivises the company to reduce treated water compliance failures and perform better on mitigating measures.

**Benefits:** This performance commitment reduces the number of compliance failures against statutory obligations which should give customers confidence that water is clean and safe to drink.

#### Performance commitment definition and parameters

|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-A1</b>   |
| <b>Detailed definition of performance measure:</b>            | The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 at <a href="http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf">http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf</a>                         |
| <b>Additional detail on measurement units:</b>                | A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations). |
| <b>Specific exclusions:</b>                                   | There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.   |
| <b>Reporting and assurance:</b>                               | No specific requirements.   |
| <b>Measurement unit and decimal places</b>                    | Numerical CRI score, reported to two decimal places.  |
| <b>Measurement timing</b>                                     | Calendar year   |
| <b>Incentive form</b>   | Revenue   |
| <b>Incentive type</b>   | Underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period   |
| <b>Price control allocation</b>                               | 100% water network plus   |

|   |  |
|---|--|
| <b>Unique Reference</b>                     | <b>PR19AFW_W-A1</b>  |
| <b>Frequency of reporting</b>               | Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024. |
| <b>Any other relevant information</b>       | DWI publishes provisional CRI scores in April each year for the previous calendar year. Final scores are published in July of each year in their annual water quality reports.                 |
| <b>Links to relevant external documents</b> | <a href="http://www.dwi.gov.uk/about/annual-report/index.htm">http://www.dwi.gov.uk/about/annual-report/index.htm</a>  |

### Performance commitment levels

|  | Unit   | Company forecast | Committed performance level |         |         |         |         |
|--|--------|------------------|-----------------------------|---------|---------|---------|---------|
|  |        | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment levels</b>       | number | NA               | 0.00                        | 0.00    | 0.00    | 0.00    | 0.00    |
| <b>Underperformance collar</b>             | number |                  | 9.50                        | 9.50    | 9.50    | 9.50    | 9.50    |
| <b>Enhanced underperformance threshold</b> | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>           | number |                  | 2.0                         | 2.0     | 1.50    | 1.50    | 1.50    |
| <b>Outperformance deadband</b>             | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance threshold</b>   | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance cap</b>                  | number |                  | NA                          | NA      | NA      | NA      | NA      |

## Incentive rates

| Incentive type                      | Incentive rate (£m/unit) |
|-------------------------------------|--------------------------|
| Underperformance payment - standard | -0.849                   |
| Underperformance payment - enhanced | NA                       |
| Outperformance payment - standard   | NA                       |
| Outperformance payment - enhanced   | NA                       |

### 1.1.2 Water supply interruptions

**Purpose:** This performance commitment is designed to incentivise companies to minimise the number and duration of supply interruptions.

**Benefits:** Reducing the number and duration of interruption events improves the reliability of supply and reduces negative social impacts on customers.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_W-D1   |
|---|--|
| <b>Detailed definition of performance measure</b> | <p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27<sup>th</sup> March 2018:<br/> <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf</a></p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>   |
| <b>Additional detail on measurement units</b>     | <p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-D1</b>  |
|   | Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater. |
| <b>Specific exclusions:</b>                                   | None   |
| <b>Reporting and assurance:</b>                               | No specific requirements.  |
| <b>Measurement unit and decimal places</b>                    | Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.   |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Revenue  |
| <b>Incentive type</b>   | Outperformance and underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period  |
| <b>Price control allocation</b>                               | 100% water network plus  |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | ODI rate applies on a per minute basis.  |
| <b>Links to relevant external documents</b>                   | NA   |



## Performance commitment levels

|   |          | Company forecast | Committed performance level |          |          |          |          |
|---|----------|------------------|-----------------------------|----------|----------|----------|----------|
|   | Unit     | 2019-20          | 2020-21                     | 2021-22  | 2022-23  | 2023-24  | 2024-25  |
| <b>Performance commitment level</b>     | HH:MM:SS | NA               | 00:05:24                    | 00:04:48 | 00:04:12 | 00:03:36 | 00:03:00 |
| <b>Enhanced underperformance collar</b> | HH:MM:SS |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Standard underperformance collar</b> | HH:MM:SS |                  | 00:08:06                    | 00:09:36 | 00:11:06 | 00:12:36 | 00:14:06 |
| <b>Underperformance deadband</b>        | HH:MM:SS |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Outperformance deadband</b>          | HH:MM:SS |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Standard outperformance cap</b>      | HH:MM:SS |                  | 00:04:00                    | 00:03:30 | 00:03:00 | 00:02:30 | 00:02:00 |
| <b>Enhanced outperformance cap</b>      | HH:MM:SS |                  | NA                          | NA       | NA       | NA       | NA       |

## Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | -0.739                   |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | 0.525                    |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.1.3 Leakage

**Purpose:** This performance commitment is designed to incentivise companies to reduce leakage.

**Benefits:** The benefits of reduced leakage are improved water resources supply/demand balance and increased water supply network resilience.

The performance commitment is consistent with the company reducing average annual leakage by 14% from 2019-20 to 2024-25. This is a different figure to 20% in the table below as the performance commitment is measured on a three-year average to smooth annual variations due to weather.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_W-B1  |
|---|---|
| <b>Detailed definition of performance measure</b> | <p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on the 27<sup>th</sup> March 2018:<br/> <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>  |
| <b>Additional detail on measurement units</b>     | <p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if a company does not meet its 2019-20 leakage target, the company's 2019-20 baseline will be adjusted downwards by one third of the difference</p> |

|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-B1</b>   |
|   | <p>between the annual value derived from the 2019-20 PR14 committed annual performance level and the corresponding actual annual value using the PR14 calculation of leakage set out in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p> |
| <b>Specific exclusions:</b>                                   | As defined in the reporting guidance.   |
| <b>Reporting and assurance:</b>                               | The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.  |
| <b>Measurement unit and decimal places</b>                    | <p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.</p>   |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Revenue   |
| <b>Incentive type</b>   | Outperformance and underperformance payments  |
| <b>Timing of underperformance and outperformance payments</b> | In-period   |
| <b>Price control allocation</b>                               | 100% water network plus   |
| <b>Frequency of reporting</b>                                 | Annual  |
| <b>Any other relevant information</b>                         | <p>Performance commitment levels are set as percentage reduction from 2019-20 baseline.</p> <p>Incentive payments relate to performance changes expressed in megalitres per day (MI/d).</p>   |
| <b>Links to relevant external documents</b>                   | None  |

**Performance commitment levels**

|  |             | <b>Company<br/>forecast</b> | <b>Committed performance level</b> |                     |                     |                     |                     |
|--|-------------|-----------------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | <b>Unit</b> | <b>2019-20</b>              | <b>2020-<br/>21</b>                | <b>2021-<br/>22</b> | <b>2022-<br/>23</b> | <b>2023-<br/>24</b> | <b>2024-<br/>25</b> |
| <b>Performance<br/>commitment level<br/>– percentage<br/>reduction</b>         | %           | NA                          | 2.7                                | 11.1                | 14.0                | 17.0                | 20.0                |
| <b>Enhanced<br/>underperformance<br/>collar –<br/>percentage<br/>reduction</b> | %           |                             | NA                                 | NA                  | NA                  | NA                  | NA                  |
| <b>Standard<br/>underperformance<br/>collar –<br/>percentage<br/>reduction</b> | %           |                             | -5.0                               | -5.0                | -5.0                | -5.0                | -5.0                |
| <b>Underperformanc<br/>e deadband –<br/>percentage<br/>reduction</b>           | %           |                             | NA                                 | NA                  | NA                  | NA                  | NA                  |
| <b>Outperformance<br/>deadband –<br/>percentage<br/>reduction</b>              | %           |                             | NA                                 | NA                  | NA                  | NA                  | NA                  |
| <b>Standard<br/>outperformance<br/>cap – percentage<br/>reduction</b>          | %           |                             | 5.8                                | 13.8                | 16.7                | 19.5                | 22.3                |
| <b>Enhanced<br/>outperformance<br/>cap – percentage<br/>reduction</b>          | %           |                             | NA                                 | NA                  | NA                  | NA                  | NA                  |

## Incentive rates

| Incentive type                      | Incentive rate (£m/unit) |
|-------------------------------------|--------------------------|
| Underperformance payment - standard | -0.171                   |
| Underperformance payment - enhanced | NA                       |
| Outperformance payment - standard   | 0.142                    |
| Outperformance payment - enhanced   | NA                       |

### 1.1.4 Per capita consumption

**Purpose:** This performance commitment is designed to incentivise companies to help customers reduce their consumption.

**Benefits:** The benefit of reduced per capita consumption (PCC) is to improve long term water resources supply/demand balance.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_R-B1   |
|---|--|
| <b>Detailed definition of performance measure</b> | <p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018:<br/> <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/">https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>   |
| <b>Additional detail on measurement units</b>     | <p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20</p> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-B1</b>  |
|   | baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.   |
| <b>Specific exclusions:</b>                                   | As defined in the reporting guidance.  |
| <b>Reporting and assurance:</b>                               | The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.   |
| <b>Measurement unit and decimal places</b>                    | Percentage reduction from 2019-20 baseline, reported to one decimal place.<br>The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place. |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Revenue  |
| <b>Incentive type</b>   | Outperformance and underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period  |
| <b>Price control allocation</b>                               | 100% Residential retail  |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | Performance commitment levels are set as percentage reduction from 2019-20 baseline.<br>Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).   |
| <b>Links to relevant external documents</b>                   | None   |

**Performance commitment levels**

|  |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|--|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|  | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level – percentage reduction</b>     | %           | NA                      | 1.7                                | 4.9            | 7.3            | 10.0           | 12.5           |
| <b>Enhanced underperformance collar – percentage reduction</b> | %           |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar – percentage reduction</b> | %           |                         | -8.1                               | -8.1           | -8.1           | -8.1           | -8.1           |
| <b>Underperformance deadband – percentage reduction</b>        | %           |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband – percentage reduction</b>          | %           |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap – percentage reduction</b>      | %           |                         | 3.8                                | 6.9            | 9.3            | 11.9           | 14.5           |
| <b>Enhanced outperformance cap – percentage reduction</b>      | %           |                         | NA                                 | NA             | NA             | NA             | NA             |

## Incentive rates

| Incentive type                      | Incentive rate (£m/litres/person/day) |
|-------------------------------------|---------------------------------------|
| Underperformance payment - standard | -0.289                                |
| Underperformance payment - enhanced | NA                                    |
| Outperformance payment - standard   | 0.273                                 |
| Outperformance payment - enhanced   | NA                                    |

### 1.1.5 Mains repairs

**Purpose:** This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the infrastructure and below-ground water mains network and demonstrate its commitment to its asset stewardship responsibility.

**Benefits:** This performance commitment helps to ensure that the overall asset health of the water mains network is maintained and improved for the benefit of current and future generations.

#### Performance commitment definition and parameters

|   |   |
|---|---|
| <b>Unique Reference</b>                           | <b>PR19AFW_W-D4</b>   |
| <b>Detailed definition of performance measure</b> | Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 <sup>th</sup> March 2018. <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</a><br><br>It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes). |
| <b>Additional detail on measurement units</b>     | Mains repairs – This includes all physical repair work to mains from which water is lost.<br>Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.  |
| <b>Specific exclusions</b>                        | As defined in the reporting guidance.   |
| <b>Reporting and assurance</b>                    | The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company's active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer  |



|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-D4</b>   |
|   | contact (made using any communication channel) informing the company of a leak. |
| <b>Measurement unit and decimal places</b>                    | Number of repairs per 1000km of mains, reported to one decimal place.           |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Revenue   |
| <b>Incentive type</b>   | Underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period   |
| <b>Price control allocation</b>                               | 100% water network plus   |
| <b>Frequency of reporting</b>                                 | Annual  |
| <b>Any other relevant information</b>                         | NA  |
| <b>Links to relevant external documents</b>                   | NA  |

## Performance commitment levels

|   |        | Company forecast | Committed performance level |         |         |         |         |
|---|--------|------------------|-----------------------------|---------|---------|---------|---------|
|   | Unit   | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | number | NA               | 133.5                       | 133.5   | 133.5   | 133.5   | 133.5   |
| <b>Enhanced underperformance collar</b> | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | number |                  | NA                          | NA      | NA      | NA      | NA      |

## Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | -0.160                   |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.1.6 Unplanned outage

**Purpose:** This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the non-infrastructure or above-ground water assets and demonstrate its commitment to its asset stewardship responsibility.

**Benefits:** This performance commitment helps to ensure that the overall asset health of the above-ground water assets is maintained and improved for the benefit of current and future generations.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_W-D3  |
|---|---|
| <b>Detailed definition of performance measure</b> | <p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4th April 2019.<br/> <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf</a></p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage should then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p> |
| <b>Additional detail on measurement units</b>     | See reporting guidance for additional detail.   |
| <b>Specific exclusions:</b>                       | As defined in the reporting guidance.   |
| <b>Reporting and assurance</b>                    | The company should report its current company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.   |
| <b>Measurement unit and decimal places</b>        | Percentage of peak week production capacity, reported to two decimal places.  |
| <b>Measurement timing</b>                         | Reporting year  |
| <b>Incentive form</b>                             | Revenue   |

|   |                          |
|---|--------------------------|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-D3</b>      |
| <b>Incentive type</b>   | Underperformance payment |
| <b>Timing of underperformance and outperformance payments</b> | In-period                |
| <b>Price control allocation</b>                               | 100% water network plus  |
| <b>Frequency of reporting</b>                                 | Annual                   |
| <b>Any other relevant information</b>                         | NA                       |
| <b>Links to relevant external documents</b>                   | NA                       |

### Performance commitment levels

|   | Unit | Company forecast | Committed performance level |         |         |         |         |
|---|------|------------------|-----------------------------|---------|---------|---------|---------|
|   |      | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | %    | NA               | 1.90                        | 1.90    | 1.90    | 1.80    | 1.80    |
| <b>Enhanced underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | %    |                  | 4.30                        | 4.30    | 4.30    | 4.30    | 4.30    |
| <b>Underperformance deadband</b>        | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |

## Incentive rates

| Incentive type                      | Incentive rate (£m/unit) |
|-------------------------------------|--------------------------|
| Underperformance payment - standard | -1.308                   |
| Underperformance payment - enhanced | NA                       |
| Outperformance payment - standard   | NA                       |
| Outperformance payment - enhanced   | NA                       |

### 1.1.7 Risk of severe restrictions in a drought

**Purpose:** To measure the resilience of each company to severe restrictions in a 1-in-200 drought and incentivise the improvement of this level of resilience in the short and longer term.

**Benefits:** A reduction in the risk of severe drought restrictions will reduce the associated risk of substantial costs and detrimental effects on customers' wellbeing.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_W-D2   |
|---|--|
| <b>Detailed definition of performance measure</b> | <p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on the 13th March 2018: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf</a></p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p> |
| <b>Additional detail on measurement units</b>     | <p>The metric will be calculated using the following formula:<br/> <i>At risk if, <math>DO - OA &lt; DD + TH</math></i></p> <p>Where:<br/>           Deployable output (supply) = DO<br/>           Outage allowance (unavailable supply) = OA<br/>           Dry year demand = DD<br/>           Target headroom (uncertainty) = TH</p>   |

|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-D2</b>   |
|   | The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of a water resource zone) by the total number of customers served by the company. |
| <b>Specific exclusions:</b>                                   | As defined in the reporting guidance.   |
| <b>Reporting and assurance</b>                                | As defined in the reporting guidance.   |
| <b>Measurement unit and decimal places</b>                    | Percentage of population at risk reported to one decimal place  |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Reputational  |
| <b>Incentive type</b>   | NA  |
| <b>Timing of underperformance and outperformance payments</b> | NA  |
| <b>Price control allocation</b>                               | NA  |
| <b>Frequency of reporting</b>                                 | Annual  |
| <b>Any other relevant information</b>                         | NA  |
| <b>Links to relevant external documents</b>                   | NA  |

## Performance commitment levels

|   |      | Company<br>forecast | Committed performance level |             |             |             |             |
|---|------|---------------------|-----------------------------|-------------|-------------|-------------|-------------|
|   | Unit | 2019-20             | 2020-<br>21                 | 2021-<br>22 | 2022-<br>23 | 2023-<br>24 | 2024-<br>25 |
| <b>Performance commitment level</b>     | %    | NA                  | 0.0                         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Enhanced underperformance collar</b> | %    |                     | NA                          | NA          | NA          | NA          | NA          |
| <b>Standard underperformance collar</b> | %    |                     | NA                          | NA          | NA          | NA          | NA          |
| <b>Underperformance deadband</b>        | %    |                     | NA                          | NA          | NA          | NA          | NA          |
| <b>Outperformance deadband</b>          | %    |                     | NA                          | NA          | NA          | NA          | NA          |
| <b>Standard outperformance cap</b>      | %    |                     | NA                          | NA          | NA          | NA          | NA          |
| <b>Enhanced outperformance cap</b>      | %    |                     | NA                          | NA          | NA          | NA          | NA          |

## Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.1.8 Priority services for customers in vulnerable circumstances

**Purpose:** To ensure a minimum standard across all companies for the number of households registered on the Priority Services Register (PSR) and for PSR data checking.

**Benefits:** This performance commitment will help to increase the number of customers in vulnerable circumstances that receive the most appropriate service to their needs. It will also ensure the PSR is kept up to date.

#### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_R-N3  |
|--|---|
| <p><b>Detailed definition of performance measure</b></p> | <p>This common performance commitment is defined in the reporting guidance 'PR19 draft determinations: Reporting guidance – Common performance commitment for the Priority Service Register'.</p> <p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> <li>• The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company's PSR;</li> <li>• Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period;</li> <li>• Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period.</li> </ul> <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p> |
| <p><b>Additional detail on measurement units</b></p>     | <p>The performance commitment is calculated using the following formulas:</p> $PSR\ Reach = \left( \frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left( \frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left( \frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <p>PSR [households] – Number of households on the PSR (recorded on 31 March)</p>   |



|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-N3</b>  |
|   | <p>Total households – Total number of households served (recorded on 31 March)</p> <p>Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)</p> <p>Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)</p>  |
| <b>Specific exclusions</b>                                    | None   |
| <b>Reporting and assurance</b>                                | <p>Companies should also report the following information:</p> <p><b>PSR reach:</b> companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p><b>PSR data-checking:</b> Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p> |
| <b>Measurement unit and decimal places</b>                    | <p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>Attempted contacts: percentage of applicable households, reported to one decimal place</p>  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational   |
| <b>Incentive type</b>   | NA   |
| <b>Timing of underperformance and outperformance payments</b> | NA   |
| <b>Price control allocation</b>                               | NA   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | NA   |
| <b>Links to relevant external documents</b>                   | Reporting guidance: Common performance commitment for the Priority Services Register   |

**Performance commitment levels**

|  |             | <b>Initial level</b> | <b>Committed performance level</b> |                |                |                |                |
|--|-------------|----------------------|------------------------------------|----------------|----------------|----------------|----------------|
|  | <b>Unit</b> | <b>2019-20</b>       | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level: Reach</b>             | %           | NA                   | 2.6                                | 3.3            | 4.5            | 5.6            | 7.2            |
| <b>Performance commitment level: Actual contact</b>    | %           |                      | 25.0                               | 50.0           | 50.0           | 50.0           | 50.0           |
| <b>Performance commitment level: Attempted contact</b> | %           |                      | 45.0                               | 90.0           | 90.0           | 90.0           | 90.0           |
| <b>Enhanced underperformance collar</b>                | %           |                      | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b>                | %           |                      | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>                       | %           |                      | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>                         | %           |                      | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>                     | %           |                      | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>                     | %           |                      | NA                                 | NA             | NA             | NA             | NA             |

## Incentive rates

| Incentive type                      | Incentive rate (£m/unit) |
|-------------------------------------|--------------------------|
| Underperformance payment - standard | NA                       |
| Underperformance payment - enhanced | NA                       |
| Outperformance payment - standard   | NA                       |
| Outperformance payment - enhanced   | NA                       |

### 1.1.9 C-MeX

**Purpose:** This performance commitment is designed to incentivise companies to improve the experience they provide to residential customers.

**Benefits:** This performance commitment should increase residential customer satisfaction, by improving both the overall customer experience and companies' handling of customer contacts.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_R-C1  |
|---|---|
| <b>Detailed definition of performance measure</b> | <p>C-MeX is a composite measure of customer satisfaction. A company's C-MeX score is calculated as the weighted average of customer satisfaction (CSAT) scores and net promoter scores (NPS), from customer service (CS) and customer experience (CE) surveys. Standard and enhanced payments under C-MeX depend on a company's performance relative to those of the other companies.</p> <p>Higher performance payments are available if the company passes each of the following three 'gates':</p> <ol style="list-style-type: none"> <li>1. is one of the top three performers by C-MeX score;</li> <li>2. has lower than the industry average number of complaints (per 10,000 connections); and</li> <li>3. is at or above the C-MeX all sector upper quartile (ASUQ) threshold, which is based on the UK Customer Satisfaction Index (CSI) measure of customer satisfaction in the UK, run by the Institute of Customer Services.</li> </ol> |
| <b>Additional detail on measurement units</b>     | The company's C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates, above) depends on its C-MeX score relative to those of the other companies. Specifically, it depends on how  |

| Unique Reference           | PR19AFW_R-C1  |
|----------------------------|---|
|                            | <p>many standard deviations (SD) the company's score is from the industry average C-MeX score, determined as:</p> <p><b>SD score = (company C-MeX – C-MeX mean) / C-MeX SD</b></p> <p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> <p><b>C-MeX score = (40% CS CSAT) + (40% CE CSAT) + (20% combined CS and CE NPS)</b></p> <p>CSAT and NPS scores are normalised to a scale of 0 to 100. Three points are deducted from the C-MeX score if the company fails to offer at least five channels (including at least three on-line), to receive customer contacts and complaints.</p> <p>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p> <p><b>C-MeX ASUQ = C-MeX Mean + (UKCSI ASUQ - UKCSI Mean) / UKCSI SD * C-MeX SD</b></p> <p>where:</p> <ul style="list-style-type: none"> <li>• 'C-MeX Mean' is the mean average of all water companies' C-MeX scores,</li> <li>• 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys),</li> <li>• 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year,</li> <li>• 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year, and</li> <li>• 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies.</li> </ul> |
| <b>Specific exclusions</b> | As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'   |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-C1</b>  |
| <b>Reporting and assurance</b>                                | Reporting and assurance should be in the form and manner set out in the guidance. <sup>1</sup>   |
| <b>Measurement unit and decimal places</b>                    | Score out of 100, to two decimal places  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational and revenue   |
| <b>Incentive type</b>   | Outperformance and underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period  |
| <b>Price control allocation</b>                               | 100% residential retail  |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | The company's C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in 'Affinity Water draft determination' and 'Affinity Water – Allowed revenue appendix'). |
| <b>Links to relevant external documents</b>                   | PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'  |

<sup>1</sup> This guidance will be published by March 2020 and will be informed by findings from the C-Mex shadow year. The C-MeX guidance for the shadow year is: [PR19 Customer Measure of Experience \(C-MeX\): guidance for the Shadow Year 2019-20](#), Ofwat, March 2019.

## Incentive rates

| Incentive type   | Incentive rate<br>(% of annual allowed residential retail revenue)   |
|--|--|
| <b>Underperformance payment – enhanced rate</b><br>(Applies if SD score below -1)  | -12%   |
| <b>Underperformance payment – standard rate</b><br>(Applies if SD score is between -0.25 and -1)   | 6% x SD score <sup>2</sup>   |
| <b>Deadband</b><br>(Applies if SD score is above -0.25 and below 0.25)   | 0%   |
| <b>Outperformance payment – standard rate</b><br>(Applies if SD score is between 0.25 and 1)   | 3% x SD score  |
| <b>Outperformance payment – enhanced rate</b><br>(Applies if SD score is above 1)  | 6%   |
| <b>Outperformance payment – higher rate</b><br>(Applies if meeting the three gates for highest payments. Overrides other incentive rates.) | <p>12% if the company has the highest C-MeX score of companies passing the three gates and SD score is above 1</p> <p>10% if the company has the second highest C-MeX score of companies passing the three gates and SD score is above 1</p> <p>8% if the company has the third highest C-MeX score of companies passing the three gates and SD score is above 1</p> <p>6% if the company's SD score is below 1 (regardless of position by C-MeX score of the companies passing the three gates)</p> |

<sup>2</sup> Note: as the SD score is negative, the term 6% x SD score is negative, hence a minus sign is not applied to the 6%.

### 1.1.10 D-MeX

**Purpose:** This performance commitment is designed to incentivise companies to improve the experience they provide to developer services (new connections) customers, including property developers, self-lay providers and those with new appointments and variations (NAVs).

**Benefits:** This performance commitment should increase developer customer satisfaction, by improving the overall customer experience for all developer services customers.

#### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_W-C1   |
|--|--|
| <p><b>Detailed definition of performance measure</b></p> | <p>D-MeX is a composite measure of customer satisfaction. A company’s D-MeX score is calculated from the weighted average of its:</p> <ul style="list-style-type: none"> <li>• qualitative D-MeX score, based on scores from a customer satisfaction survey based on transactions; and</li> <li>• quantitative D-MeX score, based on the company’s performance against a set of Water UK performance metrics.</li> </ul> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company’s D-MeX score are<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>W1.1 Pre-development enquiry – reports issued</li> <li>W2.1 s45 applications – written acknowledgment</li> <li>W3.1 s45 quotations</li> <li>W4.1 s45 service pipe connections</li> <li>W5.1 Mains design – written acknowledgment</li> <li>W6.1 Mains design &lt;500 plots - quotations</li> <li>W7.1 Mains design &gt;500 plots - quotations</li> <li>W8.1 Mains construction</li> <li>W16.1 Mains diversions – written acknowledgement</li> <li>W17.1 Mains diversions (without constraints) - quotations</li> <li>W17.2 Mains diversions (with constraints) - quotations</li> <li>W18.1 Mains diversions - construction/commissioning</li> <li>W19.1 Self-lay point of connection applications – written acknowledgement</li> <li>W20.1 Self-lay Point of Connection report &lt; 500 plots etc. - reports issued</li> <li>W21.1 Self-lay Point of Connection reports &gt;500 plots etc. - reports issued</li> </ul> |

<sup>3</sup> Please note that this list may be subject to change as a result of work undertaken by Ofwat and/or Water UK prior to PR19 Final Determinations.

| Unique Reference                                     | PR19AFW_W-C1  |
|--|---|
|  | <p>W22.1 Self-lay design approval and terms request – written acknowledgement</p> <p>W23.1 Self-lay design and terms request &lt;500 plots etc. - quotations</p> <p>W24.1 Self-lay design and terms request &gt;500 plots etc. - quotations</p> <p>W25.1 Self-lay signed agreement - acknowledgements</p> <p>W26.1 Self-lay water for pressure/bacteriological testing - provided</p> <p>W27.1 Self-lay permanent water supply - provided</p> <p>W28.1 Self-lay vesting certificates - issued</p> <p>W29.1 Self-lay Asset Payments - issued</p> <p>W30.1 Self-lay plot references and costing details - issued</p> <p>S1.1 Pre-development enquiry – reports issued</p> <p>S2.1 Sewer requisition – written acknowledgement</p> <p>S3.1 Sewer requisition design – offers issued</p> <p>S4.1 Sewer requisition – constructed and commissioned</p> <p>S5.1 Technical vetting of adoptions &amp; diversions - acknowledgements</p> <p>S6.1 Technical vetting of adoptions &amp; diversions – approval or rejection letters</p> <p>S7.1 Adoption legal agreement – draft agreements issued</p> <p>S8.1 s106 sewer connection - approval letters issued</p> |
| <p><b>Additional detail on measurement units</b></p> | <p>The company's D-MeX score is calculated using the following formula:</p> <p><b>D-MeX score = (50% Qual) + (50% Quant)</b></p> <p>Where:</p> <ul style="list-style-type: none"> <li>• 'Qual' is a combination of the overall satisfaction score given by developer customers surveyed in the customer satisfaction survey; and</li> <li>• 'Quant' is a combination of Water UK performance metrics which have non-zero volumes.</li> </ul>  |
| <p><b>Specific exclusions</b></p>                    | <p>As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'</p>  |
| <p><b>Reporting and assurance</b></p>                | <p>Reporting and assurance should be in the form and manner set out in the guidance<sup>4</sup></p>   |

<sup>4</sup> This guidance will be published by March 2020 and will be informed by findings from the D-Mex shadow year. The D-MeX guidance for the shadow year is: [PR19 Developer Measure of Experience \(D-MeX\): guidance for the Shadow Year 2019-20](#), Ofwat, March 2019.



|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-C1</b>   |
| <b>Measurement unit and decimal places</b>                    | Score out of 100, to two decimal places   |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Reputational and revenue  |
| <b>Incentive type</b>   | Outperformance and underperformance payments  |
| <b>Timing of underperformance and outperformance payments</b> | In-period   |
| <b>Price control allocation</b>                               | 100% water network plus   |
| <b>Frequency of reporting</b>                                 | Annual  |
| <b>Any other relevant information</b>                         | The company's D-MeX payments are calculated by multiplying its incentive rate by its annual developer services revenue. |
| <b>Links to relevant external documents</b>                   | PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'   |

## Incentive rates

| Incentive type  | Incentive rate<br>(% of annual developer services revenue) |
|---|--|
| <b>Underperformance payment – enhanced rate</b><br>(Applies if D-MeX score is equal/above the 3rd quartile of all D-MeX scores across all companies)                            | -12%   |
| <b>Underperformance payment – standard rate</b><br>(Applies if D-MeX score is equal/above the 2nd quartile and below the 3rd quartile of all D-MeX scores across all companies) | -6%  |
| <b>Deadband</b><br>(Applies if D-MeX score is equal/above the 1st quartile and below the 2nd quartile of all D-MeX scores across all companies)                                 | 0%   |
| <b>Outperformance payment – standard rate</b><br>(Applies if D-MeX score is below the 1st quartile of all D-MeX scores across all companies)                                    | 6%   |

## 1.2 Bespoke performance commitments

This section sets out the detail for each of the bespoke performance commitments and outcome delivery incentives we are putting in place for the company for the period 2020-2025.

Companies have developed bespoke performance commitments that reflect customers' preferences. Allowing companies to propose their own performance commitments, allows them to innovate and target their customers' values and concerns in the context of their specific circumstances.

In addition to considering the comments provided on definitions for bespoke performance commitments included at the draft determination stage, we may wish to have further correspondence with the company following draft determination in order to ensure that performance commitment definitions are as well-specified as possible for final determination, particularly those which are new and/or financially material.

### 1.2.1 Average time properties experience low pressure

**Purpose:** This performance commitment incentivises the company to improve water pressure for customers in areas below 15m head and reduce the time that those properties experience low pressure.

**Benefits:** This performance commitment improves the water pressure for customers in areas below 15m head and, as a consequence, reduces the number of customer complaints.

#### Performance commitment definition and parameters

| Unique Reference                           | PR19AFW_W-D5a   |
|--|---|
| Detailed definition of performance measure | <p>The average time per property that water pressure is below 15 metres head.</p> <p>The company will include one-off incidents due to operational activity (planned maintenance, mains bursts, failure of network equipment).</p>  |
| Additional detail on measurement units     | <p>The measurement of performance will reset to zero at the start of each reporting year on 1 April.</p> <p>The company's performance will be measured by the company's pressure loggers (DG2 and Critical Point loggers).</p> <p>The number of properties that experience low pressure will be calculated using the company's Geographical</p> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-D5a</b>   |
|   | <p>Information System (GIS) and modelling tools based on ground level difference from the logger.</p> <p>The time that pressure was below the threshold at the logger will be multiplied by the number of properties identified. The sum of these values will be divided by the average properties in the year to calculate the average per property.</p>                          |
| <b>Specific exclusions</b>                                    | <p>The performance commitment will exclude from measurement its exceptional peak demand (the company will exclude the 5 days of the year when demand is at its highest).</p> <p>The measure will exclude reductions in water pressure pursuant to authorisation made by an ordinary drought order or emergency drought order under Section 74 of the Water Resources Act 1991.</p> |
| <b>Reporting and assurance</b>                                | No specific requirements.  |
| <b>Measurement unit and decimal places</b>                    | Hours per property per year (hours:minutes:seconds)  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational   |
| <b>Incentive type</b>   | NA   |
| <b>Timing of underperformance and outperformance payments</b> | NA   |
| <b>Price control allocation</b>                               | 100% water network plus  |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | None   |
| <b>Links to relevant external documents</b>                   | NA   |

## Performance commitment levels

|   |        | Company forecast | Committed performance level |          |          |          |          |
|---|--------|------------------|-----------------------------|----------|----------|----------|----------|
|   | Unit   | 2019-20          | 2020-21                     | 2021-22  | 2022-23  | 2023-24  | 2024-25  |
| <b>Performance commitment level</b>     | Number | NA               | 12:00:00                    | 11:00:00 | 10:00:00 | 09:00:00 | 08:42:00 |
| <b>Enhanced underperformance collar</b> | Number |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Standard underperformance collar</b> | Number |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Underperformance deadband</b>        | Number |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Outperformance deadband</b>          | Number |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Standard outperformance cap</b>      | Number |                  | NA                          | NA       | NA       | NA       | NA       |
| <b>Enhanced outperformance cap</b>      | Number |                  | NA                          | NA       | NA       | NA       | NA       |

## Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

## 1.2.2 Customers in vulnerable circumstances satisfied with our service (receiving financial help)

**Purpose:** This performance commitment incentivises the company to provide high quality financial support to vulnerable customers.

**Benefits:** Satisfied vulnerable customers indicates that they get the support that they need and the performance commitment provides the company with ongoing information to continually improve its financial support provision.

### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_R-C2  |
|--|---|
| <p><b>Detailed definition of performance measure</b></p> | <p>Percentage of customers receiving financial help satisfied with the company’s service.</p> <p>The measure will survey customers:</p> <ul style="list-style-type: none"> <li>• receiving financial assistance through the WaterSure tariff or social tariff; and/or</li> <li>• recorded on the company’s billing system as on flexible payment plans, being bespoke payment plans mutually agreed with the customer based on an affordability assessment.</li> </ul> <p>The performance commitment will measure the percentage of customers satisfied following an interaction with the company about a billing or financial query.</p> <p>Additionally, the company will introduce a periodic proactive satisfaction survey for customers on the above schemes who have not contacted the company within 12 months. The survey will be conducted via SMS and email dependent on available data.</p> <p>The surveys should be planned and carried out following social research best practice, for example applicable sections of a relevant code such as that published by the Market Research Society. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p> <p>A satisfied customer will be defined as one that responds with &gt;7 out of 10 to the survey question, <i>On a scale of 0 – 10 how satisfied are you with the service you received from Affinity Water?</i> With 10 being very satisfied and 0 is not at all satisfied.</p> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-C2</b>  |
|   | Surveys will be conducted through a variety of channels in order to improve response rates, these channels will include SMS, Web, Email, Letter and end of call telephone surveys.   |
| <b>Additional detail on measurement units</b>                 | The measure will count the total responses scoring $\geq 7$ out of 10 over the total number of responses.  |
| <b>Specific exclusions</b>                                    | The measure will exclude interactions related to operational or metering queries to ensure the response focuses on the financial support element of the service.   |
| <b>Reporting and assurance</b>                                | The surveys will be subject to audit by an appropriately qualified third-party on an annual basis, and the company will publish the results. The results of the survey conducted with customers who have not contacted the company in the last 12 months should also be published. |
| <b>Measurement unit and decimal places</b>                    | Percentage of customers receiving financial help satisfied with the company's service to zero decimal places.  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational   |
| <b>Incentive type</b>   | NA   |
| <b>Timing of underperformance and outperformance payments</b> | NA   |
| <b>Price control allocation</b>                               | NA   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | None   |
| <b>Links to relevant external documents</b>                   | None   |

**Performance commitment levels**

|   | Unit   | Company forecast | Committed performance level |         |         |         |         |
|---|--------|------------------|-----------------------------|---------|---------|---------|---------|
|   |        | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | Number | NA               | 90                          | 90      | 90      | 90      | 90      |
| <b>Enhanced underperformance collar</b> | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | Number |                  | NA                          | NA      | NA      | NA      | NA      |

**Incentive rates**

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |



### 1.2.3 Customers in vulnerable circumstances who found us easy to deal with (receiving financial help)

**Purpose:** This performance commitment incentivises the company to make its interactions with customers about financial issues easier.

**Benefits:** This performance commitment helps customer's interactions about financial issues with the company to become as easy as possible, reducing the hassle and increasing the speed of issue resolution.

#### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_R-C3  |
|--|---|
| <p><b>Detailed definition of performance measure</b></p> | <p>Percentage of customers receiving financial support who found it easy to deal with the company.</p> <p>The measure will survey customers:</p> <ul style="list-style-type: none"> <li>• receiving financial assistance through the WaterSure tariff or social tariff; and/or</li> <li>• recorded on the company's billing system as on flexible payment plans, being bespoke payment plans mutually agreed with the customer based on an affordability assessment</li> </ul> <p>The performance commitment will measure the percentage of customers who found it easy to deal with the company following an interaction about a billing or financial query.</p> <p>Additionally, the company will introduce a periodic proactive ease of interaction survey for customers on the above schemes who have not contacted the company within 12 months. The survey will be conducted via SMS and email dependent on available data.</p> <p>The surveys should be planned and carried out following social research best practice, for example applicable sections of a relevant code such as that published by the Market Research Society. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p> <p>A customer who found it easy to deal with the company will be defined as one that responds with &gt;7 out of 10 to the survey question, <i>On a scale of 0 – 10 how easy are Affinity Water to do business with? With 10 being very easy and 0 is not at all easy.</i></p> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-C3</b>  |
|   | Surveys will be conducted through a variety of channels in order to improve response rates, these channels will include SMS, Web, Email, Letter and end of call telephone surveys.   |
| <b>Additional detail on measurement units</b>                 | The measure will count the total responses scoring $\geq 7$ out of 10 over the total number of responses.  |
| <b>Specific exclusions</b>                                    | None   |
| <b>Reporting and assurance</b>                                | The surveys will be subject to audit by an appropriately qualified third-party on an annual basis, and the company will publish the results. The results of the survey conducted with customers who have not contacted the company in the last 12 months should also be published. |
| <b>Measurement unit and decimal places</b>                    | Percentage of customers receiving financial support who found it easy to deal with the company to zero decimal places.   |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational   |
| <b>Incentive type</b>   | NA   |
| <b>Timing of underperformance and outperformance payments</b> | NA   |
| <b>Price control allocation</b>                               | NA   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | None   |
| <b>Links to relevant external documents</b>                   | None   |

**Performance commitment levels**

|   |      | Company forecast | Committed performance level |         |         |         |         |
|---|------|------------------|-----------------------------|---------|---------|---------|---------|
|   | Unit | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | %    | NA               | 90                          | 90      | 90      | 90      | 90      |
| <b>Enhanced underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |

**Incentive rates**

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

## 1.2.4 Environmental innovation - delivery of community projects

**Purpose:** This performance commitment incentivises the company to complete environmentally focussed pilot projects in its communities.

**Benefits:** Working in partnership with the community the company can deliver greater benefits to the environment. The learning from pilot projects can lead to wider benefits in the future.

### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_W-B2   |
|---|--|
| <b>Detailed definition of performance measure</b> | <p>The performance commitment measures the number of community project units completed.</p> <p>There are eight projects to be delivered in AMP7, but these vary in size and cost, with 7 projects each worth one unit and the remaining project worth 7 units.</p> <p>Delivery of this performance commitment will be reviewed annually against a clear programme setting out project timescales, objectives and cost forecasts.</p> <p>[A list of the final projects will be included in the final determination – the company should include this in its representations to the draft determination]</p> <p>The projects will be designed to assess the quantum of natural, social, economic value created at a local level by testing different partnership models.</p> <p>The delivery mechanism for the ODI will be governed by a 'gated' process based on three gates. The first gate will be the delivery of a project scope, the second gate will be presentation of a business case and the third the completion of the project with sign off of benefits created. The customer challenge group will sign off each gate. Project units will only be complete once the third gate is signed off by the customer challenge group.</p> |
| <b>Additional detail on measurement units</b>     | None   |
| <b>Specific exclusions</b>                        | None   |
| <b>Reporting and assurance</b>                    | The company will publish a report by an appropriately qualified external third party setting out the benefits delivered from each project and that the company has followed the process for each gate for each project when  |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-B2</b>  |
|   | reporting any project units completed for a year.<br><br>The company will at least once during the five year period publish a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence. |
| <b>Measurement unit and decimal places</b>                    | Number to zero decimal places  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Revenue  |
| <b>Incentive type</b>   | Outperformance payments  |
| <b>Timing of underperformance and outperformance payments</b> | In-period  |
| <b>Price control allocation</b>                               | 100% water resources   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | None   |
| <b>Links to relevant external documents</b>                   | NA   |

**Performance commitment levels**

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Number      | NA                      | 0                                  | 0              | 0              | 0              | 0              |
| <b>Enhanced underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>        | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |

**Incentive rates**

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | NA                              |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | 0.143                           |
| <b>Outperformance payment - enhanced</b>   | NA                              |

### 1.2.5 Reducing the total number of void properties by identifying false voids

**Purpose:** This performance commitment is designed to incentivise the company to reduce the number of household void properties.

**Benefits:** This performance commitment reduces the number of household void properties that are occupied but not billed, leading to fairer charges between customers and lower bills for customers already being billed.

#### Performance commitment definition and parameters

| Unique Reference                                       | PR19AFW_R-C4  |
|--|---|
| Detailed definition of performance measure             | <p>This is the number of household properties classified as void as a percentage of the total number of household properties served by the company.</p> <p>Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.</p> |
| Additional detail on measurement units                 | The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.  |
| Specific exclusions                                    | Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.  |
| Reporting and assurance                                | No specific requirements  |
| Measurement unit and decimal places                    | Percentage household properties classified as void, reported to two decimal places.   |
| Measurement timing                                     | Reporting year  |
| Incentive form   | Revenue   |
| Incentive type   | Outperformance and underperformance payments  |
| Timing of underperformance and outperformance payments | In-period   |
| Price control allocation                               | 100% residential retail   |

|   |                     |
|---|---------------------|
| <b>Unique Reference</b>                     | <b>PR19AFW_R-C4</b> |
| <b>Frequency of reporting</b>               | Annual              |
| <b>Any other relevant information</b>       | None                |
| <b>Links to relevant external documents</b> | None                |

### Performance commitment levels

|   |      | Company forecast | Committed performance level |         |         |         |         |
|---|------|------------------|-----------------------------|---------|---------|---------|---------|
|   | Unit | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | %    | NA               | 2.39                        | 2.27    | 2.22    | 2.16    | 2.10    |
| <b>Enhanced underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |

### Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | -2.248                   |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | 1.233                    |
| <b>Outperformance payment - enhanced</b>   | NA                       |



## 1.2.6 River restoration

**Purpose:** This performance commitment incentivises the company to invest in its assets to significantly improve the quality of local rivers.

**Benefits:** This measure prevents deterioration of the river environment and will deliver benefits of education, amenity, recreation and wellbeing for customers and communities. Improving and maintaining river quality will improve the environment for both current and future customers.

### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_W-B3   |
|--|--|
| <p><b>Detailed definition of performance measure</b></p> | <p>The cumulative number of morphological project units delivered since 1 April 2020.</p> <p>The performance commitment is to complete river restoration schemes. It measures the company's success in delivering river restoration/habitat enhancement schemes in water bodies identified under the Water Framework Directive for the 2020-25 period through the Water Industry National Environment Programme.</p> <p>River restoration and habitat enhancement projects are:</p> <ul style="list-style-type: none"> <li>• River Ivel (Upstream Henlow) and river support scheme;</li> <li>• River Cam (Audley End to Stapleford) and river support scheme;</li> <li>• River Ver (FRIA to Bricketwood);</li> <li>• River Gade (Great Gaddesden to confluence with the Grand Union Canal);</li> <li>• River Misbourne (Great Missenden to the M25 at DENH);</li> <li>• River Beane (Walkern Mill to Stapleford);</li> <li>• River Mimram (Kimpton Mill to Tewin Water);</li> <li>• Upper River Lea (Luton to Luton Hoo Lake);</li> <li>• Upper River Colne (Ver to BERR gauge);</li> <li>• River Bulbourne (Dudswell to Boxmoor);</li> <li>• River Chess (Upstream of CHES STW);</li> <li>• Lower River Colne (Chess confluence to Maple Lodge STW);</li> <li>• River Brett (at confluence with Stour);</li> <li>• Little Stour; and</li> <li>• River Dour</li> </ul> |

| Unique Reference                                     | PR19AFW_W-B3  |
|--|---|
|  | <p>The drivers associated with these projects are (note that not all drivers apply to each project):</p> <ul style="list-style-type: none"> <li>• WFD_IMP_WRFlow;</li> <li>• INNS_ND; and</li> <li>• NERC_IMP1</li> </ul>   |
| <p><b>Additional detail on measurement units</b></p> | <p>The performance commitment is limited to the following measures as listed in the WINEP as at 1 April 2019:</p> <ul style="list-style-type: none"> <li>• Misbourne (7AF100127)</li> <li>• Gade (7AF100126)</li> <li>• Ver (7AF100062)</li> <li>• Upper Lea (7AF100128)</li> <li>• Mimram (7AF100130)</li> <li>• Beane (7AF100129)</li> </ul> <p>Projects contributing to these measures are divided into small and large projects that will count as one and two project units respectively. The Environment Agency will determine whether a project is large or small and their view will be definitive. A small project, equivalent to one project unit, is one that does not require hydraulic (flood risk) modelling and therefore involves more minor works. Examples of a small project could include:</p> <ul style="list-style-type: none"> <li>• Tree works to allow more light into the river channel, encouraging the development of new habitat through growth of macrophytes (plants).</li> <li>• Fencing along the river bank to prevent livestock or horses from damaging the river banks and channel. Thus reducing sediment input and allowing vegetation to establish along the river margins and in the channel.</li> <li>• Planting of native aquatic macrophytes where these are absent and unlikely to colonise naturally.</li> </ul> <p>A large project, equivalent to two project units, would require significant work on existing river channel or creation of a new channel, for example to bypass a structure allowing fish to migrate up and downstream. It is assumed that a large project would require flood modelling to inform project design. Examples of a large project could include:</p> <ul style="list-style-type: none"> <li>• Removal of a weir or structure and regrading of river channel up and downstream, creating chalk stream habitat.</li> <li>• Bypassing of a weir or structure to allow fish passage and help establish typical chalk stream features.</li> </ul> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-B3</b>  |
|   | <ul style="list-style-type: none"> <li>Restoring the river channel to its original location in the flood plain/valley bottom.</li> </ul> <p>These projects are likely to also include elements of the small projects for example, tree works and planting.</p> |
| <b>Specific exclusions</b>                                    | The performance commitment excludes projects that help to deliver sustainable abstraction reductions because they are included in a separate performance commitment.   |
| <b>Reporting and assurance</b>                                | No specific requirements   |
| <b>Measurement unit and decimal places</b>                    | The number of morphological project units to zero decimal places   |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Revenue  |
| <b>Incentive type</b>   | Underperformance payments  |
| <b>Timing of underperformance and outperformance payments</b> | In-period  |
| <b>Price control allocation</b>                               | 100% water resources   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | NA   |
| <b>Links to relevant external documents</b>                   | NA   |

**Performance commitment levels**

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Number      | NA                      | 7                                  | 14             | 21             | 28             | 36             |
| <b>Enhanced underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>        | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |

**Incentive rates**

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | -0.421                          |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | NA                              |
| <b>Outperformance payment - enhanced</b>   | NA                              |

## 1.2.7 Abstraction reduction

**Purpose:** This performance commitment incentivises the company to reduce abstraction in line with its Water Framework Directive (WFD) obligations to deliver sustainable abstraction.

**Benefits:** Reducing unsustainable licensed abstraction reduces the risk of environmental damage.

### Performance commitment definition and parameters

| Unique Reference                                       | PR19AFW_W-B4   |
|--|--|
| Detailed definition of performance measure             | <p>Megalitres per day (Ml/d) that deployable output reduces at specified sites.</p> <p>The sites are those that were confirmed Water Industry National Environment Programme (WINEP) sites which are classified as 'green' on 1 April 2019.</p> <p>The amount of water that the company will have to reduce its deployable output by to achieve its obligations under the sustainability reductions programme and meet WFD objectives. Deployable output is a theoretical quantity of water, used in water resource planning, to estimate how much water the company will be able to supply in a given scenario (e.g. the worst historic drought or 1:200 drought). An assumed annual average deployable output scenario for each year is used as the actual conditions in each forecast year cannot be predicted.</p> |
| Additional detail on measurement units                 | The reduction in deployable output volume will be assessed as part of the annual update of the Water Resources Management Plan.  |
| Specific exclusions                                    | The performance commitment excludes schemes that were uncertain and had an amber status on 1 April 2019.   |
| Reporting and assurance                                | No specific requirements   |
| Measurement unit and decimal places                    | Megalitres per day (Ml/d) of deployable output to two decimal places.  |
| Measurement timing                                     | Reporting year   |
| Incentive form   | Revenue  |
| Incentive type   | Underperformance payments  |
| Timing of underperformance and outperformance payments | In-period  |
| Price control allocation                               | 100% water resources   |

|   |                     |
|---|---------------------|
| <b>Unique Reference</b>                     | <b>PR19AFW_W-B4</b> |
| <b>Frequency of reporting</b>               | Annual              |
| <b>Any other relevant information</b>       | None                |
| <b>Links to relevant external documents</b> | None                |

### Performance commitment levels

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | MI/d        | NA                      | 0.00                               | 0.00           | 0.00           | 0.00           | 27.33          |
| <b>Enhanced underperformance collar</b> | MI/d        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | MI/d        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>        | MI/d        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | MI/d        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | MI/d        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | MI/d        |                         | NA                                 | NA             | NA             | NA             | NA             |

### Incentive rates

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | -0.241                          |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | NA                              |
| <b>Outperformance payment - enhanced</b>   | NA                              |

## 1.2.8 Number of sources operating under the Abstraction Incentive Mechanism

**Purpose:** The purpose of this performance commitment is to incentivise the company to reduce abstraction from environmentally sensitive sites when flows or levels are low.

**Benefits:** The benefit of this performance commitment is that environmentally sensitive sites are preserved by reducing abstraction from them during lower levels or flows.

### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_W-B5  |
|--|---|
| <p><b>Detailed definition of performance measure</b></p> | <p>The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included 21 sites for the period 2020-25:</p> <p>BRIC: The trigger threshold for this site is a flow of 13.0 Megalitres per day (Ml/day) in the river Colne at Berrygrove gauging station, this groundwater abstraction has a baseline of 18.7 Ml/day</p> <p>NETH: The trigger threshold for this site is a flow of 13.0 Ml/day at the river Colne at Berrygrove gauging station, this groundwater abstraction has a baseline of 18.5 Ml/day</p> <p>WELL: The trigger threshold for this site is a flow of 0.3 Ml/day in the river Hiz at Hitchin gauging station, this groundwater abstraction has a baseline of 0.8 Ml/day</p> <p>OUGH: The trigger threshold for this site is a flow of 0.3 Ml/day in the river Hiz at Hitchin gauging station, this groundwater abstraction has a baseline of 4.4 Ml/day</p> <p>OFFS: The trigger threshold for this site is a flow of 0.3 Ml/day in the river Hiz at Hitchin gauging station, this groundwater abstraction has a baseline of 0.6 Ml/day</p> <p>DIGS: The trigger threshold for this site is a flow of 18.7 Ml/day in the river Mimram at Panshanger gauging station, this groundwater abstraction has a baseline of 7.5 Ml/day</p> <p>FULL: The trigger threshold for this site is a flow of 18.7 Ml/day in the river Mimram at Panshanger gauging station, this groundwater abstraction has a baseline of 5.3 Ml/day</p> |

| Unique Reference                              | PR19AFW_W-B5   |
|---|--|
|   | <p>BOWB: The trigger threshold for this site is a flow of 7.4 MI/day in the river Ver at Colney Street gauging station, this groundwater abstraction has a baseline of 0.0 MI/day</p> <p>HOLY: The trigger threshold for this site is a flow of 7.4 MI/day in the river Ver at Colney Street gauging station, this groundwater abstraction has a baseline of 10.3 MI/day</p> <p>MUDL: The trigger threshold for this site is a flow of 7.4 MI/day in the river Ver at Colney Street gauging station, this groundwater abstraction has a baseline of 7.4 MI/day</p> <p>MARL: The trigger threshold for this site is a flow of 32 MI/day in the river Gade at Croxley Green gauging station, this groundwater abstraction has a baseline of 4.4 MI/day</p> <p>PICC: The trigger threshold for this site is a flow of 32 MI/day in the river Gade at Croxley Green gauging station, this groundwater abstraction has a baseline of 15.7 MI/day</p> <p>AMER: The trigger threshold for this site is a flow of 5.5 MI/day in the river Misbourne at Denham Lodge gauging station, this groundwater abstraction has a baseline of 7.5 MI/day</p> <p>WHIT: The trigger threshold for this site is a flow of 15.5 MI/day in the river Beane at Hartham Park gauging station, this groundwater abstraction has a baseline of 19.0 MI/day</p> <p>CHES: The trigger threshold for this site is a flow of 15.4 MI/day in the river Chess at Rickmansworth gauging station, this groundwater abstraction has a baseline of 4.1 MI/day</p> <p>PERI: The trigger threshold for this site is a flow of 7.3 MI/day in the river Lee at Luton Hoo/East Hyde gauging station, this groundwater abstraction has a baseline of 3.4 MI/day</p> <p>RUNL: The trigger threshold for this site is a flow of 7.3 MI/day in the river Lee at Luton Hoo/East Hyde gauging station, this groundwater abstraction has a baseline of 6.6 MI/day</p> <p>SLIP: The trigger threshold for this site is a flow of 2.6 MI/day and in the river Rhee at Ashwell gauging station, this groundwater abstraction has a baseline of 3.6 MI/day</p> <p>SPRI: The trigger threshold for this site is a flow of 18.1 MI/day in the river Dour at Crabble Mill gauging station, this groundwater abstraction has a baseline of 2.5 MI/day</p> <p>SBUC: The trigger threshold for this site is a flow of 18.1 MI/day in the river Dour at Crabble Mill gauging station, this groundwater abstraction has a baseline of 4.0 MI/day</p> <p>SDNG: The trigger threshold for this site is 1.8 Meters above Ordinance Datum and it has a baseline of 6.0 MI/day</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – <a href="#">Guidelines on the abstraction incentive mechanism</a>, published on 29 February 2016.</p> |
| <b>Additional detail on measurement units</b> | <p>AIM performance is measured in megalitres (MI) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at</p>  |



|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-B5</b>   |
|   | <p>or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold.</p> <p>AIM performance in MI = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.</p> <p>For example, in the circumstance that the AIM baseline is 5 MI/day and the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of (4 MI/day minus 5 MI/day)*100 days = -100 MI. A negative number signifies an improved performance as average abstraction is less than the baseline.</p> |
| <b>Specific exclusions</b>                                    | As defined in the reporting guidance.   |
| <b>Reporting and assurance</b>                                | No specific requirements.   |
| <b>Measurement unit and decimal places</b>                    | Megalitres to zero decimal places.  |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Revenue   |
| <b>Incentive type</b>   | Outperformance and underperformance payments  |
| <b>Timing of underperformance and outperformance payments</b> | In period   |
| <b>Price control allocation</b>                               | 100% Water resources  |
| <b>Frequency of reporting</b>                                 | Annual  |
| <b>Any other relevant information</b>                         | None  |
| <b>Links to relevant external documents</b>                   | None  |

**Performance commitment levels**

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Megalitre   | NA                      | 0                                  | 0              | 0              | 0              | 0              |
| <b>Enhanced underperformance collar</b> | Megalitre   |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Megalitre   |                         | 3,500                              | 3,500          | 3,500          | 3,500          | 3,500          |
| <b>Underperformance deadband</b>        | Megalitre   |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Megalitre   |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Megalitre   |                         | -3,500                             | -3,500         | -3,500         | -3,500         | -3,500         |
| <b>Enhanced outperformance cap</b>      | Megalitre   |                         | NA                                 | NA             | NA             | NA             | NA             |

**Incentive rates**

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | 0.000110                        |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | 0.000094                        |
| <b>Outperformance payment - enhanced</b>   | NA                              |

### 1.2.9 Properties at risk of receiving low pressure

**Purpose:** This performance commitment incentivises the company to reduce the number of properties that are at risk of experiencing or experience their water supply having a low pressure.

**Benefits:** This performance commitment reduces the number of properties experiencing poor or no water supply due to low pressure.

#### Performance commitment definition and parameters

| Unique Reference                                       | PR19AFW_W-D5b  |
|--|--|
| Detailed definition of performance measure             | The number of properties receiving or at risk of receiving pressure below the reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance. Low pressure reference level is defined in the reporting guidance, published on the 27th March 2018: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf</a> . |
| Additional detail on measurement units                 | The low pressure reference level applies to a single property and is measured on the customer's side of any meter or company fittings.   |
| Specific exclusions                                    | As defined in the reporting guidance   |
| Reporting and assurance                                | No specific requirements   |
| Measurement unit and decimal places                    | Number of properties per 10,000 connections to three decimal places.   |
| Measurement timing                                     | Reporting year   |
| Incentive form   | Revenue  |
| Incentive type   | Underperformance payments  |
| Timing of underperformance and outperformance payments | In-period  |
| Price control allocation                               | 100% water network plus  |
| Frequency of reporting                                 | Annual   |

|   |                      |
|---|----------------------|
| <b>Unique Reference</b>                     | <b>PR19AFW_W-D5b</b> |
| <b>Any other relevant information</b>       | None                 |
| <b>Links to relevant external documents</b> | NA                   |

### Performance commitment levels

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Number      | NA                      | 1.645                              | 1.513          | 1.381          | 1.250          | 1.118          |
| <b>Enhanced underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>        | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |

### Incentive rates

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | -0.4592                         |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | NA                              |
| <b>Outperformance payment - enhanced</b>   | NA                              |

### 1.2.10 Number of occupied properties not billed (Gap sites)

**Purpose:** This performance commitment is designed to reduce the number of household gap sites.

**Benefits:** Reducing the number of household gap sites, which are occupied but not billed, will result in fairer charges between customers and lower bills for customers already paying.

#### Performance commitment definition and parameters

| Unique Reference  | PR19AFW_W-C2  |
|---|---|
| <b>Detailed definition of performance measure</b>             | <p>The number of household gap sites identified by the company and billed annually.</p> <p>The company is to provide a report by an appropriately qualified external third party setting out assurance that it has rigorous processes that are correctly implemented to identify and bill newly built properties.</p> |
| <b>Additional detail on measurement units</b>                 | None  |
| <b>Specific exclusions</b>                                    | <p>Properties which have for any reason been included on the company's billing database in the past.</p> <p>Excludes new or existing connections raised by developers through established new connections processes.</p>  |
| <b>Reporting and assurance</b>                                | The company is to provide a report by an appropriately qualified external third party setting out assurance that it has rigorous processes that are correctly implemented to identify and bill newly built properties.  |
| <b>Measurement unit and decimal places</b>                    | Number of gap sites brought into charge to zero decimal places  |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Revenue   |
| <b>Incentive type</b>   | Underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period   |
| <b>Price control allocation</b>                               | 100% residential retail   |
| <b>Frequency of reporting</b>                                 | Annual  |

|   |                     |
|---|---------------------|
| <b>Unique Reference</b>                     | <b>PR19AFW_W-C2</b> |
| <b>Any other relevant information</b>       | None                |
| <b>Links to relevant external documents</b> | None                |

### Performance commitment levels

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Number      | NA                      | 50                                 | 50             | 50             | 50             | 50             |
| <b>Enhanced underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>        | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |

### Incentive rates

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | -0.000717                       |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | NA                              |
| <b>Outperformance payment - enhanced</b>   | NA                              |

### 1.2.11 Unplanned interruptions to supply over 12 hours

**Purpose:** This performance commitment incentivises the company to reduce the number of properties subject to unplanned supply interruptions greater than 12 hours.

**Benefits:** This performance commitment improves the reliability of supply by incentivising the company to reduce the number of properties subject to unplanned supply interruptions greater than 12 hours.

#### Performance commitment definition and parameters

| Unique Reference                                       | PR19AFW_W-N1  |
|--|---|
| Detailed definition of performance measure             | <p>The number of properties affected by interruptions of more than twelve hours' duration to supply which are unplanned, unwarned (excluding overruns of planned and warned interruptions) except for those caused directly by third parties. It includes interruptions for which customers are notified less than 48 hours in advance.</p> <p>If a planned and warned interruption begins before the time stated on the warning notice this should also be reported as an unplanned interruption, regardless of whether or not there was a 48 hours advance warning.</p> |
| Additional detail on measurement units                 | None  |
| Specific exclusions                                    | None  |
| Reporting and assurance                                | No specific requirements  |
| Measurement unit and decimal places                    | Number of properties to zero decimal places   |
| Measurement timing                                     | Reporting year  |
| Incentive form   | Revenue   |
| Incentive type   | Outperformance and underperformance payments  |
| Timing of underperformance and outperformance payments | In-period   |
| Price control allocation                               | 100% water network plus   |
| Frequency of reporting                                 | Annual  |
| Any other relevant information                         | None  |

|   |                     |
|---|---------------------|
| <b>Unique Reference</b>                     | <b>PR19AFW_W-N1</b> |
| <b>Links to relevant external documents</b> | NA                  |

### Performance commitment levels

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Number      | NA                      | 320                                | 320            | 320            | 320            | 320            |
| <b>Enhanced underperformance collar</b> | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Number      |                         | 775                                | 775            | 775            | 775            | 775            |
| <b>Underperformance deadband</b>        | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | Number      |                         | NA                                 | NA             | NA             | NA             | NA             |

### Incentive rates

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | -0.00646                        |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | 0.00116                         |
| <b>Outperformance payment - enhanced</b>   | NA                              |



## 1.2.12 Customer contacts for discolouration

**Purpose:** To reduce water quality contacts relating to appearance.

**Benefits:** This performance commitment improves the appearance of drinking water by incentivising the company to reduce the number of consumer contacts it receives in relation to the appearance of drinking water.

### Performance commitment definition and parameters

|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_W-N2</b>   |
| <b>Detailed definition of performance measure</b>             | The number of times the company is contacted by consumers due to the drinking water not being clear, reported per 1,000 population.<br>Calculation is the number of contacts for appearance multiplied by 1,000 divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI).   |
| <b>Additional detail on measurement units</b>                 | The consumer contact classification guidance is published by the DWI as <i>Information Letter 1/2006</i> , 6 January 2006: <a href="http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf">http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf</a><br>Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance will be included in this measure. |
| <b>Specific exclusions</b>                                    | See DWI guidance for a full list of exclusions.   |
| <b>Reporting and assurance</b>                                | The company is also expected to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.   |
| <b>Measurement unit and decimal places</b>                    | Number of consumer contacts per 1,000 population, reported to two decimal places.   |
| <b>Measurement timing</b>                                     | Calendar year   |
| <b>Incentive form</b>   | Revenue   |
| <b>Incentive type</b>   | Underperformance payments   |
| <b>Timing of underperformance and outperformance payments</b> | In-period   |
| <b>Price control allocation</b>                               | 100% water network plus   |
| <b>Frequency of reporting</b>                                 | Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.  |

|   |   |
|---|---|
| <b>Unique Reference</b>                     | <b>PR19AFW_W-N2</b>   |
| <b>Any other relevant information</b>       | NA  |
| <b>Links to relevant external documents</b> | The Discover Water website link for this measure is:<br><a href="https://discoverwater.co.uk/colour">https://discoverwater.co.uk/colour</a> |

### Performance commitment levels

|   | Unit   | Company forecast | Committed performance level |         |         |         |         |
|---|--------|------------------|-----------------------------|---------|---------|---------|---------|
|   |        | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | Number | NA               | 0.23                        | 0.23    | 0.23    | 0.23    | 0.23    |
| <b>Enhanced underperformance collar</b> | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | Number |                  | NA                          | NA      | NA      | NA      | NA      |

### Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | -2.044                   |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.2.13 BSI accreditation

**Purpose:** This performance commitment incentivises the company to meet a quality of support for customers in vulnerable circumstances in line with the British Standards Institution (BSI) inclusive service provision.

**Benefits:** Meeting the BSI standard will help ensure that the company provides a fair, flexible service that can be used by all customers equally, regardless of their health, age or personal circumstances.

#### Performance commitment definition and parameters

| Unique Reference                                  | PR19AFW_R-N4   |
|---|--|
| <b>Detailed definition of performance measure</b> | <p>This measure assesses the quality of the Priority Services scheme via the British Standard for Inclusive Service Provision certification: BS 18477.</p> <p>To meet its targets for this performance commitment the company must maintain the BS 18477 standard throughout the 2020 to 2025 period.</p> <p>If this certification from BSI is not in place on 31 March of the reporting year, the performance commitment is reported as not maintained.</p> <p>The performance commitment applies each reporting year, and demonstration that the certification is in place must be tested and reported each reporting year. The BS 18477 certification is awarded by BSI Group (also known as the British Standards Institution).</p> <p>In the event that BSI Group cease providing certification for BS 18477 during the period 2020-25, the company should adopt any standard designed to directly succeed the existing standard. If one is not available, it will assess whether there exists other appropriate standards that can be used as an alternative independently assessed indicator of the quality of support for customers in vulnerable circumstances.</p> |
| <b>Additional detail on measurement units</b>     | <p>This measure is reported as 'Maintained' or 'Not maintained'.</p>   |
| <b>Specific exclusions</b>                        | <p>None</p>  |
| <b>Reporting and assurance</b>                    | <p>No specific requirements</p>  |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-N4</b>  |
| <b>Measurement unit and decimal places</b>                    | Text (Maintained or Not maintained)  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational   |
| <b>Incentive type</b>   | NA   |
| <b>Timing of underperformance and outperformance payments</b> | NA   |
| <b>Price control allocation</b>                               | NA   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | None   |
| <b>Links to relevant external documents</b>                   | <a href="https://www.bsigroup.com/en-GB/our-services/Inclusive-Service/">https://www.bsigroup.com/en-GB/our-services/Inclusive-Service/</a><br><br><a href="https://www.bsigroup.com/LocalFiles/en-GB/consumerguides/resources/BSI-Consumer-Brochure-Inclusive-Services-UK-EN.pdf">https://www.bsigroup.com/LocalFiles/en-GB/consumerguides/resources/BSI-Consumer-Brochure-Inclusive-Services-UK-EN.pdf</a> |

## Performance commitment levels

|   |      | Company forecast | Committed performance level |            |            |            |            |
|---|------|------------------|-----------------------------|------------|------------|------------|------------|
|   | Unit | 2019-20          | 2020-21                     | 2021-22    | 2022-23    | 2023-24    | 2024-25    |
| <b>Performance commitment level</b>     | text | NA               | Maintained                  | Maintained | Maintained | Maintained | Maintained |
| <b>Enhanced underperformance collar</b> | text |                  | NA                          | NA         | NA         | NA         | NA         |
| <b>Standard underperformance collar</b> | text |                  | NA                          | NA         | NA         | NA         | NA         |
| <b>Underperformance deadband</b>        | text |                  | NA                          | NA         | NA         | NA         | NA         |
| <b>Outperformance deadband</b>          | text |                  | NA                          | NA         | NA         | NA         | NA         |
| <b>Standard outperformance cap</b>      | text |                  | NA                          | NA         | NA         | NA         | NA         |
| <b>Enhanced outperformance cap</b>      | text |                  | NA                          | NA         | NA         | NA         | NA         |

## Incentive rates

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.2.14 Cyber security & resilience

**Purpose:** This performance commitment incentivises the company to minimise unplanned interruptions to IT services.

**Benefits:** Minimises unplanned interruptions to IT services will help to reduce disruption to customers.

#### Performance commitment definition and parameters

| <b>Unique Reference</b>                           | <b>PR19AFW_R-N6</b>   |                  |                         |                          |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |
|---|---|------------------|-------------------------|--------------------------|--|--|--|--|------------------|-------------------------|--------------------------|---------|---------------------------|------------|------------|------------|-----------------------------|------------|------------|------------|---------------------------|------------|------------|------------|
| <b>Detailed definition of performance measure</b> | <p>Score based on time, priority, business impact, customer impact, type of impacted service, time of impact, and ability to restore services in a timely manner of unplanned interruptions to IT Services.</p> <p>IT services includes the IT Network, Telephony Services, Infrastructure and Applications that support the Business and wider Customer interactions.</p>  |                  |                         |                          |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |
| <b>Additional detail on measurement units</b>     | <p>IT Incident Impact Score has been measured since March 2017.</p> <p>IT Incident Impact Score is a calculation that applies to any Priority 1 or Priority 2 Incident raised by IT.</p> <p>The matrix below defines ‘Priority 1 and 2 events’. The categorisation is based on the urgency of the event as well as the impact it will have.</p> <table border="1" data-bbox="571 1270 1390 1749"> <thead> <tr> <th colspan="2"></th> <th colspan="3">Impact</th> </tr> <tr> <th colspan="2"></th> <th>High (all users)</th> <th>Medium (multiple users)</th> <th>Low (single / few users)</th> </tr> </thead> <tbody> <tr> <th rowspan="3">Urgency</th> <th>High (full system outage)</th> <td>Priority 1</td> <td>Priority 2</td> <td>Priority 3</td> </tr> <tr> <th>Medium (severe degradation)</th> <td>Priority 2</td> <td>Priority 3</td> <td>Priority 4</td> </tr> <tr> <th>Low (partial degradation)</th> <td>Priority 3</td> <td>Priority 4</td> <td>Priority 5</td> </tr> </tbody> </table> <p>In the event a Priority 1 or a Priority 2 Incident is identified, IT invokes their Major Incident process. A Priority 1 or 2 Incident are deemed High Impact and are therefore included as a measure of Impact relating to IT Resilience. Impact is calculated based on our Impact Model. This considers five components: business impact, customer</p> |                  |                         | Impact                   |  |  |  |  | High (all users) | Medium (multiple users) | Low (single / few users) | Urgency | High (full system outage) | Priority 1 | Priority 2 | Priority 3 | Medium (severe degradation) | Priority 2 | Priority 3 | Priority 4 | Low (partial degradation) | Priority 3 | Priority 4 | Priority 5 |
|   |   | Impact           |                         |                          |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |
|   |   | High (all users) | Medium (multiple users) | Low (single / few users) |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |
| Urgency   | High (full system outage)   | Priority 1       | Priority 2              | Priority 3               |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |
|   | Medium (severe degradation)   | Priority 2       | Priority 3              | Priority 4               |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |
|   | Low (partial degradation)   | Priority 3       | Priority 4              | Priority 5               |  |  |  |  |                  |                         |                          |         |                           |            |            |            |                             |            |            |            |                           |            |            |            |

| Unique Reference                           | PR19AFW_R-N6  |
|--|---|
|  | <p>impact, type of impacted service, time of impact, and ability to restore services in a timely manner, to provide a total view of impact through unplanned interruptions to IT Services.</p> <p>Each incident has a total impact score of between 5 (5 individual scores of 1) and 50 (5 individual scores of 10). With a multiplier equal to the number of hours the service is unavailable (maximum of 24).</p> <p>Each measure is based on risk score of 1, 5 or 10. The gradings are as follows:</p> <p>Who is impacted? – Business Impact:</p> <ul style="list-style-type: none"> <li>• Few users/one team (1)</li> <li>• Full Department (5)</li> <li>• Full Company (10)</li> </ul> <p>Reputation Factor – Customer Impact:</p> <ul style="list-style-type: none"> <li>• No customer facing impact (1)</li> <li>• External/Customer facing – possible impact (5)</li> <li>• External/Customer facing – actual impact (10)</li> </ul> <p>What is impacted? – Type of Impacted Service:</p> <ul style="list-style-type: none"> <li>• Bronze or Silver Service (1)</li> <li>• Gold or Platinum Service (5)</li> <li>• Multiple Gold/Platinum Service (10)</li> </ul> <p>When did it happen? – Time of Impact:</p> <ul style="list-style-type: none"> <li>• Outside of core hours (1)</li> <li>• Inside core hours but outside peak usage (5)</li> <li>• Inside core hours and inside peak usage (10)</li> </ul> <p>Speed of ability to return to normal? – Ability to restore services in a timely manner:</p> <ul style="list-style-type: none"> <li>• Immediately – no workload once service restored (1)</li> <li>• Short term impact – Manual rework / call backs (5)</li> <li>• High impact – Significant likelihood of additional work and overtime (10)</li> </ul> <p>An example model with the highest impact, for a service out for 24 hours would total a single overall impact of <math>5 \times 10 \times 24 = 1200</math>.</p> |
| <b>Specific exclusions</b>                 | None  |
| <b>Reporting and assurance</b>             | The company should publish a report from an external third party that the reviews the internal processes of the company to report this performance commitment and that assessments are being completed consistently each year.  |
| <b>Measurement unit and decimal places</b> | Number to zero decimal places   |

|   |                     |
|---|---------------------|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-N6</b> |
| <b>Measurement timing</b>                                     | Reporting year      |
| <b>Incentive form</b>   | Reputational        |
| <b>Incentive type</b>   | NA                  |
| <b>Timing of underperformance and outperformance payments</b> | NA                  |
| <b>Price control allocation</b>                               | NA                  |
| <b>Frequency of reporting</b>                                 | Annual              |
| <b>Any other relevant information</b>                         | None                |
| <b>Links to relevant external documents</b>                   | NA                  |

### Performance commitment levels

|   | Unit   | Company forecast | Committed performance level |         |         |         |         |
|---|--------|------------------|-----------------------------|---------|---------|---------|---------|
|   |        | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | Number | NA               | 1,600                       | 1,500   | 1,400   | 1,300   | 1,200   |
| <b>Enhanced underperformance collar</b> | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | Number |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | Number |                  | NA                          | NA      | NA      | NA      | NA      |



## Incentive rates

| Incentive type                      | Incentive rate (£m/unit) |
|-------------------------------------|--------------------------|
| Underperformance payment - standard | NA                       |
| Underperformance payment - enhanced | NA                       |
| Outperformance payment - standard   | NA                       |
| Outperformance payment - enhanced   | NA                       |

### 1.2.15 Customers in vulnerable circumstances satisfied with our service (receiving non-financial help)

**Purpose:** This performance commitment incentivises the company to provide high quality non-financial support to vulnerable customers registered for the priority service register (PSR).

**Benefits:** Through meeting the target for this performance commitment the company ensures that its customers in vulnerable circumstances are satisfied with the services received through the PSR, indicating that the company is delivering a quality approach to supporting these customers.

#### Performance commitment definition and parameters

| Unique Reference                           | PR19AFW_R-N7  |
|--|---|
| Detailed definition of performance measure | <p>Percentage of customers receiving non-financial help satisfied with the company's service.</p> <p>The measure will survey customers who are registered on the company's PSR.</p> <p>The performance commitment will measure the percentage of customers satisfied following an interaction with the company about a matter related to one of its PSR services. Additionally, to ensure viable sample size the company will introduce a periodic proactive satisfaction survey for PSR customers who have not contacted the company within 12 months. The survey will be conducted via SMS and email dependent on available data.</p> <p>The surveys should be planned and carried out following social research best practice, for example applicable sections of a relevant code such as that published by the Market Research Society. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p> <p>A satisfied customer will be defined as one that responds with &gt;7 out of 10 to the survey question "On a scale of 0 –</p> |

|   |   |
|---|---|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-N7</b>   |
|   | <p>10 how satisfied are you with the service you received from Affinity Water?" with 10 being very satisfied and 0 is not at all satisfied.</p> <p>Surveys will be conducted through a variety of channels in order to improve response rates, these channels will include SMS, Web, Email, Letter and end of call telephone surveys.</p> |
| <b>Additional detail on measurement units</b>                 | The measure will count the total responses scoring $\geq 7$ out of 10 over the total number of responses.   |
| <b>Specific exclusions</b>                                    | None  |
| <b>Reporting and assurance</b>                                | The surveys will be subject to audit by an appropriately qualified third-party on an annual basis, and the company will publish the results. The results of the survey conducted with customers who have not contacted the company in the last 12 months should also be published.  |
| <b>Measurement unit and decimal places</b>                    | Percentage to zero decimal places   |
| <b>Measurement timing</b>                                     | Reporting year  |
| <b>Incentive form</b>   | Reputational  |
| <b>Incentive type</b>   | NA  |
| <b>Timing of underperformance and outperformance payments</b> | NA  |
| <b>Price control allocation</b>                               | NA  |
| <b>Frequency of reporting</b>                                 | Annual  |
| <b>Any other relevant information</b>                         | None  |
| <b>Links to relevant external documents</b>                   | None  |

**Performance commitment levels**

|   |      | Company forecast | Committed performance level |         |         |         |         |
|---|------|------------------|-----------------------------|---------|---------|---------|---------|
|   | Unit | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | %    | NA               | 90                          | 90      | 90      | 90      | 90      |
| <b>Enhanced underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |

**Incentive rates**

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.2.16 Customers in vulnerable circumstances who found us easy to deal with (receiving non-financial help)

**Purpose:** This performance commitment incentivises the company to make its interactions with customers regarding non-financial issues easier.

**Benefits:** This performance commitment helps customers' interactions about non-financial issues with the company to become as easy as possible, reducing the hassle and increasing the speed of issue resolution.

#### Performance commitment definition and parameters

| Unique Reference   | PR19AFW_R-N8  |
|--|---|
| <p><b>Detailed definition of performance measure</b></p> | <p>Percentage of customers receiving non-financial support who found it easy to deal with the company.</p> <p>The measure will survey customers who are registered on the company's Priority Services Register (PSR).</p> <p>The performance commitment will measure the percentage of customers who found it easy to deal with the company following an interaction about a matter related to one of its PSR services.</p> <p>Additionally, to ensure viable sample size the company will introduce a periodic proactive ease of interaction survey for PSR customers who have not contacted the company within 12 months. The survey will be conducted via SMS and email dependent on available data.</p> <p>The surveys should be planned and carried out following social research best practice, for example applicable sections of a relevant code such as that published by the Market Research Society. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p> <p>A customer who found it easy to deal with the company will be defined as one that responds with &gt;7 out of 10 to the survey question "On a scale of 0 – 10 how easy are Affinity Water to do business with?" with 10 being very easy and 0 is not at all easy.</p> <p>Surveys will be conducted through a variety of channels in order to improve response rates, these channels will include SMS, Web, Email, Letter and end of call telephone surveys.</p> |

|   |  |
|---|--|
| <b>Unique Reference</b>                                       | <b>PR19AFW_R-N8</b>  |
| <b>Additional detail on measurement units</b>                 | The measure will count the total responses scoring $\geq 7$ out of 10 over the total number of responses.  |
| <b>Specific exclusions</b>                                    | None   |
| <b>Reporting and assurance</b>                                | The surveys will be subject to audit by an appropriately qualified third-party on an annual basis, and the company will publish the results. The results of the survey conducted with customers who have not contacted the company in the last 12 months should also be published. |
| <b>Measurement unit and decimal places</b>                    | Percentage to zero decimal places  |
| <b>Measurement timing</b>                                     | Reporting year   |
| <b>Incentive form</b>   | Reputational   |
| <b>Incentive type</b>   | NA   |
| <b>Timing of underperformance and outperformance payments</b> | NA   |
| <b>Price control allocation</b>                               | NA   |
| <b>Frequency of reporting</b>                                 | Annual   |
| <b>Any other relevant information</b>                         | None   |
| <b>Links to relevant external documents</b>                   | None   |

**Performance commitment levels**

|   |      | Company forecast | Committed performance level |         |         |         |         |
|---|------|------------------|-----------------------------|---------|---------|---------|---------|
|   | Unit | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | %    | NA               | 90                          | 90      | 90      | 90      | 90      |
| <b>Enhanced underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |

**Incentive rates**

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |

### 1.2.17 Value for Money Survey

**Purpose:** To incentivise the company to deliver a water service that represents value for money for customers.

**Benefits:** Assessing customer views on value for money is an important factor in understanding drivers of legitimacy with customers and in ensuring that the quality of service provided to customers continues to improve.

#### Performance commitment definition and parameters

| Unique Reference                                       | PR19AFW_R-N9   |
|--|--|
| Detailed definition of performance measure             | The percentage of customers responding “very good” or “good”, after being asked the question “Thinking about value for money, overall how would you rate Affinity Water in relation to the service they provide?”<br>The survey will be conducted by phone by an independent market researcher in line with the Market Research Society code of conduct and will use a sample size of 1000 customers, using random digit dialling to contact them. |
| Additional detail on measurement units                 | None   |
| Specific exclusions                                    | None   |
| Reporting and assurance                                | No specific requirements   |
| Measurement unit and decimal places                    | Percentage to zero decimal places  |
| Measurement timing                                     | Reporting year   |
| Incentive form   | Reputational   |
| Incentive type   | NA   |
| Timing of underperformance and outperformance payments | NA   |
| Price control allocation                               | NA   |
| Frequency of reporting                                 | Annual   |
| Any other relevant information                         | None   |
| Links to relevant external documents                   | None   |

**Performance commitment levels**

|   |      | Company forecast | Committed performance level |         |         |         |         |
|---|------|------------------|-----------------------------|---------|---------|---------|---------|
|   | Unit | 2019-20          | 2020-21                     | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| <b>Performance commitment level</b>     | %    | NA               | 70                          | 71      | 73      | 74      | 75      |
| <b>Enhanced underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard underperformance collar</b> | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Underperformance deadband</b>        | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Outperformance deadband</b>          | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Standard outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |
| <b>Enhanced outperformance cap</b>      | %    |                  | NA                          | NA      | NA      | NA      | NA      |

**Incentive rates**

| Incentive type                             | Incentive rate (£m/unit) |
|--|--------------------------|
| <b>Underperformance payment - standard</b> | NA                       |
| <b>Underperformance payment - enhanced</b> | NA                       |
| <b>Outperformance payment - standard</b>   | NA                       |
| <b>Outperformance payment - enhanced</b>   | NA                       |



## 1.2.18 Delivery of water industry national environment programme requirements

**Purpose:** This performance commitment incentivises the company to deliver its requirements for the Water Industry National Environment Programme (WINEP).

**Benefits:** This performance commitment improves the natural environment by encouraging the timely delivery of environmental improvement schemes. It will help ensure that water can be abstracted from rivers and lakes without any negative impacts on the environment.

### Performance commitment definition and parameters

|   |   |
|---|---|
| <b>Unique Reference</b>                           | <b>PR19AFW_NEP01</b>  |
| <b>Detailed definition of performance measure</b> | <p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p> |
| <b>Additional detail on measurement units</b>     | The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.   |
| <b>Specific exclusions</b>                        | None  |
| <b>Reporting and assurance</b>                    | <p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>  |
| <b>Measurement unit and decimal places</b>        | Text stating either “met” or “not met”.   |
| <b>Measurement timing</b>                         | Reporting year  |
| <b>Incentive form</b>                             | Reputational  |
| <b>Incentive type</b>                             | NA  |
| <b>Timing of underperformance and</b>             | NA  |

|   |                      |
|---|----------------------|
| <b>Unique Reference</b>                     | <b>PR19AFW_NEP01</b> |
| <b>outperformance payments</b>              |                      |
| <b>Price control allocation</b>             | NA                   |
| <b>Frequency of reporting</b>               | Annual               |
| <b>Any other relevant information</b>       | None                 |
| <b>Links to relevant external documents</b> | None                 |

### Performance commitment levels

|   |             | <b>Company forecast</b> | <b>Committed performance level</b> |                |                |                |                |
|---|-------------|-------------------------|------------------------------------|----------------|----------------|----------------|----------------|
|   | <b>Unit</b> | <b>2019-20</b>          | <b>2020-21</b>                     | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> |
| <b>Performance commitment level</b>     | Text        | NA                      | met                                | met            | met            | met            | met            |
| <b>Enhanced underperformance collar</b> | Text        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard underperformance collar</b> | Text        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Underperformance deadband</b>        | Text        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Outperformance deadband</b>          | Text        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Standard outperformance cap</b>      | Text        |                         | NA                                 | NA             | NA             | NA             | NA             |
| <b>Enhanced outperformance cap</b>      | Text        |                         | NA                                 | NA             | NA             | NA             | NA             |

**Incentive rates**

| <b>Incentive type</b>                      | <b>Incentive rate (£m/unit)</b> |
|--|---------------------------------|
| <b>Underperformance payment - standard</b> | NA                              |
| <b>Underperformance payment - enhanced</b> | NA                              |
| <b>Outperformance payment - standard</b>   | NA                              |
| <b>Outperformance payment - enhanced</b>   | NA                              |

## Annex 1: Key performance commitments for Affinity Water

Details of the key performance commitments that we present in Table 1.2 of 'Affinity Water draft determination', and their corresponding calculations, are provided in the table below.

Except where otherwise stated in the table, we calculate the target improvement in the annual level of each performance commitment as the difference between the draft determination 2024-25 performance commitment level and the company's 2019-20 forecast:

$$\frac{2024.25 \text{ PCL} - 2019.20 \text{ Forecast}}{2019.20 \text{ Forecast}} \times 100 = X\%$$

| Key common performance commitments  |   |
|---|---|
| Measure   | Calculations  |
| <ul style="list-style-type: none"> <li>20% reduction in annual level of leakage by 2025 from the 2020 level<sup>5</sup></li> </ul>  | $\frac{(142.8 - 178.5) \text{Ml/d}}{178.5 \text{Ml/d}} \times 100 = -20\%$  |
| <ul style="list-style-type: none"> <li>12.5% reduction in per capita consumption by 2024-25</li> </ul>  | $\frac{(133 - 152) \text{Ml/d}}{152 \text{Ml/d}} \times 100 = -12.5\%$  |
| <ul style="list-style-type: none"> <li>50% reduction in water supply interruptions by 2024-25</li> </ul>  | $\frac{(3 - 6) \text{min}}{6 \text{min}} \times 100 = -50\%$  |
| <ul style="list-style-type: none"> <li>250% increase in the share of customers on the Priority Services Register by 2024-25</li> </ul>  | $\frac{(7.22 - 2.06)\%}{2.06\%} \times 100 = +250\%$  |
| Key bespoke performance commitments   |   |
| Measure   | Calculations  |
| <ul style="list-style-type: none"> <li>Improve cyber resilience by a 29% reduction in the impact of the disruption to customers and employees because of unplanned interruptions to IT services by 2024-25</li> </ul> | $\frac{(1200 - 1700) \text{impact score}}{1700 \text{impact score}} \times 100 = -29\%$                                   |
| <ul style="list-style-type: none"> <li>Improve customer view about water quality by 23% reduction in the number of contacts about discoloration by 2024-25</li> </ul>   | $\frac{(0.23 - 0.3) \text{contacts}/1000 \text{customers}}{0.3 \text{contacts}/1000 \text{customers}} \times 100 = -23\%$ |

<sup>5</sup> Whilst the figures in the tables of the PR19 draft determinations: Affinity Water - Outcomes performance commitment appendix' which relate to this performance commitment reflect that it is measured on a three-year average to smooth annual variations due to weather, the overall performance commitment target is a reduction in average annual leakage of 20% (from 2019-20 baseline) by 2024-25



Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

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